

**CHAPTER-IV
WORKS EXPENDITURE**

SECTION-‘A’-REVIEWS

IRRIGATION DEPARTMENT

Integrated Irrigation Scheme on Kollong river basin

The Integrated irrigation scheme on Kollong river basin was sanctioned by the state government in the year 1975 for Rs.4.57 crore with the targeted year of completion 1980-81 but revised to Rs.80.55 crore with the target to complete by 1997-98. The project is yet to be completed as of March 2001. The scheme was aimed at covering gross command area of 29,950 hectare, crop cultivable area of 21450 hectare with the ultimate potential of 34,400 hectare. As of March 2001, the physical progress of the scheme ranged between 20 and 80 per cent against the financial progress of 76 per cent with time overrun of 3 years. Cases of improper planning, poor financial and material management, poor utilisation of irrigation potential and failure to achieve the desired objectives were noticed in Audit. Some significant audit findings are given below.

Highlights

-- Against recommendation of Rs.16.50 crore as central loan assistance, the central government had released Rs.8.25 crore during 1997-98 to 2000-2001, of which the state government had released Rs.7.54 crore only and Rs.0.71 crore remained to be released.

-- An amount of Rs.2.81 crore fund meant for completion of balance work of accelerated Irrigation Benefit Programme was utilized towards improvement of existing structures and clearing of arrear liability.

-- State Government sanctioned Rs.0.58 crore for flood damage repairing of which Rs.0.30 crore remained unutilised for more than one year.

-- Payment of Rs.4.01 core was made on hand receipts which was contrary to the orders issued by the State Government.

-- Electrical components worth Rs.1.07 crore procured during 1985 to 1988 against 4 lift points remained unutilised resulting in locking up of fund to that extent. Delayed payment of energy bill to ASEB resulted in avoidable expenditure of Rs.1.92 crore on surcharge.

-- Out of creation of 26,578 hectares of irrigation potential, 9727 hectares only could be gainfully utilized during the period 1994-95 to 2000-2001. This worked out to hardly 5.35 per cent.

-- There was discrepancy of 17,500 hectare of irrigation potential between the records of Agriculture and Irrigation departments.

-- Against total of 6,08,39,340 lakh cusec of water lifted and fed into Kollong river basin from Hatimura lift point, only 3,17,73,426 lakh cusec (52 per cent) could be utilized resulting in wastage of 48 per cent of lifted water and loss of Rs. 2.76 core. The department had not fixed any norms for such wastage.

-- Procurement of RCC hume pipes of different sizes worth Rs.0.22 crore during the year 1992-94 remained unutilised.

-- Rupees 0.15 crore incurred on 11 muster roll labourers in Barhampur lift point where construction work was yet to be taken up.

Introduction

4.1 The Integrated Irrigation Scheme on Kollong basin is an electrically operated lift irrigation scheme sanctioned by the state government in the year 1975 for Rs. 4.57 crore to cover gross command area of 29950 hectare and crop cultivable area of 21450 hectare with the ultimate potential cultivable area of 34,400 hectare. It envisaged lifting of water from the river Brahmaputra on its left bank at Hatimura hillock in Nagaon district of Assam and feeding into feeder canal of 25.48 cumec* (900 cusec*) capacity. From this feeder canal a main canal takes off at 2.65 K.M to utilize 7.98 cumec of water under Kaliabor lift irrigation scheme and balance 17.50 cumec is fed into Kollong river through a fall cum regulator out of which 2.83 cumec is fed into Sonai river from the Kollong river through a link channel. As per original estimate there were provisions of 6 head works[@] with 2 intermediate lift points[@] at Kollong river basin and 3 head works with one intermediate lift points at Sonai river basin which was revised (1995) to 3 head works with 16 intermediate lift points at Kollong river basin and one head work with 6 intermediate lift point at Sonai river basin with main canal (113.29 km), branch canal (66.33 km), water courses (323.35 km) and distributaries & minors (25.29 km).

The estimated cost of the project as per the revised project report (1993) approved in 1995 were as under:

(Rupees in lakh)	
Head works & pumps	2167.79
Main & Branch canal	2520.56
Distributaries system	286.45
Water courses	1061.77
Others	2018.36
Total	8054.93

* Cusec: Unit of volumetric rate of flow (cubic feet per second).

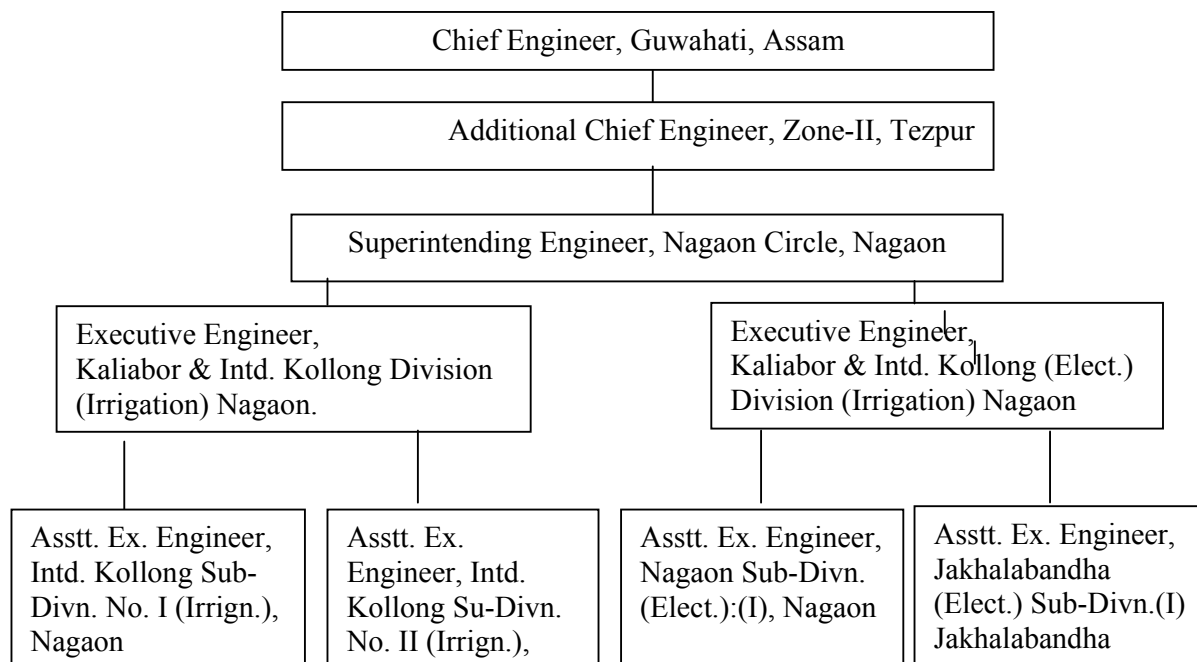
Cumec: Unit of volumetric rate of flow (cubic metre per second).

[@] Head work: An hydraulic structure meant for supply of water to the off taking
& Lift point: A place from which water is lifted up by mechanical means.

The project was to be completed by 1997-98. The Project Report approved (1995) by CWC indicated the following:

	Nature of crops	Area under cultivation (in hect.)	Produce (in tonne)	Value of produce (Rs. in lakh)	Cost of production (Rs. in lakh)	Benefit over direct cost (Rs. in lakh)
Before Irrigation under this scheme	Paddy, Jute, Sugar, Cane, Oil Seeds, Pulses	26,200	59,877	1917.41	1461.71	455.70
After Irrigation	Paddy, Jute, Sugar Cane, Oil Seeds, Pulses, and Wheat	34,400	151,899	5075.78	2403.87	2671.91

4.2 Organisational set up



Audit coverage

4.3 The records of the Chief Engineer, Irrigation Assam, Additional Chief Engineer, one Superintending Engineer, Nagaon Circle and Executive Engineer, Kaliabor and Kollong Integrated Irrigation Divisions (Civil and Electrical) pertaining to execution of the project during the period 1994-95 to 2000-2001 were test-checked in audit between January 2001 to April 2001. The review covered expenditure of Rs.27.35 crore. Findings of audit are highlighted in the succeeding paragraphs.

Finance

4.4 Funds were provided out of state plan and Central Loan Assistance (CLA). The budget provision and expenditure for the period from 1994-95 to 2000-2001 were as under:

(Rupees in crore)

Year	Budget Provision	Fund released			Expenditure			(-) Savings (+) Excess	Percentage
		State	CLA	Total	Works	Establishment	Total		
1994-95	2.50	2.50		2.50	1.64	1.63	3.27	(+) 0.77	30
1995-96	2.00	2.00		2.00	0.47	2.15	2.62	(+) 0.62	31
1996-97	3.08	3.08		3.08	0.58	2.09	2.67	(-) 0.41	13
1997-98	6.91	2.41	1.00	3.41	1.01	2.23	3.24	(-) 0.17	5
1998-99	6.41	2.41	2.39	4.80	2.49	2.37	4.86	(+) 0.06	1
1999-2000	7.13	2.34	1.90	4.24	1.90	3.94	5.84	(+) 1.60	37
2000-2001	6.83	2.34	2.25	4.59	2.25	2.60	4.85	(+) 0.26	6
Total		17.08	7.54	24.62	10.34	17.01	27.35	(+)2.73	

4.5 The overall excess expenditure on the project for the period covered under the review (1994-95 to 2000-2001) was Rs.2.73 crore. The department stated (June 2001) that the excess over the allotment of fund was due to payment of salaries and wages.

Target and achievement

4.6 The scheme was originally approved (June 1975) by the state government for Rs.4.57 crore with the targeted year of completion as 1980-81. The estimate of the scheme was revised (1995) to Rs.80.55 crore with reference to price level of the year 1993 with target for completion by the year 1997-98. The increase in cost was mainly due to change in scope of work, additional items, land acquisitions and increase in cost of materials/labour. The expenditure incurred on the scheme upto the end of the year 2001 was Rs.60.96 crore.

4.7 Against the revised targeted year of completion 1997-98, the physical progress and expenditure at the end of the year 2001 and the cost and time overrun were as under:

(Rupees in crore)

Component	Estimated cost		Difference	Expenditure	Percentage of cost escalation)	Percentage of physical progress as furnished by department
	1975	1995				
1.Head work/pump	2.38	21.68	19.30	20.15	811	77
2.Main and branch canal	0.64	25.21	24.57	15.48	3839	80
3.Distributory System up to Chuck outlet	0.23	2.86	2.63	0.99	1143	66
4.Water Course	Nil	10.62	10.62	4.65	100	46
5.Other	1.32	20.18	18.86	19.69	1428	19.69
Total	4.57	80.55	75.98	60.96		

4.8 The physical progress ranged between 20 and 80 per cent against the total financial progress of 76 per cent. This resulted in delay in providing irrigation facilities besides non-achievement of the objective of targeted production of crops.

4.9 Thus it could be seen that the revised target for completion by 1997-98 has not been followed resulting in delay in getting increase in agricultural yield though huge expenditure has been incurred in the project.

Non-release of central loan assistance and matching share by state government for implementation of Accelerated Irrigation Benefits Programme

4.10 The central government issued (September 1996) guidelines for Accelerated Irrigation Benefits Programme (AIBP) for providing special central loan assistance (CLA) for ongoing Irrigation and Multipurpose Projects which were in an advanced stage of completion i.e., expenditure to the extent 75 per cent or more has been incurred and could be completed within four working seasons. The special central assistance to the states for timely completion of ongoing projects was to be in the form of a loan at the interest of 13 per cent per annum from 1996-97 onwards and repayable in 20 annual installments together with interest thereon. Initially (1996-97 and 1997-98) the amount of loan was to be equal to the amount provided by the state for the project out of its own resources. The ratio of central and state shares was however amended to 2:1 in 1998-99 and 3:1 (for special category states including Assam) in the years 1999-2001. The central loan was to be released in installments first installment of a year to be released on assessment and second installment in the form of re-imburement of expenditure incurred by the state government based on the report. The state government was required to submit audited statement of expenditure on the project within 9 months of the completion of the financial year. The CE, Irrigation stated (August 2001) that the total amount of central loan assessed was Rs.40.12 crore. Of this Rs.4.50 crore was approved as first installment in 1997-98 and released only Rs.2.25 crore. The establishment expenditure was not to be taken into account for the assistance.

(i) The position of funds released by the central government and state government and expenditure incurred by the implementing agency was as under:

(Rupees in crore)

Year	CLA approved by the Central Government	CLA released by the Central Government	State share due to be released	Amount spent out of central share
1997-98	4.50	2.25	2.25	1.00
1998-99	4.00	2.00	1.00	2.39
1999-2000	3.50	1.75	0.58	1.90
2000-2001	4.50	2.25	0.75	2.25
Total	16.50	8.25	4.58	7.54

The central government had released Rs.8.25 crore against recommendation of Rs.16.50 crore during the period 1997-98 to 2000-2001; of this the state government had released Rs.7.54 crore and retained Rs.0.71 crore. It could be seen from the above table that the entire loan assistance released so far by the state was utilised for works and the state share of Rs. 4.58 crore was not released under this programme. Further the retention of Rs.0.71 crore of central assistance has cost Rs. 18.46 lakh on interest payment to government for 2 years. This resulted in partial implementation of the approved works programme and retarded the progress of the scheme. The state government had also not submitted the required audited statement of expenditure.

(ii) Test-check of records, revealed that expenditure of Rs.1.28 crore was incurred towards 116 improvement works of existing structures/canals by the KKID during 1997-98 to 2000-2001. Similarly, KKID (Electrical) had incurred expenditure of Rs.1.34 crore towards procurement of spares and accessories for the existing lift points during 1997-98 to 1999-2000. Further, an amount of Rs.18.86 lakh out of AIBP fund was paid to different contractors/suppliers during 1998-99 to 2000-2001 for clearing the liability created by the division during 1992-93 to 1993-94. The expenditure of Rs.2.81 crore was beyond the scope of AIBP resulting in diversion of central funds. The Executive Engineer KKID stated (March 2001) that all those improvement works were carried out to restore potential after obtaining necessary approval. The reply was not tenable as AIBP fund was meant for completion of balance works.

Irregular sanction and expenditure of flood damage repairs

4.11 The Revenue Department had accorded (March 2000) sanction of Rs.57.90 lakh for Kaliabor and Integrated Kollong Electrical Division for flood damage repairs for the year 1999-2000. The amount was sanctioned against the estimate framed for flood damage repairs for the year 1997-98. Scrutiny of the records disclosed that the estimate had been framed for normal repairs for pumps and motors, procurement of spares and accessories damaged due to prolonged use at the main intake point at Hatimura and 13 other lift points. The amount was proposed to be booked under flood damage repairs head on the plea of availability of fund. No flood damage report against the concerned lift points could however, be made available to audit. The amount was drawn (March 2000) by the Executive Engineer, Kaliabor and Integrated Kollong Electrical Division of which Rs.28.29 lakh was expended during December 2000 to February 2001 and the balance of Rs.29.61 lakh was retained unauthorisedly as Deposit-at-Call Receipts (April 2001). The retention has cost Government to the extent of Rs.3.26 lakh calculated at the average rate of 11 per cent of market borrowing by the state government for one year. The Executive Engineer Kaliabor and Integrated Kollong Electrical Division stated that the fund could not be utilised due to the following reasons.

(a) Work orders/supply orders of certain items of purchases were not issued by the Executive Engineer, KKID (Electrical) pending receipt of approval from the departmental purchase committee.

(b) Verification of all the items of work done, supply received, were not completed by the Deputy Commissioner of the district.

Irregular payment through hand receipts

4.12 Rule 374 of Assam Public Works Manual and Rule 311 of Assam Financial Rule provide that hand receipt is a simple form of voucher intended to be used for all miscellaneous payments. In June 1996, the state government had issued instructions to stop making payment on hand receipt. Test-check of records of Kaliabor and Integrated Kollong Irrigation Division (KKID) revealed that during June 1994 to March 2001 Rs.4.01 crore was paid through

1769 hand receipts on un-passed bills of contractors without observing the payment procedures and recording references of passed and paid bills on hand receipts, measurement books, contractors ledger etc., and previous payments. The resultant payments were, therefore, completely unauthorised, highly irregular and fraught with the risks of frauds, double payments etc.

4.13 The division stated (April, 2001) that due to non-receipt of required funds, part payments through hand receipt were made. The reply is not tenable, as this kind of payment on hand receipt was against state government orders and was therefore irregular. Due to such irregular payments the recoveries due from contractors remained to be watched and effected.

Non-adjustment of advances to contractors

4.14 Rules 329 and 381 of Assam PWD manual provide that ‘an advance payment for work actually executed may be made on a certificate of a responsible officer (not below the rank of SDO) to the effect that not less than the quantity of work paid for has actually been done, and the officer granting such a certificate will be held personally responsible for any over payment.

4.15 Actual measurement should, however, be taken at the earliest opportunity, and when this has been done, the lump sum payments previously made on account of the items of work concerned should first be adjusted in full, so that the contractor may not be paid twice over in respect of the same quantities of work. Delays in adjusting advance payments should be investigated and adjustment made otherwise than by crediting the value of work actually measured should be specially looked into as being prima facie indicative of over payment in the first instance.

4.16 Test-check of records of KKID revealed that Rs.26 lakh was outstanding (April 2001) against advance payment made to contractors at the rate of 75 per cent of the value of work done and not measured. However, the final bills/running account bills in adjustment of advance payment already made were not prepared. The Contractors’ Ledger to watch over the adjustment of advances was also not maintained. The year -wise position of advance payments awaiting adjustment was as under:

Period	Number of voucher	(Rupees in lakh)	
		Amount of advance	
June 1994	4	1.45	
August 1995	1	0.40	
March 1998	89	16.57	
February 2000	25	4.89	
February 2001	14	2.69	
Total	133	26.00	

4.17 The Executive Engineer KKID stated (April 2001) that the contractors have been asked to complete the works. The reply was not tenable as advances made to contractors could have been adjusted through running account bills even before the works were completed. Thus, due to non adjustment of advances and non-execution of balance work (25 per cent) for the last 1 to 10 years, the actual execution of works through contractors remained doubtful and resulted in extension of undue favour to the contractors.

Unauthorised expenditure over the approved estimate

4.18 The State Government was required to submit the project reports of all major and medium irrigation projects in the State to the Central Water Commission (CWC), New Delhi. The CWC after scrutiny, forward these to the Planning Commission for approval. The CWC had approved revised estimate of Rs.13.35 crore (1995) for electrical part of all the lift points based on the price level of 1993. The Kaliabor and Integrated Kollong Electrical Division (KKIDE) however had incurred expenditure of Rs.14.66 crore till March 2001 against those points and the physical progress of those points ranged between 50 to 98 per cent. Thus, expenditure of Rs.1.31 crore (Rs.14.66 crore–Rs.13.35 crore) incurred in excess over approved estimate was unauthorised. The Executive Engineer KKIDE stated that expenditure in excess of approved estimate was incurred as per the instruction received (January 2000) from the Chief Engineer, Irrigation, Assam. The reply of the Executive Engineer was not tenable as sanction of revised estimate of the project was beyond the jurisdiction of the delegated financial power of the Chief Engineer.

Construction of Head Works remained incomplete

4.19 The revised project report (1995) interalia provided for construction of 4 (four) numbers of Head Work/Weirs or barrages at Kollong river basin. Head Work number II at Samaguri was meant for surface irrigation and Head Work No. I at Missamukh, Head Work No. III at Phulaguri across Kollong river and Head Work No. IV at Dulonghat across Sonai river to pond up water levels for up-stream lift points. Since one Head Work had already collapsed, one developed cracks and was proposed to be abandoned, one is incomplete and one was not taken up, the project is now being run with 19 lift points only against 23 lift points originally projected.

Idle investment in Phulaguri Head Work

4.20 The construction of Phulaguri barrage (Head Work III) was technically sanctioned (June 1982) for Rs.36.01 lakh and revised (January 1985) to Rs.54.87 lakh by the Chief Engineer, Irrigation Assam. Head work was awarded to Contractor 'A' by the Additional Chief Engineer Zone III at a tender value of Rs.22.20 lakh with the stipulation to complete it by December 1980. After completion of 53 per cent of the work and payment of Rs.17.82 lakh against total bill value Rs.19.13 lakh, the contractor expressed (September 1982) inability to continue the work and requested for enhancement of the rate by 33 per cent. The department acceded to the request of the contractor and also granted extension of time up to March 1982. However, the contractor did not resume the work and left (June 1983) the site of work and since then the work has been left unattended. The soil test with regard to design of the Head Work as conducted by the Central Soil and Material Research Station (CSMRS), New Delhi and reported (March 1988) revealed the following:

(i) the tested soil was impermeable besides possessing medium compressibility characteristics.

(ii) the safe bearing capacity values have been arrived at presuming that the type of footing should be strain (raft). However, raft foundation was not provided.

(iii) suitable remedial measures needed to be adopted for reducing the permeability values to acceptable limit.

4.21 Thus, it was evident that the design of the Phulaguri Head Work was not in consonance with the soil condition at the site of the work. However, the department did not take up measures to complete the work even after receipt of the soil testing report. This resulted in unproductive expenditure of Rs.17.82 lakh for 19 years.

4.22 The Central Water Commission, in their monitoring report for the year 1996 commented on the physical progress of the scheme as under:

“The progress of the various components of the project is not satisfactory as the works have been carried out without prioritisation of the basic structure like Head Regulators. Out of 5 regulators only one control structure has been constructed, Head Work I and II has failed, Head work III is abandoned and Head Work IV at Dulonghat has not been taken up. This will seriously affect the water availability at the pumping head.”

Idle investment on construction of branch canals, distributaries and water courses

4.23 The project provided for main canal of length 113.29 kms and a total length of 414.97 km comprising branch canals, distributaries and water courses. Against this the main canal was completed to the extent of 58.40 kms whereas the works on branch canals, minors, distributaries and water courses were completed to the extent of 225.51 kms.

4.24 The Division stated (April 2001) that the whole command area of a lift point was not covered by the main canal only and that though some portions of the main canal were to be completed yet the distributaries, minors and water courses were constructed for smooth distribution of water to the related command areas. The reply was not tenable as water can not be fed into a branch canal/ distributaries without a main canal.

Premature procurement, unfruitful and avoidable expenditure on surcharge

4.25 Of the 23 lift points 19 lift points were energised. During the period 1985 to 1988, the Electrical Division of the project had procured pumps and motors worth Rs.1.07 crore for the purpose of installation at 4 lift points (Barhampur, Sensawa, Haldhiati left and Phulaguri left). The electrical pumps and motors were received as per supply orders of the Chief Engineer Irrigation, Assam. The installation of electrical pumps and motors were completed for Phulaguri (left) lift point in 1994 but it was yet to be energised (April 2001). The electric

installation in other 3 lift points could not be taken up as civil works like construction of pump house, canal and branch canal were not completed. Even the land acquisition of Barhampur and Sensowa was not finalised (April 2001).

4.26 Thus, procurement of pumps and motors in advance of requirement resulted in locking up of funds of Rs.1.07 crore. The cost of which calculated at the average rate of 9 per cent of the market borrowing by the state government amounted to Rs.1.25 crore for 13 years. Besides, there is a risk of deterioration due to prolonged storage.

4.27 Further, the tariff of Assam State Electricity Board provided 2 per cent surcharge on default of timely payment, to be levied for each 30 days successive period or part thereof until the amount was paid in full. Test-check of records of KKID (Electrical) revealed that an amount of Rs.1.92 crore was paid to Assam State Electricity Board as surcharge against the energy bill of 19 lift points for the period 1994-95 to 2000-2001 due to delay in payment of energy bills.

4.28 The Executive Engineer stated (April 2001) that the payment of energy bill was not made in time due to paucity of fund.

Poor utilisation of irrigation potential resulting in unproductive expenditure

4.29 Year-wise irrigation potential created and utilised during the period 1994-95 to 2000-2001 were as under:

Period	Target for the creation of potential	Cumulative potential created	Potential utilised	Percentage of utilisation
	(in hectare)			
1994-95	28006	25,113	381	1.51
1995-96	29268	25,753	420	1.63
1996-97	31917	25,753	894	3.47
1997-98	32984	25,853	1708	6.60
1998-99	34400	25,978	4511	17.36
1999-2000	34400	25,978	791	3.07
2000-2001	34400	26,578	1022	3.84
			9727	

Source: Data furnished by the KKID.

The average percentage of utilisation of irrigation potential was 5.35 per cent during the period 1994-95 to 2000-2001 which was negligible.

4.30 The Executive Engineer KKID (Civil) stated (March 2001) that poor utilisation of irrigation potential was due to power failure in the peak time and electrical problem at the pumping stations. The canal system which has already been renovated, has the full capacity to irrigate respective command area, if all the pump sets can pump water into the main canal simultaneously as designed. On the contrary the Executive Engineer KKID (Electrical), stated (March 2001) that the electrical pumps were operated as per the demand placed by their Civil counterpart. There was evidently lack of co-ordination between the two divisions (Civil and Electrical) for optimum utilisation of

irrigation potential. The department did not investigate and analyse the main reasons behind poor utilisation of created irrigation potential. The benefit over the direct cost could not be assessed and compared with what was mentioned in the approved Project Report due to delay in completion of the project.

Discrepancies in respect of created irrigation potential between Irrigation and Agriculture Departments

4.31 Comparative study of irrigation potential created for 4 years ending 2000-2001 as per the records of the Irrigation Department and District Agricultural Officer, Nagaon, revealed that irrigation potential available for agricultural purposes was much less than the projected achievement of Irrigation Department. Records prior to 1997-98 were not available with District Agricultural Officer, Nagaon. The position of potential availability as per available records of both the departments for the period 1997-98 to 2000-2001 was as under:

Period	Area available for utilisation (in hectare)		Excess shown by Irrigation Department	Utilisation of irrigation potential			
	As per Irrigation Department	As per Agriculture Department		As per Irrigation Department	As per Agriculture Department	Less utilisation by Irrigation Department	
1997-98	Kharif	14,443	5790	8653	1466	3500	2033
	Rabi	11,410	2335	9075	242	338	96
1998-99	Kharif	14,568	5010	9558	3800	3890	90
	Rabi	11,410	3815	7595	621	272	--
1999-2000	Kharif	14,568	4450	10,118	496	542	28
	Rabi	11,410	3490	7920	295	295	--
2000-2001	Kharif	14,568	4120	10,448	1022**	596	--
	Rabi	11,960	5325	6,635	--	565	139
Total		1,04,337	34,335	70,002	7942	9998	2386
Average		26,084	8,584	17,500	1986	2500	597

4.32 The above table shows that there was an average discrepancy of 17,500 hectare of irrigation potential available for agricultural purposes between Irrigation Department and Agriculture Department. The cost of 17,500 hectares of irrigation potential worked out to Rs.40.13 crore*. The division stated (April 2001) that the discrepancies with the Agriculture Department would be verified. Further reply is still awaited (May 2001).

Wastage of irrigated water due to its non-utilisation

4.33 Comparative study of utilisation of water revealed that 6,08,39,340 lakh cusec of water was fed into Kollong river basin at a cost of Rs.5.79[@] crore from the main intake point at Hatimurah during 1996-2001 (as detailed in Appendix-XVI). Of this, 3,17,73,426 lakh cusec (52 per cent) could be utilised for irrigation purposes through 13 out of 16 working lift points on Kollong river basin. There was thus, wastage of 2,90,65,914 lakh cusec of water valued

** Irrigation Department did not furnish figures for Kharif and Rabi separately.

* (Rs.60.96 crore ÷ 26,578 hectare x 17,500 hectare (figures furnished by Kaliabor and Integrated Kollong Division, Nagaon))

@ Informations furnished by Kaliabar Integrated Kollong Electrical Division.

at Rs.2.76 crore[♦]. The wastage of water was as high as 66 per cent in the year 1996-97.

4.34 In reply the Executive Engineer, KKID (Electrical) stated (April 2001) that the main reasons for loss of water were (1) seepage in the main canal (2) lack of barrier on Kollong river and (3) during the lean period the pump at the main intake point was operated to maintain proper river course to avoid silting at the intake point. The reply of the Executive Engineer was not acceptable in the absence of any norms fixed for such wastage.

Anti erosion measures at main intake point at Hatimurah—discrepancy over receipt and issue of boulders

4.35 The estimated provision was Rs.60.39 lakh in the revised project report for anti erosion measures at the main intake point at Hatimurah, against which KKID incurred an expenditure of Rs.52.43 lakh during 1994-95 to 2000-2001.

4.36 Scrutiny of records revealed that according to the Section Officer, Hatimurah section during March 1999 to July 1999, 3995 cubic metre of man-size (23-30 cum) boulders valued at Rs.23.97 lakh (@ the rate of Rs.600 per cum.) were utilised on the work against the estimated quantity of 9880 cum. The concerned Assistant Executive Engineer however, stated (September 2000) that no boulders were stacked, utilised and available during his visit on many occasions to the site of work prior to August 2000. The Assistant Executive Engineer further stated (April 2001) that the relevant site accounts for the period from March 1999 to August 1999 were not countersigned by him and forwarded to the Divisional Office in view of above anomalies. Thus, there was discrepancy of 3995 cubic metre man-size boulders worth Rs.23.97 lakh. The Executive Engineer KKID decided (April 2001) to carry out investigation into the matter. Further progress had not been intimated.

Non-realization of irrigation service charges and loss on unutilised irrigation potential.

4.37 With the objective of meeting operational and maintenance charges of irrigation scheme the government of Assam had issued (December 1993) notification for collection of irrigation service charge from the beneficiaries at the rate of Rs 375.50 per hectare and Rs. 140.62 per hectare for Rabi and Kharif respectively. During the period 1994-95 to 2000-2001 the total irrigation potential created were 1,00,806 hectare for Kharif and 80,200 hector for Rabi Crop. Of this, 9727 hectare were irrigated during the period 1994-95 to 2000-2001. Accordingly, Rs.17.24 lakh as shown in Appendix-XVII was realisable from the users but nothing was received till the end of 2001. But it was noticed that the KKID had incurred expenditure of Rs.69.17 lakh during 1994-95 to 2000-2001 on maintenance. This indicated that operational cost could not be met out of revenue receipts.

[♦](Rs.5,79,19,247 ÷ 6,08,39,340 lakh cusec x 2,90,65,914 lakh cusec).

Material Management***Non-analysis of discrepancy in stock accounts***

4.38 As per the monthly accounts of KKID for the month of February 2001, the value of stock held by the division was Rs.56.65 lakh though there was no balance of stock as per Bin Cards. The division did not also maintain any Priced Stores Ledger. Non-maintenance of such basic public works store records is highly irregular and indicative of weak material management. The discrepancies were not analysed by the division.

Irregular adjustment of WMC memos

4.39 As per Central Public Works Code, the head-8658 Suspense Account-129-Material Purchase Suspense Account may be used for accounting the cost of materials received through Director General Supply and Disposal (DGS&D) pending receipt and adjustment of Works Miscellaneous Clearance (WMC) memos from the Accountant General (A&E).

4.40 Test-check of records revealed that between 1984-85 and 1987-88 the KKID had received 58 WMC memos worth Rs.96.46 lakh from the Accountant General (A&E), Assam, against the material received through DGS&D. However, only in March 1996 (Supplementary) accounts, the Division adjusted 50 WMC memos worth Rs.61.27 lakh being the value of 27047.958 Tonne of cement by debit to stock suspense and contra credit to 8782 PWD Remittance-III other remittances-items adjustable by PWD, without proper verification of receipt of materials. In the body of the bills it was recorded as "bills verified and found correct/material received" without recording of the date of receipt, details of materials accounted for i.e., GRS number and date, Bin card number and date, RR numbers and date etc. In the absence of above records of actual receipt and utilisation of material the authenticity of actual receipt and utilisation could not be vouchsafed in audit. Thus, adjustment of WMC memos worth Rs.61.27 lakh without proper verification, utilisation and exhibition in Miscellaneous Purchase Suspense Settlement Account (MPSS) was highly irregular and led to overstatement of the project cost. In respect of remaining 8 WMC valued Rs.35.19 lakh adjustment are yet to be carried out. The division stated (April 2001) that the matter would be verified. Further reply had not been received (May 2001).

Idle outlay on procurement of hume pipe

4.41 Test-check of site accounts of the store section of KKID revealed that between September 1992 and March 1994 the division had received 5655.5 running metres of RCC hume pipes of different dia worth Rs.22.35 lakh against the supply orders issued by the Additional Chief Engineer, Irrigation in March 1992. The material remained unutilised as of April 2001 (since the date of procurement). The division stated (April 2001) that the pipes could not be utilized due to delay in progress of work. The reply is not acceptable as according to the information furnished (August 2001) by the Division the requirement of pipes for works since 1993 was only 2800 RM.

Avoidable expenditure on engagement of muster roll labourers

4.42 Test-check of records revealed that Rs.14.72 lakh was paid during 1994-95 to 2000-2001 to 11 muster roll labourers showing them to have been employed in Barhampur lift point wherein civil construction works are yet to be started/taken up (Monitoring Status Report of August 2000 of CWC). Thus, expenditure of Rs.14.72 lakh on engagement of 11 MR was not gainful and avoidable. The implementing division stated (April 2001) that observation of audit is noted for future guidance.

Non-monitoring and evaluation of the scheme

4.43 At State level the monitoring cell office of the Chief Engineer, Irrigation Assam was to monitor the physical and financial progress of the scheme and at Central level the Director, Central Water Commission, Brahmaputra and Barak Basin, Guwahati was also monitoring the progress of the scheme from the year 1995-96. The physical progress on potential created and its poor utilisation were however, not analysed and highlighted by any of the State monitoring authority. The performance of the scheme was also not evaluated by the state monitoring cell.

4.44 The foregoing observations were reported to government in June 2001; their reply had not been received (October 2001).

Recommendations

4.45 Utilisation of irrigation potential to be increased and the cost of maintenance to be met by recovery of irrigation charges at prescribed rates.

Part payment against running account bill, supply bills through hand receipt on un-passed bills should be strictly avoided.

System of supervision like survey of various works, collection of materials from available sources and putting them into use in efficient and economic manner including periodical verification of stores, progress of works need to be streamlined. The scheme also needs to be monitored at all levels regularly.

There needs to be better coordination between Civil and Electrical divisions for optimum utilisation of irrigation potential.

**PUBLIC HEALTH ENGINEERING/MUNICIPAL
ADMINISTRATION DEPARTMENTS**

Drinking water

Accelerated Rural Water Supply Programme

Accelerated Rural Water Supply Programme (ARWSP) was launched by the Government of India with the objective of providing safe and adequate drinking water to unserved rural habitations especially to reach the unreached with access to safe drinking water by supplementing the efforts made by state government under Minimum Needs Programme (MNP). A review of the programme as implemented in the State revealed delayed and short release of central assistance by the state government resulting in deduction of funds by Government of India, utilisation of funds under MNP towards payment of salary, funds remaining locked up in Public Works and Revenue Deposits. Considerable number of schemes remained inoperative due to inadequate provision of funds and materials and there was shortfall in achievement and abnormal delay in execution of schemes. The scheme also suffered from time and cost overrun, disproportionate physical and financial achievement, adoption of improper accounting procedure and material management, lack of proper planning and monitoring and absence of evaluation of implementation of the programme for taking corrective measures.

Highlights

-- During the period 1997-98 to 2000-2001 out of plan budget provision of Rs.218.52 crore and Rs.267.12 crore under ARWSP and MNP respectively, Rs. 179.85 crore under ARWSP and Rs.241.60 crore under MNP were made available and expenditure thereagainst was Rs.165.98 crore and Rs.229.28 crore under ARWSP and MNP respectively. Rupees 65.99 crore were deducted by Government of India from total allocation under ARWSP due to short release of funds by state government.

-- Against 14675 habitations targeted to be covered under the programme during 1997-98 to 2000-2001 the actual coverage was 10745 (73 per cent).

-- There was a cost overrun of Rs.45.26 crore due to delay in completion of schemes.

-- Expenditure of Rs.51.88 lakh was incurred by 2 divisions on 6 piped water supply schemes without achieving any physical progress.

-- Untreated water was supplied for drinking under 118 commissioned schemes covering 263 habitations under 10 divisions as no treatment plant was constructed.

-- **2796 Iron Removal Plants installed at a cost of Rs.2.51 crore were inoperative.**

-- **Materials worth Rs.55.30 lakh have been lying in the Site Accounts of completed schemes.**

-- **13501 Hand Pumps worth Rs.7.48 crore were purchased in excess of requirement.**

-- **Materials worth Rs.3.46 crore donated by UNICEF have been lying unused for last 3 years.**

Introduction

4.46 Accelerated Rural Water Supply Programme (ARWSP) was introduced in 1972-73 to assist the States and Union Territories with 100 per cent grants-in-aid to implement the schemes in problem villages. The scheme continued till 1973-74. With the introduction of the Minimum Needs Programme (MNP) during the Fifth Five Year Plan from 1974-75, it was withdrawn. The programme was, however, reintroduced in 1977-78 when the progress in supply of safe drinking water to identified problem villages under MNP was not found to be satisfactory. The ARWSP continued to be implemented till 1998-99. From 1 April 1999 the scheme has been revamped and Sector Reforms were introduced which envisaged demand-driven approach based on empowerment of villagers to ensure their full participation in the project through a decision-making role and 10 per cent sharing of capital cost and 100 per cent sharing of Operation & Maintenance. ARWSP aims to provide safe and adequate drinking water facilities to the rural population by supplementing the efforts being made by the state governments and the Union Territories under the State Sector MNP and the funds to be provided under ARWSP were not to exceed the provision made by the state government under MNP. The objectives of the scheme are (i) to ensure coverage of all rural habitations especially to reach the unreached with access to safe drinking water, (ii) to ensure sustainability of the system and sources and (iii) to preserve quality of water by institutionalising water quality monitoring and surveillance through a catchment area approach.

Organisational set up

4.47 The Chief Public Health Engineer (CPHE) was in overall charge of rural water supply schemes under Accelerated Rural Water Supply Programme. He was assisted by six Additional Chief Engineers and twelve Superintending Engineers. The schemes were implemented through 41 divisions headed by Executive Engineers.

Audit coverage

4.48 Records relating to implementation of the programme for the period from 1997-98 to 2000-2001 were test-checked in the Offices of the CPHE, Additional Chief Engineer-cum-Executive Director, State Human Resource

Development Cell, four Circle Offices* and 11 selected* PHE Divisions during the period January 2001 to May 2001 and September 2001 covering 26.58 per cent (Rs.147.28 crore) of the total expenditure of Rs.554.01 crore. The significant points noticed in audit are contained in the succeeding paragraphs.

Funding pattern

4.49 The allocation of central assistance under the ARWSP was subject to matching provision/expenditure by the state under the state sector Minimum Needs Programme (MNP). The shortfall in actual expenditure under MNP vis-à-vis expenditure under ARWSP during the previous year was to be deducted from the last installment of the ARWSP funds for the current financial year.

(a) Up to 15 per cent of the funds released every year under the ARWSP was allowed by the Government of India for utilisation in operation and maintenance of assets created subject to ceiling of matching grant provided by the States out of MNP provision.

(b) The maximum carryover of funds allowed by central government upto 1999-2000 was 20 per cent of total allocation. However, from 1 April 2000, the Government of India allowed carryover of funds only to the extent of 15 per cent of the total allocation for the year.

(c) Release of central assistance in the subsequent year was to be reduced to the extent the carry over funds exceeded the permissible limit. Funds for Sector Reform were to be released directly to the District Water Supply and Sanitation Missions (DWSM) which were to have their separate bank accounts to receive and disburse funds.

Poor financial management and control

4.50 The year-wise position of budget vis-à-vis expenditure on ARWSP and MNP during the period 1997-98 to 2000-2001 were as under:

(i) Accelerated Rural Water Supply Programme (ARWSP)-Plan

(Rupees in crore)

Year	O.B. as on 1 st April	Allocation by GOI	Release d by GOI	Total fund available	Per cent-age of release with ref to allocation	Release by State Govt.	Per cent-age of release by State Govt. with ref. to fund available	Expenditure	
								As per department	As per Appropriation Accounts
1997-98	16.42	41.80	23.76	40.18	57	17.98	45	17.98	16.88
1998-99	22.20	61.20	64.17	86.37	105	33.17	38	32.56	33.74
1999-2000	53.81	41.80	20.90	74.71	50	55.53	74	55.23	54.28
2000-2001	19.48	73.72	54.60	74.08	74	60.21	81	60.21	60.44
Total		218.52	163.43	179.85	75	166.89	93	165.98	165.34

Source: Information furnished by the CPHE/Appropriation Accounts.

NB: Total Fund available = OB as on 1-4-97 i.e. Rs.16.42 crore plus total release by GOI: Rs.23.76 crore.

* Guwahati, Jorhat, Dibrugarh and North Lakhimpur .

* Store and Workshop Division, Guwahati Division No.1, Silchar Division NoI&II, Dhubri, Golaghat, Dibrugarh, Jorhat, Biswanath Chariali, North Lakhimpur and Nagaon.

* Difference of Rs.0.64 crore between departmental figures and Appropriation Accounts figures due to non-reconciliation of expenditure with the AG (A&E).

(a) Out of the total allocation of Rs.218.52 crore made by Government of India during 1997-98 to 2000-2001, Rs.65.99 crore (30 per cent) was deducted at source due to short release of funds by the State Government. Evidently, the scheme suffered from short release of funds by the State Government.

(b) It was further seen that against Rs.74.08 crore available during 2000-2001, Rs.15 crore was spent on payment of energy charges, which was in excess of Rs.3.89 crore over the permissible limit of Rs.11.11 crore on “operation and maintenance”.

(ii) *Minimum Needs Programme (MNP)*

(Rupees in crore)

Year	Budget Allocation of State Govt.	Release of fund by the State	Percentage of release with ref. to budget allocation	Expenditure	
				As per department	As per Appropriation Accounts
1997-98	69.05	68.89	100	61.69	34.96
1998-99	70.05	55.38	79	53.75	29.40
1999-2000	63.87	58.85	92	55.36	26.89
2000-2001	64.15	58.48	91	58.48	36.02
Total	267.12	241.60	90	229.28	127.27*

Source: Data furnished by the CPHE/Appropriation Accounts.

(c) Out of total expenditure of Rs.229.28 crore, the department had spent Rs.141.12 crore (62 per cent) on payment of salaries of staff members during the above period leaving only Rs.88.16 crore (38 per cent) for implementation of MNP. Expenditure of Rs.141.12 crore on disbursement of salaries of the staff members of the department out of MNP fund was beyond the scope of the scheme and adversely impacted its implementation.

(iii) *Operation and Maintenance (O&M)-Non-Plan*

The budget provision, release of funds and expenditure under operation and maintenance (Non-plan) for the period 1997-98 to 2000-2001 were as under:

(Rupees in crore)

Year	Budget Allocation	Release	Percentage of release with ref. to budget allocation	Expenditure	
				As per department	As per Appropriation Accounts
1997-98	33.30	25.54	77	25.02	1.81
1998-99	44.87	38.36	85	31.57	2.39
1999-2000	42.90	34.39	80	34.38	2.63
2000-2001	74.21	67.78	91	67.78	3.49
Total	195.28	166.07	85	158.75	10.32**

Source: Data furnished by the CPHE and Appropriation Accounts.

(d) Out of total expenditure of Rs.158.75 crore, the department had spent Rs.106.75 crore (67 per cent) towards payment of pay and allowances of work charged establishment.

* Difference of Rs.102.01 crore between departmental figures and Appropriation Accounts figures due to non-reconciliation of expenditure with the AG (A&E).

** Difference of Rs.148.43 crore between departmental figures and Appropriation Accounts figures due to non-reconciliation of expenditure with the AG (A&E).

Physical progress-Shortfall in achievement against target

4.51 At the instance of Government of India, PHED, Government of Assam had conducted a survey during 1994 to ascertain the status of drinking water supply in the rural areas. The survey revealed that there were 13660 habitations not having safe source of drinking water and 24462 habitations were partially covered (PC) as on 1 April 1994 with a population of 66.46 lakh.

4.52 As on 1 April 1997 there were 10115 not covered (NC) and 23745 PC habitations with a designated population of 57.49 lakh (projected) to be covered under the programme.

4.53 The details of target set for coverage of population and achievement during the year 1997-98 to 2000-2001 were as follows:

(i) Habitation

Year	Habitation (in number)						Percentage of achievement with ref. to target		
	Target			Achievement			NC	PC	Total
	NC	PC	Total	NC	PC	Total			
1997-98	1675	-	1675	1492	260	1752	89	260	105
1998-99	2500	2000	4500	1989	718	2707	90	36	60
1999-2000	3000	1000	4000	2248	1212	3460	75	121	87
2000-2001	1500	3000	4500	822	2004	2826	55	67	63
Total	8675	6000	14675	6551	4194	10745	76	70	73

Source: Data furnished by the CPHE.

(ii) Population

Year	Target			Achievement			Percentage of total coverage with reference to target
	Total	SC	ST	Total	SC	ST	
1997-98	4.09	0.33	0.66	4.84	0.31	0.79	118
1998-99	11.25	0.79	1.69	8.33	0.43	0.86	74
1999-2000	13.22	1.00	1.72	13.13	1.07	1.65	99
2000-2001	13.58	0.79	1.70	9.21	0.77	1.00	68
Total	42.14	2.91	5.77	35.51	2.58	4.30	84

Source: Data furnished by the CPHE.

4.54 The targets were not achieved during 1998-99 to 2000-2001 and the shortfall during 2000-2001 was over 30 per cent.

4.55 Though financial achievement was 93 per cent (ARWSP) and 95 per cent (MNP) during the period 1997-98 to 2000-2001 only 73 per cent of targeted habitations and 84 per cent of targeted population could be covered during the said period.

Time overrun and cost overrun in completion of piped water supply schemes

4.56 Scrutiny of records of 10 test-checked divisions revealed that against the sanction of Rs.100.08 crore for execution of 1007 Piped Water Supply Scheme (PWSS), the department could complete 664 PWSS at a cost of Rs.86.73 crore (142 per cent) upto March 2001 against the sanctioned amount of Rs.61 crore, resulting in excess expenditure of Rs.25.73 crore which was debited to ARWSP though expenditure in excess of approved estimated cost

of the schemes was to be borne by the state government as per guidelines. Of the 664 completed schemes, 563 schemes were delayed with the delay ranging from 1 to 5 years in respect of 456 schemes, 6 to 10 years in respect of 86 schemes, 11 to 15 years in respect of 19 schemes and 16 to 20 years in respect of 2 schemes against the stipulated period of completion of 3 years from the date of commencement of the schemes.

4.57 Further, against the sanction of Rs.39.08 crore, the department had spent Rs.33.26 crore (85 per cent) upto March 2001 on the 343 incomplete schemes. The Divisions had also projected an additional requirement of Rs.25.35 crore to complete the schemes. Therefore, a total of Rs.58.61 crore (150 per cent of the sanctioned amount) would need to be spent for completing these schemes leading to cost overrun of Rs.19.53 crore. Thus, the delay in execution resulted in cost overrun of Rs.45.26 crore.

4.58 The Divisions stated that due to non-availability of fund and materials and failure of DTWs, the completion of these schemes had been delayed which is not tenable as substantial funds were spent on salary and wages and materials were lying idle in the site accounts of the completed schemes.

Schemes executed without Technical Sanction

4.59 Under the rules no work should commence without detailed estimate and administrative approval of the competent authority. Moreover, when expenditure on a work in progress is likely to exceed the original sanctioned amount by more than 10 per cent, revised administrative approval is to be obtained.

4.60 During test-check of records of 10 divisions it was noticed that all the 1007 PWSS were taken up for execution without obtaining technical sanction. Out of 1007 PWSS the expenditure in respect of 647 schemes exceeded the sanctioned amount by 11 to 547 per cent. No revised estimate had been approved to regularise the expenditure incurred in excess of sanctioned amount.

Expenditure incurred on schemes without achieving physical progress

4.61 Six PWSS were sanctioned at a cost of Rs.57.15 lakh during March 1985 to February 1997 to provide safe drinking water to 20834 souls. Expenditure to the tune of Rs.51.88 lakh had been incurred without achieving any physical progress. The component-wise details of expenditure were not available due to non-maintenance of Register of Works.

4.62 Further, Silchar Division-I&II spent Rs.7.62 lakh (38 per cent) on 2 PWSS against the sanctioned amount of Rs.20.24 lakh for construction of Treatment Plant without developing raw water source. The schemes were stipulated to be completed by February 1990 and February 1991.

4.63 Thus, absence of proper monitoring resulted in depriving more than 20834 souls from access to safe drinking water for periods ranging between 1 and 11 years.

Unauthorised construction of Piped Water Supply Schemes (PWSS)

4.64 The Executive Engineers, PHE, Biswanath Chariali and Silchar-I Divisions had constructed 11 PWSS at a total cost of Rs.1.08 crore* for providing water supply to 11 tea estates between June 1990 and September 1999. Thus, expenditure of Rs.1.08 crore incurred for providing water supply to private tea gardens out of scheme funds was highly irregular and beyond the scope of ARWSP.

Supply of water without treatment

The objective of the programme was to ensure supply of safe and adequate drinking water to rural habitations after adequate chemical and bacteriological treatment.

4.65 Out of 1007 PWSS test-checked in 10 divisions it was noticed that in 118 schemes commissioned at a cost of Rs.12.84 crore between November 1985 and January 1996, raw water was being supplied to 263 habitations without completing the treatment plant for such long periods. Supply of untreated water was against the objective of providing safe drinking water under the scheme.

Shortfall in water quality testing

4.66 Out of 23 District Level Laboratories (stationary) sanctioned and established between November 1992 and March 2001 under the programme, test-check of 8 District Laboratories* completed at a cost of Rs.32 lakh revealed that 2 laboratories have not yet started functioning. There is no mobile laboratory in the State. Technical staff required for the laboratories were not appointed as of March 2001 and water testing in all the laboratories was being carried out by non-technical staff. As per norm prescribed by CPHE, each District Laboratory should collect and analyse 2160 (chemical: 1800 and bacteriological: 360) samples per year. Test-check of 6 District Level Laboratories** revealed that against the norm of 51840 sample tests (Chemical: 43200 and bacteriological: 8640) only 10297 tests (chemical: 9344 and bacteriological: 953) were carried out by the 6 Divisions during the period 1997-98 to 2000-2001. The per centage of shortfall was 80 per cent. Further, the tests carried out in the laboratories cannot be relied upon as those were conducted by non-technical staff. Evidently, the water supplied lacked assurance about being free from harmful chemical and bacteriological elements.

* Biswanath Chariali 10 PWSS: Rs.0.94 crore
 Silchar-I 01 PWSS: Rs.0.14 crore
 Total=11 PWSS: Rs.1.08 crore

* Silchar, Guwahati, Dhubri, Dibrugarh, Jorhat, Golaghat, Lakhimpur and Nagaon

** Guwahati, Dibrugarh, Jorhat, Golaghat, Lakhimpur and Nagaon

Iron Removal Plants (IRP) were inoperative

4.67 In Assam the iron content in water is in excess of tolerable limit. 3772 Iron Removal Plants were approved against which 2853 IRPs (76 per cent) were installed (March 2001) at a total cost of Rs.2.56 crore @ Rs.8986 each; of which only 2796 IRPs (98 per cent) installed at a cost of Rs.2.51 crore were inoperative (March 2001). Poor performance of IRPs was attributed to improper and irregular back washing and users' lack of basic skill for maintenance of IRP and hand pump attached to IRP.

Thus the objective of providing quality and safe drinking water was not achieved in the above mentioned cases.

Non-functioning of Solar Photovoltaic Pumping System (SPV)

4.68 Four solar photovoltaic pumping systems were installed in 4 villages (Debinagar, Palashbari, Augorkata NC and Sonitpur) for operating pump sets in respect of water supply scheme covering a population of 5240. The systems were installed by the Central Electronics Limited, engaged directly by the Government of India during January 1991.

(i) Out of these, 2 installed at Palashbari and Augorkata NC, had stopped working since January 1992 and January 1994 respectively. The other two installed at Debinagar and Sonitpur had also stopped working since May 1995.

(ii) Effective steps for restoration of 4 SPV systems had not been taken by the department and the population of 4 villages (5240) have been deprived of safe drinking water for the last 6 to 9 years.

Management of Rigs-idle payment on salaries

4.69 The department had 25 rigs for drilling bores for deep tube wells, out of which 3 rigs were off road awaiting repair and 13 other were beyond repair (March 2001).

4.70 Test-check of 10 divisions revealed that there were 8 rigs under 6 divisions*, of which 7 rigs were in working condition. During the period 1997-98 to 2000-2001 sixty four bore holes were made by using 7 rigs against 336 bore holes as per norms (one bore hole per month) registering a shortfall of 81 per cent. Out of 64 bore holes, 61 were successful. The number of bore holes drilled by 7 rigs could have been got done by using only 2 rigs had the performance of the rigs been properly monitored by CPHE and the requirement properly assessed. The rigs should have been allotted on the basis of work-load and the excess rigs should have been declared surplus. However, due to lack of monitoring, expenditure of Rs.66.76 lakh was incurred on payment of salaries of 7 drilling parties consisting of 3-11 persons without gainfully utilising their services.

Material Management-Improper accounting of material

4.71 During 1997-98 to 2000-2001 the Chief Public Health Engineer, Assam provided Rs.60.48 crore to the Stores and Workshop Division for procurement

* Golaghat, Dibrugarh, Jorhat, Lakhimpur and Guwahati Division-I

of materials for water supply schemes. As there was no provision for stock suspense, the Executive Engineer, Stores and Workshop Division procured the materials by charging the entire cost of the materials directly to the programme (ARWSP). The Stores and Workshop Division issued materials worth Rs.48.18 crore to the executing divisions (41 divisions) and the balance materials (12.30 crore) were retained by the division. Test-check of records of 10 Divisions revealed that materials valued at Rs.55.30 lakh in respect of completed schemes were lying with these divisions and the cost of materials received from the Stores and Workshop Division were not included in the cost of each of the individual schemes. Actual cost of the individual schemes consequently remained understated due to non-inclusion of the cost of materials utilised in it. The total value of materials lying with the executing Divisions was not ascertained either by the Stores and Workshop Division or by the CPHE. Thus, it could be seen that though the entire cost has already been debited to the programme, actual utilisation in respect of each individual scheme under ARWSP had not been watched. The CPHE stated (May 2001) that the matter would be taken up for rectification.

Non-accountal of materials

4.72 Test-check of records of Biswanath Chariali Division revealed that during the period April 1996 to 11 March 2001 materials worth Rs.55.81 lakh had been issued from Divisional Store (Biswanath Chariali) to Gohpur Sub-Division but no account showing the receipt and utilisation of the same had been submitted. The fact of non-submission was brought to the notice of Executive Engineer in July 2000 by the concerned Assistant Executive Engineer. However, no effective action had been taken by the Executive Engineer. Thus, materials worth Rs.55.81 lakh remained unaccounted for.

Purchase of Hand Pumps in excess of requirement

4.73 23,231 Hand Pumps (HPs) of different specifications including accessories were purchased by CPHE during the period 1997-98 to 2001 against the requirement of 10506. There were 776 Hand Pumps in stock as on 1 April 1997. Procurement of hand pumps and other related details are given below:

(Rupees in crore)								
Sl. No.	Item/specification	O.B. as on 1.April 1997	Procurement during 1997-98 to 2000-2001	Total	Requirement	Excess procurement	Issue	Expenditure incurred for excess procurement
1.	India Mark-III with raiser pipe	80	5402	5482	3385	2097	3217	1.92
2.	Singur Suction Type Hand Pump	NIL	7815	7815	2409	5406	7652	0.82
3.	Direct Action Hand Pump (Tara Pump)	696	10014	10710	4712	5998	10710	4.74
	Total	776	23231	24007	10506	13501	21579	7.48

Source: Data furnished by CPHE and EE Stores and Workshop Divisions.

4.74 Thus, procurement of 13501 hand pumps in excess of requirement resulted in excess expenditure to the tune of Rs.7.48 crore. Incurring of expenditure in excess of requirement on the items evidently resulted in delay

in the progress of other incomplete schemes and also indicated improper planning.

Idle stock of water supply materials

4.75 Test-check of records of Stores and Workshop Division, Guwahati revealed that materials viz., CID joints, MSBE pipes, slotted strainers, UPVC pipes, spare parts (9 items) worth Rs.8.24 crore were procured by the CPHE, during the period 1997-98 to 2000-2001 with an opening balance of stores for Rs.0.20 crore. Against the total store of Rs.8.44 crore, materials worth Rs.6.16 crore were issued during the above mentioned period and balance materials worth Rs.2.28 crore were lying in store without physical verification.

Materials donated by UNICEF lying unused

4.76 Test-check revealed that during the period 1997-98 to 2000-2001 UNICEF donated materials viz., Mark-III hand pumps, Tara hand pump, Singur hand pump, pipes, spare parts, tool kits etc., worth Rs.6.67 crore to PHED, Assam for utilisation in School Water Supply and Sanitation and Control of Diarrhoeal Diseases–Water Supply Sanitation Projects. The materials were stored in Stores & Workshop Division and materials worth Rs.3.21 crore were issued to different divisions as per allotment made by the CPHE. Accounts for receipt and issue of materials donated by UNICEF were being maintained by Stores & Workshop Division; however no monitoring was done by the CPHE. The materials valued at Rs.3.46 crore were lying in the Stores and Workshop division without any utilisation (March 2001).

4.77 The Additional Chief Engineer, PHED (Co-ordinator, Communication & Sanitation Cell, Assam) stated (May2001) that the materials were to be used as per requirement for implementation of projects and the materials would be utilised as soon as administrative approval was accorded by government of Assam.

4.78 Thus, due to inaction of the Department/Government, the beneficiaries were deprived of the intended benefits under the project.

Non-utilisation of computers for intended objectives

4.79 The Management Information System (MIS) is extremely important for planning and effective monitoring of implementation of various components of Programme. Cent per cent of the cost of the system was to be met by the central government. The Government of India approved Rs.94.82 lakh in March 1996 as project cost for computerisation in PHED for monitoring the progress of implementation of the programme and released Rs.75.86 lakh being 80 per cent central share between March 1996 and March 1998 for procurement of computer hardware and software. An additional amount of Rs.1.74 lakh was allotted and released by Government of India between March 1996 and March 1998 for training. Out of above funds, state government released Rs.67.26 lakh (89 per cent) and Rs.0.88 lakh (51 per cent) for procurement of computer and training respectively between 1998-99 and

2000-2001. The funds were spent for procurement and training respectively during the same period.

4.80 Government of India further released Rs.1.55 crore in December 1999 for 2nd phase and Administrative Approval was accorded by Government of Assam in March 2000. But no further fund was released by the state government.

4.81 Test-check of records of CE, PHED and 4 Circle Offices revealed that though computer hardware has been installed between June and December 1999, Government of India had not designed any software for proper functioning of MIS (March 2001). Periodical reports indicating progress of the schemes with targets and achievements of the divisions had also not been submitted to the SE of respective circles and no mechanism had also been evolved to utilise the MIS through circle offices for monitoring the progress of implementation. Out of the 4 circle offices test-checked (SE, Jorhat, North Lakhimpur, Dibrugarh and Guwahati) it was noticed that excepting Guwahati, no other circle offices had position of schemes upto March 2001. No mechanism had also been evolved for creating data bank, analysis of the same and issue of instruction to the Divisional Officer. In circle Offices the computers had been utilised mainly for word processing. Scheme-wise progress had also not been analysed by CPHE and no instruction had been issued to the Divisional Officers to set right the deficiencies noticed. Thus, computerisation under MIS had not yielded the desired objective.

Sector Reforms Programme

Non-achievement of objective due to non-release/short release of funds

4.82 With the objective of institutionalising community participation in rural water supply schemes through constant interaction with the user community, partial sharing of capital cost (at least 10 per cent) and 100 per cent Operation and Maintenance by the users, Sector Reforms programme were launched by Government of India from 1999-2000. Funds for implementation of Sector Reforms were to be released directly to the District Water and Sanitation Missions' (DWSM) bank accounts.

4.83 In the State of Assam, three districts (Kamrup, Jorhat and Sonitpur) had been selected for implementation of Sector Reforms Pilot Project at a project cost of Rs.34.56 crore*. Government of India released Rs.9.68 crore** in March 2000 to government of Assam with the direction to transfer the funds to DWSMs' respective bank accounts after confirming registration of DWSMs under State Registration Act. The DWSMs were registered in September 2000; however, the state government, instead of transferring funds to respective bank accounts of DWSMs, released (March 2001) Rs.5 crore out of Rs.9.68 crore to Guwahati Division-I (Rs.1.45 crore), Jorhat Division (Rs.1.85 crore) and Tezpur Division (Rs.1.70 crore) keeping a balance amount of Rs.4.68crore with the state government in contravention of the instruction of

* Kamrup: Rs.10 crore, Jorhat: Rs.12.75 crore and Sonitpur: Rs.11.81 crore.

** Kamrup : Rs.2.80 crore, Jorhat : Rs.3.57 crore and Sonitpur : Rs.3.31 crore.

Government of India. The Divisions released the funds to respective DWSMs (March 2001).

4.84 Thus, due to non-release of funds directly to DWSMs by Government of India and delay in release as well as short release of funds by the state government the Sector Reform Programme failed to take off in Assam resulting in non-achievement of the desired objective of Community participation.

Non-release of funds for Information, Education and Communication (IEC)

4.85 Information, Education and Communication strategy was prepared by the Ministry of Rural Areas and Employment, Government of India for creation of public awareness on water and sanitation sector. Approved cost of the IEC activities in Assam was Rs.92.21 lakh, to be shared equally between Centre and State. Karimganj and Sonitpur Districts were targeted for intensive awareness campaign in the first phase. Government of India released Rs.23.05 lakh in March 1996 of which Rs.1.50 lakh only was released by state government between 1998-99 (Rs.1.15 lakh) and 1999-2000 (Rs.0.35 lakh) and spent by the department for training. The balance of Rs.21.55 lakh has not been released by the state government (March 2001) and IEC Cell which was required to be created has not yet been created. Due to non-release of fund implementation of IEC was adversely effected and the objective of creating public awareness on water and sanitary sector was defeated.

Other points of interest-Irregularity in accounting

4.86 Scrutiny of records of 3 divisions (Guwahati-I, North Lakhimpur and Nagaon) revealed that an expenditure of Rs.1.07 crore was incurred between 1997-98 and 2000-2001 on operation and maintenance of 88 PWSS completed during March 1979 to September 1999 by charging the expenditure to the “original works” which was highly irregular. In reply the divisions stated that due to paucity of fund under operation and maintenance, the expenditure of the schemes was charged to “original work”. The reply is not tenable, as the expenditure on maintenance of the scheme can in no way be charged to the head “original works”.

Idle establishment

4.87 164 Muster Roll (MR) labourers were appointed in Hajo sub-division prior to 1993 in excess of actual requirement. The sub-division was transferred under Guwahati division No.1 from Rangia division in March 1992 along with the burden of excess MR labour force. Though the number of excess skilled labourers remained constant (88 nos.) during the period from 1992-93 to 2000-2001 the number of unskilled labourers varied between 19 and 77 during the aforementioned period and Guwahati division-I had to incur an expenditure of Rs.1.68 crore between 1992-93 and 2000-2001 to maintain the force apart from recurring liability of Rs.0.53 crore per annum (approx.) of wages.

Non-maintenance of records of assets created

4.88 The implementing agency is required to prepare a complete inventory of assets created under the programme indicating date of commencement and completion of project, cost of project and agency responsible for operation and maintenance. Test-check of 10 divisions revealed that inventory of assets created had not been prepared by any of the divisions. The divisions had not even furnished/prepared completion certificate in respect of the schemes completed so far by them.

Non-monitoring and evaluation of the programme

4.89 The implementation of the Programme was monitored by the Government of India through monthly, quarterly, half-yearly and annual progress reports. The CPHE collected information through periodical reports but these were not analysed. Though disproportionate physical and financial achievement, lack of planning and non-prioritisation was noticed by the CPHE, effective steps had not been taken to revamp the process of implementation.

4.90 Impact of implementation of the programme is required to be evaluated for taking corrective action. However, no evaluation of the implementation of the programme was carried out by an independent body/authority.

4.91 The forgoing observations were reported to government in July 2001; their reply had not been received (October 2001).

Accelerated Urban Water Supply Programme

Accelerated Urban Water Supply Programme (AUWSP) a Centrally Sponsored Programme, was introduced in Assam during 1993-94 with the objectives of providing safe and adequate drinking water to the entire population of towns having population of less than 20000 (as per 1991 census) but not covered under Accelerated Rural Water Supply Programme (ARWSP) till March 1992. Review of the Programme (1993-94 to 2000-2001) revealed delayed and short release of funds, diversion of funds and materials, parking of funds in Special Term Deposits, expenditure in excess of sanctioned amount, procurement of materials in excess of requirement at abnormally higher rates, absence of annual action plans and scheme-wise target. These coupled with inaction, lack of initiative and planning and monitoring both by the Central and state government as well as the implementing agency had severely retarded the progress of implementation of the programme and the principal objectives of the programme remained largely unfulfilled.

Highlights

-- **Out of total allotment of Rs.21.50 crore during 1993-94 to 2000-2001 for AUWSP an amount of Rs.11.27 crore was released to AUWS&SB and expenditure there against was Rs.7.19 crore with unspent balance of Rs.4.08 crore. There was diversion of Rs.1.17 crore for repayment of AUWS&SB's loan to HUDCO and Rs.2.76 crore to special term deposit and Rs. 0.15 crore parked in current account. Interest of Rs.0.17 crore earned on fixed deposits was not credited into the accounts of AUWSP.**

-- **Delay in release of central/state share to implementing agency ranging from 6 months to 36 months retarded the proposed progress of the programme.**

-- **Non-submission of utilisation certificate for Rs.4.93 crore resulted in non-release of committed central assistance of Rs.3.67 crore and 0.71 crore earmarked for new schemes.**

-- **Committed liability of Rs.1.91 crore accumulated in three divisions on 3 incomplete schemes due to parking of funds in term deposit and current account.**

-- **Improper selection of town for implementation under the programme resulted in unproductive expenditure of Rs.3.09 crore.**

-- **Scheme-wise target and achievement on 7 schemes was not fixed during 1993-94 to 2000-2001 but Rs. 1.10 crore was diverted to two schemes from unspent balances of other schemes.**

-- **Injudicious procurement of materials in excess of approved distribution network requirement led to avoidable expenditure of Rs. 2.24 crore.**

-- **Extra expenditure of Rs.2.48 crore was incurred due to procurement of materials at abnormally high rates.**

Introduction

4.92 With the principal objectives of providing safe and adequate drinking water to the entire population of towns having population of less than 20,000 (as per 1991 census) which were not covered under Accelerated Rural Water Supply Programme (ARWSP) till March 1992, and improving the environment and quality of life within a fixed time frame, the Ministry of Urban Development, Government of India had launched the centrally sponsored Accelerated Urban Water Supply Programme (AUWSP) in Assam during March 1994. The programme was to be funded on the basis of 50 per cent central government grant with the state government contributing 50 per cent including 5 per cent beneficiary contribution.

(i) In the formative stage of the programme, selection of towns was done by the ministry based on the proposals sent by the state government. Subsequently, from 1994-95, selection of schemes was done by the State Level Selection Committee (SLSC). On selection, Detailed Project Reports (DPR) were sent to the Ministry for technical scrutiny and approval.

(ii) Although state government accorded administrative approval for 7 schemes only 4 schemes out of the 7 were taken up for execution between July 1996 and June 2000.

Organisational set up

4.93 Managing Director, Assam Urban Water Supply and Sewerage Board (AUWS&SB) was overall in-charge of implementation of the programme in the state, assisted by a Chief Engineer and a Superintending Engineer of the Board and the schemes under the programme were being executed by three field divisions (Jorhat, Guwahati and Dhubri), headed by Executive Engineers.

Audit coverage

4.94 Implementation of AUWSP in Assam for the period from 1993-94 to 2000-2001 was reviewed during November 2000 to January 2001 and May 2001 by test-check of records of the Managing Director, Chief Engineer and 3 field divisions. The total expenditure of Rs.7.19 crore on the programme was checked in audit. The results of the review are indicated in the succeeding paragraphs.

Financial outlay and expenditure

4.95 The year wise position of expenditure vis-à-vis release of fund by Government of India to the state of Assam and budget allotment of state share (50 per cent) including release of state and central share by the state government on AUWSP during the period 1993-94 to 2000-2001 is detailed below:

(Rupees in crore)

Year	Allotment (Central share) and release of Fund by GOI	Budget allotment provided by the State (both Central & State share)	Release of Fund by the state government against		Total	Per centage of release by the state		Expenditure
			Central share	State share		Central share	State share	
1993-94	0.26	NIL	NIL	NIL	NIL	NIL	---	NIL
1994-95	NIL	NIL	NIL	NIL	NIL	---	---	NIL
1995-96	NIL	NIL	NIL	NIL	NIL	---	---	NIL
1996-97	1.68	NIL	0.26	NIL	0.26	15	---	NIL
1997-98	1.40	2.73	NIL	1.60	1.60	NIL	59	0.28
1998-99	1.99	3.40	1.68	1.61	3.29	84	47	2.61
1999-2000	3.24	3.40	1.70	1.70	3.40	52	50	1.85
2000-2001	NIL	3.40	1.19	1.53	2.72	100	45	2.45
	8.57	12.93	4.83	6.44	11.27			7.19

Source: Data furnished by the department.

Diversion and parking of funds

4.96 Out of 50 per cent Central share (Rs.12.24 crore for 12 schemes), Rs.8.57crore only was released to the state by the Government of India, whereas the state government had in turn released only Rs.4.83 crore to the implementing agency (AUWS&SB). In the context of continuing reliance of the state government on ways and means advances and overdrafts the balance amount of Rs.3.74 crore was apparently diverted to meet other expenditure of the state government. The state government had released Rs.6.44 crore out of their matching share (Rs.8.57 crore) up to March 2001 resulting in short release of state share to the extent of Rs.2.13 crore.

(a) During the period 1993-94 to 2000-2001 the AUWS&SB had received Rs.11.27 crore (Rs.4.83 crore being 56 per cent of the Central share released to state government and Rs.6.44 crore being 75 per cent of state share), of which expenditure of Rs.7.19 crore (64 per cent) was incurred for implementation of 4 schemes. The balance Rs.4.08 crore (36 per cent) was diverted and locked up as under:

(i) Diverted for repayment of HUDCO loan	Rs.1.17 crore
(ii) Parked in Term Deposit	Rs.2.76 crore
(iii) Kept in Current Account	Rs.0.15 crore
Total	Rs.4.08 crore

(b) AUWS&SB had obtained loan of Rs.45.52 crore between November 1992 and December 1998 from HUDCO for execution of eleven water supply schemes (not covered by the programme) of the AUWS&SB and repaid Rs. 41.48 crore upto March 2000. In course of repayment of HUDCO loan and as per decision of the Board (AUWS&SB) Rs.1.75 crore of AUWSP funds were diverted between January 1998 and October 1999 by MD, AUWS&SB, towards repayment of loan from HUDCO, of which, Rs.0.58 crore was adjusted between October 2000 and March 2001. The balance Rs.1.17 crore remained unadjusted (March 2001).

(c) Instead of utilising the fund received for implementation of AUWSP, the MD, AUWS&SB also parked (March 2001) Rs.2.76 crore in six Special Term Deposits. Reasons for such irregular parking of fund were not on record.

(d) Interest of Rs.0.17 crore earned on unspent balance of AUWSP fund parked in Term Deposits between October 1998 and March 2001 was credited to Board's account.

(e) The above diversion of the programme funds has resulted in delay in implementation of the programme.

Delay in release of Central share to implementing agency retarded the progress of the programme

4.97 Test-check revealed that for Namrup Water Supply Scheme the first installment of Central share of AUWSP Rs.0.26 crore, though released by

Government of India in March 1994, was released to AUWS&SB by the state government only in March 1997 i.e., after 36 months. Likewise, delays ranging from 6 months to 18 months occurred in release of subsequent installments of Central share of Rs.4.83 crore for all urban water supply schemes to the implementing agency out the of total Central share of Rs.8.57 crore as detailed below:

(Rupees in crore)

Balance lying with State	Date of Fund released by GOI	Amount	Total	Date of release by the state	Amount released by state	Balance to be released by state, out of Central share	Period of retention
NIL	5.3.94	0.26	0.26	18.3.97	0.26	NIL	36 months
NIL	5.3.97	1.28	1.28	13.8.98	1.28	NIL	16 months
NIL	12.3.97	0.40	0.40	7.9.98	0.40	NIL	17 months
NIL	24.2.98	1.40	1.40	4.9.99	0.49	0.91	18 months
0.91	14.12.98	0.08	0.99	---	---	0.99	8 months
1.00	15.2.99	1.91	2.90	4.9.99	1.21	1.69	6 months
1.69	26.10.99	0.22	1.91	---	---	1.91	11 months
1.91	9.2.2000	0.40	2.31	---	---	2.31	12 months
2.31	14.3.2000	2.62	4.93	---	---	4.93	13 months
4.93	---	---	4.93	7.2.2001	1.19	3.74	---
	Total	8.57			4.83	3.74	

Source: Data furnished by the department

4.98 The inordinate delay in release of fund by the state government significantly retarded the progress of implementation of the programme.

4.99 The reasons for delay in release of fund and non-release of entire central share to the implementing agency were not stated by the Finance Department, Government of Assam.

Non-release of central funds due to non-submission of utilisation certificate

4.100 Against the Central Assistance of Rs.8.57 crore, utilisation certificates for Rs.3.64 crore only were furnished till March 2001. Due to non-submission of utilisation certificate by the Government of Assam further fund has not been released till date (March 2001) though Rs.4.38 crore (Rs.3.67 crore being the committed amount plus Rs.0.71 crore for new schemes) was earmarked for the financial year 2000-2001. Moreover, GOI not only refused to consider approval of any new scheme under AUWSP but also sent back Detailed Project Reports of Nalbari and Bijni Town Water Supply Schemes, proposed for coverage of unserved population of 30501 during 2000-2001. Thus, the state failed to avail of the benefit of Central assistance to achieve the objective of the Programme in respect of certain projects.

Creation of unnecessary liability despite availability of funds

4.101 During scrutiny of records of Jorhat and Dhubri Divisions it was seen that the divisions had created committed liability of Rs.1.91 crore on account of unpaid bills of 3 ongoing schemes under AUWSP up to March 2001.

4.102 Jorhat division stated (December 2000) that the accumulation of liability was due to irregular flow and paucity of fund. The reply is not tenable in view of the fact that as on 31 March.2001, MD, AUWS&SB had an unspent balance of Rs.2.91 crore parked in term deposits and current accounts.

Non-realisation of contribution from beneficiaries

4.103 In terms of guidelines of Government of India 5 per cent contribution towards project cost was to be realised from beneficiaries during execution of the schemes.

4.104 Test-check revealed that no mechanism had been evolved for realisation of 5 per cent contribution from beneficiaries towards project cost of 4 ongoing sanctioned schemes*.

4.105 Thus Rs.0.40 crore, being 5 per cent of administratively approved cost of 4 schemes (Rs.8.08 crore) remained unrealised and no action had been initiated for realisation of the same (March 2001).

Non-formulation of annual action plan

4.106 Success of the programme is dependent upon suitable infrastructure, proper planning of activities and provision of adequate funds for execution.

4.107 Audit scrutiny revealed that annual action plans as stipulated by Government of India were never formulated. Priority sector was not identified for execution and money was spent without sequencing construction activities. District level plans involving community participation, programme for training of staff of town authority and beneficiaries on operation and maintenance, health care and water conservation methods etc., required to be prepared while setting up new water supply schemes, had not been prepared. No mechanism was evolved to oversee the process of planning, implementation and execution of schemes by the state government.

4.108 Absence of planning at all levels resulted in abnormal delay in implementation of the programme and the benefit intended for the unserved population remained unprovided.

Unproductive expenditure due to improper selection of Namrup Water Supply Scheme

4.109 Namrup is a town having a population of 19740 (as per 1991 census) where three industrial units, viz., Hindustan Fertiliser Corporation (HFC), Assam Petro Chemical Limited (APL) and Namrup Thermal Power Station are located which cover 70 per cent of the population with their own water supply schemes to cater to the demand of factories and residential complexes.

* Namrup WSS, Sonari WSS, Plalashbari WSS and Bilashipara WSS.

Besides, HFC has also provided 35 numbers of stand posts* to meet the demand of the remaining 30 per cent (approx) population.

(a) The scheme was, however, administratively approved for Rs.2.12 crore by the state government (March 1995) and technically approved by the Government of India for Rs. 1.35 crore (April 1995) with the stipulation to complete the work within 2 years. The work was taken up in July 1996 and is still in progress (May 2001). The Government of India had however released central assistance of Rs.0.26 crore (March 1994) before according technical approval and Rs.3.09 crore had already been incurred up to March 2001 against the scheme.

(b) Scrutiny of records revealed that the approved distribution pipe network, projected in the DPR is designed to cover a population of 9746 including 3174 population of 4 nearby villages. Out of the four villages, Duonia and Bongali Gaon had already been covered by piped water supply scheme under Accelerated Rural Water Supply Programme and to meet the demand for the remaining population of 6572 of Namrup Town (9746-3174), 35 stand posts provided by the HFC already existed.

(c) The deep tube wells, underground reservoir and treatment plant etc., were designed and being constructed to cover population of 24700 but the pipe network being laid was to cover only 9746 souls.

(d) The MD, AUWS&SB admitted the fact and stated (May 2001) that the excess water would be supplied to the colonies of the industrial units. The statement of MD, AUWS&SB is not tenable as the industrial units have their own water supply system to meet their requirement. Further the scheme does not provide for supply of water to industrial units and water cannot be supplied without distribution network.

(e) Thus, the selection of Namrup town for implementation of AUWSP was improper as the census population of 1991 (19740 souls) had already been covered and the selection was made without proper survey and investigation.

Expenditure incurred in excess of estimated cost

4.110 During the period between April 1995 and March 2001, Government of India accorded technical approval to 12 schemes for Rs.24.48 crore as detailed in Appendix-XVIII. The state government, however, had accorded administrative approval for Rs.11.82 crore only in respect of 7 schemes between March 1995 and October 1999 and only 4 schemes were taken up for implementation.

4.111 Out of both central and state share of Rs.11.27 crore received by AUWS&SB, Rs.7.19 crore had been spent on 4 ongoing schemes. Value of work of two schemes Namrup and Sonari exceeded the estimated cost by 45 per cent and 4 per cent respectively against the physical progress of only 70

* Stand posts- Way-side water supply points for public use.

per cent and 30 per cent respectively with total excess expenditure of Rs.1.10 crore on the two schemes (Namrup: Rs.0.97 crore, and Sonari: Rs.0.13 crore). The excess was incurred by diverting unspent balance of other schemes in contravention of the Guidelines and the fact of diversion was also admitted (May 2001) by the implementing agency. There were no excess expenditure on other two schemes (Palashbari and Bilashipara). The delay in completion of schemes has resulted in delay in providing benefit of water supply to the targeted population.

Material management

Injudicious procurement resulted in idle investment and unauthorized expenditure.

4.112 Test-check of records of MD, AUWS&SB, Jorhat and Dhubri Division revealed that materials (pipes & fittings) worth Rs.6.06 crore had been procured for 3 water supply schemes under AUWSP (Namrup: Rs.1.80 crore, Sonari: Rs.3.42 crore and Bilashipara: Rs.0.84 crore) between January 1999 and March 2001.

(a) Till May 2001, materials worth Rs.0.25 crore only had been issued to the work of Namrup water supply scheme and materials worth Rs.3.80 crore as detailed below are lying idle at site accounts of the three water supply schemes.

(Rupees in crore)					
Sl No.	Nam of Scheme	Cost of materials procured	Cost of materials diverted to state sponsored scheme	Cost of materials issued to work	Cost of materials lying idle
1.	Namrup Water Supply Scheme	1.80	0.39	0.25	1.16
2.	Sonari Water Supply Scheme	3.42	1.62	NIL	1.80
3.	Bilashipara Water Supply Scheme.	0.84	NIL	NIL	0.84
Total		6.06	2.01	0.25	3.80

Source: Data furnished by the department.

(b) It was also seen that the materials were procured far in advance of actual requirement and in the case of Bilashipara water supply scheme, the procurement had been made at the instance of the Chairman, AUWS&SB even before finalisation of land, development of raw water source and detailed survey and design of the distribution system.

(c) Between April 1999 and June 1999, Executive Engineer, Jorhat Division transferred materials totalling Rs.2.01 crore from Namrup water supply scheme (Rs.0.39 crore) and Sonari water supply scheme (Rs.1.62 crore) to a state sponsored water supply scheme (Jorhat water supply scheme) as per direction of MD, AUWS&SB without any monetary adjustment as of March 2001, which was highly irregular.

(d) Further scrutiny revealed that materials (pipes of different dia) worth Rs.2.24 crore were procured for Namrup and Sonari water supply schemes

(Namrup: Rs.1.24 crore and Sonari: Rs.1 crore) in excess of actual requirement.

(e) Thus, procurement of materials in excess of actual network requirement resulted in an avoidable expenditure of Rs.2.24 crore.

Purchase of materials at abnormally high rates

4.113 Scrutiny of records of M.D, AUWS&SB revealed that MD, AUWS&SB had procured pipes of different dia worth Rs. 6.06 crore for implementation of Namrup (Rs.1.80 crore), Sonari (Rs.3.42 crore) and Bilashipara (Rs.0.84 crore) water supply schemes (between January 1999 and March 2001) from selected local suppliers at the rates approved by Purchase Committee of AUWS&SB presided over by Chairman, AUWS&SB (Hon'ble Minister, Municipal Administration Department, Government of Assam). The rates approved by the Purchase Committee were quoted by the suppliers in response to Notice Inviting Tenders for supply of pipes of different dia and specifications.

4.114 However, it was seen in audit that the rates approved by the Purchase Committee were much higher than the rates of manufacturers and DG S&D approved firms. This has resulted in extra expenditure to the extent of Rs.2.48 crore as shown in Appendix-XIX, which included committed liability of Rs.1.06 crore (Namrup: Rs.0.08 crore, Sonari: Rs.0.52.crore and Bilashipara: Rs.0.46 crore).

Management information system was not in place

4.115 Management Information System (MIS) a scientific device for effecting monitoring and evaluation of activities of an organisation or an ongoing scheme, was not found to have been evolved either by the state government or MD, AUWS&SB to monitor and evaluate activities of AUWSP.

Training to staff of local bodies not imparted

4.116 It was mandatory on the part of the implementing agency to obtain resolutions of the concerned local bodies of the selected towns to the effect that the local bodies would impart training to the existing staff particularly at grass root level and the implementing agency was to help the local bodies. Scrutiny of records of AUWS&SB however revealed that there was no system introduced by AUWS&SB to impart training to the staff of local bodies. This is in contravention of the guidelines.

Inadequate monitoring of the scheme

4.117 To facilitate proper monitoring, separate scheme-wise accounts were to be maintained and physical and financial monitoring was to be done by the officers of the Central Public Health and Environment Engineering Organisation of the Ministry of Urban Development, Government of India

through quarterly reports and by way of site visits and discussions with the Officials of the state government and Urban Local Bodies.

4.118 Test-check revealed that separate scheme-wise accounts had not been maintained by the AUWS&SB and there was nothing on record to indicate that the officers of Central Ministry and State Municipal Administration Department had ever visited the work sites (till March 2001) to monitor the physical and financial progress of scheme under AUWSP. However, quarterly reports had been furnished by the MD, AUWS&SB without indicating both the physical and financial targets.

Non-evaluation of the scheme

4.119 Evaluation of the impact of water supply schemes is essential to judge their success or failure and for taking remedial action to eliminate shortcomings in the implementation.

(i) No Evaluation Cell was set up either by the state government or by AUWS & SB and no effort was made to watch the activities and evaluate the achievement of AUWSP.

(ii) Neither there had been any study by any high level committee in the state to determine the efficacy of the programme nor any remedial action had been taken by state government to streamline the process of implementation.

4.120 The foregoing observations were reported to government in July 2001; their reply had not been received (October 2001).

Recommendations

4.121 There is a need for regular flow of fund to the implementing agency and timely utilisation and its certification.

Procurement of materials has to be cost effective and need-based for assured quality and at minimum costs.

Involvement of the local people/town committees should be ensured.

Asset register has to be maintained.

Monitoring mechanism needs to be more effective to watch the progress of works and for accountability.

PUBLIC WORKS DEPARTMENT

Integrated Audit of Public Works Department including audit of Manpower Management

The Public Works Department is responsible for construction, repair and maintenance of state roads, district and other roads, roads taken up under North Eastern Council (NEC), Rural Infrastructure Development Fund (RIDF), Assam Rural Infrastructure and Agriculture Services Project (ARIASP), National Highways and Government Buildings. An integrated audit review of the working of the department showed that budgetary and expenditure control was deficient leading to huge unexplained savings and failure in surrender of savings. Lack of proper planning resulted in delay of execution of works and cost and time overrun. Quality testing was very poor. Materials were purchased without assessing actual requirement. Costly machinery and equipment were either under-utilised or lying inoperative. Idle manpower was entertained without work load.

Highlights

-- Budgetary control in the Public Works Department was very poor and the Commissioner and Special Secretary did not surrender savings of Rs.341.66 crore during 1998-99 to 2000-2001.

-- The department made injudicious supplementary provision for Rs.134.63 crore during 1998-99 to 1999-2001 though there were savings.

-- The Chief Engineer PWD (Roads) had not maintained consolidated statement of expenditure of national highway transactions which resulted in withheld/inadmissible amount was Rs.10.13 crore during 1998-99 and 1999-2000.

-- The department incurred avoidable expenditure of Rs.38.48 lakh towards interest and cost of suit due to delayed clearance of liability.

-- Department incurred extra expenditure of Rs.2.72 crore due to delay ranging from 4 to 13 years in execution of 10 works.

-- Due to abnormal delay in making payment to the contractor, the department incurred extra expenditure of Rs.40.63 lakh as a result of arbitration award.

-- During 1998-99 to 2000-2001, Road Research Laboratory had conducted quality tests of only 478 samples of soil, bitumen, cement etc., against its annual capacity of 4100 samples.

-- Steel material purchased between 1981-82 to 1998-99 without assessment of actual requirement resulted in locking up of Government fund of Rs.75.73 lakh.

-- **Departmental Drum Mix Plants were under utilised.**

-- **The department incurred expenditure of Rs.35.33 lakh on idle staff and Rs.1.06 crore on excess staff over sanctioned strength.**

Introduction

4.122 The Public Works Department undertakes construction, maintenance and repair works of state highways, district and other roads as well as national highways and border roads. It also undertakes construction, maintenance and repair works of residential and non-residential government buildings.

Organisational set up

4.123 The Public Works Department functions under the administrative control of the Commissioner and Special Secretary to the Government. The road works in the state are managed by 4 (four) Chief Engineers (CE); through 27 Superintending Engineers and Executive Engineers in-charge of 83 divisions. Building works are implemented by the CE, (Building) through 7 Superintending Engineers and 28 Executive Engineers.

Audit coverage

4.124 A review in audit by test-check of records of the department with stress on budgeting and control of expenditure and deployment of personnel for the period from 1998-99 to 2000-2001 was carried out during November 2000 to April 2001 in the offices of 5 Chief Engineers*, 5 Circle Officers and 28 divisions out of 111 divisions. The resultant Audit findings are discussed in the following paragraphs.

Budgetary performance-Poor budgetary performance

Details of budget grant vis-à-vis expenditure during last 3 years ending March 2001 were as under:

(Rupees in crore)

Year	Budget grant		Actual expenditure		Per centage of saving (-) /excess (+) over budget grant	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1998-99	274.81	275.60	197.08	155.97	(-) 28	(-) 43
1999-2000	319.41	420.79	254.63	227.32	(-) 20	(-) 46
2000-2001	298.51	383.75	240.69	251.29	(-) 19	(-) 35

Source: Data taken from the Appropriations Accounts.

4.125 It is evident from the above that there were substantial savings both from the Revenue and Capital grants each year. The department stated that savings were due to non-release of fund by the Finance Department.

* Chief Engineers, Roads, Border Roads, National Highways, Buildings, Assam Rural Infrastructure and Agricultural Services Project and Rural Infrastructure Development Fund.

Savings not surrendered

4.126 As per the Budget Manual of Government of Assam, the Controlling Officers should surrender to the Finance Department by 15 March each year all anticipated savings as soon as the certainty of non-requirement is known. Out of total savings of Rs.645.89 crore (Revenue: Rs.200.33 crore and Capital: Rs.445.56 crore), Rs.304.23 crore* only was surrendered during 1998-99 to 2000-2001. The Commissioner and Special Secretary of the department did not surrender Rs.341.66 crore for utilisation for other purposes. The department did not furnish any reasons for that.

Injudicious supplementary provision

4.127 A supplementary or additional grant or appropriation over the provision previously made by law for the year can be made before but not after the expiry of the year as is necessary to meet inadequacy of provision. Scrutiny revealed that there were final savings totalling Rs.645.89 crore during 1998-99 to 2000-2001. Thus, augmentation of provision by way of supplementary grant of Rs.134.63 crore during 1998-99 (Revenue: Rs.34.48 crore and Capital: Rs.2.17 crore), 1999-2000 (Revenue: Rs.15.55 crore and Capital: Rs.61.90 crore) and 2000-2001 (Revenue: Rs.10.80 crore and Capital: Rs.9.73 crore) was injudicious.

Inadequate budget provision

4.128 The department made short provision of Rs.31.54 crore against the works relating to national highways compared to the amount sanctioned by the Government of India, Ministry of Surface Transport (MOST) during 1998-99 to 2000-2001 as indicated below:

(Rupees in crore)

Year	Head of Accounts	Amount sanctioned by MOST	Budget provision made by the state	Expenditure	Short budget provision	Percentage of short budget
1998-99	5054 CO on R&B	26.61	26.00	25.50	(-) 0.61	2
1999-2000	- do -	42.39	35.00	28.56	(-) 7.39	17
2000-2001	- do -	58.54	35.00	12.79	(-) 23.54	40
Total		127.54	96.00	66.85	(-) 31.54	

Source: Data furnished by the department.

Inadequate budget provisions ranged between 2 and 40 per cent during 1998-99 to 2000-2001. This resulted in shortfall in achieving targets ranging

*

(Rupees in crore)

Year	Revenue	Capital	Total
1998-99	0.01	0.22	0.23
1999-2000	4.27	83.24	87.51
2000-2001	22.20	194.29	216.49
Total	26.48	277.75	304.23

from 11 to 100 per cent in respect of national highways related works. From November 2000 onwards the payments are directly made by Government of India and not routed through state accounts. Reasons for short provisions made in the budget estimates were neither furnished by the CE nor by the government.

Lack of control over expenditure

4.129 The work of construction and maintenance of national highways is entrusted to the state government concerned on agency basis. Expenditure on works was to be born by state government initially from its own budget and was to be reimbursed by the Ministry of Surface Transport (MOST) through the Regional Pay and Accounts Officer on submission of claim by the state government. It was, however, seen that the CE did not consolidate the monthly accounts for 1998-99 and 1999-2000 despite the submission of monthly accounts by 13 national highway Divisions though CE, PWD (Roads) is responsible for maintenance of the consolidated statement of expenditure and watch the progress of expenditure and its reimbursement from Government of India. It was seen in audit that state government failed to get reimbursement of Rs.10.13 crore during 1998-99 (Rs.4.19 crore) and 1999-2000 (Rs.5.94 crore) which was treated as withheld/inadmissible by the MOST. The reasons for the same was neither specified by the MOST nor available in the CE's office.

Irregular payment against hand receipts

4.130 According to Rule 311 of Assam Financial Rules the hand receipt is a simple form of voucher intended to be used for all miscellaneous payments and advances for which none of the prescribed forms of the bills are suitable. Rule 314 and 315 *ibid* provide that the Executive Engineer should compare the quantities of the bill with those recorded in the measurement book forwarded by the sub divisional officer to see that all the rates are correctly entered. The Memorandum of Payments should be made up. Any recoveries to be made on account of the works or supply or on other accounts are to be shown therein. He should than record a formal pay order specifying the amount both in words and figures. The Commissioner and Special Secretary, PWD had instructed (June 1996) not to use hand receipt form for payment to contractors. In case adequate fund was not received for the payment of the entire amount of a particular bill, the bill was to be passed and paid as a running account bill restricting the amount to the fund available and the running account bill should be considered as voucher instead of hand receipt.

(i) Scrutiny revealed that in 20 out of 28 divisions test-checked, Rs.63.57 crore were paid against pending running account and final bills through hand receipts during the 3 years ending 2000-2001 despite the fact that Government had specifically instructed (June 1996) not to use hand receipts for payment to contractors. Surprisingly, of Rs.63.57 crore, Rs.42.57 crore was paid by the Executive Engineers against bills which were not even passed for payment violating not only the financial norms but also the instructions of the higher authority.

(ii) Part payments to contractors against hand receipts in many installments both on passed and un-passed bills over a number of years against a single bill without proper scrutiny is fraught with the risk of excess/over payment. Further, records viz., Contractors' Ledger, Register of Bill-wise Part Payments etc., were not maintained by the divisions except recording payments on the office copy of the pending bills. Recoveries to be effected from the contractors/suppliers at the time of making payment were also not ascertained.

(iii) Widespread use of hand receipts is a gross irregularity indicating total lack of control over payment procedure on the part of the Executive Engineers (DDOs) and the Accounts Officers of the PW Divisions.

Huge liabilities on pending bills

4.131 Scrutiny revealed that 25 PW Divisions had accumulated liability of Rs.167.56 crore against pending bills of contractors/suppliers up to 2000-2001. Provision of funds for the same were not made in the budget. It was seen during scrutiny that substantial amount of liability of Rs.75.42 crore was created only by 3 Divisions (Guwahati National Highway Division: Rs.29.41 crore, Barpeta Road Division Rs.13.93 crore and Guwahati Road Division 32.08 crore). Creation of such huge liabilities in the absence of budgetary support is indicative of poor budgetary control and also hamper current programme in the event of any payment made to clear liability.

Avoidable payment on settlement of outstanding liabilities

4.132 According to standard conditions of contract, a contractor is to submit bill each month for all works executed in the previous month and the Engineer-in-charge is to adjust the claim before the expiry of ten days from the presentation of the bill. As bills were not settled for months together, some of the contractors filed court cases for settlement of outstanding liabilities. The department incurred avoidable expenditure of Rs.38.48 lakh on account of interest (varying from 15 to 18 per cent) on delayed payment (Rs.36.07 lakh) and cost of suit (Rs.2.41 lakh) in respect of two divisions (Barpeta and Hailakandi) during 1998-99 and 1999-2000.

Lapse of funds due to defects in issue of ceiling

4.133 The department had issued ceiling of fund for drawal of Rs.11.17 crore to 50 Public Works Divisions on 15 March 2000 with validity period upto same date under the Head of Account "2245 Relief on account of National Calamities" etc. As a result 30 divisions could not draw Rs.9.42 crore resulting in the lapsing of fund.

Non-reconciliation of issued cheques/remittances

4.134 As per codal provision, on expiry of the month, a monthly settlement should be effected by the division with treasury in respect of the transactions of the entire division. Certificate of Treasury Issues (CTI) and Consolidated Treasury Remittances (CTR) to be sent to the divisions by Treasury Officer

after reconciliation with the bank, were in arrear for periods ranging from 6 to 17 years in respect of 11 out of 28 test-checked divisions and remaining 17 divisions did not furnish the required information. In the absence of reconciliation, the possibility of serious irregularities like fraud or misappropriation could not be ruled out. This was persisting despite being pointed out in the Inspection Reports issued from time to time.

Rush of expenditure in March

4.135 The Public Works Department controls fund flow through issue of ceiling to different divisions on receipt of authorisation from the Finance Department and recommendation from Chief Engineers. Records of 9 out of 28 test-checked divisions revealed rush of expenditure in the month of March each year as under:

(Rupees in crore)			
Year	Total Expenditure	Expenditure during March	Percentage of expenditure
1998-99	32.93	8.77	27
1999-2000	45.29	9.90	22

Expenditure incurred in excess of sanctioned estimate

4.136 According to the provisions of Assam PWD Manual a revised estimate must be submitted when the sanctioned estimate is likely to be exceeded by more than 5 per cent.

4.137 Scrutiny revealed that the Executive Engineer, Patharkandi BRC, had incurred expenditure of Rs.28.02 crore in execution of 25 works against the sanctioned estimated cost of Rs.14.51 crore. This resulted in excess expenditure of Rs.13.51 crore (93 per cent). The excess was due to delay in completion of work, cost escalation and change in scope of work. The Executive Engineer stated (February 2001) that revised and re-revised estimates were submitted (November 1995 and November 1997) to the competent authority (Chief Engineer) for sanction, which was awaited (March 2001).

Non adjustment of Works Miscellaneous Clearance Memos

4.138 Test-check of records disclosed that 14 divisions did not carry out adjustment of Works Miscellaneous Clearance Memos (WMCs), in respect of supply of stores worth Rs.20.71 crore, forwarded by the Accountant General (A&E) during 1985-86 to 1996-97. Even the required verification as to the receipt of materials by the divisions was not carried out by the sub-divisions. As a result, a huge amount of Rs.20.71 crore has been awaiting adjustment for the last 5 to 16 years. Non adjustment of such memos in accounts not only result in under statement of value of works but is also fraught with the risk of loss or pilferage of stores. The Executive Engineers did not furnish any satisfactory reason for the same.

Outstanding amount under Cash Settlement Suspense Accounts/Proforma Bills

4.139 The government of Assam, Finance (Budget) Department had decided (12 September 1979) to stop the system of Cash Settlement Suspense Accounts (CSSA) with effect from 1 October 1979 in respect of transfer of materials between the divisions as the system was not working satisfactorily. The government, therefore, introduced pre-payment system before transfer of materials from that date.

(i) The records of 16 divisions disclosed that Rs.16.21 crore (inward: Rs.4.81 crore and outward: Rs.11.40 crore) for periods between March 1975 and September 1979 had been lying unadjusted. The department did not initiate any action against the defaulting divisions.

(ii) It was also seen during scrutiny of records of 9 divisions that Rs.6.32 crore (outward: Rs.4.77 crore and inward: Rs.1.55 crore) were lying un-recovered due to transfer of material after October 1979 without receiving pre-payment against proforma bills from the divisions concerned. Thus, the issue of materials without following pre-payment system prescribed by the government resulted in irregular accounting of stores. Because of non-compliance of the system strictly, loss/pilferage of stores apart from under valuation of works could not be ruled out vis-à-vis accounts of the landing Divisions would remain unadjusted and adversely affect the stock position.

Execution of works

4.140 Review of the major works executed by the divisions revealed the following irregularities:

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

4.141 Test-check of 10 major works (8 buildings, 1 RCC bridge on border road and 1 national highways)** under 5 divisions showed that these works initially sanctioned for Rs. 4.21 crore between 1987-88 and 1992-93, were required to be completed between February 1988 and August 1995. However, except for one work (RCC bridge) all other works remained incomplete till the date of audit (February 2001) even after incurring an expenditure of Rs.6.93 crore as of January 2001. This resulted in cost overrun of Rs.2.72 crore due to time overrun ranging from 4 to 13 years (Details are shown in the Appendix-XX). The cost overrun was mainly attributed to non-receipt of structural drawings by the contractors in time, non-availability of stock materials and paucity of funds.

** Building : Guwahati-1, Jorhat-4, Silchar-3
R.C.C Bridge :- Patharkandi
N.H. :- Rangia.

Unproductive expenditure due to abandonment of works

4.142 The MOST had sanctioned Rs.5.82 crore for execution of 13 works under 5 national highway divisions between January 1990 and January 1995. The works were allotted for execution between August 1992 and September 1995 with the stipulated dates of completion between August 1992 and May 1996. These works were foreclosed by the MOST (March 2000) for the following reasons.

(Rupees in crore)			
Sl No.	Reasons	No. of works	Expenditure incurred upto 2000
1.	Due to deteriorated law and order situation	8	1.93
2.	Due to Non-acquisition of land	2	0.11
3.	Encroachment	1	0.01
4.	Due to floods/unpredicted behavior of river	2	0.19
Total		13	2.24

4.143 Thus, there was unproductive expenditure of Rs.2.24 crore of which Rs.0.31 crore was on account of improper survey/non-acquisition of land/encroachment.

Irregularities in execution of work

Avoidable expenditure due to delay in payment of dues to the contractor

4.144 The work of construction of one RCC Bridge (No.4/1) was awarded by the Additional Chief Engineer, Western Zone to a contractor in July 1992 to complete the work within the tendered cost of Rs.2.27 crore (estimated cost Rs.81.00 lakh) by March 1995. The contractor left the work incomplete after execution of 54 per cent of work valued at Rs.83.47 lakh up to January 1995 due to non-payment of his claim regularly by the division. The division had paid Rs.52.95 lakh to the contractor leaving Rs.30.52 lakh as outstanding as of March 1996. The contractor invoked the arbitration clause of contract and the department constituted (August 1996) the Tribunal. The Tribunal passed (May 1998) arbitration award for Rs.40.06 lakh with payment of simple interest @ 18 per cent per annum on the principal amount of Rs.22.90 lakh from the date of making the award till the date of payment. The division made total payment of Rs.46.09 lakh* between January 1999 and December 1999. Due to non-payment of dues to the contractor regularly, the department had incurred avoidable expenditure of Rs.40.63 lakh on arbitration award.

Unauthorised expenditure for execution of works without administrative approval

4.145 The work “Rehabilitation/repair to RCC bridge No. 1068/1 on old N.T. Road” under NK Road division, Nalbari, was awarded by the CE, PWD (Roads) Assam to an agency in March 1999 at the tendered value of Rs.38.54

* Price escalation: Rs.2.06 lakh; compensation for prolongation of stores Rs.14.77 lakh; difference of forest royalty Rs.0.60 lakh; cost of arbitration Rs.0.83 lakh; interest Rs.22.37 lakh and value of work done Rs.5.46 lakh.

lakh for completion of the work within July 1999. The execution of the work was started during April 1999 and completed on 2 August 1999. Total payment of Rs.38.28 lakh was made (July 2000) to the agency from the loan obtained from NABARD.

4.146 Scrutiny further revealed that after completion of the work on 2 August 1999 the CE, PWD (Roads) had directed the Executive Engineer to submit detailed estimate for according administrative approval.

It was evident that the work was executed without sanctioned estimate and administrative approval which resulted in unauthorized expenditure of Rs.38.28 lakh. The Executive Engineer stated (April 2001) that the work was executed on the strength of work order issued by the CE, PWD (Roads).

Lack of quality control

4.147 The Chief Engineers do not have a separate Quality Control Wing to inspect and conduct on-the-spot quality testing of works. However, the department has one Road Research Laboratory (RRL) which looks into the quality aspects of materials of all works. During the 3 years ending 2000-2001, the RRL had conducted tests of 478 samples of soil, bitumen, cement and aggregate against its annual capacity of 4100 samples, thus, utilising only 4 per cent of its capacity. Reasons for such poor capacity utilisation was not on record. This indicated very insignificant coverage of quality control of materials used in the various works of the department.

Material management-Wasteful expenditure

4.148 Scrutiny revealed that construction material worth Rs.10.99 lakh, procured by 3 divisions between 1991-92 and 1992-93, could not be utilised due to excess procurement. The materials were damaged due to prolonged storage, resulting in loss to government. The matter was reported (between April 1996 and August 1999) to Chief Engineer by the division. The CE had not initiated any action for fixing of responsibility on the defaulting officers/officials (March 2001).

Locking up of fund due to non-utilisation of steel materials

4.149 Three divisions* procured steel materials worth Rs.75.73 lakh between 1981-82 and 1998-99 without assessing the actual requirement. The materials remained unutilised for over 2 to 19 years which resulted in locking up of Government fund of Rs.75.73 lakh, besides, risk of deterioration for prolonged storage.

Annual inspection of divisions were not conducted by Supervisory Officers

4.150 Rule 67 of APWD Manual and Assam Financial Rule 477(1) Superintending Engineers (SEs) and Executive Engineers (EEs) are required to conduct annual inspection of divisions and sub-divisions under their

* Hailakandi Roads division; Guwahati Building division and Magazine division, Guwahati.

control. In respect of 28 test-checked divisions only 3 had been inspected by the SE once (August 1999, December 1999 and March 2000), one sub-division twice by the EE in 3 years ending 2000-2001, while the remaining divisions/sub-divisions had not been inspected by the SEs/EEs. Thus, Engineers-in-charge failed to ensure proper monitoring of the work of sub-divisions through inspection.

Inventory Management-Holding of excess store over reserve stock limit

4.151 When it is considered necessary that a reserve should be maintained, the maximum limit of reserve stock is to be fixed by the Chief Engineer. Divisional Officers are empowered to purchase or manufacture stores to maintain the reserve, subject to the approval or sanction to estimates by the competent authority. Records available in 18 out of 28 divisions test-checked revealed that stock held by 16 divisions during the period from 1998-99 to 2000-2001 was far in excess, ranging between 146 to 22780 per cent over the reserve stock limit (RSL). In two divisions it was Rs.728.49 lakh to Rs.15.80 lakh without any RSL (as detailed in Appendix-XXI).

4.152 Periodical review of RSL was not done and reasons for holding of huge quantity of stock materials were not investigated. Accumulation of huge excess stock provides immense scope for misappropriation, loss, pilferage etc., apart from locking up scarce funds.

Physical verification not conducted

4.153 Physical verification of divisional stores was required to be conducted at least once in a year as per APWD Manual. Scrutiny revealed that the EE had conducted physical verification of stores once in Magazine division and Barpeta Road division. Physical verification in four divisions was not conducted at all during the 3 years ending March 2001. Remaining 22 divisions had not furnished any information.

Priced Store Ledger not maintained

4.154 The numerical quantities of store items with their values showing opening balance, receipts, issues and closing balance are to be recorded in Priced Store Ledger (PSL). In none of the test-checked division the maintenance of Priced Stores Ledger was up to date. Due to irregular maintenance of the Priced Store Ledger, errors of non-posting of stores or mis-posting remained unverified.

Poor utilisation of Vibratory Rollers and Drum Mix Plant

4.155 The department had procured 6 Vibratory Road Rollers at a total cost of Rs.60.33 lakh during February/March 1997 for development of rural roads in Assam. Of these, 1 roller was transferred to Morigaon Road Division and remaining 2 were utilised by Mechanical Division (Guwahati) on hire to contractors and other Divisions. The Mechanical Division neither produced the log books of the rollers nor stated the period (hours) of their utilisation.

4.156 The EE, Guwahati Mechanical division preferred claims of hire charges only for Rs.0.78 lakh for hiring 5 rollers against 3 user divisions and one contractor during March 1997 to March 2001. The EE stated that short utilisation of rollers was due to shortage of trained persons and lack of demand from contractors as running cost of rollers was very high. In the absence of records relating to period of its utilisation and norms for the rate of recovery, Audit could not verify that the procurement was in order.

4.157 The Plant and Mechanical Division procured four Apollo Drum Mix Plants* between 1987 and 1993 at a total cost of Rs.3.30 crore funded by the state. The plants installed in four districts* were commissioned between 1987 and 1994.

4.158 Test-check of records revealed that the utilisation of the plant ranged between 1 and 31 per cent of the working hours from the date of commissioning to December 2000 (considering 240 working days in a year and 8 working hours in a day).

4.159 The Divisional officer had incurred an expenditure of Rs.27.06 lakh on account of pay and allowances and Rs.5.98 lakh for maintenance of the four plants during the above period. Against the recovery of hire charge of Rs.32.74 lakh claimed by the Plant and Mechanical Division, Guwahati Rs.2.03 lakh only was recovered for all the plants (January 2001).

4.160 Executive Engineer stated (January 2001) that no target/work programme was fixed and under utilisation was due to non-allotment of works by the Civil divisions. Thus, the preparation of realistic budget estimate and expenditure control was lacking.

Idling of imported machinery

4.161 The department had procured one imported slurry seal machine with accessories and one truck between August and October 1995 at a total cost of Rs.60.43 lakh (Machine: Rs.48.00 lakh and Truck: Rs. 12.43 lakh). The MOST had supplied this machine for sealing of hair cracks of roads. Despite commissioning the same (March 1998) the department could not put the machine to use till the date of audit (February 2001). This has resulted in idling of the machines costing Rs.60.43 lakh for the last 6 years. The EE stated (February 2001) that steps were being taken to put the machine on road.

Unfruitful expenditure on salaries of drivers/handyman of idle vehicles and machineries

4.162 Test-check revealed that 12 jeeps, 10 road rollers, 6 trucks, one car, one stone crusher and one trekker under the control of 11 divisions were lying out of order between November 1995 and December 2000. The divisions had incurred an expenditure Rs.89.97 lakh during last 3 years ending 2000-2001 on idle 30 drivers and 8 handymen (who were on regular employment) against

* Working capacity 20-30 TPH for two plants and 40-60 TPH for remaining two.

* Kamrup, Nagaon, Dhubri and Goalpara.

those vehicles and machinery. The division did not initiate any action for utilising the services of the drivers and handymen in other needy divisions, if any.

Manpower Management

Preparation of unrealistic budget without sanctioned strength

4.163 In terms of the Assam Budget Manual, the department is required to furnish, along with their budget proposals, the sanctioned strength and men-in-position in respect of each category of staff.

4.164 Scrutiny revealed that the department incorporated only the men-in-position in the budget proposals and did not maintain any consolidated record/register of sanctioned strength.

4.165 The reasons for non-maintenance of sanctioned strength could not be stated to audit. Thus the preparation of realistic budget estimate and expenditure control was lacking.

Entertainment of excess manpower

4.166 Test-check revealed that five divisions[#] had entertained 78 to 88 staff of different categories* against the total sanctioned strength of 39 only, resulting in excess entertainment of staff ranging between 39 to 49 during 1998-99 to 2000-2001. The divisions had spent Rs.1.06 crore on pay and allowances of these staff members during the above period.

Irregular engagement of muster roll workers/work charged staff

4.167 The Government of Assam, Finance (Budget) Department had instructed (March 1993 and October 1995) all the Departments in Government not to engage fresh Muster Roll Workers (M.R)/Worked Charged (WC) personnel on or after 1 April 1993, as already there was excess of such persons under the department. Violating these orders, the department had engaged 1296 MR and 692 WC personnel on or after 1 April 1993, thereby imposing a recurring liability of Rs.6.39 crore per annum on the state exchequer. The department did not furnish any reasons thereagainst.

Idle expenditure towards payment of salaries on retention of idle manpower/short valuation of job done

4.168 The Bongaigaon Road Division maintained one store sub-division with 8 regular staff, 4 work-charged and 15 ordinary labourers with effect from 1985 to hold stock materials of entire PWD, Assam till the time broad gauge (BG) railway line was extended up to Bongaigaon/Jogighopa. Upon extension of BG line up to Guwahati (1991), the work-load was subsequently (date not available) transferred to Guwahati Road Division and there was no work left

[#] Jorhat Mechanical division; RIDF-II division, Guwahati; PCC division, Guwahati; Bongaigaon Roads division and Barpeta Roads division.

* Assistant Engineer, Junior Engineer, Deputy Accounts Officer, UDA and Tracer.

for the sub-division. Considering the expenditure figures furnished by the Division for the last three years the expenditure of Rs.35.33 lakh towards entertainment of idle staff during 1998-99 to 2000-2001 proved nugatory.

4.169 The EE took up the matter (September 2000) with higher authority for necessary action, which is still awaited (March 2001).

4.170 The Guwahati Building Division maintained one store section at Chapaguri after transfer of the store sub-division to Mukalmuwa with effect from April 1994. Five regular staff members and 3 Muster Roll workers were engaged for watch and ward duties of old materials remaining in that section without any other transaction since 1994. The division had incurred a total expenditure of Rs.30.62 lakh from April 1994 to January 2001 towards salary of those staff members without any work. The CE, PWD (Building) however, had not assessed the position for retention of these staff members.

4.171 Test-check revealed that total valuation of job done (including the cost of materials) in Jorhat Mechanical (Road) Division for the 3 years ending March 2001 was Rs.20.53 lakh only against the annual work load ranging between Rs.9.12 lakh to Rs.28.79 lakh. Evidently, the division had no work-load. The Division, however, had incurred expenditure of Rs.2.16 crore on account of pay and allowances of non-gazetted technical staff during above period. The reasons for such abnormally low out-put of the division were not stated.

Non-monitoring and evaluation of works

4.172 Monitoring of all works (spillover works, closed works and priority schemes) done, if any, was not on record of the department. However, CE, Border Roads stated (May 2001) that monitoring was done on the basis of monthly progress reports of works received from divisions.

Information not furnished to Audit.

4.173 The Commissioner and Special Secretary, Government of Assam, Public Works Department and the Chief Engineers concerned were requested (November 2000) to furnish particulars/information relating to this review. Subsequent reminders were issued and correspondence was initiated demi-officially apart from personal contact at different levels. The matter was also reported to the Chief Secretary, Government of Assam. However, the following particulars/information were wanting from the department (May 2001) in addition to reply to 11 audit queries.

(1) Sanctioned strength and men-in-position (CE, PWD Roads) and system of assessment of man-power, (2) system adopted for imparting training to various categories of employees and numbers of trained employees engaged in the job for which training was imparted, (3) details of Performance Budget prepared if any, (4) monitoring mechanism for different road/bridge and building projects at various levels, (5) system adopted for purchase of stores, (6) date of submission of budget proposal to finance department, (7) reasons for non-

surrendering/short-surrender of savings, (8) how provisions of fund for clearance of old liabilities were made.

4.174 The foregoing observations were reported to government in July 2001; their reply had not been received (October 2001).

Recommendations

In view of the audit findings following recommendations are made:

4.175 Department should ensure proper budgetary and expenditure control system to improve performance and control over expenditure.

Quality control has to be strengthened.

Codal provisions are to be adhered to for efficient material and inventory management.

Records of sanctioned strength and actual man-in-position should be maintained by the department. Excess manpower is required to be regularised by transferring staff to other needy division(s)/department for their gainful utilisation.

Part payment through hand receipts is to be discontinued forthwith.

SECTION 'B'-PARAGRAPHS
FLOOD CONTROL DEPARTMENT
Avoidable expenditure
Unjustified refusal to settle a supplier's claim resulted in avoidable extra payment of Rs.15.56 lakh.

4.176 It was seen in audit that against 22 supply orders placed by the Executive Engineer, Embankment and Drainage Division, Dibrugarh, a supplier had supplied (1992-94) different kinds of materials for various works of the division and submitted (September 1992 to November 1994) bills for Rs.20.88 lakh. The division paid only Rs.4.84 lakh (December 1994) and balance amount (Rs.16.04 lakh) was not paid to the supplier even after pursuance and pleader's notice (January 1995). The supplier thereafter, had filed a money suit (February 1996) for realization of outstanding amount with interest (Rs.22.03 lakh). The money suit was contested (March 1997) by the department on the ground that the total dues would be Rs.18.78 lakh instead of Rs.20.88 lakh.

4.177 The Hon'ble Court passed judgment (March 1998) in favour of the supplier for Rs.2.09 lakh (Rs.20.88 lakh–Rs.18.78 lakh–Rs.0.01 lakh rescission) as principal together with cost of suit (Rs.0.32 lakh) and interest at the rate of 20 per cent (Rs.13.15 lakh) from the date of the preparation of the bill till realisation. However, payment of Rs.18.78 lakh only was made by the Division upto July 1998.

4.178 Having failed to realise the due amount of Rs.15.56 lakh (Rs.2.09 lakh+Rs.0.32 lakh+Rs.13.15 lakh), the supplier filed a money execution suit and Hon'ble Court in its final judgment (March 1999) passed order for payment of Rs.15.56 lakh, which was paid in March 2000 (Rs.0.90 lakh) and July 2000 (Rs.14.66 lakh). Thus the unjustified contest of the claim and avoidable delay by the Division resulted in an avoidable extra expenditure of Rs.15.56 lakh.

4.179 The matter was reported to government in June 2001; their reply had not been received (October 2001).

Irregular payment through hand receipts
Gross violation of Financial Rules led to irregular payment of Rs.2.64 crore by a division through hand receipt.

4.180 In terms of Rule 311 of Assam Financial Rules, hand receipt is a simple form of voucher intended to be used for miscellaneous payments and advances, for which none of the special forms is suitable. Moreover,

government of Assam had expressly instructed (June 1996) stoppage of payments through hand receipts.

4.181 Test-check (April 2001) of records of the Executive Engineer, Guwahati East Embankment and Drainage Division, revealed that the division had made payments (September 1999 to February 2001) totalling Rs.2.64 crore through hand receipts in gross violation of Rules and Orders. It was seen in test-check that the requisite Register of hand receipts, wherein each and every payment made through hand receipt is required to be recorded in Contractors' Ledger. Upto-date payment made to the contractors are also to be recorded for watching and avoiding double payment, but these were not at all maintained by the division. Further, part payments of the bills were made irregularly without passing the bills and preparing Memorandum of Payment, wherein upto-date value of work done, payments already made, recoveries of stock materials, Income tax etc. are recorded to guard against excess payment at any stage. In the absence of above records and observance of procedures, the genuineness and correctness of payments could not be ascertained in audit. The division stated (April 2001) that due to paucity of fund part payment was made through hand receipts against huge liabilities of a good number of contractors.

4.182 The reply is not tenable since payments were made against rules and standing orders. Thus, gross violation of rules and orders by the division, resulted in an irregular payment of Rs.2.64 crore. Moreover, payment through hand receipts at random, without observing rules and regulations, procedures etc., is fraught with the risk of misappropriation, double payment, extra payment, non-recovery of dues etc.

4.183 The matter was reported to government in June 2001; their reply had not been received (October 2001).

Unproductive expenditure

Due to non-acquisition of land work executed at a cost of Rs.34.83 lakh failed to prevent flood water and inundated crops and houses.

4.184 With a view to checking recurring flood damages (assessed loss of crops and houses: Rs.82.00 lakh per year) caused by river Nonoi, the construction work of 3625 metres long embankment along the right bank of river Nonoi from Barhampur Tea Estate to Putanimukh was undertaken (May 1988) as per government instructions (March 1988). The work was administratively approved (June 1990) for Rs.50.14 lakh but no technical sanction had been accorded as of June 2000.

4.185 Test-check (June 2000) of records of the Executive Engineer, Embankment and Drainage Division, Nagaon revealed that out of 3625 metres, the construction on 460 metres had remained incomplete since May 1989 even though an expenditure of Rs.34.83 lakh had been incurred upto

March 2001 which was inclusive of Rs.3.41 lakh on account of maintenance. It was further seen that work from chainage 0-283 metres could not be executed due to non-acquisition of land which belonged to Barhampur Tea Estate despite provision of Rs.8.07 lakh in the estimate for land acquisition. Moreover, work on 177 metres was also not taken up. Of the said 177 metres 115 metres were meant for construction of Sluice Gate and the balance 62 metres were left as gap.

4.186 Due to continuous failure of the department in acquiring the land, the proposed construction of dyke, sluice gate and plugging the gaps remained incomplete for the last 12 years. As a result flood water continued to enter through the gaps and inundated the paddy fields in the countryside and the gaps had been widening day by day due to rush of flood water. The division however, stated (March 2000) that for completion of the balance work an estimate of Rs.16.57 lakh had already been submitted (March 2000) to the Project Director, District Rural Development Agency, Nagaon. Further progress in this regard was awaited (June 2001).

4.187 Thus, due to non-acquisition of land and improper planning by the division, the entire expenditure of Rs.34.83 lakh proved to be unproductive, as the work done so far has failed to protect flood damage.

4.188 The matter was reported to government in (June 2001); their reply had not been received (October 2001).

IRRIGATION DEPARTMENT

Diversion of Central Loan Assistance fund meant for Accelerated Irrigation Benefit Programme

Out of Rs. 93.00 lakh Central Loan Assistance provided for works under AIBP a sum of Rs.17.85 lakh was diverted for purpose other than AIBP.

4.189 With a view to completing major and medium irrigation projects in a phased manner, Government of India provided Central Loan Assistance (CLA) under Accelerated Irrigation Benefit Programme (AIBP) in the form of loan. Accordingly, the Secretary, Irrigation Department, Government of Assam had instructed (July 1997) the divisional officers to make payment from CLA to those works, which were approved by the Irrigation Department under AIBP.

4.190 Test-check (August 2000) of records of the Executive Engineer, Dhansiri Project Division (Irrigation), Canal II, Udalguri revealed that Rs.15 lakh and Rs.78 lakh were allotted for works under AIBP in the years 1997-98 and 1998-99 respectively. Expenditure details furnished (August 2000) by the Executive Engineer, Dhansiri Project Division, Canal II, Udalguri revealed that Rs.13.16 lakh and Rs.61.99 lakh against the works under AIBP and Rs.1.84 lakh and Rs.16.01 lakh were spent in respect of works, which were not under AIBP for the years 1997-98 and 1998-99 respectively.

4.191 Thus, the expenditure incurred by the division against works other than AIBP from the approved fund allotted for AIBP violating the Government instruction led to irregular diversion of Rs.17.85 lakh (Rs.1.84 lakh+Rs.16.01).

4.192 The matter was reported to government in April 2001. In reply government stated (September 2001) that the payment was made for clearance of old liabilities. The reply is not tenable as the guidelines do not provide for clearance of old liabilities.

Idle expenditure on irrigation schemes due to laxity of the department

Nine irrigation schemes remained to be completed even after incurring expenditure of Rs.78.84 lakh.

4.193 Government of Assam had accorded (1987-88 to 1990-91) sanction for nine Deep Tube Well (DTW) irrigation schemes for creation of irrigation potential covering 355 hectares of crop area at an estimated cost of Rs.78.23 lakh targeted to be completed between March 1989 and March 1993.

4.194 Test-check of records (April, May 2000) of the Executive Engineer, Nagaon Irrigation Division revealed that (i) the division had incurred expenditure of Rs.78.84 lakh against these schemes with huge excess over the approved amount in respect of 4 schemes (detailed in Appendix-XXII) up to March 2000 without completing the schemes and achieving any physical progress, (ii) no Register of Works for the aforesaid schemes were maintained by the division as a result of which sub-head wise expenditure and period of execution of work in respect of each scheme could not be verified in audit and (iii) out of 9 schemes, technical sanction was obtained for only two schemes*.

4.195 The Executive Engineer, Nagoan Irrigation division stated (May 2000) that non-completion of the schemes were due to non-availability of funds and the required Electro Resistant Wielded (ERW) pipes. He further stated (July 2001) that of the total expenditure Rs.1.53 lakh was spent on advance to ASEB for HT lines, Rs.64.62 lakh on WC/MR establishment and Rs.12.69 lakh for material. Boring works had not been started.

4.196 Thus, the expenditure was mainly incurred on MR/WC establishment and no physical progress was achieved. In the absence of detailed estimates the excess expenditure on MR/WC establishment could not be verified in audit.

4.197 Non-completion of the schemes without creating any irrigation potential so far has rendered the expenditure of Rs 78.84 lakh unproductive besides depriving the beneficiaries of the intended benefit.

4.198 The matter was reported to government in March 2001; their reply has not been received (October 2001).

* Ahomgaon and Sharigaon DTWS

Locking up of government funds due to injudicious procurement of materials

Materials valued at Rs.28.39 lakh were lying unutilised in site account for 9-16 years due to its procurement without assessing actual requirement.

4.199 Under Assam Financial Rules, procurement of materials involving an outlay of Rs.10,000 or above should in all cases be covered by an estimate. The estimates are to be prepared keeping in view the requirement of work in hand or work to be taken up in the near future.

4.200 Test-check (June 2000) of records of the Executive Engineer, Mechanical Irrigation Division, Silchar, revealed that construction material like pumps, motors, pipes, valves etc. valued at Rs.28.39 lakh were procured during the period from 1985 to 1992 for execution of mechanical works of 13 different Lift Irrigation Schemes (LIS). The materials were procured without assessment of requirement and were lying unutilised till March 2001. The reasons for non utilisation of the said materials were attributed to (i) non completion of civil work by the counterpart Irrigation division (civil),(ii) non installation of transformers, (iii) want of high tension line and (iv) paucity of fund. The scheduled date of completion of the schemes could not be stated by the division. This implied that there was overall lack of planning and co-ordination. Consequently, material valued at Rs.28.39 lakh were lying unutilised for periods ranging from 9 to 16 years resulting in locking up of government funds to that extent.

4.201 The division, however, stated (April 2001) that the material might be used in future after due repairing and servicing.

4.202 The matter was reported to government in May 2001; their reply had not been received (October 2001).

Materials worth Rs.16.18 lakh have been lying idle at site and stock for 6 to 15 years with risks of deterioration due to prolonged storage.

4.203 Test-check (August 2000) of records of the Executive Engineer, Irrigation Division, Karimganj disclosed that the Executive Engineer had received materials like Electro Resistant Wielded (ERW) pipes, Polyvinyl Chloride (PVC) Pipes, Galvanised Corrugated Iron (GCI) sheets, Submersible Pump sets and ERW Slotted Strainers valued at Rs.16.18 lakh during the period from 1986-87 to 1995-96 against supply orders of the Chief Engineer and the Additional Chief Engineer. These materials were accounted for in the respective years of receipt in stock (Rs.6.15 lakh) and site account (Rs.10.03 lakh) but were not utilised in the works for which these had been procured till March 2001. Periodical physical verification as per codal provision was not conducted as of March 2001 by the division in respect of these materials.

4.204 The division stated (April 2001) that the materials were procured against different schemes on the idea that required fund for the schemes would be

available for execution of works in time. However, the materials remained unutilised as the schemes could not be executed due to paucity of fund. The reply is not tenable because of the fact that though materials worth Rs.5.44 lakh procured in 1986-87 could not be used due to paucity of fund, the department subsequently procured materials worth Rs.10.74 lakh without utilising the same.

4.205 Thus, injudicious procurement of material without assessing the provision/availability of fund for execution of different schemes by the department and retaining these at site accounts/stock without physical verification not only resulted in locking up of funds to the extent of Rs.16.18 lakh but may also result in deterioration of their quality on account of prolonged storage.

4.206 The matter was reported to government in May 2001; their reply has not been received (October 2001).

Loss to government

Violation of payment procedure, for works executed through contractor resulted in a loss of Rs.14.82 lakh to government.

4.207 Contract rules provide that the value of excess materials when issued to the contractor which are neither utilised in the specific work for which the materials were issued nor returned to the government in good condition will be recovered at double the issue rate stipulated in tender agreement.

4.208 Test-check (December 2000) of records of the Executive Engineer, Champamati Project Division No. 1 (Irrigation), Kokrajhar, revealed that construction of head work and other appurtenant works was awarded (May 1981) to a contractor at a lumpsum tendered value of Rs.4.28 crore with the stipulation to complete the work by December 1983. The value of the work was, however, subsequently raised to Rs.7.11 crore with the inclusion of 8 supplementary items which were technically sanctioned in May 1987. The final bill (42nd) of the work amounting to Rs.686.27 lakh was submitted (January 2000) and passed by the division (August 2000). The division had already paid Rs.686.16 lakh being 99.88 per cent of work through previous running accounts bills way back in December 1989.

4.209 Scrutiny of recovery and utilisation statement attached with the final bill disclosed that store material worth Rs.14.93 lakh calculated at double the issue rate were neither returned by the contractor nor the value of materials could be recovered (December 2000) as per contractual rate.

4.210 The amount due from contractor in final bill was booked in the Misc. PW advances against the name of the contractor (December 2000). Action taken to get the amount recovered from the contractor also could not be made available to Audit.

4.211 Thus, total disregard of the payment procedure and codal and agreemental provisions on the part of division resulted in a loss of Rs.14.82 lakh (Rs.14.93 lakh–Rs.0.11 lakh) due for payment to contractor on final bill.

4.212 The matter was reported to government in June 2001; their reply had not been received (October 2001).

Over payment to contractor

Ignoring government guidelines for making part payment the Executive Engineer made an overpayment of Rs.16.10 lakh to a contractor.

4.213 According to guidelines (September 1998) of Irrigation Department, Government of Assam the amount of part payment to contractor should not exceed 75 per cent of the net amount of bill, after effecting all recoveries.

4.214 Test-check (August 2000) of records of the Executive Engineer, Dhansiri Project Division (Irrigation), Canal II, Udalguri, revealed the following:

(a) The work “Construction of cross drainage work at Ch.41550 ft. of main canal” was awarded (March 1995) to a contractor at a tender value of Rs.15.75 lakh with stipulated date of completion June 1995. A sum of Rs.23.30 lakh was paid to the contractor during the period from July 1995 to February 2000 as part payment on ten hand receipts. The work was completed in May 1999 and the final bill for Rs.24.63 lakh was submitted (August 1999). The final bill was not checked and passed by the division till August 2000. Further, an amount of Rs.7.94 lakh due for recovery on account of store material, Assam General Sales Tax, Security Deposit and Forest Royalty, was not effected which resulted in an over payment of Rs.6.61 lakh*.

(b) The work “Construction of cross drainage’ at Ch.36580 ft. of main canal” was awarded (March 1996) to the same contractor at a tender value of Rs.23.13 lakh with stipulated date of completion as July 1995. A sum of Rs.31.40 lakh was paid to the contractor during the period from September 1997 to February 2000 as part payment (Rs.30.31 lakh on 10 hand receipt and Rs.1.09 lakh against 2nd Running Account Bill). The work was completed in March 1999 and the final bill for Rs.31.78 lakh was submitted in August 1999. The final bill was not checked and passed by the division till August 2000. Further, an amount of Rs.9.87 lakh due for recovery on account of store material, Assam General Sales Tax, Security Deposit and Forest Royalty, was also not effected resulting in over payment of Rs.9.49 lakh*.

4.215 Thus, due to non-observance of Government guideline on part payment, the division made an over payment of Rs.16.10 lakh* to the contractor.

* Rs. 7.94 lakh-(Rs. 24.63 lakh – Rs. 23.30 lakh) = Rs. 6.61 lakh

• Rs.9.87 lakh-(Rs.31.78 lakh –Rs.31.40 lakh)=Rs.9.49 lakh

♦ Rs.6.61 lakh+Rs.9.49 lakh

4.216 The matter was reported to government in April 2001; their reply had not been received (October 2001).

Unproductive expenditure due to non-completion of scheme

Rupees 36.25 lakh spent on a lift irrigation scheme proved unproductive as the scheme could not be completed even after a lapse of 14 years.

4.217 Test-check (August 2000) of records of the Executive Engineer, Irrigation Division, Karimganj revealed that the division had taken up (1986-87) a lift irrigation scheme (LIS) in Vitorgool Bagarsangam area from left bank of river Kushiyara (administratively approved for Rs.24.45 lakh and technically sanctioned for Rs.16.16 lakh for civil parts only) to bring 145 hectares of agricultural land under multiple cropping for socio-economic development of the area. The targeted date of completion of the scheme was March 1991. The division had already incurred an expenditure of Rs.36.57 lakh up to June 2000 against the scheme. The works under the scheme had not been completed as the physical progress was 40 per cent as of July 2001. The division proposed (February 1999) to the Chief Engineer, Minor Irrigation, Guwahati, to approach the National Bank for Agriculture and Rural Development (NABARD) for a loan of Rs.16.50 lakh for completion of the balance work. The proposal had not been sanctioned till March 2001.

4.218 The Executive Engineer, Karimganj (Irrigation) stated (April 2001) that the reason for delay in completion of the scheme was non-acquisition of land and non-receipt of requisite funds. The proposal for acquisition of land (16 bigha) was being submitted after joint verification and the work had already been taken up and expenditure incurred in excess of the approved amount.

4.219 The decision of the department to take up the scheme without ascertaining the availability of land was injudicious and the entire expenditure of Rs.36.25 lakh has thus remained unproductive for the last 14 years apart from denying benefits of the scheme to the targeted population.

4.220 The matter was reported to government in May 2001; their reply had not been received (October 2001).

Unproductive expenditure on deep tubewell irrigation schemes

Three deep tubewell schemes remained incomplete for the last 12 to 15 years despite spending Rs.35.09 lakh.

4.221 Three Deep Tubewell Irrigation Schemes (DTWIS) viz. Gelabeel, Orang and Baruahjar were administratively approved (January 1985 to March 1987) for Rs.31.33 lakh with a view to providing irrigation facilities covering 235 hectares of land. The execution of the schemes were taken up during 1985-86 and 1986-87 with targeted date of completion between 1986 and 1989 respectively. Technical sanction in respect of Gelabeel DTWIS was not, however, accorded by the competent authority.

4.222 Test-check (May 2000) of the records of the Executive Engineer, Mangaldoi Irrigation Division revealed that an expenditure of Rs.35.09 lakh was incurred upto March 2000 on civil, electrical and mechanical portion of the works. Against the physical progress of 40 to 95 per cent, financial achievement ranged between 44 to 56 per cent as detailed in Appendix-XXIII. A sum of Rs.2.23 lakh was also paid (November 1990: Rs.0.73 lakh and August 1992: Rs.1.50 lakh) to Assam State Electricity Board (ASEB) for energisation of Gelabeel and Orang DTWIS respectively and for Baraujhar, formal application was sent to ASEB only in March 1996. Progress of works including energisation by ASEB, as of March 2001, however, could not be achieved in the said DTWIS since 1996. Records also revealed that even the civil works were not fully completed.

4.223 The DTWIS therefore, remained incomplete for a period of more than 12 to 15 years even after incurring expenditure of Rs.35.09 lakh, which not only rendered the expenditure unproductive but also failed to achieve the desired objectives.

4.224 The matter was reported to government in April 2001; their reply had not been received (October 2001).

PUBLIC WORKS DEPARTMENT

Extra expenditure due to inclusion of monopoly fee in the analysis of rates in respect of national highway works

Executive Engineer, National Highway Division, Golaghat extended undue benefit of Rs.32.92 lakh to a contractor by wrong inclusion of monopoly fee in the analysis of rates.

4.225 The work “Construction of diversion of National Highway No.39 on account of proposed refinery at Numaligarh 9.174 Km to 17.967 Km (balance work)” was awarded (November 1995) to a contractor at a tender value of Rs.6.91 crore at 34 per cent above the analysed rate.

4.226 Test-check (September 2000) of records of the Executive Engineer, National Highway Division, Golaghat, revealed that an amount of Rs.149.80* per cubic metre being 200 per cent monopoly fee along with 7 per cent sales tax thereon (based on the rate of forest royalty) was included in the analysis of rates for items of work viz. water bound macadam, premix carpeting etc., for collection of stone materials from Bagori quarry in Karbi-Anglong District. No monopoly fee was to be charged by Karbi-Anglong Forest Division against the material if the requisition was made by any authorised officer from Public Works Department. The contractor procured 16398.13 cubic metre of material

*Rate of forest royalty = Rs. 70 00 per cubic metre

Monopoly fee @ 200 % of	Rs.140.00
Add sales tax (7% of Rs.140)	= Rs. 9.80
	Rs. 149.80

from the quarry and was paid the monopoly fee as per rate provided in the tender agreement.

4.227 Thus, due to irregular inclusion of monopoly fee in the analysis of rates, as well as in the agreement the division incurred an avoidable extra expenditure of Rs.32.92 lakh (shown in Appendix-XXIV). The Executive Engineer accepted (January 1999) that monopoly fee had been paid to the contractor and stated that it was difficult to deduct the monopoly fee from the rates now as it was accepted in the tender agreement.

4.228 The matter was reported to government in April 2001; but their reply had not been received (October 2001).

Undue financial benefit to the contractor on national highway work

Non-deduction of security deposit from the bills resulted in undue financial aid of Rs. 29.24 lakh.

4.229 The work “Construction of Diversion of National Highway 39 on account of proposed refinery at Numaligarh, 9.174 Km to 17.967 Km (balance work)” was awarded (November 1995) to a contractor at a tender value of Rs.6.91 crore with a stipulation to complete the work within 24 months from the date of issue of formal work order. According to the condition of the contract, security deposit @ 8 per cent is required to be deducted from the bill as and when payment is made to the contractor.

4.230 Test-check (September 2000) of the records of the Executive Engineer, National Highway Division, Golaghat, revealed that, out of Rs.6.91 crore (tender value), a sum of Rs.5.42 crore had already been paid to the contractor up to September 2001 through Running Account Bills. An amount of Rs.14.10 lakh only was deducted as security deposit against compulsory deduction of Rs.43.34 lakh. Reasons for non-deduction of Rs.29.24 lakh were not available on records.

4.231 Non-deduction of security deposit of Rs.29.24 lakh by the division had resulted in undue financial benefit to the contractor.

4.232 The matter was reported to government (March 2001); their reply had not been received (October 2001).

Unproductive investment on construction of RCC bridge

Construction of the RCC bridge over river Sonai remained incomplete for the last 8 years even after incurring an expenditure of Rs. 23.89 lakh.

4.233 Test-check (October 2000) of records of the Executive Engineer, Silchar Public Works Division (Roads) revealed that the work “Construction of RCC Bridge over River Sonai at Hatikhal Bazar on K. K. Road,” estimated to cost

Rs.92.52 lakh (revised to Rs.178.29 lakh) was awarded to a contractor (September 1990) for a lump-sum tender value of Rs.77.40 lakh with the stipulation to complete the work within 30 calendar months. However, after completing a portion of the work at a cost of Rs.16.56 lakh, the contractor stopped the work (June 1992) due to non receipt of payment in time, non availability of cement and steel and non-handing over of site for well no. 1, 2 and 5. The contract was rescinded (April 1993) by the division without imposing any penalty.

4.234 The division assessed the balance work at an estimated cost of Rs.84.12 lakh (Rs.64.71 lakh+Rs.19.41 lakh) being 30 per cent probable escalation) and the work was re-allotted (January 1994) to another contractor for a lump sum tender value of Rs.146.70 lakh with the stipulation to complete the work by September 1995. However, after executing work valued at Rs.17.30 lakh, the contractor stopped the work (January 1996) due to non receipt of payment in time, non availability of cement and steel in departmental store and non handing over of site for well no. 1 and 5 in time due to non-acquisition of land. The work has neither been rescinded nor re-allotted to any other contractor as the second contractor had lodged a case (March 1999) with the Arbitrator seeking compensation for Rs.71.23 lakh (excluding interest), which was pending as of October 2000. The bridge has therefore, remained unfinished after incurring an expenditure of Rs.23.89 lakh upto May 1995 as the deficiencies pointed out by the first contractor are still persisting.

4.235 Evidently, the division had not taken action in right earnest and with proper planning to get the work of the bridge completed within the stipulated time schedule. The entire expenditure (Rs.23.89 lakh) therefore, remained unproductive besides escalation in cost and denial of benefit of the bridge to the local people for the last 8 years.

4.236 The matter was reported to government in May 2001; their reply had not been received (October 2001).

TRANSPORT DEPARTMENT

Non-realisation of government dues

Government dues amounting to Rs.1.78 crore remained unrealised due to inaction on the part of the department.

4.237 According to the Control and Management of Ferries (Amended) Rules, 1976 and terms and conditions of tender notice for leasing out ferries, apart from the bid money in kist, a lessee is required to pay to the department the entire amount of pay and allowances of the floating staff of any vessel for the period of lease in advance before the ferry is handed over to him. The rules also provide that in the event of default in payment of the amount on due date, the lessee is liable to pay a fine at the rate of one per cent of the amount defaulted for each day of default.

4.238 Test-check (March 2001) of records of the Executive Engineer, Inland Water Transport (IWT) Division, Dibrugarh, revealed that Dibrugarh-Sonari-Borisuti Ferry Service was leased out (March 1998) and handed over (April 1998) to a lessee in disregard of the Government order and the above terms and conditions at a bid value of Rs.31.11 lakh (excluding pay and allowances of floating staff) for the year 1998-99. After paying the first and second kist money of Rs.15.56 lakh and first installment of staff salary of Rs.0.75 lakh, the lessee sought (December 1998) exemption from making further payment of kist money third and fourth installment and staff salary (2nd, 3rd and 4th installments) as he could not run the ferry from May 1998 to October 1998 due to unprecedented floods in the river Brahmaputra. Subsequently, the lessee filed (December 1998) a petition in the Guwahati High Court, as his prayer was not considered by the department. The Hon'ble court in their verdict (December 1998) directed the department to dispose of the application of the petitioner for remission of kist money in accordance with law. The department rejected (September 1999) the prayer of the lessee under Section 34 of the Control and Management of Ferry Rules 1968 as amended and asked (November 1999) the lessee to deposit the outstanding dues of Rs.15.56 lakh being the third and fourth kist money and Rs.2.25 lakh being the second, third and fourth installment of staff salary. But the lessee did not deposit the outstanding dues (March 2001).

4.239 Meanwhile, the Director, IWT had directed (October 1999) the division to file a Bakijai case against the lessee for realising the outstanding dues. However, the same could not be filed by the division till March 2001 on account of non-availability of related documents in the division. Moreover, a fine of Rs.160.66 lakh* due up to March 2001 calculated at the rate of 1 per cent per day on the default in amounts also remained to be realised from the lessee.

4.240 Thus, due to failure on the part of the department to recover the entire amount of pay and allowances before handing over the ferry services and initiate timely action against the lessee by filing a Bakijai case, Rs.178.47 lakh (Rs.15.56 lakh+Rs.2.25 lakh+Rs.160.66 lakh) remained unrecovered.

4.241 The matter was reported to government in June 2001; their reply had not been received (October 2001).

* 1% fine on Rs.75,000 for 1034 days (1.6.98 to 31.3.2001) = Rs. 7.76 lakh
1% fine on Rs.8,52,778 for 942 days (1.9.98 to 31.3.2001) = Rs . 80.33 lakh
1% fine on Rs.8,52,778 for 851 days (1.12.98 to 31.3.2001) = Rs .72.57 lakh
Rs.160.66 lakh
