
Chapter - 3

Chapter-3 Physical and Financial Management

3.1 Physical Performance

As per the information furnished by the Commissioner, P & RD, Assam, the total physical target for providing new IAY houses to the beneficiaries in the State for the years 2008-09 to 2012-13 was 8,26,580 against which 8,94,880 houses were sanctioned and 7,34,117 houses (82 *per cent*) were completed. The position of year wise houses sanctioned *vis-à-vis* achievement made during 2008-13 is given in **Table-1**.

Table-1
Position of houses sanctioned *vis-à-vis* achievement made

(In numbers)

Year	Physical target	Number of houses sanctioned	Number of houses completed	Percentage of physical achievement
2008-09	1,49,699	1,74,556	1,73,286	99
2009-10	2,40,446	2,04,950	2,04,849	99
2010-11	1,70,849	1,66,354	1,56,777	94
2011-12	1,66,913	1,75,521	1,51,843	86
2012-13	98,673	1,73,499	47,362	27
Total	8,26,580	8,94,880	7,34,117	

Source: Departmental records/information furnished.

The table above shows that the number of houses constructed against the sanctions made during 2008-13 was ranged between 27 and 99 *per cent* i.e., the shortfall ranged between 73 and one *per cent*. Except for the shortfall during 2012-13, which was attributed to late receipt of funds, achievement had been on the higher sides as against the targets set.

However, further scrutiny of records revealed that during 2008-13, MoRD released special packages of ₹1,190.19 lakh (2008-09) and additional funds of ₹56,227.47 lakh², without any set target. Again, short releases were also made by the MoRD due to excess carryover of funds, short release of states' share and non-compliance of conditions imposed etc. Thus, the targets should have been fixed keeping in view the availability of funds with the State during the respective year.

Similarly, in the 10 test-checked districts, altogether 4,50,790 houses were sanctioned during 2008-13, against which 3,72,577 houses (82.65 *per cent*) were completed. The remaining 78,213 houses could not be completed as of March 2013 as shown in **Table- 2**.

² ₹25,548.45 lakh (2008-09) + ₹13,224.15 lakh (2009-10) + ₹8,827.41 lakh (2010-11) + ₹8,627.46 lakh (2011-12) = ₹56,227.47 lakh.

Table- 2

Status of Construction of IAY houses in the test-checked districts (2008-13)

Sl. No.	Name of the districts	No. of Houses sanctioned	No. of houses completed	No. of incomplete houses (percentage)
1.	Karbi Anglong	44,839	33,714	11,125 (24.81)
2.	Cachar	51,354	36,033	15,321 (29.83)
3.	Nagaon	85,738	82,432	3,306 (3.85)
4.	Karimganj	29,006	21,258	7,748 (26.71)
5.	Barpeta	49,301	42,554	6,747 (13.68)
6.	Kokrajhar	35,028	27,571	7,457 (21.29)
7.	Sonitpur	62,473	50,172	12,301 (19.69)
8.	Sivasagar	25,282	18,430	6,852 (27.10)
9.	Morigaon	35,388	32,353	3,035 (8.58)
10.	Dibrugarh	32,381	28,060	4,321 (13.34)
	Total	4,50,790	3,72,577 (82.65%)	78,213 (17.35)

Source: Departmental records/information furnished.

The percentage of incomplete houses in 10 test-checked districts ranged between 3.85 and 29.83 per cent of the total houses sanctioned during the aforesaid period.

3.2 Financial Performance

3.2.1 Funding pattern

IAY is a Centrally Sponsored Scheme funded by GOI and State Government. As per scheme, in case of North-Eastern States and Sikkim, funds were being shared by GOI and State Government in the ratio of 75:25 up to October 2008 and thereafter, in the ratio of 90:10. In Assam, the funds were, however, shared by GOI and GOA in the ratio of 75:25 till the release of 1st installment of 2008-09.

For the Homestead Site Scheme, funding is shared by the Centre and the State in the ratio of 50:50.

3.2.2 Financial Position

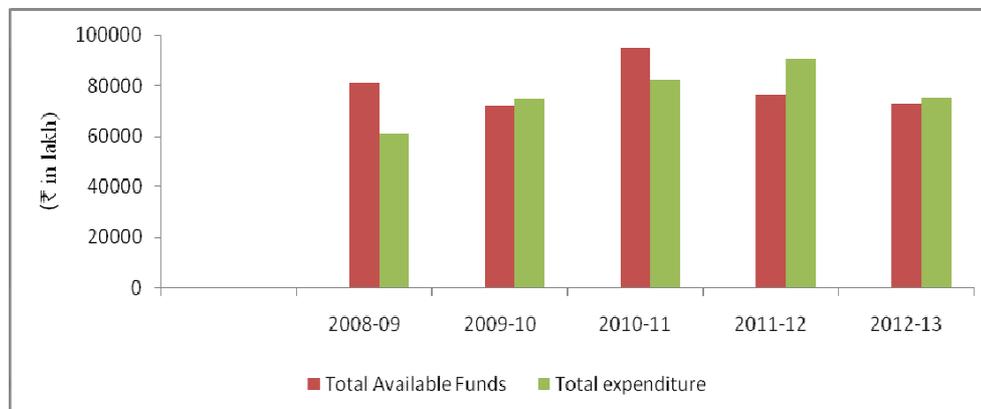
During 2008-13, of the total available fund of ₹3,973.54 crore (including Opening Balance of ₹39.09 crore, Central share of ₹2,921.68 crore, State share of ₹362.32 crore, fund of previous years of ₹565.12 crore and miscellaneous receipts of ₹85.33 crore), ₹3,836.12 crore was spent towards implementation of IAY in the State. Year-wise position is shown in **Table-3** and **Chart 2**.

Table-3
Position of funds available vis-a-vis expenditure incurred during 2008-13

Year	Opening Balance as on 01.04.08	Fund received					Total expenditure	Closing balance
		Central share	State share	Funds of previous years	Misc. receipts	Total Available Funds		
2008-09	3908.79	56178.52	10225.82	9287.14	1576.30	81176.57	61080.57	20096.00
2009-10	20096.00	53679.80	4775.51	11427.28	1882.19	91860.78	74483.45	17377.33
2010-11	17377.33	68577.76	8155.32	16077.53	2159.82	112347.76	82345.98	30001.78
2011-12	30001.78	59400.99	6456.15	8628.68	1938.61	106426.21	90920.83	15505.38
2012-13	15505.38	54330.28	6619.16	11091.36	976.53	88522.71	74781.05	13741.66
Total	3908.79	292167.35	36231.96	56511.99	8533.45		383611.88	13741.66

Source: Departmental records/information furnished.

Chart-2: Position of funds available vis-a-vis expenditure incurred during 2008-13



The above position shows that despite incurring expenditure of 96.54 per cent of the available funds during five years, the physical achievement was 82 per cent only (Para - 3.1 refers). The State Government needs to review the position critically and ascertain the reason of shortfall in achievement of construction of houses under the scheme.

The position of receipt and expenditure of the 10 test-checked districts during 2008-13 is given in **Table-4**.

Table-4
Position of fund available vis-à-vis expenditure incurred by the test-checked districts during 2008-13

Sl. No.	Districts	Opening balance as on 1.04.08	Fund Received				Available fund	Total expenditure incurred	Closing balance
			Central Share	State Share	Funds of previous year	Misc. receipt			
1.	Cachar	68.92	17045.74	2697.30	0.00	431.08	20243.04	20177.70	65.34
2.	Karbi Anglong	170.32	16738.91	2713.14	0.00	346.94	19969.31	19881.28	88.03
3.	Karimganj	18.27	10445.62	1679.20	17.01	91.97	12252.07	11418.60	833.47
4.	Nagaon	27.39	22995.86	1479.08	14893.18	332.12	39727.63	39631.90	95.73
5.	Kokrajhar	74.15	14035.31	1993.14	198.86	1549.41	17850.87	17269.58	581.29
6.	Barpeta	20.07	15251.92	2495.95	3706.03	315.78	21789.75	21771.93	17.82
7.	Sivasagar	3.14	9957.10	1366.53	0.000	16.95	11343.72	11337.68	6.04
8.	Sonitpur	30.67	15771.61	1073.09	6791.37	168.33	23835.07	23617.31	217.76
9.	Dibrugarh	65.50	10954.62	1713.33	0.000	315.31	13048.76	12835.95	212.81
10.	Morigaon	120.16	11660.99	641.80	1638.70	155.62	14217.27	14094.80	122.47
Total		598.59	1,44,857.68	17,852.56	27,245.15	3,723.51	1,94,277.49	1,92,036.73	2,240.76

Source: Departmental records/information furnished.

The table above shows that against the total available fund of ₹1,942.77 crore during 2008-13 in the 10 test-checked districts, expenditure of ₹1,920.37 crore was incurred, leaving a balance of ₹22.41 crore, which remained unutilised as on 31 March 2013.

Significant audit findings towards utilisation of the funds are discussed in the subsequent chapters.

3.3 Release and utilisation of fund

3.3.1 Weightage to housing shortage and poverty ratio for allocation of fund

As per norms of implementation guidelines, inter-district allocation within a State/UT is to be made by giving 75 per cent weightage to housing shortage and 25 per cent weightage to rural SC/ST population of the concerned districts. The targets for the Blocks within a District and for the Village Panchayat within the Blocks will be decided on the same principles. The GoI though released funds to the State accordingly, the State Government had not followed the principle while releasing funds to the implementing agencies.

On being pointed out, the Commissioner, P & RD, Assam stated (September 2013) that the State Government started following the prescribed criteria while allocating funds to the districts only from 2013-14. Reasons for not following the schematic provision prior to 2013-14 were, however, not stated to audit by the department.

3.3.2 Release of Central share to the districts

While there were instances of short releases of Central share to some districts, funds were also released in excess to some other districts against the allocations during 2008-13 as shown in **Table-5(A)** and **5 (B)**.

Table-5(A)

Position of short release of Central share to the districts during 2008-13

(₹ in lakh)

Year	Number of districts	Total allocation	Central release	Short release	Remarks
			including additional releases		
2008-09	4	6,288.32	5,876.44	411.88	The 2 nd installment for the year 2012-13 to the remaining six districts was not released due to reasons not on record.
2009-10	14	31,590.44	25,167.47	6,422.97	
2010-11	16	43,185.57	30,814.21	12,371.36	
2011-12	5	11,088.59	6,635.36	4,453.23	
2012-13	21	63,191.41	39,694.19	23,497.22	
Total		1,55,344.33	1,08,187.67	47,156.66	

Source: Departmental records/information furnished.
[District-wise position given in **Appendix-1 (A)**]

Table-5 (B)

Position of excess release of Central share to the districts during 2008-12

(₹ in lakh)

Year	Number of districts	Total allocation	Central release including additional releases	Excess release
2008-09	23	36,937.35	62,476.19	25,538.84
2009-10	10	27,907.99	36,067.09	8,159.10
2010-11	9	27,534.89	36,362.30	8827.41
2011-12	22	61,768.81	70,133.97	8365.16
Total		1,54,149.04	2,05,039.55	50,890.51

Source: Departmental records/information furnished.
[District-wise position given in **Appendix-1 (B)**]

The reasons for short releases of central share made to the districts were due to short release of State matching share, excess carryover of funds being unspent, late receipt of proposal and curtailment of fund by MoRD for non-compliance of conditions which adversely affected implementation of the scheme in the State. The reason (s) for excess release to the districts was, however, not on records.

3.3.3 Release of Special Package

There is no schematic provision for sanctioning special packages or allotment of additional fund except for release of five *per cent* of IAY funds to meet the exigencies caused by certain natural calamities like heavy rains, floods, cyclones, earthquakes, fire, etc. The DRDAs are required to upload the monthly financial and physical performance in respect of these special packages separately.

The MoRD, however, released (January 2009) special package of ₹1,190.19 lakh for the six border districts of the State for Rural Housing out of 'Stimulus Economic Package for Revival of Economies'. The funds were released as 1st installment for new construction /upgradation of kutcha houses without fixing any target. District wise position of release of special package is given in **Table-6**.

Table-6
Release of special/stimulus package

Sl. No.	Name of the district	Amount released
1	Bongaigaon	106.03
2	Jorhat	134.04
3	Kokrajhar	182.72
4	Dima Hasao	57.70
5	Nagaon	402.65
6	Sonitpur	307.05
Total		1,190.19

Source: Departmental records/information furnished.

Scrutiny of records relating to special package revealed the following:

(i) PD, DRDA, Nagaon released (June and September 2009) the entire amount of ₹402.65 lakh to 18 Blocks in the district with the target of providing 1,046 houses to the beneficiaries from the waitlists of the Blocks concerned. Scrutiny of records in the four test-checked Development Blocks in the district, however, revealed that a total amount of ₹115.90 lakh was received as released and found to be amalgamated with the normal IAY funds. No separate account was maintained in this regard and as a result, the number of beneficiaries under the special package could not be ascertained. Completion Reports of the houses were also not available with the DRDA and the concerned Blocks as well.

(ii) PD, DRDA, Sonitpur set a target of 797 new houses to beneficiaries selected from the waitlists in 14 Blocks and released ₹3,04,45,400 (out of

₹3,07,05,000) after deducting ₹2,39,100 (@ ₹300 for low cost latrine) and retaining the balance amount of ₹20,500. The deduction and retention of the amounts totaling ₹2.60 lakh out of the special package was not in order in terms of the guidelines.

It was also revealed that though the PD released the funds to the blocks setting a separate target, the blocks did not maintain any separate account to exhibit the number of beneficiaries covered under this Stimulus Package. The funds received were found amalgamated with the regular/normal funds. No separate list of beneficiaries was also maintained in this regard and as a result, the authenticity of the selection of beneficiaries and status of construction of houses could not be ascertained. The expenditure, thus, incurred and achievement made thereagainst by the blocks was also not uploaded separately.

(iii) In Kokrajhar district, fund of ₹182.72 lakh received in March 2009, was retained for nearly one year. Of this, amount of ₹182.49 lakh was released in March 2010 to 10 development blocks with a target for providing 474 houses keeping a balance of ₹0.23 lakh unutilized. The blocks concerned neither did maintain any separate account nor issued separate sanctions in this regard. As a result, the beneficiaries to whom the benefits of the package extended remained unascertained.

The PDs, DRDA, Kokrajhar and Nagaon while accepting the fact of amalgamation of funds and non-maintenance of separate account stated that the houses of the beneficiaries have been completed. The list of the beneficiaries along with completion reports, however, was not submitted and thereby, actual position still remained unascertained. The PD, DRDA, Sonitpur, however, did not furnish any reply about selection of the beneficiaries/providing of houses and unspent amount of ₹2.60 lakh.

3.3.4 Curtailment of fund

As per the guidelines, the MoRD, GoI reserves the right to impose cuts while releasing funds in the event of failure on the part of the State Government to fulfill certain laid down conditions towards utilisation of funds, short release of State share, excess carryover of funds to next year and late submission of proposal etc.

Scrutiny of records relating to the sanctions accorded and funds released by MoRD disclosed that a total amount of ₹28,974.80 lakh was curtailed during 2008-09 to 2011-12 by MoRD for various reasons like short release of State share, excess carryover of funds and late receipt of proposal. However, a partial amount of ₹12,343.56 lakh was restored subsequently leaving the balance of ₹16,631.24 lakh un-recouped. Year-wise position in this regard is given in **Table-7** whereas District-wise position is shown in **Appendix-1(C)**.

Table-7
Curtailment of funds by MoRD

Year	No. of Districts	Reason for imposition of cuts						Recouped	Balance
		Short release of state share	Excess carryover of funds	Misc. (5 per cent natural calamity)	Late receipt of proposal	Special package	Total		
2008-09	3	834.38	867.378	-	-	-	1,701.76	-	1,701.76
2009-10	20	5,366.03	3,076.14	-	-	-	8,442.17	393.50	8,048.67
2010-11	8	2,153.19	2,821.66	29.45	1,175.67	32.23	6,212.20	656.26	5,555.94
2011-12	15	623.07	11,995.60	-	-	-	12,618.67	11,293.80	1,324.87
Total		8,976.67	18,760.78	29.45	1,175.67	32.23	28,974.80	12,343.56	16,631.24

Source: Departmental records/information furnished.

Besides this, MoRD (GoI) did not release 2nd installment of 2010-11 amounting to ₹2,405.755 lakh to the selected Sonitpur district due to failure to effect recovery of ₹24.77 lakh (deducted from the unit cost of houses @ ₹300 and paid to PHE department for providing low cost sanitary latrine for the year 2008-09) from PHE department. The PD, DRDA, Sonitpur, however, recovered ₹12.65 lakh and retained the same instead of releasing to the beneficiaries.

Thus, due to these cuts imposed by MoRD, 4,960 (₹24,05,75,500 ÷ ₹48,500) beneficiaries in Sonitpur district for the year 2010-11 could not be provided with dwelling houses.

3.3.5 Release of State Share

3.3.5.1 Short release of State Share

The guidelines of IAY provided that the State Government shall release its share to the DRDAs within one month from the date of release of Central assistance.

As per the provision, the matching share of the State due for the years 2008-09 to 2012-13 was ₹42,569.70 lakh against the central release of ₹3,40,159.40 lakh. Details are shown in Table-8.

Table-8
Position of releases of States' matching share

Year	Central share released	State share due as per norm	State share for the respective year released during						Excess release (+) Short release (-)
			2008-09	2009-10	2010-11	2011-12	2012-13	Total	
2008-09	68,358.12	12,369.55	3,969.65	8,103.51	324.42	-	-	12,397.58	(+) 28.03
2009-10	66,650.97	7,405.66	-	-	7,405.66	-	-	7,405.66	0
2010-11	71,031.77	7,892.42	-	-	3,781.68	4,110.74	-	7,892.42	0
2011-12	76,769.33	8,529.93	-	-	-	5,848.20	2,823.72	8,671.92	(+) 141.99
2012-13	57,349.21	6,372.14	-	-	-	-	4,303.48	4,303.48	(-) 2,068.66
Total	3,40,159.40	42,569.70	3,969.65	8,103.51	11,511.76	9,958.94	7,127.20	40,671.06	(-) 1,898.64

Source: Departmental records/information furnished.

(Note: The 1st installment of Central release for 2008-09 was ₹21,483.90 lakh and the state share calculated on the sharing pattern of 75:25 between Centre and State)

The table above shows that the State Government released ₹40,671.06 lakh against the due share of ₹42,569.70 lakh. Thus, there was short release of State's matching share of ₹1,898.64 lakh. Reason for the short release of States' matching share by the State Government was not on records.

On this being pointed out, the State Government (P&RD Department) stated (November 2013) that the corresponding States' share had been released in the next financial year but relevant records like sanction order etc., had not been submitted.

3.3.5.2 Delay in release of State Share

The State Government is to release its share to the DRDAs within one month from the date of release of Central release.

Scrutiny revealed that the timeline for release of State share was not adhered to by the State Government as the release of State share for each financial year was spanned over a period of 2-3 years and no State share was released in the year 2009-10 as mentioned in **Table-7** above. This had adversely affected the implementation of the scheme as would be evident from the facts given below:

(a) The unit cost of IAY houses was enhanced from ₹27,500 to ₹38,500 *w.e.f.* 1 April 2008 and the MoRD directed (May 2008) all concerned to release the unit cost for all houses sanctioned on or after 1 April 2008 @ ₹38,500 irrespective of availability of fund in the budgets of current year or previous years.

The State Government belatedly released State Share for 2007-08 to PDs, DRDA, Sivasagar, Nagaon, Kokrajhar and Dibrugarh in April 2008 and December 2008 respectively. The DRDAs, in turn, released the same to 5,037 beneficiaries between August 2008 and March 2009 at enhanced rate of unit cost of ₹38,500 (against ₹27,500) actually effective for the sanctions accorded on or after 1 April 2008. This resulted in extra release of fund of ₹5.54 crore with which additional 2,015 beneficiaries could have been covered under the scheme (as shown in **Table-9**) had the releases been made in time.

Table-9

Statement showing release of unit cost at enhanced rate

Sl. No.	Name of the district	Fund released @ ₹38,500 (the unit cost in 2008-09)		Unit cost in 2007-08 (₹)	Excess release per unit (₹)	Total excess release (₹)	Additional units could had been covered @ ₹27,500
		No. of beneficiaries	Total amount (₹)				
1.	Sivasagar	683	2,62,95,500	27,500	11,000	75,13,000	273
2.	Nagaon	2,104	8,10,04,000	27,500	11,000	2,31,44,000	842
3.	Kokrajhar	1,327	5,10,89,500	27,500	11,000	1,45,97,000	531
4.	Dibrugarh	923	3,55,35,500	27,500	11,000	1,01,53,000	369
Total		5,037				5,54,07,000	2,015

Source: Departmental records/information furnished.

(b) Similarly, unit cost of IAY houses was again enhanced from ₹38,500 to ₹48,500 as per directives (April 2010) of MoRD. The State Government, however, released State Share of 2008-09 (₹30.99 lakh) and 2009-10 (₹424.41 lakh) to PD, DRDA, Sonitpur in January 2011 *i.e.*, after a delay of one to two years and the PD released unit cost to 939 beneficiaries at the enhanced rate of ₹48,500 (instead of ₹38,500).

This had resulted in an extra release of ₹10,000 per beneficiary totaling ₹93,90,000 with which additional 243 (₹93,90,000 ÷ ₹38,500) beneficiaries could have been covered from the waitlists of the district under the scheme had the releases been made in time.

The State Government (P&RD Department), in reply stated (November 2013) that due to release of Central share at the fag end of the financial year, the State Government had to release the state share in next financial year. The reply was not tenable as the release of State share for each financial year was spanned over a period of 2-3 years during the period covered by audit as would be evident from **Table-8** above.

3.3.6 Diversion of IAY fund

Scrutiny of cash book, audited annual accounts and other relevant records of seven test-checked districts revealed that a total expenditure of ₹16.41 lakh (as indicated in **Table-10**) was incurred by eight development blocks in five districts for different purposes by diverting the IAY funds which was irregular and delayed the extension of benefits under IAY to another 34 (₹16,41,129 ÷ ₹48,500) beneficiaries. The diverted funds were not recouped till the date of Audit (August 2013).

Table-10
Position of diversion of funds

Year	Name of the district	Name of Block	Purpose of utilization/diversion	Amount diverted (₹)
2008-09	Sonitpur	Gabharu	Paid to five beneficiaries as assistance @ ₹25,000 whose houses were damaged by wild elephant/fire.	1,25,000
	Karimganj	Ramkrishnanagar	Transferred to NREGA Account	1,28,500
Patherkandi		Renovation of office building	15,429	
2009-10	Karimganj	Badarpur	Transferred to SGSY Account	4,00,000
		Patherkandi	Renovation of office building	1,57,000
2010-11	Nagaon	Barhampur	Repairing of Old IAY houses	3,45,000
	Barpeta	Bajali	Conducting training on <i>Census</i> subject to reimbursement	24,000
2011-12	Nagaon	Lumding	Transferred to State Rural Housing Scheme (SRHS)	46,200
	Karbi Anglong	Chinthong	Repairing of damaged IAY houses	4,00,000
Total				16,41,129

Source: Departmental records/information furnished.

On this being pointed out, the PDs, DRDA, Barpeta and Karbi Anglong in reply stated (November 2013) that the BDOs of Bajali and Chinthong Development Blocks had recouped the diverted amount of ₹24,000 and ₹4,00,000 in September and October 2013 respectively. The source of fund from where the recoupments were made, however, not mentioned in the reply.

The PD, DRDA, Karimganj, regarding diversion of fund to SGSY stated that the amount actually relates to SGSY but due to oversight credited to IAY account and subsequently transferred to SGSY account and as such, there was no question of diversion. The details of receipt of the fund under SGSY were, however, not furnished though called for. The statement made by the PD also did not corroborate the fact in the audited Annual accounts of the Block. However, reply from the PDs was awaited.

3.3.7 Unauthorised utilisation of fund

Incurring expenditure on contingency, bank charges and administrative & monitoring purposes etc., out of IAY funds is not permissible. Interest funds also cannot be utilized for the said purposes as the same also forms part of the scheme. Such expenditures, if at all, are required to be incurred, shall be met from the available funds under “DRDA Administration”.

However, scrutiny of records revealed that in 80 Development Blocks under 10 test-checked districts, a total expenditure of ₹148.88 lakh was incurred (*Appendix-2*) on contingency/administrative and monitoring purposes during 2008-09 to 2012-13 from IAY funds (as indicated in **Table-11**) disregarding the relevant schematic provision.

Table-11
Irregular expenditure on contingency

Sl. No.	Name of district	Number of blocks involved	Expenditure incurred on contingency/administrative & monitoring (₹ in lakh)
1.	Nagaon	17	27.42
2.	Barpeta	8	8.31
3.	Cachar	8	2.91
4.	Karimganj	7	39.99
5.	Kokrajhar	6	13.84
6.	Sonitpur	12	31.21
7.	Karbi Anglong	1	0.26
8.	Sivasagar	9	11.74
9.	Morigaon	5	6.42
10.	Dibrugarh	7	6.78
Total		80	148.88

Source: Departmental records/information furnished.

Thus, with the said amount of ₹148.88 lakh, minimum 306 (₹1,48,88,000 ÷ ₹48,500) additional beneficiaries from the waitlist could have been covered under the scheme.

On this being pointed, the Commissioner stated (November 2013) that the PDs, DRDA, Barpeta, Karimganj, Cachar, Kokrajhar, Nagaon and Sonitpur were in the process of recoupment of the amounts spent unauthorisedly, while the Amri Development Block under Karbi Anglong had already deposited ₹25,886 to IAY account. The source of funds from where ₹25,886 recouped was, however, not stated and would be awaited.

3.3.8 Format of accounts

As per the Scheme guidelines, the accounts of the scheme shall be maintained in such form and in such a manner as may be prescribed by the State Government.

The State Government had not prescribed any format for maintenance of IAY accounts for any level of implementing agency. As a result, there was no uniformity in the accounts maintained at various levels.

The State Government, in reply, stated (November 2013) that preparation of separate prescribed format for maintenance of IAY accounts was under process.

3.3.9 Discrepancies in accounts - reporting of inflated expenditure

(A) In the test-checked Raha Development Block under Nagaon district, there was a cash balance of ₹48,93,797.75 as per the cash book as on 28 March 2012 and of this, ₹48,93,797 was shown transferred (exhibiting transfer of ₹46,02,797 to 16 GPs account and ₹2,91,000 to a separately maintained account for State Rural Housing Scheme) on 31 March 2012 reducing the cash balance to ₹0.75. Cross verification of records of the GPs concerned, however, revealed that neither any cheque was issued to the bank (with advice slip)/GPs nor the funds were credited to GPs' accounts. The amount of ₹46,02,797 was actually transferred (31 March 2012) to a newly opened account with Punjab National Bank and re-entered in the cash book in April 2013 just to minimize the cash balance during 2012-13.

On this being pointed out in audit, the BDO, Raha Development Block, in reply stated (August 2013) that the same was done to avoid curtailment of fund and there was no misutilisation of fund.

The fact however, remains that reporting of inflated expenditure in March 2012 to avoid fund cut during 2012-13 by the BDO was unauthorized and irregular.

(B) Scrutiny of cash book of BDO, Baghmara Development Block under Sonitpur district revealed that the opening cash balance as on 31 March 2008 was ₹64,18,150 of which ₹64,15,000 was shown transferred to eight GPs of the block on the same day leaving closing cash balance of ₹3,150. The Bank statement of the account operated by the BDO, however, disclosed that the amount was not at all

transferred to the GPs, instead, 10 Call Deposit Receipts (CDR) were prepared for the entire amount of ₹64,15,000 which led to misrepresentation of facts in the cash book as well as minimizing the cash balance and reporting of inflated expenditure.

Cross check of the records of the GPs further revealed that out of the said call deposits, ₹62,88,700 was transferred to the GPs on 15 April 2008 (₹54,00,000), 4 June 2008 (₹5,31,000) and 6 August 2008 (₹3,57,700). The GPs concerned, however, utilised the amounts during April 2008 and October 2009 respectively. The balance ₹1,26,300 (₹64,15,000 - ₹62,88,700) though shown as withdrawn remained unaccounted for. On this being pointed out, no records of utilization of the amount could be produced in audit.

(C) Further, cash book of BDO, Chaiduar Development Block showed transfer (March 2007) of ₹1,09,46,600 to 17 GPs out of the opening balance of ₹1,17,52,077 leaving the closing balance of ₹8,05,477. Bank account operated by the BDO, however, disclosed that no fund was transferred to 17 GPs and instead, two CDRs worth ₹1,09,46,600 were prepared by issuing cheques³. Subsequently, on the expiry of the ongoing financial year, ₹1,17,52,077 was released to the 17 GPs during 20 April 2008 to 10 September 2008, which were utilised by the GPs between April 2008 to June 2009.

Thus, it would be evident from the cases discussed above that the expenditures exhibited in the respective cash books at the end of the year were inflated to minimise cash balances to avoid excess carryover of funds and consequent fund cut by MoRD.

On this being pointed out, the Commissioner, P&RD, Assam while accepting the audit observations stated (November 2013) that the BDOs were instructed not to repeat the same in future. As regards non-accountal of ₹1,26,300 in respect of Baghmara Development Block, the Commissioner stated that the amount was actually released to five natural calamity victims subject to recoupment of this amount from Government under Natural Calamity. The amount, however, remained unrecouped despite elapse of nearly five years.

3.3.10 Irregular expenditure under natural calamities

As per guidelines, five *per cent* of the total allocated funds under IAY is to be kept apart to meet the exigencies arising out of natural calamities and other emergent situations like riot, arson, fire, rehabilitation under exceptional circumstances etc. The expenditure on this count is to be met from the resources of District authority/DRDA or from districts IAY fund. The Central Share of expenditure so incurred would be reimbursed by MoRD.

³ Cheque No. 659960 dated 27.03.2008 of ₹45,51,000 and Cheque No. 659961 dated 27.03.2008 of ₹63,95,600.

(A) Scrutiny of records revealed that the PD, DRDA, Nagaon released IAY fund of ₹85.85 lakh during 2012-13 to BDO, Laokhowa Development Block for providing IAY houses to 177 victims (@ ₹48,500) of natural calamities (flood erosion) including 114 beneficiaries without BPL ID. This was done as per the instruction received from P&RD Commissionerate to this effect that no BPL ID is required in such cases, which was in contravention to the schematic provision. Thus, expenditure of ₹55.29 lakh incurred to extend the benefit to 114 non-BPL households was irregular and unauthorised as only BPL households are eligible to get benefit under IAY.

Further, the PD released ₹66.45 lakh⁴ meant for natural calamity during 2012-13 to three Development Blocks for providing 137 houses to storm affected victims without ascertaining the authenticity of occurrence of the natural calamities. Even certificate from the DC concerned regarding non-involvement of any other fund for this purpose, as required under the rules, was also available on records.

Thus, utilisation of funds without requisite authentication was not in order in terms of the provision of the guidelines of the scheme.

The claim for re-imbursement of the amounts was submitted to State Government/MoRD in July 2013 only. The same had not yet been received (September 2013).

(B) In the test-checked Morigaon district, the BDO, Moirabari Development Block submitted (November 2009) a proposal for release of an estimated amount of ₹10.61 lakh for repairing of 95 old IAY houses constructed during 2003-04 and 2004-05 respectively. The PD, DRDA, Morigaon, released ₹16.61 lakh out of the available fund of ₹50 lakh kept under Natural Calamity head of account for the year 2008-09. The BDO, Moirabari, however, utilised (January 2010) ₹15.95 lakh only for repairing works in respect of 138 beneficiaries (against the proposal of 95) without making refund of the balance amount of ₹0.66 lakh as of date (October 2013).

This not only resulted in excess release of fund to the extent of ₹six lakh to the Block but also led to irregular and unauthorised release of ₹16.61 lakh towards repair works from Natural Calamity fund without following the conditions of release of natural calamity fund.

⁴ **Position of fund released under natural calamities**

Date of release	Cheque no. & date	Name of the BDOs	Number of victims and rate	Amount released (₹)
06.09.2012	072596 dt 06.09.12	BDO, Bajiagaon Dev. Block	70 nos @ ₹48,500	33,95,000
19.12.2012	072597 dt 19.12.12	BDO, Barhampur Dev. Block	22 nos @ ₹48,500	10,67,000
19.12.2012	072598 dt 19.12.12	BDO, Jugijan Dev. Block	45 nos @ ₹48,500	21,82,500
Total				66,44,500

Source: Departmental records/information furnished.

(C) GoI in September 2009, sanctioned and released the 2nd and final installment of Central Assistance of ₹18.75 lakh under Natural Calamity fund provision of IAY for the year 2009-10 to the PD, DRDA, Dibrugarh. State Government also released its State share of ₹6.25 lakh in December, 2010. The PD, out of the amount of ₹25 lakh, irregularly released (February 2011) ₹24.05 lakh to 50 regular IAY beneficiaries under four development blocks (Khowang, Barbaruah, Lahowal and Panitola) of the district instead of its release to riot/natural calamity victims. The records/information on the proposal (indicating date of occurrence of the incidents and the details of the beneficiaries affected) submitted by PD, if any, in support of release of fund for the purpose and the basis of release of the same by GoI/State Government was not furnished, though called for in audit.

3.3.11 Misappropriation of funds/doubtful expenditures

Scrutiny of records of PD, DRDA, Barpeta revealed that the BDO, Mandia Development Block under Barpeta district withdrew ₹1.09 crore (allocated and shown as released against 283 IAY houses) by issuing 12 self cheques during the period September 2009 and February 2010 and misappropriated the entire amount as the amount was neither accounted for in the cash book nor released to the respective beneficiaries. As per the records, it was further revealed that the same BDO already misappropriated an amount of ₹66.32 lakh during March 2008 and September 2009 while the BDO was in Jaleswar Development Block prior to joining Mandia Block. The case was under investigation with the State CID. The BDO however, expired in December 2012 leaving no scope of recovery of the aforesaid amounts.

Further, scrutiny of records at Government/Commissionerate level and in the test-checked districts revealed 13 more cases of misappropriation/suspected misappropriation of IAY funds amounting to ₹259.67 lakh by the BDOs, JEs and GP Secretaries as per the details mentioned in *Appendices – 3 and 4*.

3.3.12 Transfer of funds to beneficiaries

3.3.12.1 Short release of unit cost/assistance to beneficiaries

(A) Scrutiny of records revealed that PDs, DRDA, Nagaon, Barpeta and Sonitpur sanctioned and released (June to September 2008) unit cost of IAY houses to each beneficiaries @ ₹27,500 disregarding the directives of MoRD, GOI which enhanced the unit cost to ₹38,500 *w.e.f.* 1 April 2008 despite receiving both Central and State Share for 2007-08 in the month of March and April 2008 respectively. This had resulted in short release of ₹11,000 to each beneficiary totaling ₹8.51 crore to 7,734 beneficiaries as indicated in **Table- 12**.

Table- 12

Short release of unit assistance to beneficiaries

Sl. No.	Name of the districts	Amount of Central share received (₹)	Amount of Central share released (₹)	Amount of State share released (₹)	Number of beneficiaries to whom released	Short release @ ₹11,000 per beneficiary (₹)
1	Nagaon	10,04,46,600	10,04,30,000	-	3,652	4,01,72,000
2	Barpeta	9,48,56,000	6,99,87,500	-	2,545	2,79,95,000
3	Sonitpur	3,35,22,000	3,25,43,500	97,24,000	1,537	1,69,07,000
Total					7,734	8,50,74,000

Source: Departmental records/information furnished.

(B) PDs, DRDA, Barpeta, Morigaon and Sonitpur failed to comply with the directives of MoRD to release the unit cost of IAY houses at an enhanced rate of ₹48,500 *w.e.f.* 1 April 2010 and instead, sanctioned and released (between April 2010 and January 2011) the unit cost @ ₹38,500 resulting short release of ₹10,000 per beneficiary aggregating ₹8.27 crore to 8,269 beneficiaries as detailed in Table-13.

Table- 13

Short release of unit assistance to beneficiaries

Sl. No.	Name of the districts	Amount of Central share received (₹)	Amount of State share received (₹)	Amount of Central/State share released (₹)	Number of beneficiaries to which released	Short release @ ₹10,000 per beneficiary (₹)
1	Barpeta	12,63,76,900	-	12,63,57,000	3,282	3,28,20,000
2	Sonitpur	17,25,60,700	-	17,42,51,000 (including interest of ₹16,93,000)	4,526	4,52,60,000
3	Morigaon	-	2,78,33,000	1,77,48,500	461	46,10,000
Total					8,269	8,26,90,000

Source: Departmental records/information furnished.

(C) During 2013-14, PD, DRDA, Barpeta did not release the unit cost of IAY houses to the beneficiaries at the enhanced rate of ₹75,000 effective from 1 April 2013. Instead, PD sanctioned and released (May 2013) unit cost at the pre-revised rate of ₹48,500, resulting in short release of ₹26,500 per beneficiary aggregating ₹2.95 crore to 1,115 beneficiaries. Details are shown in Appendix-5.

Thus, the short release of funds towards unit cost totaling ₹19.73 crore (A+B+C) not only deprived the beneficiaries from getting due financial assistance to cope up with the rising market price, but also forced them to construct sub-standard houses.

The PDs, DRDA, Barpeta, Nagaon and Sonitpur (November 2013) stated that as the beneficiaries were selected and approved during previous years, the funds were released at the approved rate of previous year. The reply was not tenable as the sanctions were accorded in the following years.

The Principal Secretary, GoA, P & RD Department in the exit conference held in November 2013 assured to examine the matter and take appropriate action in this regard.

3.3.12.2 Funds released to ghost beneficiaries

Scrutiny of cash book of the BDOs of Howraghat and Bokajan Development Blocks under Karbi Anglong district revealed that ₹53.75 lakh in respect of 137 beneficiaries for the years 2009-10, 2011-12 and 2012-13 and ₹24.06 lakh in respect of 79 beneficiaries for the years 2008-09, 2009-10 and 2011-12 respectively were transferred to beneficiaries' individual account.

Cross check of the Advice Slips prepared by the Blocks and sent to the Bank having the individual accounts, however, disclosed that the said amounts were actually transferred to 68 and 39 bank accounts respectively (against 137 and 79). The difference in number of bank accounts with that of the beneficiaries was found to be due to exhibition of irregular transfer of financial assistance of two or more beneficiaries having single bank account in many cases. The whereabouts of the funds shown released in respect of the remaining 69 and 40 ghost accounts involving ₹28.11 lakh and ₹12.06 lakh respectively were neither available on records nor stated to audit and therefore probabilities of misappropriation of funds to the extent of ₹40.17 lakh could not be ruled out. The detailed position in this regard is given in *Appendices - 6 and 7*.

The BDO, Howraghat while accepting the audit observations did not clearly mention the whereabouts of the double payment shown to have been released and recovery thereof.

Further, the BDO, Bokajan while accepting the audit observation stated (November 2013) that an amount of ₹4.43 lakh (released against 19 beneficiaries), lying so far with the bank, had been received back and credited (November 2013) to IAY account. As regards remaining 21 cases, it was stated that a fresh set of 21 beneficiaries has been selected by the Village Development Councils (VDCs) and houses will be provided to them on recovery of the amounts from the bank.

3.3.12.3 Funds released in one instalment

As per guidelines, payment should be made to the beneficiary in a staggered manner depending on the progress of the work.

Scrutiny of records of nine test-checked development Blocks under five test-checked districts, however, disclosed that the provision of the guidelines was not adhered to by the concerned Blocks and funds totaling ₹2,740.76 lakh in respect of 5,793 beneficiaries was released in one installment leaving no bindings on the part of beneficiaries to complete the constructions within the prescribed time frame. Block-wise position of release of funds in single installment is given in **Table- 14**.

Table- 14

Position of release of funds to beneficiaries in one installment

Sl. No.	Name of districts (Number of Blocks involved)	Year(s) of sanction	Number of beneficiaries	Total amount released with different rates/houses (₹)
1	Nagaon (1)	2008-09 to 2011-12	597	2,84,84,400
2	Barpeta (2)	2008-09 to 2011-12	117	34,22,500
3	Sonitpur (3)	2009-10 to 2011-12	1,604	7,73,89,600
4	Sivasagar (1)	2010-11 to 2011-12	2,159	10,46,98,300
5	Dibrugarh (2)	2008-09 to 2011-12	1,316	6,00,81,200
Total			5,793	27,40,76,000

Source: Departmental records/information furnished.

The State Government, however, instructed to all concerned in March 2012 to release the funds to the beneficiaries in three installments from 2012-13 only.

3.3.12.4 Delay in release of funds

(A) District to implementing blocks

The Director, P & RD, Assam instructed (November 2008) all DRDAs to release funds to GP accounts directly within 15 days from the date of receipt from GoI/GoA to avoid delay. The system could not be adopted in Karbi Anglong district as there is no PRI system in the district and funds had to be released to the beneficiaries through the blocks. On scrutiny of the cash book and bank pass book of PD, DRDA, Karbi Anglong, it was noticed that release of funds to the blocks were delayed for periods ranging from eight to 199 days (details shown in *Appendix-8*).

Further, the PDs of seven selected districts (Nagaon, Barpeta, Sonitpur, Cachar, Kokrajhar, Sivasagar and Morigaon) released funds to the respective blocks during 2008-13 with delays ranging from 3 to 212 days (details shown in *Appendix-9*) contrary to the instruction.

(B) Block to beneficiaries

As per instruction of the Director, P&RD, the funds received in the GP/Block should be released to the beneficiaries within seven days.

Scrutiny of records maintained by two test-checked blocks namely Bokajan and Howraghat Development Blocks under Karbi Anglong district revealed that release of funds to beneficiaries during 2008-13 were delayed for periods ranging between 14 to 526 days (*Appendix-10*) and 15 to 233 days (*Appendix-11*) respectively.

Similarly, the test-checked Silchar and Palonghat Development Block under Cachar district, Patharkandi Development Block under Karimganj district, Demow Development Block under Sivasagar district, Moirabari Development Block under Morigaon district and Tengakhat and Khowang Development Block under

Dibrugarh district, released funds to beneficiaries with delays ranging from 11 to 377 days. Details have been shown in *Appendix-12*.

The position above indicated abnormal delays in releasing funds both at district and Block levels resulting in delay in constructing dwelling house in addition to accumulation of unutilised funds. As a result, there was fund cut imposed by MoRD to the extent of ₹1,559.84 lakh and ₹2,470.71 lakh during 2010-11 and 2011-12 respectively to Karbi Anglong, ₹2,609.29 lakh to Nagaon district during 2011-12 and ₹1,914.31 lakh to Cachar district during 2011-12 in granting funds under the scheme.

On this being pointed out, the Commissioner, P & RD, Assam stated (November 2013) that delay was unavoidable as it takes substantial time to get the list of the beneficiaries from Gram Sabha, fixing target, opening of bank accounts of the beneficiaries coupled with the problems of frequent bandhs in Karbi Anglong and Kokrajhar districts. The PDs concerned, however, assured for avoiding delays in future.

3.3.13 Differential Rate of Interest (DRI) loan and Credit-cum-subsidy

3.3.13.1 DRI Loan

The Reserve Bank of India issued (June 2007) instructions to all the Nationalized Banks to disburse loans to IAY beneficiaries under Differential Rate of Interest (DRI) scheme. Under the IAY scheme, an IAY beneficiary can borrow up to ₹20,000 from any Nationalized Bank at the rate of four *per cent* interest per annum to top up the unit assistance under IAY. Through liaisoning with Nationalized Banks in the district, DRDA should render all possible assistance to IAY beneficiaries in procuring the top-up loans under DRI.

In the 10 test-checked districts, no steps were taken at district or Block level to encourage the BPL households to avail of the benefit of taking such low interest loan from banks under the scheme. Thus, the benefit provided under DRI scheme remained unavailed of by the beneficiaries.

On being pointed out, the Commissioner, P& RD Department stated in the exit conference (November 2013) that the banks ask for guarantee and as the BPL families have nothing to give as guarantee; the benefit of the scheme could not be availed of. Audit, however, did not find any records of taking up the matter with the higher authorities as well as with the banks in the test-checked districts for extending benefit to the beneficiaries.

3.3.13.2 Credit-cum-subsidy

Upto 20 *per cent* of the total funds can be utilized by DRDAs for upgradation of existing kutchha houses and towards the subsidy for construction of houses with

credit-cum-subsidy facility from Banks/Financial Institutions to beneficiaries subject to certain conditions. It will be the responsibility of the State Governments/DRDAs concerned to coordinate with the financial institutions to make available the credit facility to those beneficiaries who are interested.

In the 10 test-checked districts, none of the BPL households availed of the benefit of the credit cum subsidy facility extended under the scheme. No records in support of any efforts made by the concerned authorities to encourage the households through Information Education Communication (IEC) to avail the facility provided under the scheme were available at any level.

The Commissioner, P& RD Department in the exit conference (November 2013) stated that the problem of non-implementation of the subsidy scheme is attributable to the banks only. The reply was not tenable as the matter was not taken up with the banks at all by the department.

3.3.14 Other Points

3.3.14.1 Houses sanctioned but fund not released

In six, one and four development blocks under the test-checked Cachar, Sivasagar and Dibrugarh districts, a total of 5,108⁵, 160⁶ and 3739⁷ IAY houses (new construction) respectively were sanctioned during 2008-09 to 2012-13 by the DRDAs but no fund for the construction of the same were released due to reasons of non-matching of family ID, non-opening of bank accounts of the beneficiaries etc.

Again, in 19 cases under Demow Development Block of Sivasagar district, fund amounting to ₹9.21 lakh sanctioned against the houses for the year 2010-11 was not released by the bank. The PD, DRDA lodged (May 2012) an FIR against the bank (SBI, Demow). Outcome of Police investigation was still awaited (October 2013).

This not only resulted in non-achievement of the target but also deprived the selected beneficiaries from having dwelling units under the scheme.

The PD, DRDA, Sivasagar, in respect of non release of funds to 19 beneficiaries stated (October 2013) that the entire fund had now been released to the beneficiaries during 2013-14. The facts could not be verified in audit as the details regarding dates of receipt of funds from bank and subsequent release to beneficiaries were not made available to audit.

⁵ Cachar : Tapang (863) + Binnakandi (747) + Katigorah (1,296) + Rajabazar (972) + Silchar (571) + Udharbond (659) = 5,108.

⁶ Sivasagar : Demow (160).

⁷ Dibrugarh : Panitola (837) + Tengakhat (2,238) + Lahowal (255) + Barbaruah (409) = 3,739.

3.3.14.2 Irregular release of unspent balance under IAY Upgradation scheme

As per the guidelines, only Kutchha and unserviceable houses of the selected beneficiaries were to be taken up for upgradation with the one-time assistance @ ₹10,000 per beneficiary only.

Scrutiny of the records revealed that PD, DRDA, Morigaon released (November 2008 and February 2009) ₹102.71 lakh (including unspent balance of ₹88.75 lakh) to four blocks⁸ involving 895 beneficiaries as per the list submitted by the blocks. Details are given in Table 15.

Table- 15

Position of release of unspent balance under IAY Upgradation Scheme

Sl. No.	Name of the blocks	Sanction Order No. and date	No. of beneficiaries involved	Cheque No.	Amount released (₹)
1.	Mayong	DRDA (M)-102/IAY/Acct/2005-06/	123	0948601	7,93,500
				0948602	7,93,500
2.	Laharighat	DRDA (M)-102/IAY/Acct/2005-06/	220	0948605	12,72,500
				094606	12,72,500
		DRDA (M)-102/IAY/Acct/2007-08/1871 dt. 17.02.09	268	663551	32,06,000
3.	Bhurbandha	DRDA (M)-102/IAY/Acct/Pt-II/2007-08/1157 dt. 17.11.08	180	0984603	8,27,000
				0948604	8,27,000
4.	Kapili	DRDA (M)-102/IAY/Acct/Pt-II/2007-08/1160 dt. 17.11.08	104	0948607	6,39,500
				0948608	6,39,500
Total			895		1,02,71,000

Source: Departmental records/information furnished.

Scrutiny revealed that the funds were released to the blocks simply on the basis of the lists of half done houses submitted by the blocks without ascertaining whether these beneficiaries belong to BPL households and included in the BPL lists/Permanent Wait lists (PWL) and also without ensuring whether they were previously given the assistance under IAY Upgradation scheme.

Thus, release of ₹102.71 lakh without ascertaining the admissibility and observing the terms of IAY upgradation scheme was irregular and appeared to have been done only to reduce the unspent balance held by the district to avoid fund cut by GoI.

On this being pointed out, the PD, DRDA, Morigaon stated that the funds were released for repairing of the flood affected damaged houses on the basis of approval accorded by the General Body of DRDA. The fact, however, remains that IAY funds could not be utilized for the repairing of houses when there was housing shortage and beneficiaries were waiting to get their dwelling units. If these 895 beneficiaries were actually affected by the flood, natural calamity funds should have been utilized observing the formalities, which was not the case.

⁸ Bhurbhanda Development Block, Laharighat Development Block, Kapili Development Block and Mayong Development Block.

3.3.14.3 Irregular parking/retention of fund

In the test-checked Barpeta district, a total amount of ₹1,911.78 lakh was released to six Development Blocks between July 2008 and July 2010 for the construction of 5,079 IAY houses. The concerned Development Blocks failed to utilise the full amounts released and retained substantial unutilized amount (₹142.48 lakh) for periods ranging from 233 to 1,519 days before refunding the same to the district office stating their inability to utilise the funds due to non-availability of SC/ST category BPL families under the blocks. The details are shown in *Appendix-13(A)*.

Similarly, an amount of ₹713.65 lakh earmarked for 529 SC/ST beneficiaries, was released to Silchar Development Block under Cachar district during 2008-09 to 2010-11 and ₹1,133.51 lakh, earmarked for 1,078 SC/ST beneficiaries was released to Joypur and Panitola development block under Dibrugarh district during 2009-10 and 2010-11. The funds so released were not utilised to the extent of ₹219.37 lakh and ₹477.03 lakh respectively due to non-availability of said category of beneficiaries and was kept in the bank account for 250 to 1,048 days before being refunded to the DRDAs concerned in January 2012 and May 2011 respectively as detailed in *Appendix-13(B)*.

Thus, funds were released without ascertaining the details of SC/ST BPL category families and as a result, IAY funds to the tune of ₹838.88⁹ lakh remained unutilised for years affecting the programme adversely.

The department while accepting the fact stated during the exit conference held in November 2013 that as per the latest guidelines the number of beneficiaries related to SC and ST are interchangeable and therefore such problems would be resolved soon.

3.3.14.4 Interest on IAY funds

(A) Loss of interest due to parking of funds in current account

Para 7 of Chapter-1 of Accounting Procedure for District Rural Development Agencies/Societies (as amended in 2001) prescribes that funds received both from Central and State Governments should be kept in the Savings Bank Accounts only. Para 4.7 of IAY guidelines also stipulates that IAY funds (both Central & State Share) shall be kept in an exclusive and separate Savings Bank account and the interest earned thereon shall form part of the scheme.

Scrutiny of records revealed that the PD, DRDA, Barpeta kept substantial funds in the pool Current bank account¹⁰ and IAY Programme Current bank account¹¹

⁹ ₹142.48 + ₹219.37 + ₹477.03.

¹⁰ Account operated with SBI, Barpeta.

¹¹ Account operated with SBI, Barpeta.

respectively during 2008-13 in violation of stipulated norms of keeping the funds (received from GoI) in savings bank account and thereby, sustained loss of interest to the tune of ₹32.61 lakh and ₹77.70 lakh respectively.

Thus, due to non-adherence to the prescribed accounting procedure, the State/district sustained loss of interest of ₹110.31 lakh (₹32.61 lakh + ₹77.70 lakh), which could have facilitated allotment of another 240 IAY houses as shown in **Appendices - 14 and 15**.

The PD, DRDA, Barpeta while accepting the observation stated that ignorance was the cause of keeping the funds in Current accounts. Although the current accounts have been closed and new saving accounts opened, loss on account of interest had deprived extension of housing facilities to the potential 240 beneficiaries.

(B) Loss due to non-crediting of interest in IAY programme account by bank

In Kokrajhar district, scrutiny revealed that GoI released (March 2012) ₹69.72 lakh and ₹88.63 lakh being 1st installment of 2011-12 and additional central assistance for 2011-12 respectively and credited the same to pool account of DRDA (with SBI) on 31 March 2012. While, as per the pool Account, the said amounts were transferred to Programme account¹² maintained with Assam Gramin Vikash Bank (AGVB) on the same day, the AGVB showed the said amounts credited on 1 June 2012. As a result, delay of two months in crediting the funds in the Programme account was caused and DRDA sustained loss on account of interest to the tune of ₹1,05,564 (calculated at the rate of four *per cent* p. a. on savings account for two months). The whereabouts of the said amount during the intervening period of two months could not be ascertained inviting suspicion of temporary misappropriation.

The PD, DRDA, Kokrajhar while accepting the audit observation stated that the interest amount for two months was transferred to IAY account with AGVB from pool account with SBI on 31 October 2013. However, no documentary evidence in support of the statement was furnished to audit.

(C) Non-transfer of interest amount from Pool account to IAY account

As per the Accounting Procedure of DRDAs and IAY scheme guidelines, the funds received from GoI should be transferred to IAY Programme account immediately. The interest earned on IAY funds forms part of the scheme and should be utilized for the scheme purpose.

¹² Account with AGVB.

In eight out of 10 test-checked districts, there were delays in transfer of funds to the IAY accounts from pool account and consequently, a total amount of interest of ₹411.64 lakh was earned in the pool account during 2008-09 to 2012-13. Of this, only one district (Nagaon) transferred interest amount of ₹71.27 lakh to the Programme account although others did not transfer the interest amount of ₹340.37 lakh although the funds were transferred belatedly ranging from three to 400 days. The district wise position of delays in transfer of funds and retention of interest amounts are shown in **Table- 16**.

Table- 16**Position of non-transfer of interest amount by the districts in programme account****(₹ in lakh)**

Sl. No.	Name of the districts	Total funds received in pool account during 2008-13	Delay in transfer to IAY account (days)	Amount of interest earned but not transferred to IAY account	Remarks
1.	Karbi Anglong	16,738.905	9 to 267	56.57	-
2.	Nagaon	33,432.467	3 to 223	36.91	Out of total interest of ₹1,08,18,126 ₹71,27,000 was transferred.
3.	Cachar	17,045.74	15 to 137	94.12	-
4.	Karimganj	5,409.304	6 to 400	31.17	Position pertaining to 2008-09 to 2010-11
5.	Sonitpur	20,381.992	5 to 131	63.72	-
6.	Sivasagar	9,000.57	10 to 111	22.61	-
7.	Morigaon	5,276.00	6 to 44	05.07	
8.	Dibrugarh	10,973.371	5 to 85	32.73	
Total				342.90	

Source: Departmental records/information furnished.

(Calculated at simple interest of 3.5 per cent per annum on the IAY funds for the year 2008-09 to 2010-11 and @ 4 per cent per annum for the year 2011-12 to 2012-13. Details are shown in Appendix-16)

Thus, due to non-transfer of interest amounting to ₹342.90 lakh, a minimum of 707 (₹3,42,90,446 ÷ ₹48,500) beneficiary/households could not be targeted for providing IAY houses under the programme.

On this being pointed out, the PD, DRDA, Karbi Anglong stated (November 2013) that an interest amount of ₹27.59 lakh for the period 2008-11 already transferred to programme account in May 2013. However, no supporting document was appended as a proof. The PDs of other concerned DRDA stated that the transfer of the interest amount to programme accounts was in process.

(D) Non-utilisation of interest earned

According to scheme guidelines, the interest amount accrued on the deposits of the IAY funds shall be treated as part of the IAY resources and shall be utilised towards construction of IAY houses under the scheme.

In 101 Development Blocks under the 10 test-checked districts, interest of ₹2,501.40 lakh was earned out of the deposits of IAY funds during 2008-13, of which, ₹762.84 lakh was spent leaving a balance of ₹1,738.56 lakh unspent with the blocks for different periods during 2008-13. Details are shown in **Table- 17**.

Table- 17

Position of unutilized interest amount

Sl. No.	Name of the districts	Number of blocks involved	Amount of interest earned (₹)	Interest utilized (₹)	Unutilised interest (₹)
1.	Karbi Anglong	10	1,80,77,884	4,25,886	1,76,51,998
2.	Cachar	15	3,16,00,960	64,27,912 ¹³	2,51,73,048
3.	Nagaon	16	7,66,79,087	3,01,38,688	4,65,40,399
4.	Barpeta	11	3,30,71,760	83,65,050	2,47,06,710
5.	Sonitpur	11	1,68,37,636	95,24,299	73,13,337
6.	Kokrajhar	11	1,66,26,129	23,93,470	1,42,32,659
7.	Sivasagar	9	64,06,299	20,18,700	43,87,599
8.	Karimganj	7	2,14,53,878	1,11,88,052	1,02,65,826
9.	Morigaon	4	61,79,716	33,20,251	28,59,465
10.	Dibrugarh	7	23206195	2481769	20724426
Total		101	25,01,39,544	7,62,84,077	17,38,55,467

Source: Departmental records/information furnished.

The PDs concerned while accepting the audit observation stated that the BDOs had been instructed to utilize the interest amount by providing IAY houses to the beneficiaries.

(E) Irregular utilisation of interest fund by DRDA/blocks

(i) As per guidelines, GoI keeps five *per cent* of the total allocation of a year for providing houses to natural calamity victims and States may get reimbursement of the same on submission of claim after observing the formalities. In no case, interest fund be utilized as assistance against natural calamity victims.

Scrutiny of records of the PD, DRDA, Sonitpur and BDO, Balipara, however, revealed that contrary to the provision, during 2012-13, the BDO, without the approval of the PD, DRDA on the direction/recommendation of the then hon'ble Deputy Speaker/MLA Rangapara LAC/MLA Sootea LAC, released an amount of ₹2.30 lakh out of IAY interest fund as assistance @ ₹5,000 to 46 persons (under six GPs of the Block) affected by the natural calamities.

Similarly, the BDO, Kachugaon Development Block under Kokrajhar district released (February 2013) ₹nine lakh out of interest of ₹9.54 lakh earned on IAY funds as assistance to 20 riot affected beneficiaries @ ₹45,000 each in cash through the JE concerned for construction of their houses without obtaining any approval of the competent authority. Further, no claim for reimbursement of the amount spent had been preferred (October 2013) on GoI.

¹³ Of this, ₹11.90 lakh was returned by Tapang Block to PD, DRDA, Cachar.

The PDs, DRDA, Sonitpur and Kokrajhar stated (November 2013) that the beneficiaries to whom funds were provided were natural calamity/riot victims and funds would be recouped as soon as the funds under five *per cent* IAY are received from the Government.

(ii) The BDOs of three development blocks (Silchar, Sonai and Salchapra) under the test-checked Cachar district, utilised interest amount of ₹51.43 lakh¹⁴ earned on IAY funds, towards construction of IAY houses during 2008-12. The details regarding number of beneficiaries selected and provided with IAY houses in respect of Sonai and Salchapra Blocks were not found on records. No approval of the Gram Sabha for selection of the beneficiaries was obtained. The completion reports (with photographs) of the houses constructed *etc.*, if any, was also not furnished. In respect of Silchar Block, however, the amount was shown as utilised against 73 IAY houses without maintaining any records of execution. Thus, possibility of misutilisation of funds amounting to ₹51.43 lakh shown as spent by the blocks could not be ruled out.

The PD, DRDA, Cachar accepted the audit observation and stated that the BDOs concerned were served show cause notice in the matter. Further outcome in this regard would be awaited.

(iii) Scrutiny also revealed that five Development Blocks under DRDA, Karimganj utilised ₹62.20 lakh¹⁵ out of interest of ₹130.20 lakh earned on IAY funds during 2008-13, towards construction of 171 IAY houses without any approval of the PD, DRDA as well as from the Gram Sabhas.

Similarly, Nazira and Laokhowa Development Blocks under Sivasagar district utilised interest of ₹2.91 lakh and ₹0.38 lakh respectively towards new construction and repairing of six and eight IAY houses respectively during 2011-12 and 2010-11 respectively without obtaining approval either from the respective Gram Sabhas or from the PD, DRDA.

¹⁴ ₹51.43lakh = ₹35.41 lakh (Silchar Block) + ₹8.16 lakh (Sonai Block) + ₹7.86 lakh (Salchapra Block).

¹⁵ 1. Patherkandi (₹7.78 lakh), 2. Badarpur (₹16.65 lakh), 3. South Karimganj (₹24.08 lakh), 4. R. K. Nagar (₹10.40 lakh) and 5. North Karimganj (₹3.29 lakh).