

**CHAPTER-IV**  
**AUDIT OF TRANSACTIONS**

**4.1 Cases of fraud/misappropriation/losses**

**GENERAL ADMINISTRATION DEPARTMENT**

**4.1.1 Short/non-receipt of rice**

**Lack of monitoring and supervision by the Deputy Commissioner, Nagaon in procurement and distribution of rice among the flood-affected people resulted in short/non receipt of rice and consequent loss of Rs.52.11 lakh.**

Scrutiny (November-December 2005) of records of the DC, Nagaon revealed that 13,354.53 quintals of rice were procured (July-October 2004) from Nagaon wholesale consumers co-operative stores by the DC and shown as issued (20 July 2004 to 17 October 2004) to six Circle Officers (CO's) for distribution as relief to the people of the district affected in the floods during July/October 2004. But the records of the concerned six<sup>1</sup> CO's showed receipt of only 8,082.54 quintals of rice. While two of the COs received their full quantity of rice short/non receipt of 5,271.99 quintals of rice valued at Rs.52.11 lakh was detected in the stock account of the remaining four<sup>2</sup> COs (*Appendix-4.1*).

It was observed that the distribution of rice was not monitored by the district administration at any level, which resulted in short/non receipt of 5,271.99 quintals of rice valuing Rs.52.11 lakh. In spite of pointing out by audit, the loss was neither investigated, nor was any responsibility fixed.

The matter was reported to the Government in July 2007; reply had not been received (September 2007).

**HOME DEPARTMENT**

**4.1.2 Misappropriation of funds**

**Due to failure of internal controls including budgetary control, Government money to the tune of Rs.19.07 crore was mis-appropriated by fraudulent drawal of fund.**

Test-check (November 2006) of records of the Commandant, 3<sup>rd</sup> Assam Police Battalion, Titabar and the Office of the Director General of Police (DGP), revealed that the annual budget estimates prepared by the Commandant included funds for the vacant posts in the Unit, which were allocated. In addition, the DGP allocated funds in excess of that requisitioned by the Commandant during the years 2001-05, as shown below:

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<sup>1</sup> Sadar, Rupahi, Dhing, Raha, Kamalpur and Samaguri Circles.

<sup>2</sup> Sadar, Rupahi, Raha and Kampur Circles

(Rs. in crore)

Year	Budget provision	Additional allotment	Total Allotment	Expenditure
2001-02	8.28	0.72	9.00	9.00
2002-03	10.15	0.65	10.80	10.80
2003-04	10.04	1.01	11.05	11.05
2004-05	11.43	0.57	12.00	12.00
2005-06	12.75	--	12.64	12.64
2006-07	13.03	--	11.04	11.04
<b>Total</b>	<b>65.68</b>	<b>2.95</b>	<b>66.53</b>	<b>66.53</b>

Source: Departmental records

Scrutiny of the records of the unit revealed that in disregard of financial discipline and rules, neither the funds allotted in excess were refunded, nor were savings surrendered to the Government. The surplus was shown as utilised. No steps were also taken by the Office of the DGP to ascertain the whereabouts of the surplus funds at any level.

It was noticed that excess pay and allowances were drawn through the pay bills by inflating the number of employees, especially constables. The amounts so drawn were disbursed to several officials through pay-cheques for onward disbursement to the Battalion personnel (platoon wise) stationed at Battalion headquarters and field units. Audit analysis of actual requirement of money for disbursement of salaries based on the actual strength maintained on roll, pay chart, pay record register etc. with pay bills/pay bill copy book and amount drawn from treasury, disclosed that Rs.19.07 crore was drawn in excess over a period of 75 months between April 2000 and June 2006 (*Appendix-4.2*). The actual payee receipts in support of disbursement of the amount could not be shown to audit.

Thus, due to failure of internal controls including budgetary control, Government money to the tune of Rs.19.07 crore was mis-appropriated by fraudulent drawal of fund.

The Commandant stated (27 April 2007) that the case has been referred to Police after being pointed out by audit and that it was being investigated by the State CID. He further confirmed that an amount of Rs.14.35 lakh was recovered (April 2007).

Government reply, had however not been received (September 2007).

## Public Works Department

### 4.1.3 Loss of bitumen

**Non-reconciliation of bitumen transferred by EE, Guwahati Rural Road Division to 21 consignee divisions for more than 2 years facilitated non-receipt/short receipt of bitumen worth Rs.55.20 lakh by 13 consignee divisions.**

According to normal practice, bitumen is generally procured by the CE, Public Works Department (PWD), (Roads), Assam from the Indian Oil Corporation (IOC)/Hindustan Petroleum Corporation Limited (HPCL) on the basis of indent/requirement from the executing Divisions against advance payments. The

bitumen is received centrally by the Guwahati Rural Road Division for onward transfers to the indenting Divisions as per CE's allotment.

Test-check (December 2004-January 2005) of records and further collection of information (June 2005) revealed that the CE procured (May 2003 to January 2004) 1745.87 Metric Tonne (MT) bitumen from a private supplier valued at Rs.3.20 crore against two supply orders for immediate repair of damaged roads and placed the same at the disposal of EE, Guwahati Rural Road Division. The supply orders were placed with the private supplier, as the Department did not have enough funds for advance payment to IOC/HPCL. The EE, issued (June 2003 and August 2004) 1,305.221 MT of bitumen to 23 indenting Divisions against the CE's allotment of 546.562 MT for utilisation in the works. The EE stated (March 2007) that the issue of bitumen in excess of allotment had been regularized by CE, but could not produce any documentary proof to substantiate the same. In the absence of approval from the competent authority, the excess issue of 758.659 MT of bitumen worth Rs.1.39 crore (*Appendix-4.3*) remained unauthorised.

A comparison of records of the EE, Guwahati Rural Road Division for the period from September 2003 to October 2004 with those of 23 consignee Divisions, revealed that, five Divisions received full quantities as per allotment order, five Divisions furnished no reply. 13 divisions admitted receipt of only 312.596 MT bitumen against allotment of 612.797 MT bitumen resulting in short receipt of 300.201 MT valuing Rs.55.20 lakh (*Appendix-4.4*). Records in support of supply of full quantity of bitumen by the carriage contractors to the consignee divisions were not produced to audit. The issuing Division had not reconciled the quantity of bitumen transferred with quantity received by the consignee Divisions.

The EE, Guwahati Rural Road Division, stated (June 2005) that the bitumen was generally issued to different Divisions on proper acknowledgement on the RT challans from the authorised carriage contractors. The reply of the EE is not tenable, as the quantities in RT challans did not tally with the quantities acknowledged as received by the consignee divisions. The Division had no knowledge of short delivery of bitumen. The issuing Division had neither reconciled the quantity of bitumen transferred with that received by the consignee divisions nor was any action initiated against the carriage contractors for short delivery of bitumen.

Although the Division had initiated (June 2005) an investigation into the matter, further development is awaited. However, the fact remains that due to short receipt of bitumen by the consignee divisions, the Department had to suffer loss of Rs.55.20 lakh. Besides, probable mis-appropriation/mis-utilisation cannot be ruled out.

The matter was reported to Government in May 2007; reply had not been received (September 2007).

## 4.2 Excess payment/wasteful/infructuous expenditure

### EDUCATION DEPARTMENT

#### 4.2.1 Excess expenditure

**The Director, Non-formal and Adult Education incurred excess expenditure of Rs.57.79 lakh on procurement of articles at higher rates under the scheme Labour Literacy Centre.**

The State Government sanctioned (February 2006) Rs.4 crore for implementation of the scheme of Labour Literacy Centre (LLC) during the year 2005-06 under the award of the Twelfth Finance Commission. The Director of Non-formal and Adult Education (DNF&AE) drew (February 2006) only Rupees two crore according to Fixation of Ceiling issued by the Government.

Scrutiny (April 2006) of records revealed that the DNF&AE without calling any tender placed (February 2006) supply orders with the Manager, Pragjyotika, Assam Emporium, Assam Government Marketing Corporation Ltd for supply of 219 Televisions (TV) (TCL brand 21 inch) and 219 DVD (TCL brand) at their quoted rate of Rs.15,666 and Rs.7,599 per TV and DVD respectively under the LLC scheme. The firm supplied the material and received payment of Rs.50.95 lakh in the same month. The market rates of the TV and DVD of the same specification manufactured by the same company during the same period was Rs.7,190 and Rs.4,290 respectively.

Further, the DNF&AE again without call of tenders placed (February 2006) supply order with the same supplier for supply of items like plastic buckets, visitor chairs, water filter, slate, clay pencil, White Board and plastic tables (*Appendix-4.5*) under the scheme without indicating any specification. The firm supplied (February 2006) the articles and received (February 2006) payment of Rs.49.92 lakh from the DNF&AE. It was observed that the supplier's bill also did not indicate any specification/brand of the articles supplied, and the rates charged were higher than the market rates. Thus, procurement of articles at higher rate resulted in excess expenditure of Rs.57.79 lakh

The matter was reported to Government in August 2006; reply had not been received (September 2007).

### GENERAL ADMINISTRATION DEPARTMENT

#### 4.2.2 Infructuous expenditure/blocking of funds

**Failure of the Deputy Commissioner to ensure clear title of land led to infructuous expenditure of Rs.23.20 lakh besides blocking of funds of Rs.3.29 crore.**

The State Planning and Development Department (P & D Department) accorded (August 2005) sanction of Rs.3.52 crore to the Deputy Commissioner (DC) Bongaigaon for construction of 1,200 low cost houses (800 Nos. @ Rs.31,500 per house and 400 Nos. @ Rs.25,000 per house) for families of riot victims. The work was to be executed by the DC Bongaigaon through the District Rural Development Agency (DRDA). The entire amount was drawn by the DC Bongaigaon (August 2005) and Rupees one crore was released (November 2005) to DRDA, keeping the

balance amount of Rs.2.52 crore in his current account with S.B.I, Bongaigaon. The P&D Department's sanction order did not stipulate any time frame for completion of the houses nor did the DC fix any time frame.

Test-check (September 2006) of records of the DC, Bongaigaon revealed that the DRDA, spent Rs.23.20 lakh on site preparation, boundary fencing, construction of police barrack, approach roads and purchase of construction material upto February 2006 and thereafter stopped the work due to a ban imposed by the Hon'ble Gauhati High Court following land disputes. In reply to a query, the DC stated (July 2007) that the land belonged to the Government and that no alternative site was identified. Thus, due to the failure of the district administration to first ensure availability of clear title to land resulted in infructuous expenditure of Rs.23.20 lakh besides blocking of funds of Rs.3.29 crore. Further, the purpose of providing dwelling houses to riot victims was defeated.

The Government stated (July 2007) that works would be started after disposal of the case by the Hon'ble High Court.

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 4.2.3 Extra expenditure

#### **Failure of B. Baruah Cancer Institute to hand over clear site for construction of building resulted in extra expenditure of Rs.36.31 lakh.**

The construction work of new hospital building at B. Baruah Cancer Institute, Guwahati was awarded (January 1999) by the Chief Engineer (CE), Public Work Department (Building) to a Guwahati based firm at his tendered value of Rs.2.47 crore with the stipulation to complete the work in 24 months. The work was started in April 1999.

The agreement with the contractor provided that if the contractor fails to complete the work within the stipulated period for reasons not attributable to him, the payment for the balance work, after the stipulated period would be made at increased rate based on the RBI, whole sale price index for building material, labour and POL.

Scrutiny (January 2007) of records revealed that the work was completed (August 2003). The contractor was paid Rs.2.94 crore upto XII running account and final bill (September 2003). The delay in completion of the work was due to delay in handing over clear site for construction to the contractor. The contractor submitted (April 2003) escalation claim for Rs.36.31 lakh to the hospital authorities through the PWD. As the hospital authority failed to make the payment of price escalation bill, the contractor filed (March 2004) a writ petition in Gauhati High Court (HC). The HC in its order (April 2004) directed the Department to pay the escalation charges if the claim was admissible. The hospital authorities paid Rs.36.31 lakh to the contractor between August and December 2004.

Thus, failure on the part of the hospital authorities in handing over clear site for construction to the contractor in time resulted in extra expenditure of Rs.36.31 lakh.

The matter was reported to the Government in May 2007; reply had not been received (September 2007).

## PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

### 4.2.4 Infertuous expenditure

**Failure of the PD, DRDA, Tinsukia to distribute cooked meals to the children even after construction of kitchen sheds resulted in infertuous expenditure of Rs.1.36 crore.**

Union Ministry of Human Resource Development, Department of Elementary Education (DEE) introduced Mid-day Meal Scheme (MMS) for distribution of cooked nutritious food to the primary school children. Accordingly, DEE laid down (May 2004) the provision for issue of food grains as under.

- at the rate of 100 gram per child per school-day for providing cooked meal,
- at the rate of 3 kg per child per month when only food grains were to be distributed.

The State Panchayat and Rural Development Department directed (March 2004) the Deputy Commissioner (DC) Tinsukia to construct kitchen sheds in Government and Government aided lower primary schools of Tinsukia district under Sampoorna Grameen Rojgar Yojana (SGRY) at a cost of Rs.10,000 per shed. The State Government revised (August 2005) the unit cost of construction of shed to Rs.15,000. Accordingly the PD, DRDA constructed 909 kitchen sheds at a cost of Rs.90.90 lakh at the rate of Rs.10,000 per school during 2003-04 and 2004-05 (2003-04: 462 sheds for Rs.46.20 lakh and 2004-05:447 sheds for Rs.44.70 lakh) and also spent Rs. 45.45 lakh for upgradation of these sheds (at the rate of Rs.5,000 per shed) during 2005-06.

Scrutiny (November-December 2006) of records of the PD, DRDA, Tinsukia revealed that cooked meals were not provided by the Agency to the children. During the years 2004-06 only rice was distributed among the children. From April 2006 till the date of audit, neither food grains nor cooked meal were issued to children.

As cooked meal was not provided to the children till the date of audit, the expenditure of Rs.1.36 crore for construction of kitchen sheds in 909 schools proved to be infertuous.

The matter was reported to the Government in March 2007; reply had not been received (September 2007).

## Public Health Engineering Department

### 4.2.5 Wasteful expenditure

**The boring of a deep tube well for supply of pure and safe drinking water to villagers without geophysical survey and consultation with Central Ground Water Board resulted in wasteful expenditure of Rs.18.82 lakh.**

Test-check (July 2005) of records of the Executive Engineer (EE), Hojai Public Health Engineering (PHE) Division revealed that for supply of pure and safe drinking water, a piped water supply scheme (PWSS) under Accelerated Rural Water Supply Programme (ARWSP) was taken up for execution departmentally without any technical sanction or ascertaining the availability of water bearing strata at the proposed site from the Central Ground Water Board (CGWB). The PWSS was completed/commissioned (March 2002) at a cost of Rs.18.82 lakh.

The depth of boring of DTW was 112 running metre (Rm) against the estimated provision of 180 Rm. The reason for short boring as stated (March 2007) by the EE was due to availability of water bearing strata at lesser depth. The Division stated (June 2007) that the estimate for boring of DTW was made on the assumption of the past experience of such boring instead of, on the technical advice of CGWB. The DTW became non functional (March 2003) due to draw down<sup>3</sup>/failure of DTW.

Thus, due to boring of DTW without consulting the CGWB and non-execution of test boring and short boring rendered the expenditure of Rs.18.82 lakh unproductive besides depriving villagers of safe and pure drinking water.

The matter was reported to Government in March 2007; reply had not been received (September 2007).

## Public Works Department

### 4.2.6 Infructuous and wasteful expenditure

**Unnecessary duplication of work of “Improvement of Borkhat Borni Road” by the Executive Engineer, Guwahati Rural Road Division under Additional Central Assistance and also under Centrally Sponsored Scheme resulted in wasteful expenditure of Rs.58.60 lakh.**

Union Ministry of Road Transport and Highways (MORT&H) conveyed administrative approval (AA) (January 2004) to the work “Improvement of Borkhat Borni Road under Additional Central Assistance (ACA) from 5<sup>th</sup> to 15<sup>th</sup> km” for Rs.98.16 lakh. The main components of the work *inter alia* were collection and supply of stone metal including spreading, screening from 5<sup>th</sup> to 15<sup>th</sup> km and repair of Semi Permanent Timber (SPT) bridge No. 13/1 and 15/1. The work was awarded (November 2002) to M/s Nizara Constructions by the CE, PWD (Roads), at a tendered value of Rs.94.38 lakh (4 *per cent* above APWD, SOR 2000-01) before obtaining AA of the MORT&H with the stipulation to complete the work by May 2003. However, the firm started execution of the work from June 2002 against a preliminary work order issued by CE, i.e., six months before issue of formal work order.

After commencement of work by the firm, the State Government forwarded (July 2002) another estimate of “Improvement of Borkhat Borni Road (15 km) alongwith replacement/construction of Bridge Nos. 11/2, 13/4 and 15/2 under Centrally Sponsored Schemes (CSS) of State Roads of Inter State Connectivity” to MORT&H by renumbering the SPT Bridge No. 13/1 and 15/1 to 13/4 and 15/2 on the same stretch of the road for Rs.4.43 crore. The Ministry conveyed (November 2002) the administrative, technical and financial sanction to the work for Rs.4.48 crore. The CE awarded (December 2002) the work to another firm M/s Shivam at a tendered value of Rs.4.25 crore with the stipulation to complete the work by August 2003. The CE raised the tender value to Rs.4.70 crore by executing two supplementary tenders for some new items of work beyond the scope of original tender.

<sup>3</sup> Where water level in bored wells goes down.

Test-check (December - January 2005) of records and subsequent collection (May 2006) of information revealed that M/s Nizara Constructions renovated (July-August 2002) the bridges 13/1 and 15/1 at a cost of Rs.6.92 lakh and completed (December 2002) collection, supply and spreading of broken stone metals and screening type B from 5<sup>th</sup> to 15<sup>th</sup> km at a cost of Rs.51.68 lakh. Subsequently, M/s Shivam executed earthwork in core of embankment, sub grade and WBM worth Rs.2.95 crore from 1<sup>st</sup> km to 15<sup>th</sup> km over already laid broken stone metal and screening type B. M/s Shivam also dismantled (April 2003) and reconstructed (June-July 2003) the already renovated SPT Bridges to RCC bridges at a cost of Rs.1.68 crore. The Division made final payment of Rs.1.08 crore to M/s Nizara Constructions in February 2005 and Rs.4.63 crore to firm M/s Shivam in November 2005 against the completed work.

As the estimate under CSS covering all aspects of road formation and conversion of SPT bridges into RCC bridges was already approved, there was absolutely no necessity to enter into agreement with M/s Nizara Constructions under ACA. Thus, continuing the execution of work under ACA even after getting approval of comprehensive estimates of work under CSS had resulted in wasteful expenditure of Rs.51.68 lakh towards collection, supply and spreading of broken stone metals and screening type B, and Rs.6.92 lakh on renovation of SPT bridges.

The matter was reported to Government in May 2007; reply had not been received (September 2007).

## Water Resources Department

### 4.2.7 Wasteful expenditure

**Temporary protection measure in a highly erosion prone area of river Brahmaputra at 9<sup>th</sup> KM under Palashbari Gumi Project (Water Resources) Division resulted in wasteful expenditure of Rs.59.05 lakh due to non sanction of permanent protection measures.**

Test-check (February 2006) of records of Water Resources Department revealed that after the floods to river Brahmaputra, (June 2004), the right side slope of the dyke (southern channel) got eroded leading to breach of embankment. The EE, spent (July 2004) Rs.59.07 lakh on temporary measures in strengthening, the existing ring bundh with earth filled cement bags supported by bamboo palasiding (Rs.9.97 lakh) and when it proved insufficient, constructed (Rs.49.08 lakh) another bamboo mohorrrir with earth filled cement bags within 50 to 100 meters of the existing bundh. Sanction of the above expenditure was accorded by the Revenue Department from Calamity Relief Funds (CRF). The completed bamboo mohorrrir however, could not resist the onslaught of floods and breached due to active erosion in July 2004 itself.

Considering that the southern bank of the river eroded in 1995 itself as it is a highly erosion prone area and affected 300 families, permanent boulder protection measures should have been initiated by the Department rather than resorting to minor repairs in a piece meal basis. Failure to do so, resulted in the expenditure of Rs.59.05 lakh spent on temporary protection work proving infructous.

The matter was reported to Government in April 2007; reply had not been received (September 2007).



### 4.3 Avoidable/unfruitful expenditure/undue favour to contractors

#### CULTURAL AFFAIRS DEPARTMENT

##### 4.3.1 Undue financial aid and loss of interest

**Failure of the Secretary, Srimanta Sankardeva Kalakhetra Society to restrict mobilisation advance as per rules resulted in undue financial aid of Rs.3.20 crore to the firm besides loss of interest of Rs.52.97 lakh. Further, taking up construction works without ensuring availability of required funds resulted in idle investment of Rs.10.16 crore.**

The Union Ministry of Development of North Eastern Region (DONER) sanctioned (November 1999) Rs.20 crore against the proposed cost of Rs.28 crore for construction of three auditoriums of seating capacity of 1,250 (Rs.11.77 crore), 800 (Rs.8.31 crore), 300 (Rs.2.39 crore) and toilet, restaurant, car parking, etc. (Rs.5.43 crore). DONER released (June 2001 to March 2006) Rs.20 crore out of Non Lapsable Central Pool of Resource. The State Cultural Affairs Department released (October 2002 to May 2006) Rs.19.52 crore to the Secretary, Srimanta Sankardeva Kalakhetra (Society) for execution of the works. The Society awarded (May 2003) the work to a firm<sup>4</sup> at its tendered value of Rs.27.98 crore. As per contract (May 2003) the contractor could avail mobilisation advance (MA). As per rules MA was admissible at 10 percent of the estimated cost/ tendered value or Rs.1 crore, whichever is less, at 10 percent simple interest on the outstanding MA.

Scrutiny (October 2006) of the records of the Cultural Affairs Department (DCA) along with the records of the Secretary of the Society revealed that the Society paid Rs.4.20 crore as MA to the firm in two instalments (Rs.3.36 crore in May 2003 and Rs.0.84 crore on August 2003) i.e. an excess of Rs.3.20 crore in contravention of rules. The entire MA paid to the firm was recovered (September 2003 to August 2005) in 20 equal instalments without recovery of any interest.

Thus, failure on the part of the Department to restrict MA to 10 percent and recover 10 percent simple interest resulted in undue temporary financial assistance of Rs.3.20 crore and loss of interest of Rs.52.97 lakh (detailed in **Appendix-4.6**) to Government.

Scrutiny of records of the DCA and SSK revealed that the auditorium with a seating capacity of 300 persons was completed (January 2006) but the one with a seating capacity of 1,250 persons scheduled to be completed in May 2003 was yet to be completed after incurring an expenditure of Rs.6.57 crore.

Construction of the third auditorium with a seating capacity of 800 persons, also to be completed in May 2003, was held up since June 2004 after incurring an expenditure of Rs.3.59 crore. The work was held up due to non-release of funds (Central fund Rs.0.48 crore and State share Rs.8 crore) by the State Government. Reason for non release was not stated nor found in records. Further, the DCA submitted (July 2006) a new proposal (revised estimates) to the State Government for Rs.10.16 crore required for completion of the auditorium due to price escalation. But no fund was provided by

<sup>4</sup> M/S Larsen and Toubro Limited.

the State Government and works remained incomplete till date (July 2007). Thus, taking up the construction work by the Society without ensuring availability of required funds resulted in idle investment of Rs.10.16 crore. (Rs.6.57 crore + Rs.3.59 crore)

The matter was reported to Government in March 2007; reply had not been received (September 2007).

## GUWAHATI DEVELOPMENT DEPARTMENT

### 4.3.2 Avoidable expenditure

**Failure of the Secretariat Administration Department to comply with the judgement of the High Court resulted in avoidable payment of land acquisition cost and compensation to the tune of Rs.85.04 lakh.**

Scrutiny (April-May 2006) of records of the Secretariat Administration Department (SAD) revealed that the State Government took possession of a land (1973) measuring 1 Bigha<sup>5</sup> 1 Katha 10 Lasa without paying the cost of acquisition (estimated at Rs.25.38 lakh) to the owner of the land. The Gauhati High Court, directed the State Government (8 September 1995) to pay compensation to the owner within 15 days or return the land within a period of one month. The State Government failed to comply with the direction of the High Court within the stipulated period. Instead of denotifying the land, it issued a notification for acquiring the land (November 1996).

In January 1998, Rs.25.38 lakh was paid to the owner as the cost of acquisition, excluding cost of compensation (Rs.12.72 lakh). The heirs of the land owner moved (March 1998) the Hon'ble Ad-hoc Additional District Judge for payment of recurring compensation and revision of cost of land at the prevailing market rate at the time of acquisition of land (November 1996). The Court in its judgment (27 September 2004) passed orders enhancing the compensation and allowing interest till the date of payment, annual compensation for occupation and use of the acquired land by State Government w.e.f 01 September 1973 to 19 February 1997. The total amount paid by the State Government amounted to Rs.110.42 lakh.

Thus, due to the failure of the Government to make payment for land acquisition and non-compliance with the judgement of the High Court on time, it incurred an avoidable expenditure of Rs.85.04 lakh (Rs.110.42 lakh – Rs.25.38 lakh).

The matter was reported to Government in September 2006; reply had not been received (September 2007).

## HOME DEPARTMENT

### 4.3.3 Avoidable expenditure

**The Director General of Police purchased 14,587 steel cots at higher rate, which resulted in avoidable expenditure of Rs.88.31 lakh.**

The Director General of Police (DGP), Assam issued (February 2004) a notice inviting tender (NIT) for supply of 14,648 “steel folding cots” for distribution among

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<sup>5</sup> 1 Bigha = 1338 Sq.Mt.

police force. In response to the NIT, 16 tenders were received. The rate of Rs.1,491 per cot offered by the lowest tenderer<sup>6</sup> was rejected by the Purchase Board (PB) on the ground that production capacity of steel cots by the firm was not mentioned in the certificate issued by the Industries Department as required under NIT. The firm was, however, certified by the Industries Department as manufacturer of decorative furniture, steel gate and grill and was well equipped with plant and machinery for fabrication of steel material. Moreover, the firm had previous experience of supply of furniture to the Education Department. The PB however, accepted the L 2 rate Rs.1,853 per cot (excluding 13.2 percent sales tax /12.5 percent VAT) offered by another firm<sup>7</sup> which had a capacity to produce 4,500 cots per month.

Scrutiny (February and March 2006) of records revealed that 14,648 cots were procured (January to July 2005) from the second firm for Rs.307.25 lakh between May and July 2005. Although the firm had a monthly production capacity of 4,500 cots, it failed to supply the first batch of 7,500 cots within the stipulated time of 50 days. In fact it could complete the supply 153 days after the stipulated time. The Department failed to enforce the penal clause for delayed supply. Thus, acceptance of higher rate on the basis of production capacity alone, which, however turned out to be far less than the stated capacity, was not justified. Besides, previous experience of supply as required under clause 5 of the NIT was also disregarded. The Department also did not initiate any action for ascertaining the production capacity of the firm that quoted the lowest rate.

Thus, procurement of 14,648 steel cots at higher rate resulted in avoidable expenditure of Rs.88.85 lakh<sup>8</sup>.

The matter was reported to Government in June 2006; reply had not been received (September 2007).

#### **4.3.4 Avoidable expenditure**

##### **Non-procurement of material by the Director General of Police from manufacturing Company resulted in avoidable expenditure of Rs.37.07 lakh.**

The Director General of Police (DGP), Assam issued (August 2004) a notice inviting tender (NIT) for supply of uniform articles for police personnel for the year 2004-05. In response to the NIT, six firms quoted their rates for supply of 'Hunting Boots' and eight firms quoted rates for supply of 'Brown Canvas Shoes'. The Purchase Board (PB) accepted (December 2004) the highest rate of Rs.238.70 plus taxes (12.5 percent) per pair of Hunting Boots quoted by M/S Andromeda Guwahati and 5<sup>th</sup> lowest rate of Rs.89.99 including taxes per pair of 'Brown Canvas Shoes' quoted by M/S Anirudha Enterprise, Nagaon. In both the cases the PB accepted the higher rates on the ground that the samples furnished by the tenderers were of Bata brand.

Scrutiny (February 2006) of records and further information collected (February – March 2007) revealed that the DGP procured 39,734 pairs of Hunting Boots and

<sup>6</sup> M/s Kiron Wood Craft, Guwahati, a Small Scale Industries (SSI) unit exempted from payment of Sales Tax.

<sup>7</sup> M/s Hazarika Saw Mill, Guwahati.

<sup>8</sup> Rs.307.25 lakh-Rs.1, 491 x 14,648 = Rs.88.85 lakh.

86,242 pairs of Brown Canvas Shoes from the firms between May 2005 and July 2005 for Rs.1.07 crore and Rs.77.61 lakh respectively between August 2005 and March 2006. The DGP procured Bata products through suppliers but did not initiate any action to procure the material directly from the manufacturer M/s Bata India Ltd. at their prevailing wholesale rates (Rs.184.95 + 12.5% VAT for Hunting Shoes and Rs.66.55 + 12.5% Vat for Brown Canvas Shoes).

Thus, non-procurement of material directly from the manufacturing company and purchasing it from suppliers at 29 percent (Hunting boot) and 20 percent (Canvas shoes) higher rates resulted in avoidable expenditure of Rs.37.07 lakh (detailed in **Appendix-4.7**).

The matter was reported to the Government in June 2006; reply had not been received (September 2007).

**Public Works Department**

**4.3.5 Avoidable expenditure**

**The Executive Engineer, PWD, Guwahati City Division No. 1 paid Rs.97.22 lakh as price adjustment to the contractor due to delay in completion of work attributable to the Department.**

Mention was made in Para 4.2.8 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006 (Civil) regarding avoidable excess expenditure of Rs.80 lakh for awarding the work of construction of Flyover at Ulubari Chariali, Guwahati to a tenderer other than the lowest tenderer in violation of the codal provisions.

The Chief Engineer (CE), PWD (Roads), Assam awarded (August 2000) the work "Construction of Flyover at Ulubari Chariali", to a firm at a cost of Rs.11.07 crore with the stipulation to complete the work by December 2001 against an estimated cost of Rs.17.95 crore<sup>9</sup>. Subsequent to the award of the contract, the Chief Executive Officer, Guwahati Metropolitan Development Authority (GMDA) accorded (December 2001) administrative approval (AA) to the work for Rs.15.42 crore on the strength of Government approval (September 1999). While according AA, the GMDA cancelled, among other things, price escalation/price adjustment of Rs.77.53 lakh included in the original estimate. The CE, PWD (Roads) accorded technical sanction (TS) in January 2002 to the work for Rs.15.42 crore. As of August 2006, the physical progress of the work was 99 percent with an expenditure of Rs.11.02 crore. No

9

<i>Item</i>	<i>Estimated Amount</i>	<i>AA / TS Amount</i>	<i>Remarks</i>
Construction of Flyover	Rs.110759211.00	Rs.110759211.00	Tendered value
Price escalation	Rs.7753144.00	-	Cancelled by GMDA
Appurtenant works like shifting of electric lines, pipe lines etc.	Rs.25629800.00	Rs.25629800.00	
Land acquisition, Contingency etc.	Rs.35354180.00	Rs.17800384.00	
<b>Total:</b>	<b>Rs.179496335.00</b>	<b>Rs.154189395.00</b>	

penalty was imposed on the firm for delays as same were attributable to the Department.

Test-check (August-September 2006) of records revealed that due to departmental lapses like non-shifting of electric power lines, underground pipe lines for water supply, delay in land acquisition etc., the CE finally extended (March 2004) the time for completion upto July 2004. The progress of the work was reviewed in a high power committee meeting (May 2004) and it was reiterated to complete the work by July 2004 and also resolved that under no circumstances should the original project cost be escalated. Some additional works connected with the flyover were proposed to be undertaken in the meeting after preparing separate estimate.

Since the original AA did not have provision for price adjustment, the Division in the estimate for additional work of flyover for Rs.3.87 crore accommodated *inter-alia* price adjustment of Rs.97.22 lakh. The additional work commenced (July 2005) after obtaining Government approval (June 2005) and as of August 2006, the Division paid Rs.2.55 crore (including price adjustment of Rs.97.22 lakh) to the contractor against physical progress of 86 *per cent* of the additional work.

Audit observed that the Department deliberately included price escalation of Rs.97.22 lakh in the estimate of additional work and subsequently awarded the work to the same contractor to escape contractual obligations of the original work. Thus, inclusion of the price adjustment clause in the agreement despite absence of the same in the AA and also in the decision of the High Power Committee resulted in avoidable expenditure of Rs.97.22 lakh.

The matter was reported to Government in March 2007; reply had not been received (September 2007).

#### **4.3.6 Avoidable extra expenditure**

##### **Non-acceptance of lowest bids by the Chief Engineer, Public Works Department (ARIASP & RIDF) in awarding road works to the contractors led to avoidable extra expenditure of Rs.59 lakh.**

The work of 'Construction of North Guwahati-Amingaon-Hajo-Kalitakuchi-Doulasal (KD)-Barpeta-Howly Road' (portion from Kalitakuchi to Doulasal) under RIDF-VI of NABARD of length 31.10 Km was administratively approved (June 2002) by the State Public Works Department (PWD) for Rs.13.87 crore, against the estimated cost of Rs.15.42 crore. The estimate was prepared on the basis of Assam PWD schedule of rates for 1995-96 with a premium of 45 *per cent*. Rates of different items of work requiring quarry material were enhanced depending on the distances from the quarry. The Guwahati Rural Road Division was to execute a length of seven kilometre (Chainage 0.00 metre to Chainage 7000 metre) of the road at an estimated cost of Rs.2.82 crore. The CE, PWD, ARIASP and RIDF<sup>10</sup> after splitting the road length of

<sup>10</sup> ARIASP: Assam Rural Infrastructural and Agricultural Services Project RIDF: Rural Infrastructure Development Fund

seven kilometres into three packages<sup>11</sup> awarded (April 2001 to June 2001) the work to five different contractors at a total tendered cost of Rs.3.30 crore. The rationale behind bifurcation of the work into three different packages and awarding it to five different contractors was not on record. The work was stated (June 2006) to have been completed at a total cost of Rs.3.41 crore but the Department could not produce any completion certificate or state the date of completion (July 2007).

Test-check (December 2004 – January 2005) of records revealed that according to the recommendation (March 2001) of the tender committee, the packages of KD<sub>1</sub> (Chainage 0 metre to 1000 metre), KD<sub>2</sub> (Chainage 1000 metre to 2000 metre) and KD<sub>3</sub> (Chainage 2000 metre to 7000 metre) were awarded at five, three and 22 *per cent* above the estimated cost against the available lowest bids of 15, 12.5 and 11 *per cent* below the estimated cost. The reason for awarding these packages to contractors at three different rates was also not on record. The tender committee rejected the lowest rates as being un-workable.

Audit observed that as the rates in the estimate were framed in consideration of quarry distances at different but adjoining chainages, splitting of the work into three packages, invitation of tenders for different packages separately and subsequent award of works at different premiums was irrational and injudicious. The irrational execution of construction of the road at different rates in different chainages, in identical conditions led to extra avoidable expenditure of Rs.0.59 crore (Rs.3.41 crore - Rs.2.82 crore) over the estimated cost.

The matter was reported to Government in March 2007; reply had not been received (September 2007).

#### 4.3.7 Unfruitful expenditure

**Due to failure of the PW Department to acquire land in 850 m stretch for the drain work the expenditure of Rs.2.29 crore against side drain remained unfruitful.**

The Guwahati Development Department (GDD) accorded (July 2003) administrative approval to the work of “Improvement of existing road from Assam Administrative Staff College to proposed Capital Complex via Beltola” for Rs.5 crore. The work included improvement of 3.60 km long existing road and construction of drains on both sides of the road.

Test-check (September 2005) of records of the EE, Guwahati City Division No.II and other information collected subsequently (May 2007) revealed that the CE awarded (October 2003) the work to a contractor at a tendered value of Rs.4.45 crore with the

11

Packages	Chainage	Estimated Cost
KD <sub>1</sub>	(Part-I)	0 metre to 500 metre
	(Part-II)	500 metre to 1000 metre
KD <sub>2</sub>	(Part-I)	1000 metre to 1500 metre
	(Part-II)	1500 metre to 2000 metre
KD <sub>3</sub>		2000 metre to 7000 metre
<b>Total:</b>		<b>Rs.282.23 lakh</b>

Note: KD means Kalitakuchi-Doulasal Road

stipulation to complete the work in six months (April 2004). The contractor commenced the work (October 2003) but, the progress of work suffered at different stretches due to litigation as well as obstruction by some private land owners and authorities over acquisition of land involving a total length of 850 m<sup>12</sup> for construction of drainage. The CE raised (October 2003) the tendered value to Rs.4.54 crore by entering into a supplementary tender on account of addition of some items of work<sup>13</sup> beyond the scope of original tender. The Division failed to hand over the obstructed portion of the land to the contractor owing to various interim orders of Hon'ble Court. Finally as requested by the contractor, the Division measured the finished portion of work and paid Rs.4.07 crore (including Rs.2.29 crore<sup>14</sup> towards drain) to the contractor in May 2005.

Owing to non-construction of the drain at Last Gate, the entire water of constructed drain on the right side could not go to its outlet. As such, entire drain water came to Last Gate area submerging it during heavy rains. The Division requested (May 2005) the Deputy Commissioner, Kamrup (Metro) to take necessary action for acquisition of the land required for construction of the drain but, the stretches could not be made free from litigation/obstruction till March 2007. Thus due to lack of proper planning on the part of the Division in acquisition of land before award of the work frustrated the very purpose of protecting the existing road from water logging, and had infact damaged the road surface during rainy season, besides rendering the entire expenditure of Rs.2.29 crore on the construction of drainage unfruitful.

The matter was reported to Government in July 2007; reply had not been received (September 2007).

<sup>12</sup>

Name of road	Chainage	Length	Location	Remarks
Beltola Basistha Road	1270 m to 1400 m	130 m	Dispur Last Gate	Right Hand Side
	1615 m to 1665 m	50 m	Opposite Sweeper Colony	Right Hand Side
	2067 m to 2267 m	200 m	Near Wireless	Left Hand Side
Beltola Khanapara Road	900 m to 1110 m	210 m	Opposite Jaya Nagar Junction	Right Hand Side
	1410 m to 1670 m	260 m	Sericulture Office, Khanapara	Left Hand Side
<b>Total: -</b>		<b>850 m</b>		

<sup>13</sup> Earthwork in excavation of foundation trenches etc. up to water level and below water level, Providing 15 cm thick stone soiling in foundation etc., providing liquid seal coat over the premiss carpeting etc.

<sup>14</sup>

<b>Expenditure against side drain: -</b>	
In the right hand side	Rs.1.17 crore
In the left hand side	Rs.1.12 crore
<b>Total: -</b>	<b>Rs.2.29 crore</b>

#### 4.3.8 Unfruitful expenditure

**Expenditure of Rs.1.77 crore on completed RCC Bridge under Guwahati Rural Road Division remained unfruitful, as the Division could not complete the approaches due to non-allotment of land by District Administration.**

The work “construction of RCC bridge No. 18/1 over river Sessa on North Guwahati Amingaon Hajo Raod” was completed (October 2001) by Assam Government Construction Corporation at a cost of Rs.1.53 crore.

Test-check (December 2004-January 2005) of records of the EE, Guwahati Rural Road Division and further collection (May 2007) of information revealed that the works of approaches were awarded (August 1998) to two different contractors at a total tendered value of Rs.45.72 lakh<sup>15</sup> for completion by October 1998. The works of approaches in chainages 0 m to 105 m on Guwahati side and 0 m to 94 m on Hajo side were completed (July 2003) for Rs.24.03 lakh. The approach works in chainages 105 m to 210 m on Guwahati side and 94 m to 105 m in Hajo side could not be taken up till March 2007 as the Deputy Commissioner (DC), Kamrup did not hand over the required land to the Division though Rs.18 lakh was paid (March 2001) as land compensation. As a result, the bridge proper could not be opened for vehicular traffic as of March 2007.

Thus, due to non-completion of approaches the entire expenditure of Rs.1.77 crore (Rs.1.53 crore + Rs.0.24 crore) proved unfruitful.

The matter was reported to Government in July 2007; reply had not been received (September 2007).

### Water Resources Department

#### 4.3.9 Unfruitful and avoidable extra expenditure

**Action of the Department in taking up the work before obtaining administrative approval and technical sanction, and splitting up the work and executing it in an adhoc manner led to infructuous expenditure of Rs. 2.39 crore.**

Test-check of records of the EE, Goalpara Water Resources Division revealed that the scheme “Construction of retirement<sup>16</sup> from chainage 19.46 km to 24.60 km of Brahmaputra dyke from Kharmuja to Balikuchi at Bowrartal-Fatengapara area” was administratively approved and technically sanctioned (March 2001) by the Additional Chief Engineer, WRD, Lower Assam Zone for Rs.3.37 crore. But the work was started in March 1999 itself by issuing work orders from time to time in an adhoc

15

Chainages	Side	Tender value	Physical progress	Payment made
0 m to 105 m	Guwahati	Rs.11.37 lakh	100%	Rs.12.70 lakh
105 m to 210 m	Guwahati	Rs.11.37 lakh	NIL	-
0 m to 94 m	Hajo	Rs.11.49 lakh	100%	Rs.11.33 lakh
94 m to 150 m	Hajo	Rs.11.49 lakh	NIL	-
<b>Total: -</b>		<b>Rs.45.72 lakh</b>	<b>Total: -</b>	<b>Rs.24.03 lakh</b>

<sup>16</sup> New embankment constructed towards countryside as second line of defence by abandoning the existing dyke



manner over a period of 15 months to 646 contractors at different chainages. Stretching the work over such a lengthy period in a highly vulnerable area ultimately led to failure of the protection work. The retirement bund breached (26 June 2000), after execution of work valued at Rs.2.39 crore. Failure to complete the work in the stipulated time and before the onset of monsoon resulted in unfruitful expenditure of Rs.2.39 crore.

Action of the Department in taking up the work before obtaining administrative approval and technical sanction, and splitting up the work and executing it in an adhoc manner led to infructuous expenditure of Rs.2.39 crore.

The matter was reported to Government in May 2007; reply had not been received (September 2007).

#### **4.3.10 Avoidable extra expenditure**

**The Water Resources Department incurred avoidable extra expenditure of Rs.48.36 lakh in anti-erosion and protection work on the bank of river Brahmaputra as a result of inflated estimates by splitting transportation cost of boulders involving local carriage.**

Water Resources Department (WRD) accorded (September 2001 and August 2002) administrative approvals (AA) for “Anti-erosion measures against the bank erosion of river Brahmaputra at different reaches of North Guwahati Town from Aswaklanta Hill to Dihing Satra” and “Protection of Guwahati Town from the erosion of river Brahmaputra (from Kachari Bazar to DC Court)” for Rs.4.32 crore and Rs.3.69 crore respectively. The CE, WRD, accorded (February 2005 and October 2003) technical sanctions (TS) for both the works for the same amount. The reason for delay in according TS was not on record. The works were awarded (2002 and 2004) to the contractors for completion within 30 days from the date of issue of work orders. The works were completed (May 2004 and November 2004) for Rs.3.69 crore and Rs.4.32 crore respectively.

Test-check (January-February 2006) of records of the EE, Guwahati East Embankment & Drainage Division revealed that the Division procured 33,150 m<sup>3</sup> and 28,413 m<sup>3</sup> of boulders for the said works from the same quarry situated at distances of 26 km and 36 km respectively from the respective sites of work by 10-ton capacity truck and stacked the boulders 150 metre beyond the work sites though the rates of carriage were for stacking at work site. The Division incurred an expenditure of Rs.48.36 lakh<sup>17</sup> against local carriage of 52,092 m<sup>3</sup> boulders by 10-ton capacity truck from 150 metre beyond the work site including loading and unloading as per

17

Sl. No.	Name of work	Procurement of boulders	Local carriage of boulders	Rate	Amount
1	Anti-erosion measures from Aswaklanta to Dihing Satra.	33150 m <sup>3</sup>	80% of 33150 m <sup>3</sup> = 26520 m <sup>3</sup>	Rs.75.00	Rs.19,89,000.00
2	Protection of Guwahati Town from Kachari Bazar to DC Court.	28413 m <sup>3</sup>	90% of 28413 m <sup>3</sup> = 25572 m <sup>3</sup>	Rs.111.32	Rs.28,46,675.00
<b>Total: -</b>			<b>52092 m<sup>3</sup></b>		<b>Rs.48,35,675.00</b>

provisions in the estimates. As the sites of works were approachable by 10-ton truck, it was injudicious to stack the boulders 150 metre beyond the work sites and carry the same by 10-ton capacity truck to the work sites. The local carriage charges could have been avoided by stacking the boulders at the work sites after collection from the quarry.

The Government in reply stated (July 2007) that although both the sites were approachable by 10-ton capacity truck, sufficient open space was not available at the work site to keep huge quantity of boulders for a certain period before utilisation of the same. The reply is not tenable as payments were made for carriage of boulders from the quarry to the sites and as per records, the entire quantity of boulders were not procured at a time, but over a period of about two years.

Thus, unnecessary inclusion of provision of local carriage of boulders in the estimate and subsequent execution of work against inflated estimates had resulted in an extra expenditure of Rs.48.36 lakh, which could have been avoided.

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

### **4.3.11 Extra avoidable expenditure**

**Procurement of 57,665 bundles of yarn and 5,940 numbers fishing net at higher rates from three rejected tenderers by the Director, Welfare of Schedule Caste, resulted in extra avoidable expenditure of Rs. 60.99 lakh.**

The Union Ministry of Social Justice and Employment released Rs.14.24 crore during 2004-06 (Rs.8 crore) and 2005-06 (Rs.6.24 crore) to the State Government as Special Central Assistance (SCA) under Special Component Plan (SCP) for the development of Scheduled Castes (SCs) through implementation of Family Oriented Income Generating Scheme (FOIGS) by providing inter-alia, cotton yarn, fishing net etc.

Test-check (September 2006) of records of the Director, Welfare of SCs revealed that in response to the Director's short notice inviting quotations (May 2003) for procurement of yarn (40<sup>S</sup> cotton yarn 2.27 kg per bundle) along with other handloom accessories and fishing net, five Government owned agencies submitted (May 2003) their quotations, of which three quotations were rejected by the Purchase Committee (two for non-fulfilling the requirements of quotation notice and one without recording any reason). Although the rates for supply of cotton yarn (ranging between Rs.413 and Rs.460 per bundle) and fishing net (Rs.863 per net) quoted by M/S Assam Small Industries Development Corporation (ASIDC) were the lowest, their quotation was rejected by the Purchase Committee without any recorded reasons.

Further scrutiny revealed, that, though the Departmental Purchase Committee accepted the rates of Assam Khadi and Village Industries Board (AKVIB) for yarn (Rs.495 per bundle) and of Fishery Development Corporation for fishing nets (Rs. 1,550 per net), the Director did not purchase a single item from these two agencies. Instead the Director procured 57,665 bundles of yarn costing Rs.2.85 crore at the higher rate of Rupees 495 per bundle and 5,940 fishing nets costing Rs.92.07 lakh at the higher rate of Rs.1,550 per net during the period June 2004 to February 2006 from three agencies (ASIDC: yarn 15,115 bundles; AGMC: yarn 3,000 bundles, fishing nets: 5,940 nos; Pragjyotika: yarn 39,550 bundles) whose quotations were rejected by

the Purchase Committee. Thus, the Department incurred an extra expenditure of Rs.60.99 lakh<sup>18</sup>.

The matter was reported to the Department and Government in May 2007; reply had not been received (September 2007).

## PUBLIC WORKS / IRRIGATION DEPARTMENT

### 4.3.12 Avoidable extra expenditure

**The Public Works and Irrigation Departments incurred avoidable extra expenditure of Rs.6.86 crore towards interest, escalation charges and other ancillary expenses due to time over run in the execution of works and non-payment of contractors' claims on time.**

Financial discipline requires that before placing supply orders or entering into contractual obligations, the Department should ensure availability of funds. It was however, noticed that three PW Divisions and one Irrigation Division failed to make payment for the value of works done/supplies made by the suppliers/contractors, purportedly, due to paucity of funds. As a result, the aggrieved suppliers/contractors undertook recourse to legal action and the Departments had to incur an avoidable extra expenditure of Rs.6.86 crore (*Appendix-4.8*) towards interest and other litigation expenses. The details are as under:

- Against the supply orders (September 1991 to February 1992) of the CE, Minor Irrigation, the supplier supplied (October 1991 to November 1992) rigid polyvinyl chloride pipes worth Rs.71.24 lakh. EE, Guwahati Irrigation Division paid Rs.21.55 lakh upto September 1994 leaving a balance of Rs.49.69 lakh. The aggrieved firm obtained a court decree (June 2003) for payment of outstanding principal (Rs.49.69 lakh) and interest admissible till the date of payment. The Division paid outstanding principal of Rs.49.69 lakh between September 1999 to March 2004 and interest of Rs.3.97 crore in October 2005 (calculated for the period from September 1992 to February 2005) pursuant to the decree of the District Court.
- The EE / SE Rangia Rural Road Division placed (March 1994 to March 1995) supply orders for RCC hume pipes worth Rs.14.89 lakh and received supplies thereagainst. The Division paid (July 2003) only Rs.2.25 lakh leaving a balance of Rs.12.64 lakh unpaid due to paucity of fund. The firm filed (August 2003) a case in Gauhati High Court and ultimately, in accordance with the Court decree, the Division paid Rs.69.99 lakh to the firm between July 2005 and September 2006 incurring an avoidable extra expenditure of Rs.57.35 lakh.
- The EE, Barpathar Road Division, in the construction of RCC Bridge No. 9/1 on Barpathar Borneoria Daigrong Chowkihol Road paid (March 2000) Rs.32.95 lakh to the contractor against contract value of Rs.1.20 crore leaving a balance of Rs.87.05 lakh. The panel of arbitrators appointed by the Government (May 2000) admitted an amount of Rs.54.22 lakh against the contractor's claim besides, interest as admissible. The Division finally paid (January 2003 to April 2005) Rs. 1.01 crore (Principal:

<sup>18</sup> [(Rs.1550 – Rs.863) x 5940 Nos] + [(Rs.495 – Rs.460) x 57,665 bundles] = Rs.60.99 lakh

Rs.54.22 lakh + Interest Rs.46.59 lakh) resulting in avoidable extra expenditure of Rs.46.59 lakh.

- Against the claim of Rs.59.48 lakh for improvement / repair of roads the EE, Guwahati City Division No.1 paid (September 1995 to October 1997) Rs.30.65 lakh leaving a balance of Rs.28.83 lakh. Against Court's order, the Division subsequently (June 2004 to August 2006) paid Rs.69.01 lakh to the contractor leading to an avoidable extra expenditure of Rs.40.18 lakh.
- The work "Construction of two lane pavement at different stretches from km(s) 626 to 682 of NH 37" under EE, NH Division, Dibrugarh was due to be completed in December 1990 at a cost of Rs.1.08 crore. The contractor was allowed time extension upto December 1992. The work was completed in October 1992 and the contractor was paid (November 1992) Rs.1.11 crore based on actual measurement of work done. The contractor claimed (July 1991) price escalation of Rs.39.99 lakh which was not paid by the Division. The contractor moved District Court and in accordance with the court verdict, the Division paid (January 2004 to September 2005) Rs.59.09 lakh (price escalation Rs.39.99 lakh + Interest Rs.19.10 lakh) to the contractor leading to an extra avoidable expenditure of Rs.19.10 lakh.
- The EE Rural Road Division, Koliabor undertook the work "Construction of RCC Bridge no. 7/1 over river Kollong at Kuwaritol" through a contractor to be completed in May 1999. The date of completion was however extended by the EE upto June 2001 and the contractor completed the work within the extended period at a cost of Rs.1.73 crore. The contractor, however invoked arbitration clause in the agreement for allowing escalation, interest etc. On the basis of the award of the Arbitrators, the contractor was paid an amount of Rs.2.99 crore which includes earlier payment of Rs.13 lakh (paid in May 1999). Thus, the Division incurred an extra avoidable expenditure of Rs.1.26 crore due to cost escalation attributable to the Department, interest payment etc.

In reply, the concerned Divisions stated that payments could not be made in time due to non-availability of funds. The replies are not tenable, as there were huge savings in the relevant years against the concerned Departments and even surrender of savings in 1996-97 under PWD (R & B).

The matter was reported to the Government in May 2007; reply had been received (September 2007).

#### **4.4 *Idle investment/blocking of funds/delays in commissioning of equipment/diversion/misutilisation of funds etc.***

### **FISHERIES DEPARTMENT**

#### **4.4.1 Unproductive expenditure**

**The Fishery Information Officer, incurred an expenditure of Rs.54.69 lakh during 2003-04 to 2006-07 towards pay and allowances of idle staff.**

The Fishery Information Officer (FIO), Guwahati, is responsible for organising:

- extension, mobilisation, workshops, seminar etc.
- publicity through audio-visual equipments, radio talks, TV programmes etc.
- participation in exhibitions both at State and district level.

For performing the above functions, there are 13 different categories of staff under FIO, Guwahati.

Scrutiny (July 2006) of records and further information collected (April 2007) revealed that the establishment of FIO had become nonfunctional since 2002-03. During the period 2002-03 to 2006-07 no seminar, workshop was organized, except for a 15 days seminar organized by the Assam Rural Infrastructural and Agricultural Services Project (ARIASP) not related to the charter of duties of the Directorate of Fisheries. Further, 69 audio-visual equipment out of 89 available in the establishment of FIO became unserviceable. The date since when these equipment became unserviceable was not produced to audit. Thus, due to non-holding seminar/workshop and unserviceable equipment, the staff remained idle. This resulted in idle unproductive expenditure of Rs.54.69 lakh on pay and allowances of staff during the period from 2003-04 to 2006-07.

The FIO stated (July 2007) that the services of the staff are being utilised in different establishments of the Directorate of Fisheries but could not produce any documentary evidence in support of this claim.

The matter was reported to Government in September 2006; reply had not been received (September 2007).

## GENERAL ADMINISTRATION DEPARTMENT

### 4.4.2 Injudicious expenditure

#### **Procurement of equipment/machinery by the Deputy Commissioner, Hailakandi ignoring the suggestions of the technical expert resulted in injudicious expenditure of Rs.64.85 lakh.**

The Deputy Commissioner Hailakandi submitted (June 2005) a proposal along with plan and estimate of Rs.120.23 lakh (medical equipment: Rs.71.17 lakh and civil works: Rs.49.07 lakh) for infrastructure development of eye and dental care in Civil Hospital, Hailakandi. Based on the proposal, the State Planning and Development Department, sanctioned (June 2005) Rs.100 lakh under Untied Fund of 2005-06. The DC constituted (July 2005) a Purchase Committee and drew the fund (August 2005). The technical expert deputed from Silchar Medical College on the request of DC, in his report regarding purchase of ophthalmic equipments opined (August 2005) that Phaco-emulsification machine was not suitable for a district hospital in view of high maintenance cost, potential post operation complications and high cost of foldable lenses to be supplied by the patients.

Scrutiny (May-June 2006) of records revealed that the DC, Hailakandi disregarding the opinion of the technical expert and without inviting any tender, purchased (August-October 2005) equipment/machinery relating to eye and dental operation from a Guwahati based firm<sup>19</sup> and paid (September-November 2005) Rs.64.85 lakh to the firm. Records revealed that even after a lapse of 21 months, the equipment/machinery had not been installed and commissioned as of June 2007.

<sup>19</sup> M/s Nisita Enterprises Pvt. Ltd.

Further, there was no agreement or warranty with the firm for installation and successful functioning of the equipment/machinery. Thus, procurement of equipment/machinery by ignoring the suggestions of the technical expert without ensuring warranty and installation of the equipment resulted in injudicious expenditure of Rs.64.85 lakh.

It was further observed, that the DC, Hailakandi spent Rs.34.78 lakh till July 2007 towards civil work viz., (i) renovation and repairing of main hospital building, (ii) improvement of road, (iii) earth filling in compound etc. There was no expenditure on construction/development of operation theatre and the balance amount of Rs.0.37 lakh was kept in bank in the form of Deposit at Call receipt. This indicated that there was remote possibility of utilizing the equipment in near future.

The team of medical experts from Silchar Medical College engaged (December 2005) by DC Silchar, for inspection of the equipment also commented (February 2006) that in the absence of eye operation theatre, purchase of these equipment was premature.

The Government, in reply stated (June 2007) that the operation theatre could not be constructed due to non-receipt of funds from MPLADS or any other source as presumed earlier. The reply is not tenable, as the project was taken up in an adhoc manner, without proper planning and ensuring availability of sufficient funds. Also, procuring equipment without ensuring conditions for its installation and proper utilisation was injudicious.

#### **GUWAHATI DEVELOPMENT DEPARTMENT**

##### **4.4.3 Diversion of funds**

**The Guwahati Metropolitan Development Authority diverted Rs.27.30 lakh sanctioned for construction of markets/cultural unit towards 'Beautification of Umananda Temple' without Government's approval.**

The Guwahati Development Department sanctioned Rs.34.80 lakh during 2001-02 (Rs.17.80 lakh) and 2002-03 (Rs.17 lakh) as interest bearing loan @ 13.50 percent p.a repayable in ten years to Guwahati Metropolitan Development Authority (GMDA), for construction of four markets and a cultural unit to accelerate generation of self-employment and socio cultural development. Out of the sanctioned amount, Rs.27.30 lakh was released to the GMDA during 2001-02 (Rs.17.80 lakh) and 2002-03 (Rs.9.50 lakh).

Scrutiny (March-April 2006) of records revealed that the GMDA could not utilise the amount during 2001-02 and 2002-03 due to non-availability of land for taking up the schemes and diverted Rs.27.30 lakh for 'Beautification of Umananda Temple' with the approval of the Chairman, GMDA, but, without the approval of the Government.

Thus, diversion of fund without Government's approval was not only irregular but also defeated the objectives of self employment and socio-cultural development for which the amount was sanctioned. Further, GMDA neither paid interest of Rs.18.07 lakh<sup>20</sup> nor refunded principal of Rs.12.70 lakh<sup>21</sup> to the State Government till June 2007.

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<sup>20</sup> Interest on Rs. 17.80 lakh @ 13.5% for 5years 3 months = Rs. 12.62 lakh  
Upto June 07 on Rs. 9.50 lakh @ 13.5% for 4 years 3 months = Rs. 5.45 lakh

The matter was reported to Government in September 2006; reply had not been received (September 2007).

#### **4.4.4 Blocking of funds**

##### **Injudicious action of Guwahati Metropolitan Development Authority and the State Government resulted in blocking of fund amounting to Rs.15 lakh.**

The Hon'ble High Court (HC), Guwahati in its judgement (February 2001) on a Public Interest Litigation (PIL) against IG Prison, directed the State Government not to allocate any jail land to any person/agency in Assam. Further, no construction was to be allowed on jail lands already allocated to any outside agencies.

Scrutiny (March-April 2006) of records revealed that the Guwahati Metropolitan Development Authority (GMDA), in violation of the HC judgement submitted (August 2003) a proposal to the State Government for development of jail land at Fancy bazar for car parking at a cost of Rs.15 lakh. The Guwahati Development Department sanctioned (November 2003) Rs.15 lakh which was drawn by the Secretariat Administration Department and released (February 2004) to GMDA. The GMDA could not utilise the fund till the date of audit, as the required land was not handed over by the Jail Authorities.

Thus, injudicious action of the GMDA and State Government resulted in avoidable blocking of fund amounting to Rs.15 lakh for over four years.

The matter was reported to Government in September 2006; reply had not been received (September 2007).

### **PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT**

#### **4.4.5 Diversion of funds**

##### **The Project Director, District Rural Development Agency, Tinsukia diverted scheme funds of Rs.21.53 lakh towards transportation cost.**

The guidelines of the scheme "Sampoorna Gramin Rojgar Yojana" provide that the State Government would bear the transportation cost and handling charges (including taxes, if any) from its own resources for the foodgrains (wheat/rice) component received from GOI under the scheme, and that cash component under the scheme was not to be utilised for payment of transportation cost etc.

Test-check (November-December 2006) of records of the Project Director (PD), District Rural Development Agency (DRDA), Tinsukia revealed that during 2004-05 and 2005-06 the PD lifted and despatched 1,19,617.73 quintals of rice from FCI godown to the blocks. In violation of the scheme guidelines, the PD incurred an expenditure of Rs.21.53 lakh towards transportation cost of rice.

Total Rs. 18.07 lakh

<sup>21</sup> Principal due Rs.17.80 lakh/10x5 = Rs. 8.90 lakh  
in June 07 Rs .9.50 lakh/10x4 = Rs. 3.80 lakh  
Total Rs. 12.70 lakh

The PD stated (December 2006) that the transportation cost was met out of scheme fund as per GOI's instruction (September 2003). The reply is not tenable as the relaxation allowed in the GOI's instruction was applicable to district councils of Karbi Anglong and North Cachar Hills only.

The matter was reported to the Government in May 2007; reply had not been received (September 2007).

#### **4.4.6 Blocking of funds in Personal Ledger Account**

##### **Inaction of the P&RD Department to utilise the funds kept in Personal Ledger Account resulted in blocking of Government money to the tune of Rs.3.60 crore.**

Mention was made in Para 2.7.1 of the Audit Report of the Comptroller & Auditor General of India for the year ended March 1997 regarding unnecessary retention of Rs. 22.94 crore in the Personal Ledger Account (PLA) in the name of the Director, Panchayat and Rural Development (DP&RD).

Scrutiny (July 2006) of records of the DP&RD revealed that as on 31 March 2007, an amount of Rs. 3.60 crore (*Appendix-4.9*) was lying in the PLA. Of these unspent balances, Rs.3.27 crore related to the period 1979-80 to 1996-97 and Rs.33.16 lakh related to the period 1997-98 to 2006-07. More than 99 *per cent* of the unspent balance represented drawals made under various schemes and programmes.

The DP&RD stated (May 2007) that due to discontinuance of various schemes and non-receipt of utilisation certificates against earlier grants released to Mahakuma Parishads (MPs) and financial ban imposed on PLA by the Government, the grants remained unutilised. Implementation of the schemes suffered and failed to deliver the intended benefit to the beneficiaries frustrating the objectives of the schemes for which money was sanctioned and drawn. Further, validity of the PLA issued by the Accountant General (Accounts & Entitlement) stood expired with effect from 1 April 2004 and the PLA remained closed from that date. Regarding refund of the unspent balances of schemes funds, the DP&RD stated (May 2007) that the matter was referred (July 2004) to the Government and that no reply was received from the latter in this regard.

Thus, due to inaction of the Department, Rs.3.60 crore not only remained unutilised for periods ranging from 2 to 27 years but was also irregularly kept outside the Consolidated Fund of the State resulting in avoidable blocking of Government money. The matter was reported to the Government in March 2007; reply had not been received (September 2007).

#### **4.4.7 Diversion of Funds**

##### **The PD, DRDA Nalbari diverted Rs.1.11 crore from different Centrally Sponsored Schemes to meet the expenditure on pay and allowances and other contingent expenses and adjusted the same irregularly by debiting to expenditure of the schemes.**

According to the guidelines of poverty alleviation schemes, there is no provision for transfer of funds from one scheme to another.

Scrutiny (November-December 2006) of records of the Project Director (PD), DRDA, Nalbari revealed that during 1999-2000 to 2002-03 the PD transferred Rs.1.11 crore without approval from the competent authority, from SGSY (Rs.42.31 lakh), IAY



(Rs.21.91 lakh) and SGRY (Rs.46.98 lakh) to DRDA administration scheme fund to meet the expenditure on pay and allowances and contingencies. The Director, Panchayat and Rural Development Department instructed (April 2004) the PD to clear all diversions and advances in the accounts of the year 2003-04. The PD, however, adjusted the amount by charging to expenditure in the annual accounts for the year 2004-05 of the respective schemes although the funds were not utilised under these schemes.

Thus, the adjustment of Rs.1.11 crore by debiting the expenditure of the respective schemes was irregular apart from depriving the targeted beneficiaries of the intended benefits.

The matter was reported to the Government in July 2007; reply had not been received (September 2007).

### Public Works Department

#### 4.4.8 Diversion of Calamity Relief Fund

**The Executive Engineers of PWD Guwahati City Division No. I and II incurred an expenditure of Rs.7.96 crore on special repairs to city roads by diversion of funds provided under Calamity Relief Fund.**

The Special Secretary and Central Relief Commissioner, GOI informed (September 2001) the State Chief Secretary that the Eleventh Finance Commission had considered and categorically rejected the State proposal to meet expenditure on restoration and reconstruction of roads etc. from Calamity Relief Fund (CRF). The relief fund was to be utilised for immediate repair/restoration to damaged infrastructure caused by calamities such as cyclone, drought, earthquake, fire, flood and hail storm relating to communication, power, public health, drinking water supply, primary education and community owned assets in social sector.

Mention was made in Paragraph 4.5.4 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2005 (Civil) regarding diversion of CRF amounting to Rs.2.97 crore by the EE, PWD, Guwahati City Division No. I, towards special repair works of 15 city roads upto May 2004.

Test-check (July 2006) of records of the EE, of the same Division revealed that the State Revenue (General) Department sanctioned (June 2004 and April 2005) Rs.3.40 crore and Rs.51 lakh for 19 flood damage repair (FDR) works and directed that the expenditure be debited to CRF. Against this amount, the Division incurred an expenditure of Rs.3.63 crore against 19 different works during the period from July 2004 to June 2005 of which only one work fell under the category of FDR valued at Rupees six lakh (*item No-3 of Appendix-4.10*).

Further, test-check (September 2005) of records of the EE, PWD, Guwahati City Division No. II revealed that the Division received (January 2004 and August 2004) Rs.4.39 crore under CRF for repair and restoration of 14 city roads within Greater Guwahati (*Appendix-4.11*). The Division spent (January 2004 to May 2005) the whole amount on special repair works by changing the nomenclature to FDR works with the concurrence of the Government (April 2004). There was nothing on record to show that the 14 works for which the amount was sanctioned were in the nature of immediate repair/restoration of damages caused by natural calamities.

Diversion of CRF to special repair works is irregular and violates the guidelines issued by GOI.

The matter was reported to Government in April 2007; reply had not been received (September 2007).

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

**4.4.9 Diversion of Central Funds**

**The Assam Tribal Development Authority diverted Central funds of Rs.2.66 crore meant for implementation of Family Oriented Income Generating Schemes and individual Development Scheme towards establishment cost.**

The State Government set up (November 1983) the Assam Tribal Development Authority to accelerate socio-economic development in the plains Tribal Areas of Assam. Pay and allowances of the staff of the ATDA was to be borne by the State Government. Financial assistance from both the State and the Central Government, was provided to the ATDA for State Plan Schemes and Central Sector Schemes respectively.

Scrutiny (January 2007) of records of the ATDA revealed that the ATDA received Rs.1.54 crore as establishment cost from the State Government during the years 1998-99 to 2005-06 against the aggregate budget provision of Rs.5.77 crore during the corresponding years. Against the available fund of Rs.1.54 crore the ATDA incurred expenditure of Rs.4.20 crore (*Appendix-4.12*) towards the establishment cost during this period. The expenditure of Rs.2.66 crore in excess of the funds received was met by diverting funds received from the GOI under Special Central Assistance (SCA) for implementation of the Family Oriented Income Generating Scheme and Individual Development Scheme.

Diversion of Central funds meant for implementation of specific schemes was irregular and had affected the implementation of these schemes and deprived the eligible people of the intended benefits under the schemes.

The matter was reported to Government in March 2007; reply had not been received (September 2007).

**4.5 Regularity issues and others**

**ANIMAL HUSBANDRY AND VETERINARY DEPARTMENT**

**4.5.1 Delay in release of Central assistance**

**Delay/non-release of Central share (Rs.2 crore) and State share (Rs.40.34 lakh) by the State Government resulted in non-implementation of the scheme "Control of Animal Diseases".**

The Union Ministry of Agriculture, Department of Animal Husbandry and Dairying sanctioned (May and August 2003) and released Rs.3.04 crore to the State Government as Central assistance for "Control of Animal Diseases". Cost of the scheme was to be funded by the Central and the State Governments in the ratio 75:25.

Scrutiny (April—May 2006) of records of the Director, Animal Husbandry and Veterinary Department (DAH&V), revealed that the State Government after two years released (August 2005) Rs.1.39 crore. (Central assistance Rs.1.04 crore and State share Rs.34.71 lakh). The DAH&V drew (February 2006) Rs.1.04 crore and Rs.34.71 lakh (March 2006) and kept the entire amount in DCR till the date of audit. Further, another Rs.26.45 lakh being State share released by the State Government was also drawn by the DAH&V during 2006-07. Neither the balance amount of Central assistance for Rs.2 crore nor the State share of Rs.40.34 lakh was released by the State Government as of June 2007.

Thus, as a result of delay in release of Central funds and subsequent non-utilisation of the funds by the Department, not only were the objectives of the programme undermined, the State also could not benefit from improved animal health facilities.

The Director stated (July 2007) that out of released amount of Rs.1.65 crore (Central: Rs.1.04 crore: State: Rs.0.61 crore) the Central share of Rs.1.04 crore drawn in February 2006 has since been spent. However, no details of expenditure were provided for verification by audit. Thus due to delay in release of funds, the purpose of control of animal diseases was defeated.

The matter was reported to Government in November 2006; reply had not been received (September 2007).

## GENERAL ADMINISTRATION DEPARTMENT

### 4.5.2 Unauthorised expenditure

**The DC, Bongaigaon incurred an unauthorised expenditure of Rs.18.61 lakh for providing gratuitous relief to 1,717 families even after closure of relief camps, without getting any fund from the Government of Assam.**

1,760 families of Bongaigaon district, who were affected in ethnic violence (October 1993), took shelter in five relief camps set up by the district administration. The affected people were provided rehabilitation grant (RG) @ Rs.10,000 per family with the objective of rehabilitating them in their original places. Gratuitous relief (GR) in the form of food items<sup>22</sup> was also provided. The Deputy Commissioner (DC), Bongaigaon incurred an expenditure of Rs.5.67 crore towards RG (Rs.200.38 lakh) and GR (Rs.366.98 lakh) for the period October 1993 to December 2000 indicating excess release of RG by Rs.24.38 lakh. The camps were finally closed between December 1999 and December 2000.

Scrutiny (September 2006) of records revealed that the DC conducted (March 2004) a physical verification and found that 1,717 out of 1,760 families were staying in self-declared relief camps instead of going to their places of rehabilitation. The DC spent Rs.18.61 lakh from unspent cash balances during the year 2004-06 for providing GR to these families after final closure of relief camps without getting any fund from the State Government.

<sup>22</sup> Rice, Pulses, Mustard Oil, Salt etc.

Thus, the expenditure of Rs.18.61 lakh incurred by the DC for providing GR to 1,717 families after closure of the camps was inadmissible and unauthorised. Besides there was excess release of RG by Rs.24.38 lakh during October 1993 to December 2000.

The Government stated (July 2007) that GR was provided on humanitarian grounds. The reply of the Government is not tenable as rules do not provide for GR to affected families after closure of the camps.

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 4.5.3 Unauthorised utilisation and retention of departmental receipts

#### **Non-compliance with Constitutional and codal provisions led to unauthorised expenditure of Rs.57.58 lakh and also irregular retention of revenue of Rs.18.22 lakh in bank account by the Director of Medical Education, Assam.**

Article 266 of the Constitution of India lays down that all revenues received by the State Government shall be credited to the Consolidated Fund of the State and that no money out of the said Fund shall be appropriated except in accordance with law and in the manner provided under the Constitution. Rule 7(1) of the Assam Treasury Rules also reiterates the same.

Test-check of records (January 2006) of the Director of Medical Education (DME), revealed that during 1991-92 to 2004-05, the DME received Rs.95.95 lakh in the form of bank draft/cheque/postal order from three Medical Colleges of Assam being the application fees of students for admission into different medical and paramedical courses. The amount was deposited from time to time into a current bank account with State Bank of India, Dispur Branch from April 1991, instead of crediting the same into Government account as per the rule *ibid*.

The DME withdrew Rs.77.73 lakh upto 2001-02 (*Appendix-4.13*) of which Rs.57.58 lakh was spent towards holding of examination, interviews, meeting contingent expenditure etc and the remaining Rs.20.15 lakh was deposited in Government account leaving a balance of Rs.18.22 lakh lying in the bank account as of January 2006. Thus, failure of the DME, to comply with the Constitutional and codal provisions led to unauthorised expenditure of Rs.57.58 lakh and irregular retention of revenue of Rs.18.22 lakh in bank current account in contravention of rules.

The Government of Assam, Finance Department directed (June 2002) the Commissioner & Secretary, Health & Family Welfare Department to stop such irregular operation of bank account by the DME. The DME, however, continued to deposit Government revenues in the bank account till the date of audit (January 2006), which is also violative of Government rules and directives.

The matter was reported to the Government in April 2006; reply had not been received (September 2007).

**PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT**

**4.5.4 Non-implementation of Rural Housing Scheme**

**Non-utilisation of Central fund of Rs.16.40 lakh by the Project Director, DRDA, Hailakandi resulted in non-achievement of the scheme objective.**

The GOI introduced credit-cum-subsidy scheme for Rural Housing with effect from 1 April 1999. The objective of the scheme was to cover households in rural areas, not covered under Indira Awas Yojana (IAY), and those who cannot take benefit of fully loan-based schemes due to limited repayment capacity. Rural households with an annual income upto Rs.32,000 and preferably BPL<sup>23</sup> households were the targeted beneficiaries of this scheme. 60 percent of the allocated funds were to be utilised for constructing houses for Scheduled Castes/Scheduled Tribes (SC/ST) and free bonded labourers. The subsidy is restricted to Rs.10,000 and the maximum loan amount available is Rs.40,000. The subsidy portion is to be shared by the Central and State Governments in the ratio of 75:25. The credit portion is to be borne by commercial banks, Housing Finance institutes or by the State Government.

The GOI released (July 1999) Rs.16.40 lakh out of Rs.32.80 lakh as 1<sup>st</sup> installment to the Project Director (PD), District Rural Development Agency (DRDA), Hailakandi with the condition that 2<sup>nd</sup> installment would be released on 60 per cent utilisation of fund and the State Government was also to release its matching share within 15 days from the date of release of Central assistance.

Scrutiny (February-March 2006) of records revealed that the DRDA could not utilise the Rs. 16.40 lakh released till March 2006. The State Government also did not release its share of Rs.5.47 lakh till the date of audit. As a result, the 2<sup>nd</sup> installment of Central share was also not released. Not a single beneficiary was given loan and subsidy as the banks refused to provide the loan. The PD stated (July 2007) that the amount could not be utilised as the banks were not willing to provide loan under this scheme in the absence of specific instructions from the GOI but did not mention about his efforts for providing loan from other societies.

Thus, the purpose of the scheme to provide subsidy to the rural needy, bonded labour, BPL families and SC/ST families was defeated.

The matter was reported to the Government in July 2006; reply had not been received (September 2007).

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<sup>23</sup> BPL – Below Poverty Level

**4.5.5 Unauthorised disbursement of advances and non-execution of works**

**Rs.1.20 crore was paid as advance by PD, DRDA, North Lakhimpur to various officials ostensibly for execution of works, but without maintaining any details of the works or advances.**

With a view to provide greater thrust to additional wage employment in rural areas by creation of durable community, social and economic assets and infrastructure development, schemes like Indira Awas Yojana, Pradhan Mantri Gram Sadak Yojana, National Food For Work Programme were launched.

Scrutiny (March 2007) of the annual accounts of the Project Director (PD), DRDA, North Lakhimpur revealed that Rs.1.01 crore was disbursed during 2005-06 as advance to six of its officers and staff for execution of works under the above schemes. In addition, there was an outstanding balance of Rs.19.41 lakh as on April 2004 against the advance paid prior to 2004-05. Details of advances paid prior to 2004-05 however were not made available to audit (March 2007). The entire amount of Rs. 1.20 crore remained unrecovered till the date of audit.

**The PD could not furnish any details of the advances e.g., date of sanction, name of the works, estimated cost of the works, status of work, amount adjusted against each work, etc. In the absence of such details, misuse and misappropriation of the advances cannot be ruled out.**

The matter was reported to the Government in July 2007; reply had not been received (September 2007).

**4.5.6 Irregular Expenditure**

**The Project Director, DRDA Nalbari in violation of scheme guidelines under Sampoorna Gramin Swarozgar Yojana incurred irregular expenditure of Rs. 25.56 lakh during 2005-06.**

In regards to selection of training institutions the “Sampoorna Gramin Swarozgar Yojana (SGSY)” guidelines stipulate, that data on the available existing training infrastructure should be collected to make optimum use of the existing infrastructure facilities at the district, as well as at the block levels. The DRDA is authorised to meet the expenses incurred by the training institutions for conducting training programme out of SGSY fund. There is, however, no provision in the guidelines for construction of new Training Centres.

Scrutiny (November- December 2006) of annual accounts of SGSY for the year 2005-06 revealed that PD, DRDA Nalbari constructed four training centres at a cost of Rs. 16.50 lakh in violation of the guidelines between February-March 2006. The concerned vouchers, estimates, measurement books etc of the expenditure incurred were not produced to audit. In the absence of these vital records the actual expenditure incurred and the present status of works could not be ascertained in audit. Further, the PD in violation of SGSY guidelines incurred another expenditure of Rs. 9.06 lakh during 2005-06 out of SGSY funds for purchase of office furniture and maintenance of office building and quarters between July and March 2006.

The PD stated (December 2006) that the training centres were constructed as per Annual Action Plan approved by the Governing Body (GB). The contention of the PD is not tenable as these works are out of the purview of the GB and it cannot act in deviation of the guideline.

The matter was reported to the Government in July 2007; reply had not been received (September 2007).

## REVENUE DEPARTMENT

### 4.5.7 Money drawn in advance

**The Director of Land Records and Survey etc., neither utilised Rs.20 lakh out of Rs.74.70 lakh drawn in advance nor refunded the same.**

As per rules, no money should be drawn from Government exchequer/Treasury unless it is absolutely required for immediate disbursement.

Test-check (August 2006) of records of the Director of Land Records and Survey etc., revealed that the State Government accorded (October 2003) sanction of Rs.74.70 lakh as Central share for implementation of the Centrally Sponsored Scheme for "Strengthening of Revenue Administration and Updating of Land Records" during 2003-04. The Director drew (January 2004) the entire amount of Rs. 74.70 lakh through abstract contingent (AC) bill but could utilise only Rs.54.70 lakh during 2003-04 and 2004-05. The balance amount of Rs.20 lakh was placed in the form of Deposit at Call Receipt (DCR) with a bank as of August 2007. The reason for non-utilisation of the balance fund was neither available on records nor stated.

Audit scrutiny, however, disclosed that the drawal of money in excess of actual requirement was only to avoid lapse of central share, which constituted financial irregularity under the rule *ibid*. Besides, due to non-utilisation of the full amount drawn through AC bill, the Detailed Countersigned Contingency (DCC) bill, which was required to be submitted within one month from the date of drawal of the AC Bill, had also not been submitted even after 53 months (as of August 2007).

The matter was reported to Government in January 2007; reply had not been received (September 2007).

## WELFARE OF PLAIN TRIBES AND BACKWARD CLASSES DEPARTMENT

### 4.5.8 Poor realisation of loans and interest

**Inaction of the Assam Tribal Development Authority resulted in poor realisation of a huge amount of loan of Rs.8.72 crore besides unrealised interest amounting to Rs.2.50 crore.**

As per the guidelines of Family Oriented Income Generating Scheme (FOIGS), financial assistance not exceeding Rs.10,000 is to be granted to Scheduled Tribes (Plains) families where the annual income is not more than Rs.6,400. Half of the scheme amount is to be paid as subsidy and the balance amount as loan, bearing interest at six *per cent* repayable in ten years. In certain special cases, the assistance

may be granted up to Rs.35,000 where subsidy would be restricted to Rs.5,000 only and balance amount as loan, for carrying out different scheme activities by the beneficiaries.

Scrutiny (January 2007) of records of the Assam Tribal Development Authority (ATDA), revealed that ATDA disbursed loan under FOIGS amounting to Rs.9.02 crore to 15,364 beneficiaries during the years 1998-99 to 2005-06 of which only Rs.29.72 lakh (3.3 percent) was realised during the period. Although the actual amount of loan recoverable during the period could not be assessed due to non maintenance of disbursement and recovery of loan register. No interest was also recovered from the beneficiaries. Interest on outstanding loan at six *per cent* worked out to Rs.2.50 crore (detailed in **Appendix-4.14**). The ATDA did not initiate any action to recover the unrealised loan and interest.

Thus, inaction of the Authority resulted in poor realisation of loan besides interest of Rs.2.50 crore.

The matter was reported to Government in March 2007; reply had not been received (September 2007).

## **4.6 General**

### **4.6.1 Follow-up on Audit Reports**

#### **Non-submission of *suo-moto* Action Taken Notes**

In terms of the resolution (September 1994) of the Public Accounts Committee (PAC), the administrative departments are required to submit *suo-moto* Action Taken Notes (ATNs) on paragraphs and reviews included in the Audit Reports within three months of presentation of the Audit Reports to the Legislature, to the PAC with a copy to the Accountant General (AG), (Audit) without waiting for any notice or call from the PAC, duly indicating the action taken or proposed to be taken. The PAC in turn is required to forward the ATNs to AG (Audit) for vetting before its comments and recommendation.

It was, however, noticed that in respect of 43 departments ATNs pertaining to 600 paragraphs/reviews for the years 1983-2006 were not received *suo-moto* either from the departments or through the PAC (details in **Appendix-4.15**). Consequently, the audit observations/comments included in these paras/reviews are yet to be discussed/settled by PAC as of March 2007.

### **4.6.2 Action not taken on recommendations of the Public Accounts Committee**

Two hundred and Eighty Nine (289) recommendations of the PAC, made in its Fifty Fifth to Hundred and Eleventh Report with regard to 35 Departments, were pending settlement as of March 2007 (details in **Appendix-4.16**) due to non-receipt of Action Taken Notes.

### **4.6.3 Failure of senior officials to respond to audit observations and compliance thereof**

The Accountant General (AG) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of significant accounting and other records according to prescribed rules and procedures.



When important irregularities, detected during inspection are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of the concerned Offices with a copy to the next higher authorities. Orders of the State Government (March 1986) provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance with the prescribed rules and procedures. The authorities of the Offices and Departments concerned are required to examine the observations contained in the IRs in the light of the given rules and regulations and prescribed procedures and rectify the defects and omissions promptly wherever called for and report their compliance to the AG. A half-yearly report of pending IRs is sent to the Commissioners and Secretaries of the Departments concerned to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto December 2006 pertaining to Civil Departments/Public Health Engineering Department/Public Works Department/Flood Control Department/Irrigation and Inland Water Transport Department disclosed that 23,259 paragraphs pertaining to 5,234 IRs were outstanding for settlement at the end of June 2007 (*Appendix-4.17*). Of these, 1,147 IRs containing 3,356 paragraphs had not been replied to/settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of Offices within six weeks from the date of issue, were not received from 41 departments in respect of 1,383 IRs issued between 1975-76 and 2006-07. As a result, the following serious irregularities, commented upon in 2,470 paragraphs involving Rs.3,470.39 crore, had not been addressed as of June 2007.

(Rupees in crore)

Sl. No.	Nature of irregularities	No. of paragraphs	Amount
1	Non-observance of rules relating to custody and handling of cash, maintenance of cash book and muster rolls, etc.	269	123.17
2	Securities from persons holding cash and stores not obtained.	4	2.08
3	Stores not maintained properly, etc.	83	28.16
4	Improper maintenance of logbook of departmental vehicles.	42	6.08
5	Local purchase of stationery etc., in excess of authorised limit and expenditure incurred without proper sanction.	78	3.61
6	Delay in recovery of receipts, advances and other charges.	850	324.60
7	Payment of grants in excess of actual requirement	77	5.83
8	Want of sanction to write off loan, losses, etc.	309	119.84
9	Over-payments of amount disallowed in Audit not recovered.	279	100.34
10	Wanting utilisation certificates and audited accounts in respect of grants-in-aid.	318	2,721.42
11	Actual payee's receipts wanting	161	35.26
	<b>Total</b>	<b>2,470</b>	<b>3,470.39</b>

A review of the IRs which were pending due to non-receipt of replies, in respect of 41 departments out of total 53 Departments, revealed that the Heads of Departments (Directors/Executive Engineers) had not furnished replies to a large number of IRs indicating their failure to initiate action in regard to defects, omissions and irregularities pointed out by Audit. The Commissioners and Secretaries of the Departments concerned, who were informed of the position through half-yearly reports, also failed to ensure that the officers concerned of the Departments took prompt and timely action.

The above mentioned facts also indicated inaction against the defaulting officers thereby facilitating continuation of serious financial irregularities and loss to the Government though these were pointed out in Audit.

In view of large number of outstanding IRs and Paragraphs, the Government has constituted two Audit Objection Committees at State level for consideration and settlement of outstanding audit observations relating to Civil and Works departments. During 2006-2007, 344 meetings (Civil: 218; Works: 126) of the Committees were held, in which 2,060 IRs and 7,554 Paragraphs were discussed and 303 IRs and 3,587 Paragraphs settled.

It is recommended that Government review the matter and ensure that effective system exists for (a) action against defaulting officials who failed to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover loss/outstanding advances/ overpayments in a time bound manner, and, (c) revamp the system to ensure prompt and timely response to the audit observations.