

## CHAPTER-III CIVIL DEPARTMENTS

### SECTION 'A'-REVIEWS

#### PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

##### 3.1 Rural Housing Scheme (Indira Awaas Yojana)

*Indira Awaas Yojana (IAY) is one of the core components of Rural Housing Scheme, aimed at providing grants to members of scheduled caste/scheduled tribes, free bonded labourers and non-SC/ST families living below the poverty line for construction and upgradation of dwelling houses. A review on the implementation of the scheme revealed that the programme was implemented without survey, identification and selection of beneficiaries by Gram Sabha. The beneficiaries were not involved in construction of their houses. Government of India and Government of Assam did not release the allocated funds. Inflated expenditure was reported to Government of India both by the Director, Panchayat and Rural Development and Project Directors. Inventory register was not maintained. There were instances of payment of construction assistance in excess of norms, advances booked in the accounts as final expenditure, diversion of funds, infructuous and unauthorised expenditure etc. Inspection and physical verification of works in the field as per norms was lacking. Due to absence of effective monitoring the impact of the scheme remained unassessed.*

#### Highlights

-- Short release of allocated funds of Rs.276.52 crore by Government of India and Government of Assam resulted in short construction/non-upgradation of 1.65 lakh houses.

-- Director, Panchayat and Rural Development and Project Directors reported inflated expenditure to Government of India to the extent of Rs.5.41 crore and Rs.10.78 crore respectively.

-- Project Director, DRDA, Karbi Anglong incurred excess expenditure of Rs.0.97 crore over the admissible norm for construction/upgradation of 10267 houses which led to short construction/non-upgradation of 545 houses.

-- For procurement of 2552.811 tonne GCI sheets, 3 Project Directors made inadmissible excess payment towards excise duty of Rs.1.15 crore.

-- Contrary to the norms 0.51 lakh (34 per cent) out of 1.53 lakh houses were allotted to male members.

-- **In DRDA, Bangaigaon 105 houses were constructed at a cost of Rs.21 lakh for the beneficiaries whose names were neither included in the Annual Action Plan nor approved by the Governing Body.**

-- **Inadmissible administrative expenditure of Rs.1.81 crore by PDs of six test-checked DRDAs led to short construction/non-upgradation of 1038 houses.**

### 3.1.1 *Introduction*

Housing is one of the basic requirements for providing economic security to human beings. Indira Awaas Yojana (IAY) is the primary rural housing programme which addresses the needs of the rural poor. It was first introduced in April 1989 as part of Jawahar Rozgar Yojana and became an independent scheme with effect from 1 January 1996. There are five other programme\* that supplement the IAY in catering to the housing needs of the rural poor.

The objective of IAY was to assist in construction and upgradation\*\* (with effect from 1 April 1999) of dwelling units by members of Scheduled Castes/Scheduled Tribes, free bonded labourers and non-SC/ST families below the poverty line by providing them with grants. Ceiling on construction assistance was Rs.20,000 per house in plain areas and Rs.22,000 per house in hilly/difficult areas. Eighty *per cent* of the total funds were allocated for new construction. The balance 20 *per cent* was for upgradation subject to maximum of Rs.10,000 per house.

### 3.1.2 *Organisational set up*

The Commissioner and Secretary, Panchayat and Rural Development Department (P&RD), Assam is in charge of the scheme. The implementation and monitoring of the programme is vested with the Director, P&RD. He is assisted by the Joint Director (Planning, Monitoring & Evaluation) and two Deputy Directors in the headquarter. At the district level the scheme is implemented by the Project Directors (PDs) of 23 District Rural Development Agencies (DRDAs). Senior Block Development Officers (Sr.BDOs)/Block Development Officers (BDOs) assist the PDs at block level.

### 3.1.3 *Audit coverage*

Records of the Director, P&RD, six\* out of 23 DRDAs and 62 out of 219 Senior BDOs/BDOs for the period from 1997-98 to 2001-2002 were test-checked between January 2002 and May 2002. Thirty *per cent* (Rs.128 crore) of the total expenditure of Rs.425.92 crore was covered in the review.

### 3.1.4 *Finance*

#### (a) *Funding pattern*

Funding of IAY was shared between Central and State Government in the ratio of 80:20 up to March 1999 and the ratio 75:25 from April 1999 onwards. Central assistance was released every year to the DRDAs in two installments.

\* (i) Pradhan Mantri Gramaodaya Yojana, (ii) Credit-cum-Subsidy for Rural Housing, (iii) Samagra Awaas Yojana, (iv) Innovative Stream for Rural Housing and Habitat Development and (v) Rural Building Centres.

\*\* Conversion of existing kutchha houses into semi-pucca/pucca houses.

\* (1) Bangaigaon, (2) Sonitpur, (3) Karbi Anglong, (4) Jorhat, (5) Dibrugarh and (6) Cachar.

The allocation made by the Government of India was intimated to Government of Assam at the commencement of the year. However, budget provision made by the State Government was always inadequate and did not match the allocations intimated by the Government of India.

**(b) Financial outlay and expenditure**

Release of Central/State share and expenditure under IAY for the year from 1997-98 to 2001-2002 were given below:

Year	Allocation			Budget provision for State share	Funds released			Amount short released			Expenditure
	Central	State	Total		Central	State	Total	Central	State	Total	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1997-1998	29.53	7.38	36.91	3.22	29.31	3.22	32.53	0.22	4.16	4.38	41.75
1998-1999	47.82	11.95	59.77	4.46	50.04	4.46	54.50	(-) 2.22	7.49	5.27	47.68
1999-2000	156.58	52.19	208.77	23.24	138.20	23.25	161.45	18.38	28.94	47.32	106.84
2000-2001	163.55	54.52	218.07	Nil	81.77	Nil	81.77	81.78	54.52	136.30	119.91
2001-2002	124.89	41.63	166.52	20.82	62.45	20.82	83.27	62.44	20.81	83.25	109.74
<b>Total</b>	<b>522.37</b>	<b>167.67</b>	<b>690.04</b>	<b>51.74</b>	<b>361.77</b>	<b>51.75</b>	<b>413.52</b>	<b>160.60</b>	<b>115.92</b>	<b>276.52</b>	<b>425.92</b>

Source: Furnished by the Department.

Against the total allocation of Rs.690.04 crore during 1997-98 to 2001-2002, actual release of funds was Rs.413.52 crore. Thus, there was a short release of Rs.276.52 crore (Central: Rs.160.60 crore and State: Rs.115.92 crore) which resulted in shortfall in construction of 1.12 lakh\* new houses and non-upgradation of 0.53 lakh\* existing houses.

Short release of Central share of Rs.160.60 crore during five years ending 2001-2002 were mainly due to (i) non-release/inadequate/delay in release of State share, (ii) delay in sending proposals by State Government for release of second installment to Government of India and (iii) carry forward of excess unutilised balance from previous years.

Short release of State share of Rs.115.92 crore was because of inadequate budget provision of Rs.51.74 crore (46 per cent) against fund allocation of Rs.167.67 crore during four of the last five years indicating poor resource mobilisation at State level. During 2000-2001 the State Government had not made any budget provision for the entire allocation of Rs.54.52 crore for reasons not found on record.

Director, P&RD could not furnish the year-wise expenditure figures reported to the Government of India for the State as a whole. Test-check revealed that with reference to actual expenditure as per annual accounts of the six DRDAs the expenditure figures reported by the Director to the Government of India through monthly/annual statement and those reported by DRDAs direct to Government of India through utilisation certificates indicated the following discrepancies.

Year	Amount short released	New construction (in number)	Upgradation (in number)
1997-98 to 1998-99	Rs.9.65 crore +Rs.20,000	4,825	--
1999-2000 to 2001-2002	Rs.266.87 crore of which (a) Upgradation 20 per cent of Rs.266.87 crore =Rs.53.37 crore +Rs.10,000 (b) New construction 80 per cent of Rs.266.87 crore=Rs.213.50 crore+Rs.20,000	--	53,370
<b>Total</b>	<b>276.52</b>	<b>1,06,750</b>	<b>--</b>
		<b>1,11,575</b>	<b>53,370</b>

(Rupees in crore)

Year	Particulars	Amount
1997-98 to 2001-2002	Expenditure reported by Director to Government of India.	118.55
	Actual expenditure as per annual accounts.	113.14
1997-98 to 2000-2001 (upto which UC furnished)	Expenditure as per utilisation certificate reported by PDs direct to Government of India.	96.17
	Actual expenditure as per annual accounts.	85.39

Thus, both Director and PDs had reported inflated expenditure to the extent of Rs.5.41 crore and Rs.10.78 crore respectively.

### 3.1.5 Implementation

#### (i) Planning-District level

At the district level the scheme was to be implemented on the basis of Annual Action Plan (AAP) approved by the Governing Body (GB) before commencement of the year. In the six district test-checked delay in approval of AAPs ranged from two to 11 months for reasons not on record. Failure of the GBs to approve the AAPs before commencement of the year retarded the planned implementation of the programme.

#### (ii) House survey

House survey for target group of rural BPL families as envisaged in the scheme was not conducted in Sonitpur and Dibrugarh districts for reasons neither on record nor stated to audit. The PDs of Jorhat, Bongaigaon, Cachar and Karbi Anglong DRDAs failed to furnish any survey report to audit. Similarly, no survey report of existing *katchha* houses requiring upgradation could be furnished to audit.

The DRDAs had thus, implemented the scheme without preliminary information indicating lack of direction in execution of the programme.

#### (iii) Identification and selection of beneficiaries

As per scheme, each Gram Sabha was to select beneficiaries from the panchayat-wise list of eligible households prepared by the DRDAs on the basis of allocation of funds and physical target fixed for construction and upgradation of houses under IAY.

In six test-checked districts it was noticed that the selection of beneficiaries was made on the recommendation of MPs and MLAs. The Gram Sabhas were not consulted. In Sonitpur district 693 beneficiaries were selected on the recommendation of MPs/MLAs/VIPs. The PD, DRDA, Sonitpur admitted the fact. In Karbi Anglong district, the list of beneficiaries selected by the Block Level Co-ordination Committee was forwarded by Sr.BDOs/BDOs to PD for approval by GB. Minutes of the GB meetings disclosed that GB had simply approved the targets of construction of houses without selection of beneficiaries. The Sr.BDOs/BDOs on the other hand stated that the beneficiaries were selected on the recommendation of the Members of Karbi Anglong Autonomous Council in consultation with Constituency Development Committee. In all these cases norms for selection of beneficiaries were violated.

#### (iv) Physical targets and achievements

During 1997-98 to 2001-2002, against the target for construction of 2,58,007 new houses and upgradation of 1,08,958 existing houses, the department constructed 2,04,897 houses (new construction: 1,52,648 houses and upgradation: 52,249 houses) excluding 26,131 houses (new construction: 19,458 and 6,673 upgradation) under

construction as of March 2002. The shortfall in construction/upgradation of 1,35,937 houses (37 per cent) including 26131 houses under construction was mainly due to short release of funds both by Central and State Governments.

**(v) *Non-maintenance of Inventory Register***

The DRDAs/Blocks were required to maintain a complete inventory of houses constructed under IAY giving details of the date of commencement of construction and completion, name of the village and block, name, address, occupation and category of beneficiaries etc.

In none of the test-checked districts inventory registers were maintained. In the absence of these registers physical performance as mentioned in reports/returns/proforma could not be verified in audit.

**(vi) *Construction assistance in excess of norms***

In DRDA Karbi Anglong, an allocation of Rs.18.66 crore was made for construction of 6,994 houses (Rs.15.39 crore) and upgradation of 3,273 houses (Rs.3.27 crore) during 1998-99 to 2000-01. Against this the PD, DRDA spent Rs.19.63 crore for procurement of costly materials like steel, cement and for transportation charges upto March 2002. Thus, there was an excess expenditure of Rs.0.97 crore over the admissible norm which led to non-construction of 355 new houses\* and upgradation of 190 houses@. No approval for such excess expenditure was obtained either from the Government of India or from the State Government.

In reply, the Finance and Accounts Officer, DRDA, Karbi Anglong stated that the excess expenditure was due to higher transportation charges in hilly areas. The reply was not tenable because ceiling on construction assistance per house was higher in hill areas (Rs.22,000 against Rs.20,000 in plain areas) and the houses were to be built with locally available materials and cost effective technologies.

**(vii) *Construction of houses departmentally without involving beneficiaries***

In violation of the guidelines of the scheme the houses were constructed departmentally. Materials like cement, MS rods, GCI sheets, ridging etc., were purchased at DRDA headquarters and supplied to blocks. Sr.BDOs/BDOs purchased locally available materials like bricks, sand, chips, wood etc., and constructed the houses by engaging skilled and ordinary labourers through muster roll. Thus, beneficiaries were not involved in the construction of their houses.

**(viii) *Construction of houses with less plinth area***

In Bongaigoan and Cachar districts 1459 houses were constructed in 1997-98 having plinth area of 14 m<sup>2</sup> and 17 m<sup>2</sup> against prescribed norms of 20 m<sup>2</sup> per house. Thus, due to violation of norms of construction the beneficiaries were denied standardised houses as contemplated in the scheme.

---

\*80 per cent of Rs.0.97 crore =Rs.0.78 crore÷Rs.22,000=355 houses for new construction.

@20 per cent of Rs.0.97 crore=Rs.0.19 crore÷Rs.10,000=190 houses for upgradation.

---

**(ix) Inadmissible payment of excise duty**

Technical Committee (TC) under the Department of Industries and Commerce, Assam fixes the rates of GCI sheets manufactured in Assam. The rates fixed by the TC are ex-factory, which is inclusive of Central Excise Duty. Test-check revealed that the suppliers charged additional 16 *per cent* on account of Excise Duty in their bills, resulting in excess payment of Rs.1.15 crore as under:

Sl. No.	Name of DRDA	Qty. supplied (in tonne)	Amount due	Amount paid	(Rupees in crore)
					Difference/excess payment
1.	Sonitpur	750.000	2.13	2.47	0.34
2.	Dibrugarh	739.000	2.04	2.42	0.38
3.	Karbi Anglong	963.811	2.70	3.13	0.43
<b>Total</b>		<b>2452.811</b>	<b>6.87</b>	<b>8.02</b>	<b>1.15</b>

In reply to audit observations the PDs stated that they would refer the matter to the department for clarification. The clarifications were yet to be received (May 2002).

**(x) Irregular maintenance of stock account**

Scrutiny of stock records of six test-checked districts revealed that except DRDA, Cachar the stock accounts of five other DRDAs remained amalgamated with other schemes viz., JRY/EAS/MWS etc. In the absence of separate stock book for IAY scheme, procurement, utilisation and closing stock of various materials could not be verified in audit.

**(xi) IAY houses constructed without provision of smokeless chullahs and sanitary latrines**

Provision of smokeless *chullah* and sanitary latrine was an integral part of IAY houses for which Rs.1500 was specifically included in the unit cost of each house. It was however, noticed that in none of the 1,52,648 completed houses under IAY during 1997-98 to 2001-2002, were smokeless *chullah* and sanitary latrines provided as envisaged in the scheme even after utilising Rs.22.90 crore<sup>@</sup> earmarked for these amenities. The beneficiaries belonging to weaker section of the community were therefore deprived of the basic amenities of smokeless environment and sanitation in the houses. Besides, supply of drinking water was not ensured. Plantation of trees as envisaged in the scheme was not done. Thus, primary requirement of clean water and environment with easy supply of fuel and fodder were not ensured.

**(xii) Allotment of houses**

The houses were to be allotted in the name of female member of the beneficiary families or alternatively to both husband and wife. Contrary to this 51,291 (34 *per cent*) out of 1,52,648 houses were allotted in the name of male members during 1997-98 to 2001-2002.

<sup>@</sup> Rs.1500 per unit X 1,52,648 houses=Rs.22.90 crore.

### 3.1.6 *Other points of interest*

#### (i) *Advances booked as final expenditure*

The PD, DRDA, Karbi Anglong paid advances of Rs.7.26 crore to the manufacturers/suppliers for procurement of materials viz., cement, MS rods, GCI sheets which were to be delivered directly to blocks through carriage contractors during 1998-99 to 2000-2001. Advance payments to the suppliers were booked as final expenditure in accounts. Besides, PD did not ever monitor the supplies to satisfy that the entire quantity of materials were delivered against the advances. Thus, payments of advances *vis-à-vis* adjustment thereagainst, if any, could not be vouchsafed in audit.

In reply to the observation PD stated (May 2002) that the amounts were adjusted by receipt of materials but adjustment accounts could not be shown to audit.

#### (ii) *Expenditure on un-approved/non-sanctioned works*

In DRDA, Bongaigaon 105 houses were constructed at a cost of Rs.21 lakh by seven BDOs during 1997-98 to 1999-2000 for the beneficiaries whose names were neither included in the Annual Action Plan nor approved by the GB of the DRDA resulting in unauthorised expenditure of Rs.21 lakh. The PD had stated (April 2002) that the matter would be examined and the reply would follow. Further development is awaited (July 2002).

#### (iii) *Wasteful expenditure due to construction of houses on disputed land*

The PD, DRDA, Karbi Anglong undertook (1999-2000) construction of 115 houses in clusters on Government land in Ranghalang model village, bordering Meghalaya through BDO, Socheng block. By October 2000 the construction were completed upto 70 *per cent* at a cost of Rs.14.82 lakh. As per report of the BDO, the Meghalaya Police burnt down and destroyed the incomplete houses in October 2000 on the ground that the land belonged to Meghalaya State. Replying to audit query the PD had stated (May 2002) that proposal for construction of houses at Ranghalang model village was received from Chief Executive Member, Karbi Anglong Autonomous Council and Governing Body of the DRDA had approved the same. But evidence in support of the statement was not shown to audit. Thus, construction of IAY houses on disputed land resulted in wasteful expenditure of Rs.14.82 lakh.

#### (iv) *Diversion of funds towards administrative expenditure*

Administrative expenditure was not admissible under IAY scheme. It was noticed that Rs.1.81 crore was spent during 1997-98 to 2001-2002 irregularly in six test-checked DRDAs as administrative expenditure resulting in short construction/upgradation of 1038 houses\*.

\*

Period	Inadmissible administrative expenditure (Rs.in crore)	Number of houses	
		New construction	Upgradation
1997-98 to 1998-99	0.47+Rs.20,000	234	--
1999-2000 to 2001-2002	0.27 crore+Rs.10,000	--	268
	1.07+Rs.20,000	536	--
<b>Total</b>	<b>1.81</b>	<b>770</b>	<b>268</b>

**(v) Short receipt of material**

Against the orders for procurement of 526.58 tonne 8' long and 0.50 mm thickness (62,136 GCI sheets<sup>#</sup>) at a total cost of Rs.1.61 crore, the PD, DRDAs, Bangaigaon and Sonitpur received 45,372 GCI sheets during 1998-99 to 2000-2001. Thus, 16,764 GCI sheets valued Rs.43.26 lakh were received short.

In reply the PDs stated (April 2002) that the short receipt of GCI sheets would be investigated/reconciled.

**(vi) Locking up of funds in purchase of IAY sign board with logo and improved chullah**

PD, DRDA, Karbi Anglong purchased 6,871 IAY sign boards and 2,515 improved *chullahs* at a total cost of Rs.16.61 lakh (sign boards: Rs.8.24 lakh, and *chullahs*: Rs.8.37 lakh) in 2000-2001. Similarly, PD, DRDA, Cachar purchased 4,300 sign boards with logo and 1000 improved *chullahs* worth Rs.8.48 lakh (sign boards: Rs.5.15 lakh and *chullahs*: Rs.3.33 lakh) in 2000-2001. In both the cases the purchases were made without provision in the approved estimate of IAY houses. The materials were not utilised and remained in stock (May 2002). This resulted in locking up of Rs.25.09 lakh for more than a year.

**3.1.7 Monitoring**

The State Level Coordination Committee (SLCC) was responsible for monitoring of scheme at State level. Officers dealing with IAY at State headquarter were required to visit the districts regularly to oversee the construction of IAY houses as per prescribed procedure. At district and block level, responsible officers were to conduct regular field visits as per schedule of inspection prescribed (April 1994) by the department. Records of inspection and tours conducted by inspecting officers were not available in any of the DRDAs test-checked.

No evaluation was conducted by the P&RD Department to assess the performance of IAY scheme. However, the Planning and Development Department conducted evaluation studies from time to time. Three evaluation study reports (Report No.170, 173 & 178) were furnished to audit (June 2002). The observations made in the reports included *inter-alia*, less plinth area of IAY houses, non-providing sanitary latrine and improved *chullahs* etc.

**3.1.8** Implementation of four of the five other components of Rural Housing Schemes i.e., Pradhan Mantri Gramodaya Yojana (PMGY), Credit-cum-Subsidy Scheme (CSS), Samagra Awaas Yojana and Rural Building Centre (RBC) are discussed below. "Innovative stream for Rural Housing and Habitat Development" was not implemented in Assam.

---

<sup>#</sup> Based on standard weight of 1 tonne GCI sheets of 8' long and 0.50 mm thickness containing 118 sheets.

**(a) Pradhan Mantri Gramodaya Yojana (PMGY)**

The PMGY was introduced in April 2000. The scheme funded by additional Central assistance of loan (10 *per cent*) and grants (90 *per cent*) was to be implemented in rural areas of Assam on the pattern of the IAY. Against the allocation of Rs.47.05 crore, the Government of India released Rs.23.52 crore to Government of Assam during 2000-2001 and 2001-2002. But the State Government had released Rs.33.58 crore to DRDAs during January-February 2002. Director, P&RD stated (June 2002) that excess release of Rs.10.06 crore was treated as advance release of funds to DRDAs.

Disbursement of financial assistance was made to the beneficiaries in February and March 2002. The Sr.BDOs/BDOs of the six DRDAs test-checked could not produce the records of physical and financial progress under the scheme for verification by audit.

Director, P&RD furnished to audit the information on completion of 5,803 houses at a cost of Rs.25.76 crore against the target for construction of 20,083 houses during 2001-2002. The information was doubtful as the entire funds for the years 2000-2002 were released by State Government in January-February 2002 and disbursed to the beneficiaries in February-March 2002. Also the blocks of the DRDAs test-checked did not have any records showing physical and financial achievement against target.

**(b) Credit-cum-Subsidy Scheme**

This is a loan-cum-subsidy scheme launched from 1999-2000. The subsidy portion of Rs.10,000 per beneficiary was to be shared by Central and State Governments in the ratio of 75:25. The loan portion of the scheme (limited to Rs.40,000 per beneficiary) was to be financed by banks and financial institutions.

**(i) Funding**

Against the Central allocation of Rs.10.26 crore for the year 1999-2000, Government of India had released first installment of Rs.5.13 crore directly to 23 DRDAs in July 1999. The State Government did not release any funds ever since launching of the scheme in 1999-2000. Consequently, Central Government stopped further funding of the scheme.

**(ii) Physical and financial targets and achievements**

The Directorate, P&RD could not furnish physical and financial position for the State as a whole despite repeated reminders. In the six test-checked districts, PDs had received subsidy of Rs.1.45 crore till March 2002. Of this, PDs disbursed to banks subsidy aggregating Rs.8.40 lakh for 84 (6 *per cent*) out of 1451 beneficiaries to be assisted under the scheme. The PDs had not taken any follow up action nor monitored the actual disbursement of subsidy and loan to beneficiaries by the banks. Reasons for non-disbursement of the balance subsidy of Rs.1.37 crore was not on record. Interestingly, four of the six PDs had unauthorisedly spent Rs.0.76 crore towards salary, contingencies, administrative and election expenses etc., and retained Rs.0.61 crore in hand as of May 2002.

**(iii) Overall performance**

The implementation of the scheme was not well planned. The State Government and Reserve Bank of India had not issued any clear directive to the banks regarding modalities for execution of the scheme. Nodal agency was also not fixed. Consequently the implementation of the scheme was insignificant.

**(c) Samagra Awaas Yojana**

Central Government sanctioned Rs.25 lakh (project cost: Rs.20 lakh and cost of meetings/seminars etc.: Rs.5 lakh) in August 2000 to DRDA, Sonitpur for a project proposal, which included the construction of sanitary latrine, safety tank, conventional pit latrine, drainage network and drinking water facilities like ring well, shallow tube well, public pond in Chaiduar block. Any deviation in the sanctioned project was prohibited.

In January 2002 on the recommendation of the local MLA, the BDO submitted an entirely different proposal for construction of 118 houses and ring wells. The PD agreed to the proposal and released Rs.13.20 lakh to the BDO in January 2002 and retained Rs.11.80 lakh on account of materials to be supplied by DRDA. The utilisation of Rs.25 lakh by the PD (Rs.11.80 lakh) and BDO (Rs.13.20 lakh) could not be shown to audit. The PD had thus, altered the sanctioned project without approval of the Government of India. The physical and financial progress of the works was not on record (April 2002). Thus, the entire fund of Rs.25 lakh was diverted and infrastructure contemplated under the scheme was not created.

**(d) Rural Building Centres**

Against the allocation of Rs.15 lakh, only Rs.6 lakh was released by Government of India to one Non-Government Organisation in Hailakandi district during 2001-2002. The Director, P&RD could not furnish any further information on the scheme.

**3.1.9** The foregoing observations were reported to Government in July 2002; their reply had not been received (October 2002).

**3.1.10 Recommendations**

(i) The selection of beneficiaries should be based on survey conducted by Gram Sabha and list of beneficiaries must be prepared and approved before providing the assistance for construction/upgradation of houses.

(ii) The beneficiaries should be effectively involved in construction/upgradation of their houses.

(iii) Funds meant for the programme should be utilised and not retained in any form or diverted.

(iv) Inventory register of IAY houses must be maintained.

(v) Inspection, physical verification and monitoring at all level should be intensified and the impact of the scheme be properly assessed.

### 3.2 Swarnjayanti Gram Swarozgar Yojana

*For alleviation of rural poverty Centrally sponsored schemes on Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self Employment (TRYSEM), Development of Women and Children in Rural Areas (DWCRA), Supply of Improved Tool Kits to Rural Artisans (SITRA), Million Well Scheme (MWS) and Ganga Kalyan Yojana (GKY) were being implemented by the Government of Assam. However, the programmes had little impact on rural poverty and the Government of India discontinued (1 April 1999) the implementation of above schemes on account of their inherent deficiencies and replaced them by an unified new scheme known as Swarnjayanti Gram Swarozgar Yojana (SGSY). Government of Assam also began implementing the SGSY scheme from April 1999. A review on the scheme revealed that scheme was implemented without an annual action plan, a credit plan and an infrastructure support plan. Non-provision of allocated funds by Government of India and Government of Assam, diversion/locking up of funds, unauthorised expenditure, etc., retarded proper implementation of the programme. There was shortfall in physical achievement of mandatory target. The DRDAs and banks either did not release or delayed release of assistance to the identified individuals/self help groups. There were instances of mismanagement/misuse of funds in creation of infrastructure, training and marketing support etc. Physical monitoring of the programme through field inspection was not carried out and impact of the scheme was not assessed.*

#### Highlights

-- Non-release of Central grant of Rs.21.62 crore due to non-release of State's share of Rs.19.55 crore in 6 test-checked districts retarded pace of programme implementation during 1999-2002.

-- Funds of Rs.2.24 crore out of Rs.3.74 crore and stores worth Rs.0.11 crore out of Rs.0.13 crore diverted from SGSY remained unrecovered/unadjusted as of May 2002.

-- Project Directors of Karimganj, Sivasagar and North Lakhimpur unauthorisedly spent Rs.1.31 crore on erstwhile MWS scheme during 1999-2000 and 2000-01 which were neither included in AAP nor spill over works. Detailed accounts and vouchers for Rs.0.78 crore out of Rs.1.31 crore spent by PD, North Lakhimpur could not be produced to audit.

-- During 1999-2002, the PDs, Karimganj, North Lakhimpur and Dhubri incurred excess expenditure of Rs.2.71 crore over the prescribed limit of 25 per cent of total allocated funds for creation of SGSY infrastructure.

-- PDs of 5 of the 6 DRDAs unauthorisedly distributed free of cost agricultural implements, sewing machines etc. worth Rs.3.71 crore out of total procurement of Rs.4.92 crore to non-swarojgaris. The reason for non-distribution of balance materials worth Rs.1.21 crore was not on record.

-- **PDs of two DRDAs unauthorisedly spent infrastructure funds of Rs.0.26 crore for non-swarojgaris/unidentified swarojgaris in violation of the scheme.**

### 3.2.1 *Introduction*

Swarnjayanti Gram Swarozgar Yojana a self-employment programme for individual and groups of individual below the poverty line (BPL) was launched from 1 April 1999. It aims at establishing a large number of micro enterprises in rural areas to provide the launching pad for economic activity. It covers all aspects of self-employment such as organisation of the poor into self help groups (SHG), training, credit, technology, infrastructure and marketing. It envisages providing income generating assets through Government subsidy and bank loan to individual and SHG from BPL families for generating sustainable monthly net income of Rs.2000 per family, so as to bring every assisted family above the poverty line in three years and also to cover 30 *per cent* of families in each block within five years by March 2004.

### 3.2.2 *Audit coverage*

The implementation of the scheme for the period from 1999-2000 to 2001-2002 was reviewed between February 2002 and May 2002 by test-check of records in the office of the Director of Panchayat and Rural Development Department, (P&RD) Assam, Guwahati and six\* out of 23 District Rural Development Agencies (DRDAs). Records of 17 (30 *per cent*) blocks out of 56 blocks falling under the test-checked DRDAs were also test-checked. By selection of six (26 *per cent*) of the 23 DRDAs in different geographical locations in the State, 22 *per cent* of total population<sup>@</sup>, 27 *per cent* of total BPL families<sup>@</sup> and 29 *per cent* of total reported expenditure<sup>@</sup> were covered in the review.

### 3.2.3 *Organisational set up*

The Commissioner and Secretary to the Government of Assam, Panchayat and Rural Development (P&RD) Department is responsible for planning, implementation, monitoring and evaluation of the scheme. He is assisted by the Director, Panchayat and Rural Development, Assam at state level and at the district level, the programme is being implemented through the Project Directors (PDs) of District Rural Development Agencies (DRDAs). At the block level, the Block Development Officers are responsible for survey and identification of swarozgaris with the assistance of officers of banks and gaon panchayats. The BDOs are also responsible for preparation of annual action plan (AAP) and annual credit plan and rendering all possible assistance to swarozgaris in acquiring the income generating assets.

### 3.2.4 *Funding*

(i) SGSY is a Centrally sponsored scheme funded by the Central and State Government at 75:25 ratio under four eligible items of expenditure at specified percentage *viz.*, programme infrastructure (25 *per cent*), training (10 *per cent*), revolving fund for SHG (10 *per cent*) and subsidy for economic activities

\* Sivasagar, North Lakhimpur, Dhubri, Karimganj, NC Hills and Nalbari.

@ Total population 266.38 lakh, total BPL families in rural areas: 21.44 lakh and total expenditure: Rs.95.70 crore.

(55 per cent). The position of allocation and release of funds by both Central and State Government during 1999-2002 is as shown in Appendix-X.

As on 1 April 1999 the State had an overall opening balance of Rs.46.90 crore brought down from the erstwhile programmes. During 1999-2002, the Government of India and the Government of Assam released Rs.68.82 crore for the programme and an amount of Rs.0.81 crore\* was received from other sources during the same period. Of the total funds of Rs.116.53 crore the DRDAs spent Rs.95.70 crore on the programme leaving an unutilised balance of Rs.20.83 crore (41 per cent) as on 31 March 2002.

In the six test-checked district out of total available fund of Rs.41.62 crore during the years 1999-2002 (opening balance: Rs.12.38 crore, Government of India funds: Rs.17.08 crore, Government of Assam funds: Rs.2.57 crore and other receipts: Rs.9.59 crore) the DRDAs spent Rs.37.30 crore (programme: Rs.20.36 crore, and administration etc., Rs.16.94 crore) leaving an unspent balance of Rs.4.32 crore as on 31 March 2002.

**(ii) *Short reporting of expenditure***

According to guidelines of the scheme, the expenditure incurred by the DRDAs was to be reported to the Government of India. In the six test-checked districts against the total expenditure of Rs.37.30 crore incurred during 1999-2000 to 2001-2002 only Rs.27.74 crore were reported to Government of India. The reasons for short reporting were not on record.

**(iii) *Non release/delay in release of funds***

During the years 1999-2000 to 2001-2002, the Government of India had not released Rs.21.62 crore to the test-checked districts due to (i) non-release of State's share (Rs.19.55 crore), (ii) excess carry over of balances (Rs.0.19 crore), and, (iii) late submission of proposals (Rs.1.88 crore).

Besides, Central share of Rs.11.39 crore out of Rs.17.09 crore was released to these districts after delay ranging from one to nine months. Non-receipt/late receipt of funds by DRDAs had retarded pace of programme implementation.

**(iv) *Booking of advances as final expenditure***

During 2001-2002, Rs.1.51 crore was released by the PDs of five of the six DRDAs test-checked (Sivasagar, Karimganj, Dhubri, North Lakhimpur and N.C. Hills) to 52 executing agencies and six executing officers in the form of advances for creation of infrastructure/implementation of programme, but the same were booked in the accounts as final expenditure which led to inflated financial achievement.

**(v) *Diversion of SGSY Fund/Stores***

**(a)** The PDs of the test-checked DRDAs had taken Rs.3.39 crore as advance from SGSY scheme during 1999-2002 to meet administrative expenditure. Out of this only Rs.1.50 crore had been recouped and the balance amount of Rs.1.89 crore remained to be recouped to SGSY as of March 2002. Besides, PD, DRDA North Lakhimpur paid

---

\* Rs.0.46 crore during 2000-2001 and Rs.0.35 crore during 2001-2002 being interest, funds pertaining to earlier years etc.

advance of Rs.14.82 lakh\* from SGSY and PD, DRDA Dhubri paid a temporary advance of Rs.20 lakh from SGSY to Director, P&RD. Both the amounts remained unadjusted (May 2002).

**(b)** During 1999-2002 the PD, DRDA, Karimganj diverted materials like cement, MS rod and GCI sheets etc., worth Rs.12.95 lakh from SGSY to other poverty alleviation schemes. Out of this, material valued Rs.1.66 lakh was returned and adjusted in SGSY account. As of April 2002 material worth Rs.11.29 lakh remained to be returned/adjusted. Admitting the audit observation the PD stated that he would make the necessary adjustment.

Thus, Rs.2.24 crore out of the total diverted funds of Rs.3.74 crore and stores worth Rs.0.11 crore out of Rs.0.13 crore remained unrecovered/unadjusted as of May 2002.

**(vi)                    *Locking of funds in unutilised store***

Test-check of records of DRDAs, Karimganj and Dhubri revealed that building materials like GCI sheets, MS Rods, MS Block Tube, J. Hook etc., purchased by PDs could not be utilised in full for reasons neither on record nor stated. Thus, materials worth Rs.22.95 lakh (Karimganj: Rs.4.38 lakh, Dhubri: Rs.18.57 lakh) remained unused (May 2002). Scheme funds totaling Rs.22.95 lakh remained blocked in unutilised stores.

**(vii)                    *Unauthorised expenditure on execution of erstwhile schemes***

**(a)** Erstwhile schemes taken up prior to 1 April 1999 but remaining incomplete on the cut off date could be taken up for execution under SGSY (after 1 April 1999) provided such works were approved and included in the annual action plan (AAP) of 1998-99. Test check revealed that the PD, DRDA Karimganj and Sivasagar spent Rs.53.22 lakh on execution of 63 MWS works during 1999-2000 (Karimganj 29 works: Rs.14.44 lakh, Sivasagar 34 works: Rs.38.78 lakh). But these works were neither included in the AAP of 1998-99 nor could the works be treated as spill over works since they had not been started before discontinuation of the erstwhile schemes.

**(b)** DRDA, North Lakhimpur had an unutilised balance of Rs.0.87 crore as on 1 April 1999 under MWS. Instead of merging the entire amount in SGSY account during 1999-2000, a separate account of MWS was maintained showing expenditure of Rs.49.84 lakh during that year and closing balance of Rs.36.83 lakh as on 31 March 2000. During 2000-2001, the agency had not maintained any account for the unutilised balance amount of Rs.36.83 lakh and left it unaudited by the statutory auditor (CA). Out of this, Rs.8.48 lakh was however transferred to SGSY account during 2001-02 and the balance amount of Rs.28.35 lakh was stated to have been spent during 2000-2001 on MWS without any detailed accounts. Besides, basic and initial records such as work register, asset register etc., were neither maintained nor APRs/vouchers for Rs.0.79 crore could be produced to audit. Possible misappropriation/misutilisation of the amount could not be ruled out.

---

\*To JRY: Rs.10 lakh and Rs.4.82 lakh to Dr. Islam, APO (V).

### 3.2.5 Physical target and achievement

Physical target and achievement for the State as a whole during the years 1999-2002 were as under:

Year	Target fixed	Achievement		
	Total Persons	SHG (Persons)	Individuals	Total Persons
1999-2000	23093	1152 (12472)	5502	17974
2000-2001	37,997	668 (8820)	3462	12282
2001-2002	32970	893 (9721)	6084	15805
<b>Total</b>	<b>94060</b>			<b>46061</b>

Target for the three year period (1999-2002) was fixed by the State Government for assisting 94060 BPL people as against mandatory target of \*3,85,920 out of 21.44 lakh BPL population in the State as envisaged in the guidelines of the scheme. Though the State achieved a coverage of 46,061 (49 per cent) persons, there was a shortfall of 3,39,859 swarozgaris (88 per cent) against the mandatory target as per the guidelines of the scheme.

Target for assistance is set by respective districts with the approval of the governing body of the DRDA on the basis of fund provision and considering feasibility aspect of coverage. Physical achievement in test-checked districts against target for the years 1999-2002 were as under:

District	Total BPL people	Target fixed			Achievement			Shortfall in coverage	PC of shortfall
		SHG (members)	Individual	Total persons	SHG (members)	Individual	Total persons		
KARIMGANJ	83460	304 (3040)	778	3818	15 (165)	719	884	2934	77
SIVASAGAR	79454	500 (5000)	596	5596	Nil (Nil)	2534	2534	3062	55
LAKHIMPUR	75801	128 (1280)	1240	2520	39 (473)	750	1223	1297	51
DHUBRI	195232	523 (5230)	2301	7531	49 (541)	1236	1777	5754	76
NALBARI	136358	319 (3190)	1802	4992	5 (52)	Nil	52	4940	99
N.C. Hills	15043	118 (1180)	916	2096	48 (470)	377	847	1249	60
<b>Total</b>	<b>585348</b>			<b>26553</b>			<b>7317</b>	<b>19236</b>	

As against mandatory target for assisting 1,05,363 swarozgaris\* during the three years period from 1999-2000 to 2001-2002, the test-checked districts fixed target of only 26,553 swarozgaris. Thus, there was shortfall in targeting by 78,810 swarozgaris (75 per cent). Even out of target of 26,553 swarozgaris fixed by the six test-checked DRDAs, actual achievement was only 7,317 swarozgaris (28 per cent). Further, against the target as envisaged in the scheme guidelines, there was a shortfall in achievement to the extent of 93 per cent (98,046 out of 1,05,363 swarozgaris) due to

\* Mandatory target in 3 years (1999-2002) worked to 18 per cent in relation to 30 per cent coverage in 5 years by 2004 as per guidelines; 18 per cent of 21.44 lakh BPL population:3,85,920

\* 30 per cent to be covered in 5 years by 2004 i.e. 6 per cent per year. Mandatory coverage in 3 years (1999-2002) 18 per cent i.e. 1,05,363 swarozgaris out of 5,85,348.

improper selection of swarozgaris and fixation of lower target by DRDAs. This indicated that the achievement of the scheme was negligible.

The position of target of economic assistance and actual achievement thereagainst is shown in table given below:

(Rupees in crore)

Districts	Beneficiaries	Target		Achievement		Shortfall	
		Loan	Subsidy	Loan	Subsidy	Loan	Subsidy
Karimganj	SHG	5.46	2.86	1.24	0.12	4.22	2.74
	Individual		0.59		0.47		0.12
Sivasagar	SHG	2.83	1.42	Nil	Nil	2.83	1.42
	Individual	1.55	0.41	2.66	1.26	(-) 1.11	(-) 0.85
Lakhimpur	SHG	5.11	1.95	0.18	0.12	4.93	1.83
	Individual	0.62	0.63	0.72	1.06	(-) 0.10	(-) 0.43
Dhubri	SHG	6.09	3.35	0.72	0.34	5.37	3.01
	Individual	3.65	1.47	1.89	0.82	1.76	0.65
Nalbari	SHG	8.46	3.99	0.13	0.06	8.33	3.93
	Individual	3.95	1.45	Nil	Nil	3.95	1.45
N.C. Hills	SHG	Not fixed	1.18	0.59	0.59	NA	0.59
	Individual	Not fixed	0.78	0.34	0.34	NA	0.44

The shortfall was due to improper selection of individual swarozgaris and non-involving of banks in grading test of SHGs. Despite placement of subsidy, the banks had not released the full amount for reasons not on record. DRDAs had not taken any action to follow up the progress of assistance by banks.

### 3.2.6 *Planning*

There was lack of proper planning by the DRDAs. Out of six districts, one DRDA (NC Hills) had not prepared AAP, three DRDAs (Karimganj, Sivasagar, Nalbari) either prepared credit plan or infrastructure support plan which were not linked with activities undertaken by swarozgaris and two DRDAs (Lakhimpur and Dhubri) prepared partial AAP for implementation of SGSY. Selection of key activities was not made through participative process of interaction with group of rural BPL people, survey by bank/technical organization and on the basis of profile of poor people. Key activity-wise project report had not been prepared by two DRDAs (Sivasagar, North Lakhimpur). Though other four DRDAs had prepared project reports, these were incomplete and lacked vital information about number of people to be covered under the scheme, provision of training, introduction/upgradation of technology management, marketing support, provision of infrastructure and their cost involvement etc.

### 3.2.7 *Programme Implementation*

#### (a) *Assistance to individuals*

Subsidy component of financial assistance together with bank loan was to be released to the swarozgaris within 15 days of submission of proposal to bank. Test-check in six DRDAs, however, revealed that in 5,616 out of 10,490 sponsored cases, banks delayed release of fund to swarozgaris by more than 15 to 365 days and did not release assistance to 4,874 cases (46 per cent) because of non-viability of schemes/activities, default in repayment of earlier loans by the swarozgaris concerned and non-submission of photograph, certificate, other required documents etc.

According to Para 4.26 of SGSY guidelines the DRDAs should not allocate funds to those gram *panchayats* where recovery of loans advanced to swarozgaris were below 80 per cent. Neither did the banks furnish any recovery report to the DRDAs nor did

the latter obtain and compile position of recovery of loan under SGSY. Thus, the allocation of funds to GPs by DRDAs were not as envisaged in the guidelines.

**(b) Self Help Groups (SHGs)**

Under the scheme, rural BPL people were to be grouped in to self help groups (SHGs) so that they could pool their resources. These groups were to be graded as stage-I, stage-II and stage-III\* on the basis of this evolution done either by DRDA or an independent agency.

During 1999-2002, 3,748 groups were formed in six test-checked districts. The break-up of these groups as on 31 March 2002 was as under:

Name of District	No. of groups formed	No. of groups which received Revolving Fund (excluding DWCRA group)	No. of groups assisted by bank (assisted persons)	No. of groups qualified			Average member in each SHG
				Stage-I	Stage-II	Stage-III	
Sivasagar	966	396	Nil	869	69	28	10-11
Karimganj	832	144	15(165)	317	262	253	
North Lakhimpur	313	92	39(473)	229	43	41	
Dhubri	943	387	49(541)	159	501	283	
Nalbari	605	102	5(52)	361	173	71	
N.C. Hills	89	38	48(470)	41	18	30	
<b>Total</b>	<b>3748</b>	<b>1159</b>	<b>156</b>	<b>1976</b>	<b>1066</b>	<b>706</b>	

Test-check revealed the following defects/shortfalls in gradation exercise and rendering of assistance:

**(i)** In Sivasagar, North Lakhimpur and Dhubri districts during 1999-2000 and 2000-01, 541 out of 613 (69+43+501) SHGs, were graded to stage-II and 352 (28+41+283) SHGs to stage-III without the active participation of bankers in the grading exercise.

**(ii)** In NC Hills, 48 out of 89 groups were elevated to stage-II and stage III and assisted without conducting grading test.

**(iii)** In DRDA, Sivasagar revolving fund was given to 396 groups against 97 groups who had qualified to stage-II and beyond. Similarly in DRDA, North Lakhimpur against 84 groups, who had qualified to stage-II and beyond, revolving fund was given to 92. Thus 307 groups (Sivasagar: 299, North Lakhimpur: 8) were given revolving fund without following the provisions envisaged in the guidelines.

**(iv)** In the test-checked DRDAs, there were 706 groups under stage-III who qualified for getting assistances (revolving fund, subsidy and bank loan). But only 156 out of 706 groups received assistance from banks. The reasons for non-release of assistance by banks to the remaining 550 groups were not on record.

**(v)** No independent agency was contacted to undertake the grading tests.

\* Stage-I= initial group, Stage-II=Capital formation through the revolving funds and skill development and Stage-III= Capital economic activity for income generation through bank loan and subsidy.

**(c) Infrastructure creation****(i) Excess expenditure over norm**

DRDAs of North Eastern states could spend upto 25 per cent of district allocation of SGSY for creation of infrastructure. But during 1999-2002 the PDs of Karimganj, North Lakhimpur and Dhubri DRDA incurred excess expenditure (Rs.2.71 crore) varying between 52 and 107 percent over the prescribed norms as shown below:

(Rupees in crore)						
District	Years	Allocation	Actual expenditure	Permissible expenditure	Excess Expenditure	Percentage of excess over norms
Karimganj	2000-2001	5.01	2.27	1.25	1.02	82
	2001-2002					
North Lakhimpur	1999-2000	1.77	0.91	0.44	0.47	107
Dhubri	1999-2000	9.37	3.56	2.34	1.22	52
	2000-2001					
<b>Total</b>		<b>16.15</b>	<b>6.74</b>	<b>4.03</b>	<b>2.71</b>	

The PDs stated that the excess expenditure was on account of (i) clearance of committed liabilities, (ii) separate purchases made by Director, P&RD and (iii) compliance with orders of Government for purchase of specific items.

**(ii) Misuse of infrastructure**

Infrastructure under SGSY was to be created only to the extent required to fill up the gaps in existing infrastructure available to swarozgaris and for incurring expenditure out of infrastructure fund the following primary conditions were to be fulfilled:

- (a) Required infrastructure should be for identified swarozgaris.
- (b) Activity-wise project report should indicate the balancing infrastructures that need to be provided with cost involved.
- (c) The District SGSY committee should review the infrastructure gaps and identify the area of intervention for financing.

Test-check of records showed that during the years 1999-2002, PDs of five DRDAs purchased various agricultural implements, materials for pisciculture, weaving sets, sewing machines and tarpaulins etc. worth Rs.4.92 crore out of infrastructure fund without following the above conditions. Of this, materials worth Rs.3.71 crore were distributed free of cost to non-swarozgaris selected either on the recommendation of MLA/local public representative or on the basis of applications received from individuals. The balance materials worth Rs.1.21 crore remained in stock as of April 2002. The reasons for non-distribution of the materials were stated to be non-finalisation of beneficiary list. Further, PD, DRDA, North Lakhimpur irregularly spent Rs.15.96 lakh for creation of infrastructure/assets for societies/farms without providing any loan and subsidy. The members of the societies neither belonged to BPL nor were these infrastructure meant for the benefit of swarozgaris. Similarly, PD DRDA, NC Hills constructed 10 piggery sheds and two weaving sheds at a cost of Rs.10.48 lakh for non-swarozgaris. Thus, the expenditure of Rs.5.18 crore (Rs.4.92 crore+Rs.0.16 crore+Rs.0.10 crore) was unauthorisedly incurred in violation of the guidelines of the scheme and the infrastructure fund was misused by the DRDAs.

**(iii) Unproductive expenditure**

DRDA, Karimganj purchased five tractors valued at Rs.15.64 lakh (three in 1999-2000 and two in 2000-01) for providing infrastructure support to swarozgaris on hire basis. The tractors however, could not be used by DRDA for want of drivers. As a result, the expenditure of Rs.15.64 lakh became unproductive and idle (April 2002).

**(d) Training**

According to the norms, expenditure of Rs.15 per trainee per day was admissible for imparting training on Basic Orientation Programme (BOP) and Skill Development Training Programme (SDT). As against this, the PDs of the six test-checked districts spent between Rs.36 and Rs.443 per trainee per day resulting in excess expenditure of Rs.54.03 lakh. Moreover, the training was not assessed and recommended either by SGSY Committee or by line departments.

**(e) Technology Management**

The need for introduction/up-gradation of technology management as per requirement of identified key activities had not been assessed by any of the test-checked DRDAs. No expenditure was incurred towards technology management (except Rs.10,000 in December 1999 spent by PD DRDA, Nalbari for a farm activity “Ravi Crops”).

**(f) Marketing support**

In the test-checked districts key activities were selected on the basis of local demand and all the products of the swarozgaris were marketed at the local markets. No agency was identified for sales promotion and selling goods outside the district.

**3.2.8 Special Project**

In Assam two projects were taken up by Director of P&RD and three projects by Director of State Institute for Rural Development (SIRD) for implementation in selected districts. The position of financial out lay and expenditure towards these projects during the year 1999-2000 to 2001-02 were as under:

Agency	Name of project	Project cost (completion date) (Rs. in crore)	Allocation (Rs. in crore)		Release of fund (Rs. in crore)			Expenditure up to March 2002 (Rs. in crore)	Target for coverage of Swarozgaris (SHG)	Persons Identified (SHG formed)
			Central	State	GOI	GOA	Total			
P&RD	1.Development of Muga silk	12.95 (March 2002)	6.00	2.00	2.55	0.46	3.01	2.38	1880 (188)	1890 (189)
-Do-	2.development of Eri silk	5.78 (March 2003)	2.77	0.92	1.09	0.36	1.45	0.95	1000 (100)	650 (65)
SIRD	1.Mush room cultivation	7.91 (loan component 3.12 (March 2002)	3.60	1.20	3.60	1.20	4.80	3.01	3000 (250)	4205 (352)
-Do-	2.Farmer Service Centre	8.16 (loan component 2.75 (March 2003)	4.06	1.35	3.65	1.22	4.87	2.73	2200 (220)	1550 (155)
-Do-	Farm mechanisation	15.00 (loan component 5.50) (March 2003)	7.13	2.38	6.41	1.19	7.60	3.14	10000 (1000)	3930 (390)
	<b>Total</b>		<b>23.56</b>	<b>7.85</b>	<b>17.30</b>	<b>4.43</b>	<b>21.73</b>	<b>12.21</b>	<b>18080</b>	<b>12225 (1151)</b>

(i) The expenditure of Rs.8.88 crore (Rs.3.01 crore+Rs.2.73 crore+Rs.3.14 crore) under the three projects of SIRD (as shown above) included subsidy component of Rs.4.12 crore placed in the bank. The amount had not been disbursed to the SHGs as of March 2002.

(ii) As against 18,080 swarozgaris targeted for bringing above BPL not a single swarozgari could be provided assistance to generate income as of March 2002 due to non-creation/non-assessment of infrastructure/upgradation of technology management, improper training and lack of marketing support etc. No objectives were achieved despite the expenditure of Rs.12.21 crore on special projects.

### **3.2.9                    *Monitoring and evaluation***

Physical monitoring through field inspection was not carried out in test-checked districts. No mechanism was evolved to evaluate the impact of the scheme at field level except furnishing of reports and returns to Government of India.

**3.2.10** The foregoing observations were reported to Government in July 2002: their reply had not been received (October 2002).

### **3.2.11                    *Recommendations***

- (i) Implementation of the scheme should be based on Annual Action Plan etc.
- (ii) Funds meant for the programme should be utilised and not withheld or diverted.
- (iii) Efforts should be made to achieve the mandatory physical target after proper identification of beneficiaries.
- (iv) Specified activities under the programme should be executed on priority basis.
- (v) Monitoring of the programme through field inspection should be carried out and impact of the scheme be properly assessed.

**SECTION 'B'-PARAGRAPHS**

**AGRICULTURE DEPARTMENT**

**3.3 Working of Agriculture Department**

*The Agriculture Department (department) is responsible for ensuring self-sufficiency in production of rice and to reduce to the maximum extent the shortfall in other items of food grains viz., wheat, pulse etc., by implementing various Central/State/World Bank assisted schemes.*

**3.3.1** The working of the department for the period 1999-2000 to 2001-2002 was reviewed during February-June 2002 by test-check of records of the Director of Agriculture (DOA) including Chief Engineer (CE), six<sup>s</sup> District Agriculture Officers (DAOs), six<sup>\*\*</sup> Executive Engineers (EEs) and their attached and sub-ordinate establishments.

**3.3.2 Financial Outlay and Expenditure**

Budget provisions and expenditure of the department for last three years were as under:

(Rupees in crore)

Year	Budget Provision		Expenditure		Excess (+)/Savings (-)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1999-2000	212.67	41.40	151.03	17.75	(-) 61.64	(-) 23.65
2000-2001	213.25	85.00	156.92	69.92	(-) 56.33	(-) 15.08
2001-2002	216.32	25.00	188.51	26.35	(-) 27.81	(+) 1.35
<b>Total</b>	<b>642.24</b>	<b>151.40</b>	<b>496.46</b>	<b>114.02</b>	<b>(-) 145.78</b>	<b>(-) 37.38</b>

Source: For 1999-2001: Appropriation Accounts of Government of Assam and for 2001-2002 as furnished by the Department.

**(a) Persistent Savings**

The total savings of Rs.183.16 crore which account for 23 per cent of the total budgetary provisions (Rs.793.64 crore) during 1999-2002 was largely due to non-release of funds by the Government.

**(b) Non-release/short release of funds**

The Government of Assam persistently delayed/defaulted in release of funds received from Government of India under various schemes. The unutilised Central assistance under 29 schemes for 3 years<sup>4</sup> ending 31 March 2002 stood at Rs.23.33 crore. Corresponding State's matching share amounting to Rs.3.26 crore had also not been released. (Appendix-XI). Non-release/short release of funds hindered implementation

<sup>s</sup> Dhubri, Sonitpur, Sivasagar, Nagaon, Karbi-Anlong and Cachar.

<sup>\*\*</sup> Gauripur (Dhubri), Tezpur (Sonitpur), Sivasagar (Sivasagar, Dibrugarh, Tinsukia), Nagaon (Nagaon, Morigaon) Karbi-Anlong and Silchar (Cachar, Karimganj, Hailakandi).

<sup>4</sup> Opening balance of unutilised Central assistance and State's matching share as on 1 April 1999 not furnished.

of the plan schemes and slowed down the development process. The department attributed non/short release of funds to acute financial crunch of the State.

**(c) Absence of expenditure control mechanism and monitoring**

Audit scrutiny, revealed that in the Directorate and six test-checked districts, no records were maintained to watch and monitor progress of expenditure. This indicated that the release of funds and expenditure there against was without ascertaining the progress of expenditure. The department did not reconcile their expenditure with AG (A&E) for years together in contravention of rules leading to excess accountal of Rs.20 crore\* (1999-2000: Rs.10 crore and 2000-01: Rs.10 crore) and short accountal of Rs.1.35 crore (2001-02) in the Appropriation Accounts.

**(d) Non submission of DCC bill**

Between 1994-95 and 2001-02, the DOA and the DAO, Sonitpur drew Rs.139.89 crore (DOA: Rs.139.67 crore in 15 bills and DAO: Rs.0.22 crore in 35 bills). As of March 2002 only five DCC bills for Rs.52.32 crore relating to DOA were countersigned by the controlling officer. The balance 45 bills involving Rs.87.57 crore were not admitted in audit as regular expenditure because of non-submission/countersigning of the supporting DCC bills.

**(e) Drawal of money in advance of requirement**

As of March 2002, amount of unutilised fund kept in DCR stood at Rs.26.78 crore (DOA: Rs.26.39 crore, four DAOs<sup>1</sup>: Rs.0.26 crore and four EEs<sup>2</sup>: Rs.0.13 crore). Due to unauthorised retention of Rs.26.78 crore the Government of Assam had to bear an avoidable interest burden of Rs.18.97 lakh per month (@ 8.5 per cent per annum) charged by the RBI on the overdrafts.

**(f) Cash management**

Poor cash management in the department was evident from the records of test-checked units.

**(i)** The DAO, Nagaon short accounted Rs.1.05 lakh during carry forward of opening balance on 18 March 1996. The short accountal of the amount had not been corrected (June 2002) resulting in a reduced closing balance in the cash book. Possible misappropriation can not be ruled out.

**(ii)** The DAO, Karbi Anglong did not account for Rs.0.38 lakh drawn from treasury between January-April 2002 in his cash book. Similarly, Rs.1.87 crore received between March 1995 and March 2002 by EE, Karbi Anglong from various sources (Karbi Anglong AAC: Rs.1.48 crore, ITDP Officer, KAAC: Rs.0.10 crore, DAO:

\*

Year	Department's figure	As per Appropriation Accounts	(Rupees in crore)	
			Discrepancy Excess (+)	Less (-)
1999-2000	27.75	17.75	(-)	10.00
2000-2001	79.92	69.92	(-)	10.00
2001-2002	25.00	26.35	(+)	1.35
Total	132.671	114.02	(-)	18.65

<sup>1</sup> DAOs- Dhubri (Rs.1.12 lakh), Nagaon (Rs.11.66 lakh), Sivasagar (Rs.3.34 lakh) and Cachar (Rs.9.85 lakh).

<sup>2</sup> EEs- Dhubri (Rs.6.37 lakh), Sivasagar (Rs.0.13 lakh), Nagaon (Rs.2.71 lakh) and Silchar (Rs.3.93 lakh).

Rs.0.29 crore) was not accounted for in the cash book. Possibility of misappropriation of the amount (Rs.1.87 crore) could not be ruled out.

The department had not investigated the short accountal and non-accountal of Rs.1.88 crore as of August 2002.

### **3.3.3 Samridh Krishak Yojana (SKY)**

#### ***Introduction***

The scheme aimed at increasing agriculture production by enhancing irrigation potentials by an additional two lakh hectares by exploiting ground water through setting up of one lakh shallow tube wells (STW). It was to be financed by State Government, NABARD and the beneficiary farmers on cost sharing basis.

#### **(a) *Non-accountal/short accountal of farmers' share***

(i) Records of four<sup>s</sup> EEs, in eight test-checked districts showed that the farmers' share aggregating Rs. 35.76 crore, collected by them during 1999-2001 against 49,245 STW units, had not been accounted for in their cash book or subsidiary cash book<sup>#</sup>. This was irregular since Government/Public money must be accounted for in cash book/subsidiary cash book under the proper attestation of the DDO.

(ii) As per instructions of the CE, the EEs and the AEEs were required to collect farmers' share @ Rs.7600 per unit of STW. Scrutiny of records showed that the EEs of Gouripur and Tezpur and AEE of South Salmara realised farmers' share contribution without issuing receipts. However, only Rs.12.17 crore was realized by them against Rs.13.96 crore for 18,368 STWs. Thus, farmers' contribution of Rs.1.79 crore was either not brought into accounts or short realised/not realised by two EEs and one AEE against 2,353 STWs.

(iii) The EE Dhubri had not released (March 2002) farmers' share of Rs.9.45 lakh towards cost of STW materials (32 nos.) and boring charges (992 nos.). Besides, farmers' share of Rs.3.39 crore was released till March 2002 to the President/Secretaries of Field Management Committees (FMCs) against 4,945 STWs of which Rs.1.05 crore was not supported by APRs/acknowledgements and for Rs.2.34 crore the signatures of Presidents/Secretaries were not supported by their office seal and authenticated by Village Level Extension Worker/Agriculture Extension Officer of the area concerned.

#### **(b) *Excess collection of farmers' share***

During 1999-2000 to 2001-02 the EE, Sivsagar and the AEEs of Dibrugarh and Tinsukia collected farmers' share @ Rs.7,770.00 per STW instead of Rs.7,600.00 against 6,981 STWs thereby collecting Rs.11.87 lakh in excess i.e., Rs.170.00 per STW from the farmers. The excess collection of Rs.170.00 per unit was stated to be for insurance coverage of the pump sets. Such collection was beyond the scope of the programme and thus, unauthorised. Moreover, utilisation of the amount was also not documented indicating possible misappropriation.

---

<sup>s</sup> 1. Gouripur (Dhubri and Bongaigaon), 2. Tezpur (Sonitpur), 3. Sivasagar (Sivasagar, Dibrugarh and Tinsukia), 4. Nagaon (Nagaon and Marigaon).

<sup>#</sup> Subsidiary cash book maintained by EE, Nagaon and AEEs of Raha, Kaliabor and Bongaigaon.

---

**(c) Collection of farmers' share in cash**

Though the scheme stipulated collection of farmers' share through account payee bank drafts, the EEs/AEEs of all test-checked districts except Nagaon and Morigaon had collected (1999-2000 to 2001-02) farmers' share through DCRs and in cash. EE, Sivasagar, AEAs Dibrugarh and Kaliabor had received Rs.1.86 crore, Rs.2.80 lakh and 12.37 lakh respectively in cash and reasons for such deviation was not found on record. Details of accounting and utilisation of the money were also not furnished to audit.

**(d) Deposit of farmers' share in bank account**

Records of the EE Sivasagar revealed that out of total collection of Rs.1.86 crore during 1999-2002 only Rs.0.41 crore were shown as deposited in bank<sup>@</sup> account, details of which including dates of deposit were not disclosed to audit. The details of custody of the balance amount of Rs.1.45 crore and the bank pass book/statements were also not made available to audit.

**(e) Unauthorised expenditure**

During 1999-2001 the EE, Sivasagar and the AEE, Dibrugarh realised farmers' share of Rs.4.66 crore of which Rs.2.91 crore was spent leaving a balance of Rs.1.75 crore in hand till the end of March 2002. Out of expenditure of Rs.2.91 crore, Rs.0.68 crore was spent by EE, Sivasagar (Rs.0.14 crore) and AEE, Dibrugarh (Rs.0.54 crore) during November 1999 to December 2000 towards miscellaneous expenses and payment of advances to departmental staff. Expenditure out of farmers' share for purposes other than on installation of STWs was irregular and thus, unauthorised.

**(f) Targets and Achievements**

The achievements vis-à-vis target for the whole State could not be furnished to audit by the CE/DOA. The target and achievements for the test-checked districts were as given below:

Sl. No.	District	Feasibility of STWs as per 1998 report of CGWB* (Nos.)	Target set	Percentage of set target with reference to feasibility	Achievement (installation of STWs) in relation to feasibility	Percentage of achievement with reference to feasibility
1.	Dhubri	15,502	14000	90	15960	103
2.	Bongaigaon	9688	4000	41	7800	81
3.	Sonitpur	17,733	5000	28	2830	16
4.	Sivasagar	15,169	3000	20	Information not furnished	
5.	Dibrugarh	11,905	10000	84		
6.	Tinsukia	9466	1500	16	1070	11
7.	Nagaon	26,144	15000	57	11550	44
8.	Morigaon	8281	5000	60	4000	48

Source: Information furnished by the department.

It was seen from the relevant records that in 3 districts of Barak Valley and Karbi Anglong there was feasibility of installation of 40,094 STWs (Cachar: 12,580, Karimganj: 8,750, Hailakandi: 4,364 and Karbi Anglong: 14,400). But only 1,000 STWs (Cachar: 100; Karimganj: 200; Hailakandi: 200 and Karbi Anglong: 500) were initially targeted against these districts. However, no STWs had been installed in these districts at all. Thus, these districts were deprived of benefits of the scheme.

<sup>@</sup> Recorded as LGB (Lakhini Gaoliya Bank), Sivasager/Joysagar or simply as 'Bank'.

\* Central Ground Water Board.

The department set a target for installation of 14,000 STWs in Dhubri district. Against this the district received (1999-2001) 15,995 pump sets from the suppliers against the orders placed by CE out of which 15,868 sets were issued leaving a balance of 127 pump sets in store. Thus, 1,995 pump sets valued at Rs.2.65 crore were issued to the district in excess of the target. Besides, 127 pump sets valued at Rs.0.17 crore remained unutilised (March 2002).

The AEE South Salmara issued 76 pump sets to 4 unregistered Field Management Committees (FMCs) without receipt of farmers' share contribution of Rs.5.78 lakh. Issue of pump sets to unregistered FMCs was irregular. Possible misuse of the pump sets valued at Rs.10.09 lakh could also not be ruled out.

Records for installation of 20,871 STWs<sup>@</sup> for which equal number of pump sets were received (1999-2001) by one EE and 5 AEEs<sup>@</sup> could not be furnished to audit. Thus, utilization of 20,871 pump sets worth Rs.27.70 crore was not verifiable in audit.

**(g) Excess expenditure**

The EEs/AEEs of the test-checked districts procured (1999-2000 to 2001-2002) the STW materials (15,696 units) at rates ranging between Rs.6,242 and Rs.6,772 per unit without assessment of lowest competitive rate and thereby incurred an excess expenditure of Rs.0.84 crore. The EEs/AEEs stated that the materials were procured at higher rates in consultation with CE, President/Secretaries of FMCs and with the approval of Deputy Commissioners (DCs) of respective district. The excess expenditure could have been avoided had the rates been fixed by competitive quotations. Therefore the plea for excess expenditure put forward was not tenable.

**3.3.4 Non-deduction of sales tax at source**

As per rules, Assam General Sales Tax was to be deducted at source from the bill of suppliers for depositing the amount to Government account by the buying department.

**(i)** During 1998-2002, the DOA procured seeds worth Rs.14.64 crore (cost of seeds Rs.13.55 crore and Tax @ 8 per cent Rs.1.09 crore) from ASC under CRF programme. Scrutiny of records revealed that contrary to Assam General Sales Tax rules the DOA paid the entire amount to the ASC without deduction Sales Tax of Rs.1.09 crore.

**(ii)** Further, in four of the six test-checked districts (Dhubri, Sivasagar, Sonitpur, and Nagaon) the district officers procured materials for shallow tube wells and POL valued at Rs.16.69 crore during 1999-2000 without deducting at source Sales Tax (8 per cent) of Rs.1.27 crore for reasons not on record.

**3.3.5** These observations were reported to Government in August 2002; their reply has not been received (October 2002).

---

<sup>@</sup> EE, Sivasagar and AEE, Dibrugarh (6,000 nos.); AEEs, South Salmara (3,082 nos.); Bongaigaon (7,800 nos.); Gohpur (457 nos.) and Hojai (3,532 nos).

**CULTURAL AFFAIRS DEPARTMENT**

**3.4 Unfruitful and idle investment in production of documentary films**

**Inaction on the part of Director of Cultural Affairs led to unfruitful expenditure of Rs.1.02 crore invested in making 41 documentary films.**

Mention was made in paragraph 3.15 of the Audit Report (Civil) for the year ended 31 March 1993 regarding non-completion/delivery of three documentary films for which Rs.10.75 lakh was paid as advance to the film production firms by the department between April 1990 and July 1991.

Between March 1989 and November 2000 Government further sanctioned Rs.1.12 crore to be drawn by Director of Cultural Affairs (DCA) for payment as grants-in-aid to local firms/individuals for production of 41 documentary films (other than three films mentioned above) on various cultural activities of Assam on the following conditions of the agreements:

- (i) the first installment was to be released after obtaining necessary bonds to the effect that the money would be utilised for the purpose for which it was granted;
- (ii) the second installment was to be released after issue of clearance by the Government on review of the progress achieved on the production of films and submission of utilisation certificate of earlier grant;
- (iii) the firms should submit the documentary films within three months from the date of receipt of first installment;
- (iv) in the event of failure to deliver the films within the stipulated period, the firms were liable to return the amount in one installment with interest as per the rate fixed by the Government but there was no condition for depositing earnest money by the firms/individuals.

Scrutiny (July-August 2001) of records of the DCA and collection of further information in May 2002 revealed that the DCA paid Rs.1.02 crore during February 1990 to April 2001 as advance/final payment in installments to 38 local firms/individuals for the above purpose as shown in Appendix-XII. The following irregularities were noticed in audit:

- (i) Nine firms/individuals were paid Rs.30.10 lakh between February 1990 and March 1994 for production of nine documentary films. None of the firm/individual had deposited the prints of documentary films even after a lapse of 8 to 12 years.
- (ii) The final prints of the 11 documentary films worth Rs.34.68 lakh received by the department were kept in the cold storage of Jyoti Chitaban Films Studio, Guwahati. The dates of receipts of these films were neither found on record nor intimated to audit. The DCA stated (May 2002) that films were never screened but did not furnish any reason therefor.
- (iii) In respect of balance 21 documentary films valued at Rs.36.80 lakh only rush prints were deposited. The final prints had not been delivered as of May 2002. The

full payment for those films was made in one installment instead of two installments violating conditions of the sanction orders.

The department failed to obtain utilisation certificates and statement of expenditure against the grants-in-aid of Rs.1.02 crore disbursed to the firms/individuals as required under financial rules.

Thus, faulty agreements and inaction of the department to obtain the final prints of 30 documentary films valued at Rs.0.67 crore and non-exhibition of 11 documentary films valued at Rs.0.35 crore despite receipt of final prints resulted in unfruitful/idle expenditure of Rs.1.02 crore for over 12 years.

The matter was reported to Government in June 2002; their reply had not been received (October 2002).

## EDUCATION DEPARTMENT

### 3.5 Excess payment of deputation allowance

**The State Project Director incurred excess expenditure of Rs.0.90 crore in respect of 1,006 deputationists of the District Primary Education Programme.**

Paragraph 35 of the Financial Regulation 1994 and Paragraph 24 of the Service Regulation 1994 of the Assam Prathamik Siksha Achan Parisad (APSAP) provided that all matters relating to pay and allowances, leave and other condition of service etc., for the employees of District Primary Education Programme (DPEP) would be regulated by the general rules and orders of the State Government.

As per Government of Assam, Finance Department's order (May 1994) the deputation allowance was to be paid at 20 *per cent* of basic pay subject to a maximum of Rs.600 per month for deputation post carrying pay scale higher than parent department's pay scale and 10 *per cent* of basic pay subject to a maximum of Rs.300 per month for deputation post carrying pay scale equal to the parent department's pay scale. In no case was the basic pay plus deputation allowance to exceed Rs.6,600 per month.

In July 1999 the above mentioned orders were partially modified by the Finance Department to the effect that the deputationists to Government companies/corporations etc., would be entitled to a special pay in lieu of deputation allowance ranging from Rs.100 per month to Rs.375 per month depending upon the maximum of the pay scale held by them. Deputation allowance or special pay in lieu of deputation allowance was admissible for a maximum period of five years.

Consequent upon the revision of scale of pay of State Government employees with effect from January 1996 the State Project Director (SPD), APSAP adopted (September 2000) retrospectively the modified Government orders *ibid* for the employees joining DPEP on deputation on or after 16 July 1999. The employees already on deputation with DPEP prior to this date were to be covered by the rates effective from 3 May 1994. Also, all District Project Coordinators (DPCs) were instructed to regulate the payment of deputation allowance accordingly with effect from 1 July 2000. Though SPD was to issue separate orders for deputation allowance

already paid from 1 January 1996 to 30 June 2000, no such orders were issued till date of audit (January 2002).

Scrutiny (October 2001-January 2002) of records of the SPD and information furnished by nine DPCs\*, revealed the following:

(i) Records did not indicate that either the SPD or DPCs had ever reviewed and taken steps to discontinue payment of deputation allowance to any deputationist beyond a period of five years.

(ii) 1,006 deputationists were paid deputation allowance at Rs.600 per month instead of Rs.300 per month prior to 16 July 1999 and/or special pay in lieu of deputation allowance as admissible on or after that date. Thus, inadmissible payment of deputation allowance resulted in over payment of Rs.0.90 crore during January 1996 to December 2001 as detailed in Appendix-XIII. No action was taken by the SPD to recover the amount paid in excess till January 2002.

The matter was reported to Government in May 2002; their reply had not been received (October 2002).

### 3.6 Excess expenditure on procurement of exercise books

**In violation of decision of the State Project Director, the District Project Coordinator, Morigaon purchased 7.90 lakh exercise books against the actual requirement of 1.31 lakh resulting in excess expenditure of Rs.26.81 lakh.**

Paragraph 31 of chapter II of District Primary Education Programme (DPEP) guidelines envisaged, *inter-alia*, the printing and free distribution of student's work books in project districts, if not already provided by State Government. As the student's work books were not developed by the DPEP, the State Project Director (SPD), DPEP instructed (December 1998) the District Project Co-ordinators (DPCs), DPEP to procure and provide on an experimental basis four exercise books (for Science, Mathematics, Social Science and Language) in lieu of work books to each of the students of Class III and Class IV in order to discourage the high rates of school drop-outs in those classes. The exercise books were to be distributed by the end of January 1999.

Scrutiny (October 2001 to January 2002) of records of the SPD and one of the 9 DPCs at Morigaon revealed that against the enrolment of 32,720 students in Class III and Class IV in 845 schools of the district during 1999-2000 the DPC, Morigaon locally procured 7.90 lakh exercise books at a total cost of Rs.32.38 lakh\* for distribution to all the 83,870 students from class I to class IV of the above mentioned schools. The DPC had not obtained any sanction/approval from the SPD for distribution of the exercise books to students of Class I & II.

\* Sonitput, Darrang, Morigaon, Karbi-Anglong, Barpeta, Bangaigaon, Kokrajhar, Goalpara and Dhubri.

Date of supply orders	No. of orders	Quantity in lakh	Rate per unit	Value (Rs. In lakh)
March 1999	2	3.90	Rs.4.25	16.58
March 2000	2	4.00	Rs.3.95	15.80
<b>Total</b>	<b>4</b>	<b>7.90</b>		<b>32.38</b>

Even though the DPC had shown the distribution (1999-2000) of entire quantity of 7.90 lakh exercise books to students in 4 blocks and district HQ there was no evidence on record to show as to how 7.90 lakh exercise books were distributed to 83,870 students of class-I to IV for whom only 3.35 lakh (83,870x4) exercise books were actually required. Thus, the distribution of 7.90 lakh exercise books purchased for Rs.32.38 lakh was suspect.

Arbitrary purchase of 7.90 lakh exercise books by the DPC against the actual requirement of 1.31 lakh exercise books for 32,720 students of Class-III and Class-IV resulted in avoidable excess expenditure of Rs.26.81\*\* lakh on purchase of 6.59 lakh exercise books.

The matter was reported to Government in May 2002; their reply had not been received (October 2002).

**3.7 Irregular cash management and retention of huge unspent/unutilised money since last 24 years**

**Flouting financial rules and orders, the Director Elementary Education, Assam retained large amounts as unspent/unutilised. This practice has been prevalent for the last 24 years giving undue financial benefit to banks even as the Government persistently relied on borrowed funds for past several years.**

The Government of Assam issued (February 1995) instruction to all heads of department to discourage the practice of retention of heavy amounts in hand which were not required for immediate disbursement. Again, in February 1999 the Government instructed all administrative departments to refund the unspent/unutilised money retained either in cash or bank drafts etc., upto 31 March 1998 by the Drawing and Disbursing Officers under their control into Government account through challans by 15 February 1999.

Scrutiny (January-February 2001) of records of the Director, Elementary Education (DEE), Assam and further information collected (January 2002) by audit revealed that the DEE retained accumulated unspent balance of Rs.13.93 crore\* (Rs.0.02 crore in cash and Rs.13.91 crore in the form of deposit-at-call receipts/bank drafts/banker's cheques etc.) as on December 2001. The dates/purpose of drawals could not be ascertained in audit as bill-wise analysis of the closing balances were not recorded in

** Cost of 1.31 lakh exercise books	$\frac{16.58 \text{ lakh} \times 1.31}{3.90} = \text{Rs.}5.57 \text{ lakh}$
Total cost of 7.90 lakh exercise books	Rs.32.38 lakh
Less cost of 1.31 lakh exercise books	<u>Rs. 5.57 lakh</u>
<b>Total</b>	<b>Rs.26.81 lakh</b>

\* (Rupees in crore)

Year	Amount
1977-78 to 1997-98	0.97
1998-1999	0.01
1999-2000	6.51
2000-2001	3.35
2001-2002	3.07
Cash	0.02
<b>Total</b>	<b>13.93</b>

the cash book as required under rules. The reason for non-refund of Rs.0.97 crore into the Government account in pursuance of Government order of February 1999 was not on record. Also, the retention of Rs.12.96 crore out of Rs.13.93 crore from 1998-99 was in violation of financial rules and orders issued by the Government from time to time.

Despite the defective cash management and retention of closing balance of Rs.59.51 lakh out Rs.61.78 lakh in the form of DCR/BDs being pointed out in para 3.10 of the Audit Report (Civil) for the year ended 31 March 1994 the DEE continued the practice of retaining heavy unspent balance in DCR/BDs etc., which rose to Rs.13.93 crore as of December 2001.

Thus, drawal of money in advance of actual requirement and their retention in the form of DCR/BD/BC etc., over last 24 years not only resulted in undue financial benefit to the banks but was also fraught with the risk of fraud or misappropriation of funds. Besides, the Government continued to depend more and more on borrowed funds during the last several years while funds in Government departments remained unutilised.

The matter was reported to Government in May 2002; their reply had not been received (October 2002).

### **3.8 Avoidable expenditure due to non-deduction of 10 per cent contractor's profit**

**The State Project Director, APSAP executed 1216 civil works through the Village Education Committees during 1999-2000 without deducting 10 per cent contractor's profit on the estimated cost of Rs.7.46 crore released to the Committees which entailed extra avoidable expenditure of Rs.0.75 crore.**

The District Primary Education Programme (DPEP) implemented by the State Project Director (SPD), Assam Prathamik Siksha Achani Parisad (APSAP) envisaged construction of additional classrooms and school buildings etc., through the Village Education Committees (VECs) under the technical supervision of the engineering cell of the DPEP districts. The SPD was to provide funds to the VECs for execution of the civil works.

The model/detailed estimates were prepared for executing the civil works on the basis of Assam Public Works Departments Schedule of Rates (SOR), 1990-91 and 1996-97. All the items of civil works of SORs included 10 per cent contractor's profit over the cost of materials and wages of labourers. Where works were executed departmentally without engaging contractors, the contractor's profit element was to be deducted from the estimated cost as per SOR.

Scrutiny (October 2001-January 2002) of records of the SPD, APASP and nine\* District Project Co-ordinators of DPEP districts revealed that 1,508 civil works viz., construction of additional classrooms, school buildings, etc., were completed through

\* Dhubri, Darrang, Marigaon, Karbi Anglong, Barpeta, Sonitpur, Goalpara, Kokrajhar and Bongaigaon

the VECs at a total cost of Rs.8.44 crore during 1999-2000. Out of this, 1,216 civil works valued at Rs.7.48 crore were executed without deduction of 10 per cent contractor's profit amounting to Rs.0.75 crore.

Thus, inadmissible payment to the VECs of the DPEP districts resulted in extra avoidable expenditure of Rs.0.75 crore.

The matter was reported to Government in June 2002; their reply had not been received (October 2002).

## FOREST DEPARTMENT

### 3.9 Unproductive and idle expenditure incurred on 'Seed Development programme'

**Unplanned implementation of a centrally sponsored scheme by the DFO, Genetic Cell Division led to unproductive and idle expenditure of Rs.0.62 crore on construction of laboratory building, purchase of machinery/equipment and payment of salaries to idle staff members during 1993-94 to 2001-2002.**

The Government of India sanctioned (July 1991) Rs.30.25 lakh\* for implementation of a centrally sponsored scheme "Seed Development Programme" by the Principal Chief Conservator of Forest, Assam. The aim of the programme was to produce high quality seeds through research and propagation for afforestation.

Scrutiny (August 2001) of the records of the Divisional Forest Officer (DFO) Genetic Cell Division, Guwahati and collection of further information (June 2002) revealed that the DFO spent Rs.22.81 lakh\*\* during 1991-92 to 1996-97 for construction of a laboratory building including a storage unit at Rani in Kamrup district and procurement of machinery, equipment and furniture. The laboratory etc., building had not been utilised as of March 2002 because no technical staff had been posted and there was no electricity connection. The machinery and equipment are yet to be unpacked. The DFO appointed 14 non-technical and ministerial staff since 1993-94 without the approval of the competent authority, incurring an expenditure of Rs.39.18 lakh on pay and allowances during 1993-94 to 2001-2002. The reasons for appointment of staff by the DFO were not found on record.

(Rupees in lakh)

Sl. No.	Recurring expenditure	Amount Rs.	Sl. No.	Non-recurring expenditure	Amount Rs.
(i)	Salary of staff	5.47	(i)	Equipment and machinery	8.25
(ii)	TA and Contingencies	0.82	(ii)	Vehicle	2.50
(iii)	Development of seed production area	3.50	(iii)	Storage Unit	6.00
(iv)	Training	1.00	(iv)	Building for Lab	2.35
			(v)	Furniture	0.36
	<b>Total</b>	<b>10.79</b>		<b>Total</b>	<b>19.46</b>

\*\* Laboratory building: Rs.6.63 lakh, Storage Unit: Rs.6.01 lakh, Furniture: Rs.0.36 lakh and Machinery & Equipment: Rs.9.81 lakh.

Thus, failure on the part of the department to implement the programme resulted in unproductive (Rs.39.18 lakh) and idle expenditure (Rs.22.81 lakh) since 1991-92. Also, the beneficiaries were denied high quality seeds for afforestation.

The DFO stated (June 2002) that the laboratory building could be made functional if electricity connection was provided and the Government posted the required technical staff under the programme.

The matter was reported to Government in July 2002; their reply had not been received (October 2002).

## FINANCE DEPARTMENT

### 3.10 Failure of senior officials to respond to audit objections and compliance thereof

Accountant General (AG) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities, etc., detected during inspection are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of Offices inspected with a copy to the next higher authorities. Orders of State Government (March 1986) provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance of the prescribed rules and procedures and accountability for the deficiencies, lapses, etc., noticed during inspection. The Heads of Offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the office of the Accountant General (Audit). A half-yearly report of pending IRs is sent to the Commissioners and Secretaries of the Departments to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto December 2001 pertaining to Civil Departments/Public Health Engineering Department/Public Works Department/Flood Control Department/Irrigation and Inland Water Transport Department disclosed that 33,210 paragraphs relating to 7,909 IRs remained outstanding at the end of June 2002 (Appendix-XIV). Of these, 2,668 IRs containing 8,742 paragraphs had not been replied to/settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of Offices within six weeks from the date of issue, were not received from 46 departments for 2,451 IRs issued between 1979-80 and 2001-2002. As a result, the following serious irregularities, commented upon in 2,363 paragraphs involving Rs.438.21 crore, had not been settled as of June 2002.

(Rupees in crore)

Sl. No.	Nature of irregularities	Number of paragraphs	Amount
(1)	(2)	(3)	(4)
1.	Non-observance of rules relating to custody and handling of cash, maintenance of cash book and muster rolls, etc.	367	38.25
2.	Securities from persons holding cash and stores not obtained.	7	0.04
3.	Stores not maintained properly, etc.	122	4.20
4.	Improper maintenance of log book of departmental vehicles.	37	1.31
5.	Local purchase of stationery etc., in excess of authorised limit and expenditure incurred without proper sanction.	230	6.70
6.	Delay in recovery of receipts, advances and other charges.	681	142.21
7.	Payment of grants in excess of actual requirement	62	2.27
8.	Want of sanction to write off, loan, losses, etc.	52	1.47
9.	Over-payments of amount disallowed in Audit not recovered.	239	5.78
10.	Wanting utilisation certificates and audited accounts in respect of grants-in-aid.	321	189.31
11.	Actual payee's receipts wanting	245	46.67
	<b>Total</b>	<b>2363</b>	<b>438.21</b>

A review of the IRs which were pending due to non-receipt of replies, in respect of 50 departments\*, revealed that the Heads of Departments (Directors/Executive Engineers) had not furnished replies to a large number of IRs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out by Audit. The Commissioners and Secretaries of the concerned departments, who were informed of the position through half-yearly reports, also failed to ensure that the concerned officers of the department took prompt and timely action.

This indicated lack of initiative by the department to take appropriate action against the defaulting/errant officers and thus nurturing an environment where serious financial irregularities and loss to the Government are common.

In view of large number of outstanding IRs and Paragraphs, the Government has constituted Audit Objection Committee at State level for consideration and settlement of outstanding audit objections. During June 2001 to March 2002, one hundred sixty nine meetings of the Committee were held in which 2,185 IRs and 7,757 Paragraphs were discussed and 163 IRs and 3,291 Paragraphs settled.

It is recommended that Government should reconsider the matter and ensure that procedure exists for (a) action against the officials who failed to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayments in a time bound manner and (c) revamping the system of proper response to the audit observations in the department for prompt settlement of paragraphs contained in the IRs.

The matter was reported to the Government in July 2002; their reply had not been received (October 2002).

\* Civil: 45; Public Works:1 ; Public Health Engineering: 1; Flood Control: 1; Irrigation:1 and Inland Water Transport:1.

## GENERAL ADMINISTRATION DEPARTMENT

### 3.11 Irregular maintenance of cash book by Deputy Commissioner, Sonitpur

**Deputy Commissioner, Sonitpur retained Rs.21.23 lakh in cash without recording detailed analysis in cash book and unauthorisedly spent Rs.17.33 lakh as of April 2001 from undisbursed cash without its accountal in the cash book in violation of rules.**

Assam Financial Rules provides that the head of office is personally responsible for proper accounting of all moneys received, disbursed and safe custody of cash. The Rules further lay down that cash book should be closed daily, closing balance should be physically verified at the end of every month and analysis of cash/closing balance should be recorded in the cash book.

Test-check (June 2001) of the accounts of the Deputy Commissioner (DC), Sonitpur revealed that at the time of handing over/taking over charge between outgoing and incoming DCs on 3 April 2001, closing/cash balance in the cash book was shown as Rs.38.56 lakh\*. Daily closing of cash book, bill-wise analysis of closing balances and physical verification of cash/closing balance were not recorded in the cash book during the entire period from May 2000 to April 2001 covered by audit.

According to the information furnished to audit, the DC had spent Rs.7.46 lakh from time to time from undisbursed cash for purchase of miscellaneous office articles in 64 lots of vouchers for amounts ranging from Rs.642. to Rs.83,385. without any sanction. The DC had neither accounted for the expenditure in the cash book nor furnished details of the period during which the amount was spent. Further, the DC had paid (during March 1983 to April 2001) Rs.9.87 lakh as advance from undisbursed cash for various purposes viz., Prime Minister's visit, relief, eviction, census, POL and advances to office staff etc. Except advances of Rs.2.56 lakh paid to Nazir and Assistant Nazir, names of recipients of advances for the balance amount of Rs.7.31 lakh were not on record. The advances had not been accounted for in the cash book due to non-submission of detailed accounts of expenditure. Also the DC could not furnish any reason for non-recovery/adjustment of advances for periods ranging from over one to nine years. Thus, unauthorised and unaccounted expenditure of Rs.17.33 lakh could not be vouchsafed in audit.

During this period the cashier of the office had misappropriated Rs.5.54 lakh from undisbursed cash showing inflated payments in cash book against 37 bills during April 2000 to February 2001. On this being pointed out by audit, the DC admitted

*	
(Rupees in lakh)	
Balance in cash	21.23
Expenditure incurred against paid vouchers but not accounted for in cash book	7.46
Advances paid but not accounted for in cash book	9.87
<b>Total:</b>	<b>38.56</b>

(June 2001) the facts and recovered (June 2001) the entire amount from the cashier and disciplinary action was initiated against him.

Failure of the DC to exercise any control on cash management as per rules for a prolonged period led to unauthorised and unaccounted expenditure of Rs.17.33 lakh from undisbursed cash besides locking up of Rs.21.23 lakh in cash as of April 2001. As the mismanagement of cash persisted for last several years possibilities of further misappropriation and non-accountal of Government funds could not be ruled out. The remedial measures taken by the department to prevent such gross irregularities had not been stated to audit.

The matter was reported to Government in June 2002; their reply had not been received (October 2002).

## **HOME (POLICE) DEPARTMENT**

### **3.12 Fraudulent drawal of traveling allowances**

#### **Negligence in discharge of statutory duties on the part of Director of State Fire Service Organisation, Assam and Treasury Officer, Kamrup led to fraudulent drawal of Rs.14.32 lakh.**

As per Assam Treasury Rules 17 read with Subsidiary Order 56, Government money is to be drawn from the treasury through a bill prepared and presented to the treasury by Drawing and Disbursing Officer (DDO) which is required to be scrutinised and passed for payment by the Treasury Officer (TO).

Scrutiny (April-May 2002) of treasury vouchers in central audit followed by local audit on the accounts of the Director State Fire Service Organisation, (DSFSO), Assam revealed that the DSFSO had drawn Rs.44.32 lakh in 78 traveling allowance (TA) bills from Kamrup Treasury during July 1998 to February 2002 against the admissible payment of Rs.30.01 lakh. The excess amount of Rs.14.31 lakh (detailed in Appendix-XV) was drawn fraudulently by inflating the totals of the bills or inflating the amount of page totalling/brought forward figures in covering sheets used for drawal of TA bills varying in number between one and 198. The DSFSO did not maintain TA register showing incumbent-wise/period-wise claims preferred, admissible and paid. Of the above drawal, Rs.0.63 lakh remained undisbursed as of May 2002 for reasons not on record and acquittance roll for disbursement of balance amount of Rs.43.69 lakh could not be shown to audit despite requisition and persuasion by audit. Thus, failure on the part of the DSFSO and TO to exercise any scrutiny and control in preparation and passing the bills facilitated the fraudulent drawals.

In reply (July 2002) the DSFSO admitted the facts and recovered from the person concerned Rs.7.12 lakh and deposited the same into Government accounts in July 2002. The DSFSO had also stated that the balance amount of Rs.7.19 lakh was being recovered/deposited, responsibility against the concerned Accountant/Assistant would be fixed and regular check would be carried out at the time of signing the bills to avoid recurrence of such fraudulent drawals in future.

The matter was reported to Government in July 2002; their reply had not been received (October 2002).

### 3.13 Avoidable expenditure on procurement of steel folding cots

**Director General of Police did not reassess the lowest rate of steel folding cot based on reduced Assam General Sales Tax for steel furniture, which resulted in extra avoidable expenditure of Rs.15.66 lakh.**

Scrutiny (October-November 2001) of records of the Director General of Police (DGP), Assam and further collection of information (May 2002) revealed that against the requirement of 20,500 steel folding cots for the years 1998-99 to 2000-2001 and supply orders placed between September 1998 and March 2001 the DGP procured (November 1998 to June 2001) 20,450 steel folding cots from M/s Tim Steel, Guwahati at a total cost of Rs.2.15 crore at the rate of Rs.1,049 per steel folding cot excluding Assam General Sales Tax (AGST) approved for the year 1997-98. The steel folding cots were to be utilised in the various district units and for fresh recruits of a new India Reserve Battalion.

The basic price of Rs.1,049. per steel folding cot offered by M/s Tim Steel, Guwahati was accepted at lowest following exemption of AGST applicable to the firm being SSI unit in comparison to second lowest rate of Rs.1,066 per steel folding cot (basic price: Rs.935 plus 14 *per cent* AGST) quoted by M/s Baruah Industries, Guwahati.

The Government of Assam, Taxation Department reduced (April 1998) the AGST on certain items including steel furniture from 14 *per cent* to 4 *per cent* to be supplied to the Central and State Government departments/undertakings by registered dealers under the AGST Act 1993. Following this amendment the DGP failed to reassess the lowest rate of steel folding cot and continued to procure the cots at the basic price of Rs.1,049 instead of Rs.972.40\* per steel folding cot which resulted in extra avoidable expenditure of Rs.15.66 lakh\*. Also, the SSI unit was given the undue benefit of Rs.7.65 lakh\*\* with consequential loss of tax revenue to Government.

The matter was reported to Government in June 2002; their reply had not been received (October 2002).

\* Rs.1049.00 minus Rs.972.40 (Rs.935.00 plus 4 *per cent* AGST = Rs.37.40) = Rs.76.60 x 20,450 steel folding cots = Rs.15.66 lakh.

\*\* AGST per steel folding cot Rs.37.40 x 20,450 = Rs.7.65 lakh.

## REVENUE (GENERAL) DEPARTMENT

### 3.14 Shortage of cash balance and irregular execution of departmental works

**Of Rs. one crore drawn by the Director, Land Records and Survey for repairing public buildings Rs.59.22 lakh only were spent and Rs.40.02 lakh were missing out of the balance unspent cash.**

The Revenue (General) Department sanctioned (March 1997) Rs.one crore for repairing of 56 public buildings in various districts/sub-divisions damaged by flood during 1996. The Director Land Records and Survey, Assam who was to release funds to the executing agencies such as Public Works Department (PWD), District Rural Development Agencies (DRDAs) and Deputy Commissioners (DCs) drew the entire amount in March 1997 through an Abstract Contingent (AC) bill and kept the amount in Deposit-at-Call Receipts (DCRs) pending receipt of plans and estimates.

Scrutiny (October 2001) of the records of the Director revealed the following:

(i) Between April 1998 and January 2001 Director spent Rs.59.22 lakh\* for four works in three districts. Of this, Rs.26.22 lakh was spent against sanctioned amount of Rs.16 lakh for two works. The execution of one of the two works was other than the approved items of works. Also, Rs.10.22 lakh was spent in excess over the sanctioned funds. Remaining Rs.33 lakh was spent for two other works which were neither included in the list of 56 buildings mentioned above nor subsequently got ratified by the Government. Thus, Rs.33 lakh was diverted.

(ii) As per cash analysis recorded (September 2001) in the cash book there was cash balance of Rs.0.76 lakh against Rs. one crore drawn in March 1997. The total expenditure being Rs.59.22 lakh the unspent cash balance should have been Rs.40.02 lakh. The Director could not clarify the shortage of cash of Rs.40.02 lakh, which persisted for over eight months. In reply to audit query the Director stated (June 2002) that the detailed report for Rs.40.02 lakh was being prepared which indicated that the Director was unaware of shortage of unspent cash balance of Rs.40.02 lakh via-a-vis possible misappropriation therefrom.

\*

(Rupees in lakh)

District/To whom the funds released	Approved items of works	Amount sanctioned	Amount released and spent/period	Remarks
(1) Project Director, DRDA, Kamrup	Repair of survey school buildings	15.00	19.95 (March 1998)	Funds utilized for construction of boundary wall of survey school.
(2) DC, Morigaon	Repairing of Circle Officer's quarters at Morigaon	1.00	6.27 (October 2001)	Funds utilized for repair/renovation of boundary wall and circle officer's quarter at Marigaon and Lahorighat.
	<b>Sub-Total</b>	<b>16.00</b>	<b>26.22</b>	
(3) Project Director, DRDA, Darang	--	--	18.00 (January 1998)	Funds released for construction of damaged hall of Sadar Circle Office campus Mangoldoi. Utilisation of funds awaited.
(4) Executive Engineer, PWD, Magazine Division, Guwahati	--	--	15.00 (November 1998 and March 1999)	Funds utilised for office building of the Directorate.
	<b>Total</b>		<b>59.22</b>	

Source: Information furnished by the Department

(iii) Detailed Countersigned Contingent bills for Rs. one crore due for submission to the Controlling Officer and the Accountant General (A&E) Assam by April 1997 as per rule was delayed by over five years for reasons neither on record nor stated. Thus, expenditure of Rs.59.22 lakh also could not be vouchsafed in audit.

(iv) Repair/renovation works of remaining 55 buildings had not been taken up since April 1997.

The matter was reported to Government in June 2002; their reply had not been received (October 2002).

## WELFARE OF PLAIN TRIBES AND BACKWARD CLASSES DEPARTMENT

### 3.15 Unfruitful and nugatory expenditure on training and rehabilitation of scavengers

**Due to improper survey for identification of scavengers the expenditure of Rs.1.69 crore incurred by Managing Director, Scheduled Caste Development Corporation on training and rehabilitation of ineligible and improperly identified scavengers during 1997-98 to 2001-02 proved to be largely nugatory.**

The National Scheme of Liberation and Rehabilitation of Scavengers (NSLRS) a centrally sponsored scheme was launched during 1980-81 to rehabilitate the scavengers solely engaged for removing night soil and filth in alternative dignified occupation. Financial assistance\* under the scheme was provided for rehabilitation of scavengers after imparting them training in suitably identified trade.

Secretary, Welfare of Plain Tribes and Backward Classes Department (WPT&BC) was responsible for coordinating the implementation of the scheme in the State through Managing Director, Scheduled Caste Development Corporation (MD, SCDC) Assam who is assisted by 23 Development Officers (DOs) in the districts. The Deputy Commissioner (DC) of the respective district was responsible for implementation of the scheme at the district level.

Test-check (January-April 2002) of records for implementation of the scheme during 1997-98 to 2001-02 in a review by audit conducted in the office of the MD, SCDC, 6 Dots<sup>§</sup> and information collected from the Director, Municipal Administration Department (DMAD) Assam revealed the following:

\* Training 100 per cent Central grant  
Rehabilitation Package:

(i) Subsidy: Government of India provided subsidy at 50 per cent of project cost where cost of the project was upto Rs.15,000. Where project cost exceeded Rs.15,000 but upto Rs.50,000 subsidy would be available at 50 per cent of the project cost subject to a maximum of Rs.10,000.  
(ii) Margin money loan: 15 per cent of project cost to be shared between Central and State in the ratio of 49:51. (iii) Bank loan: 35 per cent of project cost.

<sup>§</sup> Kamrup, Sonitpur, Dhubri, Nagaon, Dibrugarh and Tinsukia.

**(i) Finance and expenditure**

State Government had not provided any fund for implementation of the scheme. During 1997-98 to 1999-2000 the Government of India had not released any grant for the scheme. Of the unspent central grant of Rs.1.65 crore as of April 1997, the MD, SCDC spent Rs.1.58 crore during 1997-98 to 1999-2000 on training (Rs.0.44 crore) and rehabilitation of scavengers (Rs.1.14 crore) leaving unspent grant of Rs.7.14 lakh as of March 2000. During 2000-2002 the department received Rs.5.65 crore<sup>^</sup> for training and rehabilitation of 2,750 scavengers in 110 projects of sanitary marts<sup>\*</sup> for a group of 25 scavengers per project. Of the total amount of Rs.5.72 crore the MD, SCDC spent Rs.11.18 lakh during 2000-01 for training and unspent balance aggregating Rs.5.61 crore remained locked up in term deposits with bank (Rs.3.42 crore) and bank account (Rs.2.19 crore) since April 2001. Reasons for non-utilisation of Rs.5.61 crore were neither on record nor furnished to audit.

**(ii) Identification of scavengers**

The result of survey for identification of scavengers conducted by the department from time to time was as given below:

Date of survey	Number of scavengers identified	Remarks
August 1994	11873 @	@ The figures showing scavengers manually carrying night soil lack reliability as the parameters used for field level survey of scavengers could not be shown for verification by Audit. \$ 40413 scavengers identified after survey in March 1997 included safai karmacharies engaged in removing night soil, cleaning of drains and other scavenging works but the category-wise bifurcation of scavengers were not on record. Thus, eligible categories and number of scavengers to be rehabilitated after training was not verifiable in audit.
January 1995	16873 @	
March 1997	40413\$	

(Source: Information furnished by the department)

**(iii) Training and Rehabilitation of scavengers**

Scavengers including their dependents who become jobless due to conversion of dry latrines to wet latrines and duly identified through survey were to be imparted training as per aptitude, preference and competence for their rehabilitation in suitable trade. MD, SCDC was to carry out detailed feasibility studies of different trades and prepare a shelf of projects. Beneficiaries were to be trained in these identified trades for their rehabilitation by providing financial assistance. The trainees were to be provided free tool kits costing upto Rs.800 per trainee to gain practical experience in course of their training. The position of training and rehabilitation during 1997-98 to 2001-2002 for the State as a whole was as given below:

<sup>^</sup> Grants from Government of India during 2000-01: Rs.3.72 crore and 4 per cent interest bearing loan of Rs.1.93 crore during 2001-2002 from National Safai Karmacharies Finance and Development Corporation (NSKFDC) repayable within a period not exceeding 10 years.

<sup>\*</sup> Workshop/shop for production and sale of sanitary wares including servicing and conversion of latrines.

	Number trained		Expenditure (Rs. in crore)	Remarks
	Target	Achievement		
(i) Training	Nil	2397@	0.55#	# Cost of training per scavenger worked out to Rs.2,289
(ii) Rehabilitation	Nil	1020@@	1.14	

@ Excludes 1,287 scavengers trained upto 1996-97 and included 593 scavengers trained in sanitary mart during 2000-2001.

@@ Excludes 574 scavengers rehabilitated upto 1996-97.

**(a) Training:** Of the 2,048 out of a total of 3,684 scavengers trained in 6 test-checked districts, only 196 scavengers in Dhubri (180 scavengers) and Sonitpur (16 scavengers) districts were included in the list of scavengers identified through survey. Remaining 1,852 scavengers in these districts were outside the above mentioned list indicating that the training was imparted to unidentified and ineligible beneficiaries. Also, the trainees were not provided with the tool kits.

**(b) Rehabilitation:** Of the 1,266 out of a total of 1,594 scavengers who were rehabilitated in the 6 districts test-checked only 26 in Dhubri (13 numbers) and Sonitpur (13 numbers) districts were identified scavengers. Names of the remaining 1,240 rehabilitated scavengers including 599 (48 per cent) women scavengers did not find place in the list of identified scavengers in these districts.

Despite availability of Rs.5.65 crore for training and rehabilitation of duly identified scavengers in the projects of sanitary marts, none of the 593 out of 2,397 scavengers who were imparted training on sanitary mart during 2000-2001 at a cost of Rs.11.18 lakh were rehabilitated till June 2002 for reasons not on record.

Of the total 3,684 scavengers trained, only 1,594 scavengers were rehabilitated with a shortfall of rehabilitation of 2,090 scavengers (57 per cent) till March 2002. The MD, SCDC attributed (February 2002) the shortfall in rehabilitation to insufficient fund provision. The contention of the MD was not tenable as the MD did not have any records to show that the training of scavengers was based on shelf of projects prepared after feasibility studies of different trades identified for rehabilitation of scavengers. Thus, the training of 2,090 scavengers not rehabilitated was ill conceived and resulted in unfruitful expenditure of Rs.47.85 lakh calculated at average cost of training at Rs.2,289 per scavenger.

**(iv) Conversion of dry latrines to wet latrines**

Pursuant to instructions (June 2001) of Government of India, the DMAD conducted (January 2002) a survey and furnished to MD, SCDC the report on conversion of dry latrine etc., as follows:

Dry latrines converted to wet latrines	22795
Dry latrines awaiting conversion	24630
Number of scavengers manually engaged for cleaning of dry latrines	314

But the DMAD in its report sent (April 2002) to the Government admitted that the above mentioned information furnished (January 2002) by the DMAD to the MD, SCDC were factually incorrect as safai karmacharies were shown as manual

scavengers by mistake. DMAD had also stated that in Assam Pit latrines\* were in use and night soil deposits in such latrines were covered by earth and not required to be removed manually by scavengers. Thus, in the absence of dry latrines there was no scope of manual scavenging.

But the DMAD did not furnish any information indicating the period since when Pit latrines were in use in lieu of dry latrines.

Thus, the expenditure of Rs.1.69 crore on training (Rs.0.55 crore) and rehabilitation (Rs.1.14 crore) of scavengers incurred by MD, SCDC during 1997-2002, mostly for ineligible and unidentified/improperly identified scavengers not conforming to the norms and requirement of the scheme, became largely nugatory.

As proper identification of scavengers for training and rehabilitation was lacking the department was yet to take action to refund the unspent grant and loan of Rs.5.61 crore to avoid possible misutilisation of funds.

The matter was reported to Government in July 2002; their reply had not been received (October 2002).

## GENERAL

### 3.16 Misappropriation, losses etc

(A) Two hundred and fourteen cases of misappropriation, losses etc., involving Government money amounting to Rs.3.63 crore reported by the departments to audit up to the end of March 2002 were pending finalisation at the end of June 2002. Department-wise details of the cases are given in Appendix-XVI. Year-wise analysis of the outstanding cases is given below:

(Rupees in lakh)		
Year	Number of Cases	Amount
Up to 1989-1990	186*	177.14
1990-1991	4	5.45
1991-1992	1	10.60
1992-1993	7*	7.78
1993-1994	1	0.22
1994-1995	3	0.93
1995-1996	2	6.12
1996-1997	5	8.04
1997-1998	Nil	Nil
1998-1999	1	0.05
1999-2000	1	0.37
2000-2001	2	145.65
2001-2002	1	0.93
<b>Total</b>	<b>214</b>	<b>363.28</b>

\* Well like pit dug on earth or a big container installed in a pit where night soil deposit is covered with earth after some time and another site is selected for a new pit.

\* Money value involved in 8 cases not intimated by the department.

♦ Money value involved in 2 cases not intimated by the department

Reasons for pendency are indicated below:

<b>(Rupees in lakh)</b>		
	<b>No. Of Cases</b>	<b>Amount</b>
i) Awaiting departmental and criminal investigations	31	25.44
ii) Departmental criminal proceeding started but not yet finalised	96	207.72
iii) Criminal proceeding finalised but execution certificate/cases of recovery pending	13	3.14
iv) Pending in court of law	22	6.06
v) Awaiting orders for recovery/write off	52	120.92
<b>Total</b>	<b>214</b>	<b>363.28</b>

The above table indicates that 140 cases involving Rs.2.36 crore in respect of serial numbers (i) to (iii) are pending due to delay in departmental action, investigation and recovery.

## CO-OPERATION DEPARTMENT

### Misappropriation of Cash and Stock

**(B)** In December 2000, the Government of Assam entrusted the audit of Assam State Co-operative Marketing and Consumers Federation (STATFED) Ltd., Guwahati for the years 1989-90 to 1996-97 under Section 14 (2)/(3) of CAG's DPC Act 1971.

Scrutiny (July 2001-October 2001) of records of the Managing Director (MD), STATFED, Guwahati revealed that between 1989-90 and 1996-97, 24 employees of various district/sub-divisional branches/units of STATFED misappropriated cash in the form of sale proceeds and stock material (GCI sheet, paddy, rice etc.) valued at Rs.32.89 lakh\*. Although departmental enquiries were instituted (May 1991 to July 1998) against all the 24 employees\*, neither enquiry was held nor any report on enquiry was received in respect of five cases involving Rs.5.57 lakh out of Rs.32.89 lakh for reasons not mentioned on record. Out of 24 misappropriation cases FIR was lodged in respect of only four cases. The reason for non-reporting 20 cases involving Rs.21.24 lakh to police was not stated to audit. There was no record to indicate that MD, STATFED had ever analysed the circumstances facilitating the persistent pilferage of cash and stock by the employees in various units. The management had not also taken any measures to prevent the recurrence of such losses.

Action taken by the management of STATFED to recover the misappropriated amount of Rs.32.89 lakh or proof of any amount, actually recovered so far from the

<b>Particulars of Cases</b>	<b>Amount (Rs. in lakh)</b>	<b>Remark</b>
Cases in respect of 6 employees dismissed/removed from services	15.16	FIR lodged in 4 cases involving Rs.11.65 lakh
Cases in respect of 9 employees whose increments were withheld	4.10	
Cases in respect of 2 employees who were demoted to lower rank	5.07	--
Cases of 7 employees in respect of whom either no action was taken or process of enquiry was not completed	8.56	--
<b>Total: 24</b>	<b>32.89</b>	

concerned employees was not shown to audit. The matter of misappropriation was also not intimated to the Accountant General (Audit) Assam as required under Assam Financial Rules.

The matter was reported to Government in April 2002; their reply had not been received (October 2002).