

CHAPTER - III

TRANSACTION AUDIT

3.1 PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

3.1.1 Cases of fraud/misappropriation/Loss

3.1.1.1 Loss of revenue

Due to non-settlement of markets/beels with the highest bidders by the Chief Executive Officer (CEO), Nagaon Zilla Parishad suffered a loss of revenue of ₹2.45 crore.

Sub-Rule 10 of the Rule 47 of Assam Panchayat (Financial) Rules, 2002 stipulates that the Chief Executive Officer (CEO) of the Zilla Parishad has to settle bid value in respect of leased out markets/beels etc., through sealed tenders and the tenderer who offered highest bid value is to be selected. Acceptance of tender other than highest bid shall require the Government's prior and formal approval.

Test check (March 2012) of records relating to settlement of markets/ beels under Nagaon Zilla Parishad revealed that markets/beels etc., were leased out to bidders other than the valid highest bidders in 42 cases without assigning any reasons. Besides, no prior and formal approval of the Government for accepting the tenders other than the highest bidders was obtained by the Nagaon Zilla Parishad resulting in loss of ₹2.45 crore during 2006-07 to 2010-11 as detailed in *Appendix - XIX*.

Subsequent to audit (21 March 2012 to 28 March 2012), CEO stated (December 2012) that, necessary action has been initiated from 2012-2013 onwards to avoid recurrence of such irregularities in future.

But, the fact remains that due to failure on the part of the previous CEOs to institute proper mechanism as envisaged in the Assam Panchayat (Financial) Rule, the Nagaon Zilla Parishad had caused a loss of revenue of ₹2.45 crore.

The matter was reported to the Government (November 2012); reply is awaited (January 2013).

3.1.1.2 Misappropriation of funds

Chief Executive Officer (CEO), Zilla Parishad (ZP), Nalbari withdrew funds through self cheques in violation of the relevant executive instruction and failed to produce records of utilisation and whereabouts of ₹62.35 lakh pointing to misappropriation of Government money.

In order to minimise the risk of fraud/embezzlement, Principal Secretary, Panchayat and Rural Development Department (PRDD), Government of Assam (GoA) issued (April 2010) instructions to all Chief Executive Officers (CEOs), Zilla Parishads (ZPs) of Assam to ensure that cheques are issued under the joint signature of CEO and the senior most accounts staff of each ZP.

Finance (Economic Affairs) Department, GoA released (March 2010) ₹153.64 lakh to CEO, Nalbari ZP for implementation of various schemes¹² under the award of Twelfth Finance Commission (TFC) grant (first installment) 2008-09.

Test-check (January-February 2012) of the records of CEO, Nalbari ZP revealed that, of the amount of ₹153.64 lakh so released by GoA, the then CEO, sanctioned (April to December 2010) ₹61.45 lakh for execution of different works¹³ and ₹4.13 lakh for contingent expenditure, procurement of computer etc. Disregarding the order of GoA, as mentioned above the then CEO withdrew (April to December 2010) ₹65.58 lakh by issuing 27 'self cheques', containing only his signature on Union Bank of India, Nalbari branch. While in the 'cheque issue register', the CEO signed as recipient of all 27 cheques, in the cash book, ₹61.45 lakh was shown to having been paid to one Junior Engineer (JE) as advance for implementation of different schemes and ₹4.13 lakh to dealing assistant of Nalbari ZP for purchase of computer and other contingent items. In reply to an audit query, the concerned JE stated (February 2012) that he had not received ₹61.45 lakh as shown against him in the cash book, while the concerned dealing assistant stated (February 2012) that the amount of ₹65.58 lakh was encashed by him and handed over to the then CEO as per his instructions and actual payees' receipt in support of disbursement was obtained in the cheque issue register. Records in support of utilisation of ₹65.58 lakh viz. vouchers, actual payees receipts (APRs) etc., were not produced to audit.

¹² 1. Maintenance of accounts (₹5.38 lakh), 2. Operation and maintenance cost (₹61.19 lakh), 3. Other income generating scheme (₹61.71 lakh), 4. Sanitation for each family of below poverty line (₹2.98 lakh) and 5. Water supply under creation of swajaldhara programme (₹22.38 lakh).

¹³ Construction of low cost latrine and database room at ZP head quarters, installation of hand tube wells etc.

Subsequent to audit (24 January 2012 to 6 February 2012), the CEO in position conducted (18 February 2012 to 15 March 2012) an enquiry, which disclosed that adjustment vouchers of only ₹3.23 lakh were found available. Documents in support of utilisation of balance amount of ₹62.35 lakh were not available. The present CEO had lodged (April 2012) an FIR in Nalbari Police Station; action taken report thereon, if any, is awaited (August 2012).

Thus, the former CEO, ZP, Nlabari withdrew ₹65.58 lakh in violation of the relevant executive instruction and the ZP failed to produce records of utilisation of ₹62.35 lakh. This led to misappropriation of Government money of ₹62.35 lakh.

In reply, GoA stated (October 2012) that the then CEO (retired) and one Senior Assistant were arrested based on FIR lodged by the current CEO. The matter is presently sub-judiced. The misappropriated fund of ₹62.35 lakh, however, still remained unrecovered.

3.1.1.3 Suspected embezzlement of IAY Funds

Out of ₹9.75 lakh paid to 39 IAY beneficiaries ₹4.86 lakh was received by persons other than the beneficiaries themselves without any evidence of construction of IAY houses pointing towards the possibility of misappropriation of IAY fund.

Indira Awas Yojana (IAY) introduced (1985-86) by the Government of India primarily for help construction/upgradation of dwelling units of members of Scheduled Castes/Scheduled Tribes, free bonded labourers and other below poverty line non-SC/ST rural house holds by providing them a lump sum financial assistance.

Test check (December 2011) of records of Secretary, 76 Dakhin Paschim Luki Gaon Panchayat, under Kamrup Zilla Parishad revealed that the Secretary drew ₹9.75 lakh by a self cheque (vide No. 939589 from Allahabad Bank, Gamerimura Branch, bearing A/c No. 2754/15/7) on 27 March 2007 but the amount was shown as disbursed to 39 beneficiaries @ ₹25,000 each in the Cash Book between 8 March 2007 and 27 March 2007 which was 19 days prior to withdrawal of funds from bank. Of this, financial assistance of ₹4.86 lakh was disbursed to the person other than the beneficiaries as noticed from the Actual Payee Receipts (APRs) furnished to audit. Authority for receiving the fund on behalf of the beneficiaries and evidence in support of actual construction of IAY houses was also not found on record.

Thus, the possibility of misappropriation of IAY Fund to the tune of ₹4.86 lakh could not be ruled out.

The matter was reported to the Government (November 2012); reply is awaited (January 2013).

3.1.1.4 Fraudulent payment

Block Development Officers, Boko and Rangia Development Blocks incurred an expenditure of ₹7.96 lakh for providing financial assistance to 27 non deserving beneficiaries by quoting other eligible beneficiaries BPL Id no. in violation of the scheme guidelines.

Housing is one of the basic requirements for human survival. To meet this basic requirement Government of India introduced Indira Awas Yojana (IAY). Para 1.4 of IAY guidelines envisaged that the target groups for houses under the IAY are below poverty line households living in the rural areas. As per guidelines Gram Sabhas of the respective GP are the final authority for selection of IAY beneficiaries.

Test check of records (November-December 2011) of Block Development Officers (BDOs) of Boko and Rangia Development Blocks of Kamrup District revealed that the BDOs provided financial assistance to 27¹⁴ non BPL beneficiaries amounting to ₹7.96 lakh¹⁵ during 2007-11 by quoting the BPL Id no. of other eligible beneficiaries as detailed in the *Appendix - XX*.

While both the BDOs admitted the fact, the BDO, Rangia Development Block stated (December 2011) that IAY houses were provided to the beneficiaries selected by the Gram Sabha. Henceforth, BPL ID would be properly checked before disbursing financial assistance. Reply of the BDO, Rangia Development Block was not acceptable as without verifying the basic requirement of BPL criteria, financial assistance were provided to the beneficiaries by quoting BPL ID No. of other eligible beneficiaries. In case of Boko Development Block, BDO assured (December 2011) that reply to the audit observation would follow which is awaited (January 2013).

Thus, the Block Development Officers, Boko and Rangia Development Blocks violating the scheme guidelines, incurred an expenditure of ₹7.96 lakh by fraudulently providing financial assistance to 27 non deserving beneficiaries by quoting other eligible beneficiaries BPL Id no. and depriving the corresponding benefits from reaching the intended beneficiaries.

¹⁴ Six beneficiaries from Boko Development Block and 21 beneficiaries from Rangia Development Block.

¹⁵ ₹2.41 lakh by BDO, Boko Development Block and ₹5.55 lakh by BDO, Rangia Development Block.

The matter was reported to the Government (November 2012); reply is awaited (January 2013).

3.1.2 Cases of lapse/diversion of fund/unproductive expenditure

3.1.2.1 Lapse of DDP fund

Proposal for works under religious activities by DPCs of Kamrup, Nalbari and Nagaon districts in violation of scheme guidelines led to lapse of DDP fund of ₹1.37 crore.

The “District Development Plan (DDP)”, a State Sector Scheme, was introduced (2007-08) with the objective of infrastructure development, agriculture improvement, development of women and weaker sections of the society. As per guidelines, the funds placed under DDP could not be utilized for works relating to religious institutions.

Test check (November 2011, January - February 2012 and March 2012) of records of Kamrup, Nalbari and Nagaon Zilla Parishads relating to proposal submitted by the District Planning Committees (DPCs) of those districts under the DDP revealed that while examining the DDP proposals 2010-11, the PRDD dropped 133 works in January 2011 for ₹1.37 crore against the different schemes for works relating to religious activities as detailed in **Table 3.1**.

Table 3.1: Statement showing lapses of fund under DDP

(₹in crore)

Sl. No.	Name of District	Programme year	No. of works proposed	Allocated amount	No. of works dropped	Funds actually allotted	Fund lapsed
1	Kamrup	2010-11	NA	12.71	53	11.92	0.79
2	Nalbari		553	3.69	65	3.29	0.40
3	Nagaon		NA	12.40	15	12.22	0.18
Total				28.80	133	27.43	1.37

Proposal of works under religious activities by the DPCs in violation of the guidelines of the DDP led to lapse of ₹1.37 crore from the allocated funds of DDP during 2010-11. Thus, improper selection of work by DPCs not only deprived the rural and urban population but also led to lapse of DDP funds to that extent and subsequent shortfall in the rendering of benefit to the targeted beneficiaries under the scheme.

The matter was reported to the Government (November 2012); their reply is awaited (January 2013).

3.1.2.2 Diversion of Twelfth Finance Commission Grants

Chief Executive Officer, Nalbari ZP, unauthorisely diverted ₹65 lakh from Twelfth Finance Commission (TFC) grants to discharge the liabilities of District Development Plan and also failed to produce the details of utilization in support of expenditure of ₹65 lakh which points to possibility of misappropriation of the amount.

As per guidelines for implementation of schemes under Twelfth Finance Commission (TFC) grants, the PRIs should be encourage to take over assets relating to water supply and sanitation and to improve the service delivery by taking over assets relating to water supply and sanitation created under Swajaldhara Programme and to utilize the grants for repairs / rejuvenation as also the O&M costs.

Test check (January-February 2012) of records of the Nalbari ZP revealed that the then Chief Executive Officer (CEO), Nalbari ZP diverted ₹65.00 lakh of TFC grants in between 1 March 2010 and 30 September 2010 to District Development Plan (DDP) fund, a State Sponsored Scheme towards execution of works proposed by the District level Panchayat Body which were not included in the list of works approved by the District Planning Committee (DPC), Nalbari under DDP 2009-10. TFC grants of ₹65.00 lakh was shown to have been utilized for earth filling works/construction of boundary walls, roads etc. to discharge liabilities of DDP 2009-10 as per plan documents submitted by Nalbari ZP. But, no records of utilization of ₹65.00 lakh viz. vouchers, APRs, progress report etc. were found available with CEO, Nalbari ZP.

Subsequent to audit (24 January 2012 to 6 February 2012) the current CEO, Nalbari ZP conducted (18 February to 15 March 2012) an enquiry and lodged an FIR (April 2012) in Nalbari Police Station stating that the diverted amount as mentioned above was unauthorisely and malafidely transferred to DDP Fund.

Thus, due to non production of relevant vouchers etc., the possibility of misappropriation of TFC grant of ₹65.00 lakh could not be ruled out. Moreover, the inhabitants of rural people of Nalbari district were deprived of water supply and sanitation facilities due to diversion of TFC fund.

The matter was reported to the Government (November 2012); their reply is awaited (January 2013).

3.1.2.3 Unproductive expenditure

Commencement of work without ascertaining sufficiency of funds led to unproductive expenditure of ₹1.08 crore on Construction of Indoor Hall at Morigaon.

Funds under DDP are allocated to the districts through State Budget and released to Zilla Parishads (ZPs) of the State for taking up schemes approved by District Planning Committee (DPC).

Test check (August 2011) of records of the Chief Executive Officer (CEO), Morigaon Zilla Parishad (MZP) revealed that CEO Morigaon accorded Administrative Approval (March 2008) to the work “Construction of Indoor Hall at K.B. Stadium at Morigaon Town under DDP 2006-07” for ₹90.00 lakh with an aim to improve the quality of sports in Morigaon district by creation of infrastructure. The CEO, MZP entrusted the work to the seven members Construction Committee headed by the President of MZP wherein Assistant Executive Engineer, PWD (Building) Division, Morigaon was acted as an executing member secretary. The work consists of Assam type building of 1394.33 sq.m area and 11.00 m height with RCC post, brick wall, CGI sheet roofing over steel roof truss etc. Due to increase in scope of work and price escalation of building materials the Assistant Executive Engineer, PWD (Building) Division, Morigaon prepared (November 2009) detailed working estimate of Indoor Hall within the earmarked amount reducing the total area of the Assam type building from 1394.33 sq.m to 1354.37 sq.m.

Against the estimated cost, payments aggregating ₹90.00 lakh had been made to the Construction Committee as of March 2010. The Assistant Executive Engineer executed the works as per working estimate without technical sanction, terms of entrustment or approval of the fund sanctioning authority. Subsequently, it was noticed that DC, Morigaon sent (July 2010) proposal to Planning and Development Department, Government of Assam, Dispur for including the project under *Non-Lapsable Central Pool of Resources* (NLCPR) and requested to sanction ₹170.00 lakh for completion of the balance work of Indoor Hall. But no fund was released under NLCPR till date (January 2013).

As the internal and external plastering of side walls, internal electrification, water supply and sanitation, front verandah, floor of the hall and other ancillary item of works were not included in the working estimate prepared by the PWD department, the DPC Morigaon allocated additional fund amounting to ₹20.00 lakh from DDP 2009-10 and CEO

accorded (December 2010) Administrative approval for execution of balance work of Indoor Hall. The CEO, MZP released ₹18.00 lakh during May 2011 to October 2012 to construction committee for completion of the balance work of Indoor hall. No estimate, MB/MR/bills etc. and physical progress of balance work against which funds were released by CEO was made available to audit though called for.

The physical progress of status of Indoor Hall is depicted in the photographs given below:



Front view of Indoor Hall at Morigaon



Inner view of Indoor Hall at Morigaon

It is evident from the above photographs that the works remain incomplete and could not be put to use for which it was sanctioned.

Thus, the decision of the DPC to approve the work under DDP 2006-07 and 2009-10 on piece meal basis without arrangement of sufficient fund required for completion of the works resulted in unproductive investment of ₹1.08 crore on partial construction of indoor hall.

The matter was reported to the Government (November 2012); their reply is awaited (January 2013).

3.1.3 Other issues

3.1.3.1 Irregular allotment of IAY Houses

Executive Officers, Barkhetri Anchalik Panchayat and Borigog Banbhag Anchalik Panchayat, Nalbari district incurred unauthorised expenditure of ₹3.08 crore towards allotment of 751 IAY houses, earmarked for SC/ST beneficiaries to non-SC/ST beneficiaries.

Para 1.5 of the guidelines of Indira Awas Yojana (IAY) *inter alia* envisaged that at least 60 per cent of the total IAY allocation during a financial year was to be utilised for construction/upgradation of dwelling units for the households of below poverty line (BPL) belonging to SC/ST category. If any particular category is exhausted or not available in a district, allocation can be utilised for other categories as per priorities given in the guidelines after it has been certified to that effect by the Zilla Parishad/District Rural Development Agency (DRDA) concerned.

(a) Test-check (March 2012) of the records of Executive Officer (EO), Barkhetri Anchalik Panchayat, Nalbari district revealed that during 2006-11, the EO was to allocate 2,120 (60 per cent of the total allotment of 3,534 IAY houses) IAY houses to SC/ST beneficiaries. Instead, violating the relevant provision of IAY guideline as mentioned above, the EO allotted 1,755 IAY houses to SC/ST beneficiaries and 365 IAY houses earmarked for SC/ST beneficiaries during 2006-11 to non-SC/ST beneficiaries, without the mandatory certificate from ZP/DRDA, thereby incurring unauthorised expenditure of ₹1.34 crore¹⁶.

(b) Similarly, Executive Officer, Borigog Banghag Anchalik Panchayat, Nalbari district allotted 386 IAY houses, earmarked for SC/ST beneficiaries during 2009-11, to non

¹⁶

(₹in lakh)						
Year	Total IAY houses allotted	60 per cent of total allocation of IAY houses earmarked for SC/ST	IAY houses allotted to SC/ST	Allotment of IAY houses earmarked for SC/ST to non-SC/ST beneficiaries	Unit cost	Value
2006-07	542	325	265	60	0.25	15.00
2007-08	713	428	350	78	0.275	21.45
2008-09	607	364	300	64	0.385	24.64
2009-10	658	395	331	64	0.385	24.64
2010-11	1,014	608	509	99	0.485	48.02
Total	3,534	2,120	1,755	365		133.75

SC/ST beneficiaries thereby incurring unauthorized expenditure of ₹1.74 crore¹⁷. Certificates to the effect that SC/ST beneficiaries of BPL category had been exhausted in the APs from ZP/DRDA were not available on records.

Thus, Executive Officers, Barkhetri Anchalik Panchayat and Borigog Banbhag Anchalik Panchayat incurred unauthorised expenditure of ₹3.08 crore towards allotment of 751 IAY houses, earmarked for SC/ST beneficiaries, to non-SC/ST beneficiaries, which prevented the corresponding benefits from reaching the intended beneficiaries.

The matter was reported to the Government (June 2012); reply is awaited (January 2013).

3.1.3.2 Diversion of DDP Fund

The CEO, Nalbari ZP spent ₹21.07 lakh from DDP fund on inadmissible items rendering this expenditure unauthorised.

The guidelines/sanction orders stipulated that the amount released under District Development Plan (DDP) fund should be utilised for implementation of the works approved by DPC only. The scheme funds were provided to give infrastructural support to the rural and urban people.

Test check (January-February 2012) of records of Nalbari ZP revealed that the CEO, Nalbari ZP in disregard to the direction executed five works costing ₹21.07 lakh during 2008-09 from DDP fund as detailed in **Table 3.2**.

¹⁷

(₹ in lakh)

Year	Total IAY houses allotted	60 per cent of total allocation of IAY houses earmarked for SC/ST	IAY houses allotted to SC/ST	Allotment of IAY houses earmarked for SC/ST to non-SC/ST beneficiaries	Unit cost	Value
2009-10	576	346	212	134	0.385	51.59
2010-11	605	363	111	252	0.485	122.22
Total	1181	709	323	386		173.81

Table 3.2: Statement showing expenditure incurred on inadmissible items from DDP fund.

(₹in lakh)		
SI No	Purpose	Expenditure incurred
1	Contingent expenditure	2.18
2	Providing sitting arrangements of ZP members including repairing and renovation of room, electrification, urinals/latrine and painting of chambers, purchase of furniture etc.	7.13
3	Repairing and renovation of officers club of DC establishment	2.64
4	Repayment of loan of vehicle	0.32
5	Repairing of GP office building	8.80
Total		21.07

Though the CEO admitted (February 2012) the fact of diversion from DDP fund but reason for such diversion has not been communicated to audit (January 2013).

Thus, the expenditure incurred towards inadmissible items deviating from the works approved by DPC was unauthorised besides depriving the rural and urban people from the benefit of the scheme.

The matter was reported to the Government (November 2012); reply is awaited (January 2013).

3.1.3.3 Unauthorised Expenditure

The CEO, Lakhimpur Zilla Parishad incurred unauthorized expenditure of ₹20.60 lakh by disbursing money to 206 ineligible beneficiaries in contravention of the guidelines of NFBS.

Government of India introduced (1995) National Family Benefit Scheme (NFBS) as a component of National Social Assistance Programme (NSAP) which provides one time financial assistance of ₹10,000 to the head of the surviving member of the BPL household on the death of the primary bread earner of the deceased family.

Test check (May 2011) of the records of the Chief Executive Officer (CEO), Lakhimpur Zilla Parishad (ZP) revealed that the CEO disbursed ₹1.13 crore to 1125 beneficiaries @ ₹10,000 each during 2007-08 to 2009-10 under NFBS. Of this, ₹20.60 lakh was disbursed to 206 non-BPL beneficiaries in contravention of the relevant provision of the scheme guidelines.

In reply CEO stated (June 2011) that financial assistance under NFBS was provided to 206 non-BPL beneficiaries as per beneficiary list approved by the District Level Committee

of NSAP, Lakhimpur. The reply of the CEO is not tenable as there was no provision in the guidelines of NFBS for awarding such benefit to non-BPL beneficiaries under this scheme.

Thus, disbursement of ₹20.60 lakh to 206 ineligible beneficiaries in violation of the guidelines of NFBS resulted in unauthorized expenditure to that extent, besides depriving the targeted beneficiaries from the intended benefits of the schemes.

The matter was reported to the Government (November 2012); their reply is awaited (January 2013).

3.2 URBAN DEVELOPMENT DEPARTMENT

3.2.1 Cases of blocking up of funds/avoidable financial burden/excess expenditure

3.2.1.1 Blocking up of funds

Inordinate delay in finalization of Detailed Project Report (DPR) of Barpeta Storm Water Drainage (SWD) project funded under Urban Infrastructure Development Scheme for small and medium Towns (UIDSSMT) led to blocking up of funds of ₹9.38 crore.

Urban Infrastructure Development Scheme for small and medium Towns (UIDSSMT) was launched by GoI in 2005-06 for improvement of urban infrastructure in towns/cities in a planned manner. The schemes subsumed the existing schemes of Integrated Development of Small and Medium Towns (IDSMT) and Accelerated Urban Water Supply Programme (UWSP). The objective of the scheme was to improve infrastructural facilities and create public assets and quality oriented services. Director, T&CP is the nodal agency for transfer of funds to ULBs and monitoring the implementation of the scheme. Central assistance was to be released directly to the nodal agency responsible for inviting project proposals from ULBs and for techno-economic appraisal of the projects management and disbursement of funds and furnishing of UC.

The Administrative Approval of the work “Barpeta Storm Water Drainage Project” under UIDSSMT was accorded (November 2009) by the State Government for ₹19.00 crore with target date of completion by November 2011. The approval also included incentive of ₹28.08 lakh for the preparation of Detailed Project Report (DPR). The work was technically approved by the Chief Engineer, Assam Public Work Department. The Director, T&CP being nodal agency of the project received ₹9.39 crore (₹8.70 crore as Central Share and ₹0.69 crore as State Share). Out of ₹9.39 crore, the Director, T&CP released (August 2010) ₹4.71 crore to Barpeta Municipal Board as 1st installment for execution of the work and balance ₹4.68 crore (50 *per cent*) was retained. Out of ₹4.71 crore the Barpeta Municipal Board spent ₹1.32 lakh (November 2010) for preparation of DPR and the balance fund of ₹4.70 crore could not be utilized due to non-approval of revised DPR by the GoI. Moreover, GoI directed (April 2011) the State Government to refund the Central Share of ₹8.70 crore for non execution of work in time. The State Government had taken up (May 2011) the matter with the Director (UIDSSMT),

GoI to review the decision of withdrawal of the project. Pending decision from GoI (July 2012), the entire Central Share received so far were not refunded to GoI.

Thus, there was blocking up of funds of ₹9.38 crore with Directorate and Boards as of July 2012.

Due to inordinate delay in finalization of DPR, the project could not be started and the very objective of the programme to provide quality service to the Urban people remained unachieved. Besides, lapse of Central Share of ₹8.70 crore could not be ruled out.

The matter was reported to the Government (November 2012); reply is awaited (January 2013).

3.2.1.2 Avoidable financial burden

Due to time overrun, revision of cost of projects by Government of Assam and subsequent acceptance of tender by 16.80 per cent above the revised estimate resulted in overall financial burden of ₹2.26 crore on Silchar Municipal Board.

Non Lapsable Central Pool of Resources (NLCPR) was created by the Government of India (GoI) in 1998 from 10 per cent unspent balances provided in the budget of Central Ministries/Departments for funding specific infrastructure projects in the North Eastern Region (NER). The broad objective of the programme was to ensure speedy development of infrastructure in NER by increasing the flow of budgetary financing for new infrastructure projects/schemes. The project cost would be shared by the Central and State Government in the ratio 90:10.

GoI approved construction of Multi-utility building for the rehabilitation of Vendors at Silchar for ₹7.69¹⁸ crore under NLCPR in 2006-07. Accordingly, GoI released an amount of ₹69.20 lakh to Silchar Municipal Board (April 2007) as 1st installment and State Government had also released ₹32.00 lakh in between November 2010 and September 2011 as State Share for the same.

Silchar Municipal Board (SMB) awarded (May 2007) the work to HOUSEFED, Guwahati at a tender value of ₹7.69 crore. The State Government accorded in March 2008 the Administrative Approval with a stipulation to complete the project by

¹⁸ Construction of building (Civil Works)	-	₹5.08 crore
Sanitary installation, internal water supply, internal and external electrification and other miscellaneous items	-	<u>₹2.61 crore</u> ₹7.69 crore

March 2010. The GoA delayed Administrative Approval by one year from the date of release of fund by the GoI. HOUSEFED started the work in January 2009.

As per records, out of 46 numbers of pile caps, HOUSEFED casted 28 numbers with 10 columns upto 2.4 meters height along with the beams and discontinued the work in March 2009 as the HOUSEFED was reluctant to continue the work at the agreed cost due to price escalation caused by delay in handing over site by SMB.

The Chairperson, SMB referred (October 2011) the matter of delay in execution of works by HOUSEFED to SMB, which authorized her to negotiate and amicably terminate/cancel the deed of agreement executed between SMB and HOUSEFED by making payment for the actual work done on site after taking joint measurement. Accordingly, deed of termination/cancellation of agreement was made (November 2011) with an agreement to pay actual cost of works executed by HOUSEFED and SMB. Accordingly, SMB paid ₹65.16 lakh to HOUSEFED as of July 2012.

For termination of deed of agreement with HOUSEFED, the SMB had to revise the estimate for the remaining work of construction of building from ₹4.43 crore to ₹5.73 crore and thereafter invited tender (April 2012) for the balance Civil Work and awarded the work to another contractor (June 2012) for ₹6.70 crore (16.80 *per cent* above estimated rate) with a stipulation to complete it by June 2014. The work, originally due for completion in March 2010 was still in progress (31 December 2012) as evident from the photographs.



Front view of Multi-utility building in campus of Silchar MB



Side view of Multi-utility building in campus of Silchar MB

Thus, delay in handing over the sites to the contractor in time led to delay in commencement of the works and consequent extra liability of ₹2.26 crore (₹9.95 crore - ₹7.69 crore) on Silchar Municipal Board.

The matter was reported to the Government (November 2012); reply is awaited (January 2013).

3.2.1.3 Excess expenditure

Chairperson of Sarbhog Town Committee (STC) and Barpeta Municipal Board (BMB) incurred an excess expenditure of ₹6.85 lakh on material component beyond the prescribed norms of material labour ratio 60:40 in violation of scheme guidelines of Swarna Jayanti Sahari Rojgar Yozana (SJSRY).

The Swarna Jayanti Sahari Rojgar Yozana (SJSRY) was in operation since December 1997. The Urban Wage Employment Programme (UWEP), one of the components of SJSRY shall seek to provide wage employment to the beneficiaries living below the poverty line within the jurisdiction of Urban Local Bodies (ULBs) by utilizing their labour for construction of socially and economically useful public assets. The material labour ratio for works under this programme shall be maintained at 60:40.

Test check (September 2011) of records of Sorbhog Town Committee (STC) revealed that the chairperson executed 35 works during 2007-08 to 2010-11 at a total cost of ₹40 lakh, of which ₹30.33 lakh was spent on materials and ₹9.67 lakh incurred on wages.

As such the said norms had not been maintained by the STC and excess expenditure of ₹6.33 lakh were incurred towards material component beyond the prescribed limit in violation of the scheme guidelines as shown in **Table 3.3**.

Table 3.3: Statement showing non-maintenance of 60:40 material: wage ratio

(₹ in lakh)

Year	No. of works undertaken	Cost of the works	Cost of the materials should be as per provision	Cost of wages should be as per provision	Actual expenditure incurred on materials	Actual expenditure incurred on wages	Excess expenditure on materials	Material, wages ratio
1	2	3	4	5	6	7	8	9
2007-08	16	10.00	6.00	4.00	8.31	1.70	2.31	83:17
2008-09	4	4.00	2.40	1.60	3.29	0.71	0.88	82:18
2009-10	6	11.79	7.07	4.72	8.35	3.44	1.28	70:30
2010-11	9	14.21	8.53	5.68	10.38	3.82	1.86	73:27
Total	35	40.00	24.00	16.00	30.33	9.67	6.33	

In reply the Chairperson, STC stated (September 2011) that the observation noted for future guidance.

Similarly, test check (August 2011) of records of Chairman, Barpeta Municipal Board (BMB) revealed that, the Chairman incurred an excess expenditure of ₹0.52 lakh on material component during 2006-07 while executing the works under SJSRY.

Reply from the Chairman, BMB is awaited (January 2013).

Thus, excess expenditure of ₹6.85 (₹6.33 lakh + ₹0.52 lakh) lakh on material component defeated the employment generation of deserving urban unemployed to that extent besides, depriving the targeted beneficiaries from the intended benefits of the scheme.

The matter was reported to the Government (November 2012); reply is awaited (January 2013).

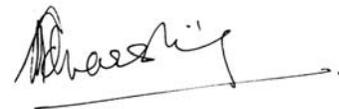
Guwahati
the



(Sitangsu Kumar Guha)
Deputy Accountant General
(Social Sector)

Countersigned by

Guwahati
the



(C. H. Kharshiing)
Accountant General (Audit)