

## CHAPTER-III PERFORMANCE REVIEWS

### HOME (POLICE) DEPARTMENT

#### 3.1 Working of State Fire Service Organisation

##### Highlights

*Fire services are an essential respondent to calamities in the State to save life and property. The State Fire Service Organisation (SFSO) is responsible for prevention, control and fire fighting to ensure safety of life and property in case of fire related hazards. There were deficiencies in creation of infrastructure, manpower management, training and awareness campaigns. There were also inadequate preparedness for disaster management. Monitoring mechanism was non-existent in the organization. Performance audit of the working of the State Fire Service Organisation (SFSO) revealed the following major shortcomings.*

**There was shortage of 69 percent (in urban areas) and 97 percent (in rural areas) in the required number of fire stations as per norms.**

**(Paragraph 3.1.8.1)**

**Manpower sanctioned for regular stations were diverted to man ad hoc stations.**

**(Paragraph 3.1.8.2)**

**There was acute shortage of manpower in all categories ranging from 49 percent to 54 percent during the years 2002-03 to 2006-07.**

**(Paragraph 3.1.9)**

**Expenditure of Rs.1.32 crore incurred on the Training institute in 2002-07 remained largely unfruitful.**

**(Paragraph 3.1.11.2)**

**Against SFAC requirement of provision of static tanks at various locations, out of 38 fire stations, static tanks existed only in 4 fire stations.**

**(Paragraph 3.1.13)**

**Regular inspection of high rise buildings to ensure adoption of fire safety/preventive measures was not done.**

**(Paragraph 3.1.14.2)**

**Out of 494 major fire calls attended in rural areas, 137 were attended with response time in excess of 20 minutes prescribed.**

**(Paragraph 3.1.15.3)**

#### 3.1.1 Introduction

State Fire Service Organisation (SFSO) is responsible for prevention, control and fire fighting to ensure safety of life and property, in case of fire related hazards, through rescue, salvage or other special type jobs. The Union Ministry of Home Affairs has identified (June 2005) fire service as the first technical respondent in man made and natural disasters.

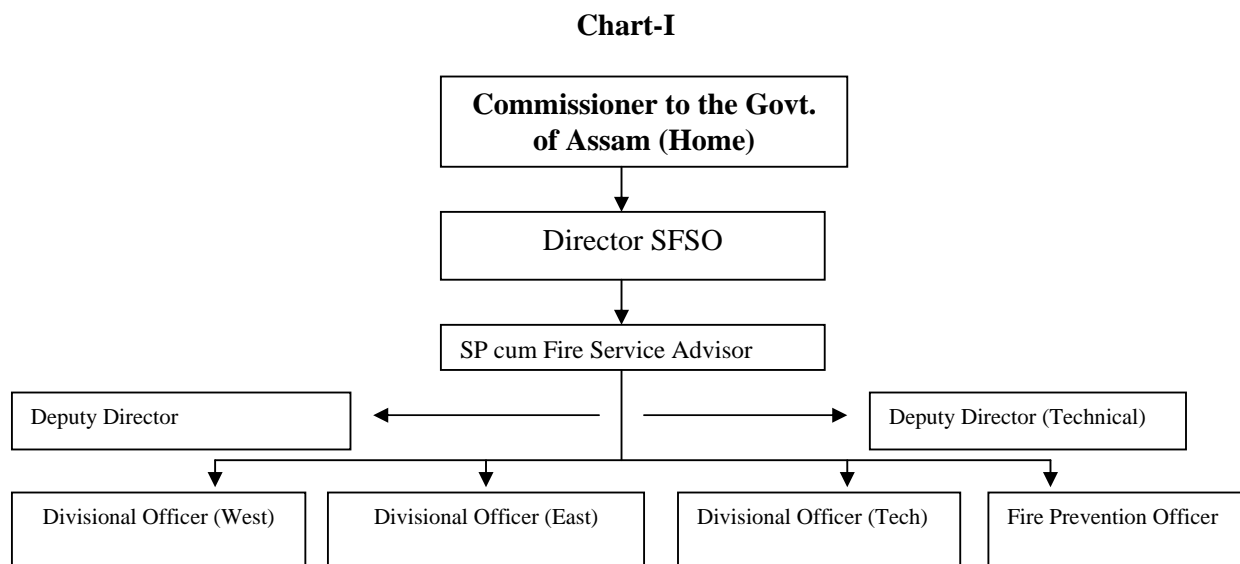
A Standing Fire Advisory Council (SFAC), an apex body at national level, set up by the Ministry of Home affairs, with representatives from State/UT Governments as members and chaired by a nominee from the Ministry, advises the State Governments/Fire Service authorities on various issues relating to fire service including administration, legislation, training, equipment etc.

Government of Assam, on the recommendation of SFAC, enacted the Assam Fire Service Act. 1985 and framed the Assam Fire Service Rules 1989 thereunder. The relevant provisions of National Building Code of India, 1983 were also adopted in the aforesaid Rules.

### 3.1.2 *Organisational set up*

The Commissioner, Home Department is the administrative head of the organization at the Government level. The Director<sup>1</sup> is in-charge of the SFSO, under the overall supervision and control of the Commissioner, Home and Director General of Police, Assam.

The organizational structure of the SFSO is given in Chart-I below:



### 3.1.3 *Scope of audit*

Performance review of the functioning of the SFSO covering the period 2002-03 to 2006-07 was conducted during April/ May 2007 through a test check of records of the Director, SFSO, Assam, Guwahati, 38 fire stations of seven selected districts (Kamrup, Karbi Anglong, Nagaon, Nalbari, Tinsukia, Silchar and Karimganj) and Training Institute, Sila, North Guwahati.

### 3.1.4 *Audit objectives*

The objectives of the review were to assess, whether:

- The objectives of setting up the SFSO were achieved
- The tasks of fire fighting, preventive and awareness campaigns were planned and carried out in an efficient and effective manner.
- Prescribed financial principles for budgeting, release and utilisation of funds were followed.
- Training was being conducted in an efficient and effective manner.

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<sup>1</sup> In the rank of Inspector General of Police

- A proper system of management of manpower and deployment of equipment was in place.

### 3.1.5 *Audit criteria*

The audit objectives were benchmarked against the following criteria:

- SFAC norms
- Assam Fire Service Act, 1985
- Assam Fire Service Rules, 1989
- Government's orders issued from time to time
- Prescribed monitoring system

### 3.1.6 *Audit Methodology*

The performance audit commenced with an entry conference on 23 April 2007 with the Additional Secretary to the Government of Assam, Home Department and SFSO officials wherein the objectives, methodology and modalities of the review were discussed. The test checked records were selected based on statistical sampling wherein fire stations in 7 out of 23 districts were selected on the basis of number of fire incidents. The data/information collected from the Directorate and field stations, was analyzed. An exit conference with the organization is yet to be held.

## Audit findings

### 3.1.7 *Financial management*

#### 3.1.7.1 **Budget and expenditure**

The details of budget allocation and expenditure incurred by the Department during 2002-03 to 2006-07 are given in Table-1.

**Table-1**

(Rupees in crore)

Year	Budget allocation	Expenditure	Savings	Percentage of shortfall in utilisation of funds
1	2	3	4	5
2002-03	22.10	19.00	3.10	14
2003-04	33.03	19.15	13.88	42
2004-05	31.03	20.16	10.87	35
2005-06	25.37	18.69	6.68	26
2006-07	33.37	30.41	2.96	9
<b>Total</b>	<b>144.90</b>	<b>107.41</b>	--	--

Source: departmental figures

From the above table, it may be seen that there were savings in all five years ranging from 9 to 42 *percent* indicating unrealistic budget proposals of the Department, followed by unrealistic budget provision as well as the inability of the Department to consume the full allocation.

The reason for savings was stated to be mainly due to non-filling up of vacancies and non sanction/non release of funds by the State Government.

### **3.1.7.2 Non conformation to recommended funding pattern**

As per SFAC recommendations, the cost of establishment and maintenance of fire service should be treated as plan expenditure since one of the major objectives of developing fire service in any State is to consolidate the gains accruing from the Five Year Plans. However, contrary to these recommendations, the State Government excluded the provisions of the fire service from State Plan Sector in the budget from the financial year 1993-94, reason for which were neither on record nor stated.

### **3.1.7.3 Deficiencies in cash and financial management**

Financial Rules for maintenance of cash book, e.g. regular entry, physical verification, avoidance of overwriting, vouching for correctness of entries through periodical verification by the DDO/Head of Office etc were not followed in the Directorate. The Cashier-cum-Accountant maintained a Disbursement Register and writing of Cash Book was in arrears from 26 July 2006, till date of audit (July 2007) in SFSO headquarters, the only DDO for the entire Fire Services Organization. Strict measures were not adopted by the DDO for regular submission of Disbursement Register and Cash Book. There was retention of heavy cash balance every month ranging from Rs.0.14 crore to Rs.2.22 crore during 2002-03 to 2006-07. Misappropriation/mis-utilisation of funds in the absence of strict compliance with financial rules cannot be ruled out. Further, the centralized system of drawing and disbursement resulted in extra expenditure of Rs.36.17 lakh during 2002-03 to 2006-07 on travel expenses of staff deployed for collecting salaries etc. from headquarters.

### **3.1.7.4 Non imposition of fire tax**

The Assam Fire Service Act, 1985 and Rules/orders made thereunder provide for imposition of fire tax as surcharge on property tax (maximum 10 *percent*) and fees for different types of special jobs and issue of licences for warehouse, workshop etc. subject to fixation of such fee and identification of licence and jobs through notification by the Government. Test check of records revealed that in spite of clear provisions in the Act, no notification was issued till date, jobs/licenses were not identified and rate was not fixed by the Government. As a result, revenue in the form of fire tax to the tune of Rs.4.82 crore (at maximum rate) remained unrealized which could have been generated during 2002-03 to 2006-07 in Guwahati city besides other fees.

## **Implementation**

### **3.1.8 Non-adherence to SFAC norms for fire stations**

#### **3.1.8.1 Inadequate Fire Stations**

As per SFAC norms for establishment of fire stations, there should be one station per 10 sq. km in urban areas and one station per 50 sq. km in rural areas. As per these standards, Assam should have 96 stations in urban areas, and 1,549 stations in rural areas against which, 30 stations were set up in urban areas and 53 in rural areas as of March 2007. Thus, there was shortage of 69 *percent* (in urban areas) and 97 *percent*

(in rural areas) in the required number of stations as per norms which amounted to 75,488 sq. km.<sup>2</sup> area not being covered by SFSO.

Further, keeping in view the necessity to cover the entire State, to reach down to village level and also considering the difficulty in finding adequate resources, the SFAC recommended four types of fire stations at village, block, sub-divisional and district level. Of these, village and block level fire posts were to be manned by volunteers with minor equipment and appliances.

Test-check of records in seven selected districts revealed that fire posts were not established in 9,190 villages and volunteer fire stations at 87 blocks. As urban fire stations had to cover rural areas also, 38 stations of seven selected districts could cover only 1,900 sq. km area (as per norm of 50 sq. km per station) against an area of 30,397 sq. km in these seven districts. Thus, 28,497 sq. km of area is yet to be covered.

Deficiencies in service, owing to shortage in fire stations, like belated response, non-response etc. to fire incidents, could not be ascertained due to non-availability of information/data in this regard.

### 3.1.8.2 Adhoc fire stations – non-assessment of requirement

Fire service in each State should be so organized that it should be able to fight fire anywhere within the State with minimum loss of life and property. The State Government sanctioned and established 52 fire stations up to 1987-88. Thereafter 31 adhoc fire stations were opened during April 1988 to April 2005 for which approval/sanction was not obtained from the competent authority. Of this, one adhoc station (Santipur) was merged subsequently with one sanctioned station (Guwahati) during 2006-07.

The criterion of opening such adhoc stations was stated to be public demand. The Department did not set any standard for manning the adhoc stations with manpower, equipment etc, in the absence of which, deficiencies, if any, in these managing stations could not be evaluated.

These adhoc stations were run by the SFSO by diverting the manpower and resources of the existing 52 sanctioned fire stations during 2002-03 to 2006-07. The cost of manpower for such diversion amounted to Rs.10.13 crore during the said period and the amount of other resources diverted in the form of material/equipment could not be ascertained due to non-maintenance of relevant records. Due to this diversion, all the fire stations in the State suffered from shortage of manpower and equipment, Consequently the fire stations had to deploy lesser fire fighting crew and equipment for combating fire incidents which resulted in deficiencies of services as discussed subsequently in the relevant paragraphs.

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Total area (in sq. km)	Requirement of FS as per SFAC norms	Actual number of stations	Area covered with actual number of stations (in sq. km)	Balance area not covered (in sq. km)	Shortfall in coverage (Per cent)
Urban - 961.77	96 <sup>1</sup>	30	300 (30x10)	661.77	69
Rural - 77476.23	1549 <sup>2</sup>	53	2650 (53 x 50)	74826.23	97
<b>TOTAL – 78438.00</b>	<b>1645</b>	<b>83</b>	<b>2950</b>	<b>75488.00</b>	

### 3.1.8.3 Opening of Adhoc Stations beyond norm

As mentioned in paragraph 3.3.8.1, the norms for setting up fire stations in rural area is one fire station per 50 sq. km. area. Test check of records in selected districts revealed that three fire stations in rural area were opened during 2003-04 to 2004-05 within 13 to 16 km of existing fire station. These fire stations were opened on public demand beyond the scope of norms. Besides, fire calls attended by these stations during 2003-04 to 2006-07 as shown in Table-2 below varied from 9 to 13 on an average basis against the State average of 19 to 49 during the same period which indicates that opening of those stations contiguous to existing stations in the back drop of overall shortfall in the State was not judicious.

**Table -2**

Name of District	Name of Adhoc Station/ Category	Distance from nearest fire station	Date of opening of Fire Station	Year	Serious calls	Major calls	Medium calls	Small calls	Total	Average
Nagaon	Sonaribali (Rural)	(Nagaon) 26 Km	27/5/2003	2003-04	-	1	1	12	14	13
				2004-05	-	-	-	10	10	
				2005-06	1	-	1	7	9	
				2006-07	-	2	1	18	21	
				<b>G/Total</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>47</b>	<b>54</b>	
	Dabaka (Rural)	(Hojai) 20 Km	6/10/2004	2004-05	-	-	1	2	3	11
				2005-06	-	3	-	12	15	
				2006-07	-	1	1	12	14	
				<b>G/Total</b>	<b>-</b>	<b>4</b>	<b>2</b>	<b>26</b>	<b>32</b>	
Cachar	Udarband (Rural)	(Silchar) 13 Km	4/4/2005	2005-06	-	6	1	4	11	9
				2006-07	-	1	2	4	7	
				<b>G/Total</b>	<b>-</b>	<b>7</b>	<b>3</b>	<b>8</b>	<b>18</b>	

Source: Departmental records

### 3.1.8.4 Improper accommodation of fire station

Test-check of records of the selected fire stations revealed that out of 38 fire stations, only 11 were housed in own buildings, 16 fire stations were in rented buildings and 11 stations were provided buildings free of cost by other agencies. Out of 38 fire stations seven stations had no appliance room to keep the fire tenders. Further, accommodation like separate rooms for office work, store, rest, record and classroom as per SFAC norms for different categories of fire stations were not available in fire stations of the selected district. Deficient infrastructure has a negative impact on the performance of the fire stations.

### 3.1.9 Manpower management

The year wise position of requirement of manpower and men in position in test checked fire stations are as below:

**Table - 3**

Year	No of Fire Stations	No. of Fire tenders	Requirement of fire fighting personnel as per SFAC norms	Actual Men-in-position	Shortfall	Percentage of shortfall
2002-03	35	96**	1072	542	530	49
2003-04	36	96**	1085	526	559	51
2004-05	37	96**	1093	507	586	54
2005-06	38	94**	1079	537	542	50
2006-07	37	94**	1077	534	543	50

Source: Departmental figures and Compendium of recommendations of SFAC \*\* Including three water lorries

Thus, there was acute shortage of manpower in all categories ranging from 49 percent to 54 percent during the years 2002-03 to 2006-07. This indicated that the SFSO was not adequately prepared to cater to a fire emergency. Category wise details of shortages of staff is given in *Appendix-3.1*.

However, contrary to the above position of shortages of manpower in fire stations, Directorate office had significantly large staff over sanctioned posts in all categories ranging from 66 to 223 personnel except in respect of station officer during 2002-03 to 2006-07 (*Appendix-3.2*).

The above excess manpower comprised mainly of drivers in Motor Transport Branch ranging from 17 to 56 and from 44 to 172 firemen in Reserve Branch of the Directorate during the above period without any sanction for the respective branches.

Non accordal of a single sanction for the post of drivers for the Directorate having fleet of vehicles (2002-03: 32; 2003-04: 32; 2004-05: 31; 2005-06: 22; 2006-07: 31) and retention of firemen in Reserve Branch, which neither attends fire calls nor has any fire tender at its disposal, indicates poor manpower management. Such excess retention of firemen in headquarters at the expense of the fire stations adversely compromised the fire fighting preparedness of the fire stations in fire fighting duties. On this being pointed out, the Department stated that the excess deployment in Directorate was essential for maintaining different branches of the Directorate. The reply is not tenable, as, if the same is justified fresh staff sanctions should have been obtained.

### 3.1.10 Equipments

#### 3.1.10.1 Shortage of water tenders

The sanctioned fire stations were classified into four different categories as two, three, four and six pumping unit stations. The adhoc fire stations were not classified in any of these categories. The Department clarified (July 2007) that the Organisation has its own norm for requirement of fire tenders according to which the year wise requirements of water tenders of the State as determined by the SFSO during the years 2002-03 to 2006-07 is given in Table-4:

**Table-4**

Category of station	Requirement of fire tenders per station as fixed by SFSO	2002-03		2003-04		2004-05		2005-06		2006-07	
		No of stations	Requirement	No of stations	Requirement	No of stations	Requirement	No of stations	Requirement	No of stations	Requirement
6 pumping unit station	8	1	8	1	8	1	8	1	8	1	8
4 pumping unit station	6	10	60	10	60	10	60	10	60	10	60
3 pumping unit station	4	14	56	14	56	14	56	14	56	14	56
2 pumping unit station	3	27	81	27	81	27	81	27	81	27	81
Adhoc station	2	23	46	25	50	29	58	31	62	30	60
<b>TOTAL</b>		<b>75</b>	<b>251</b>	<b>77</b>	<b>255</b>	<b>81</b>	<b>263</b>	<b>83</b>	<b>267</b>	<b>82</b>	<b>265</b>

Source: Information furnished by the Department

The SFAC norm for requirement of pumping units depends on the population of the township. The above category-wise requirement as furnished by the Department

neither conforms to the SFAC recommendations for determining requirement on the basis of population or local needs ascertained through proper survey. However, the information furnished showing availability of water tender pumps (WTPs) in running condition during the above period indicated shortages of water tenders for the entire State as shown in Table-5 below:

**Table-5**

Year	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Requirement</b>	251	255	263	267	265
<b>Available WTPs in working condition</b>	161	177	152	169	157
<b>Shortage</b>	90	78	111	98	108

Source: Information furnished by the Department

Thus, the Department was not well equipped with the required number of water tenders to combat fire during the period of audit. As per paragraph 3.1.7.1 funds were not a constraint.

### **3.1.10.2 Inadequate rescue tender and special appliances**

As per SFAC norms, one rescue tender per 3 to 10 lakh population and one or more special vehicles like turnable ladder, hydraulic platform, emergency tender/advance rescue tender, hose laying tender, lighting van, control post van, breakdown van, mobile workshop for repair, mobile workshop for telecommunication should be provided at selected stations or fire service divisional headquarters.

Test-check of records revealed that except for Guwahati, no city/town in Assam had more than three lakh population and required one rescue tender against which, there were two rescue tenders at Directorate. Other equipments like turn table ladder, hydraulic platform, hose lying tender, mobile workshop were not provided in any fire station of the selected districts. As a result, these fire stations remained ill equipped to combat fire hazards. As per paragraph 3.1.7.1 funds were not a constraint.

### **3.1.10.3 Shortage of breathing apparatus**

As per norms of two breathing apparatus per tender, there should have been 184 breathing apparatus for 92 tenders of 38 fire stations in the seven selected districts. Test check of records, however, revealed that there was only 39 breathing apparatus in 27 out of 38 fire stations. Further, of these, 30 apparatus had already exhausted their shelf life of four years. Thus there was a shortage of 175<sup>3</sup> apparatus. As per paragraph 3.1.7.1 funds are not a constraint.

### **3.1.10.4 Inadequate stock of foam compound**

As per SFAC norms, minimum stock of foam compound should be 500 litres per station. Audit scrutiny revealed that 10 out of the 38 selected stations had no foam compound in stock, 24 fire stations had less quantity ranging from 8.04 litres to 340 litres and only four stations had adequate stock of foam compound.

### **3.1.10.5 Absence of extra heavy tender/Ambulance/Motor Cycle**

As per the recommended organizational structure, every fire station should have one extra heavy Water Tender, one Ambulance and one Motorcycle. Test check of records

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<sup>3</sup> 184 – (39-30) = 175 (Including three water lorries)



revealed that none of the 38 fire stations in seven districts had any Motorcycle, Ambulance and extra heavy Water Tender though funds were not a constraint.

**3.1.10.6 Absence of jumping cushion**

The recommended structure also provided that cities with high-rise buildings should have one pneumatic jumping cushion. Scrutiny revealed that such appliance was not available with any of the test checked fire stations.

**3.1.11 Training and awareness campaigns**

**3.1.11.1 Inadequate training of fire service personnel**

The SFAC recommended that lower ranked fire fighting staff were required to be provided with continuous training to keep them continually fit and in readiness. Test check of records 38 fire stations of seven selected districts revealed that training for refresher courses of in-service personnel was not provided in any station during 2002-03 to 2006-07. Further, in 17 stations, no training for any other courses like Sub-Officer's Training Course, Basic Fire Fighting Training Courses etc. was also held during the period. Such trainings provided in 21 stations was negligible and was just 1 to 4 persons per station per year. Also, no target or schedule was fixed for training. Thus, the training aspect was neglected by SFSO, which adversely affected performance and delivery of fire service in the State, which otherwise also was operating on 49 to 54 percent vacancies.

**3.1.11.2 Inadequate training courses at training school**

As per SFAC recommendations, each State should establish a Training Bureau and conduct training programmes for Fireman, Asstt Station Officer, Driver, Leading fireman recruits on general fire fighting, usage of breathing apparatus, fire prevention and radio telephony courses.

Scrutiny revealed that there was one Elementary Fire Fighting Training School at Sila (North Guwahati) since December 1968 which was upgraded into North East Regional Fire Fighting Training Centre in April 2004 and was providing some training courses during 2002-03 to 2006-07 as given in Table-6:

**Table-6**

Year	Intake capacity	Number of Trainees	Name of course	Duration (weeks)	Trainee weeks available	Trainee weeks utilised	Percentage of utilisation	Short fall (percentage)	Expenditure (Rs. In lakh)
2002-03	100	87	Basic Fire Fighting	25	5200	2215	43	57	23.72
		10	Refresher/special	4					
2003-04	100	55	Sub-officer/Basic Fire Fighting	25	5200	1383	27	73	24.48
		2	Refresher's	4					
2004-05	100	68	Sub-Officer/Basic Fire Fighting	25	5200	1940	37	63	27.60
		60	Refreshers/special	4					
2005-06	100	95	Sub-Officer/Basic Fire Fighting	25	5200	2411	46	54	31.08
		2	Motor Maintenance	10					
		4	Refresher's	4					
2006-07	100	101	Sub-Officer's/Basic Fire Fighting	25	5200	2675	51	49	25.16
		15	Motor maintenance	10					

Source: Information furnished by the Department

Shortage of slot utilization ranged from 49 percent to 73 percent. Thus, the expenditure of Rs.1.32 crore during 2002-03 to 2006-07 remained largely unfruitful. The Training School was under utilised also on account of overall shortages in the Department ranging between 49 to 54 percent.

### **3.1.11.3 Awareness programme**

Awareness of fire safety and preventive measures amongst public ensures reduction in occurrence of fire.

Scrutiny of records revealed that during 2002-07, amongst 38 stations of selected districts, three stations viz. Tinsukia, Pandu and Guwahati held awareness campaigns but could not produce details of campaigns held. Further, nine<sup>4</sup> stations of Nagaon district stated that campaigns were held during Awareness day on 14<sup>th</sup> of April every year. The remaining 26 stations of selected districts did not carry out any awareness campaigns. Also, the SFSO has not formulated any guidelines or issued directives in this regard.

### **3.1.12 Deficiency in preparedness**

#### **3.1.12.1 Inaction on GOI's directives for disaster management**

The Union Home Ministry identified (June 2005) fire service as the technical first respondent to man made and natural disasters and drew up a project (2 May 2006) for

<sup>4</sup> Kamrup, Lankam, Kaliabor, Lumding, Dhing, Dabaka, Nagaon, Sonaribali, Hojai.

converting the State Fire Service into all hazard Emergency Response unit with one time financial assistance of Rs.1.05 crore spread over a period of four years and called for the views/response of the State Government within a month.

In response, the SFSO submitted (September 2006) a proposal to the State Government for Rs.47.38 lakh for vehicles, Rs.24.80 lakh for construction of fire stations, Rs.15.32 lakh for Training Institute and Rs.17.26 lakh for manpower. The SFSO, however, could not provide the justification for preparing these requirements. Records showing sending of the proposal to the GOI could not be furnished and no fund had been released till March 2007.

### **3.1.12.2 Inadequate training and preparedness for disaster management**

The SFSO set up (November 2003) a Search and Rescue Team with three operational groups for Jhalukbari, Panbazar and Basistha areas comprising eight fire service personnel in each group headed by Deputy Director of fire service as team commander and assisted by a Deputy Team Commander. Four station officers were trained (September 2005) at National Civil Defense College, Nagpur for two weeks for search and rescue operations. Imparting of systematic periodic training to the lower ranked officials by the trainers was, however, not found on record. Besides, disaster management equipments, like rescue tenders, hydraulic platform, emergency rescue vehicle etc. were not purchased. Thus, in the absence of adequate training, equipments etc. the SFSO is ill equipped to discharge its responsibilities efficiently as first technical respondent for disaster management.

### **3.1.12.3 Inadequate Drills**

As per prescribed norms in the Drill Manual, regular drills are to be performed by fire staff for efficient and prompt combating of fire and other disasters. Test check of records (May 2007) of 38 selected fire stations (7 districts) revealed that 34 fire stations did not have any “Drill ground” of their own. Only four<sup>5</sup> fire stations out of 38 selected stations had their drill grounds. There was nothing on record to show that drills were held regularly in stations which had no ground, and drills held, if any, in stations that had drill ground, were of satisfactory level. The Department stated that regular drills could not be held due to shortage of staff and no report/return was being submitted ensuring monitoring of regular drills in field.

### **3.1.12.4 Inadequacy in communication facilities**

Adequate communication system is essential in fire fighting and rescue operations for rendering quick and effective service. Scrutiny revealed that SFSO, Assam did not have wireless communication facility. In 10 out of 38 fire stations test checked, fire calls were received through Police Station, as they did not have even telephone facility. In case of 21 stations, even though telephone facility existed, there was no toll free special help number. This adversely affected the effectiveness of the fire stations especially when the Department did not have fund constraints.

### **3.1.12.5 Non provision of residential accommodation**

As per SFAC norms, rent-free accommodation should be provided to all members of the service at the fire station premises or in the neighbouring locality to enable quick

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<sup>5</sup> Tinsukia : 2000 Sq.ft; Guwahati : 5000 Sq.ft; Dispur : 5000 Sq.ft; Pandu: 1000 Sq.ft.

response to fire calls. Test-check of records revealed that 31 fire stations (82 per cent) did not have any rent free quarters and seven stations (18 per cent) did not have sufficient quarters to accommodate all members as tabulated below:

**Table-7**

Name of District	Number of stations	Number of Staff as of 31/3/07	Accommodation required to be provided	Accommodation actually provided	Short fall	Percentage of shortfall
Kamrup	11	231	231	9 <sup>6</sup>	222	96
Cachar	5	33	33	4	29	88
Nalbari	4	68	68	-	68	100
Nagaon	9	108	108	1	107	99
Karbi-Anglong	2	26	26	4	22	85
Karimganj	3	26	26	4	22	85
Tinsukia	4	42	42	-	42	100

Source: Information furnished by the Department

### **3.1.13 Inadequate water supply**

Adequate supply and reserve of water is a must for fire fighting. The Model Rule under Fire Force Bill provides that the Director of fire service should take all reasonable measures for adequate supply of water and in particular, provision for reserve water of one gallon per head of the population. The SFAC further stated that it would be necessary to provide storage tanks (Static tanks) at various locations in the towns.

Scrutiny revealed that out of 38 fire stations, only in four fire stations, five static tanks existed (Silchar: 2; Guwahati: 1; Tinsukia: 1; Dispur: 1). The sources of water supply in other fire stations were primarily natural sources viz. public/private ponds, rivers etc.

Further, Administrative Reports for the years 2004-05 to 2006-07 indicated that none of the cities and towns had adequate water supply for fire fighting and proposals were being sent to appropriate authorities for installation of static tank and water hydrants.

The Director assessed (November 2006) the requirement of 291 fire hydrants and 170 under ground water tanks for 79 fire stations (49: sanctioned; 30: adhoc) but the basis of assessment of requirement was not available on record. This clearly indicates that adequate supply and reserve of water, a basic requirement for fire fighting, could not be ensured till 2006-07.

### **3.1.14 Fire prevention**

#### **3.1.14.1 Lack of planning for preventive measures**

The Assam Fire Service Act 1985 and rules made thereunder entrust the responsibility of implementation of fire safety/prevention measures to the SFSO, Assam.

The fire prevention measures include issuing of No Objection Certificate (NOC) about fire preventive/safety measures for construction of buildings above 15 metres height, license for warehouse, workshop and place of public gathering including temporary structures. Audit scrutiny revealed that out of 1,035 applications seeking

<sup>6</sup> Barrak accommodations which do not fall under the purview of rent-free quarters.

NOC in connection with fire preventive and safety measures as per provision of National Building code of India during 2002-07, only 342 NOCs were issued.

Scrutiny of records revealed that there was non compliance in respect of 693<sup>7</sup> suggestions of fire preventive/safety measures while issuing NOC. Records for follow-up or initiation of any penal action were not available. Even though the concerned authorities claimed that routine inspections were being conducted, documentary evidence in support of such claims was not produced to audit.

The Department could not furnish records of identification of special risk occupancy buildings as per SFAC norms, nor had compiled the data for different types of buildings viz. high rise buildings, warehouses, workshops, factories, place of public gatherings, hospitals, auditoriums, hazardous establishments, Government buildings/establishment etc. to formulate an action plan for prevention of major fire accidents. Thus, no policy was formulated for fire prevention.

### **3.1.14.2 Inadequate inspection of high rise buildings**

As per the provisions of National Building Code of India, 1983 which was incorporated in the Assam Fire Service Rule 1989, fire protection arrangements in high rise buildings and apartments is mandatory. Scrutiny of records revealed that inspection of high rise buildings was started from April 2004 and 212 inspections had been carried out in the State till January 2005 and NOC were duly issued.

However, as per the records furnished, installation of fire safety/preventive measures in buildings constructed prior to 2004 could not be ensured though the Director (January 2005) directed four<sup>8</sup> fire stations of the Guwahati City to inspect high rise buildings of their respective jurisdiction.

Test-check of selected fire stations revealed that none of the fire stations maintained any records of survey/data on high-rise buildings in their respective area. Out of 38 fire stations audited, 36 stations did not even conduct any inspection to assess the presence of such high-rise buildings, two<sup>9</sup> stations conducted inspections of 36 buildings during 2002-03 to 2006-07, of which only two buildings implemented the prescribed fire safety measures. No penal action was taken by the Department due to shortage of manpower. In Guwahati city, the Guwahati Metropolitan Development Authority (GMDA) stated that 257 permissions for high-rise buildings were granted within its jurisdiction till 2006-07 and no NOC from fire service was outstanding for these buildings. But, the fact of issue of these NOC by the SFSO could not be ascertained from the records of the organisation. The Guwahati Municipal Corporation (GMC) stated that 212 permissions were granted up to 2006-07 but could not state whether NOC from fire service was obtained. This indicated that no mechanism for coordination between fire service and GMDA/GMC was evolved for ensuring adoption of fire safety measures in high rise building in Guwahati city.

Thus, inadequate inspection and lack of monitoring have exposed many high rise buildings to potential danger of fire.

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<sup>7</sup> 1035 – 342

<sup>8</sup> Guwahati, Dispur, Pandu and Chandmari

<sup>9</sup> Tinskia, Pandu

### 3.1.14.3 Inadequate inspection of Schools

Director, SFSO (August 2004) directed all fire stations to inspect all schools of their respective jurisdiction and give suggestions on fire prevention and safety measures.

Test-check revealed that the 38 fire stations in the seven selected districts conducted inspections of only 349 out of 15,521 (2 percent) schools during 2003-04 to 2006-07 and suggested fire preventive and safety measures. Records of compliance with these suggestions in the inspected schools were not produced to audit. On being asked, both the Director of Elementary Education and Director of Secondary Education, as well as their subordinates viz. Inspector of Schools, Kamrup and Deputy Inspector of Schools, Kamrup could not furnish information about the position of implementation of fire safety and preventive measures in the schools of Guwahati city. Thus, due importance to implementation of fire safety measures in schools was neither given by fire service organisation nor by the Education Department making the schools vulnerable to fire hazards.

### 3.1.14.4 Inadequate technical staff for preventive measures

SFSO, Assam had not conducted any study for realistic assessment of manpower for fire prevention viz. inspection, surveys, etc. The Government had sanctioned only one post of Deputy Director (Technical) and two posts of Fire Prevention Officer which remained vacant since 2005-06.

### 3.1.15 Managing Incidents

#### 3.1.15.1 Lack of monitoring and follow-up for major fire accidents

Three devastating fire accidents causing damage to property above rupees one crore occurred in March, May and November 2005 in Guwahati city (**Appendix-3.3**) Scrutiny of records of the fire station revealed that causes were attributable primarily to lack of preventive measures. No enquiry or investigation was done to ascertain the causes and take follow up action to prevent recurrence of major losses.

#### 3.1.15.2 Poor response to fire incidents

Details regarding fire calls attended, human lives lost, property saved from January 2002 to December 2006 in the State is given in Table-8

**Table-8**

Details	2002	2003	2004	2005	2006
Fire Calls attended	1884	1746	1899	1585	3981
Human lives lost	15	35	36	39	53
Property lost (in crore)	15.27	34.44	19.38	24.62	9.60
Property saved (in crore)	33.43	35.89	37.92	75.06	16.64

Source: Departmental figures

Scrutiny of 75 fire reports involving damages above Rs. 1 lakh furnished by 22 fire stations revealed that 20 percent to 100 percent property was damaged. This was attributed to 3 to 50 percent short deployment of required fire fighting crew required as per SFAC norm. In one incident (Karimganj on 15<sup>th</sup> October 2006) fire tender

could not reach the site due to damaged bridge and thus property worth Rs. 27.93 lakh was lost.

On 23 occasions in six districts, no supervisory officer accompanied the fire crew and in two occasions crew comprised of fireman and driver only.

The causes of fire were electrical defects (25 percent), gas cylinder bursts (5 percent) and miscellaneous reasons (23 percent). Causes for the remaining cases (47 percent) were not known. Remedial action taken in the form of public awareness campaign and inspection of fire safety measures were not produced to audit.

### 3.1.15.3 Poor response time

As per SFAC norms, fire service response time (i.e. time taken by a fire tender to reach the fire accident spot after receipt of fire call) is 5 minutes in urban areas and 20 minutes in rural areas.

Analysis of information furnished by fire stations of selected districts revealed that out of 494<sup>10</sup> major fire calls attended in rural areas<sup>11</sup> during 2002-03 to 2006-07, 137 calls (27 percent) were attended with excess response time varying from 1 minute to 75 minutes beyond the prescribed limit of 20 minutes. The district wise analysis for the selected districts is given in Table-9 below:

**Table-9**

Name of district	No. of stations	Total number of major calls attended	Number of calls where response time taken was beyond 20 minutes	Response time taken beyond 20 minutes		Excess time taken over admissible response time	
				From	To	Minimum (in minute)	Maximum (in minute)
Cachar	4	149	51	22	92	2	72
Karimganj	3	82	31	21	94	1	74
Karbi Anglong	2	52	13	21	95	1	75
Nagaon	9	102	24	21	70	1	50
Tinsukia	2	32	-	-	-	-	-
Nalbari	4	42	8	22	61	2	41
Kamrup	5	35	10	23	75	3	55
<b>Total</b>	<b>29</b>	<b>494</b>	<b>137</b>				

Source: Departmental figures

In the four fire stations of Guwahati city, excess response time ranged from 1 to 19 minutes in respect of 115 calls out of 220 calls during 2002-03 to 2006-07 (52 percent) beyond the permissible limit of 5 minutes as shown in Table-10 below:

**Table-10**

Name of district	Name of Fire station	Total number of major calls attended	Number of calls where response time taken beyond 5 minutes	Response time taken		Excess time taken over admissible response time	
				From	To	Minimum	Maximum
Kamrup	Chandmari F.S	14	11	7	13	2	8
	Dispur F.S	74	40	6	24	1	19
	Guwahati F.S	91	35	6	21	1	6
	Pandu F.S	41	29	6	17	1	12
<b>TOTAL</b>		<b>220</b>	<b>115</b>				

Source: Departmental figures.

<sup>10</sup> damage of property above Rs.1 lakh

<sup>11</sup> Except 4 Fire stations of Guwahati City all other stations including urban fire stations attended fires calls of rural areas also, rural area norm applied.

Reason for excess response time over the prescribed norms was not indicated in the fire reports. However, one of the reasons for excess response time was attributed to distance between the spot of fire incident and fire station. Other reasons were not explored nor any remedial steps to improve the status of response time was taken. Consequently, delays in response time persisted which aggravated the damages and even caused public outrage.

### **3.1.16            *General problems and deficiencies***

- Development and expansion of fire service were not included in the five year plan of the State as per SFAC recommendations.
- As per SFAC's recommended organizational structure, each State should be divided into several zones/divisions and bureau *viz.*, Headquarters, Communication and alarm, Fire prevention, Community relation, Training and Research and Development with further divisions. However in Assam, all the functions including the withdrawal of fund from the Government exchequer were centralized at Directorate level. The fire stations attended primarily to fire calls only.
- Although the SFAC recommended different uniforms for different occasions like ceremonial, operational, non-operational for different category of officials, in Assam, uniforms of fire service personnel were not provided as per these recommendations. Further, even the uniforms provided were always below norms.
- The SFSO in Assam is tagged with Police Department, against the advice given by SFAC (1952) for delinking administration of SFSO from the control of police and be headed by professionals.
- Though the Assam Fire Service Act 1985 was enacted as per Model Fire Force Bill provided by SFAC, rules made thereunder did not include the following provisions of the Bill recommended by SFAC such as strength of establishment, qualification of different staff, duties and powers of Director and subordinate authorities, drill, transport, adequacy of water supply, minimum requirement of fire station, etc.
- Besides, a number of other rules, standards, courses /syllabus, specification recommended by the SFAC for improving the efficiency of fire service have not yet been formally adopted.

### **3.1.17            *Poor Stock maintenance***

Scrutiny of stock records of test checked districts revealed that equipment/apparatus/foam compound were entered in stock but no issues/utilizations were recorded in the Stock Register or in any other separate Issue Register. Thus, utilization of equipment and consumption of material could not be verified. The stocks were never physically verified as required under the provisions of General Financial Rules.

Scrutiny of records of the Directorate revealed that 19 items of equipment/material valued at Rs. 51.56 lakh were kept idle since last issue for a period ranging from three months to 57 months and 33 items of equipment/material value not on record were also kept idle for years together. The Directorate stated that the value of 33 items of equipments was not available as these were procured long back (20 years). Reply furnished by the Department (August 2007) indicated that of the 19 items 14 items are



re-useable but whether these were put to use was not intimated. Of the 33 items shelf life of most of the items expired or equipments outdated. Thus, prolonged storage resulted in loss to Government.

**3.1.18 Internal audit**

The Department had neither established an internal audit wing nor deployed any supervisory accounts personnel to ensure proper maintenance of accounts and records. There was no system of periodic inspection of fire stations by the Directorate officials to ensure their preparedness and proper functioning.

**3.1.19 Monitoring**

In the area of monitoring, there were serious deficiencies right from planning to managing incidents. Regular submission of reports and returns by the fire stations was not done. The organisation did not have any system to monitor the preparedness, control and prevention of disaster. The disaster management cell of the Government under Revenue Department did not also evolve any monitoring mechanism to ascertain the status of preparedness of fire service as first respondent with training, manpower, equipment etc. In the absence of systematic monitoring in planning, funding and management of fire fighting services including regular inspection of high-rise buildings, the fire fighting in the State as recommended by SFAC remained only partially operational.

**3.1.20 Conclusion**

The Government of Assam and the SFSO have not prepared a comprehensive perspective plan to combat fire hazards based on proper assessment of requirement of fire stations, manpower, equipments, training and funds. The functioning of the organization during the period under review has been adhoc in approach. Even the fire safety/preventive measures were not adequately enforced, thereby exposing a large section of the population to fire hazards. Monitoring by the Directorate was minimal with serious implications on the performance of the organization at various levels.

**3.1.21 Recommendations**

- Fire services should be modernised as per recommendations/orders of Union Home Ministry issued from time to time.
- Proper plan should be chalked out to survey the hazard prone areas that need special fire safety measures and action plan to cover the left out areas should be drawn up.
- Recommendations of SFAC for decentralisation of establishment with professional functionaries should be implemented.
- Proper steps should be taken for opening the required number of fire stations and deployment of adequate manpower and equipment.
- Vacancies should be filled and skills/professionalism of fire service personnel should be upgraded through regular drills, training etc.
- Steps should be taken to provide wireless communication and adequate water supply facility for all the fire stations.

The foregoing findings were reported to Government (June 2007); replies had not been received (September 2007).

## SOCIAL WELFARE DEPARTMENT

### 3.2 Nutrition Programme under ICDS

#### Highlights

*The problem of malnutrition amongst children in Assam is being addressed through Supplementary Nutrition Programme (SNP), a constituent component of a package of services under ICDS. A performance review of the "Nutrition Programme under ICDS" revealed the following shortcomings:*

**The State Government did not provide funds for Supplementary Nutrition Programme from 2002-03 to 2004-05. The Additional Central Assistance of Rs.135.86 crore for nutrition meant exclusively for children below 3 years was diverted for providing nutrition for all groups of beneficiaries.**

(Paragraph-3.2.8)

**Performance of the SNP in terms of nutritional supplementation vis-à-vis prescribed feeding days was grossly inadequate. Poor delivery of nutrition supplementation at only 21-29 percent (calories) and 24 to 33 percent (protein) negated the programme objectives.**

(Paragraph-3.2.12)

**The programme implementation remained disappointing, often being handicapped by long spells of non-feeding days, inequality in allotment of nutritious food, diversion of allotment of foodstuffs without compensatory replacement and expenditure in excess of norms.**

(Paragraphs-3.2.13, 3.2.16 & 3.2.19)

**RTE weighing 2,32,708 kgs valued at Rs.86.10 lakh were diverted without corresponding compensatory replacements thereby depriving 1,99,020 beneficiaries of 46 projects of supplementary nutrition indicating lack of control in programme management.**

(Paragraph-3.2.18)

**Despite subsidized PDS (APL) rice being abundantly available, the Department procured SNP rice at higher rates resulting in avoidable expenditure of Rs.11.69 crore.**

(Paragraph 3.2.24.1)

**Overlooking a cheaper rate for RTE offered by a manufacturer the Department procured the item at higher rate consecutively for three years by repeated extension of time of the contact resulting in an avoidable expenditure of Rs.2.85 crore.**

(Paragraphs- 3.2.24.2)

### **3.2.1 Introduction**

Malnutrition in children remains a nation-wide problem. It has been estimated (1992-93) by the GOI that more than half of the children under four years were under weight. About 21-29 percent of the children were severely malnourished in terms of weight and height in rural areas.

The problem of malnutrition amongst children in Assam is being addressed through the Centrally Sponsored Scheme (CSS) Supplementary Nutrition Programme (SNP), a constituent component of a package of services<sup>1</sup> under Integrated Child Development Services (ICDS), launched from the year 1975. Children in the 0-6 year age group, pregnant women, lactating mothers and adolescent girls are the beneficiaries of this programme, which is implemented in the ICDS project areas by distribution of Ready to Eat (RTE) food fortified with micronutrients and Take Home Ration (THR) items of rice and dal, through a network of Anganwadi Centres (AWCs). Each AWC is to cover 100 beneficiaries with effect from 2001-02. The total number of children in the 0-6 years age group as per census 2001 was 44.98 lakh. Taking this figure into account, the State Government identified the target population of beneficiaries as 54.37 lakh. However, considering that the total number of operating AWCs in the State was only 25,416, the State Government decided to target only 25.42 lakh beneficiaries.

As per the scheme guidelines, the cost of supplementary nutrition (SN) was to be fully funded by the State Government. From 2000-01, the GOI also provided funds under Additional Central Assistance (ACA) from PMGY<sup>2</sup> for eradicating malnutrition amongst children below three years, by increased nutritional coverage of supplementary feeding to these children through ICDS projects. The funding pattern was further changed from the year 2005-06 and the cost is shared equally between the GOI and State Government.

### **3.2.2 Organisational set up**

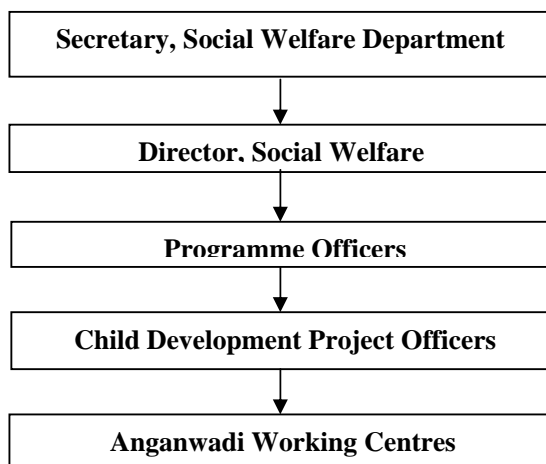
The Secretary, Social Welfare Department is in charge of implementation of the programme. The Director of Social Welfare (DSW) is the nodal officer responsible for co-ordination and execution of the project. He is assisted by 9 Programme Officers. The Child Development Project Officers (CDPOs) have direct responsibility for implementation of the programme at the field level and the end service delivery is rendered through a network of AWC's. The organisational set up is given in Chart-1 below:

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<sup>1</sup> Supplementary nutrition, immunization, health care, referral services, nutritional health education and early detection of childhood disability.

<sup>2</sup> Prime Minister's Gramodaya Yojana

**Chart-1**



### 3.2.3 Schematic Criteria

- All children in the 0-6 years age group and pregnant/nursing mothers are provided with supplementary feeding for additional nutrition, through AWCs for 300 days in a year at different prescribed rates<sup>3</sup> per day. The distribution of nutrients is to be made weekly or fortnightly or monthly.
- The selection of beneficiaries is to be done by weight against Cure Card method and those who are Below Poverty Line.
- ACA released by the GOI is to be fully utilized for providing supplementary feeding of children of 0-3 year age group under nutrition programme.
- Food provided to the children should contain the required nutrient value of 300-600 calories and 8-16 grams of protein.
- Proper survey should be carried out for identification and registration of malnourished children.
- Economic and efficient procurement should be made keeping in view the quality of food.
- Growth monitoring of all children less than three years by weighing is to be undertaken monthly/quarterly at the AWC.
- Monitoring, evaluation and impact assessment machinery should function effectively.

### 3.2.4 Scope of Audit

The implementation of the programme was reviewed during March-May 2007 by test check of the records of the DSW, Department of Social Welfare, 77 ICDS Projects

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<sup>3</sup> Prescribed rate per day per beneficiary in an Anganwadi Centre covering 100 beneficiaries

	Up to 2003-04	w.e.f 2004-05
a) Ordinarily malnourished children 77nos	@ Rs.0.95/day	@ Rs.2.00/day
b) Severely malnourished children 3 nos	@ Rs.1.35/day	@ Rs.2.70/day
c) Other beneficiaries 20 nos	@ Rs.1.15/day	@ Rs.2.30/day

and AWCs in seven districts covering the period from 2000-01 to 2006-07. Records of seven<sup>4</sup> district officers were also checked.

### 3.2.5 *Audit Objectives*

The audit objectives were to assess whether:

- The objectives of the programme are achieved;
- Identification of the target groups was transparent, comprehensive and accurate;
- An effective plan was formulated to achieve desired policy objectives to cover the entire targeted population;
- Funds provided were utilized effectively to achieve the annual targets;
- Procurement of food was made in an economical, efficient and effective manner considering the quality parameters; and
- The monitoring system was effective.

### 3.2.6 *Audit Criteria*

Audit assessment was based on the following criteria

- Guidelines of various nutrition programmes of the Government;
- Conditions prescribed by GOI for utilization of funds released under ACA
- Norms prescribed for selection of beneficiaries
- Quality assurance norms of food
- Monitoring mechanism prescribed

### 3.2.7 *Audit Methodology*

An entry conference was held in April 2007 with the officers of the Directorate of Social Welfare wherein the audit objectives, methodology and criteria were explained. The selection of samples for data collection was done on a representative basis by using Random Number Tables. Seven out of 23 (30 *per cent*) districts in the State were selected for test check including 25 *per cent* of CDPOs (77) in the district. Further, 30 *per cent* of AWCs under these CDPOs were also test checked. An exit conference was held with departmental officers in August 2007 where the audit findings were discussed.

## **Audit Findings**

The important points noticed in the course of review are discussed in the succeeding paragraphs.

## **Financial Management**

### 3.2.8 *Budget and expenditure*

As mentioned in paragraph 3.2.1, nutrition programmes under ICDS are funded by the State Government under 'Supplementary Nutrition Programme' (SNP). The GOI

<sup>4</sup> (1) Cachar (2) Jorhat (3) Kamrup (4) Karbi Anglong (5) Nalbari (6) Sivasagar (7) Sonitpur

provided ACA for additional nutrition exclusively for children in the 0-3 years age group up to 2004-05. With effect from 2005-06, the SNP is being funded on a 50:50 basis by the Central and State Governments.

The year wise release of funds and expenditure are given in Table-1 below:

**Table-1**

**(Rupees in crore)**

Year	ACA(*) released by the central Govt.	Budget provision			Funds released by the state Government			Total expenditure	Balance
		For ACA	From State (**) Govt	Total	Out of ACA	Out of state Govt. source	Total		
2002-03	44.10	46.06	Nil	46.06	44.10	Nil	44.10	44.10	Nil
2003-04	44.10	46.06	Nil	46.06	44.10	Nil	44.10	44.10	Nil
2004-05	47.65	48.00	Nil	48.00	47.65	Nil	47.65	47.65	Nil
2005-06	30.67	30.67	23	53.67	29.89	23	52.89	47.43	5.46
2006-07	23.00	23.00	25	48.00	22.99	25	47.99	47.99	Nil
<b>Total</b>	<b>189.52</b>	<b>193.79</b>	<b>48</b>	<b>241.79</b>	<b>188.73</b>	<b>48</b>	<b>236.73</b>	<b>231.27</b>	<b>5.46</b>

Source: Information furnished by the Department

Notes: (\*) State did not provide any fund during 2002-05

- As per norms, all children in 0-6 years age group, pregnant/nursing mothers and adolescent girls are to be provided with SN at a prescribed rate (detailed in paragraph 3.2.3) for 300 days in a year. Accordingly, funds required for coverage of the beneficiary population of 54.37<sup>5</sup> lakh would be Rs.1,345.30 crore for the years 2002-03 to 2006-07 (**Appendix-3.4**). Against this requirement, funds provided during the same period were Rs.236.73 crore (18 percent) only.
- The Government, however, targeted to cover only a fixed number of 25.42 lakh beneficiaries per annum during 2002-03 to 2006-07, i.e. 47 percent of the total eligible beneficiaries (54.37 lakh) (detailed in paragraph 3.2.1). Yearly increase in child population was also not taken into consideration. Even to feed this reduced target at the prescribed rate, for 300 days per year, funds required would be Rs.628.83 crore for 2002-07 period. Against this, the actual funds provided was only Rs.236.73 crore (38 percent) and expenditure incurred was Rs.231.27 crore. **Thus, insufficient funds were provided to cover even the reduced target and worse is that, even these funds could not be spent fully. Consequently, supplementary nutrition was provided only for 45 to 75 days per annum during 2002-07.**
- The States commitment was limited as it had not made any provision nor released any funds from its own source for the SNP in any of the years from 2002-03 to 2004-05. It utilised only the ACA funds (Rs.135.85 crore) which were specifically meant for additional feeding of the malnourished children under three years age group, to cover the entire target group of SNP (0-6 years children, pregnant/lactating mothers and adolescent girls). The utilization of the ACA funds was thus not in conformity with the programme mandate. Besides, the envisaged 'increased nutritional coverage' amongst the under

<sup>5</sup> ordinary malnourished children: 41.87 lakh; severely malnourished children: 1.63 lakh; women and girls: 10.87 lakh

three years children had not taken place to the extent desired and thus the objective of eradicating malnutrition amongst under three year children remained largely unattained.

- Again, with the change of funding pattern from 2005-06, the State did not release Rs.78 lakh out of GOI release of Rs.53.67 crore for two years (2005-07). Further, there was also short release of State share of Rs.5.67 crore during the years 2005-07.
- The expenditure of Rs.47.99 crore during 2006-07 includes Rs.9.03 crore drawn (March 2007) by DSW for clearance of outstanding bills of suppliers. The amount was however, not paid (May 2007), as the checking of actual supply of material was in progress. Thus, the amount was deliberately drawn without justification and in contravention of rules, without conducting regulatory checks obviously to avoid lapse of sanction.
- The expenditure for the year 2005-07 also includes the unspent balance of Rs.2.06 crore with five<sup>6</sup> district officers. The amount remained unutilised since some SHGs and NGOs failed to deliver the quantity ordered to them.

### **Programme Implementation**

#### **3.2.9 Identification and Registration of Beneficiaries**

Identification of beneficiaries was done on the basis of house to house survey conducted by the Anganwadi Workers (AWs) and duly supervised by the Supervisors and CDPOs. The register maintained for the purpose at the CDPOs level contains information such as name of the family, date of birth, age, pregnant or nursing mother to determine their eligibility for SNP.

Underweight is one of the main indicators of malnutrition amongst children. Thus, weighing of the children at the time of identification is the logical step for determining eligibility. However, surveys and identification were being done without weighing, as 8 CDPOs<sup>7</sup> did not have working weighing machines. Therefore, the standard and efficacy of identification remained an area of concern.

#### **3.2.10. Targets vis-à-vis Achievements**

The total number of beneficiaries to be covered by each AWC is 100 (paragraph 3.2.1). Achievements against targets fixed for coverage of beneficiaries in the State under the SNP during 2002-07 as intimated by the DSW and test check of records in the selected districts disclosed the following:

<sup>6</sup> Cachar Rs.1.19 crore, Jorhat Rs.0.63 crore, Sonitpur Rs.0.10 crore, Nalbari Rs.0.09 crore and Kamrup Rs.0.05 crore

<sup>7</sup> Madhupur, Kalain, Binakandi, Rajabazar, Salchapra, Sonai, Narsinghpur, Silchar with more than 884 AWCs.

**Table-2**

Year	Target (State as a whole)			Achievement (State as a whole)	Feeding days covered per annum	Shortfall in feeding days against the norm
	Children (80 percent)	Women (20 percent)	Total			
2002-03	2033280	508320	2541600	2541600	55-60	240 – 245
2003-04	2033280	508320	2541600	2541600	50-55	245 – 250
2004-05	2033280	508320	2541600	2541600	55-60	240 – 245
2005-06	2033280	508320	2541600	2541600	70-75	225 - 230
2006-07	2033280	508320	2541600	2541600	70-75	225 - 230

Source: Data furnished by the Department

- Against eligible beneficiary population of 54.37 lakh, a fixed annual target of 25.42 lakh (47 percent of population) was considered for coverage during 2002-07, without taking into account, the yearly increase in child population. Thus, coverage was only partial as 53 percent of the targeted population was not covered during the period of review. As pointed out in paragraph 2.3.8 the state government did not provide sufficient funds even for the reduced but fixed number of beneficiaries.
- Although the position of beneficiaries covered against target fixed during 2002-07 was intimated as 100 percent, there were shortfalls in feeding days ranging from 225 (75 percent) to 250 (83 percent) days out of 300 days. For achieving the desired nutritional benefits, full 300 days nutritional support is necessary. **Shortfall of 75 to 83 percent in feeding days obviously indicates that the nutritional support had no effect on the targeted group.**
- Number of beneficiaries covered in the test checked districts against 100 targeted beneficiaries per AWC, was between 80 and 94 upto 2005-06 and 126 during 2006-07 (*Appendix 3.5*). **Achievement in terms of feeding days ranged between 47 to 75 days per annum during the period. Thus 100 percent fulfilment of target reported by the Department was not based on facts.**
- The norm for coverage of pregnant/lactating mothers/adolescent girls is 20 per AWC. However, the coverage of this category of beneficiaries in 7,870 AWCs of 65 projects test checked, was well below the norm and ranged from 13 to 15 during the period from 2002-03 to 2005-06. This critical group thus did not benefit from the programme

### 3.2.11 Uncovered AWCs

The State has 196 operational projects rendering services to the target group through a network of 25,416 AWCs. Twenty three additional projects with 1,659 AWCs and four additional projects with 10,007<sup>8</sup> AWCs were sanctioned by the Government during 2004-05 and 2006-07 respectively in pursuance of the Hon'ble Supreme Court's direction. But the SNP had not been extended to these newly sanctioned 11,666 AWCs. Thus the State Government operated only 25,416 AWCs out of 37,082 sanctioned. Based on census 2001 data relating to beneficiaries, the State Government estimated its requirement of AWCs at 54,375. However, since it covered only a

<sup>8</sup> 10,007 AWCs

Represent AWCs under 4 projects sanctioned during 2006-07 and also AWCs sanctioned for the uncovered villages of the existing projects.



constant number of 25.42 lakh beneficiaries per year during 2002-07, it is obvious that the programmes implementation in the State was only partial..

### 3.2.12 *Insignificant Nutrition Supplementation and feeding days coverage*

The SNP provides for yearly coverage of 300 supplementary feeding days with food containing the specified value of 300 calories and 8-10 grams protein per meal for the malnourished (Gr-I and Gr-II) children and 600 calories and 16 grams protein per meal for the severely malnourished (Gr-III and Gr-IV) children. The programme envisaged 90,000 calories and 2,400-3,000 grams protein supplementation to each ordinary malnourished child annually.

Scrutiny of records revealed that performance of the SNP in terms of nutritional supplementation vis-à-vis prescribed feeding days was grossly inadequate. The feeding days actually covered during the years (2002-07) were in the range of 50-55 days to 70-75 days as against 300 days. Calorie and protein supplementation actually provided worked out to only 23 to 29 *percent* and 24 to 33 per cent respectively of the programme requirement as detailed in Table 3 below:

**Table-3**

Year	Prescribed yearly target of			No. of days	Achievement		Shortfall		Achievement percentage	
	Feeding days	Calorie supplement	Protein supplement		Calorie Supplement (in cal)	Protein supplement (in gm)	Calorie supplement (in cal)	Protein supplement (in gm)	Calorie	Protein
2002-03	300 days	90,000 <sup>9</sup> (cal)	2400 <sup>10</sup> to 3000	55-60	20736	624	69264	1776-2376	23	26
2003-04				50-55	19008	572	70992	1828-2428	21	24
2004-05				55-60	20736	624	69264	1776-2376	23	26
2005-06				70-75	25920	780	64080	1620-2220	29	33
2006-07				70-75	25920	780	64080	1620-2220	29	33

Source: worked out by audit, based on schematic provision and departmental information

Thus, poor delivery of nutrition supplementation at only 21-29 *percent* (calories) and 24 to 33 *percent* (protein) negated the programme objectives.

### 3.2.13 *Interruption in feeding activity*

In order to achieve 300 feeding days yearly, supplementary nutrition feeding needed to be implemented in an uninterrupted manner. Scrutiny of records of fifteen<sup>11</sup> CDPOs revealed that the nutrition feeding under SNP lacked regularity and continuity due to frequent interruptions for long spells ranging from 36 to 592 days on account of fund constraints during the period 2002-07. Thus, feeding interruptions for long spells adversely affected the success of the SNP as well as improvement in the status of health of the beneficiaries.

<sup>9</sup> No. of yearly feeding days =300

Required daily calorie supplementation=300 grams

Yearly required calorie supplementation= 300x 300 = 90,000

<sup>10</sup> No of yearly feeding days =300

Required daily Protein supplementation=8-10 grams

Yearly minimum required Protein supplementation = 300x8-10 = 2400- 3000 grams

<sup>11</sup> Naduar, Balipara, Gabharu, Sualkuchi, Nalbari, Paschim Nalbari, Borigog, Borbhag, Tezpur(U), Pub Choiduar4, Behali, Dhekiajuli, Demoria,Guwahati(U),Choigaon.

**3.2.14 Issue of RTE food for longer spells and without manufacturing date on the packets**

As per guidelines, Take Home Ration (THR) strategy is to be followed for distribution of food articles for children (6 months to 3 yrs) for one to four weeks at a time, and are to be issued to mothers for feeding their children at home. Examination of records of the test checked projects and AWCs revealed that RTE food items were distributed to the children under THR for long spells even upto 100 days at a time in violation of the guidelines.

Significantly, although the shelf life of RTE procured under the SNP was 6 months, the best use time was shown as only 90 days. It could not be ascertained in audit whether RTE were supplied/issued after the best use time or beyond the shelf life of six months as the manufacturing date, batch number etc. were not mentioned in the packets.

**3.2.15 Disproportionate allotment of Supplementary Nutritious Food (SNF) items**

During 2004-05 and 2005-06 the Department issued milk and biscuits to the beneficiaries. Scrutiny revealed that allotment of this costly SNF was restricted to only ten CDPOs at the rate of Rs.33,320 and Rs.33,305 per AWC during 2004-05 and 2005-06 respectively which were higher as compared to the value of nutritious food of Rs.11,221 and Rs.14,893 per AWC provided during 2004-05 and 2005-06 respectively in respect of the remaining CDPOs. Thus uniformity in nutritional support was not maintained..

**3.2.16 Excess allotment of SNF for non-existent AWCs**

Allotment of SNF items is based on the number of AWCs in the project. There are 138 AWCs in the Borkhetri project area of Nalbari district. Accordingly, the project was entitled to SNF items of milk and biscuits valued at Rs.61.17 lakh during 2004-05 and 2005-06. But SNF food items valuing Rs.1.09 crore were sanctioned by inflating the number of AWCs under the project which resulted in excess allotment of SNF items valuing Rs.47.39 lakh as shown in Table-4 below:

**Table-4**

**(Rupees in lakh)**

Year	Sanctioned amount	Allocation (in Rs.)	Value of SNF due as per actual no. of AWCs	No. of AWCs counted for allotment	Amount allotted	Excess allotment (8-6)
2004-05	860.23	12,210.00	16.85	273	33.33	16.48
2004-05	300.00	14,450.50	19.94	212	30.64	10.70
2005-06	689.99	12,210.00	16.85	270	32.97	16.12
-do-	137.81	5,456.50	7.53	213	11.62	4.09
<b>Total</b>			<b>61.17</b>		<b>108.56</b>	<b>47.39</b>

Source: Government sanction orders and project wise statements

Thus, misappropriation of Government money of Rs.47.39 lakh allotted for non-existent AWCs cannot be ruled out.

### 3.2.17 Denial of nutrition supplement to mothers/adolescent girls

Of the 100 beneficiaries per AWC, 80 are children of 6 months - 6 years age group and 20 are lactating mothers, pregnant women and adolescent girls. Supplementary nutrition is also to be provided to 20 beneficiaries who are lactating mothers, pregnant women and adolescent girls of each AWC. They needed to be treated at par with 3-6 year age group beneficiaries for the purpose of supplementary nutrition. Records, however, indicated that lactating mothers, pregnant women and adolescent girls were not treated at par and often denied supplementary nutrition of milk and biscuits as the items were distributed only to 80 beneficiaries of 6 months to 6 years age group children per AWC instead of 100 per AWC. This resulted in denial of nutritious feeding (milk and biscuits) for 3.48 crore feeding days due to 23,258 pregnant women, lactating mothers and adolescent girls during 2004-07 as worked out below.

**Table-5**

Ref. to sanction order no. and date	Amount (Rupees in lakh)	Sanctioned no. of feeding days	No. of centres covered	No. of beneficiaries sanctioned per AWC	No. of feeding days denied to women etc.
SWD-320/2004/17 dt.29.12.04 (SCCP 2004-05)	254.93	74	1717	80	53,79,800
SWD-320/2004/16 dt.29.12.04 TSP-2004-05	100.00	74	660	80	
SWD-366/2002/18 dt 29.11.04 (Gen-2004-05)	145.29	74	1258	80	
SWD-152/2005/33 dt.28.7.06 (Gen-2005-06)	689.99	75	5651	80	2,94,34,500
SWD-246/2005/11 dt.22.09.05 (Gen-2005-06)	860.23	75	7045	80	
SWD-292/2005/35 dt.8.5.06	832.97	75	6927	80	
<b>Total</b>					<b>3,48,14,300</b>

Source: Worked out by audit, based on information in the Government sanction order

The above position indicated indifference and lack of concern for the woman folk.

### 3.2.18 Diversion of allotment of RTE

- The DSW procured (November 2003) 2,99,970 kgs of RTE food items for 10 days feeding programme in 19,998 AWCs of 163 projects of the General Areas. Subsequently (March 2004), the RTE was allotted to only 6,003 AWCs of 41 projects<sup>12</sup> and delivery of the RTE food items to these AWCs projects was assigned to a transporter. However, 14 Project Officers (*Sl. 1 to 14 of Appendix-3.6*) refused to receive the food items consisting of 3,624 packets (1,08,720 kgs). The reasons for refusal were neither on record nor stated, though called for. The transporter eventually delivered the refused food items to seven projects (*Appendix-3.6*) in addition to their normal allotment on verbal instruction from the Minister of Social Welfare. Thus RTE procured for 163 projects were allotted to only 41 projects and eventually utilized to cover beneficiaries of only 27 projects.

<sup>12</sup> Originally procured for 163 projects.

- In two other instances of diversion of RTE involving 1,23,988 kgs (December 2003 – 96,774 kgs and March 2006 – 27,214 kgs), the transporter reported that thirty-two CDPOs refused to receive their allotment. The undelivered RTE was (again on verbal instruction of Minister, Social Welfare) distributed by the transporter, to 13 other projects (**Appendix-3.6**), in addition to their normal allotment.

Thus, RTE weighing 2,32,708 kgs valued at Rs.86.10 lakh were diverted without corresponding compensatory replacements thereby depriving 1,99,020 beneficiaries of 46 projects of supplementary nutrition indicating lack of control in programme management.

### 3.2.19 *Expenditure in excess of norms*

The per meal expenditure ceiling for different kinds of nutrition served under the SNP was Rs.2.08 for rice and dal, Rs.2.03 for milk and Rs.2.02 for RTE per day.

Scrutiny of records revealed that the Department in several cases exceeded the expenditure ceiling and incurred excess expenditure of Rs.6.64 crore (**Appendix-3.7**) during 2004-05 and 2005-06.

The excess expenditure in excess of prescribed ceiling was attributable to defective financial management.

### 3.2.20 *Damage of food stuff*

Substantial quantity of different SNP food stuff weighing 52,971 kg valued at Rs.12.56 lakh delivered to CDPOs and stored in warehouse between 2002-03 and 2003-04 got damaged due to infestation by insects and deteriorated due to prolonged storage rendering the same unfit for human consumption. The position of the damaged food stuff (as of May 2007) and cost involved were as detailed in Table-6 below: -

**Table-6**

Year	Name of SNF	Custody where got damaged	Quantity in Kg	Rate per kg (Rs)	Amount (Rupees in lakh)	Present status
2002-03	Rice	CDPO, Titabor	30395	16.21	4.93	Lying indisposed
- do -	Dal	- do -	7483	27.48	2.05	
2003-04	RTE	CDPO, Mandia	7488	37.00	5.58	NA
	„	CDPO, Demoria	1830			
	„	CDPO, Rani	5775			
<b>Total</b>			<b>52971</b>		<b>12.56</b>	

Source: Information collected from the scheme file of the Department or the CDPOs concerned

Thus, damage of food material resulted in loss of Rs.12.56 lakh to the Government.

### 3.2.21 *Release of excess funds beyond the admissible limit to N.C. Hills District*

Test-check of records revealed that the Department released (December 2005) Rs. 3 crore (including Rs.76.47 lakh for payment of outstanding bills) to the North Cachar Hills District Autonomous Council (NCHAC) as against the admissible amount of Rs.30.26<sup>13</sup> lakh for 19,400 beneficiaries under four projects for 75 days

<sup>13</sup> Total beneficiaries x maximum feeding days providing in other districts x unit cost per day.

(maximum provided in other districts) at Rs.2.08 per day during 2005-06. Thus, there was excess release of Rs.1.93 crore for reasons not on record.

Further, utilization certificate from the district for the amount was not produced to audit. Thus, misuse of the funds released in excess to district cannot be ruled out.

### **3.2.22 Short delivery of foodstuff in CDPOs**

Till 2005-06 SNP foodstuff such as rice and dal, RTE etc were procured centrally by DSW with arrangement for delivery to the projects by the suppliers.

Test check of relevant records revealed that food stuff weighing 4,537.78 qtls valued at Rs.96.44 lakh were delivered short by the supplier in 25 CDPOs of five districts during 2005-06 as shown in **Appendix-3.8**. The short delivery/receipt was not investigated at any stage. Besides, short delivery of the SNF resulted in denial of nutrition feeding (rice and dal) to 1,54,781 beneficiaries for 37 days and RTE to 16,799 beneficiaries for 51 days in the 25 projects. Thus, SNF was provided to these beneficiaries for only 38 and 24 days respectively against 300 days provided in guidelines.

### **3.2.23 Inadequate scale of nutrition**

As per guidelines, SNP in the State was implemented with the daily scale of rice-80 gm, dal-20 gm, RTE-50 gm. But in the Karbi Anglong District, daily scale of rice and dal issued under the programme was less than the prescribed scale. Daily scale of rice adopted in the district during 2002-03 to 2005-06 was between 26.55 gm. and 60 gm and dal 5.79 gm. to 19.57 gm (**Appendix-3.9**) indicating defective programme implementation with inadequate provision. The reasons for implementation of the scheme at less than the prescribed scales was neither on record nor stated. However, audit scrutiny revealed that the inadequate issue of foodstuff to beneficiaries children was due to short supply of rice/dal to AWCs.

### **3.2.24 Procurement of foodstuff**

#### **3.2.24.1 Avoidable expenditure**

Information made available by the Directorate of Food and Civil Supply, indicated that huge quantity of rice, allotted to the state by the GOI at subsidized rate in public distribution system (PDS), lapsed regularly due to non-lifting. The extent of lapse was over 25,000 MT every month. This obviously implies that subsidized rice was available in abundance and the State Government/Departments including Social Welfare Department had options to utilize the surplus PDS rice in their schemes/programmes.

Scrutiny of records revealed that the Department had never considered this option and instead procured the SNP rice from three agencies-AGMC, STATFED and ASIDC<sup>14</sup> at rate of Rs.1,700/- per quintal (upto 2005-06) as against Rs.1,121.73<sup>15</sup> per quintal of PDS rice. Procurement of the SNP rice from the above named supplying agencies at

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= 19400 x 75 x Rs.2.08 = Rs.30.26 lakh.

<sup>14</sup> AGMC – Assam Government Marketing Corporation, ASIDC – Assam Small Industries Development Corporation and STATFED – Assam State Co-operative Marketing and Dev. Consumers Federation

<sup>15</sup> Rs.1700/-(upto 2005-06)

(FCI Rate Rs.871.73 + Transport Rs. 90.00+ Admn cost & Profit margin Rs. 160.00)= Rs.1121.73

higher rates resulted in avoidable expenditure of Rs.11.69 crore as detailed in Table-7 below:

**Table-7**

Year	Quantity procured (Quintal)	Procurement rate (Rupees)	PDS (APL rate) (Rupees)	Difference in rate (3-4) (Rupees per quintal)	Excess expenditure (2×5) (Rupees in lakh)
1	2	3	4	5	6
2002-04	24901.44	1700	1121.73	578.27	144.00
2004-05	81915.68	-do-	-do-	-do-	473.69
2005-06	74289.24	-do-	-do-	-do-	429.59
2006-07	20785.37	1709	-do-	587.27	122.07
<b>Total</b>	<b>201891.73</b>				<b>1169.35</b>

Source: Records of the Department

As can be seen from the above table, extra expenditure of Rs.11.69 crore was incurred on purchase of SNP rice from the three agencies. 1.87 lakh beneficiaries could have been provided with SN for 300 days with this amount.

### 3.2.24.2 Avoidable expenditure on RTE Food

A New Delhi based manufacturer was approved (February 2002) as supplier of 'MAA's CARE' brand RTE food for the SNP at Rs.37/- per kg for one year with validity up to March 2003 through competitive bids. The supplier expressed (July 2002) his inability to supply the item at the agreed rate and terms and conditions. Following this, the Department cancelled the agreement (July 2002) and floated fresh NIT (July 2002) for one year. In response, 11 manufacturers quoted their rates, of which, the lowest rate of Rs.23.90 quoted by M/s Christy Fried Gram Industries was not accepted due to non-fulfillment of tender condition. The second lowest rate of Rs.33/- per kg of M/s Indopal Flour Mill was therefore to be accepted.

Meanwhile, the earlier supplier whose agreement had been cancelled, expressed (July 2002) willingness to resume the supply and was allowed to supply the RTE food at his rate of Rs.37/- continuously for three years up to 2004-05 (by repeated extension of validity), despite the fact that the rate offered by M/s Indopal Flour Mills was cheaper. The Department procured 71,18,983 kg of RTE at the rate of Rs.37 per kg during the years 2003-04 and 2004-05. Thus, the procurement of RTE at higher rate not only resulted in avoidable expenditure of Rs. 2.85<sup>16</sup> crore but also resulted in direct benefit to the contractor.

The Department justified it on the ground that it needed the item urgently to provide sheet to those effected by devastating flood and therefore could not wait until formalization of new rates. This is not tenable considering that the Department procured the item continuously for three years at the higher old rate when the contract was cancelled. Further the action of the Department was in total disregard of codal provisions.

<sup>16</sup> a) Qty procured: 71,18,983 Kgs., b) Rate Rs.(37-33) = Rs.4 differential: , c) Avoidable expenditure: (71,18,983X4) = Rs.2, 84,75,932

### 3.2.25 *Nutritional status*

Regular growth monitoring is a tool for preventing malnutrition and for early detection of growth faltering. Growth monitoring of all children less than three years is to be undertaken by monthly/quarterly weighing.

Test-check of records in 31 CDPOs with 3,841 AWCs in six selected districts<sup>17</sup> revealed the following discrepancies:

- As per the Departmental records, 25 to 63 percent of the children of different age groups who had been fed with supplementary food under SNP and weighed during the period 2002-07 attained the normal nutritional status. However, these figures appear to be fabricated, since feeding was given only for 47-75 days during a year, which could not have added any weight to the children. The impact of the nutrition programme can only be assessed when special nutrition is given for full 300 days. Percentage of children not weighed and the nutritional status of those weighed is detailed in *Appendix-3.10*. Except Sibsagar, in other five test checked districts, children left unweighed ranged between 29 to 75 percent during 2002-07. Thus, nutritional status of majority children remained unassessed and impact undetermined.
- The beneficiary children ranging from 7 percent to 65 percent in the age group of six months to one year, 7 percent to 67 percent in the group of one to three years and 9 percent to 75 percent of three years to six years were not weighed during 2002-03 to 2006-07 due to non availability of weighing scales in AWCs. The nutritional status of such a large number of children thus remained undetermined due to non-availability of adequate weighing machines in the AWCs.

### 3.2.26 *Monitoring, evaluation and impact study*

Monthly Progress Report (MPR) of the CDPOs, compiled on the basis of the Supervisors' report, forms the basis of monitoring. The MPR, although required to be submitted to the DSW and GOI, was not submitted by the CDPOs regularly. It was delayed by 3-4 months and MPR for several months were rendered at a time. Thus, monitoring through MPR lacked effectiveness and regularity.

No recorded evidence existed in the AWCs to indicate that the CDPOs and Programme Officers had ever checked records such as SNF item distribution register maintained by the Anganwadi Workers. The Officers and Supervisors had also never issued remedial/corrective instructions to the Anganwadi Workers.

The Department had not taken up evaluation study or impact assessment of the programme. As a result, the status and intensity of malnutrition among children remained unascertained by the Department.

### 3.2.27 *Conclusion*

Against eligible beneficiary population of 54.37 lakh, only 25.42 lakh (47 percent) beneficiaries were covered. The targeted coverage remained constant during 2002-07 without taking into consideration the annual increase in child population. With the inadequate allocation of funds, SN could be provided only for 55 to 75 days instead of the prescribed 300 days. As per norms, the State actually needed 54,375 AWCs against which, only 25,416 AWCs, are operational. Although additional AWCs were

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<sup>17</sup> Cachar, Jorhat, Sivasagar, Nalbari, Kamrup and Karbianglong

sanctioned during 2004-05 to 2006-07, no foodstuff was given to them for giving nutritional support to the beneficiaries. Government also diverted entire funds under PMGY to meet its obligation under SNP and failed to provide increased nutritional coverage to children below three years. Growth monitoring and health checkup of children for detection of faltering growth and prevention of malnutrition were inadequate.

The programme implementation was handicapped by long spells of non-feeding days, inequality and manipulation in allotment of nutrition, diversion of allotment without compensatory replacement and incurring of expenditure in excess of norms. The implementation of the programme in the State was thus tardy and a failure, as the impact was only marginal.

### **3.2.28            *Recommendations***

- Beneficiary identification mechanism should be strengthened, and segregation done between 0-3 and 3 to 6 age group so that nutritional support is provided to the most malnourished first/all beneficiaries.
- All uncovered blocks/villages should be covered under the programme and adequate number of AWCs should be opened to cover full targeted population in the State.
- Feeding of the beneficiaries should be as per norms both in terms of quality and quantity of food items as well as number of feeding days.
- Basic back-up support instruments like weighing machines should be provided for effective implementation of the scheme.
- Additional Central Assistance should be utilized for meeting supplementary feeding cost to children in the age group of zero to three years and the State Government should provide funds for the SNP from its own sources.
- Monitoring mechanism should be strengthened and enforced effectively so as to secure accountability at different levels of programme implementation.



## FINANCE DEPARTMENT

### 3.3 *Information Technology Audit of Computerisation of Treasuries in Assam*

#### Highlights

**Only one out of the five modules had been implemented (May 2007) even after 4 years of implementation of CTMIS at a cost of Rs.13.3 crore.**

**(Paragraph 3.3.8)**

**Back up policy was ineffective and off-site storage of back up was not ensured, thereby exposing the system to risk of non-restoration in the event of a disaster.**

**(Paragraph 3.3.9)**

**Non-mapping of business rules and checks prescribed under Assam Treasury Code make the system incomplete and ineffective.**

**(Paragraph 3.3.11)**

**Inadequate security policy made the system vulnerable. Network system was also not protected by antivirus programme.**

**(Paragraph 3.3.12)**

**Presence of redundant data made the database inconsistent and un-reliable.**

**(Paragraph 3.3.15)**

**An expenditure of Rs.2.39 crore on implementation of Treasury Accounting and Application software (TAAS) turned out to be unfruitful.**

**(Paragraph 3.3.17.1)**

#### 3.3.1 *Introduction*

The Department of Treasuries, under the administrative control of Finance Department, is responsible for receipt and payment of money on behalf of Government and maintenance of accounts relating to these transactions. The Department also acts as the Banker in respect of Local Bodies and others who deposit their revenues in the Treasuries. The Treasuries maintain records of financial transactions and conduct necessary checks as per Assam Treasury Code and Assam Financial Rules on the flow of funds. Computerization of Treasuries in Assam was undertaken initially as per the recommendations of the Tenth Finance Commission to be implemented during 1996-97 to 1999-2000 with a total estimated cost of Rs.2.30 crore (Actual expenditure Rs.2.39 crore).

Computerisation of Treasury Accounts was started in 1998-99 with the help of AMTRON (AMTRON) (Govt. of Assam undertaking) and National Informatics Centre (NIC). AMTRON provided the hardware where as NIC provided application software called "Treasury Accounting Application Software (TAAS)". During implementation stage, it transpired that the computer system could not fulfill the requirements drawn up by the State Government as well as the Treasury. Subsequently, a new System called Comprehensive Treasury Management System (CTMIS) was developed (2002-03) comprising of 5 modules viz. Finance module, Treasury module, Department module, DDO module and Head office module. CTMIS, developed by Tata Consultancy Service (TCS) with Oracle 9i as the database and Developer with Edit Plus as the front end was installed for online operation at Central Data Centre, Kar Bhawan, Guwahati and 2 Treasuries from August 2004. As of May 2007, only the Treasury module of the CTMIS package was operational in all

the 23 District Treasuries and 30 Sub-Treasuries in the State of Assam. The system architecture is a centralized system with all processing centralized in a set of servers located at the Central Data Centre. The treasuries are connected to the Central Data Centre through leased lines/VSAT. At the major treasuries, the leased lines are used as front line connectivity and VSAT as backup connectivity. The minor treasuries and sub-treasuries have only VSAT connectivity.

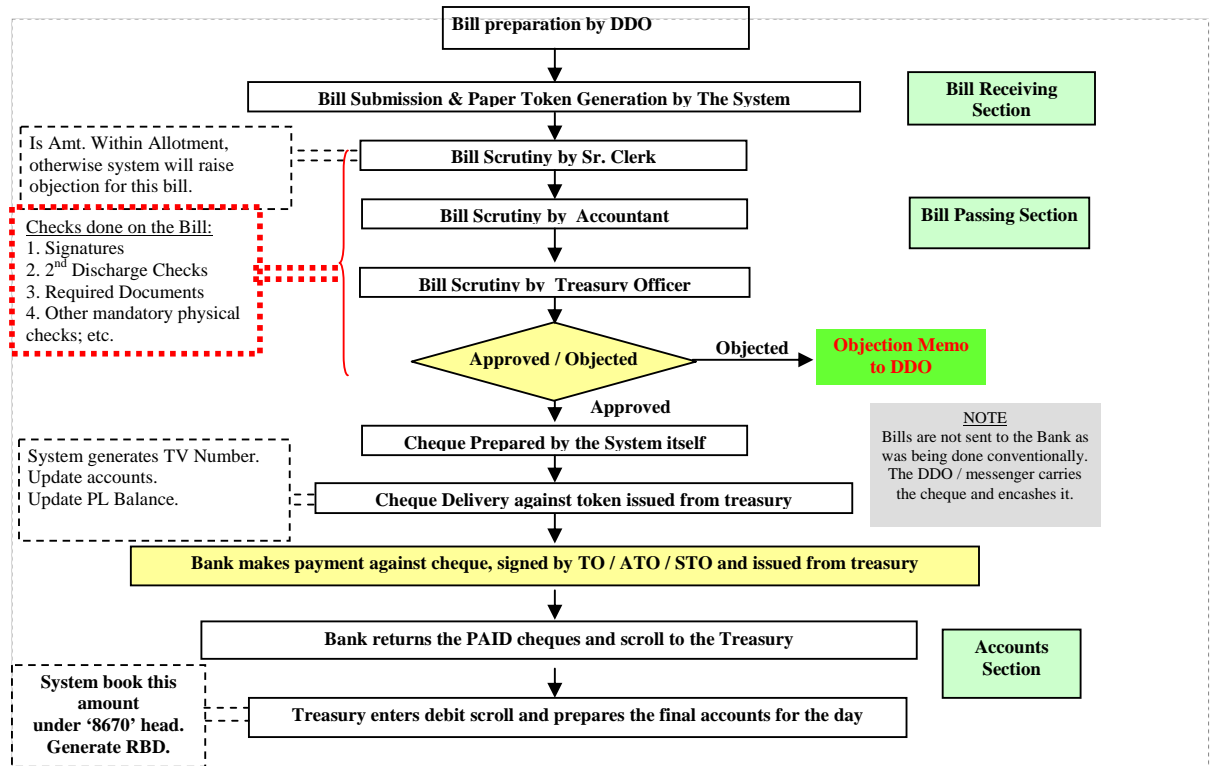
### 3.3.2 Organizational Set-up

There are 23 District Treasuries and 30 Sub-Treasuries in Assam. In addition, there is a Pay and Accounts Office at Assam House, New Delhi. Of these 30 Sub-treasuries, there are 8 Sub-treasuries functioning as independent treasuries for the purpose of maintenance of accounts and submission of various reports to the concerned authorities. The other Sub-treasuries are working as subordinate to the district Treasuries and have to submit their monthly accounts and other prescribed returns through the Treasury.

### 3.3.3 Workflow of bill processing & accounting in treasury

The process flow diagram of the processing of bills/challans in the treasury and its accounting is shown below:

#### WORKFLOW OF BILL PROCESSING & ACCOUNTING IN TREASURY



### 3.3.4 Objectives of computerisation

The major objectives of the CTMIS *inter-alia*, included:-

- Allowing the Department to exercise desired control over financial transactions by rational allocation of budget to drawing and disbursing officers (DDOs), thereby enabling treasury officers to have a tight control over expenditure as per the budget allocation.
- To make flow of information current, authentic and consistent, thus eliminating any excess or un-authorized drawals, diversion of funds, wrong booking, etc.
- Compilation of monthly accounts and their timely submission to Accountant General.

### 3.3.5 Audit Objectives

The objectives of the review were to assess, whether:

- objectives and benefits of CTMIS have been achieved as envisaged
- the CTMIS software and its web based application is designed properly with adequate controls and whether the development of the software was in line with the treasury rules
- General controls which include control over data centre operations, system software development and maintenance, access security and application system development and maintenance have been properly effected as per the project documents.
- Application controls ensure proper authorization and completeness of data input as well as output.
- Adequate trained manpower is available at various levels exits and its proper utilisation
- Policy for IT security has been formulated and implemented

### 3.3.6 Audit Scope and Methodology

The records of the Directorate of Treasury were analyzed to review the initial planning for computerisation and the SDLC process of system development (April-June 2007). Discussions were held with the software developer, hardware provider and treasury officials. Records from the central server, facilities management provider, Kamrup and Dispur treasury were also scrutinized. The data was analysed through an audit software tool namely Interactive Data Extraction and Analysis (IDEA) to ensure completeness, regularity, authenticity, consistency and reliability. The on-line software at Kamrup and Dispur Treasury was studied for verification of the controls.

## Audit Findings

### 3.3.7 Project proposal, planning and documentation

The Department had not conducted any feasibility study before taking up the computerization of treasuries. Documentation relating to User's requirements, programme specifications, testing etc. did not exist. Documentation relating to various stages in the SDLC had also not been prepared. Thus, the system development

methodology adopted was not discernible and was ad-hoc. The Director of Accounts and Treasuries (DoAT) stated (August 2007) that a feasibility study was conducted by the Technical Advisor before taking up the new software and SRS was also prepared by the vendor but scrutiny revealed it was only a proposal submitted by the Technical Advisor. The DoAT stated (August 2007) that system documentation is maintained by the software vendor only. The DoAT could not furnish the User Requirement Specification also.

### **3.3.8            *Delay in completion & implementation***

Initially computerization of treasuries was attempted in 1998-99 but after its failure, a new project viz. CTMIS was started in 2002-03. However, despite lapse of 4 years (target date June 2003) and incurring Rs.13.3 crore, only one module out of the five modules has been implemented (May 2007) and the other four modules are still under implementation. The delay was attributed to delay in procurement and installation of the related hardware.

### **3.3.9            *Disaster Recovery Policy & Business Continuity Plan***

The Department had not formulated and documented any Disaster Recovery Policy and Business Continuity Plan. In the absence of adequate back up and off-site storage of data, it would be difficult to restore the system in the event of a disaster. The DoAT stated (August 2007) that Disaster Recovery Centre has already been planned and is likely to be made functional shortly. No fire fighting equipments were found installed in Dispur as well as Kamrup Treasuries.

### **3.3.10           *System design deficiencies***

Analysis of the system through data entry screens of the treasury module of CTMIS at Kamrup and Dispur Treasury revealed the following shortcomings:

- a.     There is no provision in the system to record the AC bills with sanction no. and date. There is also no provision in the software for the pairing off of the AC bills with the DCC bills. Thus receipt of DCC bills and previous AC bills pending adjustment are not being monitored in the system at the time of approving the subsequent AC bill. The DoAT stated (August 2007) that the provision of recording of DCC bills is not provided in the system since DCC bills are neither routed through the treasury nor recorded in the treasury.
- b.     There is also no provision to check frozen amount (lapsed deposit) before passing a bill. This is done manually.
- c.     The data entry form for deposits as well as report generation is incomplete. The lapsed deposits are still being monitored manually. The DoAT stated (August 2007) that though the system has a provision for tracking lapsed deposits, the full functionality is not being used, as transferring of records of all types of deposits from manual register to computer system is not yet completed.
- d.     There is no provision to generate a report on the details of stamps issued on a particular day or stamps issued to a particular vendor and also for automatic deduction of income tax from a stamp vendor whose commission exceeds Rs 2,500 in a financial year. The DoAT admitted (August 2007) that the stamp module is not being fully used in any of the treasuries till date.

- e. Huge number of deposits lapsed, as they were lying in “8443 Civil Deposits” for more than 3 years. The software does not have any provision for tracking such deposits. The DoAT stated (August 2007) that capturing of deposit details made at treasuries prior to the implementation of the system is yet to be completed.
- f. Since the checking of the pay bill in the system was not implemented till date, there were errors in calculation of GPF, Professional Tax etc. The DoAT stated (August 2007) that the Government is considering the inclusion of employee level salary break up as a part of the salary bill details, to remove the errors.
- g. Since the Budget module was not implemented till date (May 2007), porting of annual budget provisions in the central server for the year 2005-06, 2006-07 and 2007-08 was incomplete. Thus, checking of expenditure figures against the budget was still being done manually. The control for passing the bill after adequate budget provision has been deactivated and thus may lead to excess expenditure. The DoAT stated (August 2007) that it has planned to implement the Budget module in October 2007 and preparation of State budget for the year 2008-09 will be done through the system.
- h. Since the Department and DDO module were not implemented, allocation of funds to the Department and further DDO wise allotments were not available on computers. The Treasury has to verify that the bills are within the allotment based on DDO’s self-certification at the back of the bills and DDO registers maintained in the Treasuries. The DoAT stated (August 2007) that after completion of capturing of State budget information into the system, automatic checking of budget availability will be made mandatory, which is now optional.
- i. The employee data, which is a part of the department module, is still pending. Thus no computerized validation for employees for pay bills and other entitlement bills is being done. The DoAT stated (August 2007) that building of employee database is going on.

### **3.3.11 Non-mapping of Business rules**

Non- implementation of the other modules has inactivated a number of checks prescribed under Assam Treasury Code which have to be still carried out manually at the Treasuries. These are as follows:

- There is a provision in the software to edit the errors of accounting. Scrutiny revealed that errors pertaining to the past months can be rectified directly by means of updating in the account of the month in which the error occurred. This is a violation of the Assam Treasury code wherein it is clearly stated that the accounts once submitted to AG office, cannot be modified. Only a note of correction may be made after informing AG office and necessary transfer entries would be subsequently made. Thus manipulation of accounts after closure can be done in the system, which is irregular. The DoAT admitted (August 2007) that though month end closing process exists in the system, there is no provision for subsequent adjustment entry in the system. Closing of month’s accounts is done only after acceptance of the accounts by the AG.
- As per codal provisions, if a final bill for advance drawn is not presented within 3 months of its drawal, the entire amount of advance is to be recovered

from the next salary bill of the Self Drawing Officer (SDO) concerned with interest. But there is no provision in the software to recover such advance with interest. The DoAT stated (August 2007) that the Government will consider including this aspect in the system, when the preparation of employee database is completed.

### **3.3.12 IS Security**

Since the data is transmitted over the net using dedicated leased line, satellite link and normal broadband provided by BSNL, net security is very essential. No configured firewall was found in the server though Antivirus program exists. The DoAT stated (August 2007) that the process of procurement of firewall is underway and that it is expected to be deployed by September 2007.

- No password policy was documented and applied. As such, many users were using the same passwords and many super users were still using default passwords of the system.
- Analysis of login screen revealed 2 to 5 login attempts by users due to absence of provision to restrict unauthorised log on and/or provision for automatic terminal shut down after 2 unsuccessful login attempts. This increases the risk of unauthorized access to the system.
- The operation of the system is in the hands of contractual staff since no formal Database/System administrator is appointed by the Department. One Assistant System Administrator was appointed (April 2007) without any defined job description. Depending entirely on contractual expertise may lead to risk, as their continuous existence in the organisation is unpredictable. The Department admitted (August 2007) its dependency on TCS (software vendor) for support works and stated that attempts are being made to strengthen the technical team with own resources to reduce dependency on TCS.
- The system does not maintain any logs of actions performed by the three levels of users in the Treasuries to verify when and by whom changes in the system are carried out. The DoAT stated (August 2007) that maintenance of log files for longer period has been stopped temporarily because of the high disk storage requirement. It was seen that in case of any modification to be done in the transactions after its approval by the Treasury Officer, the vendor of the software (TCS) is requested to do the same from the back end, since provision for modification after its final approval is not allowed by the software. This could lead to risk of data manipulation and inconsistency since the treasury officer will be totally unaware in case any data is deleted or modified in the central data server by mistake. The DoAT stated (August 2007) that the changes are done by the administrator and audit trail is generated and stored in respect of such transactions. The reply is not tenable, since the modification to the database is stated to be done from the back end, as such no log could be generated in the system.
- Server room is kept open and could be accessed by operators and others.

### **3.3.13 Failure to monitor Audit Trail**

As per standard computer control practice, audit trail is incorporated into an IT System for tracing an item from input through to its final stage. CTMIS has the facility to capture details of terminal log on, start up time, activities of user etc.

However, this facility was disabled by the system administrator at the central data server.

### **3.3.14 Contract management**

#### **3.3.14.1 Avoidable payment of Rs.3.20 lakh for FMS**

Wipro Limited was engaged for rendering Facility Management Service (FMS) to Treasury Computer System from October 2005 to March 2006. The contract for six month period was for Rs.3.20 lakh. Scrutiny revealed that the items that were to be covered under the FMS were mostly covered by the warranty clause of the agreement with different vendors for the above mentioned period. For instance, all hardware were supplied by M/s Wipro limited in December 2003 and it was covered by a comprehensive warranty and on-site maintenance for three years (i.e. upto December 2006) from the date of installation (clause 4.1 of the agreement). Further, Annual Technical Support for Oracle products was also obtained by paying around 15 lakh to Oracle inc. for application software management. TCS was also engaged during that period for annual on site service/maintenance of the CTMIS Software/database management. Thus, requirement of FMS was duplication of existing contract and was unjustified which resulted in avoidable expenditure Rs.3.20 lakh.

#### **3.3.14.2 Non-compliance of Government's directions**

In October 2001, Government of Assam directed all Departmental heads to procure electronic equipment like computer hardware, repairing and servicing including AMC, installation of WAN/LAN, software development, consultancy service, education and training of manpower in computers from AMTRON, a State Government undertaking so that uniformity is maintained in the computer and software procured by different departments. However, these directives were violated by DoAT without assigning any reason.

#### **3.3.14.3 Training**

As per clause 1.6 of the agreement with M/s TCS, the software vendor was to provide application software related training with "train the trainers" approach for which, it was paid Rs.13.3 lakh (10 percent of total agreement value). DoAT, Assam stated (May 2007) that training relating to operation of Treasury module was imparted to the staff of Dispur and Kamrup Treasuries at the time of testing of the module with live data. However, dependence on TCS for small corrections or problems faced during day to day operations, itself implies that the staff/manpower were not fully trained in CTMIS application.

### **3.3.15 Analytical review of data**

Analysis of master data and transaction data for all treasuries for the period from August 2004 to May 2007 revealed the following inconsistencies:

#### **3.3.15.1 Master data**

- a) A number of test or dummy data existed in the database as a number of TCS personnel had administrator access.
- b) The DDO master table has 8044 records. In all records, the DDO name and designations have identical entries viz. description of the DDO. This data is

redundant and a wastage of storage space. The DoAT stated (August 2007) that removal of DDO designation description appearing in the DDO name field is being done.

- c) Further, the same table contains two records which have been modified later, but the user who has modified is not available. This indicates absence of audit trail. The DoAT admitted (August 2007) that this was due to modification works being done centrally from the back end.
- d) Further, 194 dummy records were found in this table, which may have been used for testing purpose but had not been deleted before going on-line. The dummy records have treasury code as 'XXX'. The DoAT stated (August 2007) that the 'Test' Treasury has been provided for the purpose of on line training/testing/demo etc.
- e) The DDO code consists of the department code and a three digit serial number. The department code is of two or three digits, thus, DDO code is of variable length. Further, the DDO code is not independent and unique as the same code exists for different treasuries. Thus in the central database, the combination of treasury code and DDO code is unique for Assam. This is in contravention of established norms for codification, where codes are given to uniquely identify the DDO. The DoAT stated (August 2007) that this codification structure is followed across most states in India.
- f) The DDO table has 54 records where 20 DDOs are given multiple codes to identify the Department. For instance, Deputy Commissioner, Bongaigaon has DDO codes of SWD/001, POL/001, LRA/001 and DA/001. This further frustrates the objective of uniquely identifying the DDO. Further there are also cases of duplicate records viz. Prin. Kuthari HS School has two DDO codes SE/015 and SE/003 for the same treasury Karbi Anglong, (KLB). This clearly indicates inconsistencies in the master table. The DoAT has noted (August 2007) it for correction.
- g) The DDO table has 217 records having blank date for entry in the system and 177 records wherein the person who entered in the software is not known. The DoAT has noted (August 2007) it for guidance.
- h) The table for the department master has two digit numbers from 00 to 99. There are 6 records wherein the department name is blank and also 26 missing sequences. The DoAT has noted (August 2007) it for rectification.
- i) The table to store the roles created, has 13 roles with no create date, user id. The DoAT stated (August 2007) that the data was uploaded at the time of initial set up and were not entered through the application. Entering data from the back end was however, irregular.

### **3.3.15.2 Transaction databases**

The transaction data for vouchers and challans are stored separately in the software. The basic details of the voucher are stored in one table whereas the bill type wise details are stored in different tables. Since there is no provision for segregation of records year wise or by any other parameter, the transactions are accumulating in the respective tables. The table containing challan details has 36,74,321 records whereas



the voucher table has 10,36,388 records . This makes retrieval difficult. Thus, for analysis, data on Dispur treasury was extracted and analyzed.

- a. In the table meant for capturing details of all the sanctions granted by the government, date of sanction ranged from 21-8-1900 to 13-11-2989. These dates were much prior to computerization. Thus, validation of the date field in the master table was absent. The DoAT stated (August 2007) that the data may have got in as a part of initial data loading carried out at the beginning of testing.
- b. In the table storing data for employee pay bills, there were 59 records where the gross pay was less than net pay which indicates lack of basic validation checks in the system.
- c. There were 164 records where voucher date of the bill was prior to the date of entry of the bill in the system. 39014 records contain voucher date prior to the date of entry of the bill. Records relating to Dispur Treasury are shown as an illustration.
- d. 8 duplicate PPO codes were found recorded.
- e. There were 40 records where the challans were deposited with zero amounts.
- f. 101 records were found with zero amounts.
- g. 416152 records had blank date fields and 19123 records exist without any voucher number.
- h. The data for Token number was blank in six cases in the table for entry of pensioner's bills.
- i. The table for details of pensioners revealed that there were 90 cases where the pension was drawn even after the death of the pensioner.
- j. The table for details of pensioner's payments had 214 dummy records wherein treasury code was 'XXX'. The DoAT stated (August 2007) that the Test Treasury has been provided for the purpose of on line training/testing/demo etc.

The DoAT has noted (August 2007) these observations.

### **3.3.16 Procedural & General Issues**

#### **3.3.16.1 Accounts rendered to AG(A&E)**

Scrutiny of receipt of accounts and interaction with A&E officials revealed the following deficiencies:

- a. There had been extensive delay by most of the treasuries in rendition of monthly accounts to the AG (A&E) office. Kamrup treasury delayed submission from a minimum period of 68 days (for the month August 06) to a maximum of 147 days (for the month of Dec 05) even after implementation of CTMIS. The DoAT stated (August 2007) that the delay was due to clearing of backlog months of earlier manual treasury operations.
- b. There are differences in the figures of List of Payments (LOP) and Cash Account. The DoAT stated (August 2007) that this was because of initialization problem in the month end compilation process which is rectified

now.

- c. In some major heads, classification up to object head has not been submitted by the Treasuries. The DoAT stated (August 2007) that the classification of all expenditure has been made according to the budget provision provided in the State budget. The reply is not tenable because in any case, seven tier classification is mandatory.

### **3.3.16.2 DDO Reconciliation**

Prior to submission of accounts to the AG (A&E) office, the treasuries are required to reconcile the figures with the concerned DDOs and once accounts are submitted to the AG(A&E), the accounts should be automatically closed for modification. Scrutiny revealed that accounts were modified on the basis of DDO reconciliation after the accounts were submitted to the AG (A&E) office. This could lead to misrepresentation of facts and figures. For instance, in case of Belsor Treasury there was a difference of Rs.8,64,645/- in the LOP generated(17/5/07) from CTMIS for the month of Feb 07 and LOP submitted (13/3/07) by the Treasury. The DoAT stated (August 2007) that provision for rectification of errors by adjusting entry is being provided in the system and on operation of the system, the closing of month end account on submission to AG will be made mandatory.

### **3.3.16.3 Absence of Internal Audit in computerised Treasuries**

Internal Auditors have an important role in protecting the IT Systems by detecting deviations in prescribed procedure, identifying threats to information system, suggesting safeguards for timely rectification. Scrutiny of records revealed that there was no inspection/review of the system at various stages of development or even at post-implementation stage. Thus, shortcomings/deficiencies could not be identified and rectified till date. The DoAT stated (August 2007) that the system architecture is the central server base system. Internal audit for any type of issues can be performed at the central site. Monitoring of the system has also been done through FMS group from central site. The reply is not tenable since the DoAT could not produce any inspection report/review of the system at different stage to identify and rectify the shortcomings/deficiencies.

### **3.3.17 Other points of interest**

#### **3.3.17.1 Unfruitful expenditure**

Computerisation of Treasury Accounts was first carried out in 1998-99 with the help of AMTRON (a State Govt. undertaking) and NIC. AMTRON provided the hardware whereas NIC provided application software called Treasury Accounting Application Software (TAAS). The total cost of the project was Rs.2.39 crore: The TAAS system was implemented (during the year 2001-02) only for preparation of monthly accounts and maintenance of records thereof. However, during implementation it was found that the computer system could not cover the entire gamut of treasury functioning and had serious limitations. Thus, the treasury computerization was reviewed and a new Project called Comprehensive Treasury Management System (CTMIS) was developed (2002-03) comprising of 5 modules viz. Finance module, Treasury module, department module DDO module and Head office module. Failure to implement the TAAS project fully in time and non fulfillment of the requirements of the treasuries as well as the government rules resulted in an unfruitful expenditure of Rs.2.39 crore.

Further, hardware<sup>1</sup> procured for the projects were also lying unutilized as those were not compatible with the new projects. There was nothing on record regarding disposal of old hardware. The DoAT in its reply (August 2007) admitted that except the dumb terminals other hardware was reused in the new system.

### **3.3.18 Conclusions**

There is considerable delay in implementation of the various modules of the CTMIS. Though the TCS (Software vendor) installed and handed over the CTMIS software in March 2004, only one module viz. Treasury module could be implemented till date (May 2007). Thus, the full potential of the software has yet not been realized. Further, the controls and validation required as per Rules could not be fully implemented. This has adversely affected macro level budget monitoring for effective Ways and Means control. Also, since there were delays in receipt of Treasury accounts, one of the objectives for timely rendition of accounts is defeated. The system also remains vulnerable due to inadequate application controls.

### **3.3.19 Recommendations**

- Structured procedure and documentation for the development, modification and implementation of the system should be followed to achieve the objectives and user requirements.
- All other modules should be implemented at an early date to ensure proper controls and validation in the modules.
- Policy procedure regarding data security, documentation of data, backup and restoration should be prepared and implemented accordingly.
- Security of data and ant-virus measures should be immediately implemented to prevent data loss and corruption.
- Changes in data after passing of bills and changes in data after submission of accounts to AG should be dispensed with immediately and necessary modifications be made to the software to record any such discrepancy noticed strictly as per ATC.
- The provisions for AC/DC bills, issues in entry of PD accounts should be incorporated in the software.
- The DoAT may train its own technical persons for project management and data management instead of fully depending on the TCS and the facility management vendor.

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<sup>1</sup> Servers, Dump Terminals, Printers, UPS etc

## PUBLIC WORKS DEPARTMENT

### 3.4 *Roads and Bridges funded by North Eastern Council (NEC)*

#### **Highlights**

*One of the objectives of setting up the North Eastern Council (NEC) was to develop infrastructure in the North Eastern States, specially construction of roads and bridges. During the period 2002-03 to 2006-07, GOI, through NEC, Shillong, approved 11 schemes under 9<sup>th</sup> Plan and 21 schemes under 10<sup>th</sup> Plan for implementation in Assam, in addition to 26 on going schemes, pertaining to previous Five Year Plans. Out of 58 schemes, only 28 schemes (48 per cent) could be completed as of March 2007 after incurring 44 per cent expenditure out of the approved outlay of Rs.816 crore. Performance review of “Roads and bridges funded by NEC” revealed the following shortcomings:*

**There was a discrepancy of Rs.8.32 crore relating to release of funds between the records of Finance Department and Chief Engineer.**

**(Paragraph 3.4.9.2)**

**There was diversion of Rs.39.40 lakh for repair works and travelling expenses not permissible under NEC funded scheme.**

**(Paragraph 3.4.9.4)**

**Undue financial benefit of Rs.15.53 lakh was extended to a contractor in construction of approaches to RCC bridge.**

**(Paragraph 3.4.11.7)**

**There was excess expenditure of Rs.63.66 lakh besides doubtful expenditure of Rs.84.69 lakh due to execution of works in deviation of the sanctioned estimates.**

**(Paragraphs 3.4.11.3, 3.4.11.4 and 3.4.11.5)**

**Quality of roads and bridges constructed out of NEC funds was not ensured despite provision for quality control.**

**(Paragraph 3.4.13)**

#### 3.4.1 *Introduction*

The NEC was established on 1<sup>st</sup> August 1972 by the GOI for securing balanced development of the North Eastern States and to facilitate regional integration and flow of trade. One of the objectives of the NEC, was to develop infrastructure, which included construction of roads and bridges in the North Eastern Region with inter state connectivity. The NEC, functioning as a regional planning body, is responsible for:

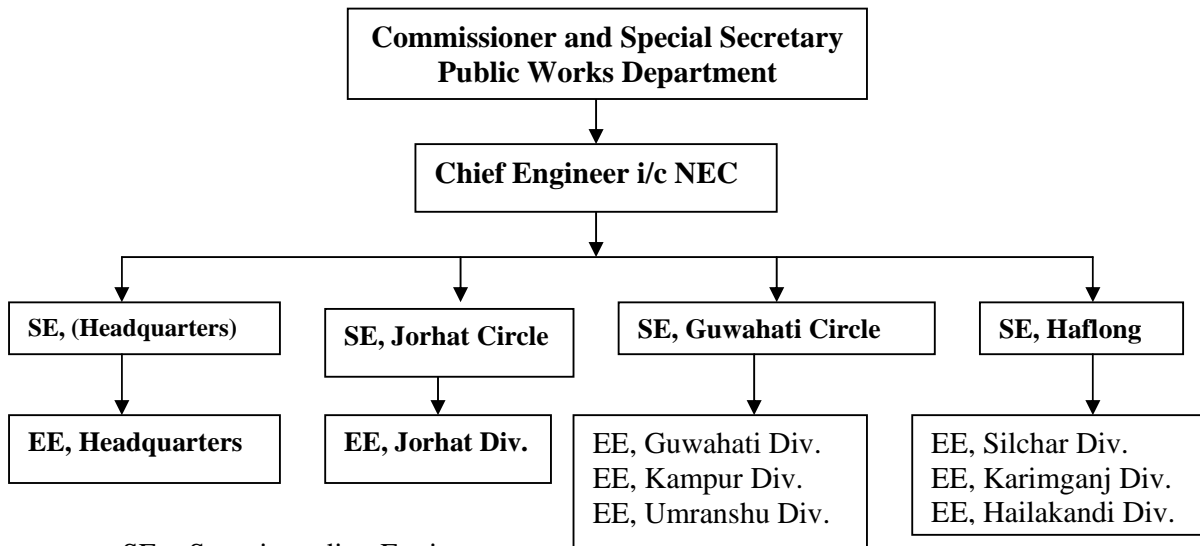
- Scrutiny of schemes/projects proposed by the NE State Governments for inclusion in the regional plan and for approval by the Planning Commission
- Formulation of budgets and plans
- Sanction of estimates
- Release of funds
- Physical performance and
- Monitoring and evaluation

- In Assam, as of March 2005, the total rural road length including ‘Other District Roads’ was 26,890 km. As of March 2007, 1,915.91 km rural road length and 170 bridges were taken up under NEC plan schemes of which, construction/conversion of road length of 1,272.71 km and 46 bridges were completed.

### 3.4.2 Organizational set up

The Public Works Department (PWD) is responsible for implementation of NEC funded roads and bridges. The organizational structure of the Department is detailed in Chart-1 below:

**Chart-I**



SE = Superintending Engineer  
EE = Executive Engineer

In addition to these seven executing NEC divisions, Silchar PWD Rural Road Division, Tinsukia PWD State Road Division and Kaliabor PWD Rural Road Division are also executing a few NEC schemes under the SE Haflong Circle; SE Jorhat Circle and SE Guwahati Circle respectively.

### 3.4.3 Scope of audit

The implementation of various NEC schemes (Roads & bridges) during 2002-03 to 2006-07 in Assam was reviewed in audit through a test check (April/May 2007) of the records of the Commissioner and Special Secretary to the Government of Assam, PWD, Chief Engineer, i/c NEC and four<sup>1</sup> out of seven NEC divisions and three Rural Road divisions covering 76 percent expenditure (Rs.269.34 crore) pertaining to 33 schemes out of a total expenditure of Rs.356.34 crore.

### 3.4.4 Audit Objectives

The objectives of the review were to ascertain whether:

- schemes were formulated to facilitate inter state connectivity and trade flow;
- funds were used for the purpose for which these were provided;

<sup>1</sup>Kamrup, Guwahati, Silchar and Jorhat

- schemes were implemented on time and in a cost effective manner;
- prescribed quality parameters were adhered to during execution of schemes;
- roads constructed were being maintained properly; and
- monitoring system was adequate and effective.

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

The review was benchmarked against the following audit criteria:

- Schedule of Rates used in preparation and sanction of detailed estimate.
- Scope of works sanctioned.
- Specification and design of works.
- Norms and prescribed time frame for releasing funds.
- Norms for quality control.
- Prescribed monitoring mechanism.

#### **3.4.6            *Audit methodology***

The review commenced with an entry conference in March 2007 with the Commissioner and Special Secretary, PWD, and departmental officials, wherein the audit objectives, criteria and scope of the review were explained. The sample selection was based on Random sampling and records of all the schemes implemented by the selected divisions along with the records of the CE, Roads i/c of NEC projects were scrutinized during audit. An exit conference was held in July 2007 with the Chief Engineer i/c NEC, PWD, wherein the audit findings were discussed. The replies of the Department have been incorporated at appropriate places in the review.

#### **3.4.7            *Audit findings***

The performance audit of NEC funded roads and bridges revealed improper identification of projects; release of funds by NEC without actual requirement; non-release of funds by the State Finance Department leading to unspent balances, delay in implementation of the schemes, irregular and unauthorised expenditure, diversion of funds, extra expenditure due to deviation from sanctioned scope/estimates, sub-standard execution, preparation of inflated estimates, etc.

Audit findings are discussed in detail in succeeding paragraphs.

#### **3.4.8            *Non-formulation of perspective plan and abnormal delay in completion***

Systematic and realistic planning from project formulation stage to execution is a pre-requisite for successful implementation of road projects in a cost effective manner.

As of March 2007, the progress of implementation of various ongoing schemes pertaining to various Five Year Plans are as below:

Table-1

(Rs in crore)

Plan	No. of on going schemes (April 2002)	Approved Cost	Road length (no. of Bridges.)	No. of completed schemes as on March 2007		Total Expenditure (cumulative)	(+ Excess (-) Savings
				Schemes	Road length (no. of bridges)		
5 <sup>th</sup>	2	10.11	43.64 km (11)	2	43.64 (11)	13.83	(+)3.72
6 <sup>th</sup>	8	59.18	152.58 km (33)	8	152.58 (33)	54.62	(-)4.56
7 <sup>th</sup>	5	205.87	295.35 km (29)	5	295.35(29)	196.54	(-)9.33
9 <sup>th</sup>	11(including 5 Conv.)	134.00	157.53 km (52)	6	70.53(27)	104.31	(-)29.69
<b>Total</b>	<b>26</b>	<b>409.16</b>	<b>649.10 km (125)</b>	<b>21</b>	<b>562.10 (100)</b>	<b>369.30</b>	

Source: CE's records

The table indicates that 26 road schemes involving 649.10 kms of road and 125 bridges, approved during 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup> and 9<sup>th</sup> Plans covering the period 1977-2002, were in progress in April 2002 out of which, 21 projects involving 562.10 kms of road and 100 bridges were completed during the 10<sup>th</sup> Plan period (2002-07) with a cumulative expenditure of Rs.369.30 crore. This clearly indicates time overrun ranging from 10 years to 20 years in respect of 15 schemes pertaining to 5<sup>th</sup>, 6<sup>th</sup> and 7<sup>th</sup> Plan, and more than 5 years in respect of 9<sup>th</sup> Plan schemes with consequential cost overrun.

Further, the progress (March 2007) of 32 road projects including 108 bridges under 9<sup>th</sup> and 10<sup>th</sup> Plans sanctioned during 2002-03 to 2006-07 are as below:

Table-2

(Rs in crore)

Plan	No. of road schemes	No. of works (AA)	Road length (bridges)	Approved Cost	No. of completed schemes	Completed road length(bridges)	Total cumulative exp. as of March 2007
9 <sup>th</sup>	11	15	13.10 Km (35)	54.03	3	Nil(7)	17.69
10 <sup>th</sup>	21	23	571.05 Km (73)	582.07	4	27.95(2)	115.39
<b>Total</b>	<b>32</b>	<b>38</b>	<b>584.15 Km (108)</b>	<b>636.10</b>	<b>7</b>	<b>27.95(9)</b>	<b>133.08</b>

Source: CE's records

The table indicates that out of 584.15 km road length and 108 bridges only 27.95 km road length (5 percent) and 9 (8 percent) bridges sanctioned during 1997-98 to 2002-07 could be completed till March 2007. Expenditure incurred against the schemes was only 21 percent (Rs.133.08 crore) against total estimated cost of Rs.636.11 crore. This indicates very slow progress of implementation with remote chance of completion of the scheme in the near future.

The abnormal delay in completion of projects retarded the development process and frustrated the objective of NEC to provide networks with inter State connectivity to facilitate regional integration and trade flow.

The Department did not make any realistic assessment of the requirement of funds for the construction of roads and bridges. The basis for selection and prioritization of road projects was also not on record.

### 3.4.9 Funding pattern and financial management

NEC provided funds to the State Government as 90 percent grant and 10 percent loan up to 2004-05 out of the Five Year Plan outlay. According to the recommendations of the Twelfth Finance Commission, the 10 percent loan component was discontinued from 2005-06 and was to be borne by the respective State Governments.

#### 3.4.9.1 Deficiencies in release of funds

The details of funds released by NEC, State Government, and the expenditure incurred thereagainst during the period 2002-03 to 2006-07 are as below:

**Table - 3**

(Rs. in crore)

Year	Funds released by NEC	Funds to be released by State Finance Deptt.	Funds released by State Finance Deptt as well as by CE to the division.	Expenditure incurred by the executing Divisions	(-) Shortfall/(+) excess in utilisation of available funds by the executing divisions
2002-03	63.55	63.55	63.50	32.90	(-) 30.60
2003-04	140.30	140.30	140.30	65.11	(-) 75.19
2004-05	87.20	87.20	82.82	96.56	(+) 13.74
2005-06	64.31	71.46 <sup>2</sup>	51.75	96.94	(+) 45.19
2006-07	91.95	102.00 <sup>3</sup>	41.21	64.83	(+) 23.62
<b>Total</b>	<b>447.31</b>	<b>464.51</b>	<b>379.58</b>	<b>356.34</b>	

Source: Information furnished by P&D Department (finance) and CE, PWD i/c NEC

Availability of adequate funds was not a constraint for the progress of the sanctioned projects. On the other hand, there were deficiencies in financial management leading to non-release of funds on time, non-release of State share, discrepancy in unspent balance, release of funds by NEC beyond actual requirement, etc. There were also instances of excess expenditure, diversion of fund; irregular/unauthorised expenditure as would be evident from the observations made in the succeeding paragraphs.

#### 3.4.9.2 Discrepancy relating to release of funds

Table-3 disclosed that against Rs.447.31 crore released by NEC during 2002-07 the Finance Department had released only Rs.379.58 crore in the corresponding period. Records of CE, PWD i/c NEC, however, showed (May 2007) that a total amount of Rs.387.90 crore was released by Finance Department. Thus, there was a discrepancy of Rs.8.32 crore relating to release of funds between the statements furnished by Planning and Development Department (Finance) and the chief Engineer, PWD i/c NEC which was not reconciled (July 2007).

Further, discrepancy of Rs.31.36 crore as per divisions statements of fund received (Rs.356.54 crore) and fund stated to be released (Rs.387.90 crore) by CE to this division was also noticed. The discrepancy was neither reconciled nor the reasons for it explained to audit.

<sup>2</sup> NEC share: Rs.64.31 crore (90 percent) + State share: Rs.7.15 crore (10 percent) = Rs.71.46 crore

<sup>3</sup> NEC share: Rs.91.95 crore (90 percent) + State share: Rs.10.05 crore(10 percent) = Rs. 102.00 crore



Discrepancy between the records of two Departments, and even in the same Department, between the records of CE and the divisions, on fundamental issues like release and receipt of funds, indicate serious lapses in record keeping, maintenance of accounts and even monitoring. In the exit conference (July 2007) the CE assured that the discrepancy would be reconciled.

#### **3.4.9.3 Short release of funds by the State Finance Department**

During 2002-07, State Finance Department was to release Rs.464.51 crore (including State share of Rs.17.20 crore) to the PWD. Against this, only Rs.379.58 crore was released during the period resulting in short release of Rs.84.93 crore (including State share of Rs.17.20 crore) thereby adversely affecting the implementation of the schemes. The short release was stated by the Planning and Development Department to be mainly due to release of about 50 percent of funds for 2006-07 by the NEC at the fag end of March 2007.

#### **3.4.9.4 Diversion of funds**

Scrutiny of records revealed that EE, Kampur and Jorhat divisions diverted (January 2004 to August 2006) Rs.39.40 lakh towards repair works and travelling expenses not covered by the NEC funded schemes (Improvement of BKR road :Rs.30.73 lakh under Kampur division and eight roads and bridge works under Jorhat division : Rs.8.67 lakh).

#### **3.4.9.5 Sponsoring of works by NEC beyond its objective**

The main objective of NEC, so far as road projects were concerned, was to create communication infrastructure with inter-State connectivity. Contrary to this objective, on the basis of proposal submitted by the State Government to NEC wrongly, NEC sanctioned "Renovation of Inspection Bunglow at Silchar" for Rs.33.11 lakh, in the revised estimate of "Construction of RCC bridge over river Barak at Rainferry". The executing division, viz, Silchar Rural Road division incurred an expenditure of Rs.31.88 lakh on the said renovation work during January 2004 to January 2006.

Similarly, administrative approval for Rs.98.52 crore was accorded for execution of six<sup>4</sup> other NEC sponsored road projects not having inter-State connectivity in violation of NEC objectives. The executing divisions incurred expenditure of Rs.44.73 crore as of March 2007 on these unauthorised projects.

Thus, Rs.45.05 crore was spent on projects not in conformity with the NEC objective.

#### **3.4.9.6 Non-ascertainment of outstanding liability**

As mentioned in paragraph 3.4.9, up to 2004-05, funds were released by NEC to the State Government by way of 90 percent grant and 10 percent loan. The loan along with interest was to be repaid within the prescribed period of 20 years commencing one year from the date of drawal. The position of outstanding loan and interest accrued thereon as of March 2007 was neither available with the Finance Department nor with the PWD. However, scrutiny of available records revealed that an amount of

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<sup>4</sup> i. Improvement of road of Silchar Town in the Municipal Area for 2004-05 (10th) (11 roads)  
ii. Improvement of Barma Rangarah Road via Sivasthan (10<sup>th</sup>)  
iii. Improvement and construction of Chowkigate- Agiathuri- Ganesh Mandir Road.  
iv. Improvement of Amingaon-North Guwahati- Dolgobindo- Kanai Boroshi - Bowashil Road.  
v. Improvement of Rampur – Belsor road.  
vi. Improvement of Hajo – Nalbari- Sarthebari- Nagaon Road

Rs.29.10 crore were received as loan during 2002-03 to 2004-05. The position of repayment made with interest during the period under review was not furnished by the State Government. Besides, the NEC also did not have any information in this regard. Thus, the State was unaware of its liability on account of outstanding loan and interest which is indicative of poor financial management.

#### 3.4.9.7 Flow of funds

Scrutiny of records revealed, that Rs.46.74 crore funds were released by NEC for 5 schemes under 3 divisions as per demands placed by the State Government without taking into account actual requirement of funds. After the completion of these works in September 2005 the NEC withdrew the excess funds amounting to Rs.19 crore from these schemes and re-allocated to 6 other schemes under this division and 2 other divisions in 2005-06. Allocation and release of funds in excess of requirement and subsequent adjustment/reallocation of the same against some other works indicates defective funds management and unrealistic assessment of fund requirement. The details of withdrawal of released funds and re-allotments are given in the Table-4 below:

Table-4

(Rupees in crore)

Name of scheme & Division	Sanctioned cost	Funds released	Excess funds	Funds adjusted against other works	Remarks
Sepakhati-Pithaghuli Road (Jorhat NEC)	12.32	10.50	Nil	9.00	Non- allotment of work
Jotte-Balijan Road (Jorhat NEC)	15.15	8.50	Nil	2.00	Slow progress of work
Chowkigate-Agiathuri -Ganesh Mandir Road (Guwahati NEC)	3.21	5.01	1.80	1.80	Excess released
Rampur Belsor Road. (Guwahati NEC)	14.43	9.60	Nil	1.00	Slow progress of work
Bridge over Barak at Fulertol (Silchar NEC)	14.38	13.13	Nil	5.20	Slow progress of work
<b>Total</b>	<b>59.49</b>	<b>46.74</b>	<b>1.80</b>	<b>19.00</b>	

Source: CE's records

#### 3.4.9.8 Idle funds

EE, Silchar NEC division had drawn unutilized funds and kept the same as bankers cheques (14 nos.) totalling Rs.20.16 crore during April 2002 to March 2005 to avoid surrender and incurred expenditure after encashment of these bankers cheques in subsequent periods with NIL closing balance as of March 2005. This indicates release of funds without actual requirement and non-surrender of un-utilised funds by the division.

#### 3.4.9.9 Committed liability

Test-check of Silchar NEC division revealed that the EE incurred a liability of Rs.99.85 lakh during 2005-06 and 2006-07 towards repair works of Silchar Kalain Road at various stretches without obtaining any sanction either from NEC or from the State Government (2005-07). This liability was sought to be cleared from the overall savings of Rs.2.01 crore out of an amount of Rs.49.31crore accorded (February 1999 to July 2004) earlier for 15 other works relating to Silchar Kalain Road without obtaining the approval of NEC.

### 3.4.9.10 Avoidable sanction of revised estimate

Test check of sanctions of four<sup>5</sup> works under Silchar NEC division initially sanctioned (September 1999 to March 2004) for Rs 3.85 crore revealed that revised estimates of these works were proposed and duly sanctioned (March 2004) with increased amount of Rs.70 lakh; although these works were completed (March 2007) within the original sanctioned amount.

### 3.4.9.11 Preparation of inflated estimates

Scrutiny of estimates of various road projects in four<sup>6</sup> test checked divisions revealed that additional provision for Assam General Sales Tax (AGST) was included in the total estimated cost of works (roads and bridges). As the rates provided in the estimates were inclusive of AGST, additional provision of AGST in the abstract of estimates was irregular and resulted in double inclusion of AGST. Thus, there was additional sanction of Rs.13.96 crore by NEC due to inclusion of double AGST leading to accumulation of unspent balances revealing a tendency to incur extra expenditure without further sanction from competent authority on ground of availability of savings.

### 3.4.10 Blocking of funds

Test check of records of selected divisions revealed that the EE Guwahati NEC division paid (September 2004) Rs.52.89 lakh to State Forest Department for getting forest land in respect of "Construction of Panjabari Batahghuli Road" for which Expenditure Finance Committee approval was obtained for Rs.14.98 crore and Detailed Project Report submitted by CE (July 2004) for administrative approval by NEC. The forest land was, however, not handed over to the PWD due to presence of an Elephant Corridor leading to abandonment of the project and eventually the Forest Department was asked (January 2007) to refund the money but no refund was obtained till the date of audit (May 2007) leading to blocking of funds since July 2004.

Further, the EE Jorhat NEC division paid (July 2004) Rs.41.62 lakh to N.F Railway against their estimates for construction of a B-class manned level crossing gate on Bokajan Wokha road taken-up (March 2004) as Deposit work under NEC programme. But the NF Rly failed to complete the level crossing till April 2007.

The Department had not pursued the matter to get back the amount from the Forest Department and for completion of the level crossing by the Railway (August 2007). These resulted in blocking of funds of Rs.94.51 lakh.

### 3.4.11 Execution of works

Scrutiny of records of the selected divisions revealed irregularities in execution of various schemes.

<sup>5</sup> 1) C/o RC slab culverts in place of SPT bridge no. 17/1 21/2, 22/1 and at 29<sup>th</sup> km with sub-way on SK road

2) C/o approach road to RC bridge no. 15/1, 17/2, 21/2, 22/2, 23/1, 24/1 & 26/1 on S.K. Road

3) Approaches to RCC bridge No. 1/1 on S B road.

4) C/O double lane RCC Bridge No. 16/1 on SB Broad including approaches.

<sup>6</sup> Division-wise Additional Provision of AGST Kampur:Rs.115.70 lakh; Silchar: Rs.836.94 lakh; Guwahati: Rs.387.09 lakh & Jorhat: Rs.56.57 lakh

### 3.4.11.1 Delay in processing of bids and finalisation of tenders

Scrutiny of the records revealed that during 2002-07, against 32 sanctioned schemes, sub-divided into 179 packages for invitation of bids, there was delay in finalisation of 135 tenders, ranging from 3 to 24 months. The tender finalisation for 40 works sanctioned during August 2004 to March 2007 was under process (March 2007). In respect of the remaining 4 tenders, no information was furnished.

The details of delay in allotment of works sanctioned during 2002-03 to 2006-07 (9<sup>th</sup> & 10<sup>th</sup> Plan) are shown in Table-5 below:

**Table-5**

Projects/ schemes	Total no. of sanctioned schemes	Total no. of groups/ packages for which bids invited	Delays in processing of bids and finalization of tenders						Total
			Within 3 months	3 months to 6 months	6 months to 1 year	1 year to 2 years	More than 2 years	Tender under process (03/07)	
A. Roadworks	2 (9 <sup>th</sup> plan)	6	26	25	25	38	4	37	155
	21 (10 <sup>th</sup> Plan)	159	--	--	6	--	--	--	6
B. Conv. Of timber to RCC bridges	9 (9 <sup>th</sup> plan)	14	1	2	2	4	2	3	14
<b>Total</b>	<b>32</b>	<b>179</b>	<b>27</b>	<b>27</b>	<b>33</b>	<b>42</b>	<b>6</b>	<b>40</b>	<b>175</b>

Source: Information furnished by CE, PWD i/c NEC.

Thus, execution of road works was delayed from the very first stage of tender and thus the targeted population was deprived of the benefit of improved road communication infrastructure.

### 3.4.11.2 Lack of transparency in allotment of work in Laisong-Rajabazar Road

For construction of RCC bridge No.2/1,12/2,5/3,14/5 and 9/2 on Laisong-Rajabazar Road under Silchar NEC division, sanctioned by NEC (August 2000) for Rs.6.81 crore, tender agreements were drawn (December 2000 and February 2001) with three contractors for Rs.4.89 crore with stipulation to complete the work within 24 months from the date of formal work orders (December 2000 and February 2001). The work was allotted without proper sub-soil Investigation. Scrutiny of records revealed that three supplementary tenders (Agreements) were drawn (May 2001 to February 2002) in favour of the same contractors for total tender amount of Rs.6.60 crore by deleting (May 2001 to February 2002) the entire original tender provision for Rs.4.89 crore due to complete change of scope of work of super structure from RCC to steel BUG due to different sub-soil strata encountered. The supplementary tender agreement amount was finalized as per the amounts quoted by the contractor and revised AAs (two no.) for Rs.7.70 crore were also accorded subsequently by NEC (March 2004), without any supporting detailed estimates. Against the supplementary tenders, payment of Rs.6.57 crore was made to the contractors during September 2004 to September 2005. Thus the execution of supplementary agreements to the original work the scope of which was completely modified was irregular.

### 3.4.11.3 Excess expenditure due to deviations from estimates in Baithalangshu-Kampur-Raha Road

Improvement of formation and pavement work of Baithalangshu-Kampur-Raha road at 1<sup>st</sup> to 24<sup>th</sup> km and 37<sup>th</sup> to 47<sup>th</sup> km was sanctioned by NEC (March 2003) for Rs.18.22 crore and no technical sanction was accorded (April 2007). According to detailed estimates of the work and BOQ<sup>7</sup> of tender agreement, 6,36,760.01 cum of earth work in core and sub-grade was to be executed on the said stretch of the road. Against this, the EE, Kampur NEC division recorded execution of 7,28,604.51 cum of earth work by the contractors. This resulted in depiction of excess execution of 91,844.50 cum (14.42 percent) of earth work over the estimate and tendered provision beyond the competency of the E.E involving extra expenditure of Rs.63.66 lakh as detailed in Table-6 below:

**Table-6**

Particulars of Earthwork	Estimated Quantity	Executed and billed for	Excess execution	Rate (Average)	Amount (Rs. in lakh)
E/W in Core	467708.01 m <sup>3</sup>	543388.59 m <sup>3</sup>	75680.58 m <sup>3</sup>	Rs.68.00 per cum.	51.46
E/W in Sub-grade.	169052.00 m <sup>3</sup>	185215.92 m <sup>3</sup>	16163.92 m <sup>3</sup>	Rs.75.50 per cum	12.20
<b>Total: -</b>	<b>636760.01</b>	<b>728604.51</b>	<b>91844.50</b> (14.42 per cent)	--	<b>63.66</b>

Source: Records of Kampur NEC division

### 3.4.11.4 Doubtful expenditure of Rs.43.90 lakh

According to the sanctioned estimates of the work in the Baithalangshu-Kampur-Raha road, premix carpeting area and volume of Water Bound Macadam (WBM) works in three layers were 19,4458.15 m<sup>2</sup> and 44,521.95 m<sup>3</sup> respectively, for the same stretch of road works. The estimated volume of WBM works per square metre thus arrived at was 0.23 m<sup>3</sup>. Against this, the EE recorded execution of pre-mix carpeting area of 18,6095.29 m<sup>2</sup> and WBM works for 46,918.00 m<sup>3</sup> and payments were made to contractors. Reduction in carpet area should have corresponding reduction in volume of WBM works. Accordingly, the volume of WBM works at the rate of 0.23 m<sup>3</sup> per square metre, for total quantity of carpet area of 18,6095.29 m<sup>2</sup> should have been 42,801.92 m<sup>3</sup> instead of 46,918 m<sup>3</sup>. Thus, excess execution of 4,116.00 m<sup>3</sup> of WBM works involving expenditure of Rs.43.90 lakh is doubtful. The EE stated (April 2007) that the matter would be examined and the result thereof would be intimated to audit. But no reply has yet been received (August 2007)

### 3.4.11.5 Doubtful expenditure of Rs 40.79 lakh

The improvement work of the Bhangra-Anipur-Kanaibazar Road for a total length of 65 km was sanctioned by NEC (August 2004) for Rs.86.91 crore and a portion from 0 km to 15<sup>th</sup> km was entrusted for execution to Silchar NEC division. No technical sanction was accorded till April 2007. The EE recorded excess execution of "Earth work in core of embankment etc" over estimated quantity by 40,165.65 cum. (44.60 percent) involving extra expenditure of Rs.40.79 lakh as detailed below: -

<sup>7</sup> BOQ: Bill of quantities

**Table-7**

Package No.	Rate per cum (in Rupees)	Quantity as per bills (cum)	Estimated Quantity (cum)	Excess (cum) (percent)	Amount (Rupees in lakh)
S-16	127	21312.24	10814.70	10497.54 (97)	13.33
S-17	100	31840.86	24262.09	7578.77 (31)	7.58
S-18	90	29632.65	14815.26	14817.39 (100)	13.34
S-19	90	30,048.40	22776.45	7271.95 (32)	6.54
<b>Total</b>		<b>1,12,834.15</b>	<b>72,668.50</b>	<b>40,165.65</b>	<b>40.79</b>

Source: Records of Silchar NEC division

Thus, deviations (31 *percent* to 100 *percent*) involving huge extra cost without any change of scope of work, and prior approval of higher authority was not only irregular but also doubtful.

#### **3.4.11.6 Allotment of works without inviting tenders**

The NEC accorded sanction for Rs.1.91 crore (February 2003) which was revised (November 2005) to Rs.2.57 crore for construction of approaches to RCC Bridge No.12/1, 18/1, 20/2, 25/1, 29/1 and protection work of bridge no. 32/1 on Orang Mazbat Rupa Road. The CE allotted the approach works of bridge no.12/1, 20/2 and 25/1 on the same road arbitrarily through supplementary tenders instead of calling for fresh tenders during 2003-04, to the contractors entrusted earlier with the construction of these bridges proper.

The works, constructions of bridges proper already completed in 2001-02 and construction of approaches (awarded in 2003-04) are two different types of work having different specifications. Applying the terms and conditions of long completed bridges proper to the approaches after two years through supplementary tenders was irregular.

Thus, allotment (December 2003 to March 2004) of these approach works, to the contractors of the bridge proper, without inviting fresh tenders, was irregular and deprived the Department of benefit of competitive rates.

#### **3.4.11.7 Undue benefit to the contractor**

As per APWD schedule of rate (SOR) for the year 2000-01, a premium of 10 *percent* over the SOR, purely for estimate purpose, can be considered due to inaccessibility and remoteness in hill districts and in the area bordering India-Bangladesh. The estimate of the approach to RCC bridge no .5/1 and 6/3 on M.P.Road work under Guwahati NEC division was sanctioned (November 2003) for Rs.2.06 crore by NEC and technical sanction was also accorded by CE (November 2003).

Scrutiny of records revealed that the contractors of bridge proper were allotted the approach works through supplementary tenders (March 2005) for Rs.1.80 crore and on completion of works (5/1 in February 2004 and 6/3 in January 2005) they were paid a total amount of Rs.1.71 crore which included inadmissible amount of Rs.15.53 lakh as 10 *percent* premium meant for estimate purpose only, despite the fact that the original tender had no provision for payment of 10 *percent* premium.

Thus, inclusion of 10 per cent premium in the supplementary tenders and payments made thereagainst (Rs.15.53 lakh) resulted in undue financial benefit to the contractor.

### 3.4.11.8 Sub-standard work

The NEC sanctioned (November 2002) improvement work of Jotte-Balijan Road from chainage 0 to 13.105 km for Rs.6.44 crore under Jorhat NEC Division. No technical sanction was accorded by CE i/c NEC till May 2007. The work was tendered and allotted (May 2003 to July 2003) in three packages (L<sub>1</sub>, L<sub>2</sub> and L<sub>3</sub>) to three different contractors for Rs 4.79 crore. The work was completed in April 2005 and the contractors were paid Rs.1.41 crore. Scrutiny of the final bill of package no L-2 (5<sup>th</sup> to 8<sup>th</sup> km) revealed shortfall/excess in execution of all components of road works as shown in the Table-8 below:

**Table-8**

Item No.	Particulars	Est./tender Qty	Executed Quantity	Variation Excess(+)/Less(-)
2.02	E/work: (i) by head load	4912.40 m <sup>3</sup>	1095.90 m <sup>3</sup>	(-)3816.50 m <sup>3</sup>
	(ii) by Truck carriage	49858.00 m <sup>3</sup>	49614.53 m <sup>3</sup>	(-)243.47 m <sup>3</sup>
2.03	Sub-grade by truck carriage	15518.20 m <sup>3</sup>	16985.40 m <sup>3</sup>	(+)1467.20 m <sup>3</sup>
3.02	WBM Gr. II	1636.38 m <sup>3</sup>	1689.60 m <sup>3</sup>	(+)53.22 m <sup>3</sup>
	Gr. III	1636.38 m <sup>3</sup>	1486.10 m <sup>3</sup>	(-)150.28 m <sup>3</sup>
4.02	Premix Carpeting	21818.50 m <sup>2</sup>	21065.00 m <sup>2</sup>	(-)753.50 m <sup>2</sup>

Source: Records of Jorhat NEC division

Construction of roads should conform to prescribed specifications. Variations from estimate specially of WBM and premix carpeting which should be of standard thickness, results in unspecified/substandard work. The abnormal variations in all the components of road construction particularly reduction of pavement area from the estimated provisions in the execution of this particular stretch of work (5<sup>th</sup> to 8<sup>th</sup> km) resulted in substandard work involving Rs.1.41 crore.

### 3.4.12 Material Management

#### 3.4.12.1 WMC memos-non accountal of material

Test check of records of Guwahati NEC division revealed that receipt and accountal in respect of 10 nos. of WMC memos for Rs.16.54 lakh for supply of bitumen and other stock material between 1985 and 1996 was not certified till April 2007. Thus, store material for Rs.16.54 lakh remained unaccounted for 11 to 22 years.

### 3.4.13 Ineffective quality control

As per norms, one *percent* provision was made in each work sanctioned by NEC for quality control. The inspection notes of the concerned SE in respect of Baithalangshu Kampur Roha road (46.40 km) under Kampur NEC division revealed poor supervision of works; utilization of low quality soil and soft variety stone causing low-standard sub-grade and pavement work with inadequate compaction. The notes also disclosed defects in newly built hard crust of the road.

Further, minutes of discussion held at Silchar (April 2006) attended by the Advisor (T & C), NEC and the Addl. CE (NEC) indicated that no laboratory for quality control check/test was found at site during their field visit (April 2006) of Silchar - Dwarband

- Phaisen Road (Package No. S-36) under Silchar NEC division. The Additional CE, PWD (R) NEC, during his inspection (November 2004) also pointed out utilization of unspecified size of river boulders in protection work of approach to Raniferry bridge under Silchar Division. As regards rectification of the defective works and subsequent verification by responsible officer and any departmental action, if any, on these notes, nothing was available on records.

These cases indicated absence of effective mechanism to ensure quality control of works.

#### **3.4.14 Inadequate monitoring and evaluation**

Scrutiny of records revealed that third party monitoring system was to be introduced in NEC 10<sup>th</sup> Plan road schemes (December 2004). Accordingly, State Government was to engage a consultant out of seventeen members short listed (March 2006) by NEC to establish a truly participatory monitoring system. The State Government (April 2007) had not yet identified any consultant to undertake the monitoring of projects executed in the State as required. In the absence of proper monitoring, the extent of success of the scheme is yet to be evaluated (April 2007).

#### **3.4.15 Lack of proper maintenance of roads and bridges constructed under NEC projects**

There was no system of maintenance. Comprehensive proposals for annual maintenance were also not made. During 2002-07, the NEC released Rs.9.80 crore against EFC amount of Rs.10.12 crore for maintenance of a few specific completed roads and SPT bridges. The release of funds was made yearly for selected schemes and road lengths as shown in the Table below. Maintenance of completed roads/bridges, being the sole responsibility of the State Government, adequate funds for maintenance should have been provided for by the State Government. But in all these years, no funds except that of the NEC, was provided for by the State Government. Funds for maintenance of NEC schemes during 2002-07 are detailed in Table-9 below:

**Table-9**

(Rs. in lakh)

Year	Length of road	EFC amount	Released by NEC	Released by State Finance Department
2002-03	25.25 km	236.89	300	-Nil-
2003-04	281.40 km 5.00 km	287.15 29.85	300 <sup>8</sup>	317.54
2004-05	29.50 km 363.81 km	57.91 200.00	200	231.94
2005-06	534.53 km	200.00	180	213.52
2006-07	-	-	-	220.00
<b>Total</b>		<b>1011.80</b>	<b>980.00</b>	<b>983.00<sup>9</sup></b>

Source: Departmental records

Maintenance of roads was carried out in ad hoc manner depending on availability of fund. The CE also stated (May 2007) that maintenance works were not done for full

<sup>8</sup> included provision for repairing of 4 SPT bridges

<sup>9</sup> Rs.3.00 lakh from earlier release



length due to inadequate allocation of funds. This fund crunch led to damage of completed NEC roads beyond repair leading to non-fulfillment of NEC objectives.

**3.4.16 Conclusion**

There was shortfall on various counts. NEC funded road sector projects under execution during 2002-03 to 2006-07 were not implemented effectively and economically. Road works were not executed according to sanctioned provision. Lack of adequate planning delayed the completion of roads and bridges. Funds were not utilized optimally. Lack of proper maintenance of completed roads/bridges led to non-fulfillment of ultimate objective of providing all weather inter-State road connectivity. Thus, the overall impact of the NEC funded road schemes in the State was unsatisfactory.

**3.4.17 Recommendations**

- Planning and monitoring should be toned up to ensure completion of schemes within the prescribed time frame and estimates.
- Timely release and optimum utilisation of funds by State machinery should be ensured.
- Executing divisions should adhere strictly to the provisions of the sanctioned estimates and technical sanction accorded by the competent authority.
- Proper mechanism should be put in place to ensure effective quality control.
- Monitoring mechanism should be strengthened for effective evaluation of projects.

The foregoing findings were reported to the Government in June 2007; replies had not been received (September 2007).

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 3.5 Procurement and distribution of medicines

#### Highlights

*Health care services to the people of the State have been a priority item in the planning of social services by the State Government. Distribution of medicines through the health care units viz. hospitals, community health centres, primary health centres and dispensaries are an integral part of providing health care. A review of procurement and distribution of medicines in Health and Family Welfare Department revealed that procurement of medicines was not need based. During the last five years (2002-03 to 2006-07), supply of medicines to health care units was inadequate. Thus, the intended health care services were not made available to a large section of the people of the State.*

**Rs.38.30 crore (31 percent) were short released under Hospitals and Dispensaries during 2002-2007 despite budget provision. Under Medical Education also there was short release of funds of Rs.11.65 crore (34 percent) indicating unrealistic budgeting.**

**(Paragraphs 3.5.7.1 and 3.5.7.5)**

**The Department diverted Rs.3.27 crore to meet arrear claims.**

**(Paragraph 3.5.7.2)**

**In contravention of Assam Preferential Store Purchase Act, 1989, the Department procured medicines at higher rates, resulting in avoidable expenditure of Rs.2.87 crore.**

**(Paragraph 3.5.9.3)**

**Procurement of medicines at rates higher than the approved rates resulted in excess expenditure of Rs.45.14 lakh.**

**(Paragraph 3.5.9.4)**

**Shortfall in procurement of medicines ranged between five percent and 100 percent with reference to requirement projected by DHS. Short supply of medicines to Health care units ranged between 64 percent and 100 percent with reference to actual requirement. As a result, the health care units remained without medicines for one to eight months in a year adversely affecting health care delivery to the patients.**

**(Paragraph 3.5.8 and 3.5.11.3)**

**The practice of allopathic medicines by Ayurvedic doctors due to non-procurement of ayurvedic medicines defeated the objective of providing health care in Indian System of Medicines.**

**(Paragraph 3.5.9.9)**

#### 3.5.1 Introduction

Public health is one of the major thrust areas for social development of the country. With a view to providing comprehensive health care and prevention and control of major communicable diseases, the Department of Health and Family Welfare (DH&FW) implements Centrally sponsored, Central Plan and State Plan programmes through a network of one State hospital, 21 District hospitals, four Sub-divisional

hospitals, 100 community health centres, 610 Primary health centres, 358 Ayurvedic dispensaries and three Medical College Hospitals.

As per the procurement policy the DHS and Superintendents of each medical college hospital procure medicines from small scale industry (SSI) units and through open tenders.

The State Medical Stores Purchase Committee (comprising five members), constituted by the DH&FW for each of the Directorate, with the respective Director as its ex-officio chairman, approves the panel of suppliers and rates based on which medicines are procured by the Directorates from time to time as per requirement.

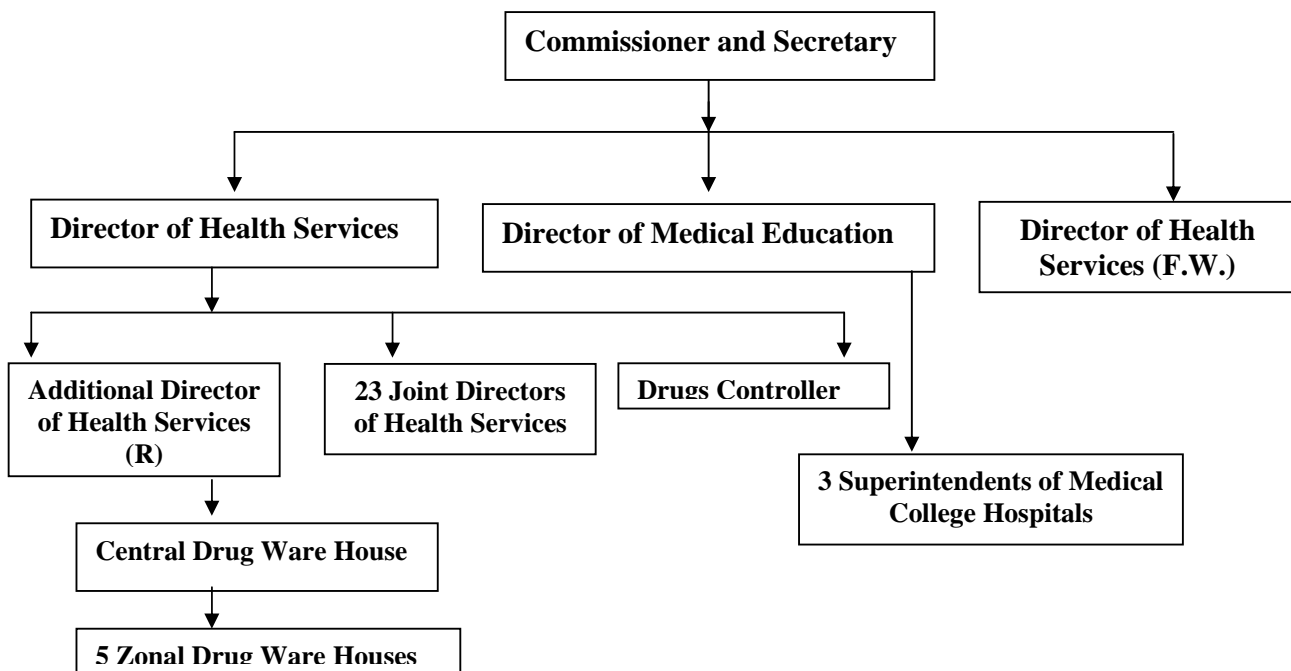
However, in emergencies i.e., in case of epidemics, floods, earthquakes etc., medicines are purchased at institutional rates (market rates) at the Directorate level.

**3.5.2 Organisational set up**

The DH&FW is headed by a Commissioner and Secretary. He is assisted by three Directors – viz, Director of Health Services (DHS), Director of Medical Education (DME), and Director of Health services (Family Welfare). While the DHS exercises control in procurement and distribution of medicines for hospitals and dispensaries, DME exercises control and supervision in procurement of medicines, etc. for three Medical College Hospitals (MCHs). Family welfare programmes are implemented by the Director of Family Welfare, for which medicines are procured and supplied by GOI.

The Drugs Controller of the Department assures quality control of procured drugs through the Drugs and Cosmetics Act, 1940 in the State. He is assisted by three Assistant Drugs Controllers, six Senior Inspectors and 17 Inspectors in implementation of the Act. The organizational setup of the Department is given in Chart-1: -

**Chart 1**



### **3.5.3 Scope of audit**

Procurement and distribution of medicines by the DH&FW during 2002-2003 to 2006-2007 was reviewed in audit between March and May 2007 through a test check of the records of the following offices in seven<sup>1</sup> out of 23 districts in the State.

DHS, Guwahati; DME Guwahati; Guwahati Medical College Hospital (GMCH); Assam Medical College Hospital (AMCH), Dibrugarh; Mahendra Mohan Choudhury Hospital (State); seven Joint Directors of Health Services<sup>2</sup> out of a total of 23; Central Drug Warehouse, Narengi; two<sup>3</sup> out of five zonal warehouses; 33 Community health centres out of 100; 50 Primary health centres out of 610, and nine Ayurvedic dispensaries out of 358.

### **3.5.4 Audit objectives**

The main objectives of audit were to examine the following:

- efficiency in assessment of requirement,
- economy and efficiency in procurement and distribution,
- efficiency of funding system,
- system of payment against supplies, and
- quality of drugs procured and system of storage of the procured medicines.

### **3.5.5 Audit Criteria**

The criteria set out for achieving the above objectives were:

- Guidelines of the Government for procurement of medicines;
- Codal provisions and delegation of financial powers;
- Instructions of the Purchase committee;
- Standard of drugs specified by the Government;
- Quality assurance norms of drugs;
- Storage norms of medicines.

### **3.5.6 Audit Methodology**

An entry conference was held with the officers of the Directorate of Medical Education in April 2007 wherein audit objectives and criteria were explained. The selection of samples for test check was done on random sampling basis. Seven out of 23 (30 percent) districts in the State were selected for test check. Besides the Capital district of Kamrup, two out of six districts covered by Central Stores, two out of 15 districts covered by Zonal Warehouses, one out of two hill districts and two Medical College Hospitals out of three were covered in audit. Exit conference was held with the Commissioner, DH&FW in August 2007 and replies of the Department have been incorporated where appropriate.

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<sup>1</sup> Kamrup, Nalbari, Morigaon, Nagaon, Cachar, Dibrugarh and Karbi Anglong.

<sup>2</sup> Guwahati, Nalbari, Morigaon, Nagaon, Silchar, Dibrugarh and Diphu.

<sup>3</sup> Nagaon and Silchar

### Audit Findings

The important points noticed during audit are discussed in the succeeding paragraphs.

#### 3.5.7 *Budget and expenditure*

##### 3.5.7.1 **Directorate of Health Services (DHS)**

According to the delegation of Financial Power Rules, 1960, DHS has full power to procure medicines subject to monthly limit of funds released by Finance Department and also subject to a maximum of Rs.20 crore in a year. Further, the State Government provided a fixed ceiling (FOC) of Rs.1.5 crore per month for procurement of medicines. Superintendents of Medical College Hospitals (SMCHs) are empowered to procure medicines for Rs. 25,000 in each case subject to a maximum of Rs.20 lakh per year. Further, according to DH&FW order (October 2003), prior approval of Government is to be obtained for procurement of medicines showing names of medicines, quantity, approved rates and names of the firms approved by the Purchase Board. Scrutiny of records of DHS revealed that budget estimates for procurement of medicines under hospitals and dispensaries etc. were prepared as per FOC and not on realistic and need basis. The basis of preparation of estimates under Medical Education was neither explained nor made available to audit. Budget allocation for procurement of medicines for the years 2002-03 to 2006-07 and expenditure thereagainst is shown in Table-1: -

**Table-1**  
**Hospitals and Dispensaries, etc. (DHS)**

(Rs. in crore)

Year	Budget Provision				Expenditure				Short release of funds (percentage)
	Allopathy				Allopathy				
	General Area	Arrear <sup>4</sup> clearance	Epidemic	Total	General Area	Arrear clearance	Epidemic	Total	
2002-03	18	--	--	18.00	8.40	--	--	8.40	9.60 (53)
2003-04	18	5	--	23.00	8.40	5	--	13.40	9.60 (42)
2004-05	18	9	--	27.00	14.00	9	--	23.00	4.00 (15)
2005-06	18	9	--	27.00	18.00	4	--	22.00	5.00 (19)
2006-07	18	9	1.10	28.10	18.00	--	--	18.00	10.10 (36)
<b>Total</b>	<b>90</b>	<b>32</b>	<b>1.10</b>	<b>123.10</b>	<b>66.80</b>	<b>18</b>	<b>--</b>	<b>84.80</b>	<b>38.30</b>

Source: Information furnished by DHS

During 2002-07 the short release of funds ranged between 15 to 53 *percent* and totalled Rs.38.30 crore despite preparation of estimates on FOC basis. Due to short release, the people of the State were deprived of full medical facilities. Further, due to short release of funds, supplier's bills spilled over to next year and resulted in accumulation of arrears in payment.

##### 3.5.7.2 **Diversion of funds to meet arrear claims**

The Budget provided separate provision for payment of pending supplier's bills. However, during 2005-06 and 2006-07, against budget provision of Rs.18 crore

<sup>4</sup> Due to financial constraints there was short release of funds for which suppliers bills of the previous years were not cleared. This resulted in accumulation of arrear claims. To clear the pending bills of medicines supplied, allocation of funds for arrear clearance was made in the budget

(2005-06: Rs.9 crore, 2006-07: Rs.9 crore), only Rs 4 crore was released in 2005-06. As a result, arrear claims accumulated to Rs.14 crore and remained uncleared. Due to non release of earmarked provisions under arrear claims, DHS spent a sum of Rs.3.27 crore in 2006-07 in clearance of arrear claims by diverting the funds provided for procurement of medicines in the current year, thus reducing the procurement of medicine in 2006-07 to that extent.

This indicates lack of effective financial management in the Department.

### **3.5.7.3 Absence of contingency plan for epidemics**

The Department did not formulate any contingency plan for sudden outbreak of diseases like malaria, diarrhoea, cholera etc except provisioning funds of Rs.1.10 crore in 2006-07 which was also not released.

### **3.5.7.4 PMGY and TFC funds**

PMGY<sup>5</sup> (launched in 2000-01) is a new initiative to accelerate provision of basic minimum services in rural areas to promote the objectives of sustainable human development. According to guidelines 15 percent of PMGY allocation must be spent under primary health to strengthen the functioning of primary health care institutions (PHCs) by procurement of drugs etc.

Records of the DHS revealed that additional Central assistance of Rs.25.15 crore was released under PMGY (Rs.12.65 crore in 2003-04 and Rs. 12.50 crore in 2004-05) for procurement of medicines to be utilised by PHCs under rural health sector. Medicines were procured and distributed centrally. But it was noticed that the Additional DHS(R), Narengi did not maintain separate stock register of medicines for PMGY funds. As such it could not be verified whether medicines procured out of PMGY funds were actually distributed to PHCs only.

Records further revealed that out of Rs.12.50 crore released in 2004-05, Rs.10.88 crore was drawn (March 2005) on AC bill and the funds were utilised in procurement of medicines between March 2005 and May 2007. Thus, funds meant for utilisation in 2004-05 spilled over to even 2007-08 indicating that funds were drawn only to avoid their lapsing, rather than any immediate requirement.

Further, Rs.8.01 crore to DHS and Rs.4 crore to DME were released as additional funds by Government in March 2007 for procurement of medicines under the award of Twelfth Finance Commission, which was utilized in March 2007 itself. Thus, there was a rush of expenditure during March 2007. Which indicates lack of proper financial management.

### **3.5.7.5 Directorate of Medical Education (DME)**

The budget provision for procurement of medicines for the years 2002-03 to 2006-07 and expenditure thereagainst are shown in Table-2 below: -

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<sup>5</sup> Prime Minister's Gramodaya Yojana

Table-2

(Rs. in crore)

Year	Budget provision	Funds released	Expenditure	Saving	Percentage of saving
2002-03	5.20	3.00	3.00	2.20	42
2003-04	5.20	3.00	3.00	2.20	42
2004-05	8.00	4.75	4.75	3.25	41
2005-06	8.00	6.00	6.00	2.00	25
2006-07	8.00	6.00	6.00	2.00	25
<b>Total</b>	<b>34.40</b>	<b>22.75</b>	<b>22.75</b>		

Source: Information furnished by DME

The table indicates persistent short release of funds against Budget provision as well as persistent savings ranging between 25 to 42 percent during 2002-2007, which indicated unrealistic budgeting. Further, the savings were also not surrendered during the respective years. The reasons for savings were not stated.

### 3.5.8 Assessment of requirement and inadequate procurement

Proper and realistic assessment of requirement is necessary to ensure economy and efficiency in expenditure i.e. no wastage and surplus. Requirement of medicines is generally assessed on the basis of population of an area covered by healthcare unit or number of patients receiving healthcare services as well as trends of expenditure in previous year. However, the DHS failed to furnish information relating to patient data and other factors for any of the years during 2002-2007. This information was also not available in the districts<sup>6</sup> test checked.

Scrutiny of records revealed that peripheral health care units submitted their monthly requirements to the Joint Director of the district or to the Joint Director in-charge of zonal drug warehouse, as the case may be. Thereafter, the Joint Director prepared a consolidated requirement of medicines for the district and placed the indent with the Additional DHS (R) incharge of CDWH for supply of medicines. Additional DHS (R) then assessed the monthly requirement placed by the districts within the monthly ceiling released by the Department followed by proposals for procurement. However, compiled consolidated requirements year wise for all the districts during 2002-03 to 2006-07 were not made (May 2007) available to audit. As a result, the extent of reduction in requirement made centrally by the Additional DHS (R) could not be ascertained in audit. The requirement of medicines in the State as assessed by Additional DHS (R) and medicines actually procured during 2004-05 to 2006-07 in respect of some important items of medicines are illustrated in **Appendix-3.11**.

The above monthly purchase procedure is an indicator that the peripheral health care units never got their medicine supplies in time and faced scarcity of medicines. Further, *Appendix 3.11* shows that shortfall in procurement of medicines in respect of some important items actually supplied during 2004-05 to 2006-07 ranged between 5 and 100 percent with reference to the requirement projected by the DHS. Infact some of the items were not procured at all. This adversely affected the quality of health care services in the State.

<sup>6</sup> Kamrup, Nalbari, Morigaon, Nagaon, Cachar, Dibrugarh and Karbi Anglong

In respect of medical education, there was no procedure for assessment of requirement of medicines. SMCH's procured medicines monthly, on the basis of funds released to them and not on actual requirements.

In the Karbi Anglong District Council, no specific provision for procurement of medicines was made in the budget. Proposals for medicines were made on the basis of funds released or likely to be released by the Council during a year and not based on requirements and past consumption and distribution.

### **3.5.9 Procurement of Medicines**

#### **3.5.9.1 Planning**

The Department neither formulated any annual action plan for procurement of drugs for distribution to the health care units nor fixed annual rate contracts. Thus audit could not verify whether procurement was based on demand and whether there was efficiency in expenditure. The Department also did not make any plan to make available ready stock of essential drugs that are required to be maintained by all hospitals and dispensaries for emergency purposes.

#### **3.5.9.2 Procurement policy and procedure**

The procurement policy is enshrined in the Assam Preferential Stores Purchase (APSP) Act, 1989 wherein 10 *percent* price preference is allowed to Small Scale Industries (SSI) products. As per the Act, SSI products should be procured by all Departments through Assam Small Industries Development Corporation (ASIDC) at the rates fixed by the technical committees of ASIDC. In addition, commission upto five *percent* on value of the goods supplied by ASIDC was to be paid. Any items, which are not produced by SSI units, can be procured from other sources after obtaining NAC (Non availability Certificate) from ASIDC. Further, according to the Finance Department Notification (3 July 1999), procurement of medicines by Health Department would be made in the following order of preference.

- Local manufacturer under APSP Act, 1989
- Government of India undertakings
- Medical Stores Depot, Government of India
- From approved suppliers (through open tender)

Medicines which were not produced by SSI units under ASIDC were procured centrally through invitation of tenders. A State Medical Stores Purchase Committee (comprising five members) is constituted by the DH&FW for each of the Directorates. The Purchase Committee with the respective Director as its ex-officio chairman, approves the panel of suppliers and rates, based on which medicines are procured from time to time as per requirement.

#### **3.5.9.3 Avoidable expenditure of Rs 2.87crore.**

Scrutiny of records revealed that despite availability of medicines at ASIDC rates, DHS and the Superintendent, Guwahati Medical College Hospital without obtaining NAC from ASIDC, procured some medicines from other sources between May 2002 and December 2006 in contravention of the APSP Act, 1989. The medicines procured at the rates approved by the Purchase Board (March and May 2003) were much higher than the ASIDC rates leading to avoidable expenditure of Rs.2.87 crore as detailed in



**Appendix-3.12** The reasons for procuring medicines from other sources were not stated.

#### **3.5.9.4 Excess expenditure of Rs.45.14 lakh**

The Purchase Committee (2002-03) approved rates of Injection Dextrose 5 percent, DNS, Normal Saline (NS) at Rs.12.40 per 540 ml/500 ml bottle and Injection Ringer Lactate at Rs.14.80 per bottle of same specification. Test check of the records of GMCH and AMCH revealed that the above medicines were procured at Rs.16.50 and Rs.19.40 per bottle respectively by the MCH's on various occasions resulting in excess expenditure of Rs.45.14 lakh as detailed in **Appendix-3.13**.

The purchase of medicines at higher rates indicated lack of financial discipline and coordination in procurement.

#### **3.5.9.5 Procurement without tendering**

Records indicated that medicines were procured by Jt. DHS, Diphu without inviting any tender. It was noticed that proposals for the medicines indicating names, quantity, rates, (ASIDC/DHS) and total value of medicines were placed with the Karbi Anglong District Council for approval. The Council, while approving the proposal specifically mentioned the names of the firms (not in conformity with Government rules) which were not among the Government approved firms and value of medicines to be procured from each firm. The basis for selecting the firms by the Council was also not found on record. It was also seen that 5 percent extra over the value of medicines was allowed by the Council since March 1997. Thus, not only the purchases were made without tendering in disregard of Government rule but 5 percent extra, were also paid to the suppliers without any valid reason.

#### **3.5.9.6 Procurement in contravention of orders**

According to the DH&FW order (October 2003), prior approval of the Government is to be obtained for procurement of medicines showing name, quantity, approved rates and name of the firms approved by Purchase Committee. However purchases were made in disregard of these orders as mentioned below:

- A supply order for procurement of (Gentamycin and Salbutamol) for Rs.22.79 lakh) was issued (05 January 2006) on the basis of indents received on the same day from Additional DHS (R), Narengi without obtaining Government approval and in contravention of Finance Department Notification (July 1999) wherein SMCHs were empowered to procure medicines for Rs.25,000 in each case subject to annual limit of Rs.20 lakh.
- Scrutiny of records revealed that approval of Government as per DH&FW order (October 2003) was not obtained by the SMCH's and therefore, expenditure ranging from Rs.0.85 crore to Rs.2.53 crore per year incurred by SMCHs during 2002-03 to 2006-07 was not covered by the provisions of DFPRs,1960. The system of procurement followed was that the DME, on receipt of ceiling from the Government, reallocated the funds to the three SMCHs who purchased the medicines with the entire fund allocated to them. Rs.22.75 crore spent by the three SMCH's during 2002-03 to 2006-07 was thus in contravention of existing orders

### 3.5.9.7 Undue favour to the supplier

Records of the JD, HS, Diphu revealed that 5 percent extra on the original value of medicines was allowed by the District Council since March 1997. This 5 percent extra rate was considered by the Council in view of increasing cost of transportation, price of raw material and to meet the expenses of proper labeling and packing. As the rates approved by Government were inclusive of transportation, labeling and packing, further allowance of 5 percent was not justified and resulted in undue favour to the suppliers amounting to Rs.21.75 lakh during 2005-07. The information for other years were not made available as the Cash Books etc. were seized by police (August 2005) in connection with a case of misappropriation.

### 3.5.9.8 Procurement without requirement

Records of the Central Drug Warehouse (CDWH), Narengi, revealed that the DHS procured the medicines worth Rs.22.88 lakh from Guwahati based firms during 2003 without any requisition from the Additional DHS (R), CDWH and without approval of the Government as indicated in Table-3 below.

Table-3

Sl.No.	Name of medicine	Date of supply order	Period of supply	Quantity	Value (Rs in lakh)	Name of Supplier
1	Tab Domperidone	October 2003	December 2003	10 lakh	6.75	M/S Premier Sales
2	-do-	-do-	November 2003	14 lakh	9.44	M/S Maindeor Enterprise
3	Inj. Metoclopramide (2 ml)	January 2003	February 2003	1 lakh	5.39	M/S Agarwal Pharmaceuticals,
4	Inj. Ciprofloxacin (100 mg)	January 2003	February 2003	8000 bottles	1.30	-do-
<b>Total</b>					<b>22.88</b>	

Source: DHS and CDWH.

Further, the Minister of H&FW expressed displeasure (12 November 2003) for procurement of unimportant items of medicines despite issuing instructions from time to time for procurement of medicines proportionately and on priority basis.

It was noticed that medicines at Sl no 3 and 4 were ordered on a request (dated nil) made by the supplier whose earlier supply order (December 2002) for other medicines was cancelled (January 2003). This clearly indicates that procurements of these medicines were not based on demand, but to assist a supplier. In the absence of demand consumption of these medicines cannot be vouchsafed.

### 3.5.9.9 Procurement of ayurvedic medicines

As per Government policy 5 percent of funds are to be allocated for other system of medicines. Despite having specific policy, the Department did not allocate any funds in regular budget for procurement of ayurvedic medicines. It was however, noticed that PMGY funds of Rs.41 lakh were released during 2003-04 and 2004-05 for procurement of ayurvedic medicines out of which, DHS spent Rs.9.20 lakh in procurement of five ayurvedic medicines during 2003-04 and 2005-06 and Rs.31.80 lakh in procurement of liver and cough syrup having ayurvedic properties. Records

revealed that the ayurvedic medicines so procured out of PMGY funds were distributed to the dispensaries located both in urban and rural areas disregarding PMGY guidelines of supplying the same only to rural areas.

Addl. DHS (R), Narengi stated (March 2007) that proposals for procurement of ayurvedic medicines were not sent to Government due to lack of demand from field units. It was observed that there were (November 2004) demands from the field units (JD, Dibrugarh) for supply of 65 items of ayurvedic medicines-, which were not procured.

In the absence of ayurvedic medicines, the ayurvedic dispensaries were meeting the needs for health care and treatment with allopathic medicines. This resulted in under utilization of ayurvedic doctors at Government run dispensaries and also defeated the cause of Indian System of Medicines.

### **3.5.10            *Avoidable interest payment***

Records of the DHS revealed that M/s J.D. Pharmaceuticals, Guwahati (an SSI unit) filed (1993) a money suit against ASIDC. It was, further noticed that 16 other money suits were also filed (1993 to 1994) against the Department due to non-payment of bills against medicines supplied to the Department. The cases went to the higher courts and as per decree of the higher court; the Department was liable to pay interest amounting to Rs 4.33 crore in addition to payment of the outstanding bills (**Appendix-3.14**). It was seen that Rs.1.94 crore was paid (March 2006) to ASIDC to clear decretal amount (money suit No.187/93) including interest of Rs.1.74 crore. In respect of other cases, Rs.50.51 lakh was deposited (February 2005) in High Court. Non payment of supplier bills in time resulted in avoidable interest payment of Rs.1.74 crore apart from incurring a liability of Rs.2.59 crore towards interest payment calculated upto February 2005. Reasons for non-payment of claims in time were not furnished (August 2007).

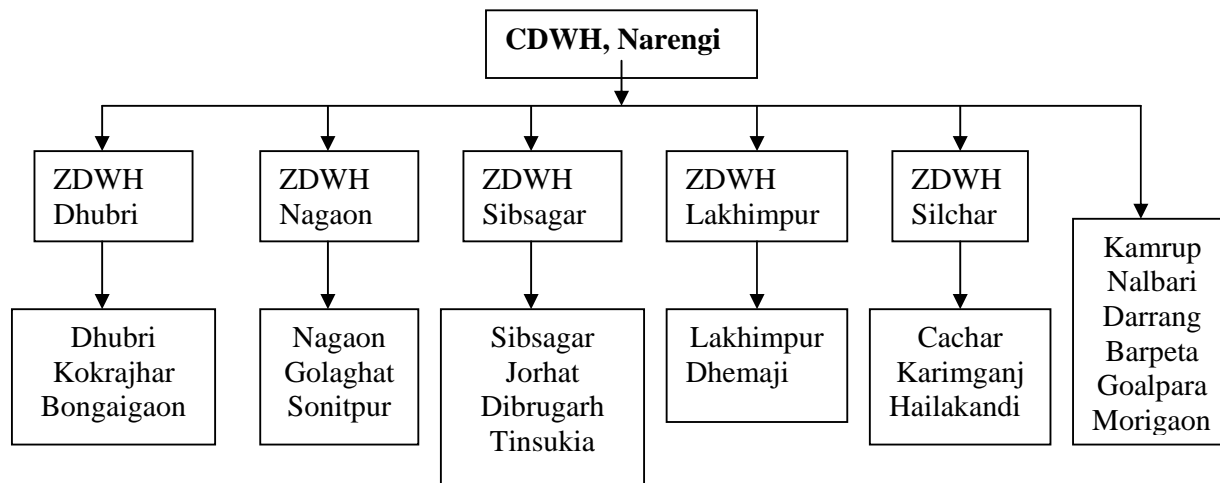
### **3.5.11            *Distribution of medicines***

#### **3.5.11.1        *Drug delivery system***

The Department established one CDWH at Narengi, and five<sup>7</sup> Zonal Drug Warehouse (ZDWH) which started functioning from July 2002. With the setting up of drug warehouses, the distribution of drugs was centralized. The drugs supplied by the suppliers were received centrally at CDWH, Narengi and thereafter distributed to ZDWH and six other districts according to assessment made by CDWH. The ZDWH on receipt of drugs from CDWH, re-distributes to the district stores covered by them. The distribution of drugs in different districts of the state is given in a flow-chart below:

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<sup>7</sup> Dhubri, Nagaon, Sibsagar, Lakhimpur and Silchar



The Department did not maintain any records showing the value of medicines procured and distributed to the districts or ZDWH year-wise and district-wise. As such it could not be ascertained in audit whether medicines were distributed to the districts proportionately with reference to the population of the area and their demands.

### 3.5.11.2 Avoidable transportation cost due to centralized delivery of medicine

Prior to July 2002, medicines were supplied by the firms to district medical stores of each district at the approved rates and terms of contract. Receipt and distribution of medicines was centralized (July 2002) with the establishment of Central and Zonal drug warehouses. Medicines were received by CDWH, Narengi without any change in rate contract. The Department did not consider inclusion of any provision in the rate contract regarding recovery of transportation cost from the suppliers for transportation of medicines to districts after centralized receipt.

The DHS procured and delivered medicines costing Rs. 18.39<sup>8</sup> crore (average) per year. Information made available to audit revealed that the Department spent Rs.22.79 lakh (on an average) per year being 1.24 percent of value of medicines towards transportation cost up to district medical stores from July 2002 to March 2007. Had a provision been included in the contract agreement with the supplier regarding recovery of transportation cost, cost of transportation of Rs.22.79 lakh per year could have been recovered from the suppliers. During exit conference Commissioner, DH&FW stated (August 2007) that a clause to deduct @ 1.5 percent from the suppliers bill was incorporated in the NIT for the year 2007-08 to meet the transportation cost. Meanwhile, the Department incurred avoidable transportation cost of Rs.1.08 crore from July 2002 to March 2007.

### 3.5.11.3 Inadequate supply of medicines

Records of the field units test checked revealed that supply of medicines to the districts was inadequate. Important medicines like Tinidazole, Ciprofloxacin, Norfloxacin, Rantidine, Cephalaxin, Erythromycin, Ofloxacin, Ampicillin,

<sup>8</sup> (General: Rs. 66.80 crore + PMGY: Rs. 25.15 crore) / 5 = Rs. 18.39 crore.

Tetracycline, Doxycyclin, and Nimesulide etc., were either not supplied or supplied short with reference to requirements. Details of the medicines indented by the district medical stores during 2004-07 and the medicines actually supplied thereagainst are shown in **Appendix-3.15**.

**Appendix-3.15** indicates that short supply of medicines to the districts ranged between 75 and 99 percent (2004-05), 64 and 99 percent (2005-06) and 66 and 100 percent (2006-2007). Further, test check of the health care units (PHCs and CHCs) revealed that the supplies of essential medicines to the units were so inadequate that the stock hardly lasted for 3-28 days in many cases and there was no fresh supply of these medicines for the next 1-8 months because of monthly procurements which were time consuming (Paragraph 3.5.8). As a result, the centres remained without essential medicines for periods ranging from one to eight months before receipt of next consignment as detailed in **Appendix-3.16**. Thus, patients (1,082-3,090 monthly) attending the health care units were deprived of essential medicines.

### 3.5.12 **Quality control of drugs**

#### 3.5.12.1 **Delay in testing and non-receipt of test reports**

There was no system of pre – purchase testing of medicine in any of the Directorates. Post purchase testing of medicine was being done in an adhoc manner at the Regional Drug Testing Laboratory (RDTL), Guwahati on the basis of samples drawn by the Drugs Controller, Assam at random basis immediately after receipt of consignment of medicines in the Central Drug Warehouse. As per information furnished by the Drugs Controller, reports for only 2,037 samples (50%) out of a total of 4,043 samples taken were received from the laboratory as per details given in Table-4 below:

**Table-4**

Year	No. of Samples drawn	No. of reports received	No. of reports pending	No. of samples found sub-standard(percentage)
2002-03	557	437	120	55(13)
2003-04	739	400	339	34(8.5)
2004-05	612	433	179	31(7)
2005-06	1,111	416	695	23(5.5)
2006-07	1,024	351	673	16(4.5)
<b>Total</b>	<b>4,043</b>	<b>2,037</b>	<b>2,006</b>	<b>159(7.8)</b>

Source: Drugs Controller

On an average, 8 percent of the medicine samples tested were found substandard. In any such quality control, testing time taken should be such that test reports should reach the medicine issuing authority before issue of medicines. It was however noticed that time taken in receipt of laboratory reports ranged between six and 33 months, after issue of medicines. Thus the very purpose of testing the medicines was defeated.

#### 3.5.12.2 **Supply of sub standard drugs due to late receipt of test reports**

Records of the Drug Controller and CDWH, showed that out of 159 samples declared sub-standard by RDTL during 2002-07, the value of only 11 samples in respect of four items of medicines being declared sub-standard were assessed by CDWH after

13-33 months as per details given in Table-5 below. The reasons for not assessing value of 148 other samples were not stated.

**Table-5**

Name of the firm	Name of the medicines	Quantity	Batch No.	Date of samples drawn	Date of reporting	Value of medicines (Rs. in Lakh)
M/s Mann & Derek	Tab Paracetamol 500 mg	1,05,000	ALT 1137	26-8-2003	03/06/06	0.31
M/s Viva Pharma	-do-	50,000	PT-303	27-2-2004	03/06/06	0.02
M/s Hecatomb Laboratories	-do-	3,84,000	P-046	10-5-2004	03/06/06	0.29
			P-054	17-12-2004	20-6-2006	0.30
			P-037	31-12-2004	10-7-2006	0.06
			P-060	17-12-2004	4-8-2006	0.20
			P-056	-do-	-do-	0.30
M/s Mann & Derek	Cap Ampecillin 250 mg	85,600	MDA/06	23-3-2005	3-6-2006	1.49
M/s Concept Pharmaceuticals	Tab Norflox TZ	3,72,500	3033	01-6-2004	03-6-2006	9.79
			3030	31-3-2004	-do-	3.59
M/s Mann & Derek	Tab Nemisulide 100 mg	3,50,000	MDN1002	23-3-2005	21-11-2006	1.22
<b>Total</b>						<b>17.57</b>

Source: -Central Drug Ware House.

Due to delay in releasing test reports issue and consumption of substandard medicines by patients is not ruled out. The Department had taken action against the four firms (three SSI units) mentioned above by suspending two firms and withdrawing the items from other two firms for supply of sub-standard medicines. However the Department did not work out the position of balance 148 samples found sub-standard nor did it take any action against the firms. The delay in receipt of laboratory reports frustrated the purpose of quality control of drugs and put the patients at great risk.

### 3.5.12.3 Inadequate manpower for drug testing

The Government Analyst, RDTL attributed the delay in testing the drugs to shortage of manpower. Further, RDTL stated that only four chemists were posted in the laboratory and as per all India norms, one chemist could analyse 10-11 samples per month. Calculating at this rate of 10 samples per month per chemist, minimum 480 samples per year can be analysed by the RDTL. It was noticed that this norm of 480 samples per year was not followed. There was shortfall in analyzing samples ranging from 43 to 129 per year during the period under review.

Information relating to testing of medicines in respect of procurement made by the Medical College Hospitals under Medical Education was not furnished.

**3.5.13 Internal audit**

Two internal auditors were posted in the DHS since 2003 by Finance Department. Records revealed that no inspection of any wing of the Directorate was done by the internal auditors and no inspection report was available. Thus internal audit wing remained non functional in the Department.

**3.5.14 Monitoring**

The Department did not put in place any monitoring system nor was any officer vested with the responsibility of monitoring the procurement. The DHS did not insist on getting monthly or quarterly reports from the additional DHS (R) regarding the quantity and value of medicines ordered, quantity and value of medicines actually supplied and the extent of delay in receipt of material. There was also no up-to-date and consolidated report indicating the total quantity and value of medicines (item-wise) declared substandard by RDTL, Guwahati during the period 2002-07. As a result, DHS remained in dark about the status of quality control of drugs maintained in the state during 2002-07.

**3.5.15 Conclusion**

The objective of providing comprehensive health care to the people was not fulfilled due to uneconomical procurement policy, inadequate planning and funding, lack of transparency and effectiveness in bids evaluation and short supply of medicines to health care units. Medicines were procured in some cases at higher rates indicating lack of financial discipline and weak internal control mechanism. Non receipt and delayed receipt of laboratory test reports defeated the purpose of maintaining quality control of drugs. Dispensing of allopathic medicines by ayurvedic doctors due to non-procurement of ayurvedic medicines also defeated the objective of providing health care under Indian System of Medicines.

**3.5.16 Recommendation**

- Budgeting should be realistic and funds should be utilised 100 percent.
- The Department's annual action plan for medicine procurement should be based on demand and previous years consumption. Assessment and supply of medicines should be on quarterly basis and linked to demands.
- To ensure quality of drugs, drug-testing laboratory should be made proactive and adequately manned by technically qualified people for quick and accurate results.
- Procurement of Ayurvedic medicines should be ensured so that Ayurvedic doctors are not underutilised.
- Payment of suppliers' bills should be made on time to avoid liability of interest payment.
- An effective Internal control and monitoring system should be put in place.

The foregoing paragraphs were reported to Government (June 2007); replies had not been received (September 2007). Armed with responses to the findings of this review, the Department will be in a position to develop a strategic action plan which includes incentive creating, strengthening of health care institutions in rural and urban areas and capacity building measures.

**WELFARE OF PLAIN TRIBES AND BACKWARD CLASSES  
DEPARTMENT**

**3.6 Educational Development of Scheduled Castes and Scheduled Tribes**

**Highlights**

*The benefits of the schemes implemented under Educational Development for SCs and STs did not percolate down to the targeted groups due to lack of initiatives of the nodal Department in generating awareness among the SC/ST students. There was gradual decrease in enrolment of students of both SC and ST categories. Drop-out rate remained very high. The scheme was formulated to encourage only higher education and very few incentives are available for primary and secondary levels of education. Persistent delays in release of funds resulted in denial of scholarship to many needy students. Construction of hostel buildings was delayed inordinately and some of the hostel buildings were utilised for other purposes thereby depriving the eligible students of the facilities. There is lack of co-ordination among the State and the NGOs in spreading education among weaker sections of the society. Monitoring of implementation of the schemes was not in place which facilitated deficiencies to persist without being rectified.*

**Neither surveys were carried out nor was information collected on enrolment of SC/ST students from concerned departments/institutions to bring in the targeted groups of students under the ambit of the schemes. Planning was based merely on the basis of actual expenditure incurred in previous years on the schemes instead of on the basis of actual population of targeted group.**

**(Paragraph 3.6.8)**

**Percentage of applications for post matric scholarship received against enrolment of students ranged between 31 and 65 in respect of ST students. In case of SC students, it was between 28 and 52 percent. This indicates that the State had failed to generate sufficient awareness among these students to avail of the benefits of the schemes.**

**(Paragraph 3.6.10.2)**

**Inordinate delay in release of scholarships resulted in denial of the benefit to the students to the extent of Rs.3.62 crore**

**(Paragraph 3.6.10.4)**

**Scholarships amounting to Rs.32.93 lakh were retained in hand for years together in 13 institutions and 6 ITDPs.**

**(Paragraph 3.6.10.5)**

**State Government was not even aware of NGOs working in structural development of SCs/STs indicating serious deficiencies in monitoring mechanism.**

**(Paragraph 3.6.13)**

**Meager incentives with limited scope in pre matric scholarship in State Sector could not motivate the poor parents to send their wards to schools.**

**(Paragraph 3.6.17.1)**

**3.6.1 Introduction**

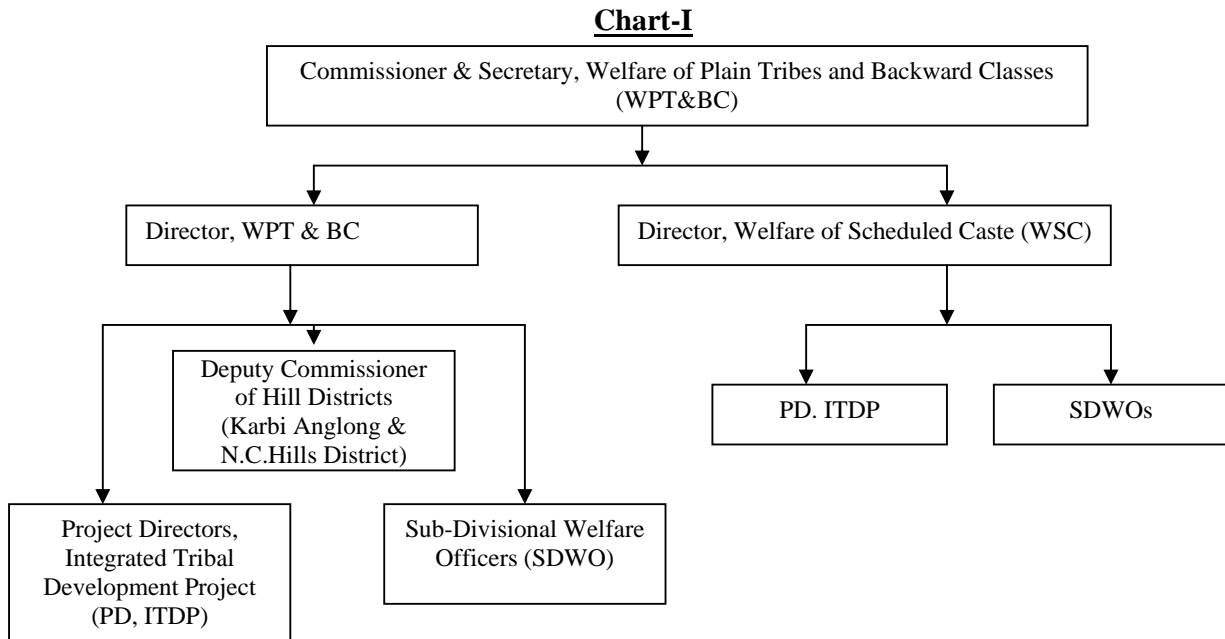
The State Government has a constitutional responsibility for promoting the educational and economic interests of the weaker sections of the society and in particular, the Scheduled Castes (SCs) and Scheduled Tribes (STs). Accordingly, the



State Government has been implementing various schemes with financial support from the Union Government and also from its own resources for enabling the SCs/STs to upgrade their educational levels and skills to generate self-confidence and self-reliance. The performance audit covered eight centrally sponsored schemes and one State scheme being implemented by the State Government during the period from 2002-03 to 2006-07.

### 3.6.2. Organisational set-up

The Commissioner and Secretary of Welfare of Plain Tribes and Backward Classes is the Nodal Officer for overall development of SC/ST students. He is assisted by two Directors viz, the Directors of Welfare of Scheduled Castes (WSC) and Welfare of Plain Tribes & Backward Classes (WPTBC). The Project Directors, Integrated Tribal Development Projects (PD-ITDP) of each district and Sub-Divisional Welfare Officers (SDWOs) in the Sub-Divisional level are the field officers responsible for implementation of the schemes. In two hills districts of Karbi Anglong and North Cachar, the Deputy Commissioner of the respective districts are implementing the schemes. Organizational set up of educational development scheme for SC/ST is shown in Chart-I below:



### 3.6.3 Scope of performance audit

The Performance audit of the “Educational Development of SCs/STs” was conducted during May-September 2006 and March - May 2007 covering the period from 2002-03 to 2006-07 by a test-check of the records in the Department of Plain Tribes and Backward Classes, Government of Assam; two Directorates viz, WSC and WPTBC, Project Directors-ITDP and SDWOs of nine<sup>1</sup> selected districts, including Deputy Commissioner of Karbi Anglong district. Information was also collected from selected universities, colleges, and schools etc, of test checked districts.

<sup>1</sup> Kamrup, Cachar, Kokrajhar, Golaghat, Karbi Anglong, Nagoan, Morigaon, Lakhimpur and Darrang.

### **3.6.4            *Audit objectives***

The objectives of the performance audit were to:

- Examine and evaluate the efficacy of planning for implementation of various educational schemes for SC/ ST students;
- Check adequacy and effectiveness of the allocation, release and utilization of funds under various schemes;
- Assess whether the effort of the State resulted in improving the educational status of SC/ST students;
- Examine and evaluate the role of NGOs; and
- Examine effectiveness of monitoring system.

### **3.6.5            *Audit criteria***

The criteria benchmarked for achieving the audit objectives were:

- Guidelines of various educational schemes for SCs/ STs,
- Instructions of the Government for implementation of the schemes
- Relevant rules/ orders for financial management.

### **3.6.6            *Audit methodology***

Out of 23 districts, Kamrup being the capital district, and eight other districts were selected on the basis of statistical sampling. In the second stage, two universities, 48 colleges, 72 schools and eight NGOs of the selected districts were also selected by applying random sampling technique.

Before taking up the performance audit, an entry conference was held in June 2006 with the Secretary, Education Department, Director, WPT and BC, Director, WSC, Directors of Secondary and Elementary Education 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 strengths and weaknesses in the implementation of the programme were obtained. Exit conference was held in July 2007 where audit findings were discussed with the Secretary to the Government of Assam, WPT & BC and other Officers of the Department and their replies/comments are incorporated in the report at appropriate places.

## **Audit Findings**

The important findings during the course of review are discussed in the succeeding paragraphs.

### **3.6.7            *Summarised financial position of the Scheme***

For the development of education of students belonging to SC/ST categories, seven Centrally Sponsored Schemes and one State sector scheme were implemented in the State during 2002-2007. The summarised financial position of the schemes during 2001-2007 is shown below in Table-1.

Table-1

(Rupees in crore)

Year	Budget provision		Funds available*		Expenditure incurred		(+ Excess (-) Savings	
	Central Schemes	State Schemes	Central Schemes	State Schemes	Central Schemes	State Scheme	Central Schemes	State Schemes
2002-03	15.16	0.83	16.38	0.83	3.43	0.83	(-) 12.95	-
2003-04	15.62	0.87	5.52	0.87	14.86	0.87	(+) 9.34	-
2004-05	15.66	1.15	10.49	1.15	7.80	1.15	(-) 2.69	-
2005-06	17.10	1.29	9.68	1.29	15.67	1.29	(+) 5.99	-
2006-07	33.31	1.59	28.90	1.59	31.58	1.59	(+) 2.68	-
<b>Total</b>	<b>96.85</b>	<b>5.73</b>	<b>70.97</b>	<b>5.73</b>	<b>73.34</b>	<b>5.73</b>		

Source: Departmental records

\* includes closing balance of previous year

It will be observed from the above table that despite short release of funds there were unspent balances. This indicates that the implementation of the schemes lacked planning, with poor delivery system, and therefore failed to improve the plight of the eligible beneficiaries.

### 3.6.8 *Planning for implementation of the schemes*

Planning for implementation of the schemes for educational development of SC and STs was not based on any definitive data or assessment of requirement. The requirement of funds was assessed by the concerned directorates and projected merely on the basis of actual expenditure incurred in the previous years on various schemes without any systematic plan to identify and cover all the eligible beneficiaries.

This is corroborated by the fact that neither were surveys conducted nor was information collected on enrolment of SC/ST students from concerned field level offices/institutions to ensure that the targeted group are given the due financial assistance. Scholarships were awarded only on the basis of applications received from the students without motivating the entire targeted group to pursue education with the incentives offered under these schemes. As a result, a large number of students under these categories could not benefit from the scheme.

## *Implementation of the schemes*

### A. *Centrally Sponsored Schemes*

#### 3.6.9 *Pre-matric scholarship to the children of those engaged in unclean occupation*

The objective of this scheme is to provide financial assistance to parents traditionally engaged in unclean occupations like scavenging, flaying, tanning etc, to enable their children to pursue education up to matriculation level. The assistance includes payment of scholarship every month and annual adhoc grant to the students. There is no income ceiling for award of scholarship under the scheme.

The scheme was funded by the Central and State Governments on 50:50 basis.

##### 3.6.9.1 *Budget allocation and utilisation of funds*

The details of budget allocation, release of funds and expenditure thereagainst during 2002-07 are shown in Table-2 below:

**Table-2**

(Rupees in lakh)

Year	Budget Provision	Release of funds to the nodal Directorate			Total* funds available	Amount disbursed	Unspent Balance	Percentage of utilisation
		Central	State	Total				
2002-03	32	8.12	16	24.12	27.35	24.12	3.25	88
2003-04	32	14.02	16	30.02	33.27	30.02	3.26	90
2004-05	32	4.22	16	20.22	23.48	20.22	3.23**	86
2005-06	36	2.10	18	20.10	23.33	20.10	3.25	86
2006-07	54	16.82	27	43.82	47.07	43.82	4.32	93
<b>Total</b>	<b>186</b>	<b>45.27</b>	<b>93</b>	<b>138.27</b>	--	--	--	--

Source: Departmental records

\* Includes unspent balance of previous year and interest received from bank

\*\* Variation in 2004-05 was not explained

Balances remaining unspent were stated to be due to non-receipt of demand from the field offices, but this contention is not tenable as there were cases of less coverage in the test checked districts due to shortage/non receipt of funds.

### 3.6.9.2 Number of beneficiaries covered

The number of beneficiaries covered at different levels (class I to X) during 2002-07 are shown in Table-3 below:

**Table-3**

Year	State as a Whole			Districts test-checked				
	Enrolment	Applications received	No. of students covered	Enrolment	Applications received	No. of students covered	Not covered w. r. to Applications (Percentage)	Not covered w. r. to Enrolment (Percentage)
2002-03	NA	3052	3052	1789	1263	1043	220(17)	746 (42)
2003-04	-do-	3089	3089	1930	1568	1187	381(24)	743 (38)
2004-05	-do-	2135	2135	3661	2037	1341	696(34)	2320 (63)
2005-06	-do-	2627	2627	4094	2158	1198	960(44)	2896 (71)
2006-07	-do-	4284	4284	4312	3223	1919	1304(40)	2393 (55)
<b>Total</b>	-	<b>15187</b>	<b>15187</b>	<b>15786</b>	<b>10249</b>	<b>6688</b>	<b>3561(35)</b>	<b>9098(58)</b>

Source: (1) Departmental records, (2) Records of Selected districts test checked

Enrolment of students of these specified categories was neither maintained by the nodal Department nor could be obtained from any other source in the State Government.

Though the Director of WSC reported (May 2007) cent *percent* coverage against receipt of applications, test check of records of selected districts and institutions disclosed that shortfall in coverage of the applicants ranged from 17 to 44 *percent* and that of enrolled students ranged between 38 to 71 *percent*. The district authorities stated (May 2007) that shortfall in coverage of applicants was due to less receipt of sanction from the Directorate. Thus, the reply of Director of cent *percent* coverage of applicants is incorrect. Out of total applications (15,187 nos.) received in the State as a whole, 10,249 applications were from nine selected districts test checked and thus only 4,938 applications appear to have been received from the remaining 14 districts. The reasons for such disproportionate receipt of applications in the State as a whole vis-a vis the nine districts were stated to be due to 40 *percent* of population engaged in unclean occupation being from Guwahati city (in capital district) and the remaining

60 percent spread over the whole State. The veracity of data furnished could not be checked.

### 3.6.9.3 Number of beneficiaries of selected institutions

In 51 out of 54 test checked institutions, there was no enrolment of students of this category. The position of remaining three institutions was as indicated in Table-4 below:

**Table-4**

Year	Enrolment	Applications received	No. of students covered	No. of students not covered with ref. to enrolment (percentage)
2002-03	11	8	8	3 (27)
2003-04	10	--	--	10 (100)
2004-05	9	--	--	9 (100)
2005-06	19	--	--	19 (100)
2006-07	20	6	6	14 (70)
<b>Total</b>	<b>69</b>	<b>14</b>	<b>14</b>	

Sources: Departmental records

The shortfall in coverage with respect to enrolment ranged between 27 to 100 percent during 2002-07.

Shortfall in coverage indicated that sufficient exposure was not given to the schemes. The Director stated (November 2006) that necessary exposure would be given but no action was taken as of May 2007.

### 3.6.10 Post-matric scholarship scheme (PMS)

The scheme intends to provide financial assistance to SC/ST students studying at post-matriculation level to enable them to complete their education without economic constraints. The assistance includes provision of maintenance allowance, reimbursement of compulsory non-refundable fees, thesis typing/printing charges, study tour charges, book allowances for students pursuing correspondence courses and special provisions for students with disabilities. The scheme is open to all SC/ST students whose parental income is less than Rs. 1 lakh per annum.

#### 3.6.10.1 Budget allocation and utilisation of funds

The details of budget estimates, release of Central assistance and expenditure incurred under the scheme during 2002-03 to 2006-07 are shown in Table-5 and 6 below:

**Table-5**  
**Post-Matric Scholarship scheme for SC Students**

(Rupees in crore)

Year	Budget Provision	Unspent balance from previous year	Funds released by Union Government	Total funds available	Expenditure incurred	Savings
2002-2003	3.00	0.79	2.21	3.00	2.21	0.79
2003-2004	3.25	0.79	4.12	4.91	2.81	2.10
2004-2005	3.25	2.10	2.29	4.39	3.25	1.14
2005-2006	5.00	1.14	3.90	5.04	4.69	0.35
2006-2007	5.00	0.35	4.75	5.10	4.75	0.35
<b>Total</b>	<b>19.50</b>		<b>17.27</b>	<b>22.44</b>	<b>17.71</b>	

Source: Departmental records

**Table-6**  
**Post-Matric Scholarship scheme for ST Students**

(Rupees in crore)

Year	Budget Provision	Unspent balance from previous year	Funds released by Union Government	Total funds available	Expenditure incurred	Savings
2002-2003	10.00	--	12.76	12.76	--	12.76
2003-2004	10.00	12.76	--	12.76	10.00	2.76
2004-2005	10.00	2.76	7.75	10.51	2.76	7.75
2005-2006	10.00	7.75	5.25	13.00	10.00	3.00
2006-2007	26.49	3.00	23.55	26.55	26.28	0.27
<b>Total</b>	<b>66.49</b>	<b>--</b>	<b>49.31</b>	<b>75.58</b>	<b>49.04</b>	<b>--</b>

Source: Departmental records

During 2002-07 in respect of PMS for SCs and STs, against the budget provision of Rs.19.50 crore and Rs.66.49 crore respectively, funds released by the GOI were Rs.17.27 crore and Rs.49.31 crore respectively. This was due to the failure of the State Government to utilise the entire funds provided by the GOI in accordance with budget provision leading to adjustment of unspent balances in subsequent years. Short utilisation of funds was due to improper assessment of requirement based on identification of the targeted beneficiaries and failure to generate awareness among them.

### 3.6.10.2 Coverage of beneficiaries

The position of SC/ST beneficiaries covered under PMS in the State as well as in test checked districts during the years 2002-03 to 2006-07 is shown in Table-7 and Table-8 below:

Table-7

## Number of beneficiaries covered (SC)

Year	State as a Whole			Selected Districts			
	Enrolment <sup>2</sup>	Applications received (Percentage)	No. of students covered	Enrolment	Applications received	No. of students covered	Not covered (percentage)
2002-03	44153	12550(28)	12550	4557	4370	4310	60 (1)
2003-04	44921	14007(31)	14007	4831	4612	4040	572 (12)
2004-05	44542	23370(52)	23370	6183	5953	5238	715 (12)
2005-06	44765	17691(40)	17691	5984	5606	3045	2561 (46)
2006-07	44989	17430(39)	17430	3949	3769	2050	1719 (46)

Source: (1) Departmental records

Source: (2) Records of selected Districts

Table-8

## Number of beneficiaries covered (ST)

Year	State as whole				Selected Districts (5 nos.)			
	Enrolment <sup>2</sup>	Applications received (Percentage)	No. of students covered	Not covered	Enrolment	Applications received	No. of students covered	Not covered (Percentage)
2002-03	58829	38025 (65)	36255	1770	8082	8082	8082	--
2003-04	57776	34974 (61)	26540	8434	6966	6966	6966	---
2004-05	59112	35791 (61)	12956	22835	6924	6924	6480	444 (6)
2005-06	59408	28093 (47)	--	28093	7890	7890	5557	2333 (30)
2006-07	59705	18572 (31)	18572	--	7877	6975	2174	4801 (69)

Source: (1) Departmental records

Source: (2) Records of selected Districts

In the selected districts, the short fall in coverage of SC and ST applicants ranged from 1 to 46 and 6 to 69 *percent* respectively. In the State as a whole, the percentage of applications received against enrolment of students ranged between 28 to 52 *percent* in case of SC students and 31 to 65 *percent* in case of ST students during 2002-07. This indicates that the state had failed to motivate or generate sufficient awareness among these students to avail themselves of the benefits. Admitting the fact, the Director WSC stated (November 2006) that sufficient exposure would be given to attract more students under the scheme. The State scenario of coverage of applicants in respect of ST students indicates that 61,132 students were not covered though applied for during 2002-06. The Director, WPT and BC stated (November 2006) that the students were covered in 2006-07 but documents in support of this claim were not furnished.

The Director's explanation (November 2006) of non-receipt of fund is not tenable as there were unspent balances in each year.

### 3.6.10.3 Income ceiling not revised

Parental income ceiling of Rs. one lakh per annum, fixed by the GOI for grant of the scholarship, was not revised for a long time. Non-revision of income ceiling is another reason for the wide gap between enrolment and coverage.

<sup>2</sup> Source: Statistical Book of Assam for the years 2001-02 to 2004-05. Figures of 2005-06 to 2006-07 were based on trend analysis of previous three years (on the basis of reduction of enrolment in percentage).

#### **3.6.10.4 Inordinate delay in release of scholarships**

Records of the Directorates of WPTBC and WSC revealed that funds were released to PDs-ITDP (field offices) after a lapse of 1-6 years and thereby deprived the beneficiaries of intended relief and benefits. Examples of some of the selected districts where scholarships amounting to Rs.3.62 crore was not sent to the field offices in time are indicated in *Appendix-3.17*. The reasons for delays were attributed by the Directorate (July 2007) to late receipt of demand from field units, late receipt of funds at the fag end of the year as well as delayed release of scholarship amount.

#### **3.6.10.5 Retention of undisbursed scholarship in hand**

As per procedure, the institutions are required to disburse the scholarships to the students within one month of receipt of the amounts from the ITDPs and refund the undisbursed scholarship to the Government. Records revealed that the institutions retained the undisbursed scholarship for years together and on the other hand, whatever amount was refunded to the ITDPs, was not reported to the Directorates. Records of test checked districts/institutions revealed that huge undisbursed scholarships were retained with ITDPs/institutions for years together (*Appendix-3.18*). As of March 2007, against the receipt of Rs.91.11 lakh during 2002-07 by 13 institutions, an amount of Rs.18.17 lakh, being 20 percent of receipts, was lying undisbursed in their bank accounts. In case of six ITDPs, scholarships remaining undisbursed since 2002-03 accumulated to Rs.14.76 lakh, and were lying in the bank accounts of the ITDPs. Thus, Rs. 32.93 lakh (Rs.18.17 lakh + Rs.14.76 lakh) being undisbursed scholarships were retained by 13 institutions and 6 ITDPs without approval/knowledge of the Government. Information with regard to subsequent utilisation is not available.

#### **3.6.10.6 Irregular deposit of undisbursed scholarship to State revenue**

In some cases, instead of reporting to the Department for adjustment of the amounts in subsequent years, the ITDPs/institutions remitted the unclaimed scholarship in the treasury under '0070-Other Administrative Services'. It was seen that Rs.25.13 lakh were remitted in the treasury by four ITDPs (Cachar, Golaghat, N.Lakhimpur and Kokrajhar) and one-institution (Morigaon college) during the period from 2001-02 to 2006-07. Thus, the funds meant for a specific CSS not only remained unutilized but the scope for its subsequent utilisation was also lost due to its credit to revenue.

#### **3.6.11 Hostel for SC/ST students**

The GOI has formulated schemes for providing hostel facilities to SC/ST girl and boy students in order to enable these students to pursue their studies in middle schools, higher secondary schools, colleges and universities. The scheme provides for release of Central assistance to the State Government on 50:50 basis and expenditure on maintenance of the hostels is to be borne by the respective State Governments from their own funds.

##### **3.6.11.1 Delay in construction of hostels**

- During 2003-04 the State released Rs.36 lakh (including Central share of Rs.18. lakh) to 36 Government recognized institutions for construction of 18 boys hostels and 18 girls hostels for SC students at a cost of Rs.one lakh each. Though it was stated by the Director (May 2007) that funds distributed to 24 schools/colleges were utilized, the status of construction of the hostel



buildings was not furnished to audit. In respect of the remaining 12 institutions, information was not available with the Directorate. Relevant records viz., need-based proposals, availability of land, model plan and estimates as well as capacity of hostels, date of commencement/completion of works were not produced to audit. Time schedule for completion of construction of hostels was also not fixed. The funds were released without considering the feasibility of constructing the hostel buildings with the amount sanctioned. There was neither any assessment of actual requirement for hostel nor was there any monitoring mechanism to keep track of progress of construction of the hostel buildings. The possibility of entire expenditure proving infructuous cannot be ruled out.

- Based on approved plan and estimates and availability of land, the GOI released to the State Government Rs. 1 crore in 1998-99 for construction of two separate ST hostels for boys and girls in Guwahati to be constructed within two years. Disregarding the time schedule, the State released its own matching share of Rs. 1 crore after a delay of three years in 2001-02 and released central share in 2003-04 (Rs.29 lakh) and 2004-05 (Rs.68.98 lakh) after a delay of six and seven years. The delay in release of funds consequently led to delay in completion of the hostels by eight years in 2005-06 with escalated cost of Rs. 20 lakh met by the State Government in 2005-06.

The delay in construction of hostels was attributed to non-availability of cost free land and non-finalization of plans and estimates. The contention is not tenable, as the funds were released by the GOI based on approved plan and estimates and availability of cost free land. Both the hostels presently provide accommodation to 125 girl (75+50) inmates against the capacity of 190 (140+50) inmates. The Department stated (July 2007) that due to more demands for accommodation coming from girl students, 50 girls students were given accommodation temporarily in the boys hostel as per Government instructions. The reply is not tenable because 65 seats (140 – 75) are lying vacant in girls hostel itself.

### **3.6.12 Coaching and allied scheme for weaker sections including SCs/STs, OBCs and minorities**

The objective of the scheme is to provide pre-examination coaching (PEC) to the students belonging to SC/ST/OBC/Minority communities for improving their representation and standard of performance in the competitive examinations for various posts and services held by UPSC, State Public Service Commission, SSC, Recruitment Board, PSU and other Central Government Agencies. The scheme is funded with 50 percent assistance from Central Government.

In Assam, coaching is imparted by the State run Assam Administrative Staff College, Guwahati. During 2002-2007, GOI released Rs.1.69 lakh in 2002-03 and Rs.2.83 lakh in 2004-05. The State Government however, released Central share of Rs.1.69 lakh in 2003-04 and its matching share of Rs.1.69 lakh in 2004-05. The Central share of Rs.2.83 lakh relating to the year 2004-05 and the State-matching share are yet to be released (May 2007) by the State Government. Reasons for delay in release of State share for the year 2002-03 and non-release of Central share as well as State matching share for the year 2004-05 were neither on record nor stated.

Coaching to the following categories of students were given during 2002-03 to 2005-06 and a very negligible number of students cleared the preliminary examination as indicated in Table-9 below:

**Table-9**

Category	No. of students received coaching 2002-03 to 2005-06	No. of students cleared the All India Civil Service preliminary examination 2002-03 to 2004-05	Percentage of success
Scheduled Castes	92	2	2.17
Scheduled Tribes	138	7	5.07

Source: Departmental records

Position of success during 2005-06 has not been furnished. No coaching was imparted during 2006-07 due to non-receipt of funds from the GOI.

Information about the candidates appearing in the final examination and their success rate are not available with the coaching centre which clearly indicates that no follow up action was taken to evaluate the performance of the coaching centre and the candidates as well. Negligible success rates in the preliminary examinations indicates that the standard of coaching imparted by the institution was not up to the mark. This negated the objectives of the schemes.

**3.6.13 Grants-in-Aid to Voluntary Organisations Working for the welfare of SCs/STs**

The objective of the scheme is the overall improvement of SCs/STs through voluntary efforts in the field of education, health and sanitation and environment, in addition to need based socio-economic upliftment efforts and other activities deemed appropriate and of direct benefit to the SCs/STs. In this scheme, funds are generally provided to the extent of 90 percent of estimated expenditure by GOI and 10 per cent by the voluntary organizations.

Under the scheme, besides opening of residential/non-residential schools and hostels, grants are provided to NGOs for meeting contingent expenditure on running of schools and hostels as per prescribed norms.

The State Government could not furnish any information about functioning of NGOs in structural development of SCs/STs in Assam. 11 NGOs are working for the welfare of SC/ ST students in the State with financial assistance received from the Central Government. Details of grants received (Rs.1.75 crore) and expenditure incurred (Rs.2.38 crore) by eight NGOs during 2002-07, which were test checked in audit, are indicated in **Appendix-3.19**.

Thus, there was no co-ordination between the Government and the NGOs working for educational development of SCs/STs in the State. The State Government did not involve itself in monitoring the activities of the NGOs engaged in educational development of SC/ST communities. Reports were not made available regarding inspections carried out by the Department on utilization of funds by the NGOs vis-à-vis benefits derived by the SC/ST students. No agency was also engaged in evaluating the scheme run by the NGOs. Information furnished by NGOs revealed that due to non receipt of funds from the GOI one NGO viz National Youth Welfare Mission Lakhimpur, suspended 3 projects. Authenticity of implementation of the projects by NGOs however, could not be confirmed in the absence of any monitoring mechanism at the Government level.

### **3.6.14 Up-gradation of merit of SC/ST students**

The objective of the scheme is to upgrade the merit of SC/ST students by providing them with remedial and special coaching facilities in class IX and class XII. While remedial coaching aims at removing their deficiencies in various subjects, special coaching is provided with a view to preparing the students for competitive examinations seeking entry into professional courses like engineering, medicine etc. The scheme provides for a packaged grant of Rs.0.15 lakh per student per year. The coaching starts from class IX in identified schools and continues till the awardees complete class XII.

#### **3.6.14.1 Allocation and utilisation of funds**

During 2002-03, the GOI released Rs.8.85 lakh and Rs.13.80 lakh for 59 ST and 92 SC awardees respectively in 20 identified institutions. The Department however released Rs.12.60 lakh between September 2003 and September 2005, retaining Rs.10.05 lakh meant for 67 awardees in hand till date (May'07).

Again Rs.9 lakh was released by the GOI in 2005-06 for 60 ST awardees in seven institutions. The Director, WPT & BC paid Rs.6.75 lakh between February and June 2006 to five institutions for 45 awardees and the balance of Rs.2.25 lakh was lying unspent with the Director (May 2007).

#### **3.6.14.2 Shortcomings in implementation**

The scheme envisaged continuous coaching for four years (IX to XII) so as to enable selected students to derive the maximum benefit. The grant of Rs.22.65 lakh released in 2002-03 for the coaching of 151 students was meant for utilisation in 2002-03 itself and demand for grants in succeeding three years, @ Rs.22.65 lakh per year to be placed with the GOI, was not submitted. The Department however, released a portion of 2002-03 allocation (Rs.12.60 lakh) to the institutions over a protracted period of three years (2003-04 to 2005-06).

Physical performance furnished by director WPT & BC (July 2007) disclosed that 59 students of ST category studying in 9<sup>th</sup> to 12<sup>th</sup> classes were brought under the scheme in 2002-03. All these students were due to pass class XII examination by 2007, but only six students have so far cleared the examination.

Again, during 2005-06, 60 ST students studying in class IX to XII were brought under the scheme. Of these, 34 students were due to pass class XII examination by 2007. But only 2 students could clear the examination so far.

None of these 8 (6+2) class XII passed students were reported to have cleared the medical and engineering entrance examinations. The implementation of the scheme thus lacked purposefulness and direction and as such the earmarked grant of Rs.67.95 lakh for the succeeding years up to 2006-07 could not be availed.

Poor performance of the scheme can be attributed to poor planning and monitoring coupled with non-availing of subsequent grants and consequent discontinuation of the scheme and thereby foregoing the intended benefits.

#### **3.6.14.3 Non-receipt of utilisation certificate and lack of monitoring**

In the absence of any utilisation certificate received from the institutions, the Department failed to ensure whether the benefits were actually extended to the students. There was no proper system of information gathering and dissemination about the performance of SC and ST students in the examinations and their

continuation in the same class/higher classes. Evidence regarding selection of 30 percent girls and three percent disabled students also was not shown to audit. Thus, the very purpose of up-gradation of merit of SC/ST students has been frustrated.

**3.6.15 Scheme for the establishment of Ashram Schools in Tribal Sub Plan areas**

The scheme envisaged setting up of residential schools in tribal areas by way of construction of school buildings, hostels, staff quarters etc, to be financed by the GOI and State Government on 50:50 basis. The up keep and maintenance is to be borne by the State Government.

The State released Rs.19.60 lakh to the school in 2002-03 out of the fund of Rs.25.20 lakh received from GOI in 1998-99. The balance Central share of Rs.5.60 lakh (Rs.25.20 lakh - Rs.19.60 lakh) and the State matching share of Rs.25.20 lakh are yet to be released by the State Government. No records were produced to audit about utilisation of the amount of Rs.19.60 lakh by the school. The Director could neither produce any report regarding functioning of the school nor the status of the students of the school. Although 250 students were enrolled in the school, no benefit could be given to them due to non-receipt of proposal from the school authorities till 2006-07. In view of the above, the impact of the scheme could not be ascertained. Delayed release (Rs.19.60 lakh) and non-release (Rs.30.80 lakh) of scheme funds by the State Government and total absence of monitoring the school's activities by the Department, resulted in tardy implementation of the scheme and negating the benefits of the entire scheme.

**3.6.16 Book bank scheme for SC and ST students**

The scheme was intended to provide access to the latest textbooks and reduce the drop out rate in respect of SC/ST students in medical, engineering, polytechnic, agriculture, veterinary, business management, and bio-sciences who have been receiving Post-Matric Scholarship. One set of books is purchased for two students of all professional courses except in respect of post-graduate courses and chartered accountancy where one set is purchased for each student. In the Tenth Five Year Plan, the scheme has been merged with the Post-Matric Scholarship scheme.

**3.6.16.1 Coverage of students**

The number of students who benefited from the Book Bank facility is indicated in Table-10 below:

**Table-10**

Year	No. of students covered under PMS (Group-1)			No of students getting facility of Book Bank			Percentage of Coverage
	SC	ST	Total	SC	ST	Total	
2002-03	238	289	527	138	102	240	45.54
2003-04	287	547	834	138	--	138	16.55
2004-05	423	325	748	--	152	152	20.32
2005-06	292	--	292	120	--	120	41.10
2006-07	305	91	396	--	280	280	70.71
<b>Total:</b>	<b>1545</b>	<b>1252</b>	<b>2797</b>	<b>396</b>	<b>534</b>	<b>930</b>	<b>33.25</b>

Source: Departmental records

The Book Bank scheme has been operational in 12 institutions (Medical, Engineering etc.) located at Guwahati, Dibrugarh, Jorhat and Silchar. Out of 2,797 eligible beneficiaries, only 930 (33 percent) could get benefit of the scheme during 2002-07. Besides, book bank facilities were not extended to seven Polytechnics and one IIT. Poor coverage of beneficiaries indicated that the scheme could not be implemented to the desired level.

### 3.6.16.2 Non-production of records and lack of monitoring

The books under the schemes were procured by the Directorates as per the requirement projected by the respective institutions. It could not be ascertained whether the text books were procured as envisaged in the scheme guidelines due to non production of any records. No assessment was also made regarding benefits that accrued to the students out of the books supplied to them.

## B. State Sector Schemes

### 3.6.17 Pre-matric scholarship scheme

PMS are awarded to SC/ST and OBC students studying in the primary/junior basic, ME/MV and high school<sup>3</sup>. The scholarships are awarded monthly at the rate of Rs.10, Rs.15 and Rs.20 respectively to the students whose parental income does not exceed Rs 12,000 per annum. The students securing 40 percent or more marks in their annual examination are given preference.

The scheme is funded by the State Government and the scholarship is given for studies in recognised institutions located within the State.

#### 3.6.17.1 Funds allocation, utilisation and coverage

The details of budget allocation, release of funds by the State Government, expenditure incurred and the number of students covered under the scheme during 2002-03 to 2006-07 are shown in Table-11 and Table-12 below:

**Table-11**  
**Pre- Matric Scholarship for SC Students**

Year	Budget provision	Funds released	Total funds available (including unspent balance of previous year)	Expenditure	Unspent Balance	Enrolment <sup>4</sup>	(Rs in lakh)
							No of students covered (% against enrolment)
2002-03	51.15	51.15	51.15	51.15	--	427675	29790 (7)
2003-04	50.00	50.00	50.00	49.88	0.12	579230	29543 (5)
2004-05	68.00	68.00	68.12	68.00	0.12	620773	40329 (6)
2005-06	82.00	82.00	82.12	81.93	0.19	595632	48295 (8)
2006-07	107.00	107.00	107.19	106.84	0.35	571509	61905 (11)
<b>Total</b>	--	<b>358.15</b>	--	<b>357.80</b>	--	--	--

Source: Departmental records

<sup>3</sup> primary/junior basic - class I to IV; ME/MV – Middle English/Middle Vernacular (class V to VII) and high school (class VIII to X)

<sup>4</sup> Not available with nodal department, obtained from the Education Department

**Table-12**  
**Pre- Matric Scholarship for ST Students**

(Rs in lakh)

Year	Budget provision	Funds released	Total funds available (including unspent balance of previous year)	Expenditure	Unspent Balance	Enrolment	No of students covered (Percentage)
2002-03	32	32	32.16	31.97	0.19	636158	18525 (3)
2003-04	37	37	37.19	36.99	0.20	823812	21241 (3)
2004-05	47	47	47.20	46.96	0.24	902309	26674 (3)
2005-06	47	47	47.24	47.00	0.24	883451	26785 (3)
2006-07	52	52	52.24	51.99	0.25	864987	29434 (3)
<b>Total</b>	--	<b>215</b>	--	<b>214.91</b>	--	--	--

Source: Departmental records

Except for the number of students covered under the scheme, no other record relating to enrolment of students, number of applications received, number of students selected for scholarship was maintained either by the Directorates or by the district/sub-divisional authorities. Even the bifurcation regarding number of boys and girls covered under the scheme was not available.

However, against the enrolment position obtained from the Education Department the percentage of students covered under the scheme was found to be very low ranging between 5-11 percent in SC categories during 2002-07 and a static 3 percent in case of ST students during the same period. The poor coverage of students can be attributed to its limited scope where the parental income was fixed at very low-income bracket leaving a majority of the students out of the ambit of the scheme.

The position of applications received and scholarships awarded during 2002-07 in respect of nine selected districts as shown below disclose that a lot of students were not covered. Percentage of uncovered students ranged from 16 to 97 during 2002-03 to 2006-07 in respect of SCs. The same in respect of STs ranged from 24 to 81.

**Table-13**

Year	Enrolment		Applications received		Covered		Uncovered (Percentage)	
	SC	ST	SC	ST	SC	ST	SC	ST
2002-03	NA	NA	11600	12511	9077	9248	2523(22)	3263(26)
2003-04	-do-	-do-	15006	11448	12627	8699	2379(16)	2749(24)
2004-05	-do-	-do-	12128	6523	9681	4587	2447(20)	1936(30)
2005-06	-do-	-do-	13675	8392	9047	8392	4628(34)	Nil
2006-07	-do-	-do-	12635	6589	387	1245	12248(97)	5344(81)

Source: Records of Sub-divisional welfare officer

Test-check of 54 selected institutions revealed that 6,253 SC students were enrolled in 16 institutions and 6,119 ST students were enrolled in 14 institutions during 2002-03 to 2006-07 but none of these students were considered for the scholarship. School authorities attributed this to non-receipt of applications from the students. Thus, there was lack of planning for motivating /publicity campaigning etc on the part of the nodal Departments as well as by the field offices to bring the poor students belonging to SC/ST categories under the ambit of the scheme.

### **3.6.18 Impact of the schemes**

During the period 2002-03 to 2006-07, an expenditure of Rs.73.34 crore was incurred under CSS for educational development of SCs/STs in the State. In addition, Rs.5.73

crore was also spent by the State separately under State schemes for the same purpose.

Though Rs.81.46 crore was incurred on educational development of SCs and STs in the State over the last five years, there is no significant improvement in the educational status of the targeted group. There is a gradual decrease in enrolment of students of both SC and ST categories during the same period. Drop out rate in the years 2002-03 and 2003-04 remained high at over 70 percent for both SC and ST categories of students. Most of the students leave high schools before they complete the secondary level of education. As a result, they could not avail of the benefits of a majority of the schemes, which were formulated mainly for the post matric level students. Only a few incentives are available for students to continue with studies at primary and secondary levels to reduce the dropout rate of the students of these categories. The only scheme at pre-matric level was not a sufficient incentive to motivate the parents coming from very poor background to send their wards to schools.

### **3.6.19            *Monitoring and evaluation***

Monitoring is an important control mechanism in the Department, which should be exercised very effectively. Efficiency of monitoring is reflected in timely submission of prescribed reports and returns to the appropriate authority. It helps in analyzing the strengths and weaknesses in implementation of a programme based on which follow-up remedial action could be taken. However, except APRs (Actual Payees Receipts) in support of disbursements, no other periodical reports/returns regarding progress of the schemes were obtained from the field units and submitted to the State/Central Government. Inspections being an important tool of monitoring to ensure visibility of implementation of a programme were never done. This indicates that the Department does not have an effective monitoring mechanism and consequently the impact of the scheme remained unassessed. There was no internal audit system in the Department. Evaluation of the schemes was never carried out to assess the out come of the schemes.

### **3.6.20            *Conclusion***

The schemes were implemented without any assessment of the requirement of funds based on the actual number of eligible students on roll. There was general lack of awareness among the SC/ST students about the incentives/benefits due to inadequate exposure to the schemes. The schemes were formulated to encourage only higher education and very few incentives are on offer to motivate and promote education at primary and secondary level amongst SC/ST students. There were persistent delays in release of funds resulting in denial of scholarship to many needy students.

Construction of buildings for hostels was delayed inordinately and some of the hostel buildings were utilised for other purposes thereby depriving the eligible students of the facilities. There is also lack of co-ordination among the State authorities and the NGOs in promoting/spreading education among weaker sections.

### **3.6.21            *Recommendations***

- For optimum impact of the scheme, proper survey should be conducted to identify the target group so as to improve their life through proper education.

- Sufficient publicity should be given to motivate and encourage the targeted groups to make full use of benefits.
- More incentives should be offered at primary and secondary school level, so as to increase the enrolment of students and reduce the drop out rate.
- Hostel buildings should be constructed timely and funds meant for this purpose should not be diverted for other purposes.
- State Government should ensure coordination of all departments to sensitise them for wider coverage, and also coordination between the Government authorities and the NGOs wherever the latter is involved, for successful implementation of the schemes.
- Adequate monitoring mechanism should be put in place to plug the deficiencies and adopt remedial measures for successful implementation of the schemes.