CHAPTER-III
PERFORMANCE REVIEWS

FINANCE DEPARTMENT

3.1 *Fiscal Reforms Programme*

Original Fiscal Reforms Programme and subsequent Medium Term Fiscal Reforms Programme (MTFRP) signed between the Government of India and the Government of Assam in January 2000 and March 2003 respectively did not bring about a tangible improvement in the fiscal position of the State because of non-enactment of any Legislation on Fiscal Responsibility and Budget Management. There were delayed and irregular implementation of tax and non-tax reforms programme compounded by the laxity in realisation of sales tax resulting in accumulated arrears, steep rise in non-Plan non-salary expenditure and large scale excess borrowings over the commitment made in MTFRP.

Highlights

The Government belatedly and irregularly conducted survey of potential taxpayers departmentally but, failed to furnish financial impact of increased assessees under Assam General Sales Tax (AGST: 3,361 assessees) and Central Sales Tax (CST: 547 assessees).

(Paragraph 3.1.6)

Laxity in enforcing realisation of Sales tax resulted in accumulation of arrears amounting to Rs.421.66 crore to end of 2002-03.

(Paragraph 3.1.6)

The Government's failure to enforce expenditure control measures resulted in increase in non-Plan non-salary expenditure during 1999-2004 ranging from Rs.133 crore to Rs.276 crore over the MTFRP commitment of Rs. 410 crore.

(Paragraph 3.1.8)

In violation of commitment made in MTFRP, Government provided budgetary support of Rs.1,665 crore to Assam State Transport Corporation.

(Paragraph 3.1.8)

The State Government failed to contain borrowings within the stipulated limit of MTFRP and thereby exceeded the overall borrowing limit by Rs.2,814.55 crore during 2000 to 2004.

(Paragraph 3.1.18)

3.1.1 *Introduction*

Under the fiscal reforms programme, a decision was taken (March 1999) by the Committee of National Development Council to give more emphasis by the Centre and the State Government for the fiscal reforms measures, a Memorandum of Understanding (MoU) was signed (January 2000) between Government of India and Government of Assam. Subsequently, on the recommendations of the Eleventh Finance Commission (EFC), another MoU was signed between Government of India and Government of Assam in March 2003 for implementation of Medium Term Fiscal Reform Programme (MTFRP) over the period of 2000-2005 in order to improve the fiscal position of the State Government. Central assistance from the Incentive Fund (constituted for the purpose by the Central Government) of Rs.159.44 crore had been provided to State over the period 2000-2005.

3.1.2 *Organisational set up*

The Commissioner and Secretary (Finance), Government of Assam is the nodal authority who is vested with the responsibility of implementation of fiscal reforms programme with the co-operation and co-ordination of 53 other administrative departments of the Government and 10 Public Sector Undertakings

3.1.3 *Audit Coverage*

The progress of implementation of the fiscal reform measures was reviewed during May-June 2004 by test-check of records of the Finance Department along with 15[4] out of 53 administrative departments, six[5] out of 67 directorates and two[6] out of 10 commercial undertakings covering period from January 2000 to March 2004.

3.1.4 *Fund Receipt*

Year wise consolidated revenue deficit[7] as percentage of revenue receipt as projected by Government of Assam in the Medium Term Fiscal Reforms Programme and amount of Incentive Fund due ***vis-à-vis*** actual consolidated revenue deficit as percentage to revenue receipt and amount of Incentive Fund received from the Fiscal Reform Facility during the period 2000-2005 are indicated in Table-1.

Table-1

(Rupees in crore)

Year	Consolidated Revenue deficit as percentage of Revenue Receipts		Amount of Incentive Fund			
			Due			Provided
	Projected	Actual	Part A	Part B	Total	
1	2	3	4	5	6	7
2000-2001	--	(-) 14.54	16.60	16.12	32.72	--
2001-2002	(-) 19.93	(-) 14.89	-	28.04	28.04	-
2002-2003	(-) 11.55	(-) 4.80	-	30.35	30.35	32.72
2003-2004	(-) 5.74	(-) 9.09	-	33.93	33.93	58.39
2004-2005	(-) 0.84	-	-	34.40	34.40	-
		Total	**16.60**	**142.84**	**159.44**	**91.11**

Source: Departmental figures
Part A: Withheld 15 *per cent* amount of Revenue Deficit grant recommended by EFC
Part B: Incentive component – Contribution of the Central Government.

[4] Personnel, Home, Education, Land Revenue, Tax, Industries and Commerce, Excise, Urban Development, Irrigation, Transport, Co-operation, Power, Secretariat Administration, Forest and Fishery
[5] Industries, Medical Education, Technical Education, Higher Education, Secondary Education and Elementary Education
[6] Assam State Electricity Board and Assam Industrial Development Corporation
[7] Revenue deficit + Interest payment on Guarantees

3.1.5 *Targets and Achievements*

The Government of Assam agreed to undertake revenue generation and expenditure compression measures to broadly achieve the following fiscal target projected in the MTFRP *vis-à-vis* actual achievement during the period from 1999-2000 to 2003-04 as indicated in Table-2.

Table-2

(Rupees in crore)

Indicator of fiscal target	1999-2000		2000-01		2001-02		2002-03		2003-04	
	Target Projected	Actual	Target Projected	Actual	Target Projected	Actual	Target Projected	Actual	Target Projected	Actual
1	2	3	4	5	6	7	8	9	10	11
1. Consolidated Revenue Deficit including power sector deficit as % of GSDP	-	(-) 3.95	-	(-) 2.69	(-) 3.72	(-) 2.73	(-) 2.84	(-) 1.15	(-) 1.47	(-) 2.72
2. Consolidated Fiscal Deficit including Guarantees as % of GSDP	-	6.02	-	5.32	5.63	4.44	4.28	2.67	3.16	3.67
3. State's Own Tax revenue as % of GSDP	-	4.35	-	4.67	4.80	4.74	4.95	5.46	5.10	5.30
4. States Own Non-Tax revenue as % of GSDP	-	1.58	-	1.73	1.64	1.62	1.72	1.96	1.80	2.42
5. Consolidated Debt Stock as % of GSDP	-	35.20	-	38.01	40.57	39.01	40.80	39.65	39.39	39.33

Source: Finance Accounts and Departmental figures

3.1.6 *Tax Reforms*

According to original MoU (January 2000) and subsequent MoU (March 2003) Government of Assam was to raise additional resources by imposing new taxes, amendment of various tax structures/rates. But these changes/amendments were inordinately delayed for reasons not on record and the impact also emerged partially and belatedly as discussed below:

Taxes on Sales

Survey to enhance number of assessees

To improve tax compliance, Government of Assam agreed to conduct a survey of potential tax payers and check their assessment by engaging a third party (Non-Governmental). The proposed survey and innovative measures to be evolved to improve tax compliances and issue of notifications were to be completed within March 2000. However, no action was taken in this regard even after lapse of two years (upto March 2002). The matter was again reiterated in the MoU (March 2003) and a commitment was given to complete survey by August 2003. The intensive survey conducted by the Department during the period from 15 June 2003 to 15 July 2003 had increased the number of assessees under Assam General Sales Tax (AGST)

Act, 1993 and Central Sales Tax (CST) Act, 1954 by another 3361 (8.46 *per cent*) and 547 (5.72 *per cent*) aggregating the total number of assessees to 43,078 and 10,114 respectively as of January 2004. The department however, failed to furnish financial impact following increase in number of assessees.

Arrears in Sales tax

Arrears in Sales tax (AGST and CST) accumulated to Rs.421.66 crore after realisation of Rs.149.73 crore at the end of 2002-03. The accumulation of such large arrears indicated laxity on the part of the Government in enforcing realisation.

Rationalisation of sales tax rates

The existing rates of tax on different commodities under the AGST Act, 1993 were effective from 01.01.2000 as per uniform Floor Rates (UFR) of taxes. However, to generate additional resources, sale on potable liquor and certain oil and oil seeds were brought under Sales Tax Act by amendment only in February 2002. The additional revenue generated by the State from this measures amounts to Rs.28.46 crore in 2002-03 and Rs.37.80 crore (provisional) in 2003-04.

Sales tax incentives

Sales tax incentives had not been abolished (June 2004) in violation of the commitment given in MoU. Incentives paid beyond the targeted date of 31 March 2003 however, could not be furnished.

3.1.7 *Non-tax measure*

With a view to improve cost recovery by revising the user charges for providing better facilities, according to MoU on MTFRP, Government of Assam agreed to take steps by 01 April 2003 to identify areas of commercialisation and outsourcing including enhancement of user charges.

Review of the records revealed the following:

Comprehensive records indicating identification of areas of economic activities for commercialisation could not be made available to audit. However, the Government of Assam had taken steps for revision of user charges in some areas such as: -

Health and Family Welfare Department enhanced (June 2003) the rates of user charges/service charges ranging from 40 to 150 *per cent* in respect of various servicing facilities in Government Medical College and Hospitals, district and other hospitals.

The Government and the department, however, failed to furnish information on the actual revenue collected as a result of this enhancement since, from April 2003, revenue generated by the department by way of user/service charges of hospitals were not credited to Government account but transferred to the account of Hospital

Management Societies[8] (HMS) established under an executive order of the Government in August 2002.

The Irrigation department enhanced (April 2000) the rates of user charges for providing irrigation facilities to different crops by 100 *per cent*. As against the annual collection of Rs.58,766 in 1999-2000, the collection for 2000-01 and 2001-02 declined sharply to Rs.23,359 (60 *per cent*) and Rs.24,978 (57 *per cent*) respectively while annual collection of user charges in 2002-03 and 2003-04 increased to Rs.1,77,262 (202 *per cent*) and Rs.2,55,230 (334 *per cent*) (provisional) respectively. The Government made no revision of rates thereafter.

Government of Assam was committed to enhance tuition fees in medical, dental, agricultural, veterinary and engineering colleges together with other educational institutions in 2003-04. But in violation of the commitment no enhancement was made on fee structures of the above institutions except for higher education under Education department which enhanced annual collection to Rs.7.74 crore in 2003-04 against Rs.3.76 crore in 1999-2000 registering a growth rate of 106 *per cent*.

3.1.8 *Expenditure Reforms*

The Government of Assam had decided to adopt some austerity measures to improve expenditure management, minimise the rigidities in expenditure and to reduce non-productive expenditure. The status of implementation is as under:

Impose ban on creation of new posts under all schemes both under plan/non-plan. It was agreed in MoU to control non-plan non-salary expenditure (excluding debt servicing, police, expenditure on counter insurgency measures, law and order) and restrict at 1998-99 base actuals at Rs.410 crore. But, Finance Department could not restrict the non-salary expenditure under non-plan during 1999-04. The non-plan salary expenditure increased sharply over the base year expenditure of Rs.410 crore by Rs.133 crore (32.44 *per cent*) in 1999-2000, Rs.319 crore (77.80 *per cent*) in 2000-01, Rs.227 crore (55.37 *per cent*) in 2001-02, Rs.269 crore (65.61 *per cent*) in 2002-03 and Rs.276 crore (67.32 *per cent*) in 2003-04.

Vacant posts to be identified and non-essential vacant posts were to be recommended for abolition by 01 June 2003. Against the target of 15000 posts for abolition (FRP-2000), Government of Assam could identify only 4080 posts in 49 Departments and out of which only 3006 vacant posts were abolished in 25 Departments, as of May 2004. The reasons for non-abolition of 1074 identified posts were not on record.

All teachers appointed in the past, estimated at approximately 3,000 were to be identified (01-08-2003) and steps taken to terminate illegal appointments (01-12-2003). But the Education Department had not terminated (June 2004) the services of 3261 teachers illegally appointed. The matter is stated to be pending in the Hon'ble High Court, Guwahati.

[8] An autonomous body.
For details please refer Para 2.4 of the Report.

Annual growth rate of salary of Government employees to be contained within 2.5 *per cent*. The Government of Assam however, incurred salary expenditure ranging from Rs.69.83 crore to Rs.550.17 crore during 2001-04 in excess of the prescribed limit as indicated in Table-3.

Table-3

(Rupees in crore)

Year	Salary expenditure			Permissible salary expenditure within 2.5 *per cent*	Salary expenditure in excess of 2.5 *per cent*	Percentage of excess
	Plan	Non-plan	Total			
1999-2000 (Base year)	860.85	2451.01	3311.86			
2000-01	834.30	2630.19	3464.49	3394.66	69.83	2.06
2001-02	865.63	2744.52	3610.15	3479.52	130.63	3.75
2002-03	787.57	2858.74	3646.31	3566.51	79.80	2.24
2003-04	408.91	3796.93	4205.84	3655.67	550.17	15.05

Source: Departmental figures

The reasons for excess were neither on record nor stated.

Government of Assam was committed not to provide any budgetary support to Public Transport Sector from 01 June 2003. But, in violation of the commitment, the Government provided in the Budget for the year 2003-04, funds of Rs.1,665 crore under wage component (non-Plan: Rs.1000 crore and Plan: Rs.665 crore) and released the entire amount to Assam State Transport Corporation (ASTC). The reasons for such budgetary support of Rs.1,665 crore to ASTC were neither on record nor could be stated.

Computerisation of Treasuries

According to MTFRP commitment, computerisation of all treasuries was to be completed by 01 December 2003. It was however, intimated (July 2004) by the Director of Accounts and Treasuries Assam that it would take another two (2) years to make the system fully operational.

3.1.9 *Power Sector Reforms*

The objective of power sector reform was to reduce gradually the difference between the average cost of power per Kilo Watt Hour (KWH) and the average revenue per KWH by rationalising power tariff. However, there was no tangible reduction between the average cost of power/KWH and the average revenue/KWH as indicated in the Table-4.

Table-4

Year	Average unit cost of power/KWH (Rs.)	Average revenue/KWH per unit (Rs.)	Difference between the cost and revenue per unit (Rs.)
2000-01	6.76	3.29	3.47
2001-02	7.10	3.65	3.45
2002-03	6.27	3.10	3.17
2003-04	NA	NA	NA

Source: Departmental figures
NA: Not Available

Energy audit through 100 *per cent* metering at 11 KV sub-station is in progress and universal metering at the level of consumers had not been done as of June 2004.

No policy decision was taken for introduction of Voluntary Retirement Scheme (VRS) in Assam State Electricity Board (ASEB). The matter was stated to be in progress.

3.1.10 *Fiscal sustainability and transparency*

It was agreed upon in the MoU (MTFRP) to create a cell in the Finance Department by 30 June 2003 to monitor Government Debt, off budget borrowings as well as other contingent liabilities and formulate strategies to minimise the fiscal risks. But in violation of the commitment, Finance Department being the nodal department had not created any such cell as of June 2004.

The State Government had also neither brought out and passed Fiscal Responsibility and Budget Management Bill in the Legislature as of June 2004 nor had taken any measure for upgradation and modernisation of technology to tighten process of budgetary control.

3.1.11 *Introduction of VAT*

According to MoU (MTFRP), State Government was to introduce Value Added Tax (VAT) system from 01 April 2003 but as of June 2004 failed to operationalise the system.

3.1.12 *Entry Tax*

The Government introduced Entry Tax Act from 01 October 2001 for levy of entry tax on all goods to the State. The schedule to the Act was modified on 08 January 2002 and 02 August 2002 and some high value goods inserted with effect from 26 August 2003. As against the annual target for collection of Rs.30 crore as entry tax, the department (Finance, Taxation) could collect only Rs.7.84 crore (26 *per cent*), Rs.28.34 crore (94 *per cent*) and Rs.28.21 crore (94 *per cent* provisional) during 2001-02, 2002-03 and 2003-04 respectively.

3.1.13 *Luxury Tax 1997*

This tax introduced in 1997 was amended from 20 May 2000 to cover up short fall in revenue receipts due to allowing of excise concessions from Government of India on Cigarette related industries set up in Assam and North Eastern Region under North East Policy Scheme of the Government of India. The collection of revenue under this Act during the period from 2000-01 to 2003-04 was Rs.114.07 crore.

3.1.14 *Amusement and Betting Tax*

This tax was introduced on 01 February 2000. As against the annual target of Rs.50 lakh, revenue realised during 2001-02 and 2002-03 was Rs.9.95 lakh (20 *per cent*) and Rs.12.05 lakh (24 *per cent*) respectively.

3.1.15 *Land Revenue*

Augmentation of the collection of Land Revenue by re-assessment in both urban rural areas was taken up from 01 April 2003 but implementation of the same is yet to be effected. As against collection of Land Revenue of Rs.69.09 crore during 1999-2000, collection of Land Revenue during subsequent years declined by 3 *per cent* (Rs.67.20 crore) in 2000-01, 8 *per cent* (Rs.63.26 crore) in 2001-02 and 10 *per cent* (Rs.62.12 crore) in 2002-03.

3.1.16 *Stamp and Registration fees*

Though the Government of Assam committed itself in the MoU (MTFRP) to rationalise stamps and registration by the Budget year 2003-04 but, the same had not been done as of June 2004. However, the State Cabinet had approved the Indian Stamp (Assam Amendment) Bill 2003, which is yet to be enacted by the Legislature.

3.1.17 *State Excise*

According to MoU (MTFRP), excise duty was to be rationalised by amendment of Excise Rules to increase import duties and duties on country spirit and introduction of pass fee from bond to bond transfer of stock within the State by 01 June 2003. But, contrary to the commitment, no amendment was made by the Government of Assam, as of June 2004. There were however, overall shortfall in achievement in collection of excise duty by 14 *per cent*[9] (Rs.25 crore) during 2001-02 and 26 *per cent* (Rs.41.83 crore) during 2002-03 over the targets fixed for these years.

3.1.18 *Borrowing programme to finance plans*

It was agreed upon in MoU that in order to manage the consolidated debt position of the State, Government of Assam would keep the borrowings within the MTFRP projection. The details of MTFRP projection vis-à-vis actual borrowings for the years 2000-04 are indicated in Table 5.

[9]

1. Target for collection	**2001-02**	**2002-03**
	Rs.176.00 crore	Rs.163.83 crore
Less collection	Rs.151.00 crore	Rs.122.00 crore
Shortfall	**Rs.25.00 crore**	**Rs. 41.83 crore**
2. Percentage of shortfall	**14 *per cent***	**26 *per cent***

Table-5

Borrowing programme to finance plans#

(Rupees in crore)

Sl. No.		2000-01		2001-02		2002-03		2003-04		Total	
		Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
1	Net Provident Fund	455.43	455.43	270.00	269.94	279.00	219.22	275.00	542.03*	1279.43	1486.62
	As % of Revenue Receipts	8.08	8.08	4.71	4.53	4.23	3.23	3.74	6.98		
2	Net Small Savings Loans	527.58	527.58	388.52	388.52	577.50	855.05	550.00	1196.30	2043.60	2967.45
	As % of Revenue Receipts	9.36	9.36	6.78	6.51	8.75	12.59	7.48	15.41		
3	SLR Borrowings (Gross)	379.90	379.90	531.28	531.28	385.10	910.65	385.00	942.97	1681.28	2764.80
	As % of Revenue Receipts	6.74	6.74	9.27	8.91	5.84	13.41	5.24	12.14		
4	Negotiated Loans	98.61	180.92	89.34	155.35	228.12	40.06	182.02	30.00	598.09	406.33
	As % of Revenue Receipts	1.75	3.21	1.56	2.60	3.46	0.59	2.48	0.39		
5	Central Assistance (Loan component)	14.66	168.85	15.61	159.32	17.49	241.56	19.69	289.47	67.45	859.20
	As % of Revenue Receipts	0.26	3.00	0.27	2.67	0.27	3.56	0.27	3.73		
	Total	**1476.18**	**1712.68**	**1294.75**	**1504.41**	**1487.21**	**2266.54**	**1411.71**	**3000.77**	**5669.85**	**8484.40**

Source: Finance Accounts and Departmental figures

*8009 = State Provident Funds (Finance Accounts 2003-04)

Projected figures for 2004-05 not shown.

Overall excess borrowings during 2000-04 was Rs.2,814.55 crore (Rs.8,484.40 crore – Rs.5,669.85 crore). Excess borrowings during 2000-01 and 2001-02 under Negotiated loans were Rs.82.31 crore and Rs.66.01 crore respectively and under Central assistance (Loan component) were Rs.154.19 crore and Rs.143.71 crore respectively. Again in the year 2002-03 and 2003-04 there were excess borrowings under Net small savings loans (Rs.277.55 crore) and (Rs.646.30 crore), SLR borrowings (Rs.525.55 crore) and (Rs.555.97 crore) and Central assistance loan component (Rs.224.07 crore) and (Rs.269.78 crore) respectively.

Thus, the State Government failed to contain the borrowings within the stipulated limit as committed in the MTFRP projection.

3.1.19 *Public Sector Restructuring*

Though it was committed by the Government of Assam that a policy paper on reforms in the public sectors would be brought out with a road map of reforms by 31 July 2003, but the same has not been finalised, as of June 2004.

Closure of PSUs

According to MoU (MTFRP), the following five PSUs were to be closed by 31 December 2003.

(1) Cachar Sugar Mills Ltd. (2) Assam Spun Silk Mills Ltd. (3) Fertichem Ltd. (4) Assam Co-operative Sugar Mills Ltd and (5) Assam State Minor Irrigation Development Corporation Ltd.

Records, however revealed that three PSUs viz., Cachar Sugar Mills Ltd.; Assam Spun Silk Mills Ltd. and Fertichem Ltd. under the Administrative Control of Industries and Commerce Department are yet to be closed. The reasons for non-closure of the PSUs as agreed upon in MoU were neither on record nor stated.

Dis-investment

The Government of Assam was committed to undertake and complete the process of dis-investment of the following five Public Sector Enterprises (PSEs) by 31 December 2003.

(1) Assam Tea Corporation Limited (2) Assam Syntex Limited (3) Assam State Textile Corporation Limited (4) Assam State Weaving and Manufacturing Company Limited and (5) Assam Co-operative Spinning Mills Limited.

It was however, revealed during audit that as of June 2004, the process of dis-investment in respect of four PSE's was under process and the Government was yet to decide disinvestments of Assam Co-operative Spinning Mills Ltd.

Voluntary Retirement Scheme (*VRS)*

The Government is examining the sanction of Voluntary Retirement Scheme (VRS) to the employees of non-profitable PSUs/PSEs to minimise the expenditure on the PSUs/PSEs.

There are 48 State PSUs/PSEs in Assam under the Administrative Control of 24 Departments. Though policy on VRS for the employees of State Level Public Sector Enterprise of Assam has been finalised with the approval of Cabinet, the actual implementation of VRS by the concerned PSUs/PSEs could not be ascertained due to non-availability of relevant records and lack of monitoring by Department of Public Enterprises, which was the nodal department.

3.1.20 The foregoing observations were reported to Finance Department of the Government in October 2004; their replies had not been received (October 2004).

PUBLIC WORKS DEPARTMENT

3.2 *Strategic and Border Roads (Indo-Bangladesh Border)*

The Indo-Bangladesh Border Road and Fence Project was taken up during 1986-87 as a 100 per cent centrally assisted project with the objective of preventing illegal infiltration. A review of the construction of the road and fence works undertaken by the State Government revealed that the funds provided during 1999 to 2004 by the Government of India, for the purpose could not be utilised in full. Funds were diverted to other State units/agencies in the form of material and machinery resulting in non-completion of road and fence works till date and thereby exposing the international border to the infiltrators. As 40 per cent (107 Km) of the Indo-Bangladesh border under riverine section remained unsealed, the primary objective of preventing illegal infiltration stands defeated. Some of the significant audit findings are summarised below:

Highlights

-- Overall shortfall in construction of road was 4 *per cent* and 49 *per cent* under phase-I and phase-II respectively and that of fence was 4 *per cent* and 85 *per cent* respectively.

(Paragraph 3.2.5)

-- The department did not handover 41.5 km of road and 6.4 km of fence to CPWD and BSF respectively for utilisation and maintenance. Also there were delays in handing over of 24.3 km of road and 64.9 km of fence ranging from three to eight years.

(Paragraphs 3.2.7 & 3.2.8)

-- The department incurred unfruitful/infructuous/wasteful/ unproductive and unauthorised expenditure of Rs.9.13 crore.

(Paragraphs 3.2.6, 3.2.7, 3.2.9 and 3.2.11)

-- There was diversion, misuse and locking up of central funds, aggregating Rs.7.53 crore.

(Paragraph 3.2.10)

- In violation of financial rules and administrative orders of the Government two BRC divisions paid Rs.21.23 crore during 1999-2000 and 2003-2004 through 2,093 Hand Receipts.

(Paragraph 3.2.14)

3.2.1 *Introduction*

Assam has an inter-state boundary with Meghalaya, Nagaland, Arunachal Pradesh, West Bengal, Mizoram, Tripura and Manipur spreading over 2,276 km and also shares international boundaries of approximately 536.30 km with Bangladesh (267.30 km) and Bhutan (269.00 km). To secure the international border between Assam and Bangladesh and to prevent infiltration of foreign nationals, construction of Indo-Bangladesh Border (IBB) Road and Fence in Assam was taken up from 1986-87 as a 100 *per cent* centrally assisted project under clauses 9.1 and 9.2 of ‘Assam Accord’ signed by the Government of India, Government of Assam and All Assam Students Union on 14 August 1985. The objective of the project was to prevent illegal infiltration through physical barriers like construction of all weather road and providing barbed wire fencing along the entire stretch of the border to facilitate effective patrolling by the security forces on land as well as riverine routes.

Out of 267.30 km of Indo-Bangladesh Border (IBB) with Assam, 160.30 km is surface border and rest 107 km is riverine border. The project report, however, proposed construction of 231.007 km of road and 224.022 km of fence, of which the Government of India approved construction of 199.953 km of road and 176.53 km of fence at a cost of Rs.289.06 crore in two phases–Phase-I (1986-2001:Rs.122.06 crore) and Phase-II (2001-2006: Rs.167.00 crore).

3.2.2 *Organisational Set-up*

The Ministry of Home Affairs, Government of India (MHA) is primarily responsible for construction and maintenance of border roads. This Ministry is also responsible for overall planning, sanctioning of projects, provision of funds and evolving standards/specifications for execution of the works relating to border roads.

The Central Government entrusted the work of construction of IBB road and fence to the Public Works Department (PWD), Assam as executing agency. The Chief Engineer (CE), PWD (Border Roads), Assam executed the works of Border Road and Fence under his direct control. One Superintending Engineer (SE) and three Executive Engineers (EEs)[10] of three border roads construction (BRC) divisions assisted the CE. The Central Public Works Department (CPWD) was responsible for maintenance and repairs of the completed border roads and the Border Security Force (BSF) for the fence.

3.2.3 *Audit coverage*

The implementation of the project and execution of works there under were reviewed in Audit between February-April 2004 by test-check of records of the CE, PWD (Border Roads), Assam and three EEs covering a period of five years from 1999 to 2004 and expenditure of Rs.60.76 crore[11] (100 *per cent*). Audit findings are given below:

3.2.4 Financial outlay and expenditure

Against the approved project cost of Rs.289.06 crore to be released in two phases-Phase-I (1986-2001:Rs.122.06 crore) and Phase-II (2001-2006: Rs.167.00 crore), Government of India released Rs.147.65 crore during 1986-2004 against which the State Government utilised Rs.143.61 crore on construction of 171.428 km of road (including bridges and link roads) and 148.085 km of fence as detailed in ***Appendix-XIV.*** However, as per accounts, expenditure during the corresponding period was Rs.146.66 crore and the resultant discrepancy of Rs.3.05 crore (Rs.146.66 crore – Rs.143.61 crore) was due to non-reconciliation of departmental expenditure with those booked by the Accountant General (A&E). Year-wise funds released by Government of India to Government of Assam and in turn funds released by the latter

[10] Dhubri (erstwhile Mancachar), Patharkandi, Badarpur (erstwhile Cachar)
[11] Original Works Rs:56.05 crore + Maintenanace/repair:4.71 crore=Rs.60.76 crore

to the implementing agency and expenditure incurred there against during 1999 to 2004 were as under:

Table-1

(Rupees in crore)

Year	**Funds released by Government of India**		**Funds released by Government of Assam to implementing agency**		**Expenditure incurred by executing agency**		**Excess (+) / Short (-)) release of fund by State Government**	
	Original	**Main-tenance**	**Original works**	**Mainte-nance**	**Original Works**	**Mainte-Nance**	**Original works (2-4)**	**Repairs/ maintenance (3-5)**
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**	**(7)**	**(8)**	**(9)**
1986-87 to 1998-99[12]	**96.00**	**0.93**	**88.32**	**0.22**	**63.48**	**22.42**	**(-) 7.68**	**(-) 0.71**
1999-2000	12.00	--	11.23	0.35	11.25	0.94		
2000-2001	15.62	1.60	12.77	0.08	14.02	1.21		
2001-2002	5.00	1.50	9.62	1.60	8.73	1.48		
2002-2003	Nil	Nil	6.67	1.78	6.32	1.08		
2003-2004	15.00	Nil	15.00	Nil	15.73	…		
Total of 1999-2004	**47.62**	**3.10**	**55.29**	**3.81**	**56.05**	**4.71**	**(+) 7.67**	**(+) 0.71**
Grand total 1986-2004	**143.62**	**4.03**	**143.61**	**4.03**	**119.53**	**27.13**	**(-) 0.01**	**…**
	147.65		**147.64**		**146.66**		**(-) 0.01**	

Source: For Column (2) to (5) furnished by the department and for column (6) & (7) as per Appropriation Accounts.

In addition to the expenditure shown in Table-1 above, the department also had a liability of Rs.8.68 crore (February-March 2004) created by two BRC divisions (Dhubri: Rs.2.42 crore and Patharkandi: Rs.6.26 crore) between 1995-2001 against 52 road/fence works. The EEs of the two divisions stated (April 2004) that the liabilities were created due to non-receipt of funds from the Government to the extent of works done by the contractors as per sanctioned estimates and pending court verdicts (17 cases). The reply of the EEs is not tenable as there was no appreciable shortfall in release of funds**.**

Government of India released funds mostly at the end of each financial year, which, in turn was released by State Government and utilised by the implementing agency in subsequent years. The delay in release of funds by the State Government ranged between 24 days and 361 days as shown in ***Appendix-XVI.*** The delay in release of fund by both the Centre and the State resulted in delay in execution of works.

Implementation of Projects

3.2.5 *Targets and achievements*

Targets and achievements in the construction of IBB road and fence works during 1986-2004 are given in the Table-2

[12] Position of funds released by Government of India, Government of Assam and expenditure incurred by the executing agency during 1986-87 (inception) to 1998-99 is given in ***Appendix-XV.***

Table-2

Name of work	Districts	Phase	Project content (kms)	Length as per sanctioned estimate (kms)	Length executed (kms)	Shortfall in execution (5-6) (kms) (Figures in brackets indicate percentage)	Length handed over (kms)	Balance to be handed over as of 31.3.2004 (6-8) (kms)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Road	Dhubri	Phase-I Phase-II	76.280 12.50	75.891 9.22	72.091 9.22	3.80 (5) …	69.62 3.715	2.471 5.505
	Karimganj	Phase-I Phase-II	69.867 35.00	69.882 15.60	67.957 14.50	1.925(3) 1.10 (7)	48.928 …	19.029 14.50
	Cachar	Phase-I Phase-II	7.360 30.00	7.360 22.00	7.360 Nil	… 22.00 (100)	7.36 Nil	-- Nil
	Total:	**Phase-I** **Phase-II**	**153.507** **77.50**	**153.133** **46.82**	**147.408** **23.72**	**5.725 (4)** **23.1 (49)**	**125.908** **3.715**	**21.5** **20.005**
	Grand Total	**Phase-I & II**	**231.007**	**199.953**	**171.128**	**28.825 (14)**	**129.623**	**41.505**
Fence	Dhubri	Phase-I Phase-II	74.498 6.50	74.411 4.317	72.855 3.80	1.556 (2) 0.517 (12)	70.865 Nil	1.99 3.80
	Karimganj	Phase-I Phase-II	71.724 35.00	70.142 Nil	65.484 Nil	4.658 (7) …	64.884 Nil	0.600 Nil
	Cachar	Phase-I Phase-II	6.30 30.00	6.000 21.66	5.946 Nil	0.054 21.66	5.943 Nil	0.003 Nil
	Total:	**Phase-I** **Phase-II**	**152.522** **71.50**	**150.553** **25.977**	**144.285** **3.80**	**6.268 (4)** **22.177 (85)**	**141.692** **Nil**	**2.593** **3.80**
	Grand Total	**Phase-I & Phase-II**	**224.022**	**176.53**	**148.085**	**28.445 (16)**	**141.692**	**6.393**

From Table-2 given above, it may be seen that the State PWD fell behind the target for construction of IBB road and fence under both phase-I and phase-II. Shortfall under road sector was 4 *per cen*t under Phase-I (147.408 km out of 153.133 km) and 49 *per cent* under phase-II (23.72 km out of 77.50 km). Under fencing sector shortfall was 4 *per cent* under phase-I (144.285 km out of 150.553 km) and 85 *per cent* under phase-II (3.80 km out of 25.977 km).

The department had also failed to achieve the annual targets fixed for the last five years 1999 to 2004 as detailed in ***Appendix–XVII.*** From the appendix, it may be seen that under road sector, the department fell short of annual targets ranging from 38 to 89 *per cent* under phase-I and from 10 to 74 *per cent* under phase-II. In respect of fence works, the shortfall ranged between 48 and 100 *per cent* under phase-I and 31 and 100 *per cent* under phase-II.

The CE stated (April 2004) that shortfall in achievement was largely due to uneven topography, difficult terrain, adverse weather conditions, limited working season and irregular flow of fund etc.

3.2.6 Delay in implementation of Phase-II works (road and fence)

The Government of India (MHA) conveyed (June 2000) sanction of Rs.167.00 crore for construction of riverine section of IBB road and fence (phase II works) in Assam with target date of completion within 2006-2007. Out of 107 km of riverine sector of road and fence, Government of India approved works for construction of 77.50 km road/bund-cum-road and 71.50 km fence. Against this, Government of India sanctioned Rs.73.86 crore for construction of 46.82 km of road (Rs.61.04 crore) and 25.977 km of fence (Rs.12.82 crore) leaving 30.68 km (40 *per cent*) of road and 45.523 km (64 *per cent*) of fence yet to be sanctioned. Against the sanctioned length, the BRC divisions, as of March 2004, completed only 23.72 km (14.50 km + 9.22 km) of road (51 *per cent*) and 3.80 km of fence (15 *per cent*) at a cost of Rs.13.69 crore as detailed in ***Appendix-XVIII***.

The construction of road and fence in no man's land (within 150 yards of international boundary) was in violation of the provision of Indo-Bangladesh border guideline 1975 and as such Government of India was yet to approve such constructions (March 2004). Ignoring the IBB guideline, the department in their 51st technical committee (September 2001) and in further review meeting (February 2003), decided to construct IBB road along river Kushiara from BP No. 1356 to BP no. 1357 by improving the existing flood control dykes and providing security fencing along the existing flood control dyke though the dyke falls within a distance of 150 yards (137 mtr.) from the Indo-Bangladesh border line. The proposed alignment in the stretch of 36.16 km (from Lafasail to Nathanpur) of fence varied from 70 m to 400 m from international boundary and would affect 1,272 households and other establishments[13] as revealed from a joint physical verification report (February 2004) of the personnel of BSF and BRC division. Pending finalisation and approval of Government of India to the proposed alignment, the EE, Patharkandi BRC division had unauthorisedly completed 93 *per cent* work of IBB bund-cum-road at a cost of Rs.2.31 crore as of March 2004 though such constructions have been objected to by the Government of Bangladesh (Media report 4 May 2004). Due to the delay in arriving at a final decision on finalisation of road and fencing alignment, 107 km of riverine border was yet to be protected.

Thus, due to lackadaisical attitude of the Central and the State Governments, 107 km of riverine border constituting as much as 40 *per cent* of total IBB road and fence project, remained unsealed which was critical to the objective of preventing illegal infiltration.

3.2.7 *Non-handing over of completed works (road and fence)*

Of the total constructed road (171.128 km) and fence (148.085 km) under both the phases, the department handed over 129.623 km of road and 141.692 km of fence to the CPWD and BSF respectively leaving balance 41.505 km of road and 6.393 km of fence still to be handed over. The EEs stated that due to non-completion of bridge approaches and damage to some sections of road and fence by flood, the remaining road and fence could not be handed over. Test-check of records of the EE however, revealed that their replies were only partially true as would be evident from the following instances-

For construction of three RCC bridges (including bridge at Ch.9553.00 m) under Phase-I (Phase-IV) of IBB Road from B.P. No.1380/3S to 1386 on a stretch of 15.993 km road, the Government accorded (June 1994) sanction of Rs.1.51 crore. The department took up construction of road and bridge works before conducting a proper survey. The construction of bridge commenced in December 1999 with a new alignment and was completed in March 2002 at a cost of Rs.57.07 lakh (Rs.48.14 lakh

[13] 1160 houses, 91 shops,4 schools, 6 temples, 8 mosques, 1 irrigation plant and 1 anganwadi centre and 1 mazar peer = 1,272.

paid up to April 2004). The Department could not handover the road to CPWD due to non-completion of approaches at the new site rendering the expenditure of Rs.57.07 lakh unproductive. The original alignment constructed during 1993 at a cost of Rs.19.41 lakh was abandoned due to hard rock and high flood level difference between the banks and subsequent diversion-road constructed (March 2002) at a total cost of Rs.21.02 lakh was also not in line with steep gradient in the stretches from ch.9607.00 m to ch.10024.00 m. As the bridge could not be opened to traffic, the expenditure of Rs.40.43 lakh (Rs.19.41 + Rs.21.02 lakh) proved infructuous.

Mention was made in Para 4.12 of Audit Report (Civil) for the year 2001-02 regarding wasteful expenditure of Rs.95 lakh on injudicious construction of a RCC bridge (36.72 m) located (at Ch. 2700 m – BP No. 1030/29-T to BP no. 1031/15-3 under phase V) in an erosion prone area of river Chandrakhola in Dhubri district.

Further scrutiny revealed that the PWD was yet to take up construction of eroded approaches (length of 18 m and 20 m on cither side of the bridge). Therefore, construction of IBB road (phase V of phase-I) from BP no. 1030/29-T to BP No. 1031/15.5 sanctioned during August 1987 remained incomplete as of March 2004 and only 2.405 km out of 4.010 km had been completed. Thus, PWD failed to hand over 4.010 km of IBB road along with Chandrakhola Bridge to CPWD.

Sanction for Rs.18.22 lakh was accorded (August 1989) for construction of one RCC bridge (30 m span) over Devikura channel without proper survey, soil test and study of hydrological data. The bridge was completed (January 1993) at a cost of Rs.17.17 lakh without construction of approaches slab/pitching. Meanwhile, during the flood of July 1993, the bridge collapsed leaving no scope for repair and thus, the entire expenditure of Rs.17.17 lakh became infructuous.

For reconstruction of this RCC bridge, again sanction for Rs.1.13 crore was accorded (May 2002). Against the scheduled date for completion of the bridge by June 2003, the department had completed only 80 *per cent* (March 2004) of it at a cost of Rs.68.28 lakh. The department, thus, failed to hand over the road to CPWD for the last 14 years due to non-completion of the bridge.

The Government of Assam sanctioned (October 1995) Rs.2.01 crore for construction of IBB Road with estimated provisions for hume pipe (HP) culverts at six chainages from Border Pillar (B.P.) No.1397 to 1800/3R. Laying of hume pipes was done in three chainages at a cost of Rs.1.26 lakh but the hume pipes sank immediately due to marshy nature of soil as stated by the E.E, Patharkandi.

Subsequently, the EE without obtaining prior approval and sanction constructed six semi permanent timber (SPT) bridges during October (four bridges) and February 2000 (two bridges) at a cost of Rs.12.40 lakh. Due to poor constructions all the SPT bridges collapsed (1999-2000) resulting in total loss of Rs.13.66 lakh (Rs.1.26 lakh + Rs.12.40 lakh) which was compounded by non-handing over of the road to CPWD even after eight years of sanction.

The Government of India sanctioned (September 1994) Rs.99.66 lakh for construction of two RCC bridges (@ Rs.49.83 lakh each) on Kukurmara and Keshurvita Link Roads (50.82 m and 47.56 m length). The CE, PWD Border Roads awarded (January-February 1995) the works to two contractors with the stipulation to complete the work by July-August 1996. The construction of bridges taken up in May 1997 and in January 1995 were completed during May 2002 at a total cost of Rs.1.61 crore (Rs.0.77 crore + Rs.0.84 crore) with a cost overrun of Rs.61.34 lakh (62 *per cent*) over the sanctioned amount. The revised estimates submitted by the Department had not yet been approved and sanctioned by GOI. Thus, the Department incurred an unauthorised excess expenditure of Rs.61.34 lakh. Though the bridges were completed during 2002, these could not be handed over as provision for construction of approaches (link road) were not made in the original sanctioned estimate. The EE unauthorisedly spent Rs.3.14 lakh on construction of one-bridge (Keshurvita) approaches by awarding (June 1999) work order without sanction. The Department failed to hand over 3.19 km (1.39 km + 1.80 km) link road due to non-completion of approaches rendering the expenditure of Rs.1.61 crore unfruitful besides thus denying entry of BSF personnel to the main IBB Road.

Evidently, the Department failed in proper planning, management and smooth execution of the project works which resulted in non-completion of the project and non-handing over of completed road (41.505 km) and fence (6.393 km) to the CPWD and BSF respectively. Besides, in the absence of quality control mechanism with both the CE and the EEs, the quality of works (road and fence) executed were not ensured.

3.2.8 *Delay in handing over of completed road and fence works*

The IBB road works from BP no. 1357 to 1372 (24.287 km) constructed between March 1995 and March 1997 at a cost of Rs.7.55 crore were handed over to CPWD for maintenance during August 2003 only resulting in delay of handing over of completed works by six to eight years.

As the completed roads were not handed over immediately within 12 months of their completion to CPWD for maintenance, the roads had undergone extensive damage[14] as revealed from the joint (APWD & CPWD) verification report of August 2003.

Out of sanctioned work for 71.724 km fence (Phase I) for Karimganj district, Patharkandi BRC division constructed 65.484 km of fence from BP No. 1373 to 1800/3R after incurring an expenditure of Rs.10.24 crore against approved project cost of Rs.12.02 crore. The division completed the works between September 1995 and May 2001 and handed over 64.884 km of fence in damaged condition to the BSF during April 2003 with delays ranging from three to eight years.

According to the report (April 2003) of 107 BN BSF sent to the CE (Border Roads) Assam, a stretch of 39.843 km fence constructed at a cost of Rs.6.23 crore[15] was

[14] **(1)** Surfacing of the road worn out in stretches upto 17th km.
(2) Pot holes in different stretches upto average 8 *per cent* of total area.
(3) Embankment partially slided for length of 30.00 m on India side and 50.00 m on Bangladesh side.
(4) The wearing coat of the bridge at Ch. 3352 m and 4156 m damaged in one spot of both the bridges.
(5) At Ch. 9957 m the bridge approach depressed on either side for 5 m length.

[15] Cos of construction of 65.484 km was Rs.10.24 crore and therefore cost of construction of 39.843 km is Rs.6.23 crore

handed over by the BRC division, Patharkandi on "as is where is basis" and in a rusty and damaged condition which did not serve the desired purpose.

3.2.9 *Handing over of incomplete roads*

The construction of six works of IBB Road under phase VI (phase I) involving road length of 3.927 km were awarded by CE during 1999-2003 to different contractors with the stipulation to complete the works in all respects (i.e., from earthwork to metalling and black topping) within six months from award of the work.

The works however, remained incomplete (January 2004) at various stages (viz., earth work, granular sub-base, WBM and black-topping etc.) due to inaction of the EE Patharkandi since January 2000 to get the works completed in all respect. The department handed over these incomplete works to CPWD during January 2004. Due to non-execution of remaining works for last four years the works executed were damaged by torrential rainwater and wear and tear resulting in unproductive expenditure of Rs.43.62 lakh on incomplete roads.

The EE had stated (April 2004) that the contractors could not complete the works due to delay in release of funds and for want of bitumen. The reply of the EE is not tenable as there was no shortage of materials (bitumen) during 1998-99 and also there was regular flow of funds from Government of India during the above period.

3.2.10 *Diversion, misuse and locking up of Central fund*

The executing agency viz., the State PWD had diverted, misutilised and locked up central assistance of Rs.7.53 crore[16] received for IBB road and fence works to benefit State PWD/Irrigation divisions, ASEB and bank. These diversions as mentioned below had adversely affected the implementation of IBB road and fence project.

The expenditure of Rs.146.14 crore incurred on border road and fence project up to 2003-04 included Rs.4.02[17] crore being cost of 15,597.65 tonne of cement diverted by the State PWD during 1992-96 to the State PW/Irrigation divisions and Assam State Electricity Board (ASEB).

Of this, the CE, PWD (Border Roads) received Rs.3.44 crore between May 1992 and March 2002 leaving a balance of Rs.0.58 crore yet to be recovered (State P.W. Divisions: Rs.0.09 crore, Irrigation Division: Rs.0.05 crore and ASEB: Rs.0.44 crore).

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[16] Rs (3.73+1.80+2.00) crore)=Rs.7.53 crore.

[17] Final position of diverted amount stood as under:

Name of the Department/authority to whom diverted	Quantity in tonne	Amount (Rs. in Crore)
Assam State Electricity Board (ASEB)	3,640.95	0.88
PWD Divisions	11,256.70	2.94
PHE Divisions	550.00	0.15
Irrigation Division	150.00	0.05
Total	**15,597.65**	**4.02**

Out of Rs.3.44 crore, the department had spent only Rs.0.29 crore on procurement of bitumen etc., leaving unutilised balance of Rs.3.15 crore parked under Public Account of the State Government for the last 8 to 12 years[18]. The EEs of Dhubri and Patharkandi divisions stated that they could not utilise the amount due to non-receipt of further instructions from the higher authority.

Execution of border road works thus suffered due to injudicious diversion and blocking of central funds of Rs.3.73 crore (Rs.3.15 crore + Rs.0.58 crore).

The EE, Border Road Construction (BRC) Division, Patharkandi in violation of financial rules and only to prevent lapse of budget grant, drew Rs.2.06 crore by presenting seven self-cheques in February 2003. The EE after disbursement of Rs.13 lakh to contractors during March 2003, converted balance of Rs.1.93 crore into four Deposit at Call Receipts (DCR) of SBI, Karimganj branch. The EE made a further payment of Rs.13 lakh by encashing the DCRs leaving balance Rs.1.80 crore locked up outside Government account in the form of four DCRs of bank for a period of 14 months up to March 2004.

The Director General (DG), works (CPWD), New Delhi sanctioned (December 2003) Rs.14.14 crore for construction of IBB Road (Length-7.5 km) under Cachar District. Again tentative sanction for Rs.4.81 crore was accorded (December 2003) for acquisition of land over a stretch of 30 km along river Surma in Cachar district. The PWD released (January 2004) Rs.2.02 crore of which EE, BRC division, Badarpur paid (January 2004) Rs.2.00 crore to the Deputy Commissioner (DC) Cachar for acquisition of land. The DC kept the entire amount under civil deposit since no land acquisition estimate was sanctioned by the Revenue department of the Government and notifications in respect of three out of 17 cases only were made as of April 2004. The CE stated that work could not be started due to non-acquisition of land.

3.2.11 *Unfruitful/infructuous/wasteful/unauthorised expenditure*

From B.P. No.1397 to 1800/3RI under Phase-I of the Project, the EE, BRC division, Patharkandi completed (May 2001) and handed over (January 2004) only 3.5 Km out of 6.55 km fencing to BSF leaving balance 3.05 Km at incomplete stage. On this sector the EE incurred an expenditure of Rs.69.48 lakh up to January 2004.

Non-completion of construction was attributed by the EE to international dispute in the boundary at Latitilla Dumabari Area. The action initiated by the department for settlement of the dispute was not on record of the division/CE. Therefore, 3.05 km of international boundary remained open to infiltrators thereby rendering the expenditure of Rs.69.48 lakh unproductive.

The PWD incurred expenditure of Rs.8.93 crore for construction of 74.49 km of approved fence in Dhubri district. According to a report submitted (June 2003) by EE, BRC division to CE (Border Roads) 13.275 km of security fence constructed between March 1993 and March 1998 from BP no. 1053 to BP no. 1071/3-S became useless

[18] Dhubri Treasury Rs.2.32 crore and Karimganj Treasury Rs.0.68 crore, Bongaigaon Treasury Rs.0.10 crore and New Guwahati Treasury Rs.0.05 crore = Rs.3.15 crore.

because fences constructed in low lying area (11.721 km), submerged portion (1.065 km) and single line fencing (0.489 km) remained under water during flood season and some portion of the fencing was silted by the flood water. This rendered the expenditure of Rs.1.59[19] crore infructuous.

Construction of RCC bridge (39/1) was sanctioned (August 1989) for Rs.14.85 lakh) at Ch. 8200 m of phase IV-IBB road (L 32.34 m). The department took up construction of the bridge without conducting a proper soil test and without proper consideration of High Flood Level (HFL) and also failed to take adequate protection measure. The bridge was completed during July 1994 at a cost of Rs. 39.20 lakh. The bridge was completely washed away by the floodwater of the Gangadhar River in August 1999 rendering the entire expenditure of Rs.39.20 lakh wasteful. The IBB road was handed over to CPWD on 31 December 1999 without reconstructing the bridge.

Thus, due to defective planning and lack of follow-up actions by the department the entire expenditure of Rs.39.20 lakh was rendered wasteful. Besides handing over of IBB Road to CPWD at incomplete stage with gap of 32.34 m was meaningless.

3.2.12 *Loss of Government money*

Eight RCC bridge approaches relating to phase-I of IBB road constructed during 1999-2000 at a cost of Rs.15.16 lakh were damaged extensively due to heavy rain, for want of protection work and poor quality of construction. This resulted in loss of Rs.15.16 lakh.

Though the CE, PWD (Border Roads), Assam had instructed (September 2003) the EE, Patharkandi BRC division for early restoration of damages, the EE stated (April 2004) that protection work could not be undertaken due to shortage of funds.

The BRC division, Dhubri constructed between 1989-90 and 1995-96,1796 m of IBB road and 1746 m of security fence at a cost of Rs.29.09 lakh but, these were not handed to CPWD/BSF for maintenance after 12 and six months of construction respectively as required under norms. Between 1996 to 2001, the road and the fence were washed away by flood resulting in a loss of Rs.29.09 lakh.

The EE stated (April 2004) that the damage was attributed to absence of adequate protection measures for want of sanction from the higher authority. The reply of the EE is not tenable as the road and fence were neither handed to CPWD/BSF within the stipulated period nor did he furnish reasons for delay in handing over.

3.2.13 *Cost over run*

The Government of India (MHA) sanctioned between 1987-88 and 1999-2000 Rs.16.48 crore for execution of 13 works pertaining to two BRC divisions (Dhubri & Patharkandi). Against the targeted completion of works between 1988-89 and 2000-2001, the two BRC divisions claimed to have completed the works between

[19] Total expenditure for 74.49 km was Rs.8.93 crore and hence, expenditure for Rs.13.785 km is Rs.1.59 crore.

1993-02 at a cost of Rs.28.92 crore without obtaining prior approval of Government of India for the excess expenditure of Rs.12.44 crore. The State PWD revised/ re-revised the 13 estimates to Rs.28.68 crore to which the Government of India accorded approval and sanction between 1995-96 and 2002-03 for Rs.14.80 crore in respect of eight works and approval of Government of India to the remaining five estimates (Rs.13.88 crore) was awaited (April 2004). The delay in execution of works was stated to be due to location of site in remote and inaccessible areas, erosion of river and delay in land acquisition etc.

Thus, there was time over run ranging from one year to more than seven years and cost over run of Rs.12.44 crore as detailed in ***Appendix-XIX.***

Other points of interest

3.2.14 *Payment through hand receipts*

In violation of provisions of Assam Financial Rules, the EEs of Patharkandi and Dhubri divisions paid Rs.21.23 crore during 1999 and 2004 through 2093 hand receipts. In most of the cases, the divisions made payments through hand receipts three to four times in a single bill without passing the bills. Due to such part payments through hand receipts on unpassed bills, the entire transaction of Rs.21.23 crore made over the years could not be audited, as hand-receipts did not constitute formal and legal vouchers. The possibility of excess/double payments, fraud/misappropriation and evasion of taxes could not be ruled out.

The contention of the EEs (April 2004) that payments were made through hand receipts due to non-release of adequate funds was not acceptable in view of regular flow of fund from Central Government and artificial shortage of fund if any, created was because of misutilisation and short-release of fund by the Department and the Government respectively.

3.2.15 *Extra expenditure on* excess *work charged and muster roll workers*

The EEs of Dhubri and Patharkandi BRC divisions entertained 89 work charged and 97 muster roll staff during 2001 to 2004 in excess of requirement and against the works already handed over to CPWD and BSF. For retention of excess staff, these two divisions incurred extra expenditure of Rs.95 lakh[20] on their pay and allowances.

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[20]

(Rs. in lakh)

Year	Name of districts	Work charged staff	Muster roll	Excess pay & allowances
2001-02	Dhubri	--	38	7.92
	Patharkandi	10	12	8.07
2002-03	Dhubri	04	38	11.12
	Patharkandi	30	28	23.17
2003-04	Dhubri	05	38	12.34
	Patharkandi	40	43	32.79
Total		**89**	**197**	**95.41**

The department had not initiated any action to reduce the excess staff though the matter was intimated (January – March 2004) by the EEs to the CE (Border roads) Assam.

3.2.16 The matter was referred to Government in July 2004; their replies had not been received (October 2004).

3.2.17 ***Recommendations***

In view of the audit findings, following recommendations are made:

Diversion of central fund to other units/agencies must be stopped and immediate steps taken to recoup materials/machinery already diverted.

All cases relating to execution of work in the absence of administrative approval and technical sanction should be investigated and justification thereof if any be brought out. Such practice be stopped forthwith.

Practice of payment through hand receipts be stopped forthwith and all such cases be investigated thoroughly.

Priority should be given to check illegal infiltration across the border by completing all road and fence works including riverine sector and the same be handed over to the CPWD and BSF for maintenance within the prescribed period.

Effective steps be taken to introduce quality control system for ensuring quality in works.

SERICULTURE DEPARTMENT

3.3 *Working of Sericulture Department including Manpower Management*

The Sericulture Department is responsible for looking after overall development of Eri/Muga/Mulberry industry in the State through quality upgradation, technology absorption, productivity improvement etc. A review on the working of the department showed that budgetary and expenditure control was deficient leading to large unexplained savings. Internal control mechanism was virtually non-existent in the Department. The Department had no annual action plan for implementation of various schemes, there was shortfall in production of cocoons, and idle manpower was entertained.

Highlights

-- Of Rs.8.26 crore received from Central Silk Board during 1998-04, the Directorate could utilise only Rs.4.47 crore leaving the balance of Rs.3.79 crore in Personal Ledger Account.

(Paragraph 3.3.4)

-- Out of State's matching share of Rs.74.45 lakh under three components of the Catalytic Development Programme, the State Government had not released Rs.60.33 lakh.

(Paragraph 3.3.4)

-- Achievement in production ranged from 6 to 10 *per cent* in respect of eri disease free layings, 7 to 18 *per cent* in respect of muga seed cocoons and 8 to 48 *per cent* in respect of mulberry seed cocoons.

(Paragraph 3.3.11)

-- The Department could not utilise leaves worth Rs.2.37 crore produced in Eri Concentration Centres and Collective Mulberry Gardens during 1999-2004.

(Paragraph 3.3.12)

-- The Department incurred unproductive expenditure of Rs.49.26 lakh in three field offices on entertainment of idle staff.

(Paragraphs 3.3.16)

3.3.1 *Introduction*

Sericulture is one of the oldest and most labour intensive industries of the State, which involves a series of activities like eri, muga and mulberry seed generation, rearing of silk worms, reeling/spinning of cocoons. Though all varieties of silk worms are available in the State, the Director procured mulberry seeds from Central Silk Board (CSB) of Government of India and states of Meghalaya and Manipur to overcome the huge shortfall in the State.

The development of Sericulture in the State was vested in the Directorate of Sericulture and Weaving, which was renamed as Directorate of Sericulture from April 1983, consequent upon the creation of the new Directorate of Handloom and Textiles.

3.3.2 *Organisational Set-up*

The Commissioner and Secretary to the Government of Assam, Sericulture Department is in overall charge of the Department and is assisted by a Director, one Addl. Director, one Joint Director, six Deputy Directors at the Headquarters level; one Deputy Director, two Addl. Directors, 17 Assistant Directors, one Planning Officer at each district (23) level and 21 Superintendents of Sericulture at the sub-divisional (21) level.

3.3.3 *Audit Coverage*

The records of the Director of Sericulture and five[21] out of 23 district officers covering the period from April 1999 to March 2004 and expenditure of Rs.21.92 crore (26 *per cent*) out of Rs.85.18 crore were test-checked during April - July 2004. The districts were chosen based on topography and number of reeling/spinning centres maintained by district level officers.

Financial Management

3.3.4 *Budget and expenditure control*

The Directorate could not produce the records of preparation of consolidated budget estimates as also demands placed for supplementary grants and records of consolidation of feed back received from the field officers. The Director generally prepared departmental budget estimates by increasing the budget provision of the preceding year by 5 to 10 *per cent* without taking into account the annual fund requirement of both the headquarters and the field offices.

The contention of the Director stating (October 2004) that budget estimates were prepared on the basis of actual requirement of funds and based on the feed back received from field offices, was not acceptable as relevant records could not be produced to Audit.

The overall budget provision, expenditure there against under the three heads of accounts operated by the Department for the years 1999-2004 is shown in Table-1 below:

[21] Assistant Directors of Kamrup, Nagaon, North Lakhimpur, Dibrugarh, Karbi Anglong.

Table-1

(Rupees in crore)

Year	Budget Allotment			Expenditure			Savings (Figures within bracket represent percentage)		
	Non-Plan	Plan	Total	Non-Plan	Plan	Total	Non-Plan	Plan	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1999-2000	15.24	8.87	24.11	14.60	5.48	20.08	0.64 (4)	3.39 (38)	4.03 (17)
2000-01	16.23	8.47	24.70	15.18	6.30	21.48	1.05 (6)	2.17 (26)	3.22 (13)
2001-02	19.30	9.74	29.04	14.83	6.05	20.88	4.47 (23)	3.69 (38)	8.16 (28)
2002-03	20.57	8.24	28.81	14.75	4.60	19.35	5.82 (28)	3.64 (44)	9.46 (33)
2003-04	24.68	8.29	32.97	18.73	5.64	24.37	5.95 (24)	2.65 (32)	8.60 (26)
Total :	**96.02**	**43.61**	**139.63**	**78.09**	**28.07**	**106.16**	**17.93 (19)**	**15.54 (36)**	**33.47 (24)**

Source: Detailed Appropriation Accounts.

It could be seen from the above table that there were overall savings (Rs.33.47 crore) of 24 *per cent* during 1999-2004. There were savings in all the five years under both Plan and non-Plan sector which ranged between 4 to 44 *per cent*. The Director stated (October 2004) that savings under Plan were due to non-release of funds by Planning and Development/Finance Department and those under non-Plan due to non-filling up of vacant posts.

The funds received and utilised for implementation of various components of Catalytic Development Programme (CDP) are given in ***Appendix-XX.***

Scrutiny of funds received and utilised under different schemes for the year 1999 to 2004 revealed the following:

Out of Rs.8.26 crore received by the Directorate from CSB during 1998 to 2004 for implementation of 24 components of CDP, the Directorate utilised only Rs.4.47 crore leaving the balance Rs.3.79 crore unutilised in Personal Ledger Account (PLA-Rs.3.64 crore) opened during 1998-99 and in the form of bank draft (Rs. 15 lakh) as of March 2004.

The Director stated (October 2004) that the bank draft of Rs.15 lakh was deposited in PLA in July 2004.

The Director drew (March 2004) Rs.33.91 lakh being the State matching share under CDP to avoid lapse of budget grant and kept the money (March 2004) in the form of Deposit at Call receipt with the State Bank of India, although implementation of the scheme was to be completed by 2003-04. This was violative of financial rules/discipline.

The Director stated (October 2004) that the amount drawn at the end of March 2004 could not be spent immediately due to (i) non-release of 90 *per cent* share of CSB from PLA, (ii) non-renewal of PLA drawing authority and involvement of the department in parliamentary election, and as such the amount was kept in DCR.

In the Ninth Plan period out of State matching share of Rs.74.45 lakh under three components of the CDP (namely 1. Support to States for upgradation of seed multiplication infrastructure for muga, 2. Support to States for upgradation of seed multiplication infrastructure for Eri, 3. Support for preparation of extension and publicity material), Rs.60.33 lakh (81 *per cent*) had not been released by the State Government till March 2004 ***(Appendix-XX).***

To overcome this short release of Rs.60.33 lakh under the Catalytic Development Programme, the Director unauthorisedly diverted Rs.44.42 lakh during 2000-03 from the funds provided by the North Eastern Council (NEC) for Integrated Muga Development Project.

The impact of short release of CDP fund vis-à-vis diversion of NEC fund on the physical achievement of different schemes had not been worked out by the Department.

The Director in his reply (October 2004) contended that there was no diversion since he had incurred the expenditure out of fund released by the NEC and based on Government sanction. The reply of the Director is not tenable as the NEC sanctioned and released the funds for Muga Development Project and not for CDP and also the State Government's sanction was also for the same purpose.

3.3.5 *Parking of funds*

For implementation of various schemes and other expenses, the Director and four[22] Assistant Directors drew Rs.3.38[23] crore in March 1995 (Rs.1.95 crore) and March 1996 (Rs.1.43 crore) and deposited the same under Civil Deposit-Revenue Deposit (RD) in the respective months of drawal. According to available information, accumulated balance under Revenue Deposit stood at Rs.1.44 crore as of March 2004.

Retention of funds in Revenue Deposit after February 1999 was violative of Government instructions (February 1999) and the recommendation of PAC in its Seventy Third Report presented to the Legislature in May 1998.

3.3.6 *Internal Control Mechanism*

Internal Control Mechanism was virtually non-existent in the Department as noticed from the records of the Directorate and five test-checked field offices as shown under:

Various control registers like Revenue Deposit Register, DCR Register, assets and inventory registers were not properly maintained by five of the test-checked units.

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[22] Kamrup, North-Lakhimpur, Nagaon & Dibrugarh.

[23] Director (Rs.267.13 lakh), ADS Kamrup (Rs.26.39 lakh), ADSNL (Rs.20.01 lakh), ADS Nagaon (Rs.9.93 lakh), ADS Dibrugarh (14.50 lakh).

Though the field offices test-checked were submitting reports/returns, the same were not compiled and consolidated at the Directorate for submission to the Government.

The Directorate also failed to comply with the requirement of reconciling their departmental expenditure with those booked by AG (A&E) during the period under review. Consequently, overall discrepancy of Rs.20.98 crore during 1999-2004 remained unreconciled till date.

3.3.7 *Internal Audit*

Though there is an Internal Audit wing in the department, relevant records showing the standards of auditing, audit planning and offices inspected by the Internal Audit wing and the relevant inspection reports could not be made available to audit. Records of the Directorate and the five field offices test-checked revealed that the internal auditors (IAs) had not checked their records. Thus, having an internal audit wing with two internal auditors proved ineffective.

The Director stated (October 2004) that with only two junior level IA, it was not possible to cover up all the 410 sericulture institutions/establishments in the State. The reply of the Director is not tenable as he failed to audit the units in a phased manner.

Grants-in-aid to Autonomous Council

3.3.8 *Utilisation Certificates*

The Director released during 1999-2003 Grants-in-aid amounting to Rs.1.91 crore to four autonomous councils (Bodo Autonomous Council: Rs.1.17 crore, Missing Autonomous Council: Rs.0.41 crore, Rabha Autonomous Council: Rs.0.22 crore, Lalong Autonomous Council Rs.0.11 crore). Though all the councils furnished utilisation certificates, the same were not supported by detailed expenditure statements and other connected records, in the absence of which audit could not ascertain the actual utilisation of Grants-in-aid by the Councils.

The Director stated (October 2004) that the detailed statement of expenditure and other records could be seen by audit in the respective Councils. The reply of the Director is not tenable, as he was also required to monitor the expenditure statement from the Councils.

3.3.9 *Misappropriation of Grants-in-aid*

The Director drew (November 1999) Rs.7.55 lakh for disbursement to the Missing Autonomous Council (MAC), Gogamukh as Grants-in-aid for the year 1999-2000 and paid (April 2000) Rs.2.00 lakh to the Council by demand draft and balance Rs.5.55 lakh to a local supplier for supply of sericultural articles. The Director made the payment on the basis of certificates from the Principal Secretary, MAC.

As the MAC did not furnish UC for Rs.5.55 lakh on the ground of non-receipt of cash or materials for disbursement to the beneficiaries, the Joint Director of Sericulture, Jorhat, investigated the matter and from his inquiry report it was disclosed that neither did the Council receive any articles from the supplier nor was any beneficiary list available at Directorate/Council.

Evidently, Rs.5.55 lakh stood misappropriated.

The Director in admitting the audit observation (October 2004) stated that the matter was reported to the Government in June 2002 but no Government action had been taken (October 2004).

Programme Management

3.3.10 *Implementation of Catalytic Development Programme*

During Ninth Plan period (1997 to 2002) the department had implemented nine[24] out of 14 components of the Catalytic Development Programme (CDP) formulated and funded by the CSB (Government of India). Similarly, for the Tenth Plan period (2002-07), CSB formulated 20 components under CDP, of which the Directorate could implement only three components viz., (1) Augmentation of muga food plant with training and start up tools, (2) Augmentation of eri food plant with start up tools and (3) Extension and publicity material during 2003-04 (***Appendix-XX***). The schemes focussed on augmentation of eri/muga food plants, upgradation of seed grainages, training and supply of tool kits to private rearers, support to private graineurs etc.

Due to non-implementation of the programme, the objectives of the scheme were not fulfilled.

Scrutiny of records of the implementation of the schemes revealed the following shortcomings:

The Directorate had no annual action plan for implementation of the scheme. Moreover, the department did not have any blue print for the entire state with detailed list of beneficiaries to be covered, areas to be identified, inputs to be distributed etc., so as to have a clear picture of the beneficiaries to be assisted under the scheme implemented.

There was no data base of areas, beneficiaries to be targeted, new and old farmers/rearers benefited, enhancement in the yield of cocoons, training programmes conducted and the start-up tools provided.

The contention of the Director stating (October 2004) that records were available was not acceptable because of his failure to produce records.

[24] i. Augmentation of Muga plant, ii. Providing training and start up tools, iii. Support to states for upgradation of seed multiplication infrastructure for muga, iv. Support to private grainier, v. Aug. of eri food plant, vi. Support to state for upgradation of seed multiplication infrastructure for eri, vii. Support for preparation of extension and publicity material, viii. Providing training and supply of start up tools to new mulberry sericulturist, ix. Support for data bas development.

During 2003-04, the CSB released Rs.4.08 crore for implementation of 15 components against which the department spent only Rs.47 lakh under three[25] components. But the Department in their physical achievements report projected an achievement of 26 to 203 *per cent* against ten components. Thus, the achievement report was unrealistic. The Director did not furnish basic records (viz., monitoring registers of physical and financial performance) based on which the achievement reports were compiled.

The Director in his reply (October 2004) stated that financial achievement remained understated because of non-payment to the beneficiaries due to non-renewal of PLA.

Eri, Muga and Mulberry industry in Government sector

3.3.11 *Target and achievement*

The annual targets and achievements in production of eri disease free layings (dfls), muga and mulberry seed cocoons during the period under review (1999-2004) are shown in the Table-2 given below. No target was fixed for production of Muga and mulberry reeling cocoons[26], and also production of raw silk by the department against any farm/centre/unit.

Table-2

(Numbers in lakh)

Year	Eri dfls		Muga seed cocoon		Mulberry seed cocoon	
	Target	Achievement	Target	Achievement	Target	Achievement
1999-2000	39.86	3.71 (9)	25.65	1.69 (7)	9.00	1.77 (20)
2000-01	39.86	2.46 (6)	21.72	2.60 (12)	9.00	4.36 (48)
2001-02	39.87	3.15 (8)	21.72	3.95 (18)	9.00	2.80 (31)
2002-03	39.86	2.97 (7)	18.96	1.96 (10)	9.00	3.47 (39)
2003-04	40.00	3.88 (10)	19.00	1.25 (7)	9.00	0.76 (8)

Source: Departmental records.
Figures within bracket represent percentage of achievement.

It would appear from the above Table-2 that achievement ranged from 6 to 10 *per cent* in respect of eri dfls, 7 to 18 *per cent* in respect of muga seed cocoons and 8 to 48 *per cent* in respect of mulberry seed cocoons.

In reply the Director stated (October 2004) that the poor achievement in muga sector was due to infection to silk worms by disease for which fool-proof technical know-how was not available with the department for management of silkworm disease.

The Director, however, did not intimate the reasons for poor achievement under eri and mulberry sectors.

[25](i) Augmentation of muga food plant with training and start up tools, (ii) Augmentation of eri food plant with start up tools, (iii) Extension and publicity material.

[26] Reeling cocoon and cut cocoons are processed in the reeling units/spinning centers to produce silk.

3.3.12 *Eri concentration centers and mulberry gardens*

Eri Concentration Centres (ECCs) and Collective Mulberry Gardens (CMGs) were established with the objective of supplying leaves to village rearer for rearing of eri and mulberry silk worms for production of reeling cocoons.

A test-check of records of 15 ECCs and 12 CMGs functioning under the jurisdiction of Assistant Director and Superintendent of Sericulture Diphu revealed that percentage of utilisation of leaves in rearing of silk worm varied from 12 to 23 *per cent* in eri sector and 8 to 17 *per cent* in mulberry sector of the quantity of leaves produced and the proportionate cost of production of the unused leaves were Rs.1.25 crore and Rs.1.12 crore respectively. Details are shown in ***Appendix-XXI & XXII***.

Other four[27] test-checked field offices did not maintain any records showing the quantity of leaves obtained and utilised by the ECC's and CMG's.

Reasons for reduced consumption of leaves were attributed by the Director (October 2004) to (i) reluctance of the farmers to use kessaru leaves from the ECC's in lieu of wild castor leaves which they preferred for the better feed value and (ii) low priority given by village rearers to mulberry sector due to easy availability of cheaper and better muga silk from Karnataka. The reply of the Department is not acceptable as it failed to foresee such eventualities before production of leaves.

3.3.13 *Production of eri dfls, muga and mulberry cocoon*

According to departmental norms, one eri dfl could be produced from five seed cocoons, while 50 (minimum) muga cocoons[28] and 250 (minimum) mulberry cocoons (bivoltine[29] and highbreed) could be produced from 1 dfl each.

Scrutiny of records of four eri seed grainages, five muga and four mulberry farms under the establishment of five test-checked field offices revealed that achievement during 1999-2004 was very poor as indicated below:

Four eri seed grainages produced 3.09 lakh eri dfls (out of 19.08 lakh seed cocoons) against the prescribed norm of 3.82 lakh and the percentage of shortfall in production varied from 3 to 84 *per cent* during the years as shown in ***Appendix-XXIII***.

The Director stated (October 2004) that poor weather conditions and lack of advanced equipments were responsible for shortfall. The reply of the Departments is not acceptable as it failed to take effective steps to counter adverse weather conditions and procure necessary equipments.

Five muga farms produced 10.34 lakh cocoons (out of 0.70 lakh dfls) against the prescribed norms of 35.00 lakh cocoons. Similarly, four mulberry farms produced 6.48 lakh cocoons (out of 0.07 lakh dfls) against the prescribed norms of 17.50 lakh cocoons. Percentage of shortfall varied from 18 to 97 *per cent* in muga sector and

[27] ADS Kamrup, North-Lakhimpur, Nagaon and Dibrugarh.
[28] Inclusive of seed cocoon, reeling cocoon and flimsy cocoons.
[29] One variety of mulberry cocoons.

from 19 to 100 *per cent* in eri sector as shown in ***Appendix-XXIV & XXV***. Reason for shortfall in production as recorded by the four farm managers of three muga farms[30] and one[31] mulberry farm were unfavourable weather conditions and silkworm disease.

The Director stated (October 2004) that there was no known remedial measures to protect muga silk worms from unfavourable weather conditions and disease infection.

Manpower Management

3.3.14 *Government Policy*

The Directorate did not confirm the existence or non-existence of any Government policy on manpower management viz., job evaluation, requirement, creation/abolition of posts, recruitment, deployment, promotion, transfer/posting of manpower under the Department. Moreover, the service rules, if any, to govern and evaluate the manpower under the department were also not made available to audit. In absence of these records, audit could not ascertain the basis on which different categories of manpower were deployed and entertained under each unit.

The contention of the Director stating (October 2004) that the Government policy was being followed in the department was not supported by evidence.

3.3.15 *Sanctioned strength and men-in-position*

According to information furnished by the Director, the overall sanctioned strength (SS) and men-in-position (MIP) in the Department as on April 2004 were as given in Table-3 below:

Table-3

(In number of persons)

Category of posts (Group)	Sanctioned strength (SS)	Men-in-position (MIP)	Vacant posts
A	41	36	5
B	103	94	9
C	1311	1221	90
D	591	532	59
Total	**2046**	**1883**	**163**

Source: Departmental records.

The Director stated (October 2004) that the proposals had already been submitted to the State level empowered committee to fill up the technical and clerical posts.

As a measure of compliance to Fiscal Reforms Programme, the Government by an order (March 2003) abolished 45 out of 163 vacant posts under different grades[32] without specifying whether the posts were vacant or not. The Director also did not maintain unit/centre-wise SS/MIP to ascertain the position of posts vacant/abolished and impact thereof on fiscal reforms programme.

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[30] Bordubi, Dhakuakhana and Khanapara.
[31] Hilloiban
[32] (Gr-I=2, Gr-II=4, Gr-III=11 and Gr-IV=28)

3.3.16 *Unproductive expenditure on idle manpower*

Consequent upon closure or non-functioning of a number of reeling/spinning centres and non-availability of on-road vehicles, the manpower deployed against non-functional units/off road vehicles remained idle leading to incurring of unproductive expenditure of Rs.49.26 lakh as detailed under:

From records of the three[33] out of five test-checked field offices it was noticed that these units entertained nine regular staff (three reeling supervisors and six reeling jugalies) against six non-functional reeling/spinning centers (three muga reeling unit, two mulberry reeling unit and one eri spinning centres). The Department incurred an expenditure of Rs.27.55 lakh on pay and allowances on this staff as detailed in the Table-4 given below:

Table-4

Sl. No.	Name of unit	Date of non-functioning	No. of post	Expenditure (Rs. in lakh)
1	Muga reeling unit, Japisajia, North Lakhimpur	September 2000	2	5.79
2	Muga reeling unit, Ghilamora, North Lakhimpur	July 1999	1	2.75
3	Mulberry Reeling Unit, Japisaria, North Lakhimpur	June 2001	1	1.94
4	Mulberry Reeling Unit, Diphu, Karbi Anglong	July 1997	2	7.19
5	Eri Spinning cum training center, Gorpara, Dibrugarh	April 1999	2	8.03
6	Muga Reeling Unit, Nahazar, Naharari, Dibrugarh	July 2000	1	1.85
Total			**9**	**27.55**

Eight out of 16 vehicles of different type under four units went off-road between 1992 and 2001. Of these off road vehicles, three vehicles only were disposed off in public auction in March and November 1996 leaving five vehicles in off-road condition as of March 2004. The department incurred an expenditure of Rs.21.71 lakh on pay and allowances of the eight idle drivers of these off-road and disposed off vehicles during the period from April 1999 to March 2004 as detailed in the Table-5 given below:

Table-5

Sl. No.	Name of the Estt.	No. of Vehicles	No. of vehicles auctioned	Date of off-road	Number of idle drives	Expenditure (Rs. in lakh)
1	Directorate of Sericulture	5	3	3/96 to 2/2000	5	13.16
2	Asstt. Director of Sericulture, North Lakhimpur	1	--	1/1992	1	2.98
3	ADS, Nagaon	1	--	4/2001	1	2.31
4	ADS, Dibrugarh	1	--	11/1998	1	3.26
Total		**8**	**3**		**8**	**21.71**

[33] Assistant Directors, Lakimpur, Karbi Anglong and Dibrugarh.

The department stated (June 2004) that the services of three drivers of the Directorate were placed at the disposal of the Hon'ble Minister and other officials of the Administrative Department, but it was not clarified to audit as to why the staff were continued on the pay roll of the Directorate.

Other points of interest

3.3.17 *Outstanding dues*

The department procured mulberry dfls from the National Silkworm Seed Project (NSSP) Bangalore on credit and sold the same to the village rearers/farmers at the procurement rate through the Sericulture demonstrators of the department who were to collect the cost of dfls from the rearers/farmers and remit the same to the Directorate through the district/sub-divisional sericultural authorities.

It was noticed from the records of the Directorate that there were outstanding dues of Rs.16.67 lakh to be paid to NSSP being the cost of mulberry dfls procured by the Directorate from NSSP during April 1999 to March 2004. The entire amount was shown outstanding against 36 district and sub-divisional offices without indicating the name or designation of the officials responsible for collection of cost of dfls and their remittance to the Directorate.

The department did not explain the reason for non-realisation of outstanding sale proceeds from the concerned officials, which was to be paid back to NSSP Bangalore.

3.3.18 *Monitoring and Evaluation*

The Deputy Director (Evaluation Cell) did not conduct any evaluation study to analyse the impact of the scheme.

Monitoring and evaluation reports on component-wise expenditure incurred for implementation of the scheme were not prepared.

3.3.19 *Recommendations*

In view of the observations made in the foregoing paragraphs the following recommendation are made:

(1) Budgetary practice and internal control system need to be streamlined and enforced (2) Vigorous efforts need to be made for effective implementation/execution of approved schemes/programme and accountability be enforced, (3) Unspent balance lying in PLA and RD should be utilised properly and expeditiously for implementation of the incomplete programmes, (4) Steps must be taken to make all non-functional reeling units/spinning centers operational for gainful utilisation of manpower remaining idle, (5) Remedial steps need to be taken by the Department to protect silkworms from unfavourable weather conditions and diseases.