

CHAPTER-I

SOCIAL SECTOR

COMPLIANCE AUDIT

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1.1 Introduction

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

During 2012-13, against total budget provision of ₹18,467.05 crore, total expenditure of ₹13,379.73 crore was incurred by 16 departments inclusive of Bodoland Territorial Council (BTC) covered under Welfare of Plain Tribes and Backward Classes (WPT&BC) under Social Sector. Department-wise details of budget provision and expenditure incurred thereagainst are shown in *Appendix – 1.1*. Hill Areas department incurred expenditure of ₹995.31 crore (6.92 per cent of the total expenditure – Social Sector including Hill Areas department) during 2012-13 mainly for sixth schedule areas (NCHAC and KAAC) against budget provision of ₹1,414.63 crore (*Appendix – 1.2*) under the Sector.

Besides, the Central Government had transferred a sizeable amount of funds directly to the implementing agencies of the State Government for implementation of flagship programmes of the Central Government. During 2012-13, out of total major releases¹ of ₹13,255.49 crore, ₹5,902.92 crore were directly released to different implementing agencies under Social Sector. Details are shown in *Appendix – 1.3*.

1.1.1 Planning and conduct of Audit

Compliance audit is conducted in accordance with annual audit plan. The units are selected on the basis of risk assessment. Areas taken up are selected on the basis of topicality, financial significance, social relevance, internal control system of the units, occurrence of defalcation/misappropriation/embezzlement as well as findings of previous Audit Reports. Apart from the above parameters, all departmental important directorates and district level units are audited annually.

Inspection Reports are issued to the heads of unit as well as heads of departments after completion of audit. Based on the replies received, audit observations are either settled or further action for compliance is advised. Important audit findings are processed for inclusion in the Audit Report of C&AG of India.

The audits were conducted during 2012-13 involving expenditure of ₹19,947.35 crore (including expenditure of earlier years) of the State Government under Social Sector. This chapter contains 14 Compliance Audit Paragraphs.

The major observations made in audit during the year 2012-13 are discussed in succeeding paragraphs.

¹ Release worth ₹one crore and above.

1.2 COMPLIANCE AUDIT

Cultural Affairs Department

1.2.1 Unproductive expenditure

Secretary, Srimanta Sankardeva Kalakshetra Society and Government of Assam could not complete the construction of auditorium complex despite elapse of more than seven years from the stipulated date of completion rendering the expenditure of ₹17.72 crore unproductive.

With a view to establish Srimanta Sankardeva Kalakshetra as a major centre of culture and intellectual activities of the Country, Srimanta Sankardeva Kalakshetra Society (SSKS), Guwahati submitted (1999) a project report to Planning Commission, Government of India (GoI) through Planning and Development Department, Government of Assam (GoA) for the construction of “Srimanta Sankardeva International Convention Center and Auditorium Complex” at a cost of ₹27.91 crore. The project report envisaged construction of three auditoriums of seating capacity 300, 800 and 1,250 respectively with estimated provision of ₹22.47 crore and other ancillary works worth ₹5.44 crore². According to the project proposal, Central Government and the State Government were to bear the costs of auditoriums (₹22.47 crore) and ancillary works (₹5.44 crore) respectively. The estimate was also approved (June 2001) by Chief Engineer, PWD (Building), Assam.

The Planning Commission, however, sanctioned (March 2001) ₹20 crore only under Non-Lapsable Central Pool of Resources (NLCPR) *inter-alia* mentioning that instead of thinning away resources over three auditoriums initially, these need to be restricted to two auditoriums with seating capacity of 300 and 1,250 respectively and also indicated that no further funds would be made available for the project. Further, subject to availability of funds after completion of the work of these two auditoriums, within the provision of ₹20 crore, the work of third auditorium of 800 seating capacity (estimated at ₹8.31 crore) could be taken up.

Scrutiny (July and August 2012) of the records of Secretary, SSKS, Guwahati, however, revealed that, disregarding the directives of Planning Commission, GoI, it was decided, in a meeting (July 2002) chaired by the Minister of State, Planning and Development Department, GoA, to construct the auditorium complex as per the original project report as mentioned above. The availability of balance fund of ₹7.91 crore, to be contributed by the State Government was, however, not ensured. The work was awarded (May 2003) to M/s Larsen and Toubro Limited (L&T) at the

² Public toilets and restaurant (₹32.24 lakh), parking for 500 cars and central plaza (₹196 lakh), water body cum fire-fighting reservoirs (₹131 lakh) and residential accommodation for key personnel (₹184 lakh).

lowest bid price of ₹27.98 crore with the stipulation to complete the work within 30 months *i.e.*, by December 2005.

Scrutiny further revealed that the contractor stopped the work during March 2006 due to non-availability of funds after completing only the auditorium with 300 seating capacity, which was opened to public in January 2006. The physical progress of the remaining two auditoriums could be achieved up to 38.35 and 85 *per cent* respectively when the contractor stopped the work in March 2006. As of May 2009, the contractor was paid ₹19.92 crore³ including ₹2.20 crore paid for the completed auditorium of 300 seating capacity.

Meanwhile, reminders for release of funds by the society were issued to Director, Cultural Affairs and GoA from time to time. Finally in December 2009, after a lapse of more than six years from the date of issue of formal work order (May 2003), Secretary, SSKS requested Minister, Cultural Affairs Department, GoA and Chairman, Executive Council, SSKS for the sanction of ₹9.40 crore for the completion of the remaining work. In response, Cultural Affairs Department, GoA sanctioned (March 2011) ₹9.04 crore under Chief Minister's Special Scheme 2010-11 and released (July 2011) ₹4.52 crore to SSKS for completion of the remaining work of the two incomplete auditoriums. However, till the date of audit (August 2012), no further progress was achieved on the work despite availability of funds. Secretary, SSKS stated (August 2012) that selection of new contractor for execution of the balance work would be done after terminating the contract formally with the original contractor.

Further, Principal Secretary, Cultural Affairs Department, GoA, in reply stated (May 2013) that construction work of all the three auditoriums was started together as the project was conceived as a complete complimentary project and would serve the intended purpose only when all the three auditoriums are completed together. It was further added that State PWD would complete the remaining work out of the state share released in July 2011.

The reply was not acceptable as injudicious decision of Secretary, SSKS and the Government of Assam to proceed with construction of all the auditoriums

³

(₹ in crore)

Sl. No.	Constructions	Tendered cost	Payment made	Physical progress (In per cent)
1.	Auditorium 1,250 capacity	11.77	8.94	85
2.	Auditorium 800 capacity	8.31	2.57	38.35
3.	Auditorium 300 capacity	2.39	2.20	100
4.	Public toilets and restaurant	0.33	0.07	-
5.	Parking place	1.96	0.19	97.05
6.	Water body cum fire-fighting reservoirs	1.31	0.77	87.70
7.	Residential accommodation	1.84	0.29	60
8.	Extra work	-	4.07	-
9.	Consultancy	-	0.82	-
Total		27.91	19.92	

Source: Departmental records.

simultaneously without ensuring availability of funds and disregarding the directives of Planning Commission, GoI, led to non-completion of the project despite elapse of more than seven years from the stipulated date of completion. Besides, the expenditure of ₹17.72 crore incurred on the incomplete construction works proved unproductive. As of June 2013, the work could not be restarted due to non-settlement of claims submitted by L&T.

Elementary Education Department

1.2.2 Wasteful expenditure

Axom Sarba Siksha Abhijan Mission incurred wasteful expenditure of ₹1.68 crore towards printing of 15 unapproved books in large numbers.

For providing text books free of cost to the students of 'Ka-Shreni' to class VIII of Hindi medium, the Axom Sarba Siksha Abhijan Mission (ASSAM) entered (September 2009) into an agreement with Asom Rastrabhasa Prachar Samiti (ARPS) for printing and supply of the books centrally. Number of such books to be printed was to be assessed on the basis of enrolment of students and also keeping in view the number of undistributed books of previous years. The decision of the State Level Empowered Committee (SLEC) on the whole process of printing and distribution of the text books would be binding on both the parties. The agreement *inter alia* included the following provisions:

- The ASSAM would assess requirement of text books for next year and place preliminary order for printing and supply of the books to ARPS on or before 31 May of each year.
- The ARPS, within 15 days of receipt of work order, would prepare an estimate of the fund required for carrying out the printing and supply of the text books, including cost of text and cover paper, printing, storage and distribution and submit the same to ASSAM for approval by SLEC.
- The ARPS would also arrange papers from Assam State Text Book Publication and Production Corporation (ASTPPC) Limited and supply the books as per estimate, specification and design approved by the SLEC.
- The actual expenditure incurred by ARPS on printing including cost of paper, transportation and storage would be reimbursed by the ASSAM in phased manner on submission of bills by ARPS.

Scrutiny (January and February 2013) of records of Mission Director, ASSAM revealed that in its first meeting of 9 June 2011, SLEC decided that printing of the Free Text Books (FTBs) for the academic year 2012 should be completed by 15 October 2011 and directed State Council of Educational Research and Training (SCERT), the nodal academic authority, to submit the manuscript and list of FTBs to

ARPS within 20 June 2011. SCERT, however, failed to submit the list of FTBs to ARPS within the stipulated date. Meanwhile, work order for printing was issued to ARPS by ASSAM on 8 July 2011 based on the list of previous year before receiving the approved list of FTBs from SCERT who submitted the list for the academic year 2012 to ASSAM only on 9 September 2011. While sending the approved list to ASSAM, SCERT reduced the number of FTBs to be printed to 35 from the existing list of 51. ASSAM, however, did not communicate this fact immediately to ARPS. ARPS received the approved list of 35 books only in the month of November 2011. By that time, all the 50⁴ Hindi medium FTBs were printed, which included 15 discarded FTBs also.

Thus, lack of coordination among ASSAM and SCERT as well as ASSAM and ARPS led to unnecessary printing of books declared obsolete by SCERT. Altogether 19,36,000 copies of the 15 obsolete FTBs valuing ₹1.68 crore were printed by ARPS and the same were lying in its godown. As of February 2013, ARPS was paid ₹one crore (part payment) by ASSAM against the final bill of ₹6.08 crore (including printing of copies of 15 obsolete books worth ₹1.68 crore). In addition to above, 37 Hindi text books (34,392 copies) worth ₹4.02 lakh pertaining to the year 2010 and 2011 had also become obsolete due to change in the list of books to be distributed as FTBs.

On this being pointed out, ASSAM/GoA in reply stated (September 2013) that copies of the 15 obsolete FTBs will be used by the students as reference books. The fact, however, remains that the printing of these books was not required as the same had been discarded for distribution as FTBs. This was reiterated by the decision taken in the meeting dated 27 November 2011, chaired by the Hon'ble Minister, Education, GoA that text books approved by SCERT only will be printed. Had there been an effective co-ordination among the authorities concerned, necessity of distribution of the discarded copies as reference books to the students, as planned by the department, would not have arisen.

Thus, Axom Sarba Siksha Abhijan Mission (ASSAM) incurred wasteful expenditure of ₹1.68 crore towards printing of 15 unapproved books in large numbers.

Health and Family Welfare Department

1.2.3 Unfruitful expenditure on incomplete Hospital

Mission Director, NRHM , Guwahati and GoA made deviation in the revised estimate from the approved estimate without obtaining approval from Government of India, which resulted the expenditure of ₹46.50 crore incurred on incomplete Super Specialty Hospital unfruitful.

Project proposal for construction of Super Specialty Hospital at Guwahati Medical College (GMC) was approved by the Government of India (GoI), Ministry of Health

⁴ “Ka Barg Ka Karyakram (For teachers)” was not printed as per the list of printed FTBs for the year 2012.

and Family Welfare (N E Division) in December 2007 at an estimated cost of ₹88.75 crore (civil work: ₹56.82 crore and equipment: ₹31.93 crore). The approval was *inter-alia* subject to the following conditions:

- The cost approved was one time financial assistance in the form of Grant-in-Aid.
- The recurring cost would be borne by the Government of Assam (GoA) through enhanced budgetary support to GMC and through internal revenue generation from the hospital.
- The project would be completed within a timeframe of 36 months from the date of sanction *i.e.*, by December 2010.
- The project implementation would be supervised by a Project Management Committee (PMC) headed by the Chief Secretary, Assam. The committee would be responsible for the finalization of specification, selection of project consultant, finalization of architectural designs, selection of construction agency, procurement of medical equipment and monitoring the implementation of the project.
- The PMC would be assisted and advised on all aspects of the project by a Project Consultant to ensure that the project constraints are addressed in preventing time and cost overrun.

The Government of India (GoI) released ₹56.82 crore during March 2009 (₹30 crore) and March 2012 (₹26.82 crore) respectively. The PMC headed by the Chief Secretary, GoA was constituted in May 2008 and the project consultant⁵ was appointed by the PMC in June 2009 *i.e.*, after 17 months from the date of sanction of the project. Subsequently, due to unsatisfactory services *viz.*, submission of inappropriate design, submission of part estimates without due analysis and lack of timely response in submitting clarification etc., the Chief Engineer, PWD (Building), Guwahati had rescinded the contract with the consultant in June 2010. Against the agreed amount of ₹131.82 lakh payable for entire consultancy work including structural and architectural drawing, the consultant was paid ₹22.68 lakh for the partial work done by him. Balance work of the consultant was stated (December 2010) to be executed by the Engineers of PWD. The PWD commenced the work from January 2011, *i.e.*, after the due date of completion (December 2010) of the project according to GoI sanction, which was to be completed by 5 January 2013. The delay was attributable to (i) indecision on the part of the PMC in selecting the design; and (ii) delayed appointment of project consultant.

Audit scrutiny (June 2012) of records of Mission Director (MD), National Rural Health Mission (NRHM), Guwahati revealed that in anticipation of revised approval and sanction of additional fund of ₹38.94 crore (₹95.76 crore - ₹56.82 crore) by GoI,

⁵ M/s Hospitech Management Consultant Pvt. Limited, New Delhi.

PWD (Building), Guwahati framed (June 2010) a revised estimate (civil work) of ₹95.76 crore for the construction of the Super Specialty Hospital. The revision was however, not in order as the approval from GoI was not obtained. The cost of the work was substantially (68.53 *per cent*) enhanced (June 2010) from the amount originally sanctioned (₹56.82 crore) by GoI due to deviation in the scope of work, delay in execution and resultant revision of rates as per Schedule of Rates (SOR) 2010-11. MD, NRHM, in pursuance to the approval received from GoA, Health and Family Welfare Department, accorded (November 2010) administrative approval to the revised estimate with the condition that work must be restricted to the released amount of ₹56.82 crore till revised approval from GoI, Ministry of Health and Family Welfare is obtained. Accordingly, the Chief Engineer (CE), PWD (Building) awarded (January 2011) the work to the lowest bidder⁶ at a bid value of ₹78.85 crore. While awarding the contract, the CE entered into an agreement with the contractor that the work worth ₹55.45 crore only be undertaken by reducing the scope of work. This in turn had an adverse effect on the functionality of the Super Specialty Hospital as only 59 *per cent* of the construction could be completed with the available amount as per the revised estimate.

Audit scrutiny further revealed that, as of March 2013, financial progress to the extent of ₹46.50 crore towards completion of 83 *per cent* of entrusted work could be achieved. As regards allocation of ₹31.93 crore for procurement of equipment, the status of expenditure incurred till February 2013 submitted by NRHM disclosed that no expenditure was incurred for procurement of equipments. Besides, both NRHM and PWD (Building) were unable to provide information relating to approval of GoI for the revised proposed estimates including sanction and release of additional funds of ₹38.94 crore.

Thus, the construction of Super Specialty Hospital was characterised by avoidable delay in selection of design and engagement of project consultant which subsequently delayed the commencement of work and escalated the cost of the work. Further, the action of the MD, NRHM in embarking upon a project without assessing the complete scope of work and also without obtaining the revised approval and additional funds from GoI, was not only indicative of the casual approach of the Department in planning the project but also raised doubt about the completion of the project. Besides, as per terms and conditions of GoI sanction, the grant was one time financial assistance and therefore, in the present scenario, there seems to be no scope for the grant of additional funds from GoI and consequently, ₹46.50 crore already incurred towards construction of incomplete Super Specialty Hospital project remained unfruitful.

The matter was reported to Government in May 2013; their reply had not been received (November 2013).

⁶ M/s Brahmaputra Infrastructure Limited, New Delhi.

1.2.4 Unfruitful expenditure

Joint Director of Health Services, Morigaon neither revived the functioning of the 'Auxiliary Nurse Midwife' training school nor utilised the services of the 13 employees gainfully. This resulted in the expenditure of ₹1.25 crore incurred on their salaries unfruitful.

Auxiliary Nurse Midwife (ANM) training school, Morigaon, established in May 1984, has been functioning under Joint Director of Health Service (Jt. DHS), Morigaon with the objective of imparting training to ANMs and enabling them to function at community/village level with specific skills to fulfill the health needs of the community. According to the terms of sanction order, staffs of the ANM training schools are to be engaged on temporary basis and their retention for the job is to be obtained from GoA subject to continuation of the scheme for training of ANM under Family Welfare (FW) programme.

Test-check (November 2012) of records of the Joint Director of Health Services, Morigaon revealed that training was imparted up to 2007-08 in ANM training school, Morigaon and thereafter no training was conducted due to non-selection of candidates by the Government. However, retention of the 13 temporary posts of the ANM training school was obtained every year for training of ANM under FW programme though no training was imparted to ANM under FW programme since 2008-09. Consequently, the staffs of the training schools had been sitting idle since 2008-09 resulting in unfruitful expenditure of ₹1.25 crore incurred during 2008-13 (position as on May 2013) towards disbursement of pay and allowances of these idle staff.

In reply to an audit query, Joint DHS, Morigaon stated (August 2013) that (i) the idle staffs were engaged at Morigaon Civil Hospital; and (ii) the training school had been re-opened this year and the process of admission of students is in progress.

The reply of the Joint DHS is not acceptable being the engagement of the staffs, meant for imparting training in ANM training school, at Civil Hospital without specific demand/requirement and Government approval was not in order. Further, non-selection of candidates and non-implementation of the training programme for a period of five years (2008-09 to 2012-13) despite retaining the 13 temporary posts continuously without work frustrated the very objective of the Scheme. Moreover, the aspirant candidates were deprived of becoming ANM and getting employment opportunity in State run/private hospitals.

Thus, failure of the department to revive the function of the ANM training school and to utilise the services of the 13 idle employees gainfully resulted in unfruitful expenditure of ₹1.25 crore towards disbursement of their salaries.

The matter was reported to Government in June 2013; their reply had not been received (November 2013).

Panchayat and Rural Development Department

1.2.5 Suspected misappropriation

Deputy Director (Hills), Panchayat and Rural Development, Karbi Anglong showed an amount of ₹16.50 lakh as disbursed to three⁷ Block Development Officers, which was suspected to be misappropriated as receipt and utilization of the funds by the blocks were not available on record.

Rule 95 of Assam Financial Rules provides that Drawing and Disbursing Officer (DDO) is personally responsible for the accounting of all money received, disbursed and for the safe custody of cash. Further, according to the procedure followed in Government Departments, on receipt of cheques/drafts/banker's cheque etc., details are recorded in 'Register of Valuables' before making entries in departmental cash book as soon as any transaction is made.

Scrutiny (October 2012 to January 2013) of the records of Deputy Director (Hills), Panchayat and Rural Development (P&RD), Karbi Anglong revealed the following irregularities:

(A) During January 2011, the Deputy Director drew two self cheques (cheque No. 643040 and 644362 dated 31 January 2011) amounting to ₹11 lakh. The entire amount was shown as disbursed (January 2011) to Lumbajong and Rangkhong Development blocks (₹5.50 lakh each) for the construction of market sheds under the award of Twelfth Finance Commission (TFC). The bank statement for the period 19 December 2010 to 26 October 2011 received from the concerned bank also indicated about the withdrawal (January 2011) of ₹11 lakh by the Deputy Director which was, however, not received by the concerned blocks as per their cash book, bank accounts and annual accounts. As whereabouts of the funds remained untraceable, the possibilities of misappropriation of ₹11 lakh could not be ruled out.

(B) Similarly, the Deputy Director drew (March 2011) self cheque bearing No. 644367 dated 2 March 2011 for ₹49.18 lakh on United Bank of India, Diphu for disbursement to nine⁸ Block Development Officers (BDOs) of Karbi Anglong district

⁷ BDOs, Nilip, Rangkhong and Lumbajong.

⁸

Sl. No.	Name of the DDO	Cheque No. and date	Amount (₹)
1.	BDO, Ronkhang	592780 dtd.5.03.2011	493500
2.	BDO, Samelangso	592781 dtd.5.03.2011	493500
3.	BDO, Langsomepi	592782 dtd.5.03.2011	493500
4.	BDO, Bokajan	592783 dtd.5.03.2011	550000
5.	BDO, Nilip	592784 dtd.5.03.2011	550000
6.	BDO, Rongmongwe	592785 dtd.5.03.2011	962500
7.	BDO, Socheng	592786 dtd.5.03.2011	550000
8.	BDO, Chinthang	592787 dtd.5.03.2011	412500
9.	BDO, Amri	5927878 dtd.5.03.2011	412500
Total			49,18,000

Source: Departmental records.

for construction of market sheds under the award of TFC. Of this, the Deputy Director showed disbursement (5 March 2011) of ₹5.50 lakh through cheque No. 592784 dated 5 March 2011 to Nilip Development Block. Cross examination of the relevant records (Cheque and draft receipt register and bank statement) maintained by BDO, Nilip Development Block, however, disclosed that the cheque in question was not received by the block though as per the statement of the bank account operated by the Deputy Director as DDO with United Bank of India, Diphu, entire ₹49.18 lakh was withdrawn on 5 March 2011 itself. The Block concerned also denied receipt of ₹5.50 lakh as shown disbursed by the Deputy Director to the Block. Such instances were, however, not noticed in other eight development blocks. Thus, the amount of ₹5.50 lakh shown to have been paid to Nilip Development Block by the Deputy Director (Hills), Panchayat and Rural Development (P&RD), Karbi Anglong was suspected to be misappropriated. This was facilitated due to failure of internal control system of periodical reconciliation between the cheques issued by the Deputy Director with that of the cheques received by the blocks.

Thus, ₹16.50 lakh (₹11 lakh + ₹5.50 lakh) shown as having been disbursed by the Deputy Director (Hills), Panchayat and Rural Development (P&RD), Karbi Anglong to three BDOs was suspected to be misappropriated as both receipt and subsequent utilization of the funds by the concerned blocks were neither acknowledged nor available on record.

The matter was reported to Government in June 2013; their reply had not been received (November 2013).

Social Welfare Department

1.2.6 Avoidable extra expenditure

Director, Social Welfare, Assam incurred an extra expenditure of ₹1.93 crore towards procurement of stationery items and utensils at a higher rate without inviting open tender in violation of the laid down provision.

Government of Assam (GoA), Finance Department order (August 2010) stipulates that open tenders are required to be invited for purchase involving public funds of ₹50,000 and above where agencies like AGMC/AMTRON/ARTFED⁹ may also participate. Further, it also envisages that the practice of issuing supply orders based on single quotation violates the statutory provisions contained in section 7(2) of Assam Fiscal Responsibility and Budget Management Act, 2005.

(A) Scrutiny (July to September 2012) of the records of Director of Social Welfare (DSW), Assam revealed that the DSW collected (November 2009) approved

⁹ Assam Government Marketing Corporation (AGMC)/Assam Electronics Development Corporation (AMTRON) /Assam Apex Weavers' and Artisans Co-operative Federation Limited (ARTFED).

price list from AGMC Limited and ASIDC¹⁰ Limited for the procurement of Anganwadi items viz., stationery, utensils etc., for Additional New Anganwadi Centers (AWCs) under Integrated Child Development Services (ICDS) scheme 2009-10. The rates of utensils per AWC quoted by AGMC and ASIDC were ₹4,389 and ₹4,458 respectively and the rate offered by AGMC was accepted (December 2009) by the State Level Purchase Committee being the lowest without market survey and analysis. The DSW also did not initiate any action to assess competitiveness of rates through open tendering, which was a gross violation of laid down provisions.

Based on the proposal submitted (December 2009) by the DSW, GoA sanctioned (December 2009) ₹8.36 crore for the procurement of utensils of different types¹¹ for 16,491 additional new AWCs at ₹5,069 per AWC (including VAT¹² of 13.5 per cent and service charge of two per cent). The DSW placed (December 2009) orders on AGMC Limited for supply of the utensils to the Child Development Project Officers (CDPOs) concerned by March 2010. The AGMC Limited supplied utensils for 16,337 AWCs to different CDPOs of the State during December 2009 to September 2010 and was paid ₹8.28 crore between April 2010 and January 2011 (@ ₹5,069 per AWC).

Scrutiny further revealed that the rate (₹4,389 per AWC) quoted by AGMC Limited was exclusive of VAT (@13.5 per cent) and service charge (@ two per cent) whereas tax components (VAT & Service charge) were included in the rate offered by ASIDC (₹4,458 per AWC) for utensils of the same specifications. Thus, the cost of utensils per AWC worked out to ₹5,069 with VAT and service charge as per the rate offered by AGMC Limited, which was higher than the rate offered by ASIDC Limited. It is thus, evident that the purchase committee erroneously accepted the rate offered by AGMC Limited as lowest, without adding the tax components. This has resulted in extra expenditure of ₹99.82 lakh $\{(\text{₹}5,069^{13} - \text{₹}4,458) \times 16,337\}$.

(B) Similarly, during 2009-10 and 2010-11, DSW also procured 35,82,900 numbers of lead pencils and 50,96,210 drawing papers at a total cost of ₹5.80 crore from AGMC Limited @ ₹3.75 per pencil and ₹8 per sheet respectively. Scrutiny, however, revealed that the rates of pencil (₹2.75 per piece) and drawing paper (₹7 per sheet) offered by ASIDC Limited were lower than those quoted by AGMC Limited. None of the agencies mentioned brand names of the items in their quotations, which is

¹⁰ Assam Small Industries Development Corporation.

¹¹ (i) Iron Kerahi (made of Iron sheet size-25" dia Weight-14Kg, (ii) Khanti/Dabu (made of iron big), (iii) G.I. Bucket (made of MP Tata size-14" (20 ltr. Capacity), (iv) Mug (made of steel - 1 ltr. Capacity) and (v) Saucepan (made of Aluminum size-22" dia Weight-8.00 Kg).

¹² Value added tax.

¹³

<i>(In ₹)</i>	
Rate quoted by AGMC Limited excluding tax components	4,389.00
Add VAT of 13.5 per cent	592.51
Add service charge of two per cent	87.78
Grand total	5,069.29
Rates allowed	5,069.00

Source: Departmental records.

a result of faulty tendering system from the part of DSW. However, the purchase committee accepted (December 2009) the higher rates quoted by AGMC Limited for reasons not on records. This has resulted in avoidable extra expenditure of ₹92.87 lakh incurred on this count, as detailed in the Table below:

Table - 1

(In ₹)

Name of items	Rates quoted by AGMC* (per piece/sheet)	Rates quoted by ASIDC* (per piece/sheet)	Difference {(2) – (3)}	Total quantity procured	Extra expenditure {(4) X (5)}
1	2	3	4	5	6
Lead pencil	3.75	2.75	1.00	35,82,900	35,82,900
Drawing paper	8.00	7.00	1.00	50,96,210	50,96,210
				Total	86,79,110
				Add: VAT and agency charges @ 7 per cent	6,07,538
				Grand Total :	₹92,86,648

*Rates quoted were exclusive of VAT of five per cent and agency charge of two per cent

Source: Departmental records.

Thus, DSW incurred an extra expenditure of ₹1.93 crore (₹99.82 lakh + ₹92.87 lakh), towards the procurement of stationery items and utensils at higher rates without inviting open tenders in violation of the laid down provision, which was avoidable.

On this being pointed out, GoA, in reply, stated (April 2013) that due to time constraint and to boost the conditions of some of the sick units of GoA, materials are some times procured from Government undertakings like AGMC Limited. The reply was not acceptable as rates were obtained from ASIDC and AGMC and both of them were Government undertakings and the department accepted the higher rate offered by AGMC, which resulted in extra expenditure of ₹1.93 crore. GoA, however, accepted the audit observation and stated that necessary formalities as pointed out in audit would be observed in subsequent procurements.

1.2.7 Excess expenditure

Director of Social Welfare, Assam incurred excess expenditure of ₹13.55 crore towards purchase of different stationery items at rates exorbitantly higher than the corresponding Maximum Retail Price.

Government of Assam, Finance Department's order (August 2010) stipulates that open tenders are to be invited by the Government Departments for purchase of any item or stores involving public funds and in case of any doubt about the reasonableness of the rates of such items, the purchasing authority may confirm the actual market price from the Commissioner of Taxes, or from the local Superintendent of Taxes.

Test-check (July to September 2012) of the records of Director of Social Welfare (DSW), Assam revealed that during 2010-11 and 2011-12, the DSW purchased different stationery articles for Anganwadi Centres (AWCs) under Integrated Child Development Service (ICDS) Scheme at the rates approved by the purchase

committee headed by the DSW, which met on 20 December, 2010. Comparative study of Maximum Retail Price (MRP) *vis-à-vis* the rates at which the materials were procured revealed that the DSW procured the materials/articles at rates excessively higher (17 to 575 *per cent*) than the corresponding MRPs. This resulted in an excess expenditure of ₹13.55 crore. Details are shown in Table below:

Table - 2

(In ₹)

Sl. No.	Articles	Name of the Supplier	Purchase rate including 5 per cent VAT	MRPs inclusive of all Taxes	Difference (3-4)	Quantity procured	Excess expenditure (5 x 6)	Percentage of purchase rate over MRP
1.	Note Book (Brand Anand, size: 19 cm × 15 cm)	Genius Paper Converter, Guwahati	47.25	7	40.25	1422980	57274945	575
2.	Pencil Eraser (White Plasto, Brand: Natraj/ Perfect)	Kaveri Enterprise, Guwahati	3.94	1	2.94	867625	2550817	294
3.	Wax Crayon, 12 Pcs, size 75 mm x 57 mm, 8 set or 12 set (Brand-Perfect, Sticker)	M. D. Associates, Nalbari	33.60	10	23.60	1557950	36767620	236
4.	Colour Pencil, 12 sets, 85 mm (Brand-Nataraj/ Millenium/cricketer)	S. B. Enterprise, Guwahati	62.00	20	42.00	779050	32720100	210
5.	Plastic Unbreakable scale (size 12", Brand-Camlin/Camelon)	S. B. Enterprise, Guwahati	11.34	7	4.34	735000	3189900	62
6.	Lead Pencil HB (Brand Commet/Ashoka/ Perfect) Size 170 mm	Kaveri Enterprise, Guwahati	3.94	3	0.94	867625	815567	31.33
7.	Pencil Sharpener (Brand: Camlin/Perfect/Natraj)	Kaveri Enterprise, Guwahati	3.94	3	0.94	867625	815567	31.33
8.	Dot Pen, Red & Blue both side (Brand-Flora, Renco, Linc)	Shiva Enterprise, Guwahati	21.00	18	3.00	463841	1391523	16.67
Total							135526039	

Source: Departmental records.

Generally bulk purchase is made to get an item at rate cheaper than the MRP. Contrary to that the rates accepted in respect of all the items as mentioned in the Table above were even higher than the MRP. Before accepting the rates quoted by the suppliers, the DSW made no attempt to ascertain the prevailing market rate of those items.

Thus, Director of Social Welfare, Assam incurred excess expenditure of ₹13.55 crore towards purchase of different stationery items at rates exorbitantly higher than the corresponding maximum retail price.

The matter was reported to Government in March 2013; their reply had not been received (November 2013).

1.2.8 Excess payment

Directorate of Social Welfare, Assam failed to effect requisite deduction of 12.5 per cent towards shrinkage from the total quantity of approved soil used for raising low land around the Anganwadi Centres, which resulted in excess payment of ₹1.19 crore to the contractors.

Assam Public Works Department (APWD) Schedule of Rates (SOR) 2004-05 provides that deduction of 12.5 per cent towards shrinkage is to be made from the total quantity of approved soil obtained from outside by truck carriage for raising low land around the building.

Scrutiny (July to September 2012) of the records of Director of Social Welfare (DSW), Assam revealed that the DSW approved (2001-02) a model estimate of ₹1.25 lakh for the construction of Anganwadi Centers (AWCs) in different Blocks of Assam. The estimated cost was subsequently enhanced (2005-06) to ₹1.75 lakh incorporating certain additional item of works¹⁴ including 'Raising low site around the building with approved soil to be obtained from outside by truck carriage including breaking clods, dressing etc.' The revised estimate was prepared by Project Engineer, Directorate of Social Welfare, Assam based on APWD (SOR) 2004-05 and was approved by the DSW. During 2005-06, 2006-07 and 2010-11, DSW constructed 18,622 AWCs at a total cost of ₹325.88 crore¹⁵ at the revised rate of ₹1.75 lakh per AWC.

Scrutiny further revealed that while executing the construction work, 19.50 cum approved soil per AWC at ₹261.90 per cum was used for raising low land around the building. However, at the time of measurement, requisite deduction of 12.5 per cent towards shrinkage from the total quantity of approved soil as envisaged in APWD (SOR) 2004-05 was not made. This has resulted in an excess payment of ₹1.19 crore¹⁶ to contractors and loss to Government to that extent.

On this being pointed out, the DSW in reply stated (August 2013) that the requisite deduction towards shrinkage could not be made due to mistake which will be taken care of/avoided in future while making such payments. The fact, thus, remains that GoA had to sustain a loss of ₹1.19 crore for not effecting the requisite deduction in

¹⁴ Raising low land site by earth filling, painting of wall by approved paint, sanitary work including construction of septic tank of required users etc.

¹⁵

(₹ in lakh)

Year	No. of AWCs constructed	Total Payment made
2005-06	11,259	19,703.25
2006-07	6,659	11,653.25
2010-11	704	1,232.00
Total	18,622	32,588.50

Source: Departmental records.

¹⁶ [(19.50 cum X 12.5/100) X 18,622 AWCs} X ₹261.90].

accordance with the relevant provision of APWD (SOR) 2004-05 while making payment to the contractors.

The matter was reported to Government in May 2013; their reply had not been received (November 2013).

1.2.9 Irregular expenditure

Directorate of Social Welfare, Assam procured items for pre-school education kits in violation of scheme guidelines, which resulted in irregular expenditure of ₹3.02 crore besides defeating the primary objective of providing non-formal education through age-specific teaching and learning materials.

Integrated Child Development Service (ICDS) Scheme was introduced in 1975 with the objective of holistic development of children up to six years of age, adolescent girls and pregnant and lactating mothers. Pre-school education (PSE), a crucial component under ICDS, aims at imparting non-formal pre-school education to children between three to six years of age in Anganwadi Centres (AWCs) to develop positive learning attitudes and emotional and mental preparedness before primary education is imparted to them in regular schools.

The ICDS guidelines *inter-alia* envisaged:

- Pre-school kits should be provided for all operational AWCs in the State @ ₹1,000 per AWC per annum.
- The items in the kit may be multiple in terms of possible play activities and concepts, culturally and environmentally relevant, cost effective and conducive to creativity and problem solving.
- Illustrative list of items in the kit included - flash card for storytelling, models on pictures, picture books of animals/fruits/vegetables, parts of body, stuffed toys, matching cards of numbers and alphabets, tower parts for stacking, balls, simple puzzles etc.
- The list of items may be finalised after consultation with experts of Early Childhood Education, State Council of Educational Research and Training (SCERT).

Test-check (July to September 2012) of the records of Director of Social Welfare (DSW), Assam revealed that based on the rate approved (October 2008) by the purchase committee, DSW submitted (May 2009) a proposal to GoA requesting sanction of ₹3.09 crore (@ ₹998 per AWC) for providing PSE kit to 31,006 AWCs during 2009-10 under ICDS scheme. Details of items proposed for PSE kit per AWC are shown in the Table.

Table 3

Sl. No.	Items	Quantity per AWC	Approved Rate (₹)	Total Amount (₹)
1.	Counting frame with tin slate (plastic border, size 10" X 8.5")	40 nos.	18	720
2.	Clay Pencil (Brand-Target/Balak)	10 Pkt.	9	90
3.	Plastic unbreakable scale – 12" (Brand Camlin)	10 nos.	9	90
Total				900
Add : VAT (8.8 per cent) and AGMC charge (2 per cent)				98
Grand total				998

Source: Departmental records.

In turn, GoA, Social Welfare Department sanctioned (May 2009) ₹3.09 crore towards procurement and distribution of PSE kits. The DSW placed (June 2009) supply order on AGMC Limited with the instructions to deliver the kits to respective Child Development Project Officers (CDPOs) of the district. The firm supplied PSE kits for 30,237 AWCs and was paid ₹3.02 crore between January and February 2010.

In this regard, audit observed that though the guidelines envisaged procurement of playing items for PSE kits to provide pre-school non-formal education in AWCs by creating joyful learning atmosphere through age-specific teaching and learning materials (TLMs), the Director, disregarding the schematic provisions, purchased only conventional teaching items viz., slate, clay pencils, scale etc., worth ₹3.02 crore foiling the very concept of joyful learning through appropriate kits, thereby rendering the expenditure irregular.

On this being pointed out in audit, Programme Officer-I, Directorate of Social Welfare, Assam, in reply stated (August 2012) that before procurement of these items of Kits, the concerned agencies like SSA, NIPCCD, UNICEF etc., were consulted in pursuance of Government Notification dated 25 April 2012.

The reply of the Programme Officer was not acceptable as the procurement of PSE kits and payment of ₹3.02 crore thereon was made between January and February 2010 i.e., more than two years earlier than the Notification referred above. Further, DSW failed to furnish any documentary evidence in support of consultation stated to have been made with SSA, NIPCCD, UNICEF etc., before procurement of PSE kits, despite specific requisition placed (January 2013) by audit.

It would thus, reveal that DSW purchased only conventional teaching items viz., slate, clay pencils, scale etc., in violation of scheme guidelines frustrating the very objective of creating joyful learning atmosphere through age-specific TLMs.

Hence, procurement of items for pre-school education (PSE) kits in violation of scheme guidelines resulted in irregular expenditure of ₹3.02 crore.

The matter was reported to Government in May 2013; their reply had not been received (November 2013).

1.2.10 Undue financial benefit, doubtful and excess expenditure

Director of Social Welfare, Assam procured food stuffs by injudicious fixation of rates, which resulted in undue financial benefit of ₹2.28 crore to NGOs/SHGs. Further, absence of basic records and procurement of food stuffs in excess of the requirement rendered the expenditure doubtful and excessive.

With the objective of improving the health and nutritional status of children (in age group of 6-72 months), pregnant women and lactating mothers, the Supplementary Nutrition Programme (SNP) was included as one of the components of the Integrated Child Development Service (ICDS) Scheme. The Financial and supplementary nutrition norms (revised) for different category of beneficiaries under SNP are as under:

Table 4

Sl. No.	Category	Revised Calorie norm effective from 24.02.2009 (K Cal)	Revised Protein norm effective from 24.02.2009 (g)	Revised rates effective from 07.11.2008 (per beneficiary per day)
1.	Children (6-72 months)	500	12-15	₹ 4.00
2.	Severely malnourished children (6-72 months)	800	20-25	₹ 6.00
3.	Pregnant women and Nursing mothers	600	18-20	₹ 5.00

Source: Departmental records.

Audit scrutiny (July to September 2012) of the records of Director of Social Welfare (DSW), Assam revealed the following:

(A) Based on the proposal submitted (April 2009) by the DSW, Government of Assam (GoA), Social Welfare Department sanctioned (May 2009) ₹34.49 crore for implementation of SNP during 2009-10. The fund was drawn (March 2010) by DSW, Assam for providing food stuff to 27,76,800 beneficiaries¹⁷ for 28.49 feeding days¹⁸ through 52 Non-Governmental Organizations (NGOs)/Self Help Groups (SHGs) under 184 ICDS projects.

As of July 2010, 44 NGOs/SHGs supplied food stuffs to 104 ICDS Projects and DSW issued (August 2010) revised supply order for remaining 80 ICDS Projects with the stipulation to complete the supply by September 2010. The revised supply order (August 2010) envisaged rate and quantity of food items to be supplied to the Children in the age group of three to six years and six months to three years under the programme. The details have been shown in Table 5.

¹⁷ @ 100 beneficiaries each of 27,768 Anganwadi centres including three severely malnourished children per centre.

¹⁸ ₹34,49,24,100 (Funds available) / {27,768 (Total AWCs) X ₹436 (Funds per AWC)}.

Table 5

Sl. No.	Category of beneficiary	Food items	Quantity (in grams)	Protein (g)	Calorie (K Cal)	Unit cost per beneficiary per day (including ₹0.60 meant for fuel, transportation and cost of banana)
1.	3-6 years children	Rice Common	40	2.80	138.13	₹4
		<i>Matar</i>	14	3.51	48.16	
		Cooking Oil	4		36.00	
		Banana (Ripe)	3 pcs	3.66	375.00	
		Total		9.97	597.29	
2.	6 months to 3 years children	Rice Common	75	5.25	259	₹4
		<i>Matar</i>	25	5.28	86	
		Cooking Oil	4		36	
		Banana (Ripe)	3 pcs	3.66	375	
		Total		15.19	756	

Source: Departmental records.

From the Table above and also from the revised supply orders and payment vouchers, it transpired that the NGO/SHGs were paid @ ₹3.40 (unit cost: ₹4 minus ₹0.60 for transportation, cooking oil and banana etc.) for supply of rice and *matar* per beneficiary per day. For the children of two different age groups viz., six months to three years and three to six years, though there was significant difference in quantity of rice (75 gm and 40 gm) and *matar* (25 gm and 14 gm) supplied to the children of these two age groups, the rates were the same. For supplying lesser quantity of rice (40 gm) and *matar* (14 gm) to the beneficiaries of age group three to six years, payment should have been proportionately reduced. As per proportion, it should have been ₹1.84¹⁹ (instead of ₹3.40 fixed for supply of 100 gm quantity of rice and *matar*) per beneficiary per day. This led to extension of undue financial benefits to the NGOs/SHGs to the tune of ₹1.56 (₹3.40 – ₹1.84) per beneficiary per day. Meanwhile, 11,905 AWCs comprising of 43 beneficiaries (in the age group of 3-6 years) per AWC were provided food stuff (Rice-40 grams and *Matar* - 14 grams) for 28.49 days and payment of ₹4.96 crore (11,905 AWCs X 43 beneficiary X 28.49 days X ₹3.40) was made to 44 NGOs/SHGs at the rate ₹3.40 (₹4 – ₹0.60) per beneficiary per day. Consequently, the suppliers were extended undue financial benefit of ₹2.28 crore (11,905 X 43 X 28.49 X ₹1.56) due to erroneous fixation of rate of food stuffs resulting in loss to the Government.

(B) Scrutiny of utilization certificate and statement of expenditure disclosed that during 2009-10, an expenditure of ₹299.21 crore was incurred under SNP for providing food to 36,45,200 beneficiaries for 185 days. Audit, however, observed that as per SNP norms, the expenditure for feeding the above beneficiaries for 185 days should have been ₹293.28 crore instead of ₹299.21 crore (as shown by the department) as per following details:

¹⁹ ₹1.84 = $\frac{₹3.40 \times (40 \text{ gm} + 14 \text{ gm})}{(75 \text{ gm} + 25 \text{ gm})}$

Table 6

Category	No. of beneficiaries	Unit cost per beneficiary per day (as per SNP norms) (In ₹)	Number of days nutritious food provided to beneficiaries	Fund required (Col. 2 X 3 X 4) (in ₹)
1	2	3	4	5
Children 6 to 72 months (not severely malnourished)	2484494	4	185	1838525560
Children 6 to 72 months (severely malnourished)	111246	6	185	123483060
Pregnant women and nursing mothers	1049460	5	185	970750500
Total	3645200			2932759120

Source: Departmental records.

Thus, there was an excess expenditure of ₹5.93 crore (₹299.21 crore - ₹293.28 crore) incurred under SNP during 2009-10. On this being pointed out (February 2012) in audit, Deputy Director, Social Welfare stated (February 2012) that the excess expenditure was due to distribution of foods to the children belonging to the flood affected families who took shelter in the AWCs during 2009-10. However, no records like number of refugee children (district-wise and project-wise) to whom foods were provided, approval of higher authority for incurring such expenditure, report of the concerned authority declaring areas affected by flood during 2009-10, vouchers, actual payees' receipts (APRs) etc., were made available to audit, though called (July 2012) for. In the absence of supporting records, the bonafides of excess expenditure of ₹5.94 crore incurred beyond the norms of cost ceiling, remained doubtful.

(C) During 2010-11 and 2011-12, the District Social Welfare Officer (DSWO), Kamrup released ₹4.46 crore to nine Child Development Project Officers (CDPOs) for implementation of SNP. The concerned CDPOs utilized the entire amount for providing food to beneficiaries of 1,496 AWCs. Audit also noticed that during the same period, apart from receiving ₹4.46 crore, these nine CDPOs had also received food stuffs (rice: 3,876.56 quintal and *mator*: 1,462.22 quintal) worth ₹2.08 crore from NGOs for the same purpose. The food stuffs so received were shown utilised for providing foods to the beneficiaries of the above AWCs during the same period. Thus, the beneficiaries of the AWCs under above nine CDPOs were provided foods from both the means for the same period *i.e.*, by incurring expenditure from the fund released by DSWO as well as by utilizing food stuffs received from NGOs. This overlapping illustrated inadequate monitoring and lack of co-ordination between the Directorate and field level offices of the department, which led to excess expenditure of ₹2.08 crore on procurement of food stuff.

In reply to the observation made in (A) above, the DSW stated (August 2013) that full quantity of food items and protein was provided to children of age group six months to three years, as these groups are more vulnerable to malnutrition related disease. However, some adjustment in quantity of food and protein for the age group of 3 - 6

years was made to keep the cost within the budget provision and funds released. The gap in protein content was, however, to be made up through community contribution.

The reply was not tenable as there was nothing on record to show that any community contribution was received and utilized to make up the gap in protein content nor any document was furnished by the DSW in support of the reply. Further, the reply was silent with regard to the procurement of food stuffs by injudicious fixation of rates, which resulted in extension of undue financial benefit to NGOs/SHGs.

Thus, procurement of food stuffs by injudicious fixation of rates by DSW, Assam resulted in extension of undue financial benefit of ₹2.28 crore to NGOs/SHGs and absence of basic records pointed towards doubtful expenditure of ₹5.93 crore. Besides, procurement of food stuffs in excess of requirement led to excess expenditure of ₹2.08 crore.

The matter was reported to Government in April 2013; their reply had not been received (November 2013).

Sports and Youth Welfare Department

1.2.11 National Games Secretariat

The National Games Secretariat (NGS) was constituted by Government of Assam (GoA) to act as the Apex Nodal Agency for conducting National Games 2005 (held in February 2007) in Assam. NGS is a Society registered (July 2003) under Societies Registration Act 1860. As per byelaws, NGS is to function according to the directives/recommendations of Government of Assam as well as Government of India. As such, the provisions of Assam Public Works Department Manual (APWDM)/Central Public Works Department Manual (CPWDM) and the instruction of Central Vigilance Commission (Central Body) are also applicable to the society. The Games were conducted between 9 and 18 February 2007. According to paragraph 9 (i) of “Rules of Business” of NGS, the society is to cause its accounts audited annually by the Accountant General, Assam. However, the society failed to furnish the annual accounts in time. Further, accounts for the years 2003-04 to 2008-09 were received only in October 2012 and audit under Section 14 of CAG’s (DPC) Act, 1971 was conducted during January to April 2013. Some of the significant irregularities noticed during the course of audit are highlighted below:

(A) Loss due to granting of interest free advances to Contractor

Secretary General, National Games Secretariat (NGS), Guwahati failed to levy interest on the advances paid to the contractor, which resulted in loss to Government to the tune of ₹2.95 crore.

Provisions stipulated in different Manuals/Guidelines (applicable to NGS as per byelaws) regarding grant of Mobilization Advance (MA) are as follows –

- APWDM does not provide for payment of MA to contractor;
- Para 31.5 of CPWD Manual, 2007 provides that MA to contractor is admissible in respect of certain specialized and capital intensive works valuing not less than ₹two crore limited to a maximum of 10 *per cent* of the estimated cost put to tender at 10 *per cent* simple interest against production of bank guarantee for the advance.
- Central Vigilance Commission (CVC) instructed (October 1997 and April 2007) that adequate steps might be taken for ensuring grant of MA for only selected works and it should be interest bearing to preclude undue benefit to the contractor. It should be granted by a Board (with concurrence of Finance) in the organization constituted for the purpose. Interest-free MA is not to be encouraged but if the management feels it necessary in specific cases, it is to be clearly stipulated in the tender document and its recovery is to be time bound and not linked to the progress of work. Part 'Bank Guarantees' (BGs) against the MA should be taken in as many numbers as the proposed recovery installments and should be equivalent to the amount of each installment. This is to ensure recovery of advances by encashing the BGs.

Scrutiny (January to April 2013) of records revealed that L&T was paid interest free MA amounting to ₹20,91,85,041 (₹5,35,00,000 on 22 March 2004 and ₹15,56,85,041 on 21 May 2004) by the NGS in violation of the codal provisions mentioned above. In addition to the above, interest free equipment advance (EA) of ₹3,33,94,928 was also paid to the contractor between December 2004 to February 2005. These advances were paid to the contractor as per terms of tender document, which were framed without safeguarding Government interest. There was nothing on record to justify non-levy of applicable interest @ 10 *per cent* on the total advance of ₹24,25,79,969 (MA: ₹20,91,85,041+ EA: ₹3,33,94,928) in accordance with the relevant codal provisions. Non-levy of interest from the contractor, thus, resulted in a loss of ₹2,94,86,762 (*Appendix – 1.4*) to the Government exchequer.

(B) Loss due to non-acceptance of lowest rate

Empowered Committee, NGS failed to avail lowest rate for the creation of infrastructure for the National Games 2005, which resulted in a loss of ₹1.62 crore to the State Government.

Test-check (January to April 2013) of the records of Secretary General (SG), National Games Secretariat (NGS), Guwahati revealed that the SG invited (October 2003) Pre-qualification bid from construction agencies for creation of infrastructure (Package - I and II) for the National Games 2005. In response to the tender notice, 12 Engineering firms submitted bid documents, of which, two bidders *viz.*, (i) M/s Larsen & Toubro Limited, Chennai (L&T); and (ii) M/s Nagarjuna Construction Company (NCC), Hyderabad were selected (December 2003) for submission of technical and financial

bids. Financial bids of ₹252.29 crore and ₹251.20 crore were submitted by L&T and NCC respectively in January 2004.

Test-check further revealed that Technical Sub-committee (TSC), on evaluation, found the rates abnormally high over the estimated cost (₹105 crore) and advised both the firms to revise the bid value. Though the firms reduced their bid value (L&T: ₹173 crore and NCC: ₹173.50 crore), the same were still much higher than the estimated cost. Despite negotiation with the firms, the rates of ₹145.98 crore (L&T) and ₹152.60 crore (NCC) offered at subsequent stage were not acceptable as per the evaluation made by the TSC which recommended cancellation of bids and retendering. This prompted the Governing body, headed by the Chief Minister, Government of Assam (GoA) to constitute (28 January 2004) an Empowered Committee (EC) under the chairmanship of Minister of Industries and Commerce, GoA for further negotiation with the firms so that the rates offered should not exceed ₹125 crore (all inclusive of taxes etc.). The EC met (29 January 2004) the firms separately and requested them to submit final bid which should not be more than 22 *per cent* above estimated cost.

In response, L&T submitted (31 January 2004) the lowest financial bid of ₹137.83 crore for the work, which was, however, not accepted. Instead, on the basis of recommendation of the TCS, the SG offered the contract to L&T at a cost of ₹133.35 crore *i.e.*, 27 *per cent* above the estimated cost of ₹105 crore. Records, however, revealed that L&T, instead of accepting the offer, submitted (10 February 2004) revised financial bid of ₹139.46 crore for the work which was higher than its earlier offer (31 January 2004) of ₹137.83 crore made just 10 days before. This time, the financial bid of ₹139.46 crore was accepted by the EC and the work was allotted (March 2004) to the firm. Based on the decision of the EC, the Secretary General accorded administrative approval of the work (March 2004) for ₹139.46 crore and the work was completed in June 2007. The contractor was paid (April 2007) up to date payment of ₹139.45 crore.

Further, it was observed that the basis of acceptance of the higher cost of ₹139.46 crore without considering the available lowest cost of ₹137.83 crore was neither on record nor furnished, though called (February 2013) for in audit. Moreover, there was nothing on record to show that efforts were made through negotiations with the firm to execute the work at the lowest cost of ₹137.83 crore offered by it only 10 days ago.

Thus, non-acceptance of available lowest rate for creation of infrastructure for the National Games 2005 by the EC had resulted in loss to Government to the extent of ₹1.62 crore (₹139.45 crore - ₹137.83 crore).

(C) Loss to Government

Secretary General, NGS, Guwahati failed to recover the cost of laying Bituminous Macadam done through another contractor from the contract value of original contractor, which resulted in loss of ₹96.38 lakh. Besides, redoing the first layer of BM, which was already done by the first contractor resulted in excess expenditure of ₹53.82 lakh.

Construction of various sports complexes at different locations in and around Guwahati for the National Games 2005 was awarded (March 2004) to M/s Larsen & Toubro Limited, Chennai (L&T) at a cost of ₹139.46 crore. The work 'laying of Bituminous Macadam (BM)' over Hockey field of Bhetapara Sports Complex was included in the overall contract with the contractor. The estimated provision of this work *inter-alia* included application of 'Tack coat' and laying of BM for the first and second layers.

Scrutiny (January to April 2013) of records disclosed that after execution (March 2006) of 19,159.67 m² of tack coat and 957.983 cum BM first layer (Hockey and practice field), the subsequent item of work i.e. 'BM second layer' was not done by L&T. After several reminders the said work was withdrawn (31 October 2006) from the contractor as per provision of clause 29.2(a) & (f) of the contract and the same was got executed (30 December 2006 to 7 January 2007) through another contractor at the risk and cost of L&T at a cost of ₹99.69 lakh²⁰. Of this, ₹3.31 lakh was the cost of new item of work *viz.*, RCC beam to be laid all along the boundary of both the fields, not included in the original estimates and therefore, did not fall under the purview of risk and cost factor. The balance amount of ₹96.38 lakh²¹ being the cost of items of work like tack coat and BM was included in the original estimates and therefore, covered by risk and cost factor attributable to L&T. It was, however, seen that the amount of ₹96.38 lakh was not recovered from L&T and up to date payment of ₹139.45 crore was released to the firm out of the full contract value of ₹139.46 crore.

This resulted in a loss of ₹96.38 lakh being the payment made to the second contractor over and above the full contract value of ₹139.46 crore paid to L&T.

²⁰

Sl. No.	Item of work	Quantity	Rate	Amount
1.	Construction of periphery beam	--	--	₹3.31 lakh
2.	Tack coat first layer (main field and practice field)	18,830.72 m ²	₹7/ m ²	₹1.33 lakh
3.	BM first layer Main Field BM first layer Practice field	669.70 cum 312.62 cum	₹5,412/cum	₹53.16 lakh
4.	BM second layer main field BM second layer Practice field	502.27 cum 271.84 cum	₹5,412/cum	₹41.89 lakh
Total				₹99.69 lakh

Source: Departmental records.

²¹ Tack coat of 18,830.45 m² @ ₹7 = ₹1,31,815
 Bituminous Macadam of 1,756.43 cum of 1,756.43 cum @ ₹5,412 = ₹95,05,799
₹96,37,614

Further, two items of works viz., (i) Tack coat first layer (main field and practice field); and (ii) BM first layer (main field and practice field) were already completed by L&T. Redoing the same at a cost of ₹53.82 lakh by the second contractor resulted in excess expenditure to that extent which was avoidable.

(D) Undue financial benefit to the contractor

Non-deduction of 12.5 per cent towards shrinkage from the total quantity of approved soil used for raising low site resulted in extension of undue financial benefit of ₹73.20 lakh to the contractor.

As per Assam Public Works Department (APWD) Schedule of Rates (SOR) (Building) 2001-02, deduction of 12.5 per cent towards shrinkage is to be made from the total quantity of approved soil obtained from borrowed pits after taking profile measurement for execution of the item of work “Raising low site areas”.

Test-check of records revealed that payment of ₹5.86 crore was made (April 2007) to L&T for execution of 2,32,369.661 cum earth work in filling @ ₹252 per cum. However, at the time of measurement, requisite deduction of 12.5 per cent towards shrinkage from the total quantity of approved soil was not done in terms of the relevant provision of APWD SOR (Building) 2001-02. The lapse on the part of the Department to effect the requisite deduction resulted in extension of extra financial benefit of ₹73.20 lakh $\{(2,32,369.661 \text{ cum} \times 12.5/100) \times ₹252 \text{ per cum}\}$ to the contractor.

The matter was reported to Government in June 2013; their reply had not been received (November 2013).

Tea Tribes Welfare Department

1.2.12 Avoidable extra expenditure

Director, Welfare of Tea and Ex-Tea Garden Tribes, Assam incurred extra expenditure of ₹60.13 lakh towards procurement of power tillers at rates higher than the approved rate of Agriculture Department in violation of the directives of State Special Schemes under FOIGS, which was avoidable.

GoI decision (i) below rule 6 of General Financial Rules (GFR) provides that “Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

For generating self employment in agriculture sector, Government of India introduced (2007-08) ‘Family Oriented Income Generating (FOIG) (special project) Scheme. Under the scheme, power tillers were to be distributed to Self Help Groups (SHGs) consisting of atleast seven members belonging to Tea and Ex-Tea Garden community. According to the directives of State Special Schemes under FOIGS, procurement of

power tillers were to be made as per rate and specification approved by Government Departments/Organisations viz., Director of Agriculture, Assam; Panchayat and Rural Development Department, Government of Assam, or State Institute of Rural Development, Assam. Incidentally, it may be pointed out that the rate of power tiller approved by the Director of Agriculture (DOA) for the years 2010-11 and 2011-12 was ₹1.35 lakh each for Kranti DI-1515 14 HP model. The brand, model and rate of power tillers were finalized by a high level committee of technical persons and officials of Finance department headed by Agriculture Production Commissioner, Government of Assam (GoA) through technical and commercial evaluation.

Scrutiny (November – December 2012) of records of the Director, Welfare of Tea Tribe and Ex-Tea Garden Tribes, Assam revealed that the Director obtained the rate fixed by DOA twice in October 2010 and September 2011. However, while making the purchase the Director did not consider the approved rate of DOA and finalized his own rates in October 2010 (₹1.45 lakh each for VST Shakti 130 DI 13 HP without trailer) and in December 2011 (₹1.41 lakh each for SHRACHI SF 15DI without trailer) by inviting fresh tender and procured 473 VST Shakti and 213 SHRACHI SF power tillers during 2010-11 and 2011-12 at a cost of ₹6.85 crore and ₹3 crore respectively.

As a result of procurement of power tillers at a higher rate, without considering the rate, model and specification approved by DOA, the Director, Welfare of Tea and Ex-Tea Garden Tribes incurred excess expenditure of ₹60.13 lakh²² during 2010-11 and 2011-12 respectively. It was however, noticed that during 2012-13 the Director purchased 234 Kranti DI – 1515 14 HP model power tillers at ₹1.20 lakh each, which was even cheaper than the approved rate of DOA.

In reply, the Commissioner and Secretary, Tea Tribes Welfare Department, GoA stated (June 2013) that the power tillers were purchased at the rate arrived at after observing the due procedure of competitive bidding and as such, there was no scope of extra expenditure.

The reply, however, did not indicate the reason as to why the approved model and approved rate, as per the directives of State Special Schemes under FOIGS, was not considered while procuring the power tillers during 2010-11 and 2011-12, unlike the procurement of 2012-13, when the same approved model was duly considered while making such procurement.

Thus, Director, Welfare of Tea and Ex-Tea Garden Tribes, Assam incurred extra expenditure of ₹60.13 lakh towards procurement of power tiller at rates higher than the approved rates of Agriculture Department, which was avoidable. Had the

²² {(₹1,44,900 - ₹1,34,955) X 473} + {(₹1,41,100 - ₹1,34,955) X 213} = ₹60,12,870.

procurement been made at the approved rate, 44²³ more beneficiaries could have been accommodated with the extra expenditure.

Welfare of Minorities and Development Department

1.2.13 Avoidable extra expenditure

Director of Char Areas Development, Assam incurred an extra expenditure of ₹51.70 lakh towards purchase of auto vans at a higher rate, which was avoidable.

Director of Char Areas Development (DCAD), Assam submitted (June 2010) a proposal to Minorities Welfare and Development Department, Government of Assam (GoA) for sanction of ₹8.35 crore under Chief Minister's Special Employment Generation Programme for the distribution of 500 Auto Vans (three wheeler) to unemployed youths of Char areas during 2010-11. The programme was to be implemented in thirteen²⁴ districts of the State through DCAD, Assam.

Scrutiny (July 2012) of the records of DCAD, Assam revealed that, while submitting proposal to GoA for the sanction of fund, the DCAD furnished a tentative rate of ₹1.67 lakh per auto van (three wheeler) without assessing prevailing market rates. Instead of asking DCAD to float tender, GoA directed (July 2010) DCAD to collect quotations from different companies/approved dealers in order to select the suitable van. The DCAD, accordingly collected (July 2010) the rates of auto van from four reputed manufacturers and forwarded the same (August 2010) to GoA for selection. A comparative study of the rates quoted by the four dealers/manufacturers revealed that the lowest rate was ₹1.56 lakh (including Taxes and accessories) per auto van (Atul Cargo Three Wheeler) offered by two firms (including the authorised representative of the brand) which was lesser than the rate of ₹1.67 lakh shown by DCAD in the proposal submitted to GoA. Consequently, in view of the rate variation, GoA directed (October 2010) DCAD to float the tender and observe the required formalities.

In October 2010, DCAD invited tenders indicating the estimated cost of ₹8.35 crore (₹1.67 lakh per van) in the Notice Inviting Tender (NIT). Consequently, the lowest rate was quoted at ₹1.67 lakh by the supplier²⁵ even though the same supplier had offered the lowest rate of ₹1.56 lakh for the same brand "Atul Cargo Three Wheeler" in August 2010. However, there was nothing on record to show that DCAD negotiated with the supplier to procure the auto vans at the rate offered by it in August 2010. The lowest rate of ₹1.67 lakh was accepted (October 2010) by the purchase committee headed by the DCAD. Welfare of Minorities and Development Department, GoA sanctioned (January 2011) and released (February 2011)

²³ ₹60.13 lakh/₹1.35 lakh.

²⁴ Barpeta, Bongaigaon, Darrang, Dhemaji, Dhubri, Goalpara, Jorhat, Kamrup, Lakhimpur, Morigaon, Nagaon, Nalbari, Sonitpur.

²⁵ M/s Bhagyashree, Panbazar, Guwahati.

₹8.35 crore for the purchase of 500 auto van (three wheeler) at ₹1.67 lakh per van. DCAD, Assam placed (January 2011) order with the supplier for delivery of the auto vans. As of July 2012, 470 auto vans were distributed to selected beneficiaries and payment of ₹7.84 crore was made between May 2011 and June 2012. 30 auto vans (500-470) were yet to be distributed due to non-receipt of beneficiaries list from five²⁶ development blocks.

Thus, Director of Char Areas Development (DCAD), Assam procured auto vans in October 2010 by fixing the estimated cost per van at ₹1.67 lakh which was higher than the rate of ₹1.56 lakh offered by the supplier in August 2010. Consequently, the lowest rate of ₹1.67 lakh was accepted without any further negotiation which resulted in avoidable extra expenditure of ₹51.70 lakh {(₹1.67 lakh - ₹1.56 lakh)}.

The matter was reported to Government in February 2013; their reply had not been received (November 2013).

Welfare of Plain Tribes and Backward Classes Department

1.2.14 Irregular retention and blocking of funds

The Director, Welfare of Plain Tribes and Backward Classes, Assam retained huge unspent balances in Revenue Deposit disregarding the recommendation of Public Accounts Committee.

Assam Treasury Rule 16 read with Supplementary Order 50 stipulates that money should not be drawn from treasury unless it is required for immediate disbursement. The rule *ibid*, also prohibits drawal of money just to avoid lapse of budget grant.

Audit Scrutiny (February and March 2013) of the records of Director, Welfare of Plain Tribes and Backward Classes (WPT&BC), Assam revealed that based on eight different sanctions accorded by WPT&BC Department, Government of Assam (GoA), the Director drew ₹104.15 crore during 2008-09 to 2011-12 for disbursement of grants-in-aid to three Autonomous Councils for implementation of schemes under Article 275 (1) of the Constitution of India, Tribal Sub Plan (TSP), Chief Minister's Self Employment Generation Programme (CM's SEGP), Family Oriented Income Generating Scheme (FOIGS) and construction of two hostels under Central Sector Scheme. The entire amount of ₹104.15 crore was deposited in Revenue Deposit (RD) as per instruction contained in the sanction orders.

Out of the aforesaid amount, the Director on the basis of release order issued by the Finance Department, withdrew ₹11.80 crore from the RD account and the balance amount of ₹92.35 crore is still retained in RD account as of August 2013. The details of funds deposited in RD account have been shown in the Table.

²⁶ Lawkhowa, Pub Kaliabor, Goroimori, Swalkuchi and Markongselek.

Table 7

Sl. No.	Year	Purpose of sanction	Funds drawn and deposited in RD (₹)	Funds withdrawn subsequently (₹)	Balance (₹)
1.	2011-12	Grants to Mising Autonomous Council	41,35,00,000	0	41,35,00,000
2.		Grants to Tiwa Autonomous Council	28,21,00,000	0	28,21,00,000
3.	2010-11	CM's special programme for OBC	4,96,99,000	0	4,96,99,000
4.		FOIGS for OBC	11,39,99,000	1,25,55,000	10,14,44,000
5.	2009-10	Grants to Deori Autonomous Council	11,12,000	0	11,12,000
6.		Additional State Plan for implementation of 8 schemes for ST (P)	1,00,00,000	11,25,000	88,75,000
7.	2009-10	Grants under Article 275 (1) during 2008-09	3,74,46,000	10,43,48,000	5,71,75,000
		Grants under Article 275 (1) during 2009-10	12,40,77,000		
		Sub-total	16,15,23,000		
8.	2008-09	Construction of two hostels at Gopinath Nagar, Guwahati	95,56,612	0	95,56,612
Total			104,14,89,612	11,80,28,000	92,34,61,612

Source: Information furnished by the department.

The Public Accounts Committee (PAC) viewed seriously the cases of retention of funds in RD (Public) Account subsequent to their drawal from consolidated fund by the departments during the course of examination of such cases mentioned in earlier Audit Reports. The PAC in their Seventy Third Report (Para 2.13) placed before the Legislature in May 1998, recommended for early release of all diverted funds by Finance Department for utilization by the respective departments on intended purposes.

Thus, Finance Department had grossly ignored the PAC recommendations by not releasing ₹92.35 crore to WPT&BC for utilization or for refund to the Government exchequer. The Director, WPT&BC also flouted the fiscal discipline by not depositing the entire unutilised amount to the Consolidated fund of the Government by withdrawing the amount from the Public Account/RD. In the process, huge funds had been parked outside the Consolidated fund of the State for periods ranging from one to four years which had also adversely affected the implementation of the respective schemes for which the funds were sanctioned.

Director, WPT&BC while admitting (March 2013) the audit observation stated that the funds were kept in Revenue Deposit as per the instructions of the Finance Department. However, keeping the funds in Revenue Deposit by WPT&BC was not in consonance with PAC's recommendations.

The matter was reported to Government in June 2013; their reply had not been received (November 2013).