

CHAPTER-VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 General

Autonomous Bodies and Authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities by and large receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc., to implement certain programmes of the State Government. The grants are intended essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

6.2 Financial assistance to local bodies and others

The financial assistance provided to autonomous bodies and other institutions during 2000-2001 to 2002-2003 was as under:

(Rupees in crore)

Sl. No.	Category of Institutions	Amount of assistance paid					
		2000-2001		2001-2002		2002-2003	
		Loans	Grants	Loans	Grants	Loans	Grants
1.	Universities and educational institutions	-	253.54	-	199.24	-	761.40
2.	Municipal Corporations/Urban sewerage Board	1.70	14.89	5.08	2.29	0.85	12.74
3.	Cultural Institutions	-	3.64	-	1.00	-	0.25
4.	Assam State Housing Board	0.38	0.41	-	0.59	-	0.61
5.	Animal Husbandry	-	0.47	-	-	-	-
6.	Assam State Electricity Board	89.80	-	-	-	21.84	-
7.	Assam Livestock and Poultry Corporation Ltd.	2.19	-	-	-	-	-
8.	Assam Khadi and Village Industries Board	-	-	-	4.10	-	1.30
9.	Guwahati Metropolitan Development Authority	-	-	0.10	-	0.50	-
10.	Panchayat Institutions	-	-	-	14.82	-	25.53
11.	Co-operative Societies and Co-operative Institutions	-	-	8.09	-	9.54	0.95
12.	Other Institutions	5.30	8.94	34.85	16.93	9.05	8.19
13.	Autonomous Councils						
	(a) General area	-	18.65	-	10.78	-	22.90
	(b) Sixth Schedule area	0.02	12.98	0.34	2.00	-	0.55
	Total	99.39	313.52	48.46	251.75	41.78	834.42

Source: Finance Accounts and Detailed Appropriation Accounts.

6.2.1 Audit under Sections 14 and 15

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 as amended from time to time), receipts and expenditure of bodies and authorities substantially financed by grants and/or loans from the Consolidated Fund of the State are audited by the Comptroller and Auditor General of India (CAG).

In order to identify the institutions which attract audit under Section 14 and 15 of the Act *ibid*, Government/heads of departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions.

Despite requests the Finance Department did not furnish complete list of the various bodies/authorities to whom financial assistance was provided during 2002-2003. As a result, neither could the amount of assistance given to each body/authority during the year be ascertained (September 2003) nor could a complete list of bodies/authorities to be audited under Section 14 of the Act *ibid* be drawn up in audit.

According to information collected by audit 41 bodies/authorities were to be audited under Section 14 of the Act *ibid*. The status of submission of accounts by these bodies and completion of their audit as of September 2003 are given in **Appendix-XXIII**.

According to the revised accounting procedure for District Rural Development Agencies (DRDAs) issued by the Government of India in 1984 the DRDAs were required to submit their certified accounts to audit not later than 30 September each year. The submission of accounts by all the 23 DRDAs were in arrears for period ranging from one to four years as of September 2003. Thus, the annual financial assistance received by these DRDAs from the State/Central Government during the period of three years ending 2002-2003 and utilisation thereof could not be ascertained.

The modalities for audit of the accounts of the following bodies/authorities other than DRDAs, to whom financial assistance of Rs.25.87 crore, Rs.15.28 crore and Rs.23.53 crore were given during 2000-2001 to 2002-2003 had not yet been finalised (September 2003) by the Government. The matter is under correspondence with the Government.

(Rupees in crore)

Sl. No.	Name of body	Year of establishment	Assistance given by Government		
			2000-2001	2001-2002	2002-2003
1.	Bodoland Autonomous Council	May 1993	14.97	6.22	17.30
2	Mishing Autonomous Council	October 1995	1.78	1.11	1.04
3	Rabha Hasang Autonomous Council	July 1995	1.28	3.07	2.72
4	Lalung (Tiwa) Autonomous Council	July 1995	0.65	0.38	1.84
5	Assam Urban Water Supply and Sewerage Board, Guwahati	January 1987	6.97	4.50	0.63
6	Board of Sports, Assam, Guwahati	May 1977	0.22	NA	--
Total:			25.87	15.28	23.53

Source: Detailed Appropriation Accounts.

6.2.2 Audit under Section 19 (3)

Audit of accounts of the following bodies/authorities had been entrusted to the Comptroller and Auditor General of India under Section 19(3) of the Act *ibid*. The status of submission of accounts by the bodies/authorities and submission of Audit Reports thereon to the State Legislature is given below:

Sl No.	Name of Body	Period of entrustment	Date of entrustment	Year upto which accounts were due	Year upto which accounts submitted (as of September 2003)	Year upto which Audit Reports issued	Year upto which Audit Report had been laid before the Legislature	Reasons for non-finalisation of Audit Report
1	Assam Khadi and Village Industries Board, Guwahati	2000-01 to 2004-05	4-12-2000	2001-02	1997-98	1997-98	Information awaited	--
2	Assam Agricultural University, Jorhat	2002-03 to 2006-07	21-2-2003	2001-02	2001-02	1999-2000	-Do-	Delay in submission of accounts (DAR for 2000-01 is under process).
3.	Guwahati Metropolitan Development Authority, Guwahati	1997-98 to 2001-02	17-5-2003	2001-02	1996-97	1996-97	1996-97	Delay in re-entrustment and non-submission of approved accounts.
4.	Bodoland Autonomous Council	1993-94 to 1997-98	12-6-2001	2001-02	1997-98	-	-	Finalisation of format of accounts not yet completed.

6.2.3 Audit under Section 20 (1)

The audit of accounts of the following bodies has been entrusted under Section 20 (1) of CAG's DPC Act, 1971 for periods mentioned against each.

Sl. No.	Name of Body	Period of audit entrustment	Date of entrustment	Year up to which audit completed	Remarks
1	Assam Institute of Management, Guwahati	Upto 1992-93	01.12.1995	1992-93	Re-entrustment not yet received
2.	Regional Engineering College, Silchar	Upto 2002-2003	02.09.1998	2000-01	Converted to NIT – a deemed university since 2001-02 and to be audited under Section 19(2)
3.	Assam Rural Infrastructure and Agricultural Services Project.	Upto 2002-2003	25-01-2000	2000-01	Audit for the year 2001-02 is in progress

6.2.4 Audit of bodies under Proviso to Sixth Schedule of the Constitution

Besides, the accounts of two Autonomous Councils viz., North Cachar Hills Autonomous Council, Haflong and Karbi-Anglong Autonomous Council, Diphu set up in April 1952 and June 1952 respectively are audited by the CAG under the proviso to the Sixth Schedule of the Constitution of India. The Audit Reports on the accounts of these councils are submitted separately to the Governor for causing them to be laid before the Councils.

Some of the financial operations of the State Government pertaining to local bodies and authorities are discussed in the following paragraphs.

FINANCE DEPARTMENT

6.3 Defective cash management

As financial rules were not observed and bank reconciliation not carried out, the cash book of Bodoland Autonomous Council continued to reflect short accountal of cash of Rs.71.33 lakh, while difference of Rs.19 lakh between the balances as per cash book and PLA account persisted for 10 years.

According to Assam Financial Rules the head of office is personally responsible for accounting of all money received and disbursed, safe custody of cash, verification of day-to-day transaction and authentication of analysis of daily/monthly closing balances.

Test-check (March-April 2002) of accounts of the Bodoland Autonomous Council (BAC) for the period July 1993 to March 1998 revealed that the BAC had received (June 1997) bank drafts of Rs.79.25 lakh from the Special Officer, Nutrition Programme, Guwahati and credited the entire amount to the Personal Ledger Account (PLA) of the Council in July 1997. But in the cash book of the Council the receipt of Rs.7.92 lakh instead of Rs.79.25 lakh was entered on 1 July 1997 leading to short accountal of Rs.71.33 lakh in the cash book. On this being pointed out by audit the Deputy Secretary of the Council stated (February 2003) that Rs.71.33 lakh was entered as receipt in the cash book in April 2002. Failure of the Principal Secretary of the Council to verify day to day transactions, entries, the recording of detailed analysis of closing balance and non-reconciliation of cash book balances with those of PLA every month facilitated the short accountal in the cash book which continued to reflect reduced closing balance to the extent of Rs.71.33 lakh for nearly five years.

Cash book should be maintained strictly in accordance with the rules and compliance intimated to audit.

Further scrutiny (September 2003) revealed that the closing balance as on 31 March 1998 as per Personal Ledger Account of the Council was Rs.28.82 crore against the balance of Rs.28.63 crore⁸⁶ depicted in cash book indicating a difference of Rs.19 lakh between the balances as per PLA and cash book. Of this, discrepancies for Rs.8.34 lakh occurred due to 23 cheques issued during February-March 1998 but not encashed. The difference of Rs.10.66 lakh could not be analysed and verified in audit for want of detailed analysis of closing balance in the cash book and non-reconciliation of cash book balances with those of PLA since 1993-94.

⁸⁶ Cash book balance as on 31.3.98
Plus short accountal (Rs.0.79 crore–Rs.0.08 crore)

Rs.27.92 crore
Rs. 0.71 crore
Rs.28.63 crore

The Deputy Secretary of the Council and Administrator, erstwhile BAC stated (February 2003 and September 2003 respectively) that reconciliation of cash book figures with those of PLAs had been started and final report was awaited.

By not observing the financial rules and not conducting bank reconciliation for 10 years, the possibility of fraud/misappropriation of cash could not be ruled out.

Bank reconciliation, which is in arrears from 1993-94 to date, may be completed immediately and factual position of cash balances ascertained under intimation to audit.

The matter was reported to Government in May 2003; their reply had not been received (September 2003).

6.4 Unauthorised expenditure by the Bodoland Autonomous Council

Against the sanction of Special Central Assistance of Rupees five crore for restoration of infrastructure, the Bodoland Autonomous Council unauthorisedly spent Rs.0.91 crore for movie camera, Bodo festival etc., which were contrary to sanction.

The Government of India approved (March 1996) a Special Central Assistance of Rupees five crore to the Government of Assam during 1995-96 for undertaking restoration of the infrastructure in the Bodoland Autonomous Council (BAC) Area. The Director, Welfare of Plain Tribes and Backward Classes drew (March 1996) the amount and kept it in Revenue deposit and disbursed the money subsequently to the BAC through bank drafts between January and September 1997.

Of Rupees five crore, details of expenditure of Rs.45 lakh could not be furnished (March-April 2002) to audit.

Against the expenditure of Rs.4.55 crore during 1997-98, Rs.0.91 crore⁸⁷ was spent for purchase of movie camera, Bodoland festival, salaries to teachers, text book publications etc. which were not related to restoration of infrastructure. No prior approval of the Government of India/Government of Assam were obtained for these

87

(Rs. in crore)

Items	Amount
Purchase of Movie Camera	0.01
Bodoland Festival	0.29
Boro sabha	0.01
Land purchase	0.05
Salaries to Teachers	0.50
Text Book Publication Centre	0.05
Total	0.91

expenditure out of the Central assistance. Thus, expenditure of Rs.0.91 crore was unauthorised.

The Council in its reply (January 2003) stated that the expenditure were incurred as per resolution of the BAC. The reply was not tenable, as the expenditure did not conform to the sanction.

The matter was reported to the Government in May 2003, their reply had not been received (September 2003).

HANDLOOM, TEXTILE AND SERICULTURE DEPARTMENT

6.5 Unproductive investment by Assam Khadi and Village Industries Board

Failure of Assam Khadi and Village Industries Board to make its dyeing and printing unit at Hengrabari complex functional for 11 years rendered the investment of Rs.21.56 lakh unproductive.

The Khadi and Village Industries Commission (KVIC), Bombay granted (1990-91) capital expenditure loan of Rs.4.70 lakh to the Assam Khadi and Village Industries Board (AKVIB) for establishment of dyeing and printing unit at Hengrabari Complex of the Board for production of Khadi clothes, fabrics etc. including their dyeing and printing. AKVIB purchased machinery and equipments worth Rs.5.23 lakh during August 1992 to March 1993 for the proposed plant, but these machineries and equipments could not be installed till December 2000 due to non-construction of buildings etc. One Centrifugal Hydro Extractor Machine worth Rs.0.55 lakh procured alongwith other equipments was found missing from store at the time of installation. For commissioning the unit, a new Hydro Extractor machine was purchased (January 2000) at a cost of Rs.0.87 lakh. CEO stated (February 2000) that no action was taken against the erring official for the loss of machine from store but a departmental enquiry was in progress. Further development in the matter is awaited (May 2003).

Against the proposal (April 1994) of AKVIB for constructional works and erection and installation of machineries and equipments estimated to cost Rs.20.82 lakh, the KVIC released (February 1998) further capital expenditure loan of Rs.10.40 lakh. The AKVIB executed (1993-94 to 1999-2000) the civil works departmentally and awarded (June 1999) the works of erection, installation and commissioning of the unit to a local firm at their tendered value for Rs.9.05 lakh. The work was taken up in July 1999 and completed in December 2000 at a total cost of Rs.15.23 lakh (Buildings, approach road etc.:Rs.6.21 lakh and cost of Hydro Extractor Machine, installation and commissioning:Rs.9.02 lakh). After commissioning and trial run (March 2001) of the plant and machineries the firm handed over the unit to the Board in April 2001. Although the Board employed (April 2001) one technical and two non-technical persons on daily wage basis and paid Rs.1.10 lakh as their wages for utilising their services in Board's office instead of in Dying and Printing Unit till February 2003, the

unit remained non-functional since April 2001. The CEO of the Board stated (February 2003) that the unit could not be made operational for want of a trained boiler technician. The contention of the CEO was not tenable, as the deployment of boiler technician essential for operation of the unit should not have taken over two years from the commissioning of the unit.

Thus, failure of the AKVIB to make the dyeing and printing unit functional resulted in unproductive investment of Rs.21.56 lakh (cost of machineries and equipments: Rs.5.23 lakh; construction and installation of machineries: Rs.15.23 lakh; wages: Rs.1.10 lakh) since 1992-93. The CEO could not fix responsibility on the errant officials and recover the loss of machineries worth Rs.0.55 lakh since 1998-99. Also, the objectives of establishment of the unit remained unachieved.

The matter was reported to Government in July 2003; their reply had not yet been received (September 2003).

MUNICIPAL ADMINISTRATION DEPARTMENT

6.6 Unproductive expenditure on Barpeta Road Town Water Supply Scheme

The Managing Director, Assam Urban Water Supply and Sewerage Board incurred unfruitful expenditure of Rs.6.70 crore on Barpeta Road Town Water Supply Scheme but 89 per cent of the targeted inhabitants were not provided with safe drinking water even after 18 years of the sanction of the scheme.

Barpeta Road Town Water Supply Scheme was administratively approved (March 1985) for Rs.2.11 crore to provide safe drinking water to 35,020 and 36,000 inhabitants of Zone I and Zone II of the scheme respectively. The Managing Director, Assam Urban Water Supply and Sewerage Board (MD, AUWSSB) Guwahati awarded (September 1989) the works of both the zones to a contractor at a tendered cost of Rs.1.99 crore (Zone I: Rs 0.68 crore, Zone II: Rs 1.31 crore) on turnkey basis for completion by March 1991. The works under the scheme commenced from May 1990. Zone II of the scheme was commissioned in 1996 but 80 per cent of the work of Zone I remained incomplete (August 1999) and there was no further progress of the works even as of April 2003. The Executive Engineer (EE), AUWS&SB attributed (June 1997 and August 1999) the non-completion of the work to non-identification of land for water treatment plant, deep tube wells and resource crunch.

Test-check (March-April 2002) of records of the Executive Engineer (EE), AUWS&SB, Dhubri division and further information collected (March-April 2003) from the MD, AUWS&SB, Guwahati revealed the following:

(a) EE had spent Rs.26.72 lakh for various works under Zone I of the scheme during September 1990 to May 1997. MD, AUWS&SB decided (June 1999) not to go ahead with further works of Zone I and asked the contractor to hand over the works to the

EE on as is where is basis. The reasons for discontinuance of works under Zone I after spending Rs. 26.72 lakh and non-resumption of the works even after six years as of April 2003 were neither on record nor clarified to audit.

(b) MD, AUWS&SB stated (March 2003) that for commissioning and completion of works under Zone II of the scheme an expenditure of Rs 6.43 crore was incurred during 1991 to March 2002. Government's approval of revised estimate sought for (August 1999) by MD for an amount of Rs.11.77 crore was awaited (March 2003). Against the target for coverage of 36,000 inhabitants, Zone-II of the scheme covered only 10,800 (30 *per cent*) inhabitants through 700 house connections till June 2003. MD attributed (July 2003) the shortfall in coverage to lack of awareness on use of filtered water, poor economic condition of the inhabitants and non-installation of deep tube wells due to rig problem. The contention of the MD was quite in contrast to the encouraging position of economic condition of people and their need for organised water supply scheme mentioned by Public Health Engineering Department in a write up of Barpeta Road Water Supply Scheme in February 1985. Non-installation of deep tube wells because of rig problem was not tenable after execution of works for a period of 11 years at a cost of Rs.6.43 crore, which exceeded the tender value (Rs.1.31 crore) of the work by Rs.5.12 crore (391 *per cent*).

Thus, improper and lack of prudent planning and poor financial management in the implementation of the scheme, led to unfruitful expenditure of Rs.6.70 crore (Zone I: Rs.0.27 crore and Zone II: Rs.6.43 crore) besides spending Rs.5.12 crore over the tender value without approval from Government.

The department did not investigate the dismal performance of the scheme, validity of extra expenditure out of scarce Government resources for Zone II of the scheme while works in Zone I were discontinued for nearly six years due to paucity of funds and non-fulfilment of objectives of the scheme launched in March 1985.

The matter was reported to Government in April 2003; their reply had not been received (September 2003).

6.7 Locking up of funds

Injudicious payment of 90 *per cent* advances by Managing Director, Assam Urban Water Supply and Sewerage Board against proforma bills of suppliers without any security deposit/guarantee etc., led to locking up Rs.0.52 crore with the suppliers since June 1996.

Test-check (May 2002) of records of the Managing Director (MD), Assam Urban Water Supply and Sewerage Board (AUWS&SB) revealed that in May 1996, the MD placed five supply orders for 4,000 water meters of Capstan brand, 15 mm dia domestic type, and 7,500 sets of CID Joints for Asbestos Cement Pressure Pipes of different sizes worth Rs.0.64 crore to four local firms. The material was to be supplied to the Executive Engineer (EE), AUWS&SB Dhubri Division. In compliance with the

request of the firms for advance payment, the MD paid (June 1996) Rs.0.58 crore to the firms being 90 *per cent* advance against their proforma bills. The MD did not insist on any security deposit or guarantee against these advances.

The Executive Engineer, AUWS&SB, Dhubri Division stated (June 2002) that out of 7,500 sets of CID Joints the division received 2,178 sets valued at Rs.6.21 lakh in June 1997. Till June 2002 the balance 5,322 sets of CID joints and entire quantity of 4,000 capstan brand water meters had not been supplied by the firms. No action had been initiated by the division to either cancel the supply orders or recover the outstanding advance of Rs.0.52 crore (Rs.0.58 crore – Rs.0.06 crore).

Thus, injudicious and arbitrary payment of advances by the MD led to the locking up of Rs.0.52 crore out of Rs.0.58 crore with the firms since June 1996. As no security deposit or bank guarantee subsisted against the advances, the possibility of non-recovery from the firms leading to loss of Rs.0.52 crore to Government could not be ruled out.

The cost of retention of funds worked out to Rs.0.35 crore⁸⁸ at the average rate of 11 *per cent* (Government borrowing rate) during June 1996 to May 2002.

The matter was reported to Government in July 2003; their reply had not been received (September 2003).

6.8 Unfruitful and idle expenditure

Because of defective installation of water pump heads and abandonment of works of Tezpur Water Supply Schemes by the firm the Managing Director, Assam Urban Water Supply and Sewerage Board incurred unfruitful and idle expenditure of Rs.3.28 crore.

Tezpur Water Supply Scheme (TWSS) was administratively approved (February 1991) for Rs.4.57 crore and the Chief Engineer, Assam Urban Water Supply and Sewerage Board (AUWS&SB) awarded (March 1991) the work to a firm at the tendered value of Rs.3.74 crore (excluding distribution system) for completion by November 1992. The works under the scheme were divided into Zone-I and Zone-II. The works commenced in February 1992 and remained incomplete till May 2003.

⁸⁸ <u>Principal amount</u>	<u>Period</u>	<u>Interest</u> (Rs in crore)
Rs.0.58 crore	June 1996 to May 1997	0.06
Rs.0.52 crore	June 1997 to May 2002	<u>0.29</u>
		0.35

According to the agreement the firm was first to be paid mobilisation advance of Rs.37.40 lakh (10 *per cent* of the value of work order) and a further amount of Rs.37.40 lakh as second mobilisation advance on submission of working drawings, survey drawings, soil testing report etc. The payment of total advances (Rs.74.80 lakh) was to be secured against the bank/insurance guarantee of equivalent amount. The firm was to procure all materials/equipments except CI (Socket and Spigot) spun pipes, which were to be supplied by the Board. The firm was to be paid 95 *per cent* of the value of material/equipment against receipt of materials etc., at site in good condition. Balance five *per cent* payment was to be made within 15 days of completion of erection of material/equipment.

Test-check (May 2002) of records of the Executive Engineer (EE), AUWS&SB, Guwahati Division and collection (June 2003) of further information revealed the following:

(i) Between March 1992 and April 1994 the Managing Director (MD), AUWS&SB paid mobilisation advance of Rs.67.36 lakh to the firm against the bank guarantee of Rupees seven lakh which was not revalidated after March 1993. Also, the drawings, soil-testing reports were not obtained from the firm before payment of advances.

(ii) After installation of materials and equipments etc., in August 1994 the water treatment plant of Zone I could not be commissioned as the water of aeration tray splashed out of aeration chamber because of installation of water pump of 25 metre head instead of 20 metre head by the firm arbitrarily without the approval of the Board. But neither the MD nor the EE initiated any action to get the defects rectified by the firm under the agreement.

(iii) Between December 1994 and September 1997 the firm preferred claims for Rs.3.97 crore in four running account bills including value of materials and equipments worth Rs.2.94 crore (Zone I:Rs.1.54 crore; Zone II:Rs.1.40 crore). Further, EE, AUWS&SB Diphu Division supplied materials worth Rs.34.40 lakh and made lumpsum payment of Rs.24.99 lakh for Zone-II of the scheme during March 1992 to May 1997. Also, the MD made ad-hoc payment of Rs.1.33 crore during October 1994 to February 1996. Ad-hoc and lumpsum payment of Rs.1.58 crore (Rs.0.25 crore+ Rs.1.33 crore) were in violation of the agreement. The EE stated (June 2003) that mobilisation advance of Rs.33.54 lakh and mobilisation advance of Rs.1.20 crore were adjusted till September 1997. Thus, advance etc., amounting to Rs.72.17 lakh (Lumpsum payment: Rs.24.99 lakh; Mobilisation advance: Rs.33.82 lakh; Ad-hoc payment: Rs.13.36 lakh) remained unrecovered/unadjusted from the firm. Also, the firm did not undertake any works of Zone-II since November 1994.

Thus, because of defective works, non-commissioning of a water treatment plant and abandonment of works by the firm, expenditure of Rs.1.54 crore on material and equipment for Zone-I became unfruitful and those for Zone II valued at Rs.1.74 crore (supplied by the firm: Rs.1.40 crore, by the Executive Engineer, Diphu division: Rs.0.34 crore) rendered idle since 1992-93. As no bank guarantee or security deposit

subsisted against the advances, possible non-recovery of outstanding advances etc., from the firm leading to loss of Rs.72.17 lakh to Government could not be ruled out.

Further, the objective of supplying safe drinking water under the scheme remained unfulfilled for last 12 years.

The matter was reported to Government in July 2003; their reply had not been received (September 2003).

6.9 Unfruitful expenditure and locking up of funds

Managing Director, Assam Urban Water Supply and Sewerage Board incurred unfruitful expenditure of Rs.95.82 lakh because of poor planning, injudicious payment and non-completion of Dhing Town Water Supply scheme.

Dhing Town Water Supply Scheme (DTWSS) was administratively approved (March 1988) for Rs.1.23 crore to cover an estimated population of 34,177. The work of designing, detailing, construction, supply, erection and commissioning of DTWSS was awarded (September 1989) to a firm on turnkey basis at a tender value of Rs.1.68 crore for completion by September 1991. The terms of payment to the firm *inter alia* provided for a payment of 10 *per cent* of the contract value as mobilisation advance after signing the contract against guarantee of equivalent amount from nationalised bank and payment of seven and half *per cent* of the contract value on completion of survey, soil testing and submission of working drawings and approval thereof from the Board.

Test-check (May 2002) of records of the Executive Engineer (EE), Assam Urban Water Supply and Sewerage Board (AUWS&SB), Guwahati Division and further information collected (June 2003) from the EE revealed that the Clear Water Reservoir (CWR) was constructed (work measured in November 1992) without top slab casting at a cost of Rs.8.73 lakh. While carrying out the works of the top slab casting of Clear Water Reservoir (CWR) in December 1992, the bottom slab settled down 42 inches from the existing position and cracks developed in and around the corner of the bottom slab. This was due to wrong calculation of bearing capacity of soil as admitted by the MD in a reply furnished (March 1999) at an enquiry initiated by the Assam Human Rights Commission in May 1998. The MD asked the firm to dismantle the cracked structure of service reservoir to accommodate a new structure according to revised lay out drawing submitted by the firm in December 1993 after suspending the work. This was done by the firm partially till May 2003. In the absence of the provision for liquidated damages in the agreement the MD did not cancel the work from the defaulting firm because the Board was required to pay all the expenses incurred by the firm in full according to the agreement, if the contract was cancelled by the Board.

Between August 1990 and April 1991 MD paid mobilisation advance of Rs.29.43 lakh to the firm without any bank guarantee and survey, soil testing reports

etc., in violation of the agreement. The firm preferred a claim for Rs.44.61 lakh against which MD paid Rs.32.08 lakh till February 2003 without any recovery of mobilisation advance. Taking into account further expenditure of Rs.34.31 lakh on account of payment to muster roll workers, expenditure at headquarters office, repayment of loan etc., the total expenditure on the scheme was Rs.95.82 lakh till May 2003.

Thus, non-completion of the scheme because of poor planning, absence of provision for liquidated damages, injudicious payment without bank guarantee etc., and failure of the MD to get the works resumed after rectification of defects resulted in unfruitful expenditure of Rs.95.82 lakh and non-adjustment/recovery of mobilisation advance of Rs.29.43 lakh since 1990-91. The cost of retention of Rs.29.43 lakh calculated at the average rate of 11 *per cent* of Government borrowing during 1991-92 to 2002-03 amounted to Rs.38.85 lakh. Further, the objective of the scheme to supply safe drinking water to 34,177 people remained unfulfilled for the last 13 years.

The matter was reported to Government in July 2003; their reply had not been received (September 2003).

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

6.10 Excess and extra avoidable expenditure by DRDA Kamrup

Due to procurement of 33 grade Ordinary Portland Cement at rates higher than that offered by the Cement Corporation of India and 53 grade Ordinary Portland Cement in lieu of 33 grade cement at still higher rate from the local suppliers, the PD, DRDA Kamrup incurred excess and extra expenditure aggregating Rs.63.11 lakh.

(a) During March 1999 to February 2000, the Project Director, District Rural Development Agency (PD, DRDA) Kamrup procured under EAS, IAY and JRY 2,049.50 tonnes ordinary Portland Cement (OPC) 33 grade at a total cost of Rs.72.76 lakh from 5 local suppliers @ Rs.3,550 per tonne for OPC 53 grade as fixed by the Purchase Committee for 1998-1999. The basis of fixing the rate was however not on record. The PD did not consider the rate of Rs.2,704 per tonne offered (July 1999) by Cement Corporation of India (CCI, a Government of India undertaking) at which rate OPC 33 grade cement was supplied by the Corporation to different DRDAs during the same period. Thus, due to procurement of cement at higher rate, the agency incurred an excess expenditure of Rs. 17.34 lakh (**Appendix-XXIV**).

(b) Further, according to the report (August 1999) of the National Council for Cement and Building Material (NCCBM), Ballabgarh, Haryana, OPC 33 grade cement was suitable for all general purpose concrete construction and its use would not have any detrimental effect on the quality of construction. OPC 43 and 53 grades are suitable for specialised works.

Records further revealed that during June 1999 to April 2000, the PD had procured 3,754.35 tonnes OPC 53 grade cement @ Rs.4,000 per tonne⁸⁹ at a total cost of Rs.1.50 crore for different works under EAS/IAY/JRY/OBB. As no specialised works were to be executed under these schemes the PD could have procured OPC 33 grade cement in lieu of OPC 53 grade without any detrimental effect on the quality of general purpose concrete construction. Thus, procurement of OPC 53 grade cement at a still higher rate by the PD resulted in avoidable extra expenditure of Rs.45.77 lakh (**Appendix-XXV**).

The matter was reported to Government in April 2003; their reply had not been received (September 2003).

6.11 Unauthorised disbursement of loan by DRDA Kamrup

In the absence of any provision under SGSY scheme, disbursement of loans of Rs.44.81 lakh from SGSY funds by PD, DRDA Kamrup was unauthorised and led to non recovery of Rs.39.33 lakh out of Rs.44.81 lakh since 1999-2000.

The Project Director, District Rural Development Agency (PD, DRDA) Kamrup disbursed interest free loans amounting to Rs.44.81 lakh during 1999-2000 and 2000-01 to the Group leaders/Secretaries/Presidents of 24 NGOs/Pathar Parichalana Samities⁹⁰ of different Blocks for further distribution to 4,481 beneficiaries @ Rs.1,000/- per beneficiary for cultivation of Rabi crop, sugarcane, potato etc., and poultry farming out of the fund provided for Swarnjayanti Gram Swarozgar Yojana (SGSY). The SGSY guidelines did not provide for disbursement of such loans by the PD. As per terms of the agreement made between the PD and the NGOs etc., the loan was to be refunded in one instalment after harvesting of the particular crop and in four equal instalments within six months in case of poultry farming.

Test-check (August-September 2002) of records revealed that out of Rs.44.81 lakh, only Rs.4.88 lakh⁹¹ could be recovered from nine of the 24 NGOs etc. leaving a balance of Rs. 39.93 lakh unrecovered as of September 2002.

The PD stated (May 2003) that the decision to disburse the loans in such a manner was taken in consultation (December 1999) with the Commissioner, Panchayat and Rural Development, Assam. The reply of the PD was not tenable as no documentary evidence to this effect could be furnished by the PD.

Thus, the disbursement of the loan amounting to Rs.44.81 lakh to the beneficiaries through NGOs without any such provision in the scheme guidelines and without any

⁸⁹ Fixed by the Purchase Committee in June 1999.

⁹⁰ Field Management Committee – a registered Private Committee recommended by the Block Development Officer.

⁹¹ Rs. 1.46 lakh in full from two NGOs and Rs.3.42 lakh partially from seven NGOs.

approval from the higher authority was unauthorised and resulted in unrecovered loan of Rs.39.93 lakh since 1999-2000.

Also, there was no record to indicate that Block/DRDA level physical monitoring through field inspections was done to ascertain the actual income generation by the beneficiaries out of the loan of Rs.44.81 lakh disbursed to them.

The matter was reported to Government in June 2003; their reply had not been received (September 2003).