

CHAPTER-II

ECONOMIC SECTOR

2.1 Introduction

The findings based on audit of State Government units under Economic Sector feature in this chapter.

During 2011-12, against total budget provision of ₹13,876.21 crore, total expenditure of ₹9,453.09 crore was incurred by 18 departments under Economic Sector. Department-wise details of budget provision and expenditure incurred thereagainst are shown in *Appendix – 2.1*.

Besides, the Central Government has been transferring a sizeable amount of funds directly to the implementing agencies of the State Government for implementation of flagship programmes of the Central Government. During 2011-12, out of total release of ₹6,631.69 crore, ₹568.55 crore were directly released to different implementing agencies under Economic Sector as detailed below.

(Rupees in crore)

Sl. No.	Name of the Department	Name of Implementing Agencies	Fund released
1.	Science and Technology	Institute of Advanced Study in Science and Technology	9.00
2.		Research and Development (Biotechnology)	4.24
3.		Technology Development Programme	2.38
4.	Agriculture	Livestock Insurance	2.00
5.		National Food Security Mission	41.74
6.		National Mission on Bamboo	2.64
7.		National Project for Cattle and Buffalo Breeding	7.28
8.	Ministry of Commerce (Handloom and Textile)	Marketing and Export Promotion Scheme	4.71
9.	Ministry of Commerce (Weavers and Artisans Co-operative)	Marketing and Export Promotion Scheme	6.20
10.	Commerce	Research and Development (Handicrafts)	0.06
11.	Planning Statistics and Programme Implementation	MPs Local Area Development Schemes	74.50
12.	Industry	Industrial Infrastructure	1.41
13.		North Eastern Development Finance Corporation	59.99
14.		Transport subsidy	331.03
15.		Infrastructure Development	13.50
16.	Renewable Energy	Rural Applications	7.87
Total			568.55

Source: CPSMS.

2.1.1 Planning and conduct of Audit

The audits were conducted during 2011-12 involving expenditure of ₹3,802.81 crore of the State Government under Economic Sector. This chapter contains one Performance Review on “Roads and Bridges funded from Central Road Fund (CRF)”, one CCO centric Audit of Fisheries Department and 13 Transaction Audit Paragraphs.

The major observations detected in audit during the year 2011-12 are given below.

PERFORMANCE AUDIT

Public Works Department

2.2 Performance Audit of “Roads and Bridges funded from Central Road Fund (CRF)”

The Public Works Department (Road), GOA is mainly responsible for improvement of road communication through construction and maintenance of roads, bridges and culverts for speedy development of the state. In Assam there is a total road length of 39,000 km. Three Chief Engineers (CE) of the Department viz., CE (Roads), CE (Boarder Roads) and CE (Assam Rural Infrastructure and Agricultural Services Programme) execute various projects for Roads and Bridges funded from the Government of India through National Bank for Agriculture and Rural Development (NABARD), North Eastern Council (NEC) and also from the State’s own resources under different schemes.

Central Road Fund (CRF) was conceived (27 December 2000) by Government of India (GOI) with a view to achieve a balanced development of the road network in the entire State. The objective of CRF had not been fully achieved as 67 per cent of the projects approved during 2007-12 remained incomplete as of March 2012. Five projects approved prior to April 2007 also remained incomplete. The composite plan or the annual plan was not prepared after proper survey and investigation. In the absence of systematic selection procedure, 70 per cent of the State road projects were selected without the criteria being fulfilled. No new project was approved during 2009-12 as the Government of Assam (GOA) did not submit any proposal. Absence of systematic work plan and unsatisfactory performance of contract and works management, delayed the completion of the projects abnormally. Completed roads got damaged as funds for maintenance was not provided by GOA. Quality control, supervision and monitoring were perfunctory. Some of the significant audit findings are highlighted below.

Highlights

GOA did not prepare any work plan, either annual or composite, to execute the works in a systematic and integrated manner.

(Paragraph 2.2.8.1)

Contrary to the provisions of CRF (*State Roads*) Rules 2007, 51 out of 69 State road projects selected prior to March 2007 and seven out of 13 state road projects selected during 2007-12 and approved by GOI for creation through CRF, were having road length below the prescribed minimum criteria of 10 km length.

(Paragraph 2.2.8.2)

GOI had not sanctioned any project during 2009-12 as GOA had not submitted proposals, though in successive budget speeches of all these years, GOA had committed to increase the road infrastructure throughout the State, by making arrangement of funds under different Central schemes including CRF.

{Paragraph 2.2.8.2(ii)}

Central share of ₹6.78 crore pertaining to the years prior to March 2007 received by GOA was not released to the executing divisions which adversely affected the smooth implementation of the works undertaken.

(Paragraph 2.2.9.3)

Incomplete portion of road work not allotted to another contractor for execution despite elapse of more than four years from the scheduled date of completion (May 2008) rendered the expenditure of ₹1.85 crore incurred unproductive.

(Paragraph 2.2.10.1)

Against permissible limit of four months in awarding of contract in 12 projects, there were delays of more than one to 23 months. These projects remained incomplete even after elapse of 17 to 69 months period beyond the prescribed time schedule of 24 months from the date of GOI's approval.

(Paragraph 2.2.10.5)

In the absence of budgetary provision of fund for maintenance of CRF work, 10 completed roads got damaged and road connectivity weakened.

(Paragraph 2.2.11)

2.2.1 Introduction

CRF was created under Resolution of the Parliament passed in 1988 and later brought under CRF Act, 2000, for development and maintenance of national highways/rural roads/state roads, roads of inter-state connectivity (ISC), roads of economic importance (EI) and improvement of road safety works at railway crossings to be funded by GOI from the 'Cess collected on Petrol and High Speed Diesel Oil'. Subsequently, in exercise of the powers conferred under Section 12 of the CRF Act,

2000, Ministry of Road Transport and Highways, GOI vide its Notification dated 10 July 2007 made the Central Road Fund (State Roads) Rules, 2007 for the disbursement of the Central Road Fund in respect of specified projects.

2.2.2 Programme Objectives

Assam being the gateway of North East India and surrounded by as many as seven States¹ and two countries², the need for development of transport and communication sector in the State is of vital importance. Performance audit of 'Roads and Bridges funded from CRF has been considered because of its significant role in ensuring balanced development of road communication network of intra as well as inter-state connectivity.

Category of works under the programme are as follows:

- State roads *i.e.* construction of missing bridges, cross-drainage works, by-passes, parallel service roads along with National and State Highways; widening of two lanes; strengthening of weak pavement; rehabilitation of bridges and engineering aspects of road safety works;
- Road projects of inter-state connectivity between two adjacent states; and
- Road projects of economic importance *i.e.*, roads directly connecting to important market place, economic/industrial zones, agricultural region, roads benefiting vulnerable section of the society and also roads leading to socially important infrastructure such as cremation grounds, orphanages etc.

2.2.3 Organizational set up

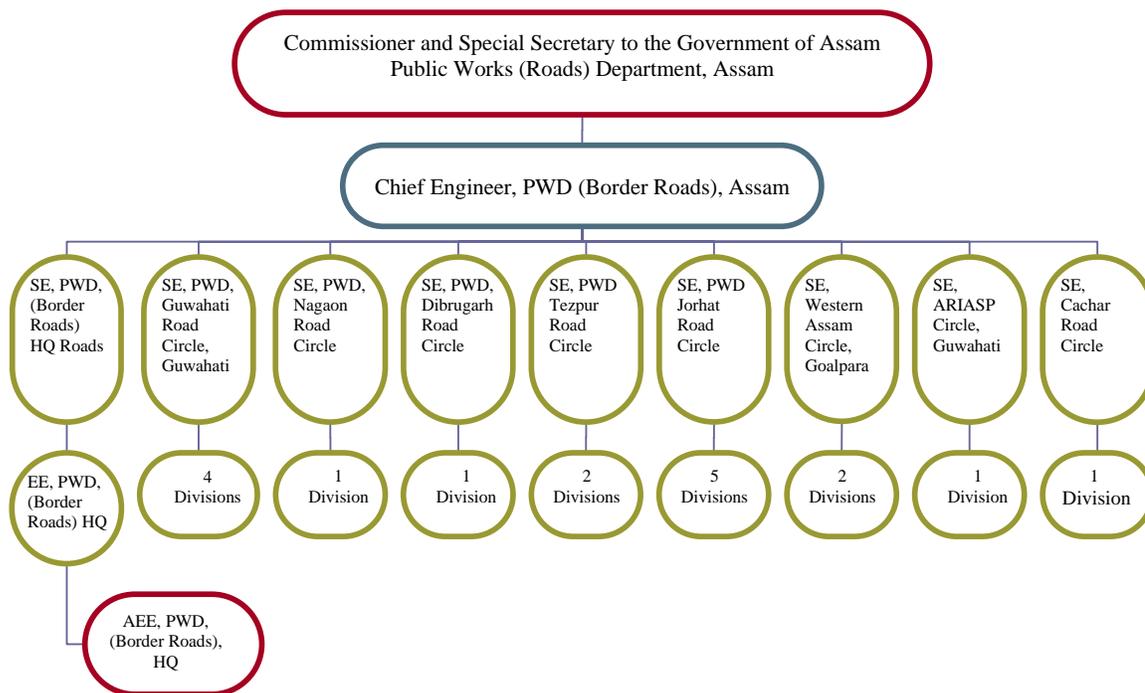
The Chief Engineer (CE), PWD (Border Roads), Assam is mainly responsible for the overall implementation of various schemes/projects under CRF. He is assisted by one Superintending Engineer (SE), one Executive Engineer (EE) and one Assistant Executive Engineer at the Headquarters. Supervision of works is done by nine SEs and EEs of 17 Divisions³ who are directly responsible for implementing the schemes/projects under CRF at the field level. Organisational structure of the department is given in Chart-1.

¹ Arunachal Pradesh, Meghalaya, Manipur, Nagaland, Mizoram, West Bengal and Tripura.

² Bangladesh and Bhutan.

³ (i) State Road Division: 5, (ii) Rural Road Division: 8 and (iii) City Division: 4.

Chart-1
Organisational Structure



Source: Departmental records.

2.2.4 Scope of Audit

The Performance Audit on Construction of Roads and Bridges funded from CRF during 2007-08 to 2011-12 was carried out through test check of the records during the period April 2012 to July 2012 of the Commissioner and Special Secretary to the GOA, PWD, CE (Border Roads) and nine⁴ out of 17 divisions covering 88 per cent expenditure (₹145.36 crore) of the total expenditure of ₹164.61 crore incurred during the period. Out of 42 projects (15 sanctioned during 2007-12 and 27 pertaining prior to 2007), 29 projects were test-checked in audit.

2.2.5 Audit Objectives

The main objectives of the performance audit were to assess whether:

- There was systematic planning based on surveys conducted in attaining the objectives of CRF;
- Funds were released in time and utilized efficiently, effectively and economically in accordance with scheme guidelines;

⁴ 1. EE, City Division II, Guwahati; 2. EE, Road Division, Guwahati; 3. EE, North Guwahati Road Division; 4. EE, Sonitpur Rural Road Division; 5. EE, Golaghat Rural Road Division; 6. EE, Sibsagar State Road Division; 7. EE, Charideo Rural Road Division; 8. EE, Dibrugarh Rural Road Division; and 9. EE, Silchar Rural Road Division.

- Works were executed in accordance with DPRs/approved estimates;
- Mechanism provided for proper maintenance of roads and bridges was effective; and
- The monitoring system inspection, reporting and evaluation in implementation of the schemes/projects evolved was adequate and effective.

2.2.6 Audit criteria

The Audit findings were benchmarked against the provisions of following source of criteria:

- CRF Act 2000 and Rules, guidelines, notifications, instructions with regard to implementation of the scheme;
- Survey report, detailed project report/approved estimates;
- Departmental Manuals/policies; and
- Prescribed monitoring mechanism.

2.2.7 Audit Methodology

The Performance Audit commenced with an entry conference with the Deputy Secretary, PWD; Deputy Secretary, Finance along with other departmental officials in May 2012 wherein the audit objectives, criteria and scope of the performance audit were explained and inputs of the departmental officers were obtained. Nine (53 *per cent*) out of 17 divisions were selected for detailed scrutiny based on simple random sampling method. Information and documents available in test-checked divisions and responses to audit questionnaires were analysed. Photographic evidence and physical verification were also taken into consideration to substantiate audit observations. The exit conference with the Commissioner and Special Secretary to the GOA, PWD and representative from the department was held on 21 September 2012 wherein audit findings were discussed and report finalised after taking into account the views of the department duly incorporating the same at appropriate places.

2.2.8 Survey, Planning and Selection

2.2.8.1 Survey and planning

Systematic and realistic planning from project formulation stage to execution is a pre-requisite for successful implementation of any project in a cost effective manner.

Audit scrutiny revealed that the primary requirement of survey and investigation for balanced development of infrastructure in the road communication network of the state was missing. The department did not prepare any works plan, either annual or composite, to execute the works in a systematic and integrated manner.

Proposals/estimates for roads and bridges were framed by the concerned EEs of the implementing divisions on the basis of perceived need as stated by the CE (Border Roads). The Department was thus deprived of realistic assessment of the needs of balanced development of the road network in the entire State for sound planning for construction of roads and bridges utilizing CRF was absent.

2.2.8.2 Selection of projects

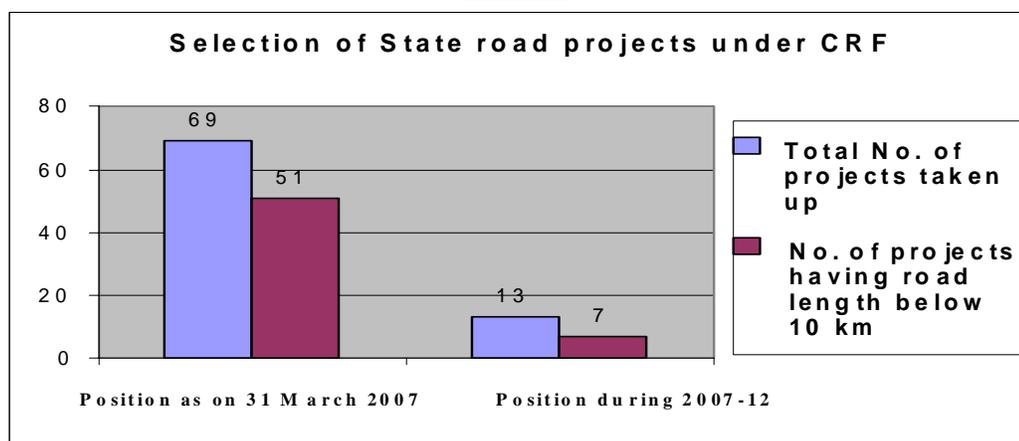
During the period April 2001 to March 2007, 80 road projects (69 State roads, five roads of Inter-state connectivity and six roads of economic importance) were selected by GOA for execution under CRF without any bridge project. Again during 2007-12 another 15 road projects (13 State roads, one Bridge and one inter State road) were selected by GOA. All the selected projects were approved by GOI.

According to CRF Rules, proposed road length of State Roads selected for execution under CRF should cover minimum 10 kilometers of length. Less than 10 kilometers of road length is permissible only in the case of following works:

- Construction of missing bridges, rehabilitation of bridges, widening to two lanes, strengthening of weak pavement sections;
- Engineering aspects of road safety works covering improvement of traffic junctions;
- Construction of bye passes, parallel service roads along national or state highways; and
- Development of connecting roads to national highways from rural roads and tourist places.

Contrary to the above provision of CRF Rules, 51 out of 69 state road projects selected prior to March 2007 were having road length below 10 km (ranging from 0.45 km to 9.45 km), violating the main criteria of selection of State Road projects of more than 10 km. Similarly out of 13 state road projects selected during 2007-12 and approved by GOI, seven state roads were below 10 km (ranging from 0.50 km to 9.92 km). The position is shown in Chart 2.

Chart 2



Source: Departmental records.

This indicates that 70 per cent (58 out of 82) of the state road projects of less than 10 kms length were selected by GOA and approved by GOI despite the fact that they did not fulfill the requisite criteria of funding through CRF. Scrutiny of the process of selection disclosed that GOA put forward detailed estimate of the works to GOI for sanction of the project. The detailed estimate clearly indicated the length of the road/roads included in the project proposal. Sending of project proposals of improvement of State roads below 10 km by GOA and sanction of those projects by GOI was in violation of the provisions of the guidelines circulated by Central Government itself. Thus, there were inherent deficiencies in planning and selection processes, as observed during the course of audit are detailed below.

(i) Lack of transparency in selection

On the basis of the proposal sent (August 2008) by GOA, GOI accorded (August 2008) administrative approval (AA) of ₹29.91 crore for the project “Improvement and up-gradation of roads within Silchar Municipal area under major district road within Cachar district”. GOA accorded (February 2009) AA to the project for the same amount after a period of more than five months.

Scrutiny of work orders and other records disclosed that total road length of 81.55 km and four culvert/drains were divided into 32 packages and awarded to 27 contractors between February 2009 and November 2011 respectively. Till March 2012, four packages were completed at a cost of ₹74.95 lakh (including a liability of ₹18.21 lakh) and the remaining 28 packages remained incomplete after incurring an expenditure of ₹12.03 crore in addition to committed liability of ₹2.69 crore. This needs to be viewed against GOI stipulation in the AA that the works were to be completed by August 2010.

57 different roads and four culverts, drain etc., taken up under the project for which technical sanctions accorded (September 2008) by CE, PWD (Roads). The work orders and progress reports disclosed that these 57 roads were of varying lengths ranging from 0.3 km to 5.5 km as depicted in Table-1.

Table – 1
Projects taken up with shorter road lengths (than prescribed)

Road length in km	No of roads
0.300 km to 1.00 km	38
1.001 km to 2.00km	8
2.001 km to 3.00 km	6
3.001 km to 4.00 km	2
4.001km to 5.00 km	2
5.001 km to 5.50 km	1
Total	57

Source: *Divisional records.*

Copy of project proposal sent (August 2008) by GOA to GOI for sanction also indicated that proposal contained separate detailed estimates of 57 roads and four culvert/drains and the length of each road varied between 0.3 km to 5.5 km as indicated in the table above. GOI sanctioned these projects in August 2008 itself although it violated one of the provisions of the guideline that no State road projects of less than 10 km should be entertained. Besides, objective of CRF was to develop State highways, Major district roads and other roads of importance, rather than development of municipal roads. Thus, due to wrong approval of the projects, the **basic objective of the scheme was defeated.**

In reply (September 2012), the CE did not comment about shorter length of the roads undertaken through CRF but stated that these were not municipal roads. The reply is not acceptable as the nomenclature of the project indicates that the roads were in the municipal area of Silchar town and thus not covered for execution through CRF.

(ii) Lack of strategic planning

Successful implementation of the projects depends on formulation of strategic planning. During 2009-12, GOA did not submit any proposal to GOI for sanction. All the 15 projects were sanctioned during 2007-09. Though, in successive budget speeches of all these years, the Government had committed to increase road infrastructure throughout the State, by arrangement of funds under different Central schemes, including CRF. Non-submission of proposals thus entailed non- receipt of any fund for new projects under CRF during 2009-12. This is indication of lapses in strategic planning of the department, *vis-a-vis* commitment of the Government in so far as creation of road infrastructure under CRF is concerned.

In reply, CE stated (September 2012) that proposals were not sent as sanction accorded during 2008-09 (₹90.45 crore) was 7.2 times the bank of sanction which according to CRF Rule, shall not normally exceed at any point of time two times of the (₹25.12 crore) annual accrual for the year in which the schemes were sanctioned. It may be pointed out that 53.8 *per cent* (7 out of 13) projects sanctioned during 2007-09 did not fulfill the road length criteria. Thus, due to sanction of inadmissible proposals parameters of sanction exceeded and GOA could not send any new proposal leading to deficiencies in strategic planning.

2.2.9 Financial Management

2.2.9.1 Fund flow and funding pattern

Funds under CRF for State roads including roads of ISC and EI are released by the Ministry of Road Transport and Highways (MORTH), GOI to the Finance Department, GOA, which in turn releases fund on the basis of demand placed by PWD, GOA. The PWD in turn releases Fixation of Ceiling (FOC) to the concerned

Divisions with intimation to CE, PWD (Border Roads), Assam, who issues budget allocation to the concerned divisions authorising expenditure to be incurred.

The funding pattern for development of State roads including roads of inter-state connectivity and economic importance is as under:

- (i) State roads: 100 per cent by GOI;
- (ii) Roads of Inter-state connectivity: 100 per cent by GOI;
- (iii) Roads of Economic Importance: 50 per cent by GOI and 50 per cent by GOA.

2.2.9.2 Preparation of budget

Budget Manual of GOA stipulates that Budget Estimates (BE) are to be consolidated by the controlling officers based on the proposals received from the subordinate offices and should be as accurate as possible. The controlling officer (Chief Engineer) however, did not produce any record/proposal from executing divisions for 2007-12 and stated that the budget proposals were prepared on the basis of allocation made by Planning and Development department, GOA and the same were sent to Finance Department for sanction. Thus, it was not possible to ascertain that BE was prepared from the inputs of executing divisions and was need based and realistic. Further, instances of huge savings particularly during the years 2008-09, 2010-11 and 2011-12 were noticed as would be evident from the observation in paragraph 2.2.9.3.

2.2.9.3 Financial Outlay and Expenditure

Year-wise position of budget allocation, receipt of funds from GOI, corresponding release by GOA and utilization of funds by the executing Department is given in Table 2.

Table 2

(₹ in crore)

Year	Budget estimate	Fund released by GOI	Fund released by State to implementing agencies			Expenditure	Excess (+)/savings (-) over budget estimates (percentage shown in bracket)
			Central share	State share	Total		
2007-08	36.67	26.13	34.48	0	34.48	34.48	(-) 2.19 (6)
2008-09	34.41	22.59	17.62	0	17.62	17.62	(-) 16.79 (49)
2009-10	32.37	33.87	32.52	0	32.52	32.52	(+) 0.15 (0.46)
2010-11	65.76	47.70	44.09	0.20	44.29	44.29	(-) 21.47 (33)
2011-12	58.06	34.52	35.70	0	35.70	35.70	(-) 22.36(39)
Total	227.27	164.81	164.41	0.20	164.61	164.61	

Source: Departmental records.

The above table indicates that during 2007-12, GOI released a total amount of ₹164.81 crore, of which GOA released ₹164.41 crore, besides State share of ₹0.20 crore, to the executive divisions. The aforesaid releases were made against the budget provision of ₹227.27 crore. Thus, there was overall shortfall in release of fund of ₹62.66 crore (28 per cent) to the executing agencies.

The overall projections of funds inflated by 28 per cent during 2007-12 further corroborates that the BE was unrealistic as it was prepared without inputs from implementing divisions. Besides, there were instances of non release of Central share received by GOA to the executive divisions. It was further revealed that Central share

of ₹6.78 crore pertaining to the years prior to March 2007 was not released by the GOA and remained with the exchequer which adversely affected the smooth implementation of the scheme. The reason for the short release of fund was not on record.

2.2.9.4 Discrepancy in release of funds and expenditure

Scrutiny revealed that there was a discrepancy of ₹7.10 crore between the statements furnished by PWD (₹130.29 crore) and the Finance accounts (₹123.19 crore) in respect of amount released by GOI during 2007-11. (Details are shown in *Appendix-2.2*). PWD could not produce all the sanction orders pertaining to the year 2008-09.

Discrepancy of ₹1.26 crore was also noticed between the statements furnished by the Department (₹163.35 crore) and the fixation of ceiling (FOC) register (₹164.61 crore) maintained by the CE (Border Roads) in respect of release of fund by GOA (*Appendix -2.3*).

Further, there was a discrepancy of ₹1.96 crore in expenditure as per expenditure statement of the divisions (₹166.57 crore) when compared with records maintained by the CE (₹164.61 crore).

Paragraphs 143 to 145 of Budget Manual, GOA stipulates that expenditure booked in the departmental record should be reconciled with the books of the Accountant General (A&E) every month. However, the department did not reconcile the expenditure booked under CRF with that of the Principal Accountant General (A&E), Assam. As a result, there was a difference of ₹5.08 crore between total expenditure projected by Department (₹128.92 crore) and total expenditure incurred (₹123.84 crore) as per Detailed Appropriation Account for the years 2007-2011. The details of year-wise difference are shown in *Appendix-2.4*. These discrepancies highlight the deficiencies in record keeping by the concerned authorities. Reasons for the above discrepancies were not furnished by the authorities, though called for in audit.

2.2.10 Execution

During 2001-07, construction of 595.85 km roads was sanctioned for execution through 80⁵ road projects. Of these, 53⁶ road projects were completed till March 2007 creating 385.737 km of road. Remaining 27 projects were incomplete as of March 2007.

During 2007-12, 42 projects (New projects: 15 and remaining 27 projects as of March 2007) were taken up for execution for creation of 562.45 km of road and construction of one RCC bridge. Only 27⁷ projects could be completed after incurring an expenditure of ₹83.62 crore and creating 195.527 km of road and 15 projects remained incomplete after incurring expenditure of ₹99.31 crore against sanctioned

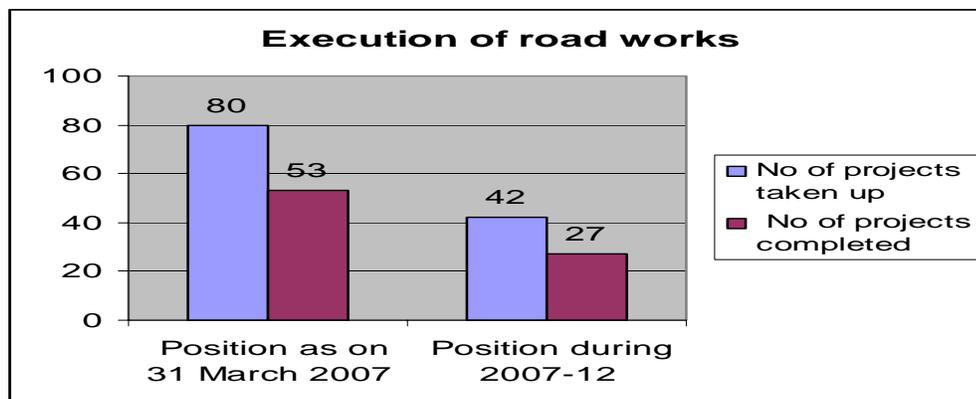
⁵ 69 State roads + five roads of interstate connectivity + six roads of economic importance.

⁶ 50 State roads + two roads of interstate connectivity + one roads of economic importance.

⁷ 22 projects sanctioned prior to March 2007 + five projects sanctioned during 2007-12.

cost of ₹157.04 crore. The reasons of non-completion of works in stipulated time has been discussed in paragraph 2.2.10.5. Execution of road works as of March 2007 and during 2007-12 is depicted in Chart 3.

Chart 3



Of the 27 projects completed during 2007-12 period, 22 projects pertained to the period prior to 31 March 2007 and five projects (33.33 per cent) of the 15 projects sanctioned during 2007-12 were completed during the same period.

Absence of systematic work plan and unsatisfactory performance of contract and works management delayed the project. Delay/non-completion of the projects retarded the development process and frustrated the desired objective of providing better road connectivity through State and inter-state roads.

Out of 42 road projects (as listed in **Appendix – 2.5**) undertaken during 2007-12, 29 road projects executed by nine test checked divisions were checked in audit. Of these, 17 projects were completed after incurring an expenditure of ₹ 57.81 crore against the sanctioned cost of ₹ 64.86 crore with time overrun ranging from 4 to 48 months in case of 11 projects. Of these, six projects were, however, completed within the scheduled time. 12 projects remained incomplete as of March 2012 after incurring an expenditure of ₹95.77 crore though the stipulated time of completion of these projects was already over (lies in between June 2006 and October 2010) as discussed in succeeding paragraph 2.2.10.5 (List of projects selected for detailed examination is shown in **Appendix – 2.6**). Significant observations are summarised below.

2.2.10.1 Unproductive expenditure

The project “Improvement by Met & Bt of U/M Ligiri Ali (Road length 6.10 km)” under Charaideo Rural Road division, Sonari was approved (March 2007) by GOI for ₹236.04 lakh. The project was divided into three groups and awarded (August 2007) to 2 (two) Contractors at the lowest bid value with the stipulation to complete the work within nine months as shown below.

(₹ in crore)

Group	Chainage	Name of Contractor	Bid Value
I	0.00 m to 2,000 m	R.C.N. Construction Pvt. Ltd	0.76
II	2000 m to 4,000 m	U.C.N. Construction Pvt. Ltd	0.76
III	4000 m to 6,100 m	R.C.N. Construction Pvt. Ltd	0.83

Scrutiny of records revealed that Group I and Group II works were completed after incurring total expenditure of ₹1.50 crore (Group I: ₹0.76 crore and Group II: ₹0.74 crore) in December 2009 and June 2011 respectively. The contractor of Group III had, however, after execution of only 43 *per cent* of the work, showed (January 2011) his inability to complete the remaining work on the plea that objection was raised by local people about alignment of the balance portion of the road. The EE rescinded (August 2011) the work order by forfeiting security deposit (₹2.76 lakh) and earnest money (₹1.67 lakh) of the contractor. The contractor was paid (March 2012) the value of work done by him amounting to ₹0.35 crore.

The remaining portion of the work was not awarded to any other contractor as of March 2012 as the working estimate for the balance work (₹0.51 crore) was not technically sanctioned by the CE.

In reply to audit query, EE stated (June 2012) that local people allowed construction of the road as per approved alignment subsequently but the remaining work was not settled for execution with any other contractor.

Thus, due to inaction on the part of the implementing division to complete the remaining portion of the road (from Ch 4,800 to 6,100 m), despite elapse of more than four years period from the scheduled date of completion (May 2008), the expenditure to the tune of ₹1.85 crore incurred on this project not only became unproductive but also affected the intended purpose of providing road connectivity to the users.



LIGIRI ALI ROAD (CH 4.800 M) (15-06-12)

On this being pointed out in audit, CE in reply, stated (September 2012) that connectivity to the locality was provided through another road constructed under PMGSY. So far as this road is concerned, the incomplete road ended in a paddy field without reaching any locality as evident from the photograph above. However, existence of alternate road did not nullify the necessity of another connecting road.

2.2.10.2 Incomplete projects shown as having been completed

There were two⁸ instances where incomplete works were shown as having been completed as detailed below-

(a) The work “Improvement of Joypur Road (3rd to 11th km)” under Dibrugarh Rural Road division was awarded (May 2005) to a contractor at ₹1.91 crore with due date of completion in November 2005. As the contractor abandoned (October 2005) the work, EE engaged another contractor who also abandoned (March 2008) the work after doing part of the work. The third contractor engaged also did not complete the work. The three contractors were paid total amount of ₹1.91 crore including an amount of ₹25 lakh paid as advance to the second contractor (remained unadjusted) against the value of work done to the extent of ₹1.68 crore. The work was reported as completed in June 2009 without final measurement and preparing final bill.

Scrutiny, however, revealed that value of left over work yet to be completed amounting to ₹20 lakh in addition to unadjusted advance of ₹25 lakh that remained outstanding against the second contractor as detailed in *Appendix – 2.7*.

In reply, CE stated (September 2012) that the above payment had already been adjusted through contractor’s RA bill and the work was also completed by engaging third contractor. Records showing adjustment of the advance through incomplete final bill and final bill of third contractor showing completion were not produced though called for in audit. Thus veracity of the adjustment of advance remained unconfirmed.

(b) Similarly the second work, executed by Silchar Rural Road division, was awarded (February 2005) to a contractor at a tendered value of ₹2.49 crore. The contractor was paid (January 2008) ₹2.34 crore (including advance of ₹10 lakh) against value of work done amounting to ₹2.24 crore. Although this work was also reported as completed in 2009-10 without final measurement and final bill, value of work yet to be completed amounted to ₹25 lakh in addition to outstanding advance of ₹10 lakh against the contractor which remained unadjusted as detailed in *Appendix – 2.7*.

In reply, CE stated (September 2012) that the advance was adjusted from the security deposit of the contractor and the balance work was done from the scheme, other than CRF. Documentary proof of the assertion, however, was not produced.

Thus, in the absence of documentary proof of recovery of advances from the contractor and due to non-submission of completion certificates, the claim made by CE remained unconfirmed.

2.2.10.3 Dismal work management

GOI accorded (March 2005) administrative approval (AA) to the project “Improvement of met Sepon Suffry Road” under Charaideo PWD Rural Road

⁸ 1.Improvement of met. Joypur Road under Dibrugarh Rural Road Division. 2. Improvement of (i) Road from Bhowal point at NH – 54 Extension to Bye-pass Road via Station approach road, Normal School to Jail Road, Native Church Road, Chincoorie Road, (ii) Road from Badri Ferryghat to Bilpar Road via Berenga, Madhurband, Panpatty, Nagapatty Radhamadev Road (iii) Malugram Sibbari Cachar Motor works via Ration Godown approach road, Ghaniwalla Road, Jahaj Gudam Road, Link road between Ration Godown and Jahaj Dodam Road under Silchar Road Division

Division, Sonari (Road length 12 km) at a cost of ₹1.49 crore. Thereafter, GOA accorded (December 2005) financial sanction for ₹1.47 crore for the said project. The work was awarded (July 2005) to the lowest bidder⁹ at the tendered cost of ₹1.42 crore with the stipulation to complete the work by April 2006. The contractor was paid ₹1.20 crore (September 2006) against executed work value of ₹1.24 crore. Scrutiny revealed that, in January 2009 the contractor abandoned the work after completing WBM works and without doing bituminous carpeting work. The work was rescinded (March 2009) by forfeiting the security deposit (₹9.93 lakh) and earnest money (₹2.84 lakh) of the contractor. The division took more than two and half years to take action against the erring contractor. In reply, the EE stated (June 2012) that the said road was under water due to heavy flood during 2006-08 and the contractor had submitted (December 2008) work programme assuring to complete the work within March 2009. Hence, there was delay in taking action against the contractor.

CE, however instructed (January 2010) SE, Jorhat Road Circle, to make recovery of ₹8.51 lakh (20 *per cent* of the balance work i.e. ₹3.54 lakh plus ₹4.97 lakh for restoration of the damaged work) from the original contractor. The amount was, however, not recovered (May 2012).

The remaining portion of the work (tender value ₹22.67 lakh) remained incomplete even after engagement (May 2010) of the second contractor. The re-allotted work order was also rescinded (October 2011) by forfeiting security deposit and earnest money as the contractor failed to complete the work within the stipulated time (30 November 2010). The contractor was paid ₹3.10 lakh (₹1.00 lakh in February 2011 and ₹2.10 lakh in October 2011) against bill value of ₹7.12 lakh. Ultimately, the work which was sanctioned by GOI in March 2005 remained incomplete and in abandoned state till June 2012.

The EE had not analysed the root cause of abandonment of work by the contractors one after another to take remedial measures to address the problem. Thus, absence of monitoring and efficient project management resulted in unproductive expenditure of ₹1.23 crore besides deprival of intended benefit of connectivity to the users.

2.2.10.4 Unauthorized execution of work

As per MORTH's general instructions, no work beyond the scope of the sanctioned estimate should be undertaken without obtaining prior approval of the Ministry. Further rule 7 of the CRF Rules 2007 envisaged that sanction of projects can only be considered if no improvement work was done in last three years. In the following three cases, work was executed beyond the scope of sanctioned estimates without Ministry's approval by the department.

⁹ Jayee Construction, Guwahati.

(a) Scrutiny of records revealed that administrative approval and financial sanction was accorded by GOA (March 2005) for the work “Improvement of Metd. Dodhar Ali (29th to 32nd Km) Road under Golaghat Rural Road division at ₹57.78 lakh. The expenditure was incurred from State plan during 2005-06.

It was also revealed that though the improvement work was done only two years back (April and May 2005), GOI again sanctioned (March 2007) ₹528.13 lakh for the work “Improvement of Historic Dodhar Ali Road from 26 to 32 Km including widening and strengthening Arrengapara Amolapatty into intermediate lane with road side drain and footpath for a total length of 8.10 km” on the same chainage which was not permitted under CRF Rules, 2007.

It was further noticed that GOA accorded financial sanction once in October 2007 for ₹457.56 lakh after deducting ₹57.78 lakh which the division had already incurred from State plan fund for improvement work of the said road and revised it in January 2008 for ₹515.34 lakh including the deducted amount of ₹57.78 lakh. This additional fund of ₹57.78 lakh was utilised for construction of additional road length of 1.3 km. The said project was completed in July 2009 at the cost of ₹4.95 crore covering total road length of 8.57 km¹⁰.

Thus, taking up the work under CRF within three years of improvement work done in April and May 2005 from other schemes was irregular and unauthorized. This affected the objective of implementation of CRF programme in so far as prioritisation of project/work is concerned and showed inherent deficiencies at the planning stage.

(b) On the basis of proposal/estimate submitted (January 2005) by GOA for the project “Improvement of old A.T. road by strengthening & widening” (Road length 11.20 Km) under Sivsagar State Road division, GOI accorded (March 2005) AA for ₹2.98 crore for the said project. The work was awarded (July 2005) to a contractor¹¹ at a bid price of ₹2.86 crore with stipulation of completion by July 2006.

Scrutiny of records revealed that the division constructed road length of 8.20 km only against the approved road length of 11.20 km and executed extra items of work valued at ₹ 94.44 lakh which were not provided for in the original approved estimates. The work was completed (July 2007) at the total cost of ₹ 2.91 crore.

Construction of remaining 3 km (11.20 km – 8.20 km) was taken up (May and September 2005) under another programme with the nomenclature of “Improvement and repairing of old AT road under Assam State Road Board Maintenance Fund” and executed through two contractors¹² at a total cost of ₹51.42 lakh.

¹⁰ 8.10 km – 0.83 km road length covered under State plan + additional road length of 1.3 km.

¹¹ Lohit Ch. Gogoi, Sivasagar.

¹² Biplab Chetia, Guwahati and Lohit Ch. Gogoi, Sivasagar.

Execution of extra work and reducing the road length in violation of the approved estimate was thus, irregular and unauthorised. Execution of remaining part of the work already approved for execution under CRF under another scheme in the contemporary period depicted lapses in overall planning of the department.

In reply, CE although stated (September 2012) that the extra work was necessitated due to site condition but approval of GOI for deviation from approved estimate was not obtained.

(c) GOI accorded (January 2007) AA for ₹2.44 crore for the project “Improvement of Metd Nogora Ali to Dhodar Ali (road length 9.5 km)” under Golaghat Rural Road division. Financial sanction was accorded by GOA in August 2007.

Scrutiny of records revealed that the division constructed road length of 5.3 km against the approved road length of 9.5 km and executed the extra items of work valued at ₹46.67 lakh¹³ which were not provided for in the original approved estimates. The work was completed in December 2008 and the contractor was paid ₹2.05 crore against the work value of ₹2.36 crore creating a liability of ₹0.31 crore.

Reduction of road length from 9.5 km to 5.3 km in violation of the estimate approved by GOI under CRF was irregular and unauthorised.

As a result of non-construction of remaining approved portion of road length, intended purpose of road connectivity to the inhabitants of the locality as contemplated in the original scheme was frustrated.

In reply, although CE stated (September 2012) that remaining portion of the work was completed under PMGSY scheme. Documentary evidences in support of reply were, however, not produced in audit.

2.2.10.5 Delay in completion of projects

According to Central Road Fund (State Roads) Rules, 2007 for the disbursement of the Central Road Fund in respect of specified projects, an individual project is required to be technically approved, financially sanctioned and awarded to contractor within a period of four months from the date of AA from GOI and the period of completion should not exceed twenty four months including the period of tendering process.

Test-check of records of nine selected implementing divisions revealed that out of 29 projects implemented by the divisions during 2007-12, 12 projects remained incomplete as of March 2012 as shown in **Appendix – 2.8** which included one road work of EI and one road of ISC. The total expenditure incurred on these 12 badly

¹³ Earth work in core 24,479.60 cum @ ₹147 = ₹35.99 lakh
Construction of hume pipe culvert eight nos = ₹10.68 lakh
Total = ₹46.67 lakh

delayed incomplete projects was ₹95.77 crore (65 per cent) against sanctioned amount of ₹147.24 crore. The reasons for non-completion of the projects as apparent from the records were as under-

- (i) Withdrawal of contract due to unsatisfactory progress and non-allotment/delayed award of unfinished work;
- (ii) Abnormal delay in submission of revised estimate and approval of drawings;
- (iii) Inaccessibility to the construction site etc. on account of ongoing bridge work under different programme;
- (iv) Delay in approval of working estimates with change of scope of works and design/drawing;
- (v) Short/late payment of contractor's bill with consequent withdrawal of tender;
- (vi) Lack of proper survey and non-removal of electrical poles on the road alignment and
- (vii) Land dispute etc.

It would be evident from the details (***Appendix – 2.8***) that there was delay of more than one to 23 months in awarding contract and the projects remained incomplete even after lapse of 17 to 69 months beyond prescribed time schedule of 24 months from the date of GOI's approval. Delays due to reasons mentioned against (i) to (vi) above could have been addressed if appropriate timely action, monitoring and efficient work management was undertaken by the EE of the respective divisions in these cases.

2.2.11 Maintenance and upkeep of the project

Maintenance and upkeep of the projects after completion is the sole responsibility of the GOA for which adequate fund provision under maintenance head would require to be ensured. Scrutiny revealed that GOA neither made any specific budget provision nor provided any fund for maintenance of work under CRF. Thus, in the absence of budgetary provision non-maintenance/upkeep of projects by GOA led to damage of the ten completed CRF roads as listed in ***Appendix – 2.6*** (Sl. No. 1 to 10) (out of 16 physically inspected) requiring capital expenditure towards major repair. The damages noticed were in the nature of removal of hard crust, sub-base, base coarse, black topping including intermittent pot holes, as would be evident from some of the photographs taken during joint verification. Thus, non-maintenance of completed works damaged the assets created besides weakening road connectivity.



KANUBARI LUKHURAKHAN ROAD (CH 4,400 M)
(15-6-12)



IMPROVEMENT OF KAMARGAON ALI ROAD
(CH 1,230 M TO 1,290 M) (2-6-12)



ROAD FROM MISAMARI CENTRE TO MAILBAGZAR
VIA GOMIRI CENTRE (CH 430 M) (29-5-12)



IMPROVEMENT OF UNMETALLED CHAYANG ALI
(NORTH) (CH 3,200 M) (22-6-12)

2.2.12 Quality control/monitoring

As per CRF Rules, funds to the extent of three *per cent* of the cost of the work shall be placed at the disposal of the regional officer appointed by GOI or any other officer authorized for the State for incurring expenditure on manpower required for effective quality control of the works. It was, however, intimated (July 2012) by the Regional Officer, MORTH, Guwahati, that GOA did not place any fund at his disposal for execution of the quality control of the works. Thus, quality control measures to be exercised by GOI or through office other than the executing authority could not be undertaken.

On enquiry about the internal arrangement of quality control and monitoring in the department, it was stated (June 2012) by CE (Border Roads) that the quality control of works is monitored by the concerned Junior Engineer/Assistant Engineers and checked by the Assistant Executive Engineers of the implementing divisions at the field level.

The implementing divisions (test-checked), however, failed to produce any quality control reports/registers in respect of 17 completed projects (out of 29 projects). Thus, significant aspect of ensuring quality control through checking the standard of execution was found missing which was contrary to provision of CRF Rule.

Information furnished regarding inspection of works conducted by SE and CE disclosed that out of 29 projects test checked in audit, only nine projects were inspected by SE and one project was inspected by CE. No inspection was conducted in respect of the remaining 20 projects. Reports of inspection were, however, not made available though called for in audit. This indicates that in majority of the cases even internal inspection was not conducted and in cases where it was done, details of follow up action taken, if any, as a result of inspection, were not available. Thus, the purpose of inspection which is integral part of monitoring and supervision of the projects was not fulfilled.

2.2.13 Conclusion

The primary requirement of survey and investigation for balanced development of infrastructure in the road communication network of the state was not conducted by the department. In the absence of survey and investigation with a view to identify the road projects and due to non-preparation of either composite or annual plan based on survey, *70 per cent* of the state road projects were selected despite not fulfilling the criteria under the provision of CRF rules. There were inherent deficiencies in strategic planning as apparent from the fact that no new project was approved during 2009-12 by GOI for want of submission of proposals during the period by GOA. Thus, commitments made by the State Government in successive budget speeches to increase road infrastructure through arrangement of funds from different central schemes (including CRF), were not fulfilled so far as CRF is concerned. The objective of CRF for balanced development in road communication network of intra and inter-state connectivity had not been achieved in the State to the desired extent as *67 per cent* projects sanctioned during 2007-12, due for completion within October 2010, could not be completed till March 2012.

The major hurdles in the timely completion of projects were the absence of systematic work plan, non-release/delayed release of funds by GOA, delays in payment to contractors and lack of proper initiative by the executing divisions coupled with lacunae in works management. In the absence of provision of funds from GOA for maintenance of CRF projects, completed roads created through CRF got damaged. These issues could have been addressed suitably with special care and due emphasis on effective planning, supervision and monitoring at all levels in the State.

2.2.14 Recommendations

- PWD should prepare database to develop the macro picture of State roads based on proper field survey so as to prepare well structured annual plan for effective use of limited resources under scheme, on “priority” works.
- Budget estimates should be prepared more realistically by the department considering proposals received from the field offices to ensure optimum utilisation of fund.

- The causes attributable to stoppage of works, works remaining incomplete and slow progress should be analysed and remedial measures taken in accordance with a time bound monitoring plan to arrest such situation in future.
- Maintenance and upkeep of completed projects need to be ensured by making specific budgetary provisions.
- Proper verifiable mechanism with adequate follow up action should be put in place to ensure effective quality control/monitoring as required under CRF, Rules, 2007.

CCO BASED AUDIT

Fisheries Department

2.3 Chief Controlling Officer Based Audit of Fisheries Department

The prime objective of the Fisheries Department is to increase fish production by adopting scientific measures of fish culture and generating employment opportunities by producing high yielding seeds (fingerlings) of fish for distribution among fish farmers at reasonable rates as well as imparting training to the fishermen community. In the CCO based audit, the State Plan schemes, Central Sector/Centrally Sponsored and Externally Aided Projects implemented by the Director of fisheries during 2006-12 were covered. There were deficiencies in planning and budgeting coupled with inadequate flow of funds and insufficient control over programme implementation.

It was noticed that the production of fish registered a shortfall from 4.82 per cent to 16.86 per cent against even the modest target fixed on the basis of 10 per cent annual increase during 2007-08 to 2008-12. Although the fish seed production exceeded the target, the quality of the seed was substandard due to continuous in-breeding¹⁴ leading to lower productivity. At the beginning of 2006-07, the State had water resources of 3.74 lakh hectare (ha) in the form of river fisheries, beel, water bodies, reservoir fisheries, ponds and tanks etc., of which four per cent was used for 'Culture fisheries' and 96 per cent for 'Capture fisheries'. At the end of 2011-12, water resources for fisheries marginally increased to 3.92 lakh ha of which six per cent was used for 'Culture fisheries' and 94 per cent for 'Capture fisheries'.

Highlights

Annual plans were prepared without obtaining inputs from field offices. Plan proposals for funds were arrived at increasing the previous year's allocation by 10-18 per cent as per instruction of Planning and Development Department (PDD), GOA. Besides, the entire exercise of preparation of plan proposals was futile for want of co-relation between plan proposals and budget estimates.

(Paragraph 2.3.7.2)

Savings of plan fund ranged between 24.78 and 53.11 per cent totalling ₹82.92 crore (39.03 per cent) of budgetary allocation during 2006-12.

(Paragraph 2.3.8.1)

¹⁴ Breeding among the same stock of fish.

Department failed to utilise the Research units and the Mobile Fish Health Care Vans gainfully for water testing to undertake preventive measure in reducing mortality rate of fish and thereby increasing fish production. There was infructuous expenditure of ₹86.12 lakh incurred on non-functioning Centers.

{Paragraph 2.3.9.3(ii)}

The Department incurred unproductive expenditure of ₹5.57 crore on constructions and development and towards salary of Government owned fish farms as 71 per cent of the farms were non-functional and activities in the rest 29 per cent were negligible.

{Paragraph 2.3.9.2(i)}

There was suspected misappropriation of sale proceeds of fishery products amounting to ₹38.12 lakh noticed in JB Garh Fish Farm, Nagaon.

{Paragraph 2.3.14(viii) (b)}

2.3.1 Introduction

The main function of Fisheries Department is to augment fish production in the state through development of inland fisheries in three different sectors viz., Government Sector, Co-operative Sector and Private Sector. In addition, socio-economic development of the fishermen community is also a function of the department. Fish is consumed by about 95 per cent of the population of Assam. The annual fish production as of March 2007 in the state was 1.81 lakh Metric Tonne (MT) against the estimated demand of 2.81 lakh MT¹⁵ and that at the end of March 2012 was 2.43 lakh MT (74.54 per cent) against the demand of 3.26 lakh MT. The gap was partially met by importing fish from other States. The productivity percentage increased marginally from 64 (in 2007) to 75 per cent in 2012.

At the beginning of 2006-07, the State had water resources of 3.74 lakh hectare (ha) in the form of river fisheries, *beel*/Ox-bow lake, forest fisheries, derelict water bodies, reservoir fisheries, ponds and tanks. Out of the total water resources, only 0.15 lakh ha (four per cent) were 'Culture Fisheries'¹⁶ and 3.59 lakh ha (96 per cent) were 'Capture Fisheries'¹⁷. At the end of 2011-12, out of total area of 3.92 lakh ha of water bodies, 0.24 lakh ha (six per cent) was Culture Fisheries and 3.68 lakh ha (94 per cent) was Capture Fisheries. The position of resource area of fishery in 2006 and 2012 relating to Culture Fisheries and Capture Fisheries are depicted in Chart 4.

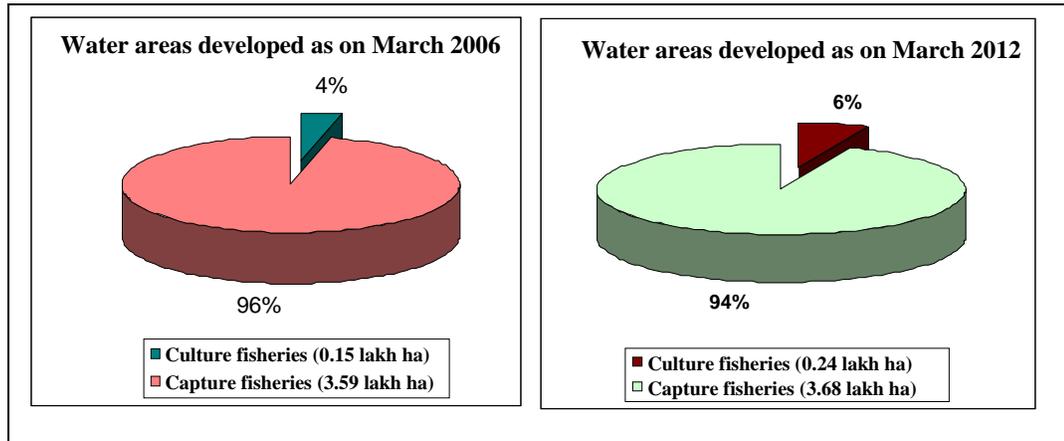
¹⁵ Calculated on the basis of minimum national requirement of 11 kg per capita.

¹⁶ Culture fisheries are fisheries where human intervention contributes in rearing and growing of fish.

¹⁷ Capture fisheries are fisheries where fishes breed naturally and available for capture by humans.

Chart-4

Water resources area of ‘Culture Fisheries’ and ‘Capture Fisheries’ in Assam



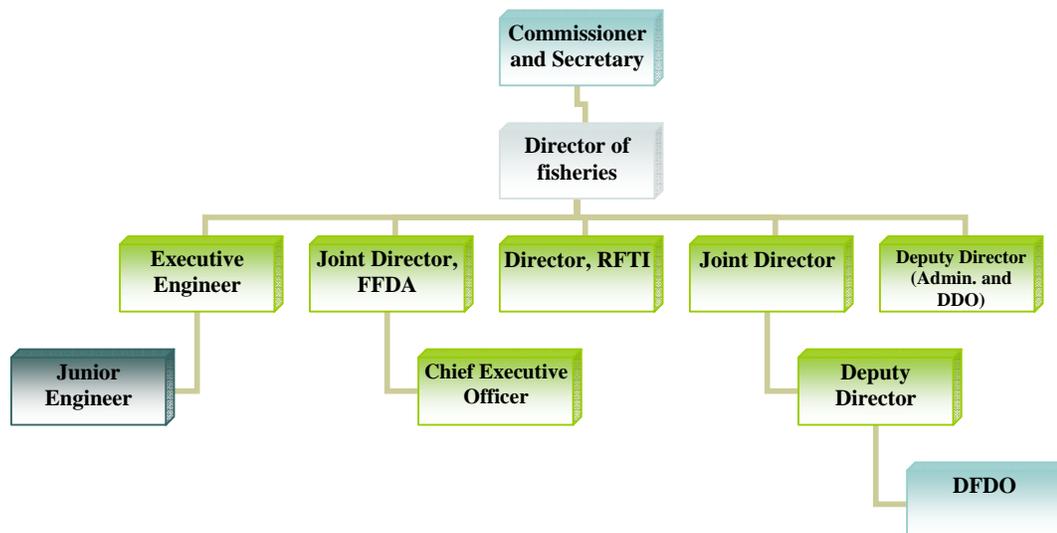
Source: Departmental records.

2.3.2 Organisational set up

Fisheries Department comprises of 26 district units in the State, headed by District Fishery Development Officers (DFDO). In addition, there are Fish Farmers Development Agencies (FFDA) in 11 districts headed by Chief Executive Officers (CEO). These are supervised by three Deputy Directors of Fisheries (DDF) and two Joint Directors of Fisheries (JDF) at the state level under the control of the Director, Fisheries Department. Besides, there are one Engineering Branch and one Regional Fisheries Training Institute (RFTI) headed by Executive Engineer and the Director of Instruction respectively under the control of the Director. The Department is headed by the Commissioner and Secretary, who is the administrative head.

The organisational set up of the department is given in Chart 5.

Chart-5



Source: Departmental records.

2.3.3 Scope of Audit

Audit of the Chief Controlling Officer (CCO) of the Fisheries Department was carried out during November 2010 to May 2011 and also from April to June 2012 covering the functioning of the Department during 2006-12. Records of the Commissioner and Secretary of Fisheries Department, Directorate of Fisheries, nine¹⁸ (35 per cent) of the 26¹⁹ District Fisheries Development Offices (DFDOs) covering expenditure of ₹54.83 crore (23 per cent) of the total expenditure of ₹238.41 crore were test-checked. The nine DFDOs were selected by using simple random sampling method. Apart from above, information was also collected from marketing offices, Fishery Research Centre and Fishery Training Institute, Amranga, while records of DFDOs of Karbi Anglong, Jorhat and Morigaon were test-checked partially.

2.3.4 Audit Objectives

The department centric audit facilitates a comprehensive appraisal of a department's functioning to identify systemic issues that need to be addressed at appropriate higher levels for better performance.

The objectives of audit were to assess performance of the Department on the following parameters:

- Adequacy and effectiveness of Planning Process;
- Effectiveness of Financial Control and Budgetary Management;
- Effectiveness of Programme Management;
- Store Management Mechanism;
- Human Resource Management;
- Effectiveness of Internal Control and monitoring; and
- Adequacy and effectiveness measures to vulnerability to Fraud and Corruption.

2.3.5 Audit Criteria

Audit findings were benchmarked against the provisions of the following sources of criteria:

- Assam Budget Manual;
- Assam Treasury Rules, 1950;
- Assam Fishery Rules, 1953;
- Assam Fish Seed Act, 2005;
- Assam Financial Rules;
- Guidelines/Norms of different Schemes;

2.3.6 Audit Methodology

The CCO based audit commenced with an 'entry conference' (3 November 2010) with Commissioner and Secretary to the Government of Assam, Deputy Secretary, Director of Fisheries and other departmental officers, wherein the audit objectives, criteria and scope of audit were discussed. The audit involved examination of

¹⁸ 1. Cachar, 2. Goalpara, 3. Golaghat, 4. Hailakandi, 5. Kamrup, 6. Karimganj, 7. Nagaon, 8. North Lakhimpur and 9. Sivasagar.

¹⁹ Kamrup (Metro) and Kamrup (Rural) districts are controlled by one DFDO.

records/documents of the selected units and analysis of information/data collected from the audited entity through questionnaire/requisition.

An exit conference was held on 9 November 2012 with Commissioner and Secretary, Fisheries department, GOA wherein the audit findings were discussed and views of the department were suitably incorporated wherever appropriate.

2.3.7 Planning

2.3.7.1 Five Year Plan (FYP)

Planning is an integral part of programme implementation. Survey and continuous updating has a direct relationship with future planning followed by programme implementation. Survey for collection of fishery statistics was not done in 10th FYP²⁰ (2002-07) due to fund constraint as stated (December 2006) by the Director and it was proposed to conduct during 11th FYP²¹. Scrutiny of records however, disclosed that detailed survey was not conducted during 11th FYP {details in paragraph-2.3.9.3(i)} also.

Manpower constraint, both at Directorate and Districts level was cited as the reason for not conducting the survey. Planning and Development Department (P&DD), GOA suggested for creating a separate cell in the department which was also not created. In reply (November 2012), the department stated that survey could not be completed due to increase in areas of water resources and indicated that it would complete the survey in 2012-13 by engaging enumerators in each district.

In the absence of authentic fishery statistics, FYP as well as annual plans (AP) were prepared based on incorrect/unreliable data. This was also commented by Director of Fisheries in the AP of 2009-10. Financial planning was in disarray as evident from the facts that against plan proposal of ₹239.14 crore during 2006-12, ₹212.43 crore (88.83 *per cent*) was sanctioned and the department could only incur an expenditure of ₹129.51 crore (54.15 *per cent* of plan proposal). Further, the target of fish production totaling 14.29 lakh MT during 2006-12 was not achieved as discussed in succeeding paragraph-2.3.9.1 (i).

Thus, FYP prepared failed to serve the purpose of systematic development of fishery sector in the State as it was formulated based on incorrect data/inputs.

2.3.7.2 Annual Plan (AP)

The department prepared Annual Plans (AP) for the years 2006-12 for implementation of ongoing and new production oriented fishery development

²⁰ Date of submission of 10th Plan to P&D Department could not be made available to audit.

²¹ Date of submission of 11th Plan to P&D Department: 30.12.2006 (letter No. AF (P) 41/2006-07/11477).

schemes. Year-wise details of plan fund proposed in the APs for 2006-12 are shown in Table-3.

Table-3
Fund proposed in the Annual Plans for 2006-12

(₹ in crore)

Year	Source-wise proposed annual plan funds					
	State Share	Central Share	Externally Aided project	Tribal Sub Plan	Schedule Cast Sub Component	Total
2006-07	5.52	7.41	10.80	0.68	1.43	25.84
2007-08	27.45	9.01	12.00	1.20	1.41	51.07
2008-09	19.50	3.75	10.37	1.25	1.49	36.36
2009-10	21.70	8.06	4.44	0.80	4.90	39.90
2010-11	32.57	7.10	0.50	0.70	4.78	45.65
2011-12	23.56	1.00	10.00	1.20	4.56	40.32
Grand total	130.30	36.33	48.11	5.83	18.57	239.14

Source: Departmental records.

The Deputy Director (Planning) stated (November 2012) that APs were finalised only after consultation with the DFDOs, Minister and the Commissioner and Secretary, administrative head of the department. However, minutes of such discussions, though called for, were not furnished to audit.

Scrutiny of the records of nine selected districts disclosed:

- The incomplete works were to be projected in AP as spill over target of the next year, but these were neither projected in the 11th FYP nor in the APs during 2006-12.
- Reallocation of funds under different schemes is generally made by P&DD in November/December each year depending on the priority list of schemes submitted by the department. In spite of request (August 2006) from P&DD, the department did not submit priority list in 2006-07. The list of 2008-09 and 2009-10 were submitted after approval by the Minister, Fisheries department without obtaining and consolidating inputs from field level offices.
- Although Socio-economic development of BPL families of Schedule Caste and Schedule Tribes was one of the objectives of the FYP as well as APs through registration of these families, the registration process could not be completed till November 2012.
- Achievement of the physical target of Fish Seed, Fish production and development of water area was recorded, but the target for revenue, to be realised during 2006-12 was not projected in FYP and AP by the department. In reply, the department stated (November 2012) that as the revenue actually earned was not very substantial, it was not projected in FYP and AP.

- Annual plans were prepared without obtaining inputs from the field offices. Plan proposed for fund allocation was arrived at by increasing the previous year's allocation by 10-18 per cent as per the instruction of P&DD, GOA. Thus, participation of the implementing units in the planning process was absent. Besides, the entire exercise of preparation of plan proposals became futile as there was no co-relation between plan proposals and the budgetary projections ultimately approved (paragraph-2.3.8.1).

2.3.8 Financial control

2.3.8.1 Budgetary control

Budget Manual of GOA stipulates that Budget Estimates (BEs) are to be consolidated by the Controlling Officers based on the proposals received from the field offices and should be as accurate as possible. Controlling Officer is responsible for surrender of savings. The annual Plan proposals, budget proposals, budget estimates and expenditure during 2006-12 are shown in Table 4.

Table-4
Annual Plan proposals, budget proposals, budget estimates and expenditure

(₹ in crore)								
Year	Annual plan proposal	Budget proposal	Approved Annual Plan Budget	Budget allocation	Fixation of Ceiling received	Expenditure	Savings ²²	Percentage of savings
2006-07	25.84	18.52	19.42	18.32	8.59	8.59	9.73	53.11
2007-08	51.07	26.25	17.52	17.31	11.16	11.08	6.23	35.99
2008-09	36.36	39.83	39.32	39.23	32.23	28.75	10.48	26.71
2009-10	39.90	42.85	39.90	39.50	31.32	29.71	9.79	24.78
2010-11	45.65	36.88	35.64	36.48	20.00	20.00	16.48	45.18
2011-12	40.32	61.93	61.93	61.59	31.38	31.38	30.21	49.05
Total	239.14	226.26	213.73	212.43	134.68	129.51	82.92	

Source: Departmental records.

Scrutiny of records revealed several deficiencies in financial management as discussed below:

- From the table above, it was evident that there were huge gaps between annual plan proposal *vis-a-vis* budget proposal and budget proposal *vis-a-vis* expenditure during 2006-12 as annual budget proposal varied with respect to corresponding annual plan proposals. Similarly against total budget proposal of ₹226.26 crore, the department incurred expenditure of ₹129.51 crore (57.23 per cent) during 2006-12. Thus, there was no co-relation between annual plan proposals, budget proposals and expenditure during 2006-12.
- Against budget allocation of ₹212.43 crore, the department incurred expenditure of ₹129.51 crore (60.96 per cent) during 2006-12. Thus, there was savings of plan fund of ₹82.92 crore (39.03 per cent) during the period. Year-

²² Savings with respect to Budget Provision/allocation.

wise *percentage* of savings with respect to budget allocation during 2006-12 ranged between 24.78 and 53.11 *per cent*. Savings occurred mainly due to non-receipt of fixation of ceiling (FOC) from GOA, which had adversely affected implementation of fishery development schemes in the State.

- Apart from above, during the year 2008-09 ceiling of plan funds of ₹105.78 lakh (Fish Seed Farming: ₹91.18 lakh and National Welfare Fund: ₹14.60 lakh) had lapsed due to issue of FOC on the last day (31 March 2009) of the year. As a result, DOF, Assam could not draw the fund for utilisation in developmental programmes.
- Under salary component, allotment of funds exceeding actual requirement ranged between 3.54 and 36.12 *per cent* which reaffirmed the fact that budget estimate were not accurate. Reasons for excess allotment of fund under salary component was not found on record. The details of budget estimates, expenditure and savings are indicated in Table-5.

Table -5
Budget allotment, expenditure under salary (Non-plan)

(₹ in crore)

Year	Budget provision	Expenditure	Savings	Percentage of savings	Percentage of expenditure w.r.t Budget provision
2006-07	14.89	11.45	3.44	23.10	76.90
2007-08	16.48	12.71	3.77	22.88	77.12
2008-09	17.83	13.81	4.02	22.55	77.45
2009-10	21.56	20.14	1.42	6.59	93.41
2010-11	36.46	23.29	13.17	36.12	63.88
2011-12	28.51	27.50	1.01	3.54	96.46
Total		108.90	26.83		

Source: Departmental records.

In reply, the department stated (November 2012) that savings were mainly due to non-filling up of vacant posts. But, the savings, as shown in the table above, were not surrendered by the DOF in violation of Paragraph 10 of Chapter-I of Budget Manual.

(i) Budget allotment and expenditure in the selected districts

District Fishery Development Officers (DFDOs) did not prepare budget estimates for execution of the development schemes. On receipt of the allotment of plan fund from the Director, DFDOs submit their proposals along with the plans, estimates and beneficiary list for administrative approval and financial sanction. Of the total expenditure of ₹129.51 crore incurred by the department under different development schemes, the expenditure of the nine test-checked districts was ₹19.06 crore (14.72 *per cent*) during 2006-12 as shown in Table-6.

Table-6
Budget allotment and expenditure in the selected districts during 2006-12

(₹ in crore)

District	Budget allotment	Fixation of Ceiling (FOC) received	Expenditure	Unspent balance as on 31 March 2012	Percentage of unspent balance w.r.t. FOC received
Kamrup	4.69	4.69	4.43	0.26	5.54
Nagaon	5.27	5.27	2.97	2.30	43.64
Golaghat	2.99	2.90	1.48	1.42	48.97
Sivsagar	3.20	3.20	1.91	1.29	40.31
North Lakhimpur	2.44	2.44	1.76	0.68	27.87
Hailakandi	1.26	1.26	1.22	0.04	3.17
Karimganj	1.99	1.99	1.99	00	--
Cachar	2.52	2.52	1.38	1.14	45.24
Goalpara	2.58	2.58	1.92	0.66	25.58
Total	26.94	26.85	19.06	7.79	

Source: Departmental records.

It appeared from the above table that:

- Only one district (Karimganj) could utilise the fund fully released by the Director of fisheries. There were savings ranging from 3.17 to 48.97 per cent of plan fund during 2006-12 in the nine test-checked districts. The unspent balances of plan fund, which were lying in current bank account of the respective DDOs, accumulated during the year as a result of release of funds at the fag end of the years, by the department.
- Two selected districts (Golaghat and Sivsagar) did not receive any funds during 2006-08 for execution of development schemes. The figures (₹2.90 crore and ₹3.20 crore) in the table above shown against these two districts represent fund received during 2008-12. Although there was no development expenditure during 2006-08, the department incurred ₹1.42 crore (Golaghat: ₹63.16 lakh, Sivsagar: ₹79.21 lakh) (**Appendix-2.9**) towards payment of salary in the districts. Reason for non-disbursement of development fund in these two districts during 2006-08 were not found on record nor stated, though called for in audit.
- Against budget allotment of ₹38.43 crore under salary head (Non-plan) during 2006-12, expenditure incurred by the selected districts was registered to the tune of ₹35.77 crore leaving unspent balance of ₹2.66 crore which is indicative of overestimation of requirement of funds (**Appendix-2.9**).

(ii) Non-release of Central Share/Funds under CSS

- ₹21.47 crore (83.57 per cent) out of total central share of ₹25.69 crore meant for implementation of five²³ Centrally Sponsored Schemes (CSS) during

²³ 1. Development of Fresh water Aquaculture under FFDA, 2. Development of Water logged area and Derelict water bodies, 3. Fisheries Training and Extension, 4. National Welfare Fund for Fisherman, and 5. Strengthening of Database and GIS.

2006-12 was not released by GOI due to non-submission of Utilisation Certificates (UCs) by the Department. Of the total GOI release of ₹4.21 crore, the department could not utilise ₹0.57 crore (13.54 *per cent*) as of March 2012 due to non-receipt of UCs from field offices.

- There were delays ranging between seven and 58 months in release of central share of ₹39.90 lakh by GOA to DOF, Assam for implementation of three²⁴ CSS during 2006-12. The delays in release of funds adversely affected implementation of the schemes thereby, depriving the beneficiaries from the intended benefit of the schemes.

2.3.8.2 Expenditure control

(i) Monitoring of expenditure

According to Assam Budget Manual, all the Drawing and Disbursing Officers (DDOs) are required to furnish monthly Statement of Expenditure (SOE) duly reconciled with the treasury to the Controlling Officers (COs) not later than the first week of next month to enable CO to prepare consolidated SOE.

There were 52 DDOs in the Department. Control of expenditure after monthly compilation of SOEs from DDOs was not exercised by COs due to non-receipt of SOEs from all the DDOs. Thus, a significant aspect of expenditure control through compilation of monthly SOEs from DDOs was not observed in the department. In reply (November 2012), although the department stated that the expenditure statements from DDO's were compiled in the directorate, but registers to that effect could not be produced at the time of actual scrutiny.

(ii) Retention of fund

According to Assam Treasury Rules and Subsidiary Orders (Rule 16, SO 50) read with Rules 62 and 63 of Assam Financial Rules, no money shall be drawn from the treasury unless it is required for immediate disbursement and the rush of expenditure in the closing month of the financial year should be avoided. Scrutiny however, revealed that in violation of the codal provision mentioned above, the department drew ₹15.91 crore (38.85 *per cent* of the total unspent balance ₹40.96 crore) at the fag end (March) every year during the period 2006-12 covered in audit and kept in Deposit at Call Receipt (DCR) or in the current account just to avoid lapse of budget grant. As a result, there was huge accumulation, with closing balance of ₹40.96 crore as on 31 March 2012 in the accounts of the office of the DOF (₹28.13 crore) and in nine selected DFDOs (₹12.83 crore). Position of age wise retention of fund is shown in Table-7 and *Appendix-2.10*.

²⁴ 1. Fisheries Training and Extension, 2. National Welfare Fund for Fisherman and 3. Strengthening of Database and GIS.

Table-7
Position of age wise retention of fund

DOF & DFDO	Closing Balance as on 31 March 2012		Accumulated over the period
	DOF	District	
DOF	28.13	-	1 day to 324 months
Kamrup	-	2.03	1 day to 69 months
Nagaon	-	2.70	1 day to 33 months
Golaghat	-	1.53	NA (in absence of analysis)
Sibsagar	-	1.38	1 day to 36 months
Goalpara	-	0.56	NA (in absence of analysis)
Hailakandi	-	0.79	NA (in absence of analysis)
Karimganj	-	1.44	1 day to 4 months
Cachar	-	1.46	1 day to 36 months
North Lakhimpur	-	0.94	1 day to 24 months
Total	28.13	12.83	

Source: Departmental records.

The balance of ₹28.13 crore as on 31 March 2012 recorded in the accounts of the office of the DOF had accumulated over a period of 324 months in the form of DCRs, Bank Drafts, cash and in the current bank account. In the absence of bill wise analysis of closing balance, the purpose for which funds were drawn could not be ascertained in audit. Of this, 24 bank drafts valued at ₹0.78 lakh drawn between May 1981 and September 1993 could not be shown to audit and stated (5 May 2012) to have been sent for revalidation. A sum of ₹4.69 lakh for periods ranging from 15 to 192 months was retained in hard cash. In the absence of any certificate of cash verification in the cash book during this period, possibilities of temporary misappropriation of the cash amount could not be ruled out.

In reply, the department stated (November 2012) that huge balance in the directorate was due to drawal of funds at the fag end of March 2012. The reply is not tenable for the reason that out of accumulated balance of ₹28.13 crore, ₹21.51 crore was drawn prior to March 2012.

(iii) Non-deposit of lease money

Rule 7 of Assam Treasury Rule envisages that the money on account of government revenue of the province shall not be appropriated to meet departmental expenditure. Article 266 of the constitution of India also lays down that all revenues received by the Government of the state shall be credited to the consolidated fund of the state. Scrutiny of records in the test-checked districts, however, revealed that lease money amounting to ₹1.29 crore collected during 1992-2012 from 28 leased out Government fish farms under Fish Farmers Development Agency (FFDA) were deposited in FFDA Bank Account instead of depositing the same into Government account. Out of this, ₹0.60 crore was utilized towards salary, construction/repairing of office building, Office expenses, electrification etc., as per instruction of the Director, in violation of the Treasury Rules *ibid*, as shown in Table-8 (Details are shown in **Appendix-2.11**).

Table-8
Non-deposit of lease money by six selected districts

(₹ in crore)

District	Number of farm	Period of collection	Amount collected	Expenditure	Balance as on 31.03.12	Mode of balance
Nagaon	8	5/1994 to 3/2012	0.44	0.16	0.28	Current bank account
Kamrup	4	4/1992 to 3/2012	0.14	00	0.14	-do-
Sibsagar	7	4/1994 to 3/2012	0.43 ²⁵	0.22	0.21	Fixed Deposit
Hailakandi	1	4/2006 to 3/2012	0.08	0.07	0.01	Current bank account
Goalpara	4	4/2006 to 3/2012	0.10	0.09	0.01	-do--
Cachar	4	4/2006 to 3/2012	0.10	0.06	0.04	-do--
Total	28		1.29	0.60	0.69	

Source: Departmental records.

Thus, non-deposit of Government revenue into Government account and their reappropriation for meeting administrative and other expenses was gross violation of the relevant provision of the ATR in addition to incurring an unauthorised expenditure of ₹0.60 crore.

(iv) Abstract Contingent (AC) bills

(a) Unauthorised drawal in AC bills

Rule 21 of Assam Contingency Manual envisaged that apart from obtaining approval of Finance Department for drawal of AC bill, fulfillment of the conditions that earlier drawal in AC Bill have been regularised by submission of DCC bills and approval of the Secretary of the Department has been obtained, is also necessary.

Scrutiny of records revealed that DFDO, North Lakhimpur drew ₹31.54 lakh in seven AC bills on 31 March 2009 without obtaining permission/approval from the Finance department or bringing it to the notice of the Director.

DFDO stated (June 2012) that the fund was drawn in AC bills to avoid lapse of budget grant as the relevant FOCs were received at the fag end of the financial year and DFDO submitted (August 2010) DCC bill to Principal Accountant General (A&E) Assam on the instruction of the Director.

Drawal of Government money in AC bills, without the knowledge of the Director and without obtaining approval of Finance Department, just to avoid lapse of budget grant was a serious financial irregularity and reflects absence of expenditure control mechanism in the department.

In reply, the department stated (November 2012) that the DFDO was instructed not to commit such mistakes in future.

²⁵ Lease Money: ₹39.80 lakh and interest from FD: ₹2.92 lakh.

(b) Non-submission of DCC bills

Rule 21 of Assam Contingency Manual also envisaged submission of Detailed Countersigned Contingent (DCC) bills in adjustment of AC bills drawn, to the sanctioning authority within 25 days of the following month. Scrutiny revealed that DOF, Assam drew ₹4.74 crore in AC bills during April 2009 to March 2012 for construction of District Fishery Development Office Building (Meen Bhawan), construction of training hostel, development of Government fish farms. DCC bills in adjustment of AC bills were, however, not submitted as of March 2012 despite elapse of 36 months. In another case, DOF drew ₹14.50 lakh in AC Bill²⁶ on the last day of March 2012 for construction of whole sale Fish market at Adabari, Nalbari and deposited the same into treasury under the head of account “8443” to avoid lapse of budget grants. In reply, the department stated (November 2012) that of ₹4.74 crore, ₹3.59 crore was given to Irrigation department for creation of infrastructure and DCC bills for that amount remained pending. This indicates, there is an urgent need to strengthen internal control mechanism in the department.

(v) Drawal in Regular Contingency bills

According to Assam Treasury Rules and Subsidiary Orders (Rule 16, SO 50) read with Rules 62 and 63 of Assam Financial Rules, no money shall be drawn from the treasury unless it is required for immediate disbursement. Further, Regular Contingency (RC) bill may be drawn in Form 29 supported by sub vouchers and full details of expenditure. Scrutiny of records revealed that nine DFDOs of the selected districts drew ₹20.40 crore from treasury through RC bills during March 2008 to March 2012 for construction works, supply of input etc., on the basis of the list of beneficiaries and on UCs prepared on plain paper by DDOs instead of original sub-vouchers of the related expenditure. The position of district wise period of drawal, number of bills involved and amount drawn in respect of nine selected districts is shown in detail in *Appendix-2.12*.

The amounts were deposited into the current accounts of DFDOs and spent subsequently over a protracted period by obtaining fresh bill, sub-vouchers etc., from suppliers/contractors. Accepting the audit observation, the department stated (November 2012) that instructions had already been issued (October 2012) to the districts not to indulge in drawal of funds without actual vouchers. Such drawal of funds in unauthorised manner was not only violative of codal provision but also susceptible to misuse/misutilisation and misappropriation of funds.

(vi) Utilisation Certificate (UC)

• **Submission of UCs without collecting feedback from field units**

The department submitted (August 2009) UCs for ₹13.20 crore under Rastriya Krishi Vikash Yojana (RKVY) 2008-09. Scrutiny of records revealed that UCs furnished was not supported by inputs from the field offices and consequently had no basis, for utilisation of funds.

²⁶ Bill No.270 of 31 March 2012.

- **Submission of inflated UC**

Out of three crore sanctioned (November 2009) by GOA, ₹2.69 crore was released (October 2010) to 115 Self Help Groups for development of water bodies by DOF retaining balance ₹0.31 crore unutilised. DOF submitted (May 2009) UCs to GOA for the entire sanctioned amount of ₹three crore, though there was an unutilised balance of ₹0.31 crore which led to submission of inflated UCs amounting to ₹0.31 crore by the DOF. The department accepted (November 2012) the audit observation and stated to have done the same due to oversight.

- **Non-submission of UC**

DOF released ₹11.25 crore to 27 Chief Executive Officers (CEO) of Fish Farmer Development Agency (FFDA), Assam Fishery Development Corporation, Fishery College at Roha and other SHGs during the period from 2006-07 to 2010-11. But, UCs along with audited expenditure statement were not submitted till March 2012.

(vii) Excess expenditure in Procurement of drag nets

Based on the proposal submitted (September 2009) by DFDO, Karbi Anglong, Karbi Anglong Autonomous Council (KAAC) sanctioned and released ₹2.76 crore for procurement of Nylon Fishing Drag Nets under Hill Areas Development Programme (HADP) 2007-10. Vital records *viz.*, approved list of beneficiaries, application/indents of beneficiaries, total water areas involved etc., were however not made available to audit. Procurement was stated (April 2011) to be made on the basis of the lists approved by the Executive Member (EM), KAAC without necessary verification by the DFDO regarding bonafide of the beneficiaries being actual fishermen.

Scrutiny further revealed that the DFDO paid (November 2006 to December 2009) ₹2.76 crore to 93 suppliers for procurement of 1,649 drag nets @ ₹16,800 each. The procurement was made at the rate approved by KAAC in August 2004 without inviting tender/quotation. DOF, however, procured drag nets of same specification in July 2008 at much lower rate of ₹12,975 each for distribution to beneficiaries under Assam Vikash Yojana. Thus, there was an extra expenditure of ₹63.07 lakh $\{(\text{₹}16,800 - \text{₹}12,975) \times 1,649\}$ in procurement of drag nets by KAAC. Besides, due to non-production of approved list of beneficiaries and APRs, veracity of distribution of dragnets to the bonafide beneficiaries could not be vouchsafed in audit.

2.3.9 Programme Implementation

2.3.9.1 Inland Fisheries

According to information furnished by the department total area of water bodies in the state was 3.74 lakh hectare at the beginning of 2006-07 of which culture fisheries constitute 0.15 lakh hectare (four *per cent*) and the rest 3.59 lakh hectare were capture fisheries. During 2007-12, area of water bodies developed into culture fisheries aggregated to 9,080.36 hectares. Meanwhile, at the end of 2011-12, total area of water bodies in the state increased to 3.92 lakh hectare. Thus, at the end of 2011-

12, area of culture fisheries was 0.24 lakh hectare (6 per cent) and that of capture fishery was 3.68 lakh hectares (94 per cent).

In the absence of Asset register at district and state level showing details of water bodies developed into culture fisheries, the claim of the department could not be verified.

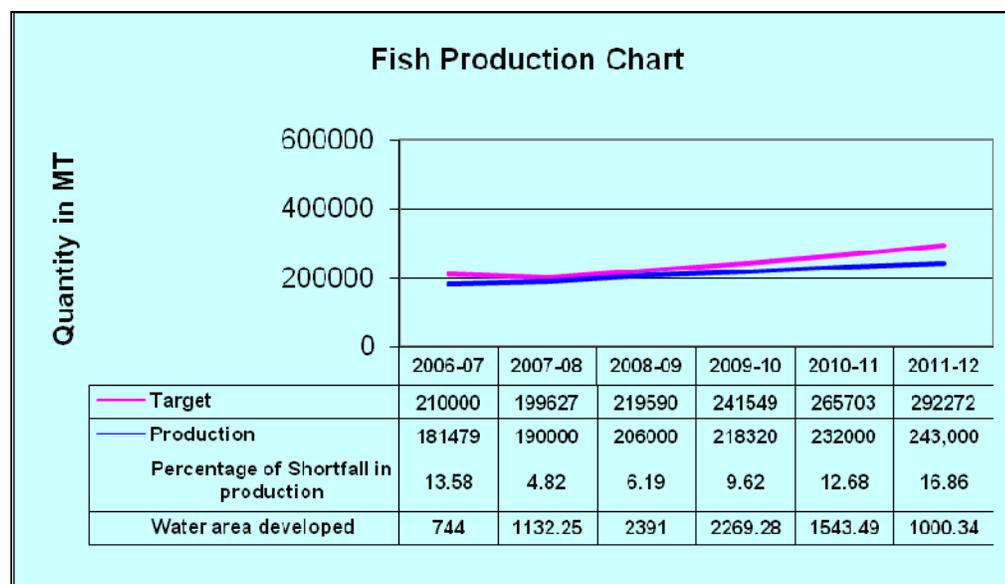
Total area of water bodies developed into culture fisheries during 2006-12, reported (May 2012) by the DOF was 9,080.36 ha. Scrutiny of annual plans and administrative reports for 2006-12, however, revealed that areas of water bodies shown developed into culture fisheries under different schemes aggregated to 13,895.56 ha (State Plan: 4,960.89 ha, AACCP: 4,494.70 ha, FFDA: 1,250.80 ha, RKVY: 3,189.17 ha) during 2006-12.

The discrepancy of 4,815.20 ha (13,895.56 ha – 9,080.36 ha) representing excess achievement towards development of water bodies for culture fisheries reported through annual plans and administrative reports underlines unreliability of data which was not verifiable in the absence of documentation.

(i) Fish Production

The target for fish production totaling 14.29 lakh MT during 2006-12 could not be achieved as the State could produce only 12.69 lakh MT fish during the period. The state scenario of production of fish with reference to target fixed is depicted in chart-6. The target was fixed each year after enhancing previous year's target by 10 per cent during the years 2007-08 to 2011-12. Year-wise production of fish during 2006-12 was much below the target as shown in chart-6.

Chart-6

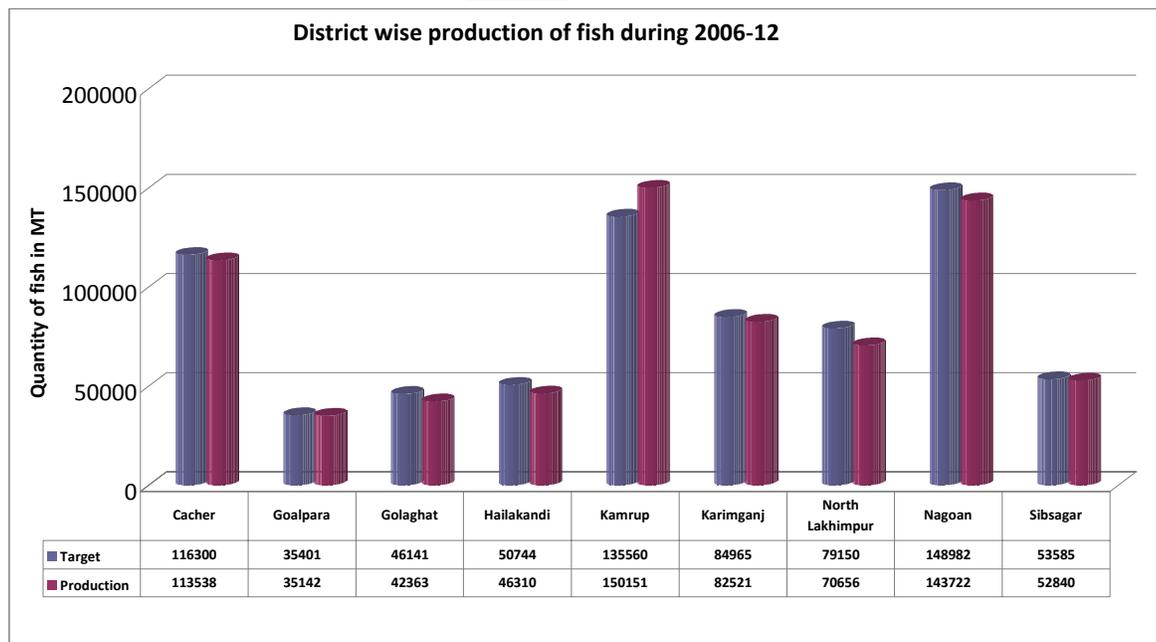


Source: Departmental figures.

The shortfall in fish production in the state with reference to target ranged between 4.82 and 16.86 per cent.

During 2006-12, in nine selected districts, against target of 7.51 MT, the production was 7.37 MT (98.19 per cent) showing a shortfall of 1.81 per cent. District-wise target and achievement of fish production during 2006-12 is depicted in Chart-7.

Chart-7



Source: Departmental figures.

- Scrutiny of the records of the directorate for state level data revealed that out of the 26 districts, harvesting reports from six²⁷ districts in 2008-09 and from three²⁸ district in 2009-10 under Rastriya Krishi Vikash Yojona (RKVY) were received. Similarly, under AACP, Harvesting Reports were submitted by 18 districts in 2006-07, 15 districts in 2007-08, six districts in 2008-09 and nine districts in 2009-10. Harvesting Reports under state plan schemes for 2006-12 were not submitted by any district. Therefore, the claim of production was not reliable and raises doubt on the projected quantity of production in the state.
- The data of fish production in the selected districts were also not authentic because the figures were reported after a mere verbal discussion with the fish farmers as stated (May and June 2012) by DFDO and not compiled from the register to be maintained by the farmers in accordance with the scheme(s) guidelines.

(ii) Fish Seed Production

Fish Seeds categorised as “spawn” (three days old fish of size up to eight mm) and “fry” (four days to 20 days old fish of size up to 10 mm) are produced in nursery

²⁷ Chirang, Morigaon, Sibsagar, Tinsukia, Goalpara and Nagoan.

²⁸ Chirang, Sibsagar and Tinsukia.

tanks. Thereafter fingerlings (21 to 80 days old fish of size up to 80 mm) so formed are transferred to rearing tanks for onward distribution for fish production. According to ICAR norm, area of 'nursery' and 'rearing tanks' should be in the ratio of 20:80 and from 20 lakh "fry" produced per ha, 10 lakh fingerlings should be available for distribution.

Scrutiny, however, revealed that the department neither maintained areas of nursery and rearing tanks nor number of fry and fingerlings separately. Only details with regards to number of hatcheries and quantity of seeds produced could be furnished to audit.

As per information furnished by the department, the State is having 124 functional fish seed hatcheries (Private sector: 117 and Government sector: seven). Out of 117 private hatcheries, eight were commissioned under AACP. The production of fish seed was 20,779 million against the target of 12,320 million during 2006-12.

In the nine selected districts, there were 28 hatcheries (Government: three and Private: 25). Production of fish seeds in these 28 hatcheries during 2006-12 aggregated to 8,169.51 Million. Target for seed production was not communicated to all the districts, hence target could not be correlated with the production.

Although the fish seed production exceeded the target, the fish production was far below the target fixed during 2006-12. As commented in the Annual Plan of 2006-07 and 2008-09, major quantities of fish seeds procured by Private Sector Farmers were substandard. This was due to continuous in-breeding and that too from undersized brood stock leading to lower farm productivity. Quality of fish seed production was not ensured is also evident from the fact that mandatory registration and renewal of licenses to be done annually for fish seed growers and producers according to section 6 of Assam Fish Seed Act 2005, was done only in 9.85 per cent cases in test-checked districts. Initiative taken by the department for production of quality brooder by setting up Brood Bank²⁹ also did not succeed as detailed in para 2.3.9.2 (iii).

(iii) Procurement and distribution of fish seeds

In a particular case of government effort to purchase fish seeds from unregistered private growers and distribution to farmers, it was noticed that DFDO, Goalpara procured fish seed valued ₹40.84 lakh under State Plan (₹31.95 lakh) and RKVY (₹8.89 lakh) during October 2007 to July 2011 (details in **Appendix-2.13**). The seeds so procured were neither entered in the Stock Register of DFDO nor distribution records viz., basis of selection of beneficiaries, approved list of beneficiaries, actual payees' receipts, corresponding stock entry in support of distribution with due authentication by the DFDO etc., were made available to audit for scrutiny. Thus, purchase and distribution of fish seeds by DFDO remained doubtful.

2.3.9.2 Fish Seed Farming

The objective of 'fish seed farming' was to create infrastructure in the Departmental farms by producing quality fish seed for distribution to private farmers for augmentation of fish production in the State.

²⁹ Brood: Mature male and female fish above two years of age.

Rule 2 of Assam Fisheries (Amendment) Rules, 2005 envisaged keeping of records of Government fisheries in prescribed format. Scrutiny revealed that no such records were maintained either in the Directorate or in the test-checked districts. The State Level Seed Committee (SLSC) to control the quality of fish seed was also not constituted even after lapse of six years from the enactment of Fish Seed Act 2005.

(i) Construction of Government Fish Farms

Government fish farm played a vital role in increasing production of fish and distribution of quality fish seeds. Since the beginning of the 9th five year plan, the activities of fish farms in the state reduced drastically due to acute shortage of fund. As a result, majority of fish farms were to be leased out to private entrepreneurs through Fish Farmers Development Agency (FFDA). Management of the Private entrepreneurs were also not satisfactory and some of the farms were returned back to the department. The department did not maintain any register indicating details of the farms under the control of DOF, Assam, though a register in Form No. 97 of Assam Land Revenue Manual, Volume II was required to be maintained. Thus, actual number of farms under the control of DOF, Assam could not be ascertained in audit. The reasons for non-maintenance of such vital records were also not stated.

The Department, however, took up 17 Government owned fish farms for modernisation including new construction of four farms and incurred expenditure of ₹4.04 crore as shown in the Table-9 (Details in *Appendix-2.14*).

Table-9
Construction and development of Government owned fish farm (₹ in crore)

Directorate/ District	Number of fish farm	Period of expenditure	Construction/ development cost	Salary of the staff	Total expenditure	Revenue earned	Percentage
Existing farms							
Directorate	1	1/5/10 to 14/2/11	0.37	Nil	0.37	0.03	8.11
Karbi Anglong	12	4/2006 to 3/2012	1.97	0.96.	2.93	0.06	2.05
New farms							
Karbi Anglong	3	25/5/08 to 25/8/09	1.19	Nil	1.19	Nil	00
Jorhat	1	4/1984 to 3/2012	0.51	.57	1.08	Nil	00
Total	17		4.04	1.53	5.57	0.09	

Source: Departmental records.

Out of four newly constructed farms, the farm at Jorhat remained non-functional since inception as the nursery tank and stocking tank of the farm remained dry almost throughout the year largely due to its construction in high land/semi hilly area (*Tilla*) and poor water retention capacity of the soil. Pisturi Pukhuri Fish Farm of Karbi Anglong, constructed at a cost of ₹0.63 crore, was damaged by rain as it was constructed in sandy terrain and now lying in abandoned condition. The rest two farms at Karbi Anglong could not be operated due to non-availability of electricity and pending handing over of the farms to beneficiary society in the surrounding area, to be formed after survey. The department, however, failed to take any effective steps to make these farms operational.

Out of the 13 existing fish farms, production at eight farms³⁰ was not started for reasons not on record although expenditure of ₹158.73 lakh was incurred towards development of the farms and salary of the staff engaged there. The revenue earned by the remaining five farms³¹ was only 0.19 to 14.92 *per cent* with reference to the expenditure incurred.

Thus, 12 (71 *per cent*) out of 17 Government fish farms taken up for modernisation during this period were non-functional. The activities in rest five farms (29 *per cent*) were also negligible. Far from being assets to the State, augmenting the income of the farmers, these had become liabilities and draining out precious resources in the form of recurring unproductive expenditure. Efforts to revive these farms through efficient management were also not noticed.

(ii) Setting up of hatcheries

To make spawn³², fry³³ and fingerling³⁴ available to fish farmers and to augment their income, 61 hatcheries (52 Mini Hatcheries, six Eco Hatcheries and three Prawn Hatcheries) both in government and private sector were taken up for construction during 2006-07 to 2011-12 at an estimated cost of ₹165.02 lakh. Scrutiny revealed that out of ₹12 lakh received for six Eco-hatcheries, ₹four lakh³⁵ meant for Darrang and Sonitpur eco-hatcheries was refunded to NFDB as the beneficiaries could not utilise the fund due to non-receipt of bank loan. Banks denied to grant loan to beneficiaries as the land documents of the site of hatcheries were not free from encumbrance. Of the remaining 59 hatcheries, two Mini hatcheries (one Private and one Government) were completed in 2007-08 and 2010-11 respectively at a cost of ₹6.27 lakh and ₹2.98 lakh respectively. Construction of the rest 57 hatcheries remained incomplete (March 2012) after incurring an expenditure of ₹151.77 lakh. Only one Mini hatchery at Nagaon started production from 2008-09.

Thus, Government effort to augment the income of fish farmers and enhance fish production through setting up of hatcheries had not been fruitful.

(iii) Establishment of State Brood Bank

With a view to improve the quality of fish seed produced in the State, GOA had taken up measures for establishment of six State Brood Banks (SBBs) in Government farms³⁶. These SBBs would collect natural (from wild) spawn of Indian Major Carps (IMC) and distribute them to all other hatcheries of the State. The collected seed

³⁰ Saphapani, Silonijan, Nilip, Rongmongwe, Hamren, Ulukuchi, Udali, Cheksolangso at Karbi Anglong.

³¹ Rainaima, Diphu, Saphapani, Bokajan, Silonijan, Fish Farm.

³² **Spawn:** Three days old fish of size upto eight mm.

³³ **Fry:** Four days to 20 days old fish of size up to 10 mm.

³⁴ **Fingerling:** 21 days to 80 days old fish of size upto 80 mm.

³⁵ Refunded to NFDB vide i) cheque No.469098 dt.06.01.11 ₹two lakh and ii) cheque No.592871 dt.04.02.11 ₹two lakh.

³⁶ i) Agomoni fish seed Farm, Dhubri, ii) Hazara Fish seed Farm, Sonitpur, iii) Islamabad Fish Seed Farm, Cachar, iv) J.B. Garh Fish Seed Farm, Nagaon v) Upahupara Fish Seed Farm, Darrang and vi) Ulubari Fish seed Farm, Guwahati.

would be raised in the SBB up to fingerlings and advanced fingerling stage, which will then be disposed to seed producer to raise them as brood fish to maintain the quality of the next generation. A portion of these seeds in advanced fingerlings stage would also be raised in the SBB, if necessary, to produce brood stock for quality seed production for distribution to other hatcheries. The SBBs were provided with improved mini hatcheries. The target fixed for production of fry (from the nurseries) and fingerlings (from rearing tanks) were around 1,875 lakh and more than 1,080 lakh respectively as projected in the project proposal under RKVY 2008-09.

DOF set up two SBBs at Ulubari Fish Farm, Guwahati and at Cachar during 2008-09 under RKVY. The SBB at Ulubari was not functional as supply of fish seed from this farm was not found on record. Scrutiny of records of the DFDO, Cachar revealed that Islamabad Fish Seed Firm, Bhaga in Cachar district was transformed into SBB under AACP during 2006-07 and 88,000 Fry costing ₹0.48 lakh were supplied from the Brahmaputra River during 2007-08 for stocking in nurseries of the SBB. But, due to unfavourable weather condition, the Brooders failed to respond when attempt was made to induce breeding during the breeding season of 2009-10. Thus, the objective of creation of SBB remained unfulfilled thereby rendering the expenditure of ₹29.60 lakh unproductive³⁷ incurred during the period.

(iv) Quality test of fish feed

To ensure supply of quality fish feed to the farms, Fisheries Department, GOA stressed (May 2009) on testing of sample fish feed from designated laboratory prior to distribution. DOF procured 9,629.70 qtls fish feed costing ₹1.78 crore in 2008-09 and distributed the same to beneficiaries through DFDOs of respective districts. However, laboratory test report in support of assessment of quality of fish feed were neither produced by the DOF nor by the selected DFDOs. The stock registers maintained at the selected districts did not indicate crucial details like batch number, manufacturing and expiry dates of fish feed procured etc. Therefore, supply of quality fish seed to beneficiaries was not ensured. In reply, the department stated (November 2012) that quality was ensured through test reports, but no such report could be produced during audit.

2.3.9.3 Survey and Research

(i) Survey of Fisheries and Collection of Statistics

The department has separate staff at Directorate and district level for collection of statistical data. Besides, contractual enumerators were also engaged for survey and collection of statistical data for which an expenditure of ₹28.63 lakh was incurred towards remuneration of contractual enumerators, TA, honorarium and training expenses during April 2009 to December 2010. However, reports submitted by the contractual enumerators, if any, were not found on record. In September 2011, the department was directed to register fishermen families of all districts and to submit

³⁷ ₹3.87 lakh being expenditure towards SBB and ₹25.73 lakh pay and allowances of the Staff.

the list of genuine fishermen to evolve planning strategy for Socio-Economic upliftment of the fishermen in the State. The department, however, failed to come up with the statistical data till November 2012, thereby defeating the very objective of evolving plan and strategy for Socio-economic upliftment of the genuine fishermen. In reply, the department stated (November 2012) that survey would be completed during 2012-13.

(ii) Fishery Research and Investigation

Function of the Fishery Research Centre at Amranga, having seven staff headed by one Research Officer is to assist the private fish farmers to undertake pisciculture in a scientific way by analyzing quality of water and soil through laboratory tests. Further, investigation, research on *beel* and river fisheries, fishery-wise production potential, assessment of annual revenue and captive breeding of indigenous economic varieties of fish for their propagation in natural system and for commercial culture practices were the objective of the Research units of the department. Though the centre did not fix any target, it claimed that during 2006-10, water quality of ponds and tanks of 12 districts were analysed and farmers were advised regarding scientific way of pisciculture in addition to providing treatment for fish, fingerlings wherever necessary. But, any record in support of the claim could not be produced to audit. Scrutiny further revealed that no work was done in the Research Centre during 2010-12 although expenditure of ₹32.59 lakh (Salary: ₹22.86 lakh + Non-salary: ₹9.73 lakh) was incurred during the period. It was also noticed that there was no electricity in the Centre since November 2007 due to non payment of electricity charges.



Research centre at Amranga (February 2011)

In addition to testing of water, there were four Mobile Fish Health Care Vans (MFHCVs), procured (2005-06) under Assam Agricultural Competitiveness Project placed at the disposal of DFDOs of Tezpur, Kamrup, Sibsagar and Lakhimpur. The MFHCVs at Sibsagar and Kamrup remained off road from May 2008 and December 2009 respectively as the Vans required minor repair and new batteries. Actions taken to make the Vans functional were not found on records. In Lakhimpur, very existence of the Van was not found on record.

Detailed scrutiny disclosed that in tank No. 4 and 6 under the Superintendent of fisheries, Joysagar in Sibsagar district, four to five quintals of fish died in March 2012. The Superintendent stated (June 2012) that the water of the fisheries/*beels* could not be tested due to unserviceable condition of the Vans. This indicated that the department failed to utilise the Research units and the MFHCVs gainfully for water testing and taking preventive measures for increasing fish production.



***Off-road Mobile Fish Health Care Vans at Kamrup and Sibsagar
(June 2012 and February 2011)***

Due to non-functioning of the Research Centre during 2010-12 and absence of any tangible proof of its functioning during 2006-10, the expenditure of ₹86.12 lakh³⁸ incurred in running the centre during 2006-12 rendered unproductive. Thus, the department failed to promote pisciculture in a scientific way by providing the technical know-how to the fish farmers through its research and investigation wing.

(iii) Creation of Live Gene Bank

In a joint venture with National Bureau of Fish Genetic Research (NBFGR), Lucknow, a project for conservation of local endangered economically important fish species was taken up under the name “Live Gene Bank (LGB)”. DOF, Assam received ₹7.78 lakh from National Fishery Development Board (NFDB), Hyderabad for LGB and Field Survey in Lakhimpur during October 2007 to November 2009.

The amount was utilised for procurement of breeding materials and supply of Brood Fish and field survey during October 2007 to March 2008.

Scrutiny revealed that ₹1.43 lakh was utilised for procurement of seeds of six endangered fish species³⁹, but breeding was still not started (March 2012). Records of preserving other endangered fishes in the Gene Bank and any further research works undertaken for their preservation were not available.

In fact, Bhelaimara *Beel*, which was recommended for conservation of endangered fish species and biodiversity by the field survey report of 2007-08, was subsequently utilised for another programme of scientific fish farming under AACCP during 2008-10. Thus, initiatives taken by the department for preservation of the local endangered fish species through creation of LGB were not fruitful.

³⁸ 2006-10: ₹53.53 lakh and 2010-12: ₹32.59 lakh.

³⁹ Cheni Puthi: 210 no, Chana barca: 110 no, Pabda: 32 kg, Shol: 30 kg, Koi: 2 kg and Chitola: 240 kg.

2.3.9.4 Fresh Water Aquaculture through Fish Farmer’s Development Agency

Fish Farmer Development Agency (FFDA), a Society registered under Societies Act 1860, was set up by Government of India during 1975-76 for fresh water aquaculture. The State Government bears salary expenditure of the staff while GOI and GOA share the development expenditure on 75:25 basis. The components of the scheme are reclamation of existing tanks, creation of new ponds, integrated farming, imparting short duration training to the beneficiaries on modern fish culture and development of water bodies by the farmers, which are to be achieved through funds mobilised from subsidy, bank loan and farmers contribution, thereby improving the socio-economic condition of the rural people.

FFDAs are functioning in 23 districts of the State but separate staff were appointed only in 12 districts. In the rest 11 districts, function of FFDAs were performed by staff from Fisheries department. Absence of dedicated staff in 11 districts bound to affect proper functioning of FFDA in these districts.

The physical achievements of aquaculture development through FFDAs in respect of development of water area and training during 2006-12 are shown in Table-10.

Table-10
Physical achievements of aquaculture development through FFDAs

Year	Target	Achievement	Target	Achievement	Short fall in water area development (ha)	Shortfall in training (No)
	Water area to be developed (ha)	Water area developed (ha)	Total beneficiaries to be covered (No)	No of beneficiaries trained		
2006-07	1150	138.21 (12%)	3387	949 (28%)	1011.79	2438
2007-08	1150	37.19 (3%)	2140	1163 (54%)	1112.81	977
2008-09	1150	224.12 (19.49%)	844	748 (89%)	925.88	96
2009-10	1150	384.12 (33%)	1544	1063 (69%)	765.88	481
2010-11	1150	184 (16 %)	980	1010(103%)	966.00	Nil
2011-12	1150	283 (24.61 %)	1137	1180 (104%)	867.00	Nil

Source: Departmental figures.

Although, it was mandatory to impart training to all the beneficiaries before releasing subsidies, only 28 to 89 per cent beneficiaries were trained during 2006-10. In reply, the department stated (November 2012) that inability to impart training to all the beneficiaries was due to inadequate fund provision. Thus, mandatory provision of the scheme was violated. The department, however, trained beneficiaries in excess over the target fixed during 2010-12. The achievement was negligible (3 to 33 per cent) in respect of development of water bodies in spite of setting modest targets, during the period of audit coverage.

Lack of monitoring system

Test-check of records of the sampled districts revealed that in five districts⁴⁰ the list of beneficiaries were finalised by Deputy Commissioner of the respective district instead by Managing committee thereby violating mandatory provisions. Further, for development of 206.78 ha of water areas in these districts, subsidies of ₹88.78 lakh

⁴⁰ 1. Cachar, 2. Golaghat, 3. Hailakandi, 4. Kamrup and 5. Nagaon.

was released to 884 beneficiaries during 2006-12. In spite of incurring an expenditure of ₹88.78 lakh the water areas actually developed was not verified.

Thus, there was no system of monitoring the utilisation of fund for the purpose for which it was sanctioned. Harvesting Report of the tanks, ponds against which subsidies were released were not found on records. Thus, aquaculture development through FFDA in the five test-checked districts remained unassessed.

An example of lackadaisical way of working by the department is cited below.

On receipt of application (June 1994) from a fish farmer of Rangia Sub-division, field survey (September 1994) was conducted and, estimate was prepared (1 August 2006) to develop 2.19 ha water areas for ₹8.38 lakh⁴¹. Reclamation subsidy of ₹1.32 lakh was released to the beneficiary on 23 August 2006. The case was forwarded to Bank only in January 2011 for release of loan. The input subsidies amounting ₹0.13 lakh was not released as only 65 per cent of the excavation of earth work was completed till March 2011. Further progress of the work was not found on records.

Thus, sanctioning and release of reclamation subsidy for development of 2.19 ha water areas and forwarding the progress report to the bank after 55 months indicated that the monitoring system of the development works in this case was totally absent.

2.3.9.5 Extension and Training

Fisheries Extension and Training

The department constructed seven training centres⁴² under AACP (World Bank Aided Project) including one Regional Fishery Training Institute (RFTI) at Amranga in Kamrup district, which was established (July 1987) under North-East Council Scheme.

The objective of the RFTI was to impart training to the departmental staff, NGOs and fish farmers of North Eastern Region in addition to fish farming activity. The Department engaged 20 officers/officials including three lecturers apart from the Director of the Institute. However, no training was conducted in the institute since April 2006. Details of training courses conducted at Joysagar (Sibsagar) Training Centre, if any, were not found on records, although the Centre was established (1961) for imparting training to the Fishery Demonstrators of the North Eastern States. The above mentioned staff were entertained by the department without any tangible



Two buildings training centre, Joysagar occupied by Army (June 2012)



Idle building at RFTI, Amranga occupied by army (February 2011)

⁴¹ Reclamation subsidy: ₹1.32 lakh, Bank loan: ₹6.29 lakh, Input subsidy: ₹0.13 lakh and Beneficiary share: ₹0.64 lakh.

⁴² 1. Barpeta, 2. Cachar, 3. Kamrup, 4. Morigaon, 5. Sibsagar, 6. Sonitpur and 7. Tinsukia.

work. The reason for not conducting training both at RFTI and at Joysagar was stated to be due to occupation of the buildings by the Army. Physical verification of the training centres, however, revealed that only one hostel building of RFTI at Amranga was occupied by the Army and the institute building along with three staff quarters were lying unused. The main hostel building was lying in dilapidated condition and there was no electricity in the campus since November 2007. Action taken by the Department to vacate the hostel and to provide electricity at the RFTI was not found on records. The Department spent ₹2.97 crore towards salary and maintenance of the training centres (RFTI: ₹0.87 crore and Joysagar: ₹2.10 crore) during 2006-12.



Dilapidated hostel building at RFTI, Amranga (February 2011)

Scrutiny of records of test-checked districts revealed that the training centre at Morigaon remained unutilised and a part of the hostel building was utilised for office purposes. In Cachar no training was conducted due to non receipt of fund. The status of the rest three training centres was not checked as these were not covered in the selected districts.

2.3.9.6 Externally Aided Projects

(i) Assam Agricultural Competitiveness Project (AACP)

Department of Fisheries, Assam had implemented a multi component World Bank aided project viz., “Assam Rural Infrastructure and Agricultural Services Project” (ARIASP) during 1995-2004. As a follow up of ARIASP, another World Bank aided project namely “Assam Agricultural Competitiveness Project” (AACP) was also implemented by the department during 2004-2011. Major objectives of the project were development of water areas covering individual ponds, community tanks, *beels*, etc., establishment of mini hatcheries, capacity building of departmental officers and staff etc. Funds were drawn by the DOF on receipt of sanction from Agriculture department and entire fund was handed over to State Project Director (ARIASP Society), Khanapara. Subsequently, funds were disbursed by the Director, project co-ordination unit, Khanapara (ARIASP Society), to the Directorate and districts (DFDO) directly on the basis of reimbursement claims.

During 2006-12, against the total provision of ₹39.34 crore under AACP, the DOF had drawn ₹29.99 crore from treasury and handed over to the Society in the form of Deposit at Call Receipt (DCR).

Out of ₹29.99 crore, DOF received ₹4.07 crore from the society and spent ₹3.83 crore during 2006-12 for institutional capacity building and retained ₹0.24 crore as of 31 March 2012. DOF stated that further ₹24 crore was disbursed to the DFDOs by the society for integrated fish farming, development of farmers’ ponds and community

tanks. The DFDOs spent ₹23.78 crore for development of 2,236.07 ha water areas and retained ₹21.73 lakh as unspent balance as on 31 March 2012. Thus, an amount of ₹45.73 lakh was lying unspent with DOF and DFDOs as on 31 March 2012.

The water areas developed under AACP in the test-checked districts during 2006-12 were shown in Table -11.

Table-11
Water areas developed under AACP (₹ in crore)

District	Component	Targeted water area (ha)	Water areas developed (ha)	Expenditure
Kamrup	Farmers Pond, Integrated Fish Farming and Community Tank	160.97	159.15	2.13
Nagaon	- do -	175.67	175.67	1.22
North Lakhimpur	- do -	257.92	257.92	2.67
Sivasagar	- do -	84.22	84.22	0.58
Karimganj	- do -	128.08	128.08	1.41
Goalpara	- do -	91.96	91.96	1.09
Hailakandi	- do -	50.59	50.59	1.21
Cachar	- do -	154.51	154.51	1.77
Golaghat	- do -	486.19	486.19	2.51
Total		1590.11	1588.29	14.59

Source: Departmental records.

Details of water areas harvested and production of fish under the scheme could not be made available to audit by the districts due to non maintenance of separate records. Due to absence of specific documentation, which was required to be kept as per guideline, the actual production of fish by these water bodies was not ascertainable.

(ii) Development of Beel

The criteria for selection of *beels* for development under AACP are:

- *Beel* area should not be affected by flood;
- The *beels* should be free from encroachment;
- More than 50 *per cent* of the *beel* area should be free from aquatic weeds;
- Each household surrounding the *beel* must agree to join the *beel* development committee (BDC); and
- The beneficiaries should bear 30 *per cent* of the estimated cost of the development of the *beel*.

During 2006-12, the department developed 994.87 ha water areas covering 56 *beels* as shown in Table 12.

Table 12
Development of beels by the department during 2006-12

Year	Number of the beels	Total water areas developed (ha)
2006-07	12	243.47
2007-08	8	86.18
2008-09	7	72.05
2009-10	13	273.40
2010-11	9	159.00
2011-12	7	160.77
Total	56	994.87

Source: Departmental records.

Expenditure incurred against *beel* development and data on production of fish could not be ascertained for non-maintenance of separate records.

Sampled cases in test-checked districts disclosed the following:

(A) Bogoriguri Beel of Sibsagar

Scrutiny of the records of DFDO, Sibsagar revealed that Bogoriguri *beel* (area: 20 ha) was selected (2009-10) in violation of four of the five criteria of selection. The area of the *beel* was affected by flood each year. More than 50 per cent area of the *beel* was covered with thick aquatic weeds. There was no documentary evidence that people living in the surrounding area of the *beel* were beneficiary members of the *beel* development committee. Lastly, out of beneficiaries' contribution of ₹2.59 lakh, only ₹0.07 lakh was deposited.



Bogoriguri beel at Sibsagar covered with aquatic weeds (June 2012)

Towards execution of work for development of the *Beel*, the DFDO spent ₹5.90 lakh (estimated cost: ₹8.48 lakh) during 2009-10, of which, ₹2.34 lakh⁴³ was spent on inadmissible items not provided in the estimate. Vouchers, muster roll, MBs etc., in support of execution were not available.

During joint physical verification (13 June 2012), it was found that the *beel* was lying in abandoned condition without maintenance as shown in the photograph (above). Thus, actual utilization of ₹5.90 lakh towards development of the Bogoriguri *Beel* remained doubtful.

(B) Bithorkuri Beel of Karimganj

Against the proposal (August 2009) of DOF for development of Bithorkuri *Beel* (20 ha) at a cost of ₹10.74 lakh (Government share ₹7.52 lakh and beneficiaries share ₹3.22 lakh), ARIASP Society released (June 2011) ₹6.71 lakh to DFDO, Karimganj. The project was sanctioned on the basis of Field Survey Report and Clearance Certificate issued by the DFDO.

⁴³ Construction of BDC office: ₹0.24 lakh, office travelling cost: ₹0.05 lakh and earth work: ₹2.06 lakh.

DFDO disbursed ₹4.44 lakh in November 2011 (₹2.96 lakh) and January 2012 (₹1.48 lakh) to the *Beel* Development Committee for development of the *Beel*. Meanwhile another society namely “Sonbeel Fishermen Co-operative Society” reported (February 2012) that there was no Bithorkuri *Beel* in that area. The area where development was done is part of Sonbeel area. DFDO stopped further funding of the project. Subsequently, Bithorkuri *Beel* Development Committee lodged (March 2012) a case in Hon’ble court.

Thus, improper survey in selection of the *beel* by DFDO, Karimganj resulted in misutilisation of Government fund of ₹4.44 lakh. In reply, the department stated (November 2012) that adequate precaution would be taken to avoid such occurrence in future.

(iii) Development of farmers’ ponds and community tanks

During 2006-11, DFDO, Morigaon received ₹1.96 crore for development of farmers’ ponds and community tanks under AACP. Out of this, ₹1.28 crore was shown as utilised for development of 76.47 ha water areas without preparing Plan and Estimates.

The DFDO also admitted (May 2011) that there was no district work plan. Besides, muster rolls, measurement books, completion certificates, physical verification report of the farmers’ ponds and community tanks were not available. Thus, in absence of the above initial records, actual execution of works remained doubtful as these could not be vouchsafed in audit.

(iv) Incomplete Mini Hatchery

On receipt of the administrative approval and financial sanction (December 2009) from Project Coordination Unit of AACP, DFDO, Morigaon released (March to August 2010) the project share of ₹2.45 lakh (Civil work: ₹2.10 lakh and Inputs: ₹0.35 lakh) against the total estimated cost of ₹three lakh (project share: ₹2.45 lakh and beneficiary share: ₹0.55 lakh) to a beneficiary⁴⁴ for construction of one Improved Mini Hatchery.

As per the terms and condition of AACP, the beneficiary must possess suitable land of minimum one ha water-spread area of nursery pond, rearing tank along with sufficient brood stock tank surrounding the hatchery. The input cost for fish seed and fish feed was to be released after completion of the civil work.



Incomplete mini hatchery at Morigaon under AACP (19.02.2011)

Scrutiny revealed that DFDO certified the work as completed and disbursed ₹3.39 lakh including beneficiary share for civil and input cost.

⁴⁴ Md. Safikul Islam.

Physical verification of the hatchery during the period of audit, however, revealed that there was no water area, rearing tank, nursery tank surrounding the hatchery. Records to substantiate bonafide of the beneficiary as existing seed producer, seed grower and the measurement books duly signed by the Departmental Engineer in support of execution were not produced. The hatchery was not completed till March 2012. Reason for incurring excess expenditure of ₹0.39 lakh over approved cost, releasing input cost and issuing completion certificate before completion of the work was not stated. Further, the expenditure vouchers for input cost were also not made available to audit.

Thus, DFDO neither followed selection procedure, nor did monitor the hatchery works and issued completion certificate besides releasing input cost before completion of the hatchery. In the absence of measurement book for construction of hatchery and release of input cost without vouchers/APRs the entire amount of ₹2.44 lakh (Government share) prima-facie appears to be misutilised or misappropriated. In reply, the department stated (November 2012) that the hatchery was actually completed in 2010, but the photograph (above) taken on 19 February 2011 shows that it was not completed at that point of time.

(v) Doubtful expenditure on Exposure Visit

In accordance with Office Memorandum of August 2006 and July 2010 issued by Ministry of Finance, GOI, foreign tour of Government officers led by Additional Secretary or above needs prior permission of the Screening Committee of Central Secretariat.

During 2007-08, Fishery Department, GOA accorded (August 2008) approval for exposure visit of nine officers including the Minister of Fisheries to Thailand, Cambodia and China under AACP. The ARIASP Society sanctioned (October 2008) ₹30 lakh for the visit. The main objective of the visit was to explore in Assam the future scope and possibilities of introducing the farming practices prevalent in those countries. Scrutiny of AACP Cash Book maintained by the DOF revealed that ₹32.78 lakh was paid as advance during November 2008 to January 2009 to the Travel Agencies and nine departmental officers for air ticket, VISA, foreign exchange, miscellaneous expenses etc.

Records regarding mandatory permission of the Screening Committee of Central Secretariat, release order of the officers for the tour, travelling allowance bills along with air ticket, boarding pass, Visa and study report of the exposure visit were not produced to audit, though called for. The Nodal Officer of AACP stated (May 2011) that release orders were not issued to the officers but remained silent about other records mentioned above.

In reply, the department stated (November 2012) that the study tour was actually conducted but TA bills along with supporting sub-vouchers etc., were not submitted, which raises doubt about bonafide of the actual tour. In the absence of such pertinent

records, specially study reports etc., the genuineness of the visit was questionable and the expenditure doubtful.

2.3.9.7 National Welfare Fund for Fishermen (NWFF)

The objective of the Centrally Sponsored Scheme is to provide basic civic amenities like houses, drinking water and a common place for recreation and work to fishermen. The beneficiaries were to be selected from active fishermen identified by the State Government. The cost of development would be shared by Central and State on 75:25 basis. The main components of the schemes are (i) Development of Model Fishermen village, (ii) Saving cum relief, (iii) Group Accident Insurance. The component-wise implementation of the scheme in the State is discussed in the succeeding paragraphs.

(i) Housing

Under the scheme, houses are provided to the registered active fishermen belonging to Below Poverty Line (BPL) family having no dwelling houses of their own. The beneficiary should build the house under his own supervision with a plinth area of 35 m² at a cost of ₹0.50 lakh. During 2006-07, ₹30 lakh was proposed for construction of 90 houses. Further, a sum of ₹four crore (state share: ₹two crore and central share: ₹two crore) was proposed in 11th five year plan for construction of 750 houses, 44 community halls and 150 tube wells.

The department actually received ₹70.60 lakh (inclusive of central share of ₹41.60 lakh) during 2006-12 and released ₹34.60 lakh to DFDOs of six districts⁴⁵ for construction of houses. Balance ₹36 lakh was not released due to non-receipt of progress reports from respective DFDOs. Of the nine test-checked districts, the schemes were implemented only in four districts. Test-check of records of four selected districts (Kamrup, Nagaon, Morigaon and Cachar) revealed that against target of construction of 60 houses, only 49 houses were constructed by incurring expenditure of ₹22.77 lakh till March 2012 as shown in Table-13.

Table-13
Construction of fishermen Houses

District	Fund received (₹ in lakh)	Physical Target (In Nos.)	Fund Utilised (₹ in lakh)	Physical achievement (In Nos.)	Unspent balance as on 31 March 2012 (₹ in lakh)
Kamrup	7.00	House :14	7.00	14	Nil
Nagaon	9.27	House: 22	9.27	22	Nil
Morigaon	6.50	House: 13	6.50	13	Nil
Cachar	4.87	House: 11	Nil	Nil	4.87
Total	27.64	House: 60 Tube well: 3	22.77	49	4.87

Source: Departmental figures.

The audit findings in the districts are as follows:

⁴⁵ Barpeta, Cachar, Kamrup, Morigaon, Nagaon and Sonitpur.

- In Nagaon, 11 out of 22 houses constructed at Katchua Village did not belong to fishermen family as appeared from the survey report. This had happened as survey was conducted at a later period after selection of beneficiaries.
- Due to escalation in material cost, none of the 11 houses targeted for construction in Cachar could be completed with the available fund of ₹4.87 lakh. The department stated (November 2012) that the fund of ₹4.87 lakh was utilised for construction of 10 houses in place of 11 houses due to escalation of cost.
- Physical verification and scrutiny of estimates revealed that DFDO, Kamrup constructed RCC full wall houses of permanent nature with 20 m² plinth area at a cost of ₹0.50 lakh each instead of 35 m² plinth area. DFDOs Morigaon and Nagaon constructed the house with 35 m² plinth area at a cost of ₹0.50 lakh and ₹0.40 lakh respectively. However, in comparison to Kamrup district, the quality and condition of the houses in these two districts were very poor and of temporary nature as the walls were made of *Tarza* (bamboo).



Kamrup (3/2/2011)



Morigaon(16/2/2011)



Nagaon (2/6/2012)

Different types of fishermen houses constructed in different districts

Thus, in the directorate and test-checked districts 58 per cent fund could not be utilised. 18 per cent houses in selected districts could not be completed and the houses completed were beyond the specification.

(ii) Savings cum relief

Savings cum relief scheme launched in 2003-04, envisaged providing relief to active fishermen during the lean period (15 April to 15 July). Under the scheme, ₹50 per month *i.e.*, ₹450 for a period of nine months in a year was to be collected from every fisherman and to be deposited in a nationalized bank in the account of concerned DFDO. An equal amount of ₹450 against every fisherman shared equally by GOI and the State Government was also to be deposited to the same account. The total sum of ₹900 plus accrued interest was to be distributed during the lean period among the beneficiaries in three equal installments. The amount was raised to ₹1,800 (farmer's contribution ₹600 and Government's contribution ₹1,200) from the year 2010-11.

Scrutiny revealed that during 2006-12, the department received ₹37.80 lakh⁴⁶ only against the total proposal of ₹144 lakh⁴⁷, of which, ₹25.80 lakh was released to the

⁴⁶ Central share: ₹9 lakh and State share: ₹28.80 lakh.

⁴⁷ Central share: ₹56 lakh and State share: ₹88 lakh.

districts. Balance ₹12 lakh remained in the current account of DOF till 31 March 2012.

The Scheme was not implemented in Golaghat and Sibsagar due to non-receipt of fund. Out of ₹25.80 lakh disbursed to 13 districts⁴⁸, DFDOs, Karimganj and North Lakhimpur could not disburse ₹one lakh and ₹1.35 lakh respectively to the beneficiary.

The above position indicated that the department could not utilise 38 *per cent* of funds for such welfare activity.

(iii) Group Accident Insurance

To provide insurance coverage to the registered active fishermen, 'Group Accident Insurance (GIA)' scheme was launched in 2004-05. Under the scheme, an identified or registered fisherman would be insured for ₹1,00,000 against death or permanent total disability and for ₹50,000 for partial permanent disability. The insurance coverage would be for a period of 12 months and a policy would be taken out by FISHCOPFED⁴⁹. Annual premium payable would not exceed ₹30 per head shared equally by GOI and the State Government.

Scrutiny revealed that the department received ₹10 lakh (State share) during 2009-12 which was handed over to FISHCOPFED without the list of beneficiaries. In addition, the Central share of ₹30 lakh was also released during the same period directly to the FISHCOPFED. The facility of GIA was, however, not provided to the fishermen as of March 2012 due to non-finalisation of beneficiaries list. The scheme failed to take off due to lack of initiative of the FISHCOPFED as well as the department. In reply, the department stated (November 2012) that DFDOs were responsible for selection of beneficiaries and list of beneficiaries were being collected from them. This indicates that the scheme is still in nascent stage.

2.3.9.8 Rastriya Krishi Vikash Yojana (RKVY)

Rastriya Krishi Vikash Yojana (RKVY), a Central Sector scheme with 100 *per cent* central grant was introduced in 2008-09 to enhance fish production and other allied activities in the State. The State Agriculture Department is the nodal department for implementation of the scheme. A State Level Sanctioning Committee (SLSC) headed by the Chief Secretary of the State is empowered to sanction specific projects/schemes. Construction and reclamation of farmers' ponds, integrated farming, conversion of low lying areas to community tank, construction of nursery and rearing pond, procurement of feeds/manures were the major components to be implemented by fisheries department under the schemes. As per the scheme guidelines, the beneficiaries list should be approved by the concerned Zilla Parishad

⁴⁸ Cachar, Bongaigaon, Dibrugarh, Dhubri, Karimganj, Kamrup, Morigaon, Hailakandi, Nagaon, Nalbari, Lakhimpur, Jorhat and Sonitpur.

⁴⁹ National Federation of Fishermen's Co-operative Limited.

and the beneficiary must bear 50 per cent of the cost of civil works and 10 per cent of the cost of inputs in all cases.

As per information furnished by DOF, the Department received ₹42.56 crore during 2008-12 against the total provision of ₹56 crore being project share from the nodal department for implementation of the scheme and utilised ₹36.74 crore (civil works: ₹26.80 crore and cost of inputs: ₹9.94 crore) during 2008-12 (**Appendix-2.15**). Scrutiny of records, however, revealed that the department actually received ₹50 crore during 2008-12, out of which, ₹33.75 crore was released to the districts for implementation of the scheme. The eight⁵⁰ test-checked districts received ₹11.43 crore, out of which ₹9.95 crore was utilised. Thus, total unspent balance with the DOF and eight test-checked districts was ₹17.73 crore⁵¹ as on 31 March 2012 (**Appendix -2.16**). The position of remaining test-checked district of Golaghat could not be worked out due to non maintenance of scheme-wise separate details as well as cash book. The difference between the information furnished by the DOF and actual position as per records indicated that the information furnished by the DOF through reports and returns was at variance with reference to the record maintained in his office.

Thus, inability to spend 35 per cent of the scarce resources indicated lack of initiative of the department.

Further scrutiny of records revealed the following:

- Input cost of ₹4.26 crore was not released to the districts from 2008-09 onwards due to non receipt of proposal from the district offices in time.
- It appeared from **Appendix-2.16** that project share of ₹33.74 crore was utilized. Hence, as per programme guidelines, ₹33.74 crore was also to be utilized from beneficiaries share for completion of development of the water area concerned. The department, however, could not confirm about the amount actually utilized by the beneficiaries as the department maintained records of Government share only. Further, information relating to total water area developed, pond/tank-wise production of fish could not be made available. This indicates deficient data collection and monitoring in implementation of the scheme leading to completion of the work doubtful as per plan and estimate.
- Out of the nine test checked districts, four districts received ₹4.65 crore⁵² and utilised ₹4.64 crore⁵³ covering 317.13 hectares water areas and 845 beneficiaries under RKVY during 2008-12. The rest five districts could not

⁵⁰ Cachar, Goalpara, Hailakandi, Kamrup, Karimganj, Nagaon, North Lakhimpur and Sibsagar.

⁵¹ ₹50 crore – ₹33.75 crore = ₹16.25 crore; ₹11.43 crore – ₹ 9.95 crore = ₹1.48 crore; Total: ₹17.73 crore.

⁵² Goalpara: ₹120.44 lakh, Karimganj: ₹73.16 lakh, North Lakhimpur: ₹136.54 lakh, Sivasagar: ₹134.40 lakh.

⁵³ Goalpara: ₹120.44 lakh, Karimganj: ₹73.16 lakh, North Lakhimpur: ₹136.54 lakh, Sivasagar: ₹133.44 lakh.

furnish details of utilisation of funds received and water area developed under the scheme.

So far as impact of the development of water areas was concerned, the data of fish production as discussed in para 2.3.9.1 (i) was not based on authentic records and therefore questionable.

The irregularities in implementation of the scheme by the test checked districts are discussed below.

Doubtful Execution of works

The guidelines of RKVY provide that after completion of 50 *per cent* of work from beneficiaries share under the supervision of Junior Engineer (JE), the project cost (Government share) for the remaining work would be released. Further, as per general guidelines of the department, for execution of engineering works, plan and estimates of all the works (including beneficiary oriented ponds and tanks) have to be prepared and to be submitted to the DOF along with the engineering report and survey report duly counter signed by DFDO for approval of executive engineer of the department. In case of beneficiary oriented ponds and tanks, the status report of benefit of Government scheme is to be mentioned in the survey report with the help of Asset Register of the districts. The works were to be started only after approval of the Executive Engineer (EE) of the department. JE will maintain the Register of works, Measurement Books (MB), Muster Roll which are to be checked by the EE/AEE/AE prior to payment. Payments should be made only against prescribed bill form. The completion certificate and payment certificate should always be signed by the competent authority.

Scrutiny of records disclosed that DFDOs of the four districts released the Government share amounting ₹1.25 crore⁵⁴ to the beneficiaries without ensuring completion of 50 *per cent* works from the beneficiaries share.

DFDOs, Goalpara and North Lakhimpur released ₹74.34 lakh to 465 beneficiaries for development of 183.95 ha water areas during 2009-12 by collecting money receipt from the beneficiaries prepared in plain paper. No plan and estimates of the works were prepared. Assets Register, MB and Muster Roll of the works were also not maintained. In reply to audit query, DFDO, North Lakhimpur stated (June 2012) that due to shortage of JE in the district and as per verbal instructions of the Commissioner and Secretary of the department, the payments were made through money receipts on plain paper and agreement without maintaining the requisite records.

⁵⁴ Goalpara: ₹55.86 lakh, Karimganj: ₹23.10 lakh, North Lakhimpur: ₹18.48 lakh and Sibsagar ₹27.08 lakh.

Thus, releasing the government subsidies of ₹1.25 crore by DFDOs of the four districts without ensuring completion of 50 *per cent* works of beneficiaries share and in the absence of the approved plan and estimates, Assets Register, MB, Muster Rolls, the veracity of the actual execution of the works remained doubtful.

2.3.9.9 Marketing and transport

The prime objective of the Marketing Wing is to serve the fish producers and consumers by arranging transportation and selling fish produced in the Government and private farms. The Wing is attached to the Directorate headed by Marketing Officer with 14 supporting staff. Department proposed to activate the functioning of the Wing to serve the producers and consumers in a manner so that maximum return could be derived by the fish farmers. To achieve this objective, an Apex Co-operative Society was proposed to be formed at State Head quarter with all fishermen co-operative societies as members of the district level body of the Society. A team, to be constituted by Government, which would study the functioning of BENFISH of West Bengal and Gujarat Co-operative Fish Marketing Society for subsequent formation of such Society in the State. The department, through its Marketing Wing, would provide necessary infrastructure and technical support. For this purpose, ₹one crore was proposed in 11th plan period. But, fund was not provided and the target remained unachieved. Neither the Apex level Society nor the Study team was formed, which was also accepted by the department which stated (November 2012) that this was due to non-availability of fund. Meanwhile, during 2006-12 the department incurred ₹1.69 crore towards pay and allowances of the Officers and the staff meant for marketing and transport. They were stated to be engaged in other works of Directorate. Thus, the purpose of economic upliftment of beneficiaries by setting-up marketing and transport wing was not served.

2.3.10 Infrastructure development

2.3.10.1 Construction of District and Sub-divisional *Meen Bhawan*

On receipt of Administrative Approval and Financial Sanction (January 2009) for construction of 11⁵⁵ District *Meen Bhawan* and three Sub-divisional *Meen Bhawan*⁵⁶, DOF drew ₹3.59 crore in AC Bill and handed over the amount to the Irrigation department between July 2009 and February 2010 as per direction of the State Government. The scheduled dates of completion were between August 2009 and January 2010 respectively.

Scrutiny revealed that physical verifications of the buildings were made by the Fishery department in July 2011 and March 2012. As per the physical verification report, only one building (Bongaigaon) was ready for inauguration and three buildings (North Lakhimpur, Tezpur and Dhemaji) were found incomplete. Fictitious expenditure of ₹18.59 lakh was also noticed during verification by the concerned

⁵⁵ Meen Bhawan at Barpeta, Cachar, Dibrugarh, Goalpara, Jorhat, Kamrup, Mangaldoi, Morigaon, Nagaon, North Lakhimpur and Sonitpur.

⁵⁶ Sub-Divisional Meen Bhawan: Bishwanath chariali, Hojai and Sadiya.

DFDOs as payments were made to the contractor against 10 items of works of the *Meen Bhawans* which were already executed departmentally.

Thus, non-completion of 13 out of 14 buildings not only frustrated the intension of the department but instances of fictitious expenditure raises question about the bonafide of the utilisation of the fund released to the Irrigation department.

2.3.10.2 Injudicious expenditure at Nagputa Tank

GOA, Fishery Department accorded (February 2009) Administrative Approval and Financial Sanction of ₹18.64 lakh for restoration and protection of Nagputa Tank, Panbazar, Guwahati under State Plan. The amount was drawn in AC bill in May 2009.

The work was awarded (March 2009) to a Guwahati based Contractor⁵⁷, being the lowest tenderer. Execution of the work was started in March 2009 and after completion of 55.90 per cent, the work was stopped after incurring an expenditure of ₹9.59 lakh due to objection raised (March 2010) by Guwahati Metropolitan Development Authority (GMDA) as permission was not obtained for execution of the work. The Director, although, sought permission in March 2010, the work remained incomplete due to non receipt of permission till June 2012.

Thus, execution of work without obtaining permission from GMDA not only led to injudicious expenditure of ₹9.59 lakh, but also led to the restoration and protection work incomplete.

2.3.10.3 State Level Fishery Laboratory at Meen Bhawan, Guwahati

The construction of ‘State Level Fishery Laboratory’ was taken up under RKVY 2008-09 with a view to detect and cure various types of prevalent fish diseases as the State had no fish diagnostic laboratory. The civil works for construction of the laboratory were taken up for execution in March 2009 and completed in February 2011 at an expenditure of ₹24.98 lakh through a contractor. However, function of the laboratory had not started due to non-deployment of requisite manpower and the laboratory building was lying idle till March 2012 defeating the purpose of construction of the laboratory. The department stated (November 2012) that engagement of supporting staff for the laboratory was under process.

2.3.10.4 Construction of Inspection Bungalow and RCC Aquarium

During 2009-11, DFDO, Nagaon constructed one Inspection Bungalow, one Chowkider quarter and one RCC Aquarium at JB Garh Fish Farm at a total cost of ₹31.59 lakh⁵⁸ without any plan or roadmap regarding usage of these buildings in future. The buildings were lying unutilised till March 2012 resulting in expenditure of ₹31.59 lakh idle.



Idle Guest House at JB Garh fish farm (March 2011)

⁵⁷ Shri Deben Kalita.

⁵⁸ Inspection Bungalow: ₹10.42 lakh, Chowkider quarter: ₹3.94 lakh, RCC aquarium: ₹17.22 lakh.

2.3.11 Inventory Control

(i) Assets register

A register of assets created under various schemes in a district is required to be maintained in the district offices. No such asset register could be made available by any of the nine districts test-checked in audit.

Thus, due to non-availability of authentic Asset Register, actual position of assets created by the department remained unascertainable.

(ii) Dead stock registers

As per codal provisions, a dead stock register⁵⁹ was to be maintained in all offices of the Government and physical verification of the dead stock was required to be carried out every year. No such dead stock register was maintained nor annual physical verification of the dead stock was done in the Directorate and nine test-checked units. Non-maintenance of Dead Stock Register and non-conducting physical verification of the dead stock items periodically was fraught with the risk of pilferage of furniture and fixtures. The department agreed (November 2012) to maintain it in future.

(iii) Storage facility

In the absence of proper storage facilities in Kamrup (Rural and Metro), Darrang, Nalbari, Golaghat, Nagaon, Karimganj and Hailakandi, Quicklime and Fish Feed procured by the Directorate office could not be supplied by the supplier in full quantity in the districts. In Hailakandi district, as a result of storing the materials in open space in the office premises, 70 kg fish feed and 30 kg lime valued at ₹0.16 lakh were damaged. In reply, the department stated (November 2012) that efforts would be taken to augment storage facility in future.



Idle stock of lime at Morigaon (February 2011)

(iv) Functioning of aerators

DOF distributed (February 2010) two aerator valued at ₹0.96 lakh to the DFDO, Nagaon for use in the JB Garh Fish farm. On physical verification, it was found that the aerators were lying out of order since December 2010. In reply, the department stated (November 2012) that action will be taken to repair and re-use the same.



Aerators lying idle at JB Garh Fish Farm, Roha (March 2011)

(v) Idle Stock

In the following cases, purchase of materials by DOF without assessment of requirement resulted in accumulation of idle stock:

⁵⁹ Register maintain for furniture and fixture.

- The Department sanctioned (February 2010) ₹20 lakh for development of *Beel*, Open Water Fisheries under Scheduled Caste Component Plan (SCCP) 2009-10, covering the beneficiaries duly approved by the respective Scheduled Caste Development Board. It was decided in the review meeting (December 2009) of Welfare of Plain Tribes and Backward Classed (WPT&BC) department not to purchase cast net under the scheme during 2009-10. Test-check of records, however, revealed that DOF procured (March 2010) 1,212 cast nets valued at ₹20 lakh and distributed the same to the district offices. The nets were procured and issued without collecting indents from the district offices. It was also noticed that the beneficiary lists were not approved by the Scheduled Caste Development Board. Scrutiny of records in nine test-checked districts revealed that out of 300 nets, 204 nets valued at ₹3.37 lakh remained unutilised as of March 2012.
- Directorate of Fisheries distributed Quicklime to the district offices for onward distribution to the beneficiaries as inputs for implementation of RKVY 2008-09. Cross verification of records in two selected districts (Kamrup and Morigaon) revealed that out of 62,295 Kg lime received (March 2009) only 53,735 kg were issued to the beneficiaries leaving a balance of 8,560 kg valued at ₹1.01 lakh in stock (March 2012) resulting in deterioration of quality of the Quicklime.
- DOF procured (February 2010) Water Testing Kits (WTK) worth ₹39.97 lakh and distributed (March 2010) to the district offices. Cross verification of records in four test checked districts⁶⁰ revealed that out of 93 WTK, 27 valued at ₹2.58 lakh were lying idle in the store till March 2012. Thus, it is evident that the materials were procured without ascertaining the requirement of the districts and its subsequent non-utilization resulted in idle stock.

2.3.12 Administrative Control

(i) Settlement of pension cases

According to instructions issued by Pension and Public Grievance Cell, Finance Department, GOA, each head of office should start processing the pensions cases two years before the date of retirement of the employee and should forward the pension papers six months before retirement to the authority responsible for issue of pension payment orders (Accountant General or Director of Pension as the case may be).

Test-check of records in the Directorate office revealed that pension papers of 70 staff of the department who retired from service during April 2005 to October 2010 were submitted to the Accountant General (A&E), Assam after lapse of one to 24 months from their date of retirement depriving the pensioners in getting their pensionary benefits in time. Test-check of records of DFDO, Morigaon revealed that for want of

⁶⁰ Kamrup (2), Karimganj (13), Nagaon (4) and North Lakhimpur (8).

update, service books of two officials, retired in December 2010, could not be sent to the Directorate office till March 2011.

(ii) Payment of Temporary GPF advance

As per Rule 14(1) (a) and (1) (c) (i) of GPF Rules (Assam) 1973, temporary GPF advance should be sanctioned subject to recovery in 20 equal installments. The sanctioned amount should not exceed three month basic pay or half of the amount credited in employees’ GPF accounts, whichever is less.

Test-check of cash book of DOF revealed that during 2006-10 temporary GPF advances amounting to ₹15.82 lakh were drawn on 110 occasions and were paid to the staff without maintaining any Advance and Adjustment Register, personal file etc. GPF statements of the concerned staff members were also not made available to audit. Due to non availability of the recovery/adjustment register, it could not be ascertained whether the amount of ₹15.82 lakh was properly adjusted/recovered.

2.3.13 Human Resource management

An analysis of the manpower management in the Department showed that as of March 2012 there were 303 vacant posts (22 per cent) against the overall sanctioned strength of 1,348 (*Appendix-2.17*). The post of Executive Engineer (EE) had been lying vacant since 2006-07.

Scrutiny in audit revealed that as considerable number of Group ‘A’ posts were lying vacant since long, three officers including the Director were holding multiple charges ranging from two to five posts as shown in Table-14.

Table-14

Position of staff holding multiple charges

Regular post held	Additional charge	Period of holding additional charge
Director of Fisheries	Executive Engineer	October 2006 and July 2009
	Deputy Director of Fisheries, North Assam Zone, Tezpur	
Joint Director of Fisheries (FFDA)	Deputy Director of Fisheries (HQ & Planning)	From 2006-07 to date
	Director of Institution, RFTI, Amranga	
	Deputy Director of Fisheries(Lower Assam Zone) Borpeta	
	Special Officer ,Planning	
	Deputy Director of Fish Seed Farming	
Deputy Director	Nodal Officer, AACP, RKVY	2
	Research Officer, Statistics	
	Principal Investigator, NBFGR	

Source: Departmental records.

Holding multiple important charges by a single officer would have the effect of not discharging any of the duties in an efficient manner and ultimately might be affecting the smooth functioning of the department. In reply, the department stated (November 2012) that all promotional posts would be filled up in next three months.

During 2006-12, neither any skill up gradation training was imparted to the staff working under DFDOs in the test-checked districts nor did any future plan in this regard found on record.

2.3.14 Internal Control Mechanism

Internal control is a process, designed to provide reasonable assurance so as to achieve the objectives of the organisation, safeguarding of assets against loss, reliable financial and operational data, reports and compliance with rules and regulations. Deficiencies noticed in internal control mechanism are discussed below:

(i) Departmental Manual

A Departmental Manual is essential for any department for regulating and streamlining its functions and activities. But no Departmental Manual was prepared in the Fishery Department since its inception. In the absence of a Manual, effective internal control cannot be enforced. In reply, the department agreed (November 2012) to prepare the Manual in near future.

(ii) Register of Fishermen Families

Government of Assam Fishery Department instructed (September 2011) to register the fishermen families of each district as an official reference that could be utilised in different development activities of the department in future. The register was, however, not maintained in any of the nine selected districts. In reply, the department stated (November 2012) that all efforts will be taken to maintain such register.

(iii) Evaluation of socio-economic development of the fishermen

The overall objective of the Fisheries Department is to increase fish production by adopting scientific measures of fish culture and generating employment opportunities by producing high yielding seeds of fish for distribution among fish farmers at reasonable rates and imparting training in fish culture to them and thereby uplifting the socio-economic status of the fisherman. It was, however, noticed that the Department did not evolve any mechanism to evaluate whether the fish production and the income of the poor fishermen in the State had increased as a result of the initiatives taken by the Department. In reply, the department stated (November 2012) that initially, the evaluation would be done in four⁶¹ districts before commencing it in other districts.

(iv) Monitoring and inspection

Although there is an Internal Audit Wing, the Department had no audit manual. As per the guidelines prepared (March 1995) by the department, the Internal Audit Wing is to prepare a list of all officers under their jurisdiction and chalk out a programme for regular verification of accounts of the officers and submit the audit note to the Finance and Audit Officer for necessary action. No such programme/action plan as

⁶¹ Darrang, Kamrup, Morigaon and Nagaon.

per the guidelines was found on record. Scrutiny of records, however, revealed that 18 field units were audited during 2006-12 without any plan and 29 audit paras were raised by the Internal Audit Wing, of which, 21 paras remained unsettled due to non-submission of reply till March 2012 by the respective field units.

(v) Maintenance of records

DOF and DFDOs of nine selected districts did not maintain any Assets Register, Expenditure Control Registers, Broad Sheet, Liability Registers showing the details of draws of funds against allocation as well as expenditure there against and outstanding payments respectively.

(vi) Reconciliation of departmental figures

According to Budget Manual and executive instructions made there under departmental figures of expenditure are to be reconciled with the figures booked in the records of the Accountant General (A&E) quarterly. It was, however ascertained from AG (A&E), Assam that the Fishery Department did not carry out reconciliation of the departmental figures during 2006-12 in spite of sending prior intimation of calendar of reconciliation to the Chief Controlling Officer. The reason for putting off the exercise of reconciliation was not available on record.

(vii) Response to Audit

As per the provision of Hand Book of Instruction, for speedy settlement of Audit observation, issued by Government of Assam, Finance Department in August 2003 to watch over the receipt and disposal of Audit Notes/Inspection Reports issued by the Accountant General (Audit) which *inter alia* provides that (i) a register of disposal should be maintained by each office; and (ii) reply to Audit Notes is to be furnished within one month from the date of their receipt. No such register was, however, maintained by the Department as of March 2012.

As per records, 286 paragraphs relating to 48 Inspection Reports (IRs) pertaining to the period 1995-2012 were lying outstanding for want of reply (*Appendix-2.18*).

(viii) Vulnerability to fraud and corruption

(a) Suspected misappropriation of development fund

As per rule, difference between bank balance reflected in bank statement and bank balance in cash book is required to be reconciled at the end of each month and bank reconciliation statement explaining the difference to be prepared. Scrutiny of records of the Directorate and three selected districts revealed suspected misappropriations amounting to ₹44.26 lakh. The misappropriations could occur due to non-accountal of funds released by DOF and funds withdrawn from bank etc., as shown in Table-15.

Table-15
Position showing suspected misappropriation of fund (₹ in lakh)

Name of the DDO	Total amount released/ withdrawn/invested/ released to district		Purposes	Period	Amount accounted for	Amount of suspected misappropriation
	Amount	Particulars				
CEO, Karbi Anglong	0.51	Withdrawn from bank by self cheque	Not available	8/2004 to 9/2004	Not accounted for in the cash book	0.51
DFDO, Karbi Anglong	0.14	Do	Not available	17/8/09	-do-	0.14
CEO, Nagaon	3.26	Released cheques to the FD in favour of 13 beneficiaries.	FFDA subsidies	9/2009 to 1/2011	Not received by the farmers	3.26
	9.50	Fixed Deposit amount	For investment as Fixed Deposit	31/5/93 to 16/2/94	Not accounted for in the cash book	9.50
Director of Fisheries	0.07	Cash returned by AACP	Unspent amount of Exposure visit	--	-Do-	0.07
	0.80	27 Draft sent to SBI, Panbazar for revalidation	Unspent amount of different schemes	5/1981 to 9/1993	0.02	0.78
DFDO, Golaghat (General & RKVY Cash Book)	29.89	Released from Director by draft	Scheme Implementation SP & RKVY	06/08 to 03/2012	Neither accounted in the cash book nor in the Bank	29.89
	15.23	Withdrawn from Bank account	do	06/11 to 03/2012	Not accounted for in the cash book	15.23
Total	59.40				0.02	59.38

DFDO, Karbi Anglong stated (April 2011) that ₹0.51 lakh and ₹0.14 lakh were drawn by the then CEO and DFDO, Karbi Anglong respectively by issuing self cheques. The amounts were neither accounted for in the cash book nor any expenditure vouchers thereof were furnished. Replies to rest of the cases mentioned in Table above are awaited.

(b) Suspected misappropriation of sale proceeds

As per provision of Assam Treasury Rule 7, the Government revenue should be deposited into Treasury immediately after its receipt. Records of JB Garh Fish Farm, Nagaon revealed that the Assistant Fishery Officer (AFO) collected sale proceeds of ₹48.23 lakh (Details in *Appendix-2.19*) during the period 2003-12⁶² and handed over (4/2003 to 3/2012) the amount to the Fishery Officer (FO). AFO collected a receipt prepared in plain paper from FO as a token of handing over the amount. Scrutiny, however, revealed that out of the amount, the FO deposited only ₹10.11 lakh in to the treasury during May 2003 to April 2012. The rest of the sale proceeds of ₹38.12 lakh (₹48.23 lakh – ₹10.11 lakh) were neither deposited into treasury nor in the bank. Thus, it was suspected that Government money to the extent of ₹38.12 lakh being sale proceeds of fishery products was misappropriated. In reply, the department stated (November 2012) that departmental enquiry had already been initiated (October 2012) and the concerned official was asked to deposit the sum.

(c) Refund of unspent balance

DFDO, Hailakandi refunded (June 2011) an unspent balance of ₹5.99 lakh⁶³ under AACP to the State Project Director, ARIASP Society, Guwahati. The amount was debited from AACP bank account (United Bank of India, Hailakandi) of the DFDO

⁶² The sale proceeds were not deposited from 2003-04.

⁶³ vide A/c payee cheque No.801328 dated 6 June 2011.

on 29 June 2011. Cross verification (July 2012) of records of the Project Director, AACP/ARIASP Society revealed that the amount was not accounted for in the Register of Valuables and Cash Book of the Society till 31 March 2012. Thus, the possibility of misappropriation of ₹5.99 lakh could not be ruled out in audit.

2.3.15 Satisfaction level of beneficiaries

To assess the impact of the various developmental schemes, questionnaires were sent to the fishermen regarding their satisfaction level on different parameters relevant to them at the time of field visit. Replies were received from fishermen and their responses are given in Table-16.

Table-16
Response of fishermen to audit queries

Sl. No.	Development scheme	Parameters	Beneficiaries covered (In No.)	Response
1	National Welfare Fund for Fishermen (NWFF)-Housing	Whether active fishermen?	18	Yes: 3 (three) No: 15 (83 %)
		Satisfied with the house constructed?	18	Satisfied: 4 (22%) Not Satisfied: 1 No comment: 13 (72%)
2	Assam Agriculture Competitive Project (AACP)	Provided training	31	Training provided: 14* Not provided: 17 (55%) [@]
		Benefited from the training	31	Benefited: 3 (9.68%) No comment: 28
3	Fresh Water Aquaculture through Fish Farmer Development Agency (FFDA)	Maintenance of Production Register	13	Not maintained: 13 (100%)
		Government Subsidy received	13	Not received: 13 (100%)
		Guidance from the department	13	Guidance received: 9 (69%) Not received: 4

Source: Information obtained from beneficiaries.

*Training provided: 6 (AACP) + 3 (SP) + 5 (RKVY) = 14.

@Training not provided: 2 (AACP) + 11 (SP) + 4 (RKVY) = 17.

The responses indicated defective selection of beneficiaries, doubtful claim of fish production and shortfall in imparting training to the fishermen in the test-checked districts.

2.3.16 Conclusion

Eleventh FYP and successive Annual Plans (2006-12) were made without authentic data on fishery statistics by the department. Planning and allocation made on inaccurate data had an adverse impact on programme implementation to the effect that there was no correlation between plan proposal and the budgetary projections ultimately sanctioned. Overall savings of 39 per cent during performance audit period (2006-12) showed weak budgetary control and inability of the department to absorb the allocation.

Huge accumulation of unspent balances with DOF and DFDOs lying for years together in DCRs, bank accounts and even in cash, irregular drawal of AC bills and

RC bills, submission of inflated UCs etc., were other areas of weak financial control prevailed in the department.

The production of fish registered a decreasing trend with shortfall from target increasing from 4.82 *per cent* to 16.86 *per cent* against even the modest target fixed on the basis of ten *per cent* annual increase during 2007-08 to 2011-12.

Although the fish seed production exceeded the target, the quality of the seed was substandard due to continuous in-breeding leading to lower productivity.

Department's effort in production and distribution of quality seeds to the farmers remained unachieved as 93⁶⁴ *per cent* of hatcheries targeted for construction under Government and private sector remained incomplete. Besides 71 *per cent* (12 out of 17) of Government fish farms taken up for modernisation during 2006-12 had not materialised and farms remained non-functional due to selection of sites in hilly terrain without feasibility survey (four cases) and non-forming of fisherman beneficiary society in the vicinity of developed fish farms (eight cases).

The objective of augmenting farm production through transfer of technology by imparting training to farmers and providing extension services was not achieved due to failure of the Department to utilise the existing infrastructure and manpower of the training centres and Regional training institutes in a planned manner.

So far as development of water areas is concerned, the achievement reported under a major scheme *viz*; FFDA was only 18 *per cent* of the targets fixed.

The projected increase in productivity of fish over the years by the department was not reliable due to lack of documentation at field level and absence of regular and systematic flow of information through reports and returns. The projected area of water bodies developed was not verifiable due to non-maintenance of asset registers both at field and state level.

Number of genuine fishermen in the state and their socio-economic development both through production oriented development and fisherman welfare schemes could not be verified as the department did not maintain database of active fisherman.

Thus, the twin objectives of improving the socio-economic condition of the fisherman community and augmenting fish production remains to be achieved.

2.3.17 Recommendations

- The department may undertake immediate survey to ascertain updated position of number and areas of water bodies already developed and to be developed and other fishery statistics like fish production, seed production, number of active hatcheries, potential hatcheries etc.

⁶⁴ 57 out of 61.

- The department may prepare annual plans based on accurate database arrived at subsequent to survey and by collecting inputs from the field level.
- The department may prepare budget estimates based on accurate planning and considering the absorption capacity of fund by the implementing agencies after a critical review.
- Working of the departmental farms may be reviewed periodically in order to make them economically viable.
- Asset register would need to be maintained for keeping records of assets created as per the scheme guidelines. The genuine fishermen may be registered for their socio-economic upliftment in the state.
- Maintenance of beneficiary-wise production register should be ensured to ascertain the actual production of fish.
- The performance of the implementation of the schemes is to be monitored continuously at the end of each year at district level through periodical reports and physical verification of the assets/schemes.
- Internal control and monitoring system requires to be strengthened by providing required resources and corrective measures taken so that the financial discipline and accountability could be enforced in an effective and efficient manner.

AUDIT OF TRANSACTIONS

2.4 Cases of fraud/misappropriation/losses

Irrigation Department

2.4.1 Fictitious expenditure

Executive Engineer, Guwahati West Division (Irrigation) undertaken dewatering of the canal at headwork site before completion of the work of closing bund and diversion canal which was improbable and pointed towards doubtful utilisation of pumps rendering the expenditure of ₹57.30 lakh towards dewatering, fictitious.

State Government accorded (November 2009-December 2009) administrative approval (AA) for ₹52.31 crore for implementation of three Flow Irrigation Schemes (FIS)⁶⁵. Technical Sanction (TS) of these three FIS was accorded for ₹39.55 crore.

Construction of headwork in the course of the channel included the item of work of 'Excavation of earth and concreting/RCC/shuttering works below ground water level (GWL)' This items of work in the three FIS could have been executed only when dewatering of canals was done after completion of construction of 'closing bund and diversion canal'.

Scrutiny of records (December 2011) of the Executive Engineer (EE), Guwahati West Division (Irrigation) and information furnished to audit revealed that the pumps were utilised for a total duration of 1,99,998 hrs by incurring an expenditure of ₹57.30 lakh towards dewatering of canals as per details shown in the *Appendix – 2.20*, prior to completion of works of closing bund and diversion canals as recorded in the measurement books for implementation of Medhipara, Baruapathar and Nampathar FIS. This was contrary to the information furnished by the division that the construction of closing bund and diversion canal was to be completed prior to execution of dewatering work in execution of FIS. Unless course of water was blocked and diverted, excavation and concreting work below GWL could not have been executed.

On this being pointed out, the Department stated (June 2012) that as the river discharge was minimum in the lean season, the works relating to closing bund and diversion canal were not completed up to the designed level as the water level did not attain the designed level. The reply was not supported by data on volume of water discharge during lean and rainy seasons.

The reply is not tenable as technical information sought for and furnished by the division during the course of audit, *inter-alia* envisages in clear terms that the

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1.	Name of the scheme	Const. of Medhipara FIS (A)	Const. of Baruapathar FIS (B)	Const. of Nampathar FIS (C)
2.	A.A. No. and date	IGN (W)/292/2009/39 dated 26.11.2009 for ₹19.40 crore	IGN (W)/244/2009/58 dated 17.12.2009 for ₹16.25 crore	IGN (W)/243/2009/37 dated 18.12.2009 for ₹16.66 crore
3.	Tech. Sanction No., date and amount	Part-I: DDMI/TB-8/1470/2009/2 dated 21.12.2009 for ₹10.98 crore Part-II DDMI/TB-8/1470/2009/8 dated 31.12.10 for ₹1.38 crore	Part-I: DDMI/TB-8/1469/ 2009/2 dated 21.12.2009 for ₹11.43 crore Part-II: DDMI/TB-8/1469/ 2009/4 dated 10.01.2011 for ₹1.05 crore	Part-I: DDMI/TB-8/1468/ 2009/2 dated 21.12.2009 for ₹14.71 crore
4.	Tendered Amount	₹10.54 crore	Part-I: ₹10.67 crore	₹14.48 crore
5.	Work order No. and date	DDMI/T/30/2009/277 dated 19.02.2010	DDMI/T/30/2009/281 dated 19.02.2010	DDMI/T/30/2009/256 dated 15.02.2010
6.	Target Date of Completion	2 (two) working seasons	2 (two) working seasons	2 (two) working seasons
7.	Physical progress	90 per cent	75 per cent	96 per cent
8.	Upto date expenditure	₹8.08 crore	₹6.35 crore	₹10.58 crore

construction works of closing bund and diversion canal must be completed prior to undertaking the work relating to dewatering of canal. However, on the contrary, the entries in the measurement books showed that as many as six pumps in each FIS were utilized for periods ranging from 30 to 48 days aggregating 1,99,998 hours prior to completion of works of closing bund and diversion canal. The work of diversion canal, in any case, had to be completed before dewatering work of canal at headwork site as water discharge in the course of river stream, even if it is minimum in lean season, would continue to accumulate and over-top the half constructed closing bund unless there was an outlet to drain the water through a diversion canal.

Thus, dewatering of the canal at headwork site before completion of the work of closing bund and diversion canal was improbable and pointed towards doubtful utilisation of pumps rendering the expenditure of ₹57.30 lakh towards dewatering, fictitious.

Public Works Department

2.4.2 Fictitious expenditure

Executive Engineer (EE) PWD (Roads), Barpathar Road Division, Silonijan, executed the same items of work in the same chainages simultaneously under two different approved works rendering earlier work in same chainage doubtful and expenditure (₹27.89 lakh) fictitious.

The work “Improvement of Diphu-Dillai-Sarihajan (DDS) Road from chainage 23,145 m to 26,075 m” was administratively approved (November 2007) at a cost of ₹120 lakh by the Deputy Commissioner, Karbi Anglong, Diphu under Rastriya Sam Vikash Yojana (RSVY). The work included widening of existing road from single lane (6.00 m) to intermediate lane (9.25 m) and enhancement of hard crust from 3.75 m to 5.50 m. Technical Sanction (TS) to the work was accorded (November 2007) by the Additional Chief Engineer, PWD (R&B), Hills, Diphu for the same amount. The work was awarded (December 2007) to six contractors in six groups for execution of different chainages at a total tender value of ₹115.38 lakh with the stipulation to complete all the items of work within three months from the date of issue of work orders. The work commenced on 5 December 2007 and was completed on 10 November 2010 by incurring an expenditure of ₹112.23 lakh against the different items⁶⁶ of work.

Scrutiny (March 2011) of the records of EE, PWD, Barpathar Road Division, Silonijan disclosed that while the above work under RSVY was in progress, another work on the same road “Improvement of DDS Road” on the same chainage (21,000 m to 30,000 m) was administratively approved (January 2008) at a cost of ₹84.38 lakh by the Secretary, PWD, Karbi Anglong Autonomous Council to be funded under Additional Central Assistance (ACA). TS was accorded by Additional Chief Engineer for the same amount. The work under ACA was divided into eight groups and awarded (January 2008) to eight contractors. The work commenced on

⁶⁶ Scarifying the existing road, Construction of embankment, Construction of earthen shoulder, Construction of Granular Sub Base (GSB), Water Bound Macadam (WBM)-II, WBM-III, Premix Carpeting, Seal coat and RCC Hume pipe culvert.

16 January 2008 and was completed on 31 August 2008 after incurring an expenditure of ₹81.86 lakh. Detailed scrutiny of measurement books and correspondences⁶⁷ revealed that though seal coat item, i.e. the final finishing coat of work related to chainage from 23,145 m to 26,075 m was completed under ACA on 31 August 2008, the following items of works were in progress under RSVY in the same chainage:

Chainage	Date of measurement of final item i.e. seal coat under ACA (as per MB)	Date of measurement of items of work under RSVY (as per MB)
23,145-23,645	23,145-23,400 on 20.02.08 (MB No.1120, P/12) and 23,400-23,645 on 03.04.08 (MB No.1120, P/40)	Scarifying on 01.08.08 (MB No.1090, P/87)
23,645-24,145	23,645-24,145 on 03.04.08 (MB No.1120, P/40)	Embankment on 13.01.08 (MB No.1010, P/175), Earthen shoulder on 17.01.08 (MB No.1010, P/177), GSB on 16.09.08 (MB No.1010, P/185)
24,145-24,645	24,145-24,500 on 03.04.08 (MB No.1120, P/40) and 24,500-24,645 on 01.04.08 (MB No.1119, P/12)	WBM-II on 27.01.08 and 11.03.08 (MB No.1085, P/97 & 122), WBM-III on 11.04.08 (MB No.1085 on P/129)
24,645-25,145	24,645-25,145 on 01.04.08 (MB No.1119, P/12)	Scarifying on 02.06.08 (MB No.1090, P/59)
25,145-25,645	25,145-25,600 on 01.04.08 (MB No.1119, P/12) and 25,600-25,645 on 01.05.08 (MB No.1119, P/28)	Scarifying on 02.04.08 (MB No.1090, P/40), Embankment on 12.04.08 (MB No.1119, P/47)
25,645-26,075	25,645-26,075 on 01.05.08 (MB No.1119, P/28)	WBM-III on 27.02.08 and 04.07.08 (MB No.1085, P/115 and 130)

While the final finishing coat (Seal Coat) had already been completed (August 2008) in the chainage 23,145 m to 26,075 m against the work under ACA, it is not clear how initial works like scarifying, embankment, earthen shoulder, WBM-II and III works were in progress under RSVY scheme in the same chainage. Thus, genuineness of the work executed under ACA in the said chainages was doubtful and point towards fictitious payment of ₹27.89 lakh (*Appendix – 2.21*) made to the contractors for the corresponding portion of work.

The matter was reported to Government (June 2012) as well as Karbi Anglong Autonomous Council (November 2012); their reply had not been received (November 2012).

2.4.3 Loss due to fraudulent bank guarantee

Failure to confirm the authenticity of the Bank Guarantee by exercising necessary checks by the Executive Engineer, Dhemaji State Road Division before allowing advance payments to a contractor led to loss of Government money to the tune of ₹30 lakh.

The Chief Engineer (CE), Public Works Department (Roads), Assam entered into an agreement (August 2007) with a contractor for “Construction of road from (i) Chawkham gaon to Borakpuri via Majgaon and (ii) Bengnagora to Deogharia

⁶⁷ No. 47, 49, 51 and 53 dated 20.05.2009.

including cross drainage works and routine maintenance of works for five years” under Prime Minister’s Gram Sadak Yojana (PMGSY) at a tendered value of ₹3.78 crore with the stipulation that the work be completed within May 2008. The terms of contract *inter-alia* provided for payment of mobilization advance up to 5 *per cent* and equipment advance up to 90 *per cent* of the cost of new equipment brought to the site subject to a maximum of 10 *per cent* of the contract price excluding the contract price of routine maintenance. Subsequently, the tender value was enhanced to ₹4.17 crore due to increase in the scope of work. The contractor started the work in August 2007 and as of November 2012 an expenditure of ₹1.92 crore was incurred on the works with a physical progress of 56 *per cent*.

Scrutiny of records (April-May 2011) of the Executive Engineer (EE), State Road Division, Dhemaji, revealed that, out of the expenditure of ₹1.92 crore, an amount of ₹54 lakh was paid (December 2007) to the contractor towards Mobilisation Advance (₹18 lakh) and Equipment Advance (₹36 lakh). The advances were paid to the contractor against Bank Guarantees of equal amount submitted by the contractor that would remain valid up to November 2009. The progress of work was, however, very slow. EE extended the targeted schedule of completion of works till March 2009, without citing any reasons. EE had noticed (November 2008) that the construction of road from Chawkham gaon to Borakpuri via Majgaon was not done as per the estimated profile in the 1st km and watering and compaction was also not adequate. Meanwhile, an amount of ₹24 lakh was adjusted from the bills paid to the contractor from time to time out of the advance of ₹54 lakh. As the contractor had failed to execute the work within the extended time of completion, the work was rescinded (June 2009) and a penalty of ₹42 lakh imposed as liquidated damages. In order to recover the balance amount of advance paid of ₹30 lakh (₹54 lakh - ₹24 lakh), EE approached (July 2009) the Guarantor Bank to withhold the amount lying at the credit of the contractor. The Bank, however, intimated (July 2009) that it had issued no Bank Guarantee to the contractor. The Chief Engineer observed (October 2009) that the EE should have confirmed authenticity of the Bank Guarantees before certifying payments to the contractor.

Thus, failure to confirm the authenticity of the Bank Guarantee by exercising necessary checks before allowing advance payments by EE not only led to a loss of ₹30 lakh but also conferred an undue financial benefit on the contractor, whose work was rescinded.

On this being pointed out in audit, the Commissioner and Special Secretary to the Government of Assam stated (July 2012) that in order to recover the outstanding amount of ₹30 lakh, all the divisions had been requested (November 2010) to recover the outstanding amount of ₹30 lakh from running contracts of the contractor, if any. But this had not been materialized and recovery is yet to be made. An FIR had also been lodged (August 2010) at Dhemaji Police Station.

The reply does not dispute the fact that authenticity of the bank guarantee was not checked by the Executive Engineer to ascertain its genuineness before paying advance. As a result, an amount of ₹30 lakh could not be recovered till date (November 2012).

Veterinary Department

2.4.4 Suspected misappropriation

Shortage of ₹2.59 lakh in DDO's bank account with reference to cash book balance as on date (11 November 2009) and failure of the Department to furnish the details pointed to suspected misappropriation.

According to Rule 13 of Receipt and Payment Rules 1983, Head of office should verify cash balance in the cash book and record a signed and dated certificate to that effect. Further, in case of handing over and taking over charge, details of cash balance should be specifically recorded in the cash book with due signature of both the officers.

Scrutiny (January 2010) of cash book and related records of Assistant Dairy Development Officer (ADDO), Town Milk Supply Scheme (TMSS), Manja, Karbi Anglong, Diphu revealed that there was balance of ₹2.60 lakh (undeposited VAT: ₹1.22 lakh, unpaid supplier's bill: ₹1.12 lakh and cash at bank: ₹0.26 lakh) as on 11 November 2009. Period of drawal of above fund could not be ascertained from the cash book as analysis of closing balance was not available on record. Physical verification of the cash balance with analysis and due authentication by the DDO concerned was also not recorded in the cash book. Verification of bank statement for the period from 01 October 2009 to 16 November 2009 of DDO's bank account (SBI, Manja branch; account No. 11865770510), however, disclosed that only ₹1,484 was lying in the bank account against the cash book balance of ₹2.60 lakh. Whereabouts of balance ₹2.59 lakh (₹2.60 lakh - ₹0.01 lakh) was not available on record.

Scrutiny further revealed that the current incumbent took over charge unilaterally on 11 November 2009 and reported (December 2009) to Joint Secretary, Veterinary and Dairy Development, Karbi Anglong Autonomous Council (KAAC), Diphu that his predecessor had not handed over charge of cash book and accounts and cash balance of cash book did not tally with the balance lying in DDO's bank account. In reply to an audit query, the ADDO (current incumbent) stated (December 2011) that the matter was investigated by council authority. The investigation report was awaited (December 2011).

Thus, ₹2.59 lakh was suspected to be misappropriated as there was shortage of ₹2.59 lakh in DDO's bank account with reference to cash book balance as on date (11 November 2009) and the Department failed to furnish its whereabouts/justification therefor.

In reply, while admitting the misappropriation of Government money pointed out by audit, GOA stated that KAAC asked (July 2012) the defaulting ADDO⁶⁸ to deposit the misappropriated amount of ₹2.59 lakh into the account of ADDO, TMSS, Manja, Karbi Anglong, Diphu. Details of actual recovery, if any, are, however, awaited.

2.5 Excess payment/Wasteful/Infructuous expenditure

Irrigation Department

2.5.1 Extra Expenditure

Executive Engineer Guwahati West Division (Irrigation) incurred extra expenditure of ₹1.89 crore in implementation of Flow Irrigation Schemes (FIS) by injudicious inclusion of overhead charges in the estimates.

The State Government, Irrigation Department accorded (November-December 2009) Administrative Approval (AA) to implement three Flow Irrigation Schemes (FIS)⁶⁹ namely (i) Medhipara (ii) Baruapathar and (iii) Nampathar at a total cost of ₹52.31 crore. For implementation of 4th FIS, viz., Dhankunda FIS, AA was accorded (January 2011) for ₹4.85 crore which was technically sanctioned (February 2011) for ₹4.33 crore. The 4th work was awarded (February 2011) to a contractor at a tendered value of ₹4.22 crore with the stipulation to complete the work within February 2013. As of March 2012, an expenditure of ₹1.62 crore was incurred on the work with a physical progress of 50 per cent.

Scrutiny of records (December 2011) of the Executive Engineer (EE), Guwahati West Division (Irrigation) revealed that, as per Schedule of Rates (SOR) 2006-07 for Minor Irrigation Scheme (Civil Works) of the Irrigation Department, five to 10 per cent premium on the item rates of construction materials in Dhemaji and Majuli Sub-divisions as well as in the N.C. Hills District may be allowed for probable extra costs involved due to the remoteness of these places, difficulties in transportation and considering the general dearth of skilled labour.

Further, comparison of the rate computed in the estimates for implementation of (i) Medhipara FIS, (ii) Baruapathar FIS, (iii) Nampathar FIS and (iv) Dhankunda FIS

⁶⁸ Dr. Mubiur Rahman, RDEO, Intensive Cattle Development Project, Manja, Karbi Anglong, Diphu.

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1.	Name of the scheme	Const. of Medhipara FIS (A)	Const. of Baruapathar FIS (B)	Const. of Nampathar FIS (C)
2.	A.A. No. and date	IGN(W)/292/2009/39 dated 26.11.2009 for ₹19.40 crore	IGN(W)/244/2009/58 dated 17.12.2009 for ₹16.25 crore	IGN(W)/243/2009/37 dated 18.12.2009 for ₹16.66 crore
3.	Tech. Sanction No., date and amount	Part-I : DDMI/TB-8/1470/ 2009/2 dated 21.12.2009 for ₹10.98 crore Part-II DDMI/TB-8/1470/2009/8 dated 31.12.10 for ₹1.38 crore	Part-I : DDMI/TB-8/1469/ 2009/2 dated 21.12.2009 for ₹11.43 crore Part-II : DDMI/TB-8/1469/ 2009/4 dated 10.01.2011 for ₹1.05 crore	Part-I : DDMI/TB-8/1468/ 2009/2 dated 21.12.2009 for ₹14.71 crore
4.	Tendered Amount	₹10.54 crore	Part-I : ₹10.67 crore	₹14.48 crore
5.	Work order No. and date	DDMI/T/30/2009/277 dated 19.02.2010	DDMI/T/30/2009/281 dated 19.02.2010	DDMI/T/30/2009/256 dated 15.02.2010
6.	Target Date of Completion	2 (two) working seasons	2 (two) working seasons	2 (two) working seasons
7.	Physical progress	90 per cent	95 per cent	90 per cent
8.	Upto date expenditure (March 2012)	₹9.13 crore	₹8.13 crore	₹12.58 crore

revealed that 10 *per cent* overhead charges on the item rates were included in the estimates in the cases of first three FIS though these places were not covered by the remoteness clause of the SOR. Tender agreement was also executed on the computed rates. However, the item rates computed in the estimate of (iv) Dhankunda FIS which was taken up at a later date did not include the overhead charges of 10 *per cent* although the nature and item of works were similar in all the four cases. Moreover, the work for implementation of FIS at (i), (ii) and (iii) were awarded to the contractors in February 2010 whereas in case of FIS at (iv), work was awarded to the contractor on a later date, in February 2011. In all the four cases, the stipulated time of completion of work was two working seasons i.e., two years. As of March 2012, physical progress of the three works at (i), (ii) and (iii) was 90 *per cent*, 95 *per cent* and 90 *per cent* respectively.

In reply, the Divisional Officer stated (December 2011) that, 10 *per cent* overhead charge on the item rates was included in view of longer period needed for completion of works and also to accommodate probable price escalation. The reply was not tenable as the stipulated period of completion was the same for all the four works (2 working seasons) and department is required to impose penalty rather than giving extra benefits to the contractor for failure to complete the works within the prescribed time. Besides, work of implementation of the FIS at Dhankunda FIS was awarded at lower rates on a later date after work orders for implementation of FIS at (i), (ii) and (iii) were awarded at higher rates and probability of price escalation of items is usually higher on works executed later.

Further, the Secretary, Irrigation Department stated (June 2012) that 10 *per cent* overhead charge on labour component only was allowed in the three FIS due to its large volume of work and to enable the contractors to complete the work in time, whereas in the case of 4th FIS (Dhankunda) overhead charges were not included as the volume of work was small.

The reply was not tenable as it was against the provisions in the SOR mentioned above which envisages that five to ten *per cent* premium on the item rates of construction materials can only be given in Demaji, Majuli and NC Hills district. Besides, the works were also not completed in time although this was stated to be one of the reasons mentioned in the reply for allowing overhead charges.

Thus, by allowing 10 *per cent* overhead charge on the item rates in the estimates of Medhipara, Baruapathar and Nampathar FIS, beyond the scope of the SOR, the division incurred an extra expenditure of ₹1.89 crore as detailed in *Appendix-2.22*.

Public Works Department

2.5.2 Wasteful Expenditure

Execution of work prior to assessing the technical feasibility and not taking the protection work into consideration led to wasteful expenditure of ₹1.91 crore.

State Government accorded (October 2004) administrative approval (AA) of ₹4.61 crore for construction of RCC Bridge No. 5/1 on river Dhansiri at Latukajan-Ferrighat

Road (Marangi Ali) including approaches and protection work under RIDF-IX of NABARD. The work was awarded (December 2004) to a contractor at a tendered value of ₹4.61 crore with the stipulation to complete the work within December 2006. As of December 2011, an expenditure of ₹1.91 crore was incurred with physical progress of 41.38 per cent.

Scrutiny of records (December 2011) of the Executive Engineer PWD, Golaghat State Road Division, Bokakhat, revealed that Technical Sanction (TS) was accorded (February 2007) after more than two years of commencement (7 December 2004) of work and also after stipulated date of completion (December 2006). This was in violation of the condition of AA which envisages that no work should be taken up for execution till technical sanction to detailed working estimate is accorded. However, the work continued without being technically sanctioned, at a very slow pace. Meanwhile, after completion of the well of pier No.1, flood occurred in September 2007 causing erosion around the abutment well No. 1 for lack of protection work. The river eroded 24 to 28 meter of the riverbank bringing the pier inside the river. This necessitated construction of one additional span of 40 meter to bridge the gap to the shifted river bank. Accordingly as per instruction (November 2007) of the Chief Engineer, extension of the Bridge by another span with river training work was decided. A revised estimate of ₹9.18 crore was submitted (June 2008) by the Division but approval to the revised estimate was not accorded. Meanwhile the RIDF-IX tranche was closed (June 2009) by NABARD and further funding of the project became uncertain.



SHIFT AND TILT OF SUBMERGED PIER NO.1 (26/12/2011)



PIER NO. 2 WHERE HEAVY SILTING OCCURRED (26/12/2011)



PIER 3 AND 4 (26/12/2011)



BRIDGE APPROACH (26/12/2011)

Physical verification (26 December 2011) of the site revealed that Pier No. 1 was tilted to a large extent and was in a submerged condition. The rods of Pier No. 1 was corroded due to long inundation. Construction of bridge on the same alignment would not be possible due to tilting and shifting of pier beyond permissible limit. This was indicative of the fact that the estimate was framed without proper survey and investigation and study of the river course. Had the protection work of the proposed alignment been undertaken before construction of Pier/Abutment, the erosion could have been avoided.

Thus, execution of work prior to assessing the technical feasibility and not taking the protection work into consideration led to wasteful expenditure of ₹1.91 crore.

In reply, the Government stated (July 2012) that an estimate to complete the balance work of the bridge in the present alignment with additional span of length 40 m and new abutment well in the Khumtai side was sanctioned under RIDF-XVII for 2011-12 for an amount of ₹966.04 lakh. Technical sanction of this balance work with approved drawing and design was, however, not forwarded along with reply and there was no indication that the work had started (July 2012). Besides, possibility of construction of bridge in the same alignment is remote due to abnormal tilting of Pier No.-1 with corroded extension rods, precluding further reinforcement and therefore, the expenditure already incurred (₹1.91 crore) remained wasteful.

2.6 Avoidable/unfruitful expenditure/undue favour to contractors

Irrigation Department

2.6.1 Undue financial benefit

Executive Engineer, Mankachar Division (Irrigation), Hatsingimari extended undue financial benefit of ₹66.85 lakh to the contractor in violation of codal provision and the terms of the tender agreement.

State Government accorded Administrative Approval (AA) (December 1993) of ₹5.26 crore to the work of construction of Kaloo Flow Irrigation Scheme (FIS) under Mankachar Division (Irrigation), Hatsingimari. Technical Sanction (TS) for the headwork was accorded (December 1993) for ₹5.03 crore. No work was, however, executed mainly due to paucity of plan fund. Subsequently, State Government accorded (December 2008) revised AA of ₹29.90 crore to the work under Accelerated Irrigation Benefit Programme (AIBP) after the work was redesigned as per topographical changes which took place between 1993 and 2008. Revised TS was accorded (January 2011) for ₹29.90 crore. However, the work was awarded (April 2008) to a contractor at a tendered value of ₹3.96 crore prior to accordance of approval to revised AA with the stipulation to complete the work within April 2010. The tendered amount was enhanced (January 2012) to ₹29.02 crore without any

retendering. As of June 2012, physical progress of the work was 54 *per cent* after incurring an expenditure of ₹7.77 crore.

Scrutiny of records (March 2012) of the Executive Engineer (EE), Mankachar Division (Irrigation), Hatsingimari revealed that:

(i) The work was awarded (April 2008) to the contractor at the tendered value of ₹3.96 crore at a stage when Government of Assam (GOA) was actively considering redesigning the work and revising the estimates due to topographical changes. Government of India (GOI) approved (July 2008) inclusion of the scheme under AIBP and accordingly, GOA accorded (December 2008) revised AA for ₹29.90 crore and tendered amount was enhanced to ₹29.02 crore (633 *per cent*). Award of work at the proposal stage itself and subsequently enhancing the tendered amount by 633 *per cent* was against standard financial norms and was thus irregular. The Department and GOA were also deprived of the benefit of obtaining competitive rates for the revised and enhanced scope of work based on revised AA.

(ii) In terms of tender agreement, 10 *per cent* of the contract value was to be deposited by the contractor as security deposit; of which two *per cent* as Earnest Money Deposit (EMD) and balance eight *per cent* was to be deducted from the running bills paid to the contractor. Though the contractor had deposited Fixed Deposit Receipt (FDR) of ₹7.92 lakh as EMD against the original tendered amount of ₹3.96 crore, further scrutiny revealed that, on subsequent enhancement of the contract to ₹29.02 crore, the balance amount of ₹50.13 lakh (two *per cent* of ₹29,02,40,323 less ₹7,92,138) was neither deposited by the contractor as EMD nor insisted upon by the division for payment. Further, out of ₹62.16 lakh being eight *per cent* security deposit recoverable from ₹7.77 crore paid to the contractor, FDR of ₹39 lakh only has been deposited by the contractor (March 2012). Thus, security deposit of the balance of ₹23.16 lakh (₹62.16 lakh-₹39 lakh) is yet to be deposited by the contractor.

Thus, apart from awarding the work at the proposal stage itself before it was redesigned and revised, non-recovery of statutory deductions of EMD and security deposit as per the terms of the agreement resulted in extension of undue financial benefits to the contractor.

In reply (October 2012) the Department stated that:

- i) Awarding the work at proposal stage and subsequent enhancing the tender amount was done in the interest of early completion of the scheme.

The reply is not acceptable because the scheme was pending for execution since December 1993. Awarding the contract at project formulation stage and subsequently enhancing it by 633 *per cent* was against the financial norms.

- ii) Regarding recovery of security deposit, the department stated that out of eight *per cent* security deposit to be recovered, an amount of ₹45.44 lakh (₹39 lakh + ₹6.44 lakh in 3rd RA) was only recovered leaving a balance of ₹16.72 lakh yet to be recovered from the contractor. However, regarding recovery towards balance of two *per cent* Earnest Money Deposit *i.e.*, ₹50.13 lakh, the department did not furnish any reply.

Thus, undue financial benefit remained at ₹66.85 lakh (₹50.13 lakh + ₹16.72 lakh), extended to the contractor by the department.

2.6.2 Undue financial benefit

Executive Engineer, Guwahati West Division (Irrigation) Guwahati, extended undue financial benefit to the tune of ₹50.26 lakh through short recovery of statutory deductions from the contractors.

State Government accorded (November 2009-December 2009) Administrative Approval (AA) for implementation of three Flow Irrigation Schemes (FIS)⁷⁰ at a total cost of ₹52.31 crore.

As per Assam Value Added Tax (VAT) Act, four *per cent* VAT is leviable on the value of the works executed by the contractor during the relevant period. However, scrutiny of the records (December 2011) of Executive Engineer (EE), Guwahati West Division (Irrigation) Guwahati revealed that (i) the estimates of (a) Medhipara FIS (b) Baruapathar FIS and (c) Nampathar FIS were prepared on the basis of analysed rates wherein five *per cent* VAT was considered in stead of admissible four *per cent* in working out the rates of the items of work. The agreement was made on the same rates and works were executed accordingly by the contractors. Scrutiny of the vouchers, however, revealed that deduction of VAT was made at the rate of four *per cent* from the bills paid to the contractors. Thus, one *per cent* VAT included in the item rates was not deducted from the bills paid which resulted in extension of undue financial benefit of ₹25.13 lakh to the contractors as detailed in **Appendix – 2.23**.

(ii) Assam Building and Other Construction workers Welfare Act 1996 and Assam Rule 2007 thereunder, stipulates that establishments involved in execution of construction works valued ₹10 lakh and above are liable to pay one *per cent* of the total value of construction as Cess to the “Assam Building and Other Construction Workers’ Welfare Board (ABOCWB)”. It was, however, revealed in audit that in the

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1.	Name of the scheme	Const. of Medhipara FIS (A)	Const. of Baruaparhar FIS (B)	Const. of Nampathar FIS (C)
2.	A.A. No. and date	IGN(W)/292/2009/39 dated 26.11.2009 for ₹19.40 crore	IGN(W)/244/2009/58 dated 17.12.2009 for ₹16.25 crore	IGN(W)/243/2009/37 dated 18.12.2009 for ₹16.66 crore

analysed item rates of the estimates of (a) Medhipara FIS (b) Baruapathar FIS and (c) Nampathar FIS, the element of one *per cent* Cess was also considered in working out the rates of the items of work. The agreement was made on the same rates and works were accordingly executed by the contractors. Scrutiny of the vouchers, however, revealed that the corresponding deduction of Cess was not made from the bills paid which resulted in extension of undue financial benefit of ₹25.13 lakh to the contractors as mentioned in the concluding part of **Appendix – 2.23**.

In reply (December 2011), EE stated that four *per cent* VAT as applicable was deducted from the bills and Cess would be deducted. The reply is not tenable since short deduction from the contractors in violation of the agreement was unauthorised and against the interest of the Government.

Thus, unauthorised short deduction from the bills paid to the contractors resulted in extension of undue financial benefit to the tune of ₹50.26 lakh (₹25.13 lakh + ₹25.13 lakh), besides depriving the Government and the ABOCWB of the corresponding revenues/income.

Government accepted the lapses and stated (August 2012) that one *per cent* VAT and one *per cent* Cess on the value of works already paid to the contractor would be deducted from the final bill due to the contractors. However, the recoveries were yet to be effected (November 2012).

Public Works Department

2.6.3 Unfruitful Expenditure

Deviation in the tender notice and agreement from the approved estimate sanctioned by Government of India led to an unfruitful expenditure of ₹2.10 crore incurred on incomplete and sub-standard bridges.

State Government accorded (February 2005) administrative approval (AA) of ₹2.34 crore for the work 'Construction of RCC Bridge No. 4/3, 10/2 & 14/1 on Pengree Philobari Road' with approaches and protection work under the scheme of Non-lapsable Central Pool of Resources (NLCPR). The broad objective of the scheme was to ensure speedy development of infrastructure in the North Eastern Region. In accordance with NLCPR guidelines, prior approval of Ministry of Development of North Eastern Region (M/o DoNER) was required for any change made in the approved specification of the project and any project which could not be completed within target date {as given in Detailed Project Report (DPR) by the State Government} with six months extension, would be closed for funding by M/o DoNER and the State Government would be responsible for completion of the balance work from its own resources. The work was awarded (May 2005) to a contractor at a tendered value of ₹2.45 crore with the stipulation to complete the work within May 2007. Technical Sanction was accorded only in July 2007 for ₹2.34 crore. The

work started in May 2005 and as of April 2011 an expenditure of ₹2.10 crore was incurred with a physical progress of 63.10 *per cent*.

Scrutiny of records (May 2011) of the Executive Engineer (EE), Tinsukia State Road Division revealed that according to the approved DPR, the alignment of the bridges with well foundation was on the existing road alignment and the bridges were sanctioned with provision of subways. The provision of 'subway' was not included in Bill of Quantities (BOQ) of Detailed Tender Notice {subsequently converted to Agreement by the Chief Engineer (CE)}. Owing to absence of provision for construction of subway in Agreement, the EE changed the alignment of bridge No. 4/3 and 14/1 and the existing SPT bridges were kept as subway bridge. In course of execution of work, the diameter of the wells of bridge No.4/3 and 14/1 as well as foundation depth of both the bridges were also increased with the approval of the CE. No reason for requirement of such changes in deviation of the original approved DPR was available on record. As a result, the cost of whole work increased and a revised estimate amounting to ₹2.80 crore submitted for completion of whole work was yet to be approved. Comparison of the revised estimate with that originally approved by Government of India disclosed that:

- The estimate of the bridge proper was increased by 55.80 *per cent*;
- Estimate of approaches was reduced by 66.26 *per cent*;
- Protection work was totally discarded in the revised estimate.

Reasons for increasing the estimates of bridge proper were not furnished. Drastic reduction in the estimate of approaches and absence of protection work rendered the bridge work sub-standard. Besides, approval of the M/o DoNER for changes in approved specification, delay in completion and cost escalation was not obtained. Meanwhile, the contractor was paid ₹2.10 crore for the portion of work done as per revised estimates and the balance incomplete work was also proposed to be taken up as and when funds would be available.

Physical verification (10 May 2011) of the bridge site revealed that bridge No. 10/2 and 14/1 were constructed without any protection work. The progress of bridge No. 4/3 was much less and no construction activity or workers' camp was noticed in the entire site of the bridges.



BRIDGE NO. 10/2 (10/05/2011)



BRIDGE NO. 14/1 (10/05/2011)



BRIDGE NO. 4/3 (10/05/2011)

In reply (May 2011), the EE stated that the work would be taken up after obtaining funds from other sources. The reply is not tenable as there is no certainty about sanction of funds by State Government for the same project from other sources.

In a further reply (June 2012), the Commissioner and Spl. Secretary, PWD (Roads), Government of Assam, stated that bridge Nos 10/2 and 14/1 have already been completed and opened for vehicular traffic and progress in respect of bridge No. 4/3 was 29 per cent till March 2012. Scrutiny of the revised estimate (₹2.05 crore) of balance work proposed to be taken up in 2012-13, sent along with reply revealed that there was provision for construction of approaches and protection work in respect of bridge No. 10/2 and 14/1 amounting to ₹37.92 lakh and ₹9.08 lakh respectively. Evidently, contention of the Department that bridges 10/2 and 14/1 have been made operational for vehicular traffic appeared to be inconsistent. Thus, all three bridges were yet to be completed and expenditure of ₹2.10 crore so far incurred remained unfruitful.

Public Works and Education Department

2.6.4 Unfruitful expenditure

There was an unfruitful expenditure of ₹3.26 crore towards construction of Polytechnic building at Diphu as the building was not put to use by Education Department for the intended purpose even after a lapse of four years of construction.

Government of Assam (GOA), Education Department accorded (March 1989) administrative approval (AA) for construction of Polytechnic Building⁷¹ at Diphu at a cost of ₹1.74 crore. Technical sanction of the work was not available on record.

Scrutiny (October 2010) of records of Executive Engineer, PWD Building Division, Diphu and further information collected (December 2011) from the Division revealed that the work was divided into several parts and allotted to seven different contractors between October 1990 and September 1994 with the stipulation to complete the same between April 1991 to March 1996. None of the parts of the work was completed within the stipulated period and the AA was revised (March 1999) to ₹3.03 crore owing to increase in price of materials and wages of labourers.

Scrutiny further revealed that the contractors stopped work during last part of 2000 due to non-availability of construction materials and paucity of fund. Around this time, the incomplete building was occupied by Army personnel. After vacation of the building by Army, the building was completed (July 2007) at a cost of ₹2.73 crore. A further expenditure towards renovation work was also incurred for ₹0.53 crore and the building was inaugurated (August 2007) by honorable Education Minister, GOA. The building was, however, yet to be utilized (June 2012) for conducting classes of polytechnic.

On this being pointed out in audit, Joint Secretary, Higher Education (Technical) Department, GOA stated (June 2012) that further renovation work of the polytechnic building is going on and the polytechnic classes will be conducted in the building after completion of the renovation work. The reply only reaffirmed the fact that the expenditure remained unfruitful till date (July 2012).

Thus, there was an unfruitful expenditure of ₹3.26 crore (₹2.73 crore + ₹0.53 crore) towards construction of Polytechnic building at Diphu as the building could not be put to use by Education Department for the intended purpose even after a lapse of four years of construction.

⁷¹(i) Main building, (ii) Multipurpose building, (iii) Rest house, (iv) Work shop and store, (v) Physics, chemistry building and amenities centre, (vi) Approach road, (vii) Water supply, (viii) LT line, (ix) External electrification, (x) Acoustics treatment, (xi) Iron Gate etc.

Tourism Department

2.6.5 Unfruitful expenditure

Poor planning and injudicious decision of the Department to construct cafeteria in isolation before finalization of DPR and construction of the tourist complex led to unfruitful expenditure of ₹79.95 lakh.

With a view to encourage tourism and to promote unique ethnic cultural treasure of Karbi Anglong district, Karbi Anglong Autonomous Council (KAAC), Diphu had decided to construct “Havarpi Tourist Complex (HTC)” in the district. The main objective of HTC was to develop the tourist spot with all modern facilities viz., tourist lodge, indoor and outdoor recreation park, artificial lake with boating and water game facilities, cafeteria etc.

KAAC had selected the site for the tourist complex at the outskirts of Diphu town and allotted land measuring 92 bighas to the Tourist Information Officer (TIO), Diphu for construction of all the buildings and other amenities as above but without conducting any feasibility study. KAAC, without preparing Detailed Project Report (DPR) for the entire complex, accorded (January 2000) isolated administrative approval for the construction of the cafeteria building only, which is only a part of the complex, for ₹70.09 lakh. Reasons for construction of lone cafeteria building instead of the entire tourist complex after preparation of DPR, were not on record. The TIO issued (September 1998) formal work order to a contractor for construction of cafeteria building at an estimated cost of ₹31.77 lakh which was subsequently revised (February 2000) to ₹64.31 lakh for increase in scope of work, with the stipulation to complete the work by March 2000. Technical sanction of the estimate was not found on record.

Scrutiny (January-February 2012) of the records of TIO, Diphu and further information collected revealed that civil works for construction of cafeteria were completed at a cost of ₹73.45 lakh in June 2002 without providing water and electricity facilities in the building. Payments were made to the contractor between December 1998 and February 2009. The cafeteria constructed arbitrarily in isolation could not be made functional even after 10 years of its construction due to remoteness of the place, non-availability of electricity and water, bad road condition, security problem and also non-development of tourist complex with all amenities for lodging and recreation facilities.

Scrutiny further revealed that with the passage of time the condition of the building deteriorated and the TIO had to spend (March 2006) ₹6.50 lakh departmentally for repair and renovation of the cafeteria building.

As per the reply of Deputy Director of Tourism, Diphu forwarded (August 2012) by Secretary, Tourism Department, GOA, it is revealed that the Deputy Director while accepting the audit observation stated (June 2012) that the project was not made operational due to law and order situation and is awaiting return to normalcy.

Thus, poor planning and injudicious decision of the Department to construct cafeteria, in isolation before finalization of DPR and construction of entire tourist complex, led to unfruitful expenditure of ₹79.95 lakh (₹73.45 lakh + ₹6.50 lakh), in addition to recurring expenditure towards watch and ward of the building.

2.7 Idle investment/blocking of funds/delays in commissioning of equipment/diversion/misutilisation of funds etc.

Public Works Department

2.7.1 Unproductive expenditure on bridge work

Failure of the Department to take timely and effective action to complete the bridge work even after a lapse of 66 months from the stipulated date of completion resulted in unproductive expenditure of ₹86.44 lakh.

Government of Assam (GOA) accorded (March 2005) administrative approval (AA) of ₹1.68 crore for construction of RCC Bridge No. 26/3 on Nagarjan Samar Ali Das Road in Karbi Anglong with approach and protection work under Non Lapsable Central Pool of Resources (NLCPR) for 2004-05. Technical Sanction (TS) for ₹1.68 crore was accorded (November 2005) by Chief Engineer, PWD (Roads), Assam. The work was awarded (May 2005) to a contractor⁷² at a tendered value of ₹1.69 crore with the stipulation to complete the work within 18 months from the date (May 2005) of issue of work order *i.e.*, within November 2006.

Scrutiny (February 2010) of the records of Executive Engineer, PWD, Bakulia Road Division and further information collected (December 2011) from the Division revealed that progress of work was slow and the contractor finally stopped the work since October 2008 after completing only 'foundation and substructure' and was paid (October 2009) ₹86.44 lakh by the Division. Extension of time was neither sought for by the contractor nor was granted. Reason for stopping of work by the contractor was stated to be 'poor machinery back up' and 'poor mobilisation of construction materials' by the contractor at work site. The Department took 26 months to withdraw (December 2010) the work from the contractor and subsequently imposed (March 2011) penalty of ₹7.50 lakh on the contractor towards compensation for delay in completion of the work. Documentary evidence in support of realization of ₹7.50 lakh from the contractor was neither available on record nor furnished though called for. The balance work was allotted (March 2012) to another contractor⁷³ at a tendered cost of ₹80.85 lakh which is stated to be in progress now.

Thus, failure of the Department to take timely and effective action to complete the bridge work even after a lapse of 66 months from the stipulated date of completion resulted in unproductive expenditure of ₹86.44 lakh.

⁷² Rajen Borah, Howraghat, Karbi Anglong.

⁷³ Shri Haradhan Das, Bokulia, Karbi Anglong.

In reply, while admitting about non-completion of the work, GOA stated (July 2012) that the work will be completed within December 2012 which only reaffirmed the fact that the expenditure remained unproductive till date (November 2012).

2.7.2 Unproductive expenditure

Construction of bridge proper without adequate survey and proper planning for approaches to the bridge, rendered the expenditure of ₹76.59 lakh, unproductive.

Government of Assam (GOA) accorded (September 2004) administrative approval to the work of Construction of RCC Bridge No. 4/3 on Jengoni—Khatojan Road including approach and protection works under RIDF-IX of NABARD for ₹77.61 lakh. The objective was to provide better mobility to vehicular traffic and boost the socio-economic condition of local people. Technical sanction was accorded (August 2005) for the same amount. The work was awarded (November 2004) to a contractor at a tendered value of ₹77.32 lakh with the stipulation to complete the work within 18 months. The contractor could only complete work relating to bridge proper (January 2007) at an expenditure of ₹70.28 lakh and did not take up the work of approach road to the bridge and protection work and the work was finally rescinded (March 2008).

Scrutiny of records (April-May 2011) of the Executive Engineer (EE), Tinsukia Rural Road Division revealed that, after preliminary survey and investigation, the work commenced in November 2004. After completion of the work relating to the bridge proper (January 2007), the work of approach road to the bridge was not taken up by the contractor as required land on either side of both the approaches to the bridge was not made available by EE. To make the bridge traffic worthy for light motor vehicle and pedestrian, the Chief Engineer instructed (August 2008) that an earthen ramp with gravel spreading be constructed instead of proper approach and protection work as envisaged in the technically sanctioned estimate. Accordingly, the balance work with a provision of purely temporary earthen ramps was approved (date not available) by the Chief Engineer. The work was awarded (12 September 2008) to another contractor and the same was completed (29 December 2008) at an expenditure of ₹6.31 lakh. The bridge was opened to vehicular traffic on 29 December 2008.

Physical verification (May 2011) during audit revealed that, the very narrow earthen ramp constructed was not wide enough even for a bicycle rider to cross the bridge.



BRIDGE NO. 4/3 ON JENGONI KHETOJAN ROAD (01/05/2011)



APPROACH ROAD TO BRIDGE NO. 4/3 ON JENGONI KHETOJAN ROAD (01/05/2011)

In reply, the Government also admitted (July 2012) that approaches to the bridge could not be taken up due to land problem and assured that it would be completed during 2012-13 by taking up the balance work from other schemes.

The reply reaffirms the fact that until such time, the expenditure on bridge proper (₹76.59 lakh) would, however, remain unproductive.

Thus, construction of the bridge proper without adequate survey and proper planning for approaches rendered entire expenditure of ₹76.59 lakh unproductive, since its construction (January 2007).