



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
Local Bodies**

for the year ended 31 March 2015



Government of Assam

Report No. 2 of 2016

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PREFACE

This Report for the year ended March 2015 has been prepared for submission to the Governor of Assam under the CAG's DPC Act, 1971.

The Report contains significant results of the audit of the Panchayati Raj Institutions and Urban Local Bodies in the State including the departments concerned.

The issues noticed in the course of test audit for the period 2014-15 as well as those issues which came to notice in earlier years, but could not be dealt within the previous Reports have also been included, wherever necessary.

The audit has been conducted in conformity with auditing standards issued by the Comptroller and Auditor General of India.

OVERVIEW

This Report contains six chapters. The first and fourth chapter contains an overview of the Functioning, Accountability Mechanism and Financial Reporting issues of PRIs and ULBs. The second and third chapter contains a Performance Audit on “Working of PRIs in Assam” and Compliance audit paragraphs of PRIs. The fifth and sixth chapter contains a Performance Audit on “Implementation of Swarna Jayanti Sahari Rojgar Yojana (SJSRY)” and Compliance audit paragraphs of ULBs. A synopsis of the findings is presented in this overview.

Chapter-I

An Overview of the Functioning of the PRIs in the State

PRDD could not fill up the vacant posts of PRIs in spite of approval given by the Finance Department.

(Paragraph: 1.3.2)

Government orders were issued for devolution in respect of only seven out of 23 notified subjects till March 2015. Further, ‘Activity Mapping’ in respect of remaining six subjects had not been completed (December 2015).

(Paragraph: 1.3.3)

DPCs failed to perform its primary objective of preparation of District Plan as envisaged in the AP Act, 1994.

(Paragraph: 1.4.2.1)

Accountability Mechanism and Financial Reporting issues

5065 paragraphs with monetary value of ₹ 1363.35 crore were pending settlement (March 2015) for want of replies from the concerned PRIs.

(Paragraph: 1.6)

State Government was lagging behind in taking action on Social Audit (SA) reports and its follow up to comply with the Audit of Scheme Rules, 2011 (Social Audit).

(Paragraph: 1.8)

There was short collection of *kist* money of ₹ 5.53 crore in 21 PRIs.

(Paragraph: 1.11.5)

As against ₹ 2794.51 crore to be devolved for PRIs during 2010-11 to 2014-15, the State Government released only ₹ 872.53 crore.

(Paragraph: 1.12.2)

State Government released 13th FC grants to PRIs with an interest liability of ₹ 7.19 crore for 2014-15 alone, for delay in release of funds, which was almost equivalent to interest paid for the last four years.

(Paragraph: 1.12.3.1)

Chapter-II

Performance Audit of “Working of PRIs in Assam”

Although the State Legislature passed the Assam Panchayat Act, 1994, the GoA took almost nine years for issuing formal instructions for constitution of DPC.

(Paragraph: 2.11.1)

The mandatory allocation for agriculture and allied sectors was not made, resulting in lower availability of funds for increasing agricultural productivity.

(Paragraph: 2.11.3)

₹38.03 crore was incurred in implementing 1759 schemes. However, the implemented schemes had been taken up without consulting the concerned Gaon Panchayat and without being approved in Gaon Sabha Meetings.

(Paragraph: 2.11.5.1)

PRIs spent funds irrespective of approval of their budgets, resulting in incurring of unplanned expenditure and absence of monitoring and control over their sources of revenues.

(Paragraph: 2.12.1)

There was delay in release of fund by ZPs to Anchalik Panchayats (APs) and GPs, ranging from 12 days to 304 days and short release of funds to the tune of ₹299.12 lakh.

(Paragraph: 2.12.2)

Funds amounting to ₹467.23 lakh remain unutilised since 2011-12 and blocked for more than three years (from 2011-12 to 2014-15).

(Paragraph: 2.12.4)

In 28 out of 71 test checked PRIs, DDOs drew money amounting to ₹25.52 crore from bank accounts, through 1390 self-cheques, for cash payments to suppliers and contractors etc.

(Paragraph: 2.12.7)

Nagaon ZP suffered a loss of ₹2.52 crore as highest bid value offered by the bidders for lease of *Hats, Ghats* and Fisheries was not accepted.

(Paragraph: 2.13.2.2)

₹65.59 crore was spent by 15 PRIs under two schemes, but they failed to generate any revenue from it, as the completed projects were neither handed over nor leased out.

(Paragraph: 2.13.5)

₹6.38 crore incurred by 17 PRIs during the period 2010-15 was doubtful as basic provisions of scheme guidelines were not followed; evidence for execution of works was not furnished; materials procured without inviting tenders; stock registers not maintained; and evidence of distribution of materials not available.

(Paragraph: 2.14.1)

26 PRIs had incurred ₹338.49 lakh during 2011-15 without the approval of the competent authorities, resulting in unauthorised expenditure.

(Paragraph: 2.14.3)

15 PRIs executed 571 works during 2011-15 but the same remained incomplete, even after incurring an expenditure of ₹ 64.16 crore.

(Paragraph: 2.14.6.3)

CHAPTER-III

Compliance Audit of PRIs

An amount of ₹ 8.54 lakh was misappropriated by the Executive Officer, Birsing Jarua, Anchalik Panchayat by withdrawing the amount through self cheque without recording it in the Cash Book.

(Paragraph: 3.1)

An expenditure of ₹ 42.85 lakh incurred by the Executive Officer (EO), Ghilamara AP on eight plantation works under Mahatma Gandhi National Rural Employment Guarantee Act, (MGNREGA), was unfruitful as the works remained incomplete.

(Paragraph: 3.2)

Expenditure of ₹ 24.66 lakh on Protection work was unfruitful as the work remained incomplete and abandoned.

(Paragraph: 3.3)

Due to allowance of 10 *per cent* Contractor's profit in the estimate for the works executed departmentally, the Darrang Zilla Parishad incurred an avoidable extra expenditure of ₹ 43.72 lakh.

(Paragraph: 3.4)

Dhubri Zilla Parishad (ZP) failed to impose penalty as per agreement for delay in completion of the 89 works in Dhubri thereby extending undue financial benefit of ₹ 45.30 lakh to the contractor.

(Paragraph: 3.5)

Expenditure of ₹ 25 lakh on the construction of Bharat Nirman Rajiv Gandhi Sewa Kendra remained unfruitful due to the estimate not being adhered to and the project not being monitored during execution.

(Paragraph: 3.6)

Undue financial benefit extended to lessees by PRIs by not enforcing the registration of lease deed while leasing out markets, fisheries *etc.*, resulted in loss of Government revenue of ₹ 61.20 lakh.

(Paragraph: 3.7)

Chapter IV

An Overview of the Functioning of the ULBs in the State

There were 94 ULBs in the State as on 31 March 2015 consisting of one MC, 34 Municipal Boards (MBs) and 59 Town Committees (TCs). ULBs falling under General Areas are

governed according to the provisions of the AM Act, 1956 and areas falling within the Sixth Schedule Areas were governed by the rules framed by the respective ADCs.

(Paragraph: 4.1)

Out of 18 subjects listed in the XIIth Schedule only eight subjects are being transferred and implemented by the ULBs as on March 2015. In respect of GMC, out of 18 functions listed in the XIIth Schedule, activities under four functions only were transferred to GMC as of March 2015.

(Paragraph: 4.3.2)

Accountability Mechanism and Financial Reporting issues

DALF is the Primary Auditor to conduct the audit of ULBs of Assam. As of August 2015, there were arrears in audit of ULBs for the period 2010-15 which ranged between 28 and 66 per cent.

(Paragraph: 4.5.1.1)

1,533 paragraphs with monetary value of ₹401.16 crore were pending settlement (March 2015) for want of replies from concerned ULBs.

(Paragraph: 4.6)

The State Government lacked monitoring of own revenue resources of ULBs, as it could not provide consolidated figures of actual receipts in respect of own revenues of all the ULBs in Assam. Further, periodical reports/returns in respect of implementation of various schemes and other activities in the district were not submitted to higher authorities.

(Paragraph: 4.10.2)

Due to short release of ₹488.95 crore by GoA against ₹1117.71 crore to be devolved, the ULBs were unable to implement various welfare activities for the overall economic development.

(Paragraph: 4.11.2)

State Government had to release 13th FC grants to ULBs with an interest liability of ₹1.02 crore during 2010-15 due to tardy transfer of fund.

(Paragraph: 4.11.3)

Out of the total ULBs in Assam, 54, 53, 32 and 38 ULBs had not submitted budget proposals during 2011-12, 2012-13, 2013-14 and 2014-15 respectively. Further, four test checked ULBs had prepared the budget without taking into account, the past trend of receipt and expenditure, as a result of which estimated receipts were unduly inflated ranging from ₹30.88 lakh to ₹12.42 crore and estimate of expenditure were based on such inflated receipts.

(Paragraph: 4.11.5)

Chapter-V

Performance Audit of "Implementation of Swarna Jayanti Shahari Rojgar Yojana"

The Performance Audit of Swarna Jayanti Shahari Rojgar Yojana revealed that:

Proper planning was lacking both at the State and ULB level which resulted in improper utilisation of fund, short achievement of targets and lacunae in implementation of the schemes.

(Paragraph: 5.7)

State Urban Development Agency (SUDA)/Director of Municipal Administration (DMA) had irregularly retained ₹10.44 crore in their custody without allocating it to the Implementing Agencies (IA).

(Paragraph: 5.8.2)

ULBs failed to utilise the available funds of ₹140.29 crore leaving a balance of ₹59.48 crore resulting in physical targets remaining unachieved.

(Paragraph: 5.8.3)

SUDA furnished UCs to GoI for the entire GoI share of ₹129.88 crore by showing inflated expenditure amounting to ₹58.83 crore, though ULBs furnished UCs for ₹71.05 crore only against release of GoIs share of ₹125.29 crore.

(Paragraph: 5.8.5.2)

The ULBs could not achieve even 50 *per cent* of the targets under Urban Self Employment Programme (USEP) and Urban Women Self-help Programme (UWSP) component of the SJSRY indicating very poor physical performance by ULBs.

(Paragraph: 5.9.1)

Sixteen selected ULBs paid ₹697.87 lakh to 107 training institutions being full payment for providing training to 9401 beneficiaries under Skill Training for Employment Promotion amongst Urban Poor (STEP-UP) without any placement. This was in violation of model agreement issued by the DMA to be executed between ULBs and the training institutions which stipulated that 20 *per cent* of the payment to the training institutions was to be made only after placement of all the training beneficiaries.

(Paragraph: 5.9.4.1)

Out of sixteen selected ULBs, twelve ULBs did not adhere to the prescribed material labour ratio of 60:40 while executing works under Urban Wage Employment Programme (UWEP) and excess material cost amounting to ₹84.82 lakh was incurred over the prescribed limit which led to less generation of 61,729 man days.

(Paragraph: 5.9.5.1)

Excess expenditure of ₹45.94 lakh was incurred by nine out of 16 test checked ULBs against execution of 137 works departmentally under UWEP as 10 *per cent* contractor's profit was not deducted from the bills.

(Paragraph: 5.9.5.3)

The poorest urban beneficiaries were not selected under USEP and STEP-UP as random survey conducted of 169 beneficiaries revealed that none of the beneficiaries fell under the top priority category. This indicated that the poorest urban beneficiaries were deprived of the benefits of SJSRY.

(Paragraph: 5.9.7)

Chapter-VI

Compliance audit paragraphs of ULBs

Diphu TC incurred an excess expenditure of ₹ 79.43 lakh due to cost overrun for delay in completion of work besides extending undue financial benefit to the contractor.

(Paragraph: 6.1)

Jorhat Municipal Board (JMB) suffered a loss of ₹ 24.92 lakh for not levying interest on mobilisation advance given to contractor besides extending undue financial benefit to the contractor to the extent of ₹ 51 lakh.

(Paragraph: 6.2)

Due to change of project site for construction of “Multi-Utility Building for the rehabilitation of vendors at Jorhat in Assam”, the GoI, rejected the project proposal which led to stagnation of work after incurring an expenditure of ₹ 3.10 crore.

(Paragraph: 6.3)

Jorhat Municipal Board (MB) injudiciously incurred an expenditure of ₹ 94.56 lakh on purchase of land for Solid Waste Management at Kakodunga.

(Paragraph: 6.4)

Chapter-I

An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Panchayati Raj Institutions (PRIs)

An Overview of the Functioning of the PRIs in the State

1.1 Introduction

The 73rd Constitutional Amendment Act, 1992 conferred Constitutional status to the Panchayats and recognised them as the third tier of Government to ensure a more participative government structure in the country.

The amendment provides for devolution of powers and responsibilities with respect to preparation of plans and programmes for economic development and social justice. It also provides for transferring of 29 subjects listed in XIth Schedule of the Constitution of India for PRIs. As a follow up, the State was required to entrust PRIs with such powers, functions and responsibilities as to enable them to function as Local Self Government Institutions (LSGIs). The Constitutional Amendment established a system of uniform structure, conducting of regular election, regular flow of funds *etc.* The legislative framework for conduct of business of the PRIs includes:

- Assam Panchayat Act, 1994 (AP Act, 1994);
- Assam Panchayat (Financial) Rules, 2002 [AP (F) Rules, 2002];
- The Assam Panchayat (Administrative) Rules, 2002 [AP (A) Rules, 2002]; and
- Government instructions issued from time to time.

The Administrative set-up of panchayats in the State consists of a three tier system; Gaon Panchayat (GP) at the Village level, Anchalik Panchayat (AP) at the Intermediate level co-terminus with Blocks and Zilla Parishad (ZP) at District level.

There were 2,412 PRIs in the State as on 31 March 2015. All the 2,412 PRIs are in General Areas¹. The Panchayati Raj system does not exist in the Sixth Schedule Areas where local governance is vested with the Autonomous District Councils (ADCs).

The statistics of rural population of the State and number of PRIs is given in **Table 1.1**

Table 1.1: Statistics of rural population of the State and number of PRIs

Sl. No.	Indicator	Unit	Value
1	Population	Crore	3.12
2	Population density	Persons / Sq.km.	398
3	Rural population	<i>Per cent</i>	86
4	Rural Sex Ratio	Per thousand	960
5	Rural Literacy Rate	<i>Per cent</i>	69.34
6	Zilla Parishads (ZP)	Numbers	21
7	Anchalik Panchayats (AP)	Numbers	189
8	Gaon Panchayats (GP)	Numbers	2,202

Source: Economic Survey, Assam 2014-15.

¹Areas not listed in the sixth schedule of Constitution of India.

The position of PRIs in Assam in terms of number, average area and average population is given in **Table 1.2**.

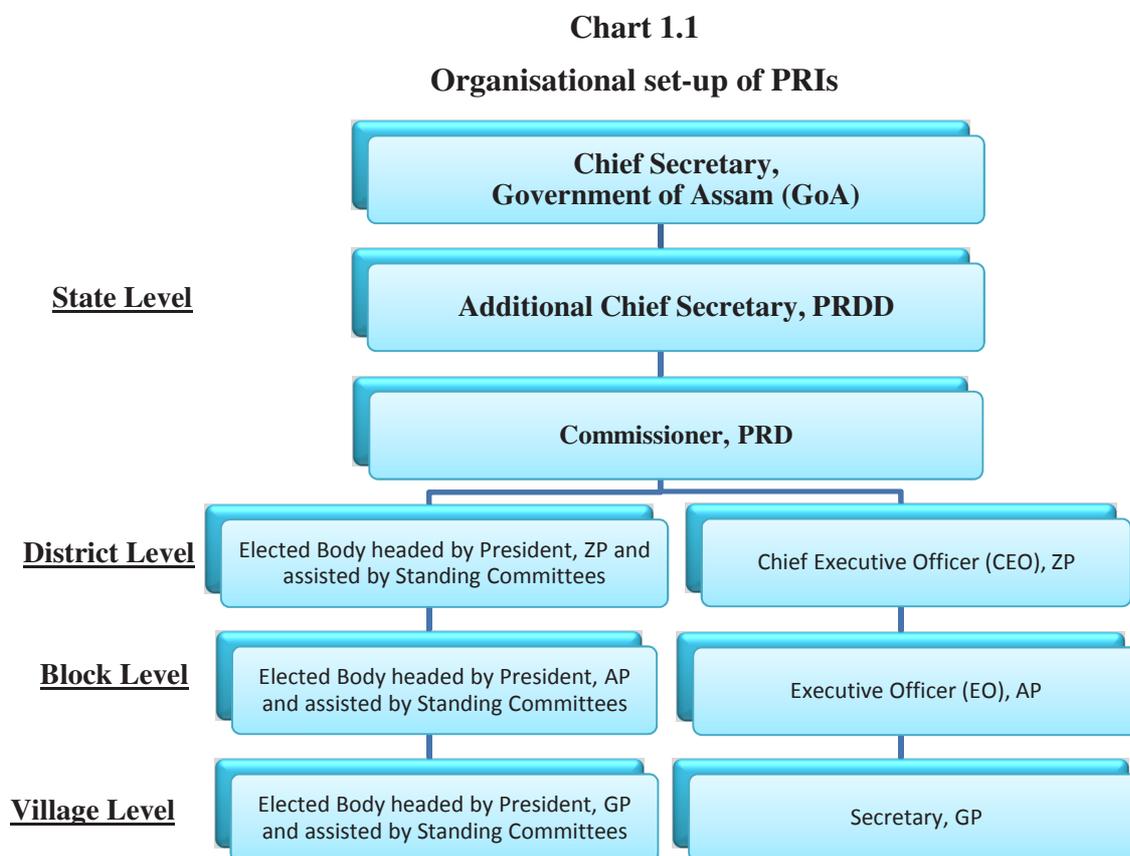
Table 1.2: Position of PRIs

Level of LB	No.	Average Area per PRIs (Sq Km)	Average population
		<i>As per 2011 census</i>	
Zilla Parishad (ZP)	21	2032.93	1188256
Anchalik Panchayat (AP)	189	219.78	128460
Gaon Panchayat (GP)	2202	18.46	10793

Source: Assam State Finance Commission's report submitted for 14th CFC.

1.2 Organisational Set-up in State Government and PRIs

The Additional Chief Secretary, Panchayat and Rural Development Department (PRDD) is the administrative head of PRIs and is assisted by the Commissioner, Panchayat and Rural Development (PRD) in allocation of fund, overall control and supervision of functions and implementation of different schemes at the State level. Organisational set-up of PRIs is depicted in **Chart 1.1**:



1.3 Functioning of PRIs

1.3.1 Administrative machinery in PRIs

The Administrative set up of panchayats in the State consists of a three tier system, GP at the village level, AP at the intermediate level co-terminus with Blocks and ZP at the District level. The Constitution enjoins the State Government to make appropriate legislation regarding devolution of powers and functions to the panchayats in such a way as to enable them to function as LSGI.

Subject to the provisions of the AP Act, a Panchayat may make by-laws to carry out its functions. The Constitutional Amendment empowered them with powers and authority in revenue mobilisation and gave them access to such resources as the State Legislature may, by law, confer on them. Accordingly, the AP (F) Rules were framed in 2002 and amended in 2004 which empowers all the three tiers to levy and collect taxes. Through the AP (F) Rules, GPs got the power to levy tax *viz.*, tax on houses and structures and tax on trades *etc.* However, the relevant bye-laws had not been framed (March 2015).

1.3.2 Staffing pattern of PRIs

On the matter of staffing pattern fixed by AP (A) Rules 2002, the Third Assam State Finance Commission (TASFC) while observing the acute shortage of staff at all level of PRIs recommended a revised staffing pattern of 30, 20 and 8 for each ZP, AP and GP respectively from 2008-09. It was observed that the revised staffing pattern recommended by TASFC was not implemented by PRDD.

PRDD could not fill up the vacant posts of PRIs in spite of approval given by the Finance Department. Regarding new staffing patterns, PRDD stated (December 2015) that proposed staffing pattern was under consideration of the Government.

PRIs were understaffed and therefore unable to implement/administer the various schemes effectively and efficiently. The TASFC noted (*vide* para 4.53) that the present scenario of Panchayat administration in Assam was marked by a deficiency syndrome in manpower development and that PRIs at all levels were starved of adequate number of functionaries in respect of competent staff trained in the nitty-gritty of functional and fiscal decentralisation. The post of Chief Accounts Officer (CAO) and Chief Planning Officer (CPO) had been created in each ZP to provide advice on financial matters including the preparation of Annual Accounts and Budget and also advice the ZP on plan formulation. However, no appointment had been made (March 2015) by the State Government. In the absence of suitable administrative machinery in the PRIs, a substantial portion of the budgetary outlays under Plan and Non-plan in the revenue accounts earmarked for panchayats against transferred subjects were being spent through the respective line departments. Unless the required legal framework along with appropriate administrative machinery is put in place, it would be futile to expect PRIs to become pro-active in augmenting internal revenue generation.

1.3.3 Status of devolution of functions, funds and functionaries

In June 2007, GoA issued notification regarding 'Activity Mapping' for 23 subjects out of 29 as listed in XIth Schedule of the Constitution of India for devolution of Funds, Functions and Functionaries (3Fs) to the PRIs. However, Government orders were issued for devolution in respect of only seven out of 23 notified subjects till March 2015. Further, 'Activity Mapping' in respect of remaining six subjects had not been completed (December 2015). Though GoA accepted (February 2014) the recommendation of fourth ASFC for transfer of all activities listed in Schedule XI of Constitution of India to the PRIs at the appropriate level, along with funds and functionaries, action in this regard is yet to be taken (December 2015) by the Government.

For meaningful devolution, deployment of functionaries from the line departments to the PRIs at all levels was a pre-requisite condition. However, the approach adopted by the State Government was only partial. Apart from this, every year a substantial portion of budgetary outlays under Plan and Non-Plan revenue account was earmarked for PRIs against transferred subjects. Till March 2015, only Central Finance Commission (CFC) and SFC Funds were passed on to the PRIs on a regular basis. Apart from this the PRIs got funds under District Development Plan (DDP). In addition, central funds channelised through Backward Regions Grant Fund (BRGF) were received by PRIs at all levels wherein the funds under other Centrally Sponsored Schemes (CSS) viz., Indira Awas Yojana (IAY), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) etc., were received by the APs and GPs from respective DRDAs of the District.

It is evident from the above that devolution of 3Fs to panchayats in respect of the transferred subjects is far below the desired level. The GoA had created a Panchayat window in the State Budget and every year a substantial portion of budgetary outlays under Plan and Non-Plan in the revenue account was earmarked for panchayats against the transferred subjects. However, the earmarked amount was being spent by the line departments.

1.4 Formation of various committees

1.4.1 Standing Committees

Sections 22, 52 and 81 of Assam Panchayat Act, 1994 stipulate that PRIs shall constitute Standing Committees to perform functions assigned under the Act. Details of constitution of Standing Committees and its roles and responsibilities are given in **Appendix-I**. However, functionings of Standing Committees in the PRIs were not upto the mark which has been discussed in the paragraph **2.11.4** of **Chapter II**.

1.4.2 District Planning Committee (DPC)

As per Article 243 ZD of the Constitution of India, the State Government is required to constitute a District Planning Committee (DPC) consisting of (i) members of the House of People who represent the whole or part of the District, (ii) members of Assam Legislative Assembly; and (iii) number of persons not less than four fifth of the total number of members from amongst the members of the ZP in districts, to consolidate the plans prepared by the panchayats in the District and to undertake integrated development of the District. Accordingly, Section 3 of AP Act, 1994 and AP (F) Rules 2002 framed there under, provides that the State Government shall constitute DPC in every District for tenure of one year. Deputy Commissioner is a permanent invitee to the DPC of the District. The President of the ZP is the Chairman and CEO of ZP is Ex-officio Secretary of the DPC.

1.4.2.1 Role of DPC

As per AP Act, 1994, DPC is to consolidate the plans prepared by the panchayats in the District and prepare a draft Development Plan for the District as a whole having regard to:

- the matter of common interest of panchayats in the District including sectoral planning, sharing of water and other physical and natural resources, the integrated development of infrastructures and environmental conservation;

- the extent and type of available resources whether financial or otherwise; and
- consult such institutions and organisations as the Governor may, by order, specify.

GoA, PRDD in June 2010 framed guidelines for preparation of a draft District Development Plan for PRIs detailing the method of preparation of draft plan at different stages of PRIs and consolidation of a draft Development Plan of the District. Though the guidelines provided a scope for a review of implementation and monitoring of the plan by the DPC, it did not prescribe a mechanism for reporting of progress of implementation of District Plan to the State Government. The DPCs did not call for submission of their annual plan from the PRIs and other stake holders with a view to prepare the Annual District Plan as a whole. Thus, the DPCs failed to perform its primary objective of preparation of District Plan as envisaged in the AP Act, 1994. Flaws in planning of District Development plans are also discussed in paragraph 2.11.2 of **Chapter II**.

Accountability Mechanism and Financial Reporting issues

1.5 Audit arrangement

1.5.1 Primary Auditor

Director of Audit, Local Fund (DALF), Assam, established under Assam Local Funds (Accounts & Audit) Act, 1930 is the Primary Auditor of all tiers of PRIs in the State. The Directorate is responsible for (i) carrying out the Audit of Local Funds with the help of 20 circle offices each of which was headed by an Assistant Director to perform audit functions at the District level; and (ii) facilitating submission of Audit Reports of the Administrative Departments. There are 131 audit parties comprising of one Audit Officer and one or more Assistant Audit Officers. The audit is conducted in conformity with the Assam Audit Manual and other prescribed Government Rules and Amendments declared by Government from time to time.

1.5.1.1 Audit coverage by DALF

There were arrears in audit of PRIs during the period 2010-15 which ranged between 21 and 65 *per cent*. The year-wise position of units to be audited and those actually audited are detailed in **Table 1.3**.

Table 1.3: Shortfall in covering the units planned for audit by DALF

Year	No. of units planned for audit	No. of units audited	Shortfall	Percentage of shortfall
2010-11	1297	458	839	65
2011-12	877	492	385	44
2012-13	1423	788	635	45
2013-14	1130	888	242	21
2014-15	1131	842	289	26

Source: Information furnished by DALF, Assam.

Apart from this, there was also an arrear in issue of 1011 audit reports as of March 2015. The reasons for shortfall in audit coverage and arrear in issue of audit reports were attributed to

failure in production of records to audit, engagement of Audit Officials in Panchayat Election and works related to updation of National Register of Citizens (NRC).

1.5.1.2 Staff strength of DALF

Details of sanctioned strength and persons in position in the organisation as of 31 March 2015 are shown in **Table 1.4**

Table 1.4: Sanctioned strength and persons in position in DALF

Sl. No.	Post	Sanctioned	Men-in-position	Vacant	Percentage of vacancy
1	Director	1	1	Nil	Nil
2	Joint Director	2	1	1	50
3	Deputy Director	3	3	Nil	Nil
4	Assistant Director	23	12	11	48
5	Registrar	1	Nil	1	100
6	Superintendent	1	1	Nil	Nil
7	Audit officer	159	126	33	21
8	Assistant Audit Officer	220	117	103	47
9	Stenographer	1	1	Nil	Nil
10	Sr. Assistant (HO)	10	10	Nil	Nil
11	Jr. Assistant (HO)	19	18	1	5
12	Other ancillary staff	270	248	22	8
Overall		710	538	172	24

Source: DALF, Assam.

The organisation is functioning with an overall 24 per cent shortage of personnel within which the shortage in the cadre of Joint Director (50 per cent), Assistant Director (48 per cent) and Assistant Audit Officer (47 per cent) adversely affected the mandated functions of the organisation.

1.5.1.3 Presentation of Annual Audit Report

As per para 101 (i) of Assam Audit Manual, DALF is required to send an Annual Audit Report to the Finance Department by 30 September each year incorporating major outstanding audit objections relating to PRIs which were pending settlement for further action by the Finance Department. The status of consolidated Audit Reports submitted by DALF is shown in **Table 1.5:**

Table 1.5: Audit Report submitted by DALF to the Government.

Sl. No.	Consolidated Audit Report for the year	Submitted to Government	Laid before Legislature
1	2010-11 and 2011-12	21 March 2013	10 February 2014
2	2012-13 and 2013-14	7 December 2014	19 December 2014

However, follow up action and Action Taken Report by Finance Department on the Annual Consolidated Audit Report of DALF is wanting, thereby weakening the accountability mechanism of ULBs in Government.

1.5.2 Audit by CAG of India

CAG of India conducts audit of substantially financed PRIs under Section 14 (1) of CAG's (DPC) Act, 1971 and audit of specific grants to PRIs under Section 15 of the Act *ibid*. The

audit of PRIs is also conducted by CAG under Section 20 (1) of the Act as per Technical Guidance and Support (TGS) module as entrusted by the State Government in May 2002 followed by acceptance of standard terms and conditions of TGS (May 2011) pursuant to the 13th FC recommendations.

During April 2014 to March 2015 accounts of 54 PRIs (four ZPs, 20 APs and 30 GPs) were audited.

State Legislature has constituted (October 2012) a Local Fund Accounts Committee (LFAC) for the first time to discuss the Audit Report on LBs consisting of audit findings of PRIs. ATIR for the year ended 31 March 2010 was discussed by the Committee. However, Action Taken Report (ATR) on the ATIRs submitted to Government was awaited (October 2015). ATIR for the years 2011 to 2013 and CAG's Audit Report on PRIs & ULBs for the year 2014, though, placed before the Legislature, were yet to be discussed by the Committee.

1.6 Response to Audit Observations

Inspection Reports (IRs) were issued by Accountant General (Audit), Assam to audited PRI authorities with a copy of each to the State Government. PRI authorities were required to comply with the observations contained in the IRs and rectify the defects and omissions and report their compliance within three months from the date of issue of IRs. Important audit findings are also reported to Government through Audit Reports on Local Bodies.

The details of outstanding paragraphs in respect of PRIs as of March 2015 are shown in **Table 1.6**.

Table 1.6: The details of outstanding IRs and paragraphs

Year of Issue	No. of Inspection Reports	No. of Outstanding Paras	Money Value (₹ in crore)	First reply furnished
Upto 2010-11	465	3165	378.97	193
2011-12	65	433	174.71	20
2012-13	42	281	157.92	7
2013-14	51	366	176.50	4
2014-15	109	820	475.25	12
Total	732	5065	1363.35	236

Source: Progress Register.

Thus, 5065 paragraphs with monetary value of ₹1363.35 crore were pending settlement (March 2015) for want of replies from the concerned PRIs. Even the first reply had not been received in respect of 4829 paragraphs. Increasing trend of outstanding paragraph was indicative of the fact that compliance to audit observations was not done. The Administrative Heads of the Departments concerned also did not ensure that the concerned officers of the PRIs took prompt and timely action in furnishing replies to IRs and thereby weakening the accountability mechanism of PRIs in Government.

1.7 Ombudsman

The Ombudsman conducts investigation and enquires into instances of maladministration, corruption, favouritism, nepotism, lack of integrity, excessive action, inaction, abuse of position *etc.*, on the part of officials and elected representatives of PRIs. He can even register cases, *suomoto*, if the instances of the above kind come to his notice. In October 2014, the State Government initiated action for appointment of Ombudsman for 27 districts in the State

for a tenure of two years for conducting above investigation and enquires on the part of officials and elected representatives of LBs under section 27 (1) of the MGNREG Act, 2005. However, till October 2015 only eight Ombudsmen had been appointed for nine² districts. Thus, the process of selection of Ombudsman in all the districts was yet to be completed. There was however, no provision in the AP Act regarding setting up of Ombudsman for PRIs.

1.8 Social Audit

The primary objective of Social Audit (SA) is to bring the activities of PRIs under close surveillance of people to enable them to access the records and documents of PRIs. Such immediate access to information would facilitate transparency and accountability in day-to-day functioning of PRIs. Except for a provision made under the Assam Rural Employment Guarantee (AREG) Scheme under MGNREGA, the State Government had not amended the relevant Panchayat Act by including a statutory provision for social auditing.

In July 2014, the Government designated the State Institute of Rural Development (SIRD) as Nodal Agency for conducting Social Audit of all the Panchayati Raj Schemes and Rural Development Schemes of the GoI/GoA under PRDD. Accordingly, the SIRD conducted Social Audit of 2201 Gaon Panchayats during November 2014.

Compliance Audit of “Audit of Schemes Rules 2011” (Social Audit) conducted by CAG during July 2015 revealed the following:

- There was delay in formation of Social Audit Unit (SAU) in the State.
- Full time dedicated Director as well as support staff was not recruited to make the SAU more effective and independent.
- Insufficient fund flow hampered the working of SAU.
- Appointments of Village Social Auditors were influenced by Implementing Agencies leading to possibility of biased auditing.
- SAU did not prepare any Audit Plan and calendar of training for conducting audit in a planned and effective manner.
- Gaon Sabhas for SA were held as routine exercises without properly discussing the findings of SA.
- Awareness regarding Gaon Sabha for SA was not sufficient and attendance of villagers was also not adequate.
- State Government was lagging behind in taking action on SA reports and its follow up to comply with the Audit of Scheme Rules, 2011.

1.9 Lokayukta

The Assam Lokayukta and Upa-Lokayukta Act, 1985 (Assam Act XX of 1985) was introduced to improve the standard of Public Administration through investigation of complaint against ministers, legislators and public functionaries including those of PRIs. The institution was headed by Upa-Lokayukta since March 2001 as the post of Lokayukta had been lying vacant for the last 20 years (since March 1995). Though the State Government had

²*Kamrup, Kamrup (M), Darrang, Nalbari, Cachar, Morigaon, Sivsagar, Karimganj and Hailakandi.*

taken various initiatives for creating awareness among the people regarding Lokayukta and Upa-Lokayukta Act, the Upa-Lokayukta had received only 29 complaints during the year 2014-15 out of which 21 cases were settled.

Thus, there was a need to increase awareness among the people about the existence and functioning of anti-corruption mechanism to make it more effective and useful to the public.

1.10 Submission of Utilisation Certificates (UCs)

Scheme guidelines of CSS stipulate that UCs should be obtained by departmental officers from the grantees and after verification should be forwarded to GoI. However, test check of PRIs revealed that UCs amounting to ₹ 14.79 crore were pending from three³ implementing agencies.

Pendency in submission of UCs indicated poor monitoring of the utilisation of scheme funds by the DDOs and the Head of the Department (HoD).

1.11 Internal Audit and Internal control system in PRIs

1.11.1 Internal Audit

Internal Audit is an important instrument to examine and evaluate the level of compliance with rules and procedures as envisaged in the relevant Acts as well as in the Financial/Accounting Rules so as to provide independent assurance to management on the adequacy of the risk management and internal control frame work in the PRIs.

Rule 18 of AP (A) Rules, 2002 provides for utilisation of internal auditors of PRDD for proper and correct maintenance of accounts of PRIs. An internal audit wing with internal auditors was in place in the Commissionerate of PRD, Assam. However, no internal audit of PRIs had been conducted (March 2015). The Department had no Audit Manual of its own and its main function was limited to assisting the Commissioner, PRD, Assam in settling the outstanding audit paras and inspection reports relating to departmental units.

This affected the sense of accountability to ensure proper compliance with Rules and Procedures as envisaged in the relevant Acts/Rules.

1.11.2 Internal control mechanism in PRIs

Internal control mechanism is an integral function of an organisation which helps it to govern its activities effectively and achieve the objectives of the organisation. Various internal control measures would minimise the risk of errors and irregularities and will ensure compliance with applicable rules, regulations and implementation of programmes in an orderly, economical, efficient and effective manner.

The internal control system at the level of each PRIs had been designed by GoA through AP Act, 1994, AP (F) Rules, 2002, besides application of State Government's own rules and policies relating to finance, budget and personnel matters. Significant provisions of internal control mechanism in PRIs are given in **Appendix-II**.

However, the following deficiencies were observed which indicated lack of internal control mechanism in PRIs:

³Sivsagar ZP: ₹ 14.59 crore, Kochpara GP: ₹ 11.94 lakh, Ghilamara GP: ₹ 7.88 lakh.

- The Department lacked control over the own revenue resources as data regarding revenue mobilisation of PRIs was not available. The department could not provide any information in respect of total revenue realised by the PRIs during 2013-14 and 2014-15 even after repeated persuasions.
- Though the Department stated that the accounts were finalised upto 2014-15, test check of PRIs revealed that four PRIs did not maintain Monthly accounts, Annual account *etc.*, as detailed in **para 1.12.6**.
- Funds were released by the Government in a routine manner, even though ZPs had not submitted budget proposals thereby defeating the purpose of planning as detailed in **para 1.12.4**.

Though these short comings were pointed out to PRIs and the State Government in previous ATIRs/Audit Report to ensure proper maintenance of records to put an internal control mechanism in place, no corrective action has yet been taken.

1.11.3 Advance paid to JE/Contractor not adjusted

State Financial Rules stipulate that advances paid should be adjusted without any delay and DDO concerned should watch their adjustment. Though Chief Executive Officer (CEO) of ZP, Executive Officer (EO) of AP and Secretary of GP are custodians of Panchayat funds, it was noticed that in five PRIs, advances (ranging from ₹ 1.00 lakh to ₹ 1.30 crore)⁴ given to JEs/Contractors for implementation of schemes remained unadjusted till December 2015.

1.11.4 IT and VAT not deducted

According to Income Tax (IT) Act and State Value Added Tax (VAT) Act, IT & VAT are to be deducted from the payment of contractors/suppliers. Test check of records revealed that in 20 PRIs (Sixteen APs and four GPs) VAT/IT amounting to ₹ 29.83 lakh were not deducted as detailed in **Appendix-III**.

As the taxes were not deducted, Government suffered a loss of revenue to that extent.

1.11.5 Short collection of Kist Money

Sub-Rule 14 and 15 of Rule 47 of the Assam Panchayat (Financial) Rule 2002, stipulates that panchayats are required to recover the *kist*⁵ money from the lessees in due time. During test check of records it was noticed that there was short collection of *kist* money of ₹ 5.53 crore in 21 PRIs as shown in **Appendix-IV**.

Thus, due to short collection of *kist* money, revenue could not be augmented to that extent.

1.12 Financial Reporting issues

1.12.1 Source of funds

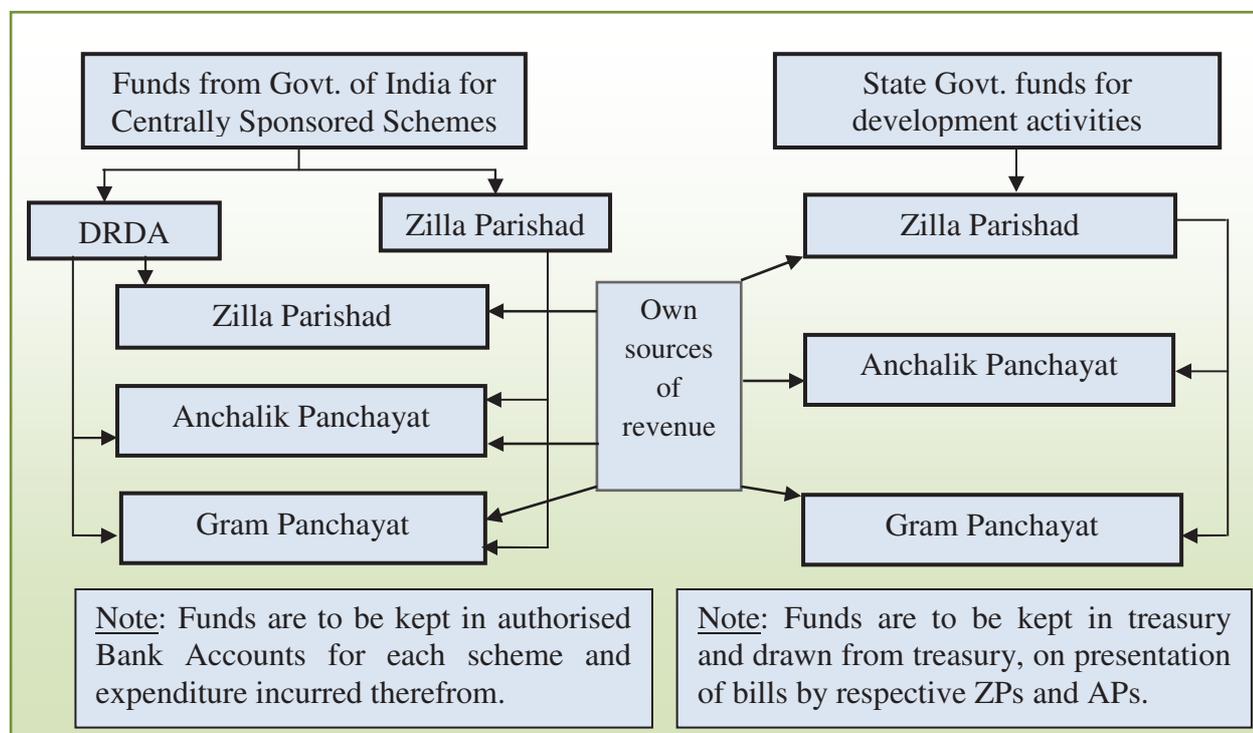
The main source of income of PRIs in the State is funds released by GoI under various Centrally Sponsored Schemes, CFC grants, SFC grants and State Government grants under

⁴Lakhimpur AP: ₹8.96 lakh, Moirabari AP: ₹1.00 lakh, Salchapra AP: ₹27.26 lakh, Silchar AP: ₹63.28 lakh and Dhubri ZP: ₹1.30 crore.

⁵*Kist*: Installment.

various schemes. In addition, PRIs were also mobilising revenue from own sources such as taxes, rents, license fees *etc.* Funds flow of PRIs is depicted in **Chart 1.2**:

Chart 1.2
FUND FLOW CHART



The receipts of PRIs from all sources during the last five year ending 2014-15 are shown in the **Table 1.7** below.

Table 1.7: Time series data on PRIs resources

Source	2010-11	2011-12	2012-13	2013-14	2014-15
Own Revenue	23.46	87.85	176.16	NA	NA
SFC transfers	119.36	227.96	104.42	158.23	298.84
CFC transfers	73.44	196.01	362.05	201.93	270.54
State Sponsored Schemes (SSS)	341.86	520.73	89.09	197.29	147.04
Centrally Sponsored Schemes (CSS)	1684.81	1323.36	1211.38	2000.58	1879.94
Total	2242.93	2355.91	1943.10	2558.03	2596.36

Source: Commissioner PRD, Assam, and information furnished by GoA.

Although, overall receipts of PRIs increased marginally in 2014-15 as compared to 2013-14, the fund released under SSS and CSS decreased during 2014-15 when compared to fund released during 2013-14. Due to less release of fund, many welfare activities intended to be executed under SSS and CSS got hampered.

1.12.1.1 Public investment in Social Sector and Rural Development

Details of public investment in Social Sector and Rural Development through major CSS by GoI including State share during 2010-11 to 2014-15 are shown in **Table 1.8**:

Table 1.8: Statement showing investment through major CSS

(₹ in crore)

Sl. No.	Scheme	Year	Allocation of fund	Fund Released to PRIs	Short release of fund
(1)	(2)	(3)	(4)	(5)	(6)
1	Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)	2010-11	1828.15	690.8	1137.35
		2011-12	1276.65	481.72	794.93
		2012-13	1017.51	588.46	429.05
		2013-14	1034.61	647.31	387.30
		2014-15	1101.02	554.6	546.42
2	Indira Awas Yojana (IAY)	2010-11	828.62	825.63	2.99
		2011-12	867.28	867.28	0.00
		2012-13	894.37	71.27*	823.10
		2013-14	1040.21	985.9	54.31
		2014-15	1373.78	937.45	436.33
3	Backward Region Grant Fund (BRGF)	2010-11	185.01	65.29	119.72
		2011-12	168.19	140.54	27.65
		2012-13	177.75	92.92	84.83
		2013-14	228.79	199.88	28.91
		2014-15	213.65	139.41	74.24
4	National Social Assistance Programme (NSAP)	2010-11	131.18	117.18	14.00
		2011-12	188.76	168.76	20.00
		2012-13	167.14	156.13	11.01
		2013-14	230.82	230.82	0.00
		2014-15	248.46	248.46	0.00
5	National Rural Livelihood Mission (NRLM)	2012-13	217.14	16.36	200.78
		2013-14	288.28	95.75	192.53
		2014-15	156.24	16.46	139.78

Source: Information furnished by Commissioner, PRD, Assam; * State share only.

It could be seen from above that there was constant short release of fund to PRIs in respect of MGNREGS, BRGF and NRLM schemes which had deprived the intended beneficiaries of their benefits.

1.12.1.2 Funds transferred to State Implementing Agencies outside State Budget

The Central Government had been transferring sizeable amount of funds directly to the State Implementing Agencies for implementation of various schemes/programmes in Social Sectors for the social and economic development of the rural population. During 2014-15, significant amounts were released for implementation of major programmes/schemes, as depicted in following **Table 1.9** and **Chart 1.3**.

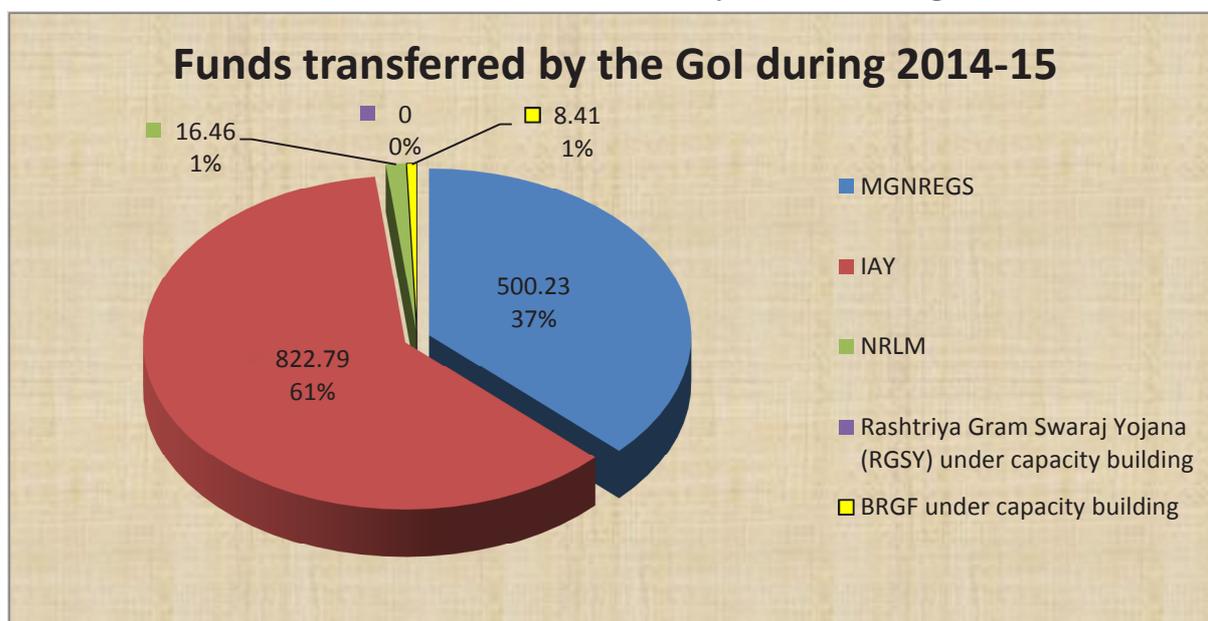
Table 1.9: Funds transferred directly to State Implementing Agencies (₹ in crore)

Sl. No.	Programme/scheme	Fund transferred by the GoI during 2013-14	Fund transferred by the GoI during 2014-15	Implementing agencies
1	MGNREGS	573.49	500.23	Mission Director, Assam State Rural Livelihood Mission Society, DRDAs & SIRD (State Institute of Rural Development)
2	IAY	900.06	822.79	
3	NRLM	81.63	16.46	
4	Rashtriya Gram Swaraj Yojana (RGSY) under capacity building	1.69	0.00	
5	BRGF under capacity building	131.19	8.41	
Total		1,688.06	1347.89	

Source: Information received from Panchayat and Rural Development Department.

As can be seen from the table, the funds released by the GoI to the State Implementing Agencies under all the aforementioned schemes had decreased considerably in the year 2014-15 as compared to 2013-14. Funds released under BRGF for the year 2014-15 was 93.59 per cent less when compared to fund released for the year 2013-14.

Chart 1.3: Position of funds transferred by the GoI during 2014-15



1.12.2 Devolution recommended by ASFC

Details of quantum of devolution recommended by ASFC and fund released by the GoA to PRIs are indicated in **Table 1.10**.

Table 1.10: Devolution of Fund to PRIs

(₹ in crore)

Year	Net collection of the State Government	Amount to be devolved	Additional devolution	Total	Amount actually released to PRIs	Amount short released
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2010-11	5929.84	716.69	92.79	809.48	119.43	690.05
2011-12	7638.23	222.94	-	222.94	191.62	31.32
2012-13	8250.21	243.22	-	243.22	104.42	138.80
2013-14	6545.09	719.93	-	719.93	158.23	561.70
2014-15	7265.05	798.94	-	798.94	298.83	500.11
Total	35628.42	2701.72	92.79	2794.51	872.53	1921.98

Source: The FASFC Report and information furnished by Director, Finance (Economic Affairs) Department, Assam.

It can be seen from the above table that there was continuous shortfall in release of funds by the State Government during 2010-11 to 2014-15. As against ₹ 2794.51 crore to be devolved for PRIs, the State Government released only ₹ 872.53 crore which constituted only 2.45 per cent of the State's total revenue. Thus, due to short release of fund, the PRIs could not implement various welfare activities for the overall economic development.

1.12.3 Thirteenth Finance Commission (13th FC) Grant

The weights adopted by the 13th Finance Commission for inter distribution of funds among the States were 50 per cent population, 10 per cent area and 10 per cent distance from highest per capita income for PRIs, 15 per cent index of devolution, 10 per cent SC/ST population for PRIs and five per cent CFC grant utilisation index. Based on the above principles, the share of PRIs and ULBs for the periods 2010-15 in Assam including Sixth Schedule areas amounted to ₹ 1892.90 crore. The amount so recommended has two components viz., General Basic Grants and Performance Grants. According to the 13th FC for the periods 2010-15, States will be eligible to draw their Basic Grants subject to submission of UCs in time and Performance Grants from the second year of the award period subject to fulfilment of conditions as laid down in the 13th FC recommendations.

1.12.3.1 Penal interest for late release of fund by the State Government

The position of grants released during 2010-15 by the GoI and GoA and penal interest for late release of fund to PRIs is shown in **Table 1.11**.

Table 1.11: Award of 13th FC Grants to PRIs

(₹ in crore)

Programme year	Scheme components	Fund received/released		Penal interest for late release of fund
		Received from GoI	Released to PRIs	
2010-11	General Performance Grant	Nil	Nil	2.54
	General Basic Grant	125.97	125.97	
2011-12	General Performance Grant	52.20	52.20	0.72
	General Basic Grant	161.38	161.38	
2012-13	General Performance Grant	124.40	124.40	1.91
	General Basic Grant	181.61	181.61	
2013-14	General Performance Grant	204.80	201.93	2.21
	General Basic Grant	139.88	NIL	
2014-15	General Performance Grant	190.08	NIL	7.19
	General Basic Grant	279.26	263.74	
TOTAL		1459.58	1111.23	14.57

Source: Director, Finance (Economic Affairs) Department, Assam.

It was observed that State Government released 13th FC grants to PRIs with an interest liability of ₹ 7.19 crore for 2014-15 alone which was almost equivalent to interest paid for the last four years. This shows the extent by which the release of fund to PRIs was delayed.

As time factor plays an important role in Assam in view of season specific limitations in execution of works, delay in release of fund greatly hampered timely implementation of projects which increases the possibility of cost overrun leading to many incomplete projects.

1.12.4 Maintenance of Records

As per AP Act, the Budget proposals containing detailed estimates of Income & Expenditure expected during the ensuing year were to be prepared by the respective Standing Committees of PRIs after considering the estimates & proposals submitted by the executive authorities of PRIs every year. Rule 32, 33 & 34 of AP (F) Rules, 2002 also stated that every GP, AP and ZP shall prepare Budget before the beginning of Panchayat financial year in the respective format by indicating minor heads. After considering the proposals, the Finance, Audit and

Planning Committee was to prepare the budget showing the income and expenditure of the respective PRIs for the ensuing years and place it before the governing body for approval. The approved budget of PRIs had to be consolidated by the ZPs for submission to the State Government for final approval.

The position of submission of budget by the ZPs during last four years to PRD, Assam is shown in the **Table 1.12**.

Table 1.12: Details of budget submitted by the ZP

(in numbers)

Year	Total ZPs in the State	Budget proposals submitted by the ZPs	Budget proposals not submitted by the ZPs
2011-12	21	11	10
2012-13	21	13	8
2013-14	21	8	13
2014-15	21	14	7

Source: Commissioner, P&RD, Assam,

The above table shows that out of 21 ZPs, ten, eight, 13 and seven ZPs had not submitted budget proposals during 2011-12, 2012-13, 2013-14 and 2014-15 respectively. Funds were released by the government in a routine manner, thereby defeating the purpose of planning and without taking into account the requirement of the people at the grass root level.

1.12.4.1 Assets Register

All properties vested in the ZPs, APs and GPs shall be entered in the Register of properties and assets in the Form 6 of Rule 19 of AP (F) Rules, 2002. The entries shall be attested by the officer concerned. However, audit noticed that the Asset Registers were not maintained by 20⁶ test checked PRIs and the State Government also did not call for any return on the nature of asset, year of creation and monetary value of the assets.

1.12.4.2 Register of Receipt Book and Stock Register not maintained

As per Sub-Rule 1 of Rule 16, of AP (F) Rules, 2002, a register of receipt book shall be maintained in Form 5 of the schedule under the personal custody of the CEO in case of ZP, EO in respect of AP and the Secretary in respect of GP or under the custody of any other officer who is authorised in their behalf, under lock and key. However, Register of Receipt Books could not be produced to audit by the four PRIs⁷. As a result, number of receipt books in operation could not be ascertained in audit and this may also lead to unauthorised operation of receipt books with the risk of fraud and embezzlement of money.

Similarly, the above four PRIs did not maintain the stock register as envisaged in the Rule 30 (1 & 2) of AP (F) Rules 2002. As stock register was not maintained, actual receipt and utilisation of material could not be monitored by the PRIs. Further, this could also facilitate mis-utilisation of material intended for implementation of the schemes.

⁶Balijan AP, Barbhagiya GP, Chariduar GP, Charing Pathar GP, Dakhin Bholagaon GP, Dakin Natun Dehar GP, Jerai GP, Lokra GP, Madhabpara GP, Pachim Sarukhetry GP, Uttar Pachim Bongaon GP, Bongaon AP, Hatidhura AP, Lahowal AP, Panitola AP, Rangjuli AP, Salchakra AP, Sarukhetry AP, Barpeta AP and Sivasagar ZP.

⁷Balijan GP, Jerai GP, Lahowal AP and Panitola AP.

1.12.5 Cash Book not reconciled

Rule 8, sub rule 4 (a), (b) and (c) of AP (F) Rules 2002 stipulate that all moneys received and payments made should be entered in the Cash Book which should be closed every day. Monthly closing of Cash Book with physical verification of cash and reconciliation of Cash book balance with bank balance under proper authentication are also to be done. Sub-rule 4(e) further stipulates that at the close of each month, the bank balance as reflected in the Cash Book shall be reconciled with balances as per bank account.

However, during audit it was observed that Cash Book balances were not reconciled with bank balances in some PRIs. Instances of un-reconciled balances with differences ranging from ₹ 813 to ₹ 1.79 crore in four PRIs were noticed as given in **Appendix-V**. Failure in maintenance of Cash Book as per provision of financial rules pointed towards gross irregularity. Besides, the possibility of occurrence of fraud and embezzlement of Government money could not be ruled out.

1.12.6 Maintenance of Accounts by PRIs

The Monthly and Annual Accounts as per prescribed formats showing the details of income and expenditure during the year duly supported by the necessary documents should be prepared by all three tiers of PRIs. These records are important as they are included to constitute evidence of proper receipt and utilisation of funds.

Instances of Annual Accounts not maintained by PRIs have been brought to the notice of State Government on several occasions through Inspection Reports and Annual Technical Inspection Reports/Audit Report. It was informed (December 2015) by the Commissionerate of P&RD that the State Government had adopted PRIASoft for maintenance of their accounts in the format prescribed by the MoPR on Model Accounting System (MAS) and the accounts of the PRIs had been finalised upto 2014-15.

However, during test check of PRIs, it was found that annual accounts were not prepared by PRIs as detailed in the following **Table 1.13** reflecting poor internal controls and inadequate accounting arrangements in PRIs.

Table: 1.13 Details of accounts not maintained by PRIs

Sl. no	Name of the PRIs	Particulars
1	Lahowal AP, Panitola AP, Jerai GP and Balijan GP	i) Monthly accounts to watch over trends of receipt & progress of expenditure under different heads of A/cs under different scheme had not been prepared. Annual Accounts, to reflect the overall receipts & expenditure in a year, prepared, if any, had also not been produced to audit. ii) Receipt & Expenditure ledger for record of accounts under different detailed minor heads were not prepared.
2	Lahowal AP and Panitola AP	A control ledger of receipt and expenditure of AP and GP fund as prescribed in form 2 under sub rule (3) of Rule 8 of AP Act, to watch over trends of receipts and expenditure against estimate of receipt, and the provision of fund respectively was not maintained.

1.12.7 Maintenance of database and the formats therein on the finances of PRIs.

Based on the recommendations of 11th FC, CAG had prescribed database formats for capturing the finances of PRIs. The database formats were prescribed with a view to having a

consolidated position of sector wise resource and application of funds by PRIs, details of works executed by PRIs and their physical progress *etc.*

The 11th FC had earmarked funds for creation of database for PRIs in their awards covering the period 2000-05. The 12th FC had also recommended that States may assess the requirement of each PRI in this regard and earmark funds accordingly out of the total allocation of 12th FC grants. Despite the dedicated fund allocation, little improvement had been made in development of database though ₹56.21 crore (₹55.61 crore under 12 FC and ₹0.60 crore under 13 FC upto 2014-15) were incurred on creation of database during the years 2008-2015. The 13th FC in its report had also expressed similar dissatisfaction. A reliable base data on finances of PRIs was yet to be developed. Moreover, computerisation of PRIs in Assam suffered as GP offices were not electrified.

The entire matter of implementation of the programme of database on finances needed to be evaluated and effective steps were required to be taken to develop the database without further loss of time.

Chapter-II

Performance Audit of “Working of the Panchayati Raj Institutions in Assam”

Executive Summary

Devolution of fund, functions and functionaries to the PRIs was not materialised as stipulated. District Planning Committees (DPCs), Standing Committees and Gaon Sabhas were formed but it did not meet regularly to ensure development of the rural areas. There were flaws in the planning of District Development Plan (DDP) and schemes were implemented without approval of Gaon Sabha. Besides Man power shortage, instances of Budgets not prepared; Asset Registers not maintained; maintenance of multiple Bank Accounts; drawal of fund through self cheque; Utilisation Certificates (UCs) not submitted; undue parking of fund; and Rules, Regulations and Guidelines not maintained were the shortcomings noticed in implementation of the functions and schemes. There were instances of suspected misappropriation, unproductive and unfruitful expenditure, doubtful utilisation of fund and loss of revenue etc., which were the results of mismanagement and lack of internal control mechanism in the Department.

This Performance Audit Report on the working of the PRIs in Assam is being brought out with a view to assess the overall performance of the PRIs in the State of Assam during the year 2010-11 to 2014-15.

Highlights

Although the State Legislature passed the Assam Panchayat Act, 1994, the GoA took almost nine years for issuing formal instructions for constitution of DPC

(Paragraph: 2.11.1)

The mandatory allocation for agriculture and allied sectors was not made, resulting in a lower availability of funds for increasing agricultural productivity.

(Paragraph: 2.11.3)

₹ 38.03 crore was incurred in implementing 1759 schemes. However, the implemented schemes had been taken up without consulting the concerned Gaon Panchayat and without being approved in Gaon Sabha Meetings.

(Paragraph: 2.11.5.1)

PRIs spent funds irrespective of approval of their budgets, resulting in incurring of unplanned expenditure and absence of monitoring and control over their sources of revenues.

(Paragraph: 2.12.1)

There was delay in release of fund by ZPs to APs and GPs, ranging from 12 days to 304 days and short release of funds to the tune of ₹ 299.12 lakh.

(Paragraph: 2.12.2)

Funds amounting to ₹ 467.23 lakh remain unutilised since 2011-12 and blocked for more than three years (from 2011-12 to 2014-15).

(Paragraph: 2.12.4)

In 28 out of test checked 71 PRIs, DDOs drew money amounting to ₹ 25.52 crore from bank accounts, through 1390 self-cheques, for cash payment to suppliers and contractors *etc.*

(Paragraph: 2.12.7)

Nagaon ZP suffered a loss of ₹ 2.52 crore as highest bid value offered by the bidders for lease of *Hats, Ghats* and Fisheries were not accepted.

(Paragraph: 2.13.2.2)

₹ 65.59 crore was spent by 15 PRIs under two schemes, but they failed to generate any revenue from it, as the completed projects were neither handed over nor leased out.

(Paragraph: 2.13.5)

₹ 6.38 crore incurred by 17 PRIs during the period 2010-15 was doubtful as basic provisions of scheme guidelines was not followed; evidence for execution of works was not furnished; materials procured without inviting tenders; stock registers not maintained; and evidence of distribution of materials not available.

(Paragraph: 2.14.1)

26 PRIs had incurred ₹ 338.49 lakh during 2011-15 without the approval of the competent authorities, resulting in unauthorised expenditure.

(Paragraph: 2.14.3)

15 PRIs executed 571 works during 2011-15 but the same remained incomplete, even after incurring an expenditure of ₹ 64.16 crore.

(Paragraph: 2.14.6.3)

2.1 Introduction

The 73rd Constitutional Amendment Act, 1992, entrusted Panchayati Raj Institutions (PRIs) with specific powers, functions and responsibilities, with a view to enabling them to function as Local Self Government Institutions (LSGIs). Accordingly, a three tier system of PRIs, comprising Zilla Parishads (ZPs) at the district level, Anchalik Panchayats (APs) at the block level and Gaon Panchayats (GPs) at the village level, were established in the State, with the enactment of the Assam Panchayat Act 1994⁸. In the sixth schedule areas, local governance is vested with the Autonomous District Councils⁹ and the Panchayati Raj System does not exist therein. There are 21 ZPs, 189 APs and 2202 GPs in Assam. As per the 2011 Census, the total population of the State was 3.12 crore, of which the rural population was 2.68 crore (86 per cent).

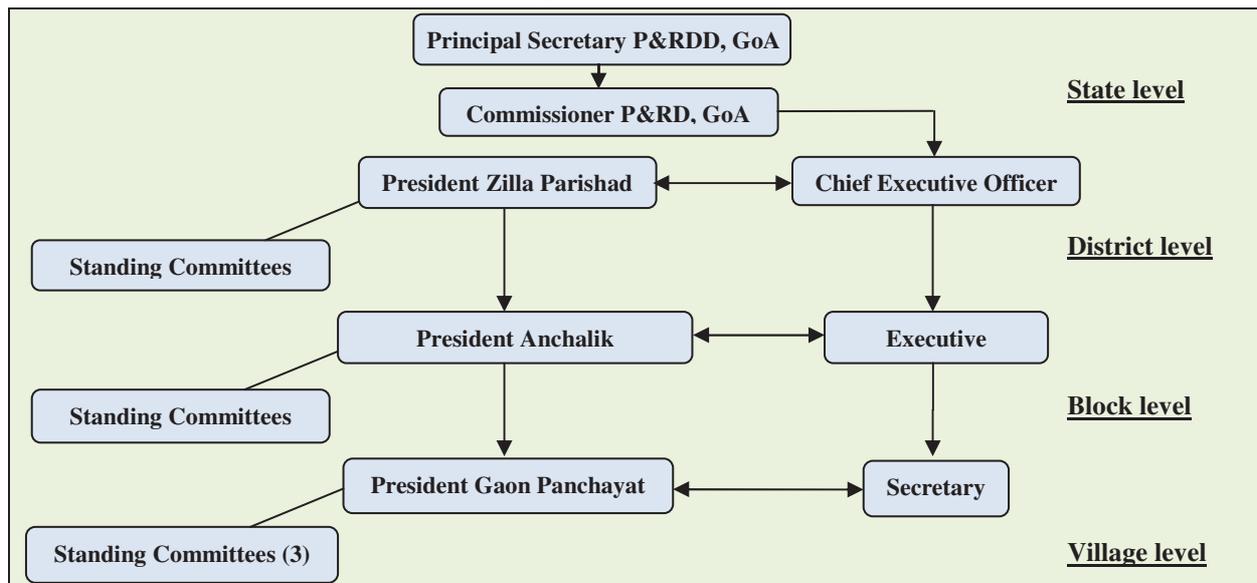
2.2 Organisational set-up

At the State level, the Principal Secretary, Panchayat and Rural Development Department (P&RDD) is the administrative head at the Government level. Principal Secretary, P&RDD is assisted by the Commissioner, P&RD, Assam. The Chief Executive Officer in ZP, Executive Officer in AP and Secretary in GP, report functionally to the respective elected bodies and administratively to their next superior authority in the State Government hierarchy.

The organisational set-up of PRIs in Assam is depicted in **Chart 2.1** below:

⁸ Panchayati Raj System in Assam evolved since 1948 with the enactment of the Assam Rural Panchayat Act, 1948.

⁹ Karbi Anglong, North Cachar Hills and Bodoland Territorial Autonomous District.

Chart: 2.1 Organisational set-up of PRIs

Note: Number of standing committees is prescribed in AP Act, 1994.

2.3 Powers and functions of PRIs

The responsibilities of the P&RDD include alleviation of rural poverty; enhancement of rural livelihood through implementation of various programmes and projects; and strengthening of the PRIs.

ZPs, APs and GPs are required to prepare the budget for the planned development of the Districts, Blocks and Villages respectively and utilisation of their resources. Centrally Sponsored Schemes (CSS) viz., Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Indira Awas Yojana (IAY), National Rural Livelihood Mission (NRLM), 12th Finance Commission and 13th Finance Commission and State Sponsored Schemes (SSS) viz., 3rd Assam State Finance Commission, 4th Assam State Finance Commission and District Development Plan (DDP) etc., are also implemented by ZPs, APs and GPs. They are empowered to levy house tax, water tax, user fee for lighting of public places, fee for providing sanitary arrangement, fee for license for Fair and *Melas* and special tax on land and buildings etc. The main functions of PRIs are identification and implementation of various agricultural schemes; development of wastelands, water management, watershed, animal husbandry, fisheries and dairies; promotion of rural and cottage industries; construction and maintenance of village roads, drains and culverts; rural electrification; promotion and development of non-conventional energy sources; implementation of poverty alleviation, public health and family welfare programmes; providing education and rural sanitation; etc.

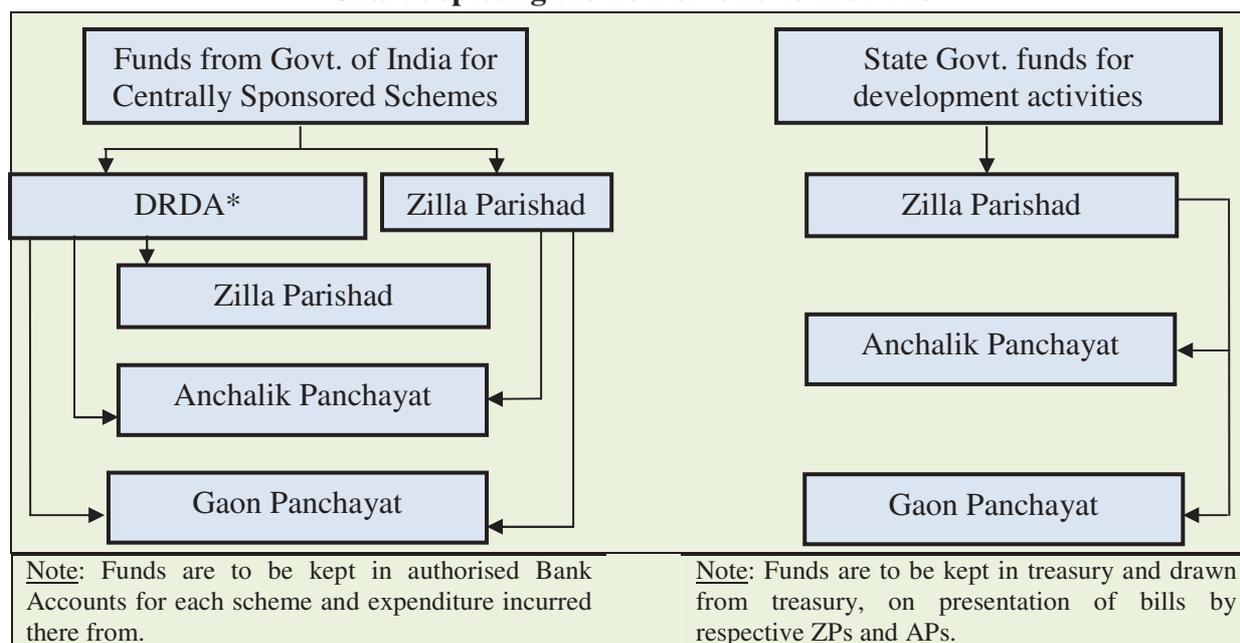
2.4 Funding arrangements

The PRIs' funds consist of money received from the Central Government grants for CSS; State budget funds for plan and non-plan State schemes; assigned tax and non-tax revenues; receipts of ZPs, APs and GPs; and interest on investments etc.

Both the Central and State share in respect of schemes implemented by PRIs and Grants-in-Aid under the Central and State Finance Commissions are released either directly to the PRIs or through the controlling Department, as shown in the **Chart 2.2** below:

Chart 2.2

Chart depicting the flow of fund to the PRIs



*District Rural Development Agency is the principal organ at the district level to manage and oversee the implementation of different anti-poverty programmes of the Ministry of Rural Development.

The fund position of the test checked ZPs under different commissions and schemes is detailed in **Table 2.1** below:

Table 2.1: Details of CSS and SSS fund received and expenditure incurred there against by test checked ZPs during 2010-11 to 2014-15

(₹ in lakh)

Name of Zilla Parishad	Name of the scheme/own fund	Opening Balance	Fund received	Interest & other receipts	Total	Expenditure incurred	Closing Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8) (6-7)
Kamrup, Barpeta, Dibrugarh, Cachar, Sonitpur and Nagaon	DDP	4812.65	27328.27	271.28	32412.2	27009.91	5402.29
	4th ASFC	1394.89	12180.10	471.11	14046.10	6933.18	7112.92
	12 th FC	2516.64	571.68	73.19	3161.51	3048.12	113.39
	13 th FC	0	32200.50	433.20	32633.70	25721.53	6912.17

The quantum of available funds and expenditure made there against by the test checked PRIs from their own funds, during 2010-11 to 2014-15, are summarised in **Table 2.2** below:

Table 2.2: Receipt and expenditure under own funds of test checked PRIs during 2010-11 to 2014-15

(₹ in lakh)

Level of PRI	Number of test checked PRIs	OB	Fund received	Interest & other receipt	Total	Expenditure incurred	CB (6-7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ZP	6	145.32	1492.36	26.98	1664.96	1436.43	228.23
AP	17	35.34	447.22	22.67	505.23	453.94	51.29
GP	48	2.01	54.15	2.32	58.48	55.49	2.99

2.5 Audit objectives

The main objectives of this Performance Audit are to assess:

- the extent of devolution of funds, functions and functionaries to the PRIs in the State;
- adequacy and effectiveness of the functioning of PRIs, viz., District Planning Committees, various Standing Committees and Gaon Sabhas, with a focus on manpower management, accounting, budgeting, planning, revenue mobilisation etc.;

- the level of implementation of social sector programmes, asset creation, maintenance, monitoring and coordination amongst different functionaries;
- the efficiency and effectiveness of oversight role of the authorities and internal control procedures and internal audit systems in respect of PRIs.

2.6 Audit criteria

The audit criteria for assessing the implementation of the various developmental programmes/schemes are:

- ❖ Assam Panchayat Act, 1994;
- ❖ Assam Panchayat (Financial) Rules, 2002;
- ❖ Guidelines/Recommendations of the Central and State Finance Commissions;
- ❖ Recommendations of the Central Planning Commission;
- ❖ Guidelines of the concerned programmes/schemes; and
- ❖ Government orders, instructions issued by Central/State Governments.

2.7 Scope of audit

Performance Audit on the working of PRIs in Assam, covering the period from 2010-11 to 2014-15, was conducted between May and August 2015, by test check of records in the P&RDD in the Secretariat and Commissioner, P&RD and six ZPs selected using the 'Probability Proportional to Size Without Replacement (PPSWOR)' method and 17 APs and 48 GPs selected using 'Simple Random Sampling Without Replacement (SRSWOR)' method. The list of selected PRIs is shown in **Appendix VI**.

2.8 Audit Methodology

The Methodology adopted for conducting the PA was as under:

- ❖ Collection and validation of Primary and Secondary data;
- ❖ Collection and consolidation of information from various web sites;
- ❖ Entry conference on 20 May 2015 with the Secretary, P&RD Department and officials from Commissionerate of P&RD, Assam and Finance Department; and
- ❖ Data analysis; scrutiny of records; joint physical verification of works/schemes test checked.

After the conclusion of field audit, the Draft Performance Audit Report was forwarded to Government on 19 December 2015. The audit findings were also discussed in the Exit Conference held on 30 December 2015 with the Joint Secretary, P&RD Department, Assam; Commissioner; Joint Director and other delegates from the P&RD Commissionerate.

Though Commissioner, P&RD forwarded piecemeal replies received from the Implementing Agencies, the replies from the Government were still awaited (December 2015). The Commissioner, P&RD had been requested (January 2016) to furnish a consolidated reply duly vetted by the Government so that it could be incorporated in this Report which was awaited till the time of finalisation of this Report.

2.9 Acknowledgement

Accountant General (Audit) Assam acknowledges the cooperation and assistance extended by the Principal Secretary, P&RDD, the Commissioner P&RD, CEOs of ZPs, EOs-cum-BDOs

of APs and Secretaries of GPs and all other office staff of the concerned offices during the course of conducting this audit.

Audit Findings:

2.10 Devolution of Funds, Functions and Functionaries to the PRIs

2.10.1 Devolution of funds

After the enactment of the 73rd Constitutional Amendment Act 1992, the Governor of Assam, in pursuance of the provision of Articles 243-I of the Constitution of India, read with Section 2(1) of the Assam Finance Commission (Miscellaneous provision) Act, 1995, had constituted four State Finance Commissions. The State Finance Commissions were constituted with the purpose of making recommendations on taxes, duties, fees and tolls to be assigned to and appropriated by the PRIs. In exercising the powers entrusted upon the SFCs to make recommendations on the devolution of funds, allocations recommended by the SFCs and funds released by the Government of Assam, are indicated in the **Table 2.3** below:

Table 2.3: Devolution of Fund to PRIs

(₹ in crore)

Year	Net collection of the State Government	Amount to be devolved	Additional devolution	Total	Actual release to PRIs	Short release
1	2	3	4	5	6	7 (5-6)
2010-11	5929.84	716.69	92.79	809.48	119.43	690.05
2011-12	7638.23	222.94	-	222.94	191.62	31.32
2012-13	8250.21	243.22	-	243.22	104.42	138.80
2013-14	6545.09	719.93	-	719.93	158.23	561.70
2014-15	7265.05	798.94	-	798.94	298.83	500.11

Source: Information furnished by the Director of Finance (EA) Assam.

Thus, due to short release of fund, the PRIs could not implement various welfare activities for the overall economic development.

2.10.2 Devolution of Functions and Functionaries

The 73rd Constitutional Amendment envisaged that all 29 functions, alongwith funds and functionaries mentioned in the XIth Schedule of the Constitution of India, would eventually be transferred to the PRIs, through suitable legislations of the State Government. As on 31 March 2015, the State Government had issued orders for devolution of only seven functions out of 23¹⁰ functions to PRIs. Comments were made in earlier Audit Reports also regarding functions and functionaries not being transferred. The GoA accepted (February 2014) the recommendation of 4th ASFC for transfer of all activities listed in Schedule XI to the PRIs at the appropriate level, along with funds and functionaries; but no action in this regard had been taken as of December 2015. The Commissioner, P&RD, Assam stated (December 2015) that due to shortage of manpower, the Funds, Functions and Functionaries could not be transferred. Further, it was also stated that after improvement of the manpower position, all the functions and functionaries would be transferred.

The reply is not satisfactory as no time frame has been fixed for the same. Thus, due to delay in devolution of functions and functionaries, the PRIs were unable to evolve into full-fledged Local Self Government Institution and function efficiently for socio-economic development of rural people.

¹⁰Out of 29 subjects listed in the XIth schedule, Assam has prepared the activity mapping document for 23 subjects only.

2.11 Functioning of PRIs

2.11.1 Constitution of District Planning Committee and preparation of District Plan

As per Article 243 ZD of the Constitution of India (74th Amendment) and Section 3 of the Assam Panchayat Act (APA), 1994, each district shall have one District Planning Committee (DPC) to consolidate the 'Plans' prepared by ZPs, APs and GPs in the District and to prepare a District Plan, based on the plans of APs and GPs in the District. Although the State Legislature passed the APA, 1994, the GoA took almost nine years for issuing (4th January, 2004) formal instructions for constitution of DPC.

No Vision Document/Perspective Plans were prepared at any levels of PRIs. Although the ZPs prepared the year-wise Annual Action Plans for the years from 2010-15 under various programmes, no consolidated District Plans were prepared in advance for the concerned financial years. The ZPs sought works/schemes *etc.*, from the grass root levels as and when the funds were available. However, these schemes were approved by the DPCs at subsequent dates. As per guidelines for preparation of District Plans, a technical support group was to be constituted in each district for assisting the DPC. However, no technical support group was seen to be in existence for assisting the DPCs, except for the nomination of a technical person in Nagaon district. The contribution of this technical person was also not available on records.

In the absence of Vision Document, Perspective Plans and consolidated District Plan, the schemes were selected without considering the actual requirements at the grass root level. This resulted in lack of integration of programmes meant for individual and community development schemes for the overall development at grass root level.

2.11.2 Flaws in planning of District Development Plan (DDP) scheme

Para 6.1 of the guidelines for preparation and implementation of District Development Plan, issued by Planning & Development Department (P&DD), GoA stipulate that each plan document should comprise of specific topics *viz.*, Background of the District; Resource Inventory; Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis and identification of critical gaps; Summary of objectives/benefits expected to be achieved from the schemes; Schematic details including time and cost schedules; and Women and girl child development programmes.

Scrutiny of the District Development Plans (DDPs) for the years 2010-11 to 2014-15, in respect of six test checked districts revealed that none of the districts incorporated the above topics in their District Development Plans. Instead, schemes were chosen without taking into consideration the factors pointed out in the guidelines, thereby failing to ensure the incorporation of topics related to planned socio-economic and infrastructural development in the DDPs.

2.11.3 Short allocation for agriculture and allied sector under DDP

Paras 1.1, 1.3 and 4.9 of the guidelines for preparation and implementation of District Development Plans issued (February 2006) by the GoA, stipulate that 10 *per cent* of the total fund released shall be mandatorily earmarked for schemes to be taken up for Agriculture. Further, the plan would address the problems of (i) low agricultural productivity,

(ii) unemployment; and (iii) filling the critical gaps in physical and social structures in the districts. However, it was found that in four districts, there were short allocation of funds by ₹ 1220.44 lakh, for agriculture and allied sectors as shown in the **Table 2.4** below:

Table 2.4: Short allocation in agriculture

(₹ in lakh)

Year	Name of the District	Allocation of fund	Funds to be allocated for agriculture and allied sectors (10 per cent of allocation)	Funds actually allocated for Agriculture and allied sectors	Shortage (4-5)
(1)	(2)	(3)	(4)	(5)	(6)
2010-15	Sonitpur	4404.36	440.44	143.59	296.85
2010-15	Nagaon	6180.30	618.03	144.39	473.64
2010-15	Barpeta	3719.30	371.93	238.09	133.84
2010-15	Dibrugarh	3161.14	316.11	Nil	316.11
	Total	17465.10	1746.51	526.07	1220.44

As such, the mandatory allocation for agriculture and allied sectors was not made, resulting in a lower availability of funds for increasing agricultural productivity. Had the mandatory allocation for agriculture been made in full, the fund could have been utilised for higher agricultural productivity. Accepting the audit observations on short allocation for agriculture and allied sector under DDP, the Commissioner stated that necessary steps would be taken for proper implementation of the schemes for agriculture as per relevant provisions.

2.11.4 Standing Committees

Sections 22, 52 and 81 of the Assam Panchayat Act, 1994 stipulate that PRIs shall constitute Standing Committees (SCs) to perform functions assigned under the Act. Details of constitution of the SCs and their roles and responsibilities are given in **Appendix-I**.

However, records of the test checked PRIs revealed that, except for the General Standing Committee, other Committees viz., Finance and Audit Committee, Social Justice Committee and Planning and Development Committee did not meet regularly and remained almost inactive in most of the test checked PRIs. The position of meetings held during 2010-15 by various Committees in the test checked ZPs are shown in **Table 2.5** below:

Table 2.5: Detail of meetings held by various committees in test checked ZPs for the year 2010-15

Name of District	General Standing Committee	Finance, Audit & Planning Committee	Social Justice Committee	Planning & Development Committee
Kamrup	21	5	3	3
Cachar	11	-	-	-
Sunitpur	21	5	12	15
Dibrugarh	15	6	2	1
Nagaon	26	5	5	5
Barpeta	15	-	-	-

Further, scrutiny of records of test checked PRIs revealed that SCs were not functioning in 11 out of 17 APs, and none of the 48 GPs had constituted any SCs.

SCs not functioning regularly was indicative of hampered preparations of budgets; policies for revenue-augmentation; evaluation of developmental programmes; promotion of educational, economic, social, cultural and other interests of SC/ST and Backward classes; and planning, survey and evaluation of activities related to Education, Health, Hospitals, Water supply, Family welfare, Agricultural production *etc.*

2.11.5 Gaon Sabha

The Gaon Sabha (GS) is the highest grass root-level decision taking body in the PRIs. The GSs are required to play a vital role with regard to the selection of needs and priority based development activities in their localities, as well as identification of beneficiaries for such schemes. Section 4 of the AP Act, 1994 envisages that GSs shall meet from time to time but a period of three months shall not intervene between any two meetings.

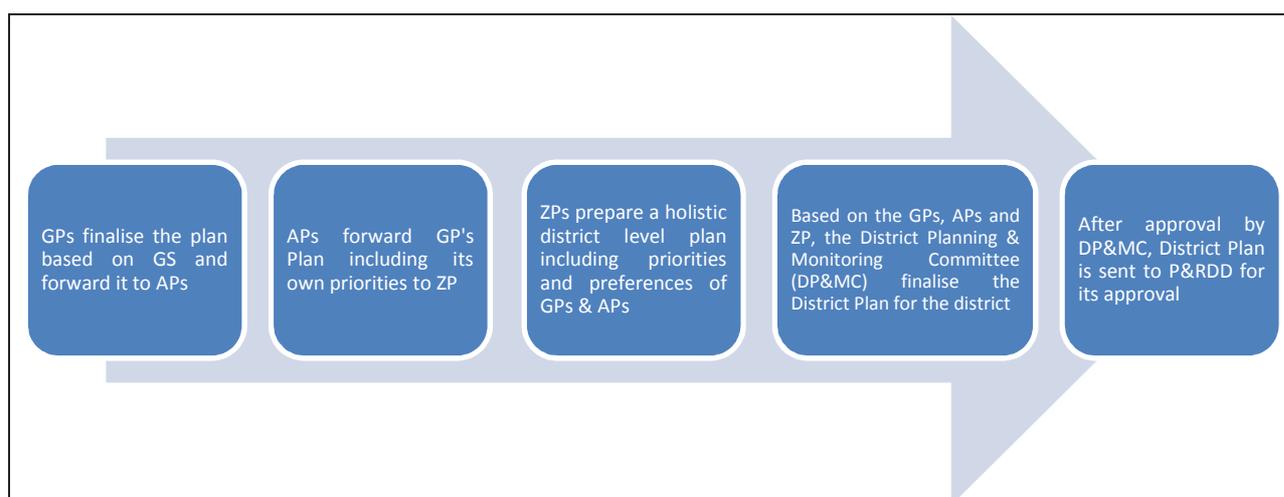
It was seen that only five PRIs¹¹ conducted GS meetings as prescribed (i.e. four GS meetings in a year), whereas five PRIs¹² did not conduct any GS meeting during 2010-11 to 2014-15. In the remaining 38 PRIs though GS meetings were held it was very insignificant ranging from minimum one (in Khorasimolu GP) to maximum 17 (in Pacharia GP) as detailed in **Appendix-VII**.

Thus, inadequate holding of the GS led to a number of flaws in the development activities of the PRIs *viz.*, selection of beneficiaries and implementation of schemes *etc.*, as elaborated in the succeeding paragraphs.

2.11.5.1 Implementation of scheme without approval of Gaon Sabha

The process of preparation and approval of District Plans is depicted in the **Chart 2.3** below:

Chart 2.3: Chart depicting the process of approval of District Plan



Test check of records of 21 PRIs¹³ (6 ZPs and 15APs) revealed that the respective CEOs of the ZPs & EOs of the APs had received ₹40.82 crore under the 13th FC for the period 2010-15, out of which expenditure of ₹38.03 crore was incurred in implementing 1759 schemes. However, the implemented schemes had been taken up without consulting the concerned Gaon Panchayat and without being approved in Gaon Sabha Meetings. Thus, the actual requirement of the scheme at the grass root level was ignored during preparation and approval of District Plan.

¹¹Parlli Hudumpur 106-No GP, Rangajan GP, Nandapur GP, Gobindapur GP and Sonapur Ruvi GP.

¹²Sat Taluk GP, Madhura GP, Mansiri GP, Dekargaon GP and Tinsuti GP.

¹³Kamrup ZP, Chhaygaon AP, Sualkuchi AP, Cachar ZP, UdharBand AP, Narsingpur AP, Sonitpur ZP, Balipara AP, Pub Chariduar AP, Bhagmara AP, Nagaon ZP, Dholphukhari AP, Pakhimoria AP, Kathiatoli AP, Bindakandi AP, Barpeta ZP, Mandia AP, Sarukhetri AP, Dibrugarh ZP, Lahowal AP and Panitola AP.

2.11.6 Manpower management

Rules 2 (a), (b) and (c) of the Assam Panchayat (Administrative) Rules, 2002 stipulate the staffing pattern for ZP, AP and GP.

The position of manpower (as of March 2015) is shown in **Table 2.6** below:

Table 2.6: Detailed position of manpower in test checked PRIs

(in number)				
Level of PRI	Number of PRIs	Sanctioned post	Persons in position	Shortage
ZP	6	158	101	57
AP	17	306	241	65
GP	48	127	66	61
Total	71	591	408	183

Source: Data furnished by concerned PRI units.

It may be seen from the above table that in all test checked PRIs, there were shortages of manpower at all levels of the PRIs. Shortages of manpower adversely affected the day-to-day activities in the PRIs. Moreover, services of GP Secretaries were utilised in other Government activities, such as activities related to implementation of the National Food Security Act and updating of the National Register of Citizens (NRC). This resulted in deficiencies in most of the assigned activities like preparation of budget, maintenance of records, bank reconciliation and analysis of closing balances *etc.* Accepting the audit observation, the Commissioner stated (December 2015) that since the updating of NRC was instructed by Supreme Court, PRI staff including contractual staff were engaged for updating of NRC on top priority which affected the regular works of the PRIs.

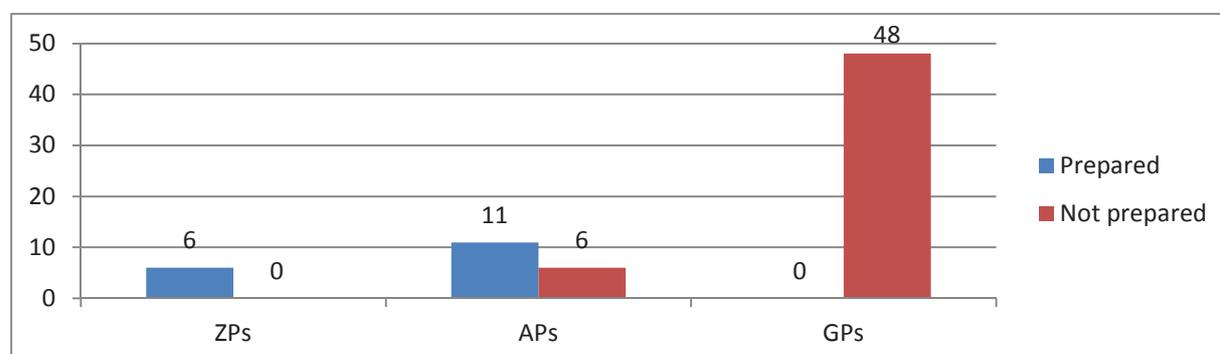
2.12 Financial Management

2.12.1 Budget

The Assam Panchayat Act, 1994, embodied the procedural requirement for the preparation of Budget proposals, including submission and approval of detailed estimates of income and expenditure expected for the particular financial year for the PRIs. Budget proposals for the PRIs are required to be prepared by the concerned Standing Committees.

Records of 71 test checked PRIs (six ZPs, 17 APs and 48 GPs) revealed that all GPs and six APs¹⁴ had not prepared their budgets for the years 2010-11 to 2014-15, as depicted in **Chart 2.4** below:

Chart 2.4: Chart depicting the status of preparation of budget by PRIs



Though 11 APs had prepared budgets, they were limited only to their own funds. Although six test checked ZPs stated that they had prepared their own Annual Budgets, none of the

¹⁴Sualkuchi AP, Chayani Bardua AP, Udharband AP, Silchar AP, Binnakandi AP and Sarukhetri AP.

units could produce their approved budgets to Audit. As per the AP Act, no expenditure shall be incurred unless the budget is approved by the competent authority. However, PRIs spent funds irrespective of approval of their budgets, resulting in incurring of unplanned expenditure and absence of monitoring and control over their sources of revenues.

2.12.2 Delay/short release of fund to AP and GP

As per Para 4.2 of the 13th FC Guideline, funds must be transferred within the stipulated number of days *i.e.* five days of receipt from the Central Government in case of States with easily accessible banking infrastructure and 10 days in case of States with inaccessible banking infrastructure.

Scrutiny of records of test checked ZPs revealed that there was delay in release of fund, ranging from 12 days to 304 days and short release of funds to the tune of ₹ 299.12 lakh, as detailed in Table 2.7 below.

Table 2.7: Delay/Short release of fund by ZP to APs/GPs

(A) Delay in release of fund to APs/GPs				
Name of the PRI	Year	Amount released (₹ in crore)	Delay in days	
			Minimum	Maximum
Kamrup ZP	2010-11(1 st inst) to 2014-15(2 nd inst)	27.11	66	142
Cachar ZP	-do-	6.15	89	90
Sonitpur ZP	-do-	24.70	12	304
Nagaon ZP	-do-	33.90	13	128
Barpeta ZP	-do-	29.91	13	116
Dibrugarh ZP	-do-	20.66	44	203
(B) Short release of fund to APs/GPs				(₹ in lakh)
	Year	Fund received	Fund released	Short released
Kamrup ZP	2010-11 (1 st inst) to 2011-12 (2 nd inst)	1093.03	1063.91	29.12
Cachar ZP	2012-13(2 nd inst)	357.42	305.06	52.36
Sonitpur ZP	2010-11(1 st inst) to 2013-14 (1 st inst)	2668.12	2470.48	197.64
Dibrugarh ZP	2010-11 (1 st inst)	353.32	333.32	20.00
			Total	299.12

This affected the smooth implementation of the schemes as shown in subsequent paras. Accepting the audit observation, the Commissioner stated (December 2015) that the delay in release of fund was due to shortage of manpower, but the ZPs had already transferred the funds to the APs & GPs. However, the Commissioner could not provide any evidence in support of his reply.

2.12.3 Short release of proportionate share to APs and GPs

The Assam Panchayat Act, 1994, stipulates that revenue collected from *Hats*¹⁵/*Ghats*¹⁶/ Fisheries should be distributed amongst ZPs, APs & GPs in the ratio of 20:40:40 respectively. However, test check revealed that Dibrugarh ZP and Pub-Choiduar AP did not release their proportionate shares amounting to ₹ 89.08 lakh and ₹ 10.05 lakh respectively to the other tiers of PRIs.

Accepting the audit observation, the Commissioner stated that the proportionate share could not be released in time due to manpower constraint.

¹⁵ Temporary markets operated weekly or bi-weekly.

¹⁶ Its place on the river bank from where boats and ferries carry goods and passengers.

2.12.4 Blockade of fund

Test check of records revealed that due to delay in release of funds to the PRIs and delay in settlement of land cases, various construction works could not be carried out. This resulted in funds amounting to ₹467.23 lakh remaining unutilised since 2011-12 and blocked for more than three years (from 2011-12 to 2014-15), as detailed in **Table 2.8** below.

Table 2.8: Position of funds remaining unutilised since 2011-12 (as on August 2015)

(₹ in lakh)

Sl. No.	Name of ZP	Name of scheme	Unutilised fund as on 31/03/2015	Remarks
1	Barpeta ZP	12 th FC	12.30	The five year span (2005-10) of the 12 th FC expired in March 2010. However, funds remained unutilised due to delayed release, resulting in unnecessary parking of funds.
2	Dibrugarh ZP	-do-	7.21	
3	Kamrup ZP	-do-	107.87	
4	Sonitpur ZP	-do-	29.12	
5	Nagaon ZP	-do-	14.53	
6	Barpeta ZP	4 th ASFC	114.90	Due to delay in settlement of land cases, funds meant for construction of a multipurpose hall for APs, new office building of APs and GPs, extension of APs and GPs building and construction of staff quarters for APs & GPs <i>etc.</i> , remained blocked.
7	Kamrup ZP	-do-	56.30	Funds remained unutilised as no specific action was initiated for arranging land for construction of Secretary and Grade-IV Quarter during April 2012 to June 2015.
8	Kamrup ZP	-do-	125.00	Funds remained blocked as no specific action was initiated for arranging land for the construction of ZP office building and construction of a Multipurpose Hall at Bezera could not be started.
			467.23	

Blockade of fund hampered the progress of work and completion of work in due time. Accepting the audit observation, the Commissioner stated that due to shortage in number of Junior Engineers (JEs), plan and estimates could not be submitted in time.

2.12.5 Utilisation Certificates not submitted

Rule 517 (Appendix-16) of the Assam Financial Rules provides that every grant made for a specified object is subject to the implied condition that the grant shall be spent on the object within a reasonable time and any portion of the grant not required for expenditure, duly surrendered to the Government. The Utilisation Certificates (UCs) for Grants for specific purposes should be obtained by the administrative departments from the grantees in time and forwarded to the Accountant General after due verification within a reasonable time.

Test check of records of Commissionerate, P&RD revealed that a total amount of ₹805.43 crore was disbursed to the Chief Executive Officers of the respective Zilla Parishads of six test checked districts (Barpeta, Cachar, Dibrugarh, Kamrup, Nagaon and Sonitpur) under the 13th CFC, DDP and 4th ASFC for the period from 2010-11 to 2014-15, as detailed in **Table 2.9** below.

Table 2.9: Position of submission of Utilisation Certificates by ZPs**(₹ in crore)**

Sl. No.	Name of the Scheme	Year	Fund release to ZPs	UCs submitted by ZPs	UCs not submitted by ZPs
1	13 th CFC	2010-14 ¹⁷	353.40	240.96	112.44
2	DDP	2010-15	270.14	210.09	60.05
3	4 th ASFC	2010-15	181.89	57.95	123.94
Total			805.43	509.00	296.43

Source: Data furnished by Commissionerate (District: Barpeta, Cachar, Dibrugarh, Kamrup, Nagaon, Sonitpur).

However, scrutiny revealed that Utilisation Certificates amounting to ₹ 509.00 crore only in respect of the funds released to the Zilla Parishad could be obtained by the Commissioner, P&RD, Assam from the CEOs concerned.

Not furnishing of Utilisation Certificates indicated poor monitoring by the Department and raised doubts about the achievement of the specific objectives for which the funds were released. Though Commissioner stated that all UCs had since been submitted to the Finance Department, he could not furnish details of submission of UCs.

2.12.6 Maintenance of multiple bank accounts

As per schematic guidelines, a single bank account is required to be maintained for each scheme. However, it was seen that against the norms of maintaining one account for one scheme, 10 of the test checked PRIs maintained multiple bank accounts against single schemes, as depicted in **Table 2.10** below:

Table 2.10: Summary position of maintenance of multiple bank accounts (in number)

Name of the PRI	12 th FC	13 th FC	FASFC	DDP	Own Fund
Kamrup ZP	4	5	2	2	-
Chayagaon AP	-	-	-	2	-
Barpeta ZP	2	5	3	4	-
Cachar ZP	-	3	4	-	-
Panitola AP	2	-	-	-	-
Sonitpur ZP	2	3	2	2	2
Pub Choiduar AP	-	-	-	2	-
Rangajan GP	-	2	-	-	2
Nagaon ZP	-	-	3	-	-
Dhalpukhuri AP	2	2	3	2	-

NB : “ - ” represents single account maintained by the PRIs.

Sources : Information furnished by the PRIs.

Operation of multiple bank accounts against one scheme affected proper monitoring of scheme funds and also increased the risk of misappropriation of schematic funds. Accepting the audit observation, the Commissioner stated (December 2015) that the system of maintaining multiple bank accounts had been stopped. However, he could not provide any evidence for the same.

2.12.7 Irregular drawal of Government money through Self-cheques

Government of Assam, Finance (Budget) Department Order No. BB12/2000/7 dated 14/09/2001 provides for drawing a maximum amount of ₹ 5000 by self-cheque from the bank for day-to-day petty expenses like purchase of Service Postage Stamps, office stationery, postal and departmental meeting expenses *etc.* However, if it is necessary to draw amounts

¹⁷ Position of 2014-15 not furnished by Commissioner P&RD, Assam.

for payments more than the ceiling, payments are required to be made through 'Account Payee' crossed cheques.

In 28 out of 71 test checked PRIs, DDOs drew money amounting to ₹ 25.52 crore from bank accounts, through 1390 self-cheques, for cash payments to suppliers, contractors *etc.* As an example, the Executive Officer, Chayani Borduar AP drew ₹ 1.22 lakh from bank through two self-cheques during July 2010 and June 2011 without any specific purpose and no work was found to have been executed against this amount as per records (till August 2015). Withdrawal of money through self-cheque not only constituted a violation of financial discipline, but also facilitated mis-management/misappropriation of Government money, as was evident from the cases of misappropriation of 13th FC, 4th ASFC and National Social Assistance Programs funds, amounting to ₹ 21.39 crore as reported by the CEO, Cachar ZP, to the Government in April 2015. Accepting the audit observation, the Commissioner stated (December 2015) that it would be ensured that cash withdrawal is stopped at all levels.

2.12.8 Money not accounted in cash book

As per sub-rule 4(a) of Rule 8 of the Assam Panchayat (Financial) Rules, 2002, monthly transactions, whether in cash, by cheque, by draft or by postal order are to be entered in the Cash Book in Form-3 of the Schedule, as soon as they occur.

In Dibrugarh and Barpeta ZP, ₹ 8.27 lakh was drawn from the Bank/ Treasury on various dates, as shown in **Table 2.11** below, but corresponding entries were not reflected in the Cash Books till August 2015, which left open ample scope for pilferage.

Table 2.11: Statement showing drawals not accounted for in the Cash Book

(₹ in lakh)

Sl. No.	Name of PRI	Date of transaction	Fund Name	Nos. of transaction	Drawn from Bank/Treasury
1.	Dibrugarh ZP	5.4.2010 to 23.3.2012	Own Fund	17	6.47
2.	Barpeta ZP	25.7.2013 to 28.3.2015	Own Fund	15	1.81
Total					8.28

Accepting the audit observation, the Commissioner stated (December 2015) that instruction would be issued to all PRIs so that no entry should be left out of Cash Book.

In absence of maintenance of Cash Book, reconciliation of Cash Book with Bank Pass Book was also not possible.

2.13 Revenue Mobilisation

2.13.1 Untapped sources of revenue

The Assam Panchayat Act, 1994 and Assam Panchayat (Financial) Rules, 2002, have assigned eight, seven and six leviable sources of revenue for GPs, APs and ZPs respectively, for augmentation of their own revenues as given in **Table 2.12** below:

Table 2.12: Details of revenue earning sources envisaged for PRIs in the Act/Rules

Gaon Panchayat	Anchalik Panchayat	Zilla Paishad
1. House hold tax @ ₹ 150 and ₹ 250 p.a. for bricks or RCC buildings use for residential or commercial purposes respectively by the owner	1. Tolls on person, vehicle, animal of any class of them at any toll-bar establish by AP	1. Levy tolls in respect of any ferry establish by it under its establishment
2. House hold tax @ ₹ 10; ₹ 50 and ₹ 2,000 p.a. for houses constructed by bamboo thatch, C.I. sheet for residential and business purposes by the owner.	2. Toll on ferry establish by AP	2. Fees on registration of boats and vehicles
3. Tax on trade, callings, manufacture and production @ ₹ 350 p.a.	3. Surcharge of the land revenue at prescribed rate	3. Fee providing sanitary arrangement at such places of worship or pilgrimage, fairs and melas
4. An additional stamp duty @ 1 admission of	4. Cess or water rate recovery of cost of minor irrigation within the AP's jurisdiction	4. Fee for licences for fair and melas
	5. Tax on supply of water and lighting	5. Lighting charge where arrangement are made for lighting public street
	6. Tax on profession, trades, manufacturer and production within AP's jurisdiction	6. Water charge where arrangement of water supply were made

<p>each entertainment</p> <p>5. Fee ₹ 2.00 per diem for providing sanitary arrangement at places work, pilgrimage, fairs or melas</p> <p>6. Water tax ₹ 10 and ₹ 20 p.a. for arrangement of drinking and use for irrigation (per <i>Bigha</i>) purposes</p> <p>7. Light tax not exceeding @ ₹ 10 per point p.m. on arrangement of street light</p> <p>8. Conservancy tax not exceeding @ ₹ 100 and ₹ 50 per occasion for arrangement of cleaning private latrine and urinal respectively.</p>	<p>7. Fees on cinema hall, bricks or tile kilns, saw mills, timber depot, rice mill and hullers, fairs, confectionery and bakery, Pvt. Fisheries and vegetable garden used for commercial purpose.</p>	
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However, due to inaction on the part of the Elected Bodies and lack of pursuance at the Government level, PRIs failed to levy/impose taxes on the items envisaged in the Act and Rules. As of date, the revenues of PRIs were derived mainly from lease/*Kist*¹⁸ money of *Hats/Ghats/Bazars* only. Due to certain deficiencies and laxity on the part of the authorities, available revenues could not be collected in a timely and proper manner, resulting in sustained losses to the PRIs.

It was seen that only Nagaon ZP had prepared (March 2015) Taxation Bye laws where rates of taxes for various items were mentioned. However, these bye laws were yet to be implemented.

2.13.2 Loss of revenue

2.13.2.1 Household Tax

As per Rule 41 (2) (iii) of the Assam Panchayat (Financial) Rules, 2002, the Gaon Panchayat may impose taxes, fees, cess within the local limit of its jurisdiction, subject to approval of the concerned Zilla Parishad. The rate of taxes for Assam Type house with Corrogated Iron (CI) Sheets, used for purpose other than business, was ₹ 50 per annum. However, scrutiny of records of 48 test checked GPs revealed that the GPs did not impose Household Tax on 105997 houses having CI sheets roofing. Had the house hold tax been imposed, a sum of ₹ 2.65 crore¹⁹ could have been collected during the period 2010-11 to 2014-15 as detailed in **Appendix-VIII**.

Accepting the audit observation, the Commissioner stated (December 2015) that the amounts of household taxes were very less and tax collectors were not available in every GP. In this connection a committee was formed viz., Purkayastha Committee which had already submitted the model for collection of taxes in respect of APs and GPs.

2.13.2.2 Lease of *Hats, Ghats* and Fisheries

Scrutiny of records of Nagaon ZP revealed that the ZP suffered a loss of ₹ 2.52 crore as highest bid values offered by the bidders for lease of *hats, ghats* and fisheries were not accepted. Further, 195 *hats, ghats* and fisheries were not leased out during the period 2010-11 to 2014-15 by four²⁰ APs, resulting in loss of revenue to the tune of ₹ 0.74 crore.

The Commissioner stated that the bid of the highest bidders were not accepted as the bid values were very high and it was apprehended that the bidders may not be able to collect such high amount. The reply is not tenable because as per norms highest bidder is to be awarded

¹⁸ *Kist* money means instalments to be paid by the lessees for lease amount of Hat/Ghat/Fisheries.

¹⁹ 105997X ₹50X5 yrs= ₹26499250 = ₹2.65 crore.

²⁰ Pub Chaiduar AP, Pakhimora AP, Mandia AP, Panitola AP.

the bid. Moreover, rates of revenue to be collected from the respective shops/vendors were already fixed by the Government in November 2011 and the bidders cannot legally charge higher rates of revenue from the public.

2.13.3 Short collection of Revenue

2.13.3.1 Kist money

Sub-Rules 14 and 15 of Rule 47 of the Assam Panchayat (Financial) Rules, 2002 stipulate that Panchayats are required to recover the *kist* (Instalment) money from the lessees in due time. Scrutiny of records of the test checked PRIs revealed that there was short collection of *kist* money of ₹3.63 crore by 12 PRIs as shown in **Appendix-IX**. Thus, due to short collection of *kist* money, revenue could not be augmented to that extent.

The Commissioner stated that some of the amount had been collected and for the remaining amounts, *bakijai*²¹ process would be initiated. However, the commissioner could not provide the details of recovered *kist* money.

2.13.3.2 Room rent

Scrutiny of records of the selected PRI units revealed that an amount of ₹7.04 lakh towards room rent was outstanding for the period 2010-11 to 2014-15, in respect of four PRIs, but no effective steps were taken by the concerned authorities to realise the same, as detailed in **Table 2.13** below:

Table 2.13: Details of outstanding room rent during 2010-15

(₹ in lakh)					
Sl. No.	Name of the unit	No. of rooms	Room rent due	Room rent collected	Room rent outstanding
1	Kamrup ZP	10	6.38	4.93	1.45
2	Chayagaon AP	29	3.51	1.06	2.45
3	Cachar ZP	10	5.37	2.49	2.88
4	Balipara AP	35	4.54	4.28	0.26
Total			19.80	12.76	7.04

2.13.4 AVAT not deducted

As per the provisions of section 47 of the Assam Value Added Taxes Act, 1993, which came into force *w.e.f.* 01.5.2005, all Drawing and Disbursing Officers (DDOs) of Government departments and Government Undertakings are to deduct AVAT at source. Scrutiny of records of the test checked PRIs revealed that six PRIs failed to deduct the applicable VAT while making payments for procurement of material, as shown in **Table 2.14** below.

Table 2.14: Details of AVAT not deducted

(₹ in lakh)				
Sl. No.	Name of unit	Name of scheme	Expenditure incurred on material bill	Amount of VAT not deducted
1	Barpeta ZP	12 th & 13 th FC	6.90	0.66
2	Lahowal AP		21.40	1.07
3	Panitola AP		9.14	0.99
4	Sonitpur ZP	13 th FC	587.31	29.36
5	Pub Chaiduar AP		57.95	2.90
6	Pakhimoria AP		34.81	1.74
Total				36.72

²¹ *Bakijai* means a legal process of issuing notices to the defaulters for recovery of outstanding dues.

Thus, in the test checked PRIs, AVAT amounting to ₹ 36.72 lakh were not deducted from the bills by the concerned offices, at the time of payment of bills, resulting in loss of revenue to that extent, to the Government. Though the Commissioner stated that the objected AVAT had been deducted by some PRIs, the proof in support of the deduction could not be provided.

2.13.5 Revenue not generated due to completed projects not handed over

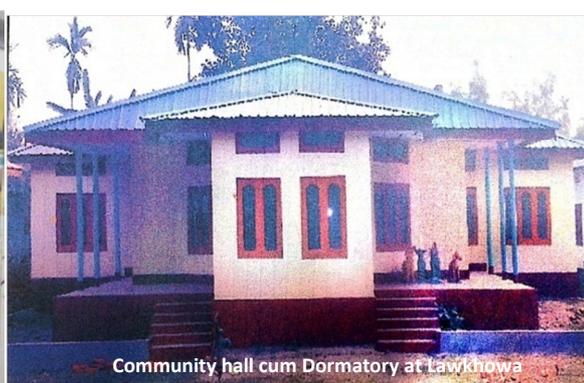
The State and Central Governments provide substantial financial assistance to the PRIs for taking up public programmes and services. The APs and GPs are empowered to levy and collect taxes like property tax, professional tax, entertainment tax and fees like license fee on the business establishments located within their jurisdictional area. The grants received and revenues so mobilised are to be utilised for developmental activities and local administration of the area.

Scrutiny of records of the test checked PRIs revealed that the supervision and monitoring of schemes was found to be inadequate, affecting their successful implementation and mobilisation of revenue from them, as shown in **Table 2.15** below:

Table 2.15: Statement showing details of revenue not generated by PRIs

Sl no	Period	Topic	Scheme	PRIs involved	Cost of the project (₹ in crore)	Reasons
1	2011-13	Staff quarters not handed over	4 th ASFC	2	4.99	Staff quarters (Gr III & IV) were constructed by Sonitpur and Nagaon ZP but the completed quarters were not handed over to the APs resulting in consequential loss of government revenue in the form of license fee & HRA.
2	2011-15	Projects not handed over	13 th FC	4	58.52	672 completed projects ²² by four ZPs ²³ were not handed over to concerned authority.
3	2010-14	Schemes not leased	13 th FC	9	2.08	Nine PRIs (1 ZP and 8 APs) ²⁴ failed to lease out 40 completed projects valuing ₹ 2.08 crore.
Total				15	65.59	

The above table shows that ₹ 65.59 crore was spent by 15 PRIs under two schemes, but they failed to generate any revenue from it, as they were not handed over or leased. The following photographs depict a few completed projects, lying unused due to not handing over or lease not done.



²² 28 Market sheds, 489 Community halls and 155 cremation and burial grounds.

²³ Kamrup, Cachar, Sonitpur and Nagaon ZP.

²⁴ Nagaon ZP, Sualkuchi, Narsingpur, Udharband, Balipara, Bhagmara, Pub-Chaiduar, Kathiatoli and Dhalpukhuri APs.

2.14 Implementation of Social Sector programmes

2.14.1 Doubtful expenditure

In 17 test checked PRIs, an amount of ₹6.38 crore was incurred by authorities during the period 2010-15 for implementation of various schemes. However, the expenditure incurred was doubtful as basic provisions of scheme guidelines were not followed; evidence for execution of works was not furnished; revenue data (status of collection of year-wise revenues) against implementation of income generating schemes was not furnished; huge quantity of materials were procured and distributed without inviting tenders; and stock registers were not maintained, as detailed in **Table 2.16** below:

Table 2.16: Instances of doubtful expenditure

Year	Names of PRI	Name of Scheme	Amount (₹ in lakh)	Remarks
2010-15	1.Kamrup ZP, 2.Pub Choiduar AP, 3.Baghmara AP, 4.Kathiatoli AP 5.Pakhimoria AP	13 th Finance Commission	343.22 ²⁵	Expenditure incurred by five PRIs on implementation of income generating schemes, together with schemes for other purposes, including Administrative expenses, during the period 2010-15. However, PRIs failed to produce basic records viz., Work order, Measurement Books (MBs), vouchers Actual Payees Receipt (APR), Photographs etc., relating to execution of scheme.
2010-15	Chaygaon AP	DDP	2.50	Amount was incurred for earth filling work on "Improvement of Chand Sadagar's Merghar Compound" by the Executive Officer, Chayagaon AP, during 2011-15. However, the PRI failed to produce basic records (viz., Work order, MBs, vouchers, Muster Rolls (MRs), APRs, Photographs of the site before and after execution etc.), relating to execution of the scheme.
2011-15	Jurirpar GP	DDP	8.90	Amount was spent for installation of Hand Tubewell (HTW) by the GP. However, Asset Register, Schematic Ledger were not maintained by the GP and exact location and installation report was not produced to audit.
2010-15	Kamrup ZP, Sonitpur ZP and Balipara AP	DDP	227.31	Procurement and distribution of spray machines, sewing machines, mosquito nets, rickshaws, HTWs, weaving machines, cotton yarns, Broiler, Piggery, Fish, Power Tillers, bi-cycles etc., and construction of Dairy Farm, Grocery Shop, Banana Garden, were carried out by Kamrup ZP, Sonitpur ZP and Balipara AP, involving ₹99.33 lakh, ₹120.83 and ₹7.15 lakh respectively. However, NITs, CSs, Supply orders, invoices, Delivery challans, Bills, Vouchers, APRs, etc., were not produced to audit by any PRI.
2010-12	10 ²⁶	12 th FC	56.39	Expenditure incurred for installation of HTW, Ring Well and Low cost Sanitary Latrine but necessary vouchers/APRs, exact location and installation report, were not produced to audit by any PRI.
Total	17		638.32	

²⁵ Kamrup ZP : ₹96.50 lakh, Pub Chayduar AP : ₹68.96 lakh, Baghmara AP : ₹41.08 lakh, Kathiatoli AP : ₹98.88 lakh and Pakhimoria AP : ₹37.80 lakh.

²⁶ Laskarpathar GP, Nandpur GP, Jurirpar GP, Sonapur GP, Bortamuli GP, Madura GP, Balipukhuri GP, Udharband AP, Chaygaon AP and Narsingpur AP.

Accepting the audit observation, the Commissioner stated (December 2015) that the matter would be verified and would be taken more seriously in future.

2.14.2 Inadmissible expenditure

Scrutiny of records of test checked PRI units revealed that 67 PRIs had incurred expenditure amounting to ₹18.02 crore, for the implementation of 1148 schemes during the year 2010-15, beyond the provision of scheme guidelines and related standing orders, as detailed in Table 2.17 below.

Table 2.17: Statement showing instances of inadmissible expenditure incurred by PRIs

Sl. No.	Name of scheme	Execution year	No. of inadmissible schemes	Nos. of PRIs involved	Amount involved (₹ in crore)	Remarks
1	DDP	2010-15	664	21	9.72	As per DDP guidelines, funds should be allocated only for new schemes. However, instead of taking on new works, the PRIs undertook 664 works related to improvement, development, repairing or renovation <i>etc.</i> , of existing schemes.
2	DDP	2010-15	469	41	6.90	As per DDP guidelines, fund should not be used for construction or renovation of administrative buildings, Establishment costs/salaries, construction of religious institutions <i>etc.</i> However, the PRIs constructed/renovated office buildings, schools, libraries, temples, mosques, cremation grounds <i>etc.</i>
3	12 th , 13 th , & 4 th ASFC	2010-15	11	4	1.05	The schemes implemented by the PRIs were beyond the purview of scheme Guidelines and orders.
4	4 th ASFC	2011-12	4	1	0.35	The schemes implemented by the PRIs were beyond the purview of scheme Guidelines and orders.
Total			1148	67	18.02	

The schemes being not implemented as per scheme guidelines and orders resulted in the targeted beneficiaries being deprived of the benefits contemplated under the schemes.

Accepting the audit observation, the Commissioner stated (December 2015) that the matter would be verified and would be taken more seriously in future.

2.14.3 Unauthorised Expenditure

In 26 test checked PRIs, it was found that an amount of ₹338.49 lakh was incurred without the approval of the competent authorities, resulting in unauthorised expenditure, as detailed in Table 2.18 below:

Table 2.18: Statement showing instances of unauthorised expenditure

Period	Number of PRI	Name of scheme	Value (₹ in lakh)	Remarks
2011-12	1	4 th ASFC	80.00	Dibrugarh ZP executed 21 schemes departmentally against 19 approved schemes. Further, eight schemes out of 21 schemes involving ₹80.00 lakh were not approved by the general body as detailed in Appendix-X .

2010-15	12	13 th FC	35.11	5 APs & 7 GPs ²⁷ incurred unauthorised expenditure on construction/repair work of AP & GP Offices, deviating from the four core services like drinking water, sewerage, storm drainage and solid waste management.
2010-15	1	13 th FC	172.00	CEO, Cachar ZP incurred ₹ 1.72 crore, out of ₹ 6.56 crore, for construction of 8 market sheds and 9 cremation and burial grounds, without obtaining approval from the GoA for changing the site.
2012-14	1	13 th FC	28.40	CEO, Cachar ZP short credited ₹ 13.40 lakh (out of ₹ 1 crore) in the programme account. Further, ₹ 15 lakh released to two Junior Engineers, for construction of two market sheds, was unauthorisedly utilised for construction of market sheds at different places, which also remained incomplete and abandoned.
2010-15	11	13 th FC	22.98	EOs and Secretaries of 3 APs and 8 GPs ²⁸ unauthorisedly incurred expenditure on contingencies and installation of Hand Tube Wells instead of construction of roads and drains, income generating schemes, database and maintenance of accounts, as shown in Appendix-XI .
	26	Total	338.49	

Accepting the audit observation, the Commissioner stated (December 2015) that the matter would be verified and would be taken more seriously in future.

2.14.4 Irregularities in purchase of materials

Government of Assam (GoA), Finance Department's OM No: FEC(I) 10/2009/2 dated 11 August 2010 stipulates that open tenders are to be invited by Government departments for purchase of any item or stores involving public funds of ₹ 50000 and above, for which agencies of GoA may also participate.

Test check of records revealed that six²⁹ PRIs drew ₹ 3.39 crore, through self-cheque, for installation of HTW (Material: ₹ 2.50 crore and Labour: ₹ 0.89 crore), under 12th & 13th FC grants. However, materials were procured from the open market, without inviting any tender, which was irregular. This deprived the department from getting the benefit of competitive rates. Similarly, during 2012-13, Dibrugarh ZP irregularly paid ₹ 35.20 lakh to three Junior Engineers, instead of floating tenders for the purchase of sewing machines, bicycles, *Thelas*³⁰ and Rickshaws under 13th FC grants. This was in gross violation of prescribed financial rules. Further, in the absence of basic records viz., stock registers, purchase vouchers, MB, installation reports *etc.*, genuineness of the purchases could not be ascertained in audit.

The Commissioner stated that rates of HTW were approved by the PHE Department. Hence separate tender might not be required. The reply of the Commissioner is not tenable as it was observed that the rates of HTWs were different in different PRIs.

2.14.5 10 per cent contractors' profit not deducted

Under the Assam PWD (Roads/Buildings) Schedule of Rates (SOR), 2011-12, all items of civil works include 10 per cent contractor's profit over the cost of material and wages of labourers. However, when any work is executed departmentally, without engaging a

²⁷ Sualkuchi, Udharbondh, Baghmara, Dhalpukhuri and Kathiatoli AP, Gandhmau, Rongpur, Balipukhuri, Rangajan, Nandapur, Deb Narikoli and Jurirpar GP.

²⁸ Dholpukhari, Kathiatoli and Pakhimoria AP, Laskar Pathar, Nandpur, Rangaloo, Devnarkoli, Singimari, Juripar, Deodhar, Dekarghat GP.

²⁹ Mandia and Sarukhetri AP in Barpeta, Lahowal and Panitola AP in Dibrugarh, Binakandi AP in Nagaon and Chayani Borduar AP in Kamrup district.

³⁰ Hand cart used for carrying goods.

contractor, the contractors' profit is to be deducted from the estimated cost of the work. Test check of records (Bill /Voucher, Plan & Estimate) of 21 PRIs³¹ (12 GPs, 7 APs and 2 ZPs) revealed that 306 works (299 works under grants of the 13th Finance Commission and 7 works under the award of Fourth Assam State Finance Commission) were executed departmentally, under the supervision of technical officials and the estimates of the works were prepared by the concerned Junior Engineers/Assistant Engineers. However, 10 per cent contractors' profit, which worked out to ₹ 38.65 lakh, was not deducted from the bill resulting in extra expenditure of ₹ 38.65 lakh. Details are shown in **Appendix-XII**. Reasons for not deducting contractors' profit were not available on record.

Accepting the audit observation the Commissioner stated (December 2015) that the contractor's profit should have been deducted from the bills of the contractors.

2.14.6 Other irregularities

2.14.6.1 Basic records not maintained

An expenditure of ₹ 20.53 crore was incurred by 18 test checked PRIs for implementation of various schemes under 4th ASFC and 13th FC award/grants, but supporting documents (such as Detailed Project Report, Plan and Estimate, Technical Sanction, Administrative Approval, Measurement Book, Muster Roll, vouchers) relating to expenditure incurred and actual work done, was not maintained by the concerned PRIs, as shown in the **Table 2.19** below:

Table 2.19: Details of records not maintained by the PRIs

Period	Number of PRIs	Name of scheme	Value (₹ in crore)	Remarks
2014-15	1 (Chayani Borduar AP)	4 th ASFC	0.03	In the absence of Estimate, Technical Sanction, MB, Bill/Vouchers <i>etc.</i> , the actual execution of the work <i>viz.</i> , "construction of Boundary wall at Santala Anchalik ME School" under Maliata GP by the Executive Officer, Chayani Borduar AP could not be ascertained.
2010-11 to 2014-15	9 ³²	13 th FC	1.14	Payment documents for installation of Hand Tube Well, construction of roads, land development <i>etc.</i> , were not maintained by nine PRIs, where payment were made through self-cheques, without showing APRs
2010-15	8 ³³	13 th FC	19.36	The related Measurement Books and Schematic Ledgers were not maintained by the concerned PRIs, in violation of the AP(F) Rules.
	18	Total	20.53	

Due to related records not being maintained, the actual execution of work and expenditure made could not be verified in audit. Further, not maintaining of records may also lead to mismanagement/non implementation of schemes and create a possibility of misappropriation of funds.

2.14.6.2 Execution of works without technical sanction

Test check of records of 11 PRIs³⁴ (2 APs & 9 GPs) revealed that the concerned authorities of ZP, APs and GPs had received ₹ 1.84 crore under the award of 13th FC from 2010-11 (1st installment) to 2013-14 (1st installment) and 4th ASFC, for implementation of 172 schemes, for the period 2010-15. The concerned Junior Engineers had prepared Plans and

³¹ Barpeta and Nagaon ZPs, Chaygaon, Sualkuchi, Udharbond, Balipara, Dhalpukhuri, Pakhimoria and Kathiatoli APs. Sat taluk, Dakhin Paltan, Gandhmau, Narsingpur, Balipukhuri, Sonapur, Nandapur, Laskar Pathar, Rangaloo Deb Narikoli, Singimari and Jurirpar GPs.

³² Pachuria GP, Silchar AP, Ambikapur GP, Dekargaon GP, Manshri GP, Khorasimalu GP, Tinikhuti GP, Dekarghat GP and Deodhar GP.

³³ Sonitpur ZP in Sonitpur district, Rangaloo, Deb Narikoli, Singimari, Jurirpar, Laskar Patthar, Nandapur GPs in Nagaon district and Chayni Barduar AP in Kamrup district.

³⁴ Chaygaon and Balipara AP, Dakhin paltan, Gandhmau, Madhura, Blipukhuri, Rangajan, Bartamuli, Solengiguri, Sonapur, Berenga GP.

Estimates of work with the approval of the Chief Executive Officers/Executive Officers/Secretaries of the GPs for execution of the same. However, the PRIs spent ₹ 1.83 crore for execution of the schemes, without obtaining technical sanctions from the competent authorities leading to a possibility of execution of sub-standard work.

2.14.6.3 Works not completed under different schemes

15 PRIs executed 571 works during 2011-15 but the same remained incomplete, after incurring an expenditure of ₹ 64.16 crore, as shown in Table 2.20 below:

Table 2.20: Statement showing instances of incomplete schemes

Sl No	Period	Topic	Source of funds	PRIs involved	Amount (₹ in crore)	Reasons
1	2011-12	Works not completed	4 th ASFC	5 ³⁵	5.63	The works were scheduled to be completed within twelve months of issue of work order. However, balance 50 per cent fund (₹ 562.50 lakh) was not released by the Government to five test checked ZPs for construction of eight ³⁶ Multipurpose Halls and one office building in Sonitpur ZP (being 50 per cent of estimated unit cost of ₹ 125 lakh) and the works remained incomplete for more than three years.
2	2010-15		13 th FC	8 ³⁷	57.80	The projects were scheduled to be completed within three/six months from the date of sanction. However, due to laxity on part of the eight PRIs ³⁸ , 495 projects (out of 618 projects) remained incomplete even after incurring an expenditure of ₹ 57.80 crore (out of ₹ 70.54 crore) even after lapse of periods ranging from six months to two years.
3	2011-15		DDP	2 ³⁹	0.73	As per guidelines, funds released during the financial year are to be invariably utilised during that financial year itself. However, due to lack of monitoring by competent authorities, ₹ 0.16 crore remained unreleased till August 2015, even after a lapse of more than three years, resulting in 67 projects remaining incomplete.
Total				15	64.16	

Following photographs depict the incomplete state of two works under Dibrugarh and Nagaon ZP:



Audit observed that due to lack of monitoring by competent authorities, the estimated amounts remained unreleased till August 2015, even after a lapse of more than three years, besides the works remaining incomplete. Accepting the audit observation, the Commissioner stated that this was due to delay in release of funds and also due to delay in execution of works. However, the Commissioner was silent about action to be taken for early completion of the works.

³⁵ Kamrup, Barpeta, Sonitpur, Dibrugarh and Nagaon ZP.

³⁶ Construction of Multipurpose hall at Goroimari under Kamrup ZP, Medhirtary Bazar & Khoirabari under Barpeta ZP, Panitola AP under Dibrugarh ZP, Sakomatha and Dhekiajuli AP under Sonitpur, Bajiagaon and Raha AP under Nagaon ZP.

³⁷ 109 New Market sheds, 300 Cremation Ground and 207 Community hall, two Multipurpose hall & Market complex.

³⁸ Kamrup, Cachar, Sonitpur, Nagaon, Dibrugarh and Barpeta ZP, Balipara AP and Kathiatoli AP.

³⁹ Narshingpur AP and Cachar ZP.

2.14.6.4 Works executed less than the estimated quantity

Test check of records of three PRIs (two APs & one GP)⁴⁰ revealed that an amount of ₹18.47 lakh under 13th FC, during the year 2010-15, was incurred by the concerned EOs and GP Secretaries, for construction of roads and community halls. However, on Joint Physical verification of the schemes, it was found that schemes executed by the Department were not according to the plans and estimates. The details are shown in **Table 2.21** below.

Table 2.21: Statement showing instances of under-execution of works

(₹ in lakh)

Sl. No.	Implementing Agency	Name of scheme	Sanctioned amount	Estimated amount	Expenditure	Value of work less executed	Remarks
1	Kathiatoli AP	Construction of Brick road from Lovin Panika House to Sahdeb Kurmi house at Ino. Mikirgaon Maldanga Suburi	2.45	2.45	2.47	0.94	Less execution of road (Work Executed 130 metre instead of 210 metre)
2	Singimari GP	Const. of Community Hall at Rajagaon Bazar	8.00	8.00	8.00	1.65	Electrification, water supply & sanitation works were not executed.
3	Pakhimoria AP	Const. of Community Hall at Tulsi Dewari	8.00	8.00	8.00	1.65	
Total			18.45	18.45	18.47	4.25	

It was evident from above that the payments were made without proper verification of the actual work executed amounting to ₹4.25 lakh. Accepting the audit observation, the Commissioner stated that the schemes remained incomplete due to some technical and ground level problems. However, it was seen that the works were executed less even though the whole estimated amount was exhausted.

2.15 Oversight role of the authorities

The oversight role of the Government is very crucial, as it is required to ensure that PRIs are effectively functioning as units of local ‘Self-government’.

The Legislature of the State of Assam amended the Assam Panchayat Act, 1994, to ensure transfer of powers, authority and responsibilities, in relation to the matters listed in the XIth Schedule of the Constitution of India. It is the responsibility of the Government to see that the power, authority and functions entrusted to PRIs are exercised properly and in accordance with the amended legal provisions. Further, the AP Act gives the State Government the following powers for ensuring proper functioning of PRIs:

- Call for any Panchayat to furnish information or report, plan, estimate, statement, accounts or statistics;
- Inspect any office or any record or any document of PRIs;
- Inspect the works and development schemes implemented by PRIs; and
- Take action for default of Panchayat President/Secretary.

However, during scrutiny of records in test checked PRIs, it was observed that the oversight role of the Government was lacking, which was evident from the lacunae in implementation of schemes by the PRIs, as discussed in paragraphs 2.12 to 2.14 above.

⁴⁰ Kathiatoli & Pakhimoria AP and Singimari GP.

2.16 Internal Control procedures and Internal Audit systems in PRIs

2.16.1 Internal Control

The Internal Control system at the level of each PRIs had been designed by GoA, through AP Act, 1994 and the AP (F) Rules, 2002, besides application of the State Government's own rules and policies relating to finance, budget and personnel matters. Significant provisions of the internal control mechanism in PRIs are given in **Appendix-II**.

During scrutiny of records in test checked audit entities, several deficiencies in compliance of Act/Rules *etc.*, were observed. Accountability was not fixed in many fields, mainly in the implementation of schemes. Most of the schematic funds were found to be spuriously spent without gainful outcomes and many schemes remained incomplete for years together for want of follow up action at the appropriate fora. Schemes were found to be implemented without observing the schematic guidelines. Formats prescribed in the Panchayat Financial Act *ibid* and other Rules *etc.*, were also not strictly adhered to. Thus, lack of effective internal control in the PRIs facilitated many irregularities in cash management, as well as in implementation of the schemes already discussed in the preceding paragraphs. Further, the PRIs and the Government lacked initiative in safeguarding of Government money, which is evident from the following instances:

- (i) Test check of records of Barpeta ZP relating to construction of community halls under the 13th Finance Commission grants for 2012-13, revealed that an amount of ₹ 26.18 lakh was paid as advance (between 13.03.2013 and 16.03.2013) to the Junior Engineer, Mandia AP, for construction of four community halls under Barpeta ZP. However, the JE neither utilised the money for the purpose it was drawn, nor submitted any utilisation certificate for the received amount despite repeated reminders. The CEO thereafter lodged (29.6.2013) an FIR with the Police stating that the JE presumably misappropriated the Government fund. The matter was also brought to notice of the Government in February 2014. However, no further action was initiated, either by the CEO or by the Government and the Government money remained unrecovered till the date of audit (August 2015).
- (ii) Similarly, no records *viz.*, Cash Book, Vouchers, Scheme Ledger and Progress Reports *etc.*, regarding implementation of the schemes under 4th ASFC, was available with CEO, Cachar ZP, even though the Bank Statement revealed that ₹ 228.11 lakh was issued to JE through 23 cheques and one self-cheque between 21.03.2012 and 26.12.2012. The present CEO was also not aware of the actual execution of the work done by the JE.
- (iii) Further, as mentioned in paragraph 2.12.7 though the CEO reported misappropriation of ₹ 21.39 crore, the misappropriated government money was yet to be recovered from the then CEO, who was responsible for it. Moreover, during audit, it was found that the then CEO, Cachar ZP, withdrew 13th FC funds amounting to ₹ 20.76 crore, through self/bearer cheques, instead of ₹ 9.65 crore reported by the CEO, Cachar ZP. Details of utilisation of the said amount were neither available with the CEO, nor were any schemes executed during 2010-13, as stated by the CEO.

The Commissioner stated that earlier the Department did not have regular financial officers. However, 11 Chief Financial Officers had been appointed among 21 ZPs. It was further

stated that the prescribed procedure was being followed as an FIR was lodged whenever misappropriation was noticed and the person involved was also suspended. However, the fact remains that the misappropriated Government money is still unrecovered.

2.16.2 Internal audit

Internal audit is an important instrument to examine and evaluate the level of compliance with rules and procedures, as envisaged in the relevant Acts, as well as in the Financial/Accounting Rules, so as to provide independent assurance to management on the adequacy of the risk management and internal control framework in the PRIs.

Rule 18 of AP (A) Rules, 2002 provided for utilisation of internal auditors of P&RDD, for proper and correct maintenance of accounts of PRIs. An Internal Audit Wing, with internal auditors, was in place in the Commissionerate of P&RD, Assam. However, no internal audit of PRIs had been conducted (March 2015). The Department had no Audit Manual of its own and its main function was limited to assisting the Commissioner, P&RD, Assam, in settling the outstanding audit paras and inspection reports relating to departmental units.

Accepting the audit observation, Commissioner stated that the internal auditors of the Department were not very competent and requested the Accountant General to help the Department in training the internal auditors.

2.16.3 Audit coverage by Director of Audit, Local Fund (DALF)

DALF is the primary auditor to conduct the audit of PRIs in Assam. Based on information furnished by DALF (August 2015), the arrears in audit of PRIs, during the period 2010-15 ranged between 21 and 65 *per cent*. The year-wise position of units to be audited and those actually audited, are detailed in **Table 2.22**.

Table 2.22: Shortfall in covering the units planned for audit by DALF

Year	No. of units planned for audit	No. of units audited	Shortfall	Percentage of shortfall (%)
2010-11	1297	458	839	65
2011-12	877	492	385	44
2012-13	1423	788	635	45
2013-14	1130	888	242	21
2014-15	1131	842	289	26

Source: Information furnished by DALF, Assam.

Apart from this, there was also an arrear in issuance of 1011 audit reports (as of March 2015). The reasons for shortfall in audit coverage and arrear in issuance of audit reports were attributed to records being not produced and engagement of Audit Officers in Parliamentary Elections and 'National Register of Citizens' related works. Further, the position of settlement of audit reports was also very poor as altogether 16,268 audit reports were pending for settlement till March 2015.

Thus, due to shortfall in coverage of audit by DALF, the accuracy or the efficiency of the records, detection and prevention of errors were not fully ensured.

2.16.4 Response to Audit Observations

Inspection Reports (IRs) were issued by the Accountant General (Audit), Assam to concerned authorities in the audited PRIs, with a copy of each to the State Government. PRI authorities were required to comply with the observations contained in the IRs and rectify the defects and omissions and report their compliance within three months from the date of issue of IRs. The details of outstanding paragraphs (as of March 2015), in respect of PRIs audited during 2010-15, are shown in **Table 2.23**.

Table 2.23: The details of outstanding IRs and paragraphs

Year of Issue	No. of Inspection Reports	No. of Outstanding Paras	Money Value (₹ in crore)	First reply furnished
Upto 2010-11	465	3165	378.97	193
2011-12	65	433	174.71	20
2012-13	42	281	157.92	7
2013-14	51	366	176.50	4
2014-15	109	820	475.25	12
Total	732	5065	1363.35	236

Source: Progress Register.

Thus, 5065 paragraphs with monetary value of ₹1363.35 crore were pending settlement (March 2015) for want of replies from concerned PRIs. Even the first reply had not been received in respect of 4829 paragraphs. The increasing trend of outstanding paragraphs was indicative of audit observations not being complied with and a low level of accountability. The Administrative Heads of the Departments concerned also did not ensure that the concerned officers of the PRIs took prompt and timely action in furnishing replies to IRs, thereby weakening the accountability mechanism of PRIs in the Government.

2.17 Conclusion

Though PRIs in Assam have been in existence for a long period, the working of PRIs in the State was yet to evolve fully. Devolution of Funds, Functions and Functionaries to PRIs, in respect of the transferred subjects, was yet to be done. There were deficiencies in fund management; planning and selection of schemes; and selection of beneficiaries. The DPCs failed to perform their primary objective of preparation of District Plans, as envisaged in the AP Act, 1994. Standing committees met inadequately affecting their efficient functioning, as envisaged under the AP Act. PRIs were lagging behind in augmentation of their own revenues and hence remained dependent mainly on grants-in-aid. Infrastructure was created without proper planning, and schemes/works were not implemented as per Plans and Estimates. Large numbers of schemes/works remained incomplete due to various reasons. A reliable database on finances of PRIs was not developed. Lack of effective internal controls in the PRIs led to many irregularities in cash management, as well as in implementation of the schemes.

2.18 Recommendations

The Department may consider implementing the following recommendations:

- Funds, Functions and Functionaries (3Fs) may be transferred as per 73rd CAA, 1992, so as to enable PRIs to evolve into full-fledged Local Self Government Institutions (LSGIs);

- the functioning of DPCs should be streamlined so that the needs of the lower tiers of PRIs are obtained and incorporated in the District Plans. Standing Committees should meet at regular intervals to play an active role to sort out local issues;
- PRIs should levy and impose taxes, as per the provisions made in the AP Act for augmentation of PRIs' own revenues and also ensure that necessary steps are taken to prevent pilferage of revenues; and
- an effective monitoring mechanism needs to be put in place, as envisaged in the AP Act and schemes need to be implemented as per the scheme guidelines, plans and estimates within the prescribed time, so as to provide intended benefits to rural communities. Basic records need to be maintained for effective management, transparency and audit trail.

Chapter-III

COMPLIANCE AUDIT OF PRIs

3.1 Misappropriation in Birsing Jarua Anchalik Panchayat

An amount of ₹8.54 lakh was misappropriated by the Executive Officer, Birsing Jarua, Anchalik Panchayat by withdrawing the amount through self cheque without recording it in the Cash Book.

Sub-rule 4(e) under Rule 8 of the Assam Panchayat (Financial) Rules, 2002 provided for preparation of separate memorandum to be recorded in the last page of each month of the Cash Book showing reconciliation of bank account which shall be signed with date by the Executive Officer (EO) of the Anchalik Panchayat (AP). Further, Rule 95 of the Assam Financial Rules (AFR) provides that Drawing and Disbursing Officer (DDO) is personally responsible for accounting of all money received and disbursed and for the safe custody of cash.

Test check (December 2014) of records of the EO, Birsing Jarua AP, Dhubri revealed that the incumbent EO during the period from 6.2.2006 to 28.9.2007 recorded transactions of Indira Awas Yojana (IAY), in the Cash Book maintained for IAY, till 31.3.2007. Closing balance as per Cash Book of IAY as on 31.03.2007 was ₹8,60,735 (Cash column: ₹599 and Bank column: ₹8,60,136). Thereafter, no transaction was recorded in the Cash Book till his leaving the office on 28.9.2007. The succeeding EO after taking over charge unilaterally on 29.09.2007 (no formal handing over of charge) opened a subsidiary Cash Book on 17.10.2007 with opening balance of ₹24,167 (derived from actual balance in bank as on 17.10.2007). Thus, there was a shortage of ₹8,36,568 in the opening balance as on 17.10.2007.

Detailed scrutiny of Bank Pass Books of EO, Birsing Jarua AP in respect of IAY Scheme revealed that an amount of ₹8.54 lakh was withdrawn through five self cheques during the period from 1.4.2007 to 28.9.2007 as detailed in the following **Table 3.1**:

Table 3.1: Details of amount withdrawn through self-cheques

Sl. No.	Name of the Bank	Account No.	Date	Bank Pass Book	
				Cheque no	Debit
1	PragjyotishGaonlia Bank, Dhubri (S/B)	8159/28	03.04.2007	292641	2,22,000
			03.07.2007	292642	65,000
2	Central Bank, Dhubri (S/B)	5408	05.04.2007	292288	67,000
			05.04.2007	292289	2,50,000
			05.04.2007	292290	2,50,000
Total					8,54,000

Audit observed that though ₹8.54 lakh was withdrawn from banks on different dates, it was neither recorded in any Cash Book nor any expenditure details were available on records. The incumbent EO, Birsing Jarua, AP stated that during audit neither any Cash Book nor any expenditure details/vouchers were available for the period from 01.04.2007 to 16.10.2007. Further, as per report submitted (December 2009) by the succeeding EO to the Project Director (PD), District Rural Development Authority (DRDA), Dhubri, 37 IAY dwelling

units were not constructed by his predecessor though money for the purpose was received by him during 2006-07. However, no FIR was lodged by the PD, DRDA, Dhubri.

Thus, it is transpired from above that the EO misappropriated ₹ 8.54 lakh, meant for IAY beneficiaries, by withdrawing the amount from bank without recording it in the Cash Book. Further, the beneficiaries were also deprived of the intended benefit of the scheme to that extent.

In reply to audit observation, the Joint Director, Panchayat and Rural Development, Assam submitted (July 2015) a preliminary report stating that the concerned EO was suspended (May 2010) and departmental enquiry was initiated against him. As the enquiry officer could not prove the charges leveled against EO, he was reinstated in the service (June 2013). Though the Joint Director furnished (August 2015) detailed report of investigation along with related documents, scrutiny of those documents revealed many discrepancies⁴¹ which were overlooked by the Investigating Officer.

Moreover, neither any whereabouts of the Government fund was mentioned in the report nor any bills, vouchers *etc.*, were available in the records of Birsing Development Block.

The matter was reported to the Government in August 2015; their reply has not been received (December 2015).

3.2 Unfruitful expenditure in Ghilamara Anchalik Panchayat

An expenditure of ₹42.85 lakh incurred by the Executive Officer (EO), Ghilamara AP on eight plantation works under Mahatma Gandhi National Rural Employment Guarantee Act, (MGNREGA), was unfruitful as the works remained incomplete.

The Deputy Commissioner & Ex-Officio District Programme Coordinator, MGNREGA, Lakhimpur, sanctioned (August 2010) an amount of ₹ 124.50 lakh for eight plantation scheme under MGNREGA in Ghilamara AP with an objective to generate employment and to encourage common people in the locality for plantation of *sum*⁴², bamboo and pineapple as an additional support to their livelihood. As per sanction order, the works were to be completed in all aspects within 45 days of release of fund. The project was expected to generate 58060 mandays of employment. The Project Director (PD), District Rural Development Agency (DRDA), North Lakhimpur (NL), released (August 2010 to June 2011) ₹42.85 lakh only to Ghilamara AP for the plantation works which was utilised fully for development of the land prior to plantation.

Test check of records of the Executive Officer (EO), Ghilamara AP revealed that ₹ 42.85 lakh was utilised for making material payments and wage payments while developing the land prior to plantation of seeds/seedlings. However, all the works remained incomplete till the date of audit (February 2014) as work ranging from 21 to 51 *per cent* only could be executed as balance fund was not released by PD, DRDA, North Lakhimpur. The details of fund

⁴¹ 1. Invoices were issued with continuing serial numbers between 8.03.2007-13.04.2007.

2. Overwriting were being made in the dates by using correcting fluid.

3. No dates were mentioned in any of the APRs relating to IAYs beneficiary's payment.

4. There was no mention regarding stock certificate on the body of the invoices and there is no record whether the bill had been passed for payment and payment made accordingly.

⁴²Sum is a kind of tree mainly used for making of furniture.

sanctioned, released and percentages of physical progress of the works are shown in the Table 3.2 below:

Table 3.2: Details of financial and physical progress of the plantation works

(₹ in lakh)							
SL.No	Name of the work	Fund Sanctioned	Fund released	Date of start	Fund utilised	Physical progress (per cent)	Fund not yet released
1	Sum plantation at Bilmukh Grazing Pathar	18.74	7.00	08/10/2010	7.00	38	11.74
2	Bamboo & Sum plantation at Konwarbari Goheinbari	18.74	8.00	-	8.00	42	10.74
3	Sum plantation at Putumala	18.74	4.00	08/10/2010	4.00	21	14.74
4	Sum plantation at Bharat Chuk	8.70	3.45	13/10/2010	3.45	40	5.25
5	Sum plantation at AlimurChapori	8.70	3.45	13/10/2010	3.45	40	5.25
6	Pineapple & Sum plantation at Ayengia Gaon & Ayengia Grazing	13.40	6.95	15/04/2010	6.95	51	6.45
7	Sum plantation at BaghmaraGaon	18.74	5.00	08/10/2010	5.00	26	13.74
8	Bamboo & Sum plantation at No. 1 Parghat	18.74	5.00	08/10/2010	5.00	26	13.74
Total		124.50	42.85		42.85		81.65

In reply to audit query, the EO, Ghilamara, AP stated (February 2014) that the works were taken up as per the Annual Action Plan for the year 2010-11 but as the funds were not released, the works remained incomplete and they were of no use to the beneficiaries as no plantation was done on the developed lands.

As the developed lands were not maintained, it also became barren as depicted in the following pictorial evidence collected from Ghilamara AP.



The EO, Ghilamara stated that even after repeated request for release of the balance fund, the PD, DRDA did not release the balance fund against the eight plantation scheme.

In reply to audit query, the PD, DRDA, Lakhimpur stated (August 2015) that the balance funds against the scheme could not be released as funds were not available at that time. He further stated that the balance funds would not be released as the works were already closed.

The reply is not tenable as the Administrative Approval for ₹ 124.50 lakh against the works were accorded by the PD, DRDA, Lakhimpur as per the perspective plan for 2010-2011. Further, scrutiny of the fund received and expenditure statement of the PD, DRDA, Lakhimpur under MGNREGA for 2010-2011 revealed that an amount of ₹ 1017.58 lakh was available with the PD, DRDA, Lakhimpur at the end of 2010-2011.

Thus, inspite of availability of funds it was not released resulting in unfruitful expenditure of ₹42.85 lakh. The objectives of the works were unfulfilled as only 26,822 mandays of employment were generated against expected 58,060 mandays. Moreover, the other objective of attaining livelihood for the common people of the locality also remained unfulfilled. As the works had already been closed, the expenditure on plantation was unfruitful.

The matter was reported to the Government in August 2015; their reply has not been received (December 2015).

3.3 Unfruitful expenditure in Bahir Salmara Gaon Panchayat

Expenditure of ₹24.66 lakh on Protection work was unfruitful as the work remained incomplete and abandoned.

One of the primary objectives of the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) is to provide at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. Further, creation of durable assets and strengthening the livelihood resource base of the rural poor is also an important objective of the scheme. For effective implementation of any project under the scheme, Administrative Approval (AA) should be accorded only after ensuring availability of funds. Further, as per Rule 36 (2) of Assam Panchayat (Financial) Rules 2002, Technical sanction (TS) is to be obtained from the concerned Department i.e., PWD in case of construction of Roads and Culverts, from Irrigation Department in case of irrigation works and Public Health Engineering (PHE) Department in case of water supply schemes where the estimate of the work is more than ₹ 50,000, ₹ 20,000 and ₹ 10,000 in case of ZP, AP and GP respectively.

Project Director (PD), District Rural Development Agency (DRDA), Dhubri accorded (January 2010) AA of ₹ 73.99 lakh for implementation of the scheme⁴³ namely “Protection at Salmara Pt-V river bank at Gauranga from Abdul Kader house towards Jharnarchar Pt-I Sadurchar under MGNREGS”. AA was given on the basis of the proposal submitted by Gram Sabha for the year 2009-10 under NREGS. This was as per the perspective plan under NREGA of Dhubri district for 2009-10. This scheme was to generate 47,368 mandays of work in that area besides protection of Salmara Pt-V river bank of Gauranga area to save the area and the adjacent cultivated land of the economically backward locality from erosion.

Test check of records of the office of Secretary, Bahir Salmara GP revealed that inspite of having a budget of ₹ 16.39 lakh and ₹ 42.00 lakh for 2009-10 and 2010-11 respectively, PD, DRDA released only (between January 2010 and December 2011) ₹ 24.66 lakh in five instalments for the first five phases. The project was stopped in February 2012, without any recorded reason, after completion of 34 per cent of the work. The work remained abandoned since then as balance fund was not released by PD, DRDA, Dhubri. The Secretary, Bahir Salmara GP stated that major portion of the executed work was also gradually washed out by the river Gouranga and it never served the purpose of its construction.

⁴³Components of the scheme-

1. Bank trimming.
2. Earth work by head load for road cum bundh.
3. Turfing.
4. RCC Porcupine.

Audit observed that instead of obtaining TS for the work valuing ₹ 73.99 lakh from the Public Works Department (PWD), the estimate was split up into 15 parts of ₹ 4.93 lakh each and technically sanctioned (TS) by the Executive Engineer, DRDA, Dhubri. In reply to an audit query, the PD, DRDA stated (June 2015) that the estimate was split up into 15 parts for according TS as sending the estimate to PWD for according TS takes time. He further stated that such huge fund against the scheme could not be released as available fund was to be disbursed to other GPs also (total 168 GPs). The reply was not tenable as the AA for ₹ 73.99 lakh against the scheme was accorded by the PD, DRDA, Dhubri as per the perspective plan for 2009-10. Further, splitting the estimate was in gross violation of the Financial Rules. As the scheme had already closed and since it was not included in the subsequent year's Annual Action Plan (AAP), there was no scope for release of balance fund. Thus, splitting of estimates and release of funds in piece meal basis was in violation of financial rules. Further, despite availability of funds, an insufficient amount of ₹ 24.66 lakh was released rendering the objective of the scheme unfulfilled as only 16,300 mandays were generated against expected 47,368 mandays. Further, the protection work of Salmara Pt-V river bank of Gauranga river also could not be achieved.

The matter was reported to the Government in August 2015; their reply has not been received till December 2015.

3.4 Avoidable extra expenditure in Darrang Zilla Parishad

Due to allowance of 10 per cent Contractor's profit in the estimate for the works executed departmentally, the Darrang Zilla Parishad incurred an avoidable extra expenditure of ₹ 43.72 lakh.

As per Assam Public Works Department (APWD) (Roads/Buildings) Schedule of Rates (SOR), 2010-11 all items of civil works include 10 per cent contractor's profit over the cost of material and wages of labourers. However, when works are executed departmentally, without engaging contractors, the contractor's profit element is to be deducted from the estimated cost.

Government of Assam, Panchayat and Rural Development Department (P&RDD), accorded sanction and released (between March 2012 and December 2013) ₹ 3.44 crore to Darrang Zilla Parishad (ZP) for construction of 43 Community Halls under 13th Finance Commission for 2011-12. The estimates of the above works were prepared by the Junior Engineer, PWD (Building), Mangaldoi and approved by the Superintending Engineer, PWD, Tezpur Building Circle. The estimates were prepared on the basis of Assam PWD (Roads/Buildings) Schedule of Rates (SOR), 2010-11. The works were executed departmentally under the supervision of the technical officials of the Department and ₹ 3.22 crore, which included contractor's profit of ₹ 31.27 lakh, were paid to construction committee (February 2014).

Test check (February 2014) of the records of Darrang Zilla Parishad (ZP) and subsequent collection (June 2015) of information revealed that Darrang Zilla Parishad had not deducted 10 per cent contractor's profit from the payment made, thereby incurring avoidable extra expenditure of ₹ 31.27 lakh.

Similarly, 83 works valuing ₹ 1.37 crore were executed departmentally by the Darrang ZP under 4th Assam State Finance Commission for the year 2011-12 but element of contractor's profit amounting to ₹ 12.45 lakh was not deducted from the payment made.

As 10 per cent contractor's profit element was not deducted from the value of works executed departmentally, it resulted in avoidable extra expenditure of ₹ 43.72 lakh (₹ 31.27 lakh + ₹ 12.45 lakh).

The matter was reported to Government in July 2015; their reply has not been received (December 2015).

3.5 Undue Financial Benefit to the contractor in Dhubri Zilla Parishad

Dhubri Zilla Parishad (ZP) failed to impose penalty as per agreement for delay in completion of the 89 works in Dhubri thereby extending undue financial benefit of ₹ 45.30 lakh to the contractor.

Finance Department, Government of Assam (GoA) sanctioned (March 2012) ₹ 758.90 lakh for 117 works consisting of Construction of Multipurpose hall for Anchalik Panchayat (AP), extension of AP and Gaon Panchayat (GP) building and construction of staff quarters of the AP & GP under the award of Fourth Assam State Finance Commission (4th ASFC) during the year 2011-12 for Dhubri ZP. CEO, Dhubri ZP issued (between July 2012 and November 2013) work orders to 48 contractors for the aforementioned works in GPs and APs with an instruction to complete the work within a specified period of time, as shown in **Appendix XIII**.

As per clause 2 of the agreement, the contractor was liable to pay compensation amount equal to one per cent or such smaller amount as the Chairman may decide on the estimated cost of the whole work for every day that the due quantity of works remain incomplete, provided always that the entire amounts of compensation to be paid under the provisions of the clause shall not exceed 10 per cent of the estimated cost of the work, as shown in the tender.

Test check (November 2014) of records of the CEO, Dhubri ZP revealed that none of the 117 works was completed in time and delay in completion was ranging from two to 710 days. However, in 99 works as detailed in **Appendix XIII** the Dhubri ZP ignoring the agreement clause made full payment to the contractors without invoking any compensation for delay. The estimated costs of those 99 works were ₹ 4.58 crore and as per agreement the delay attracted a compensation of ₹ 45.30 lakh⁴⁴ against the contractors as detailed in the **Appendix XIII**.

Thus, failure of the Dhubri ZP to impose penalty for delay in completion of the project resulted in undue financial benefit to the contractors to the tune of ₹ 45.30 lakh.

The CEO, Dhubri ZP stated (June 2015) that penalty on the contractors for delay in completion of works was not imposed due to ignorance. However, the reply is not tenable as compensation clause was very much part of the agreement.

The matter was reported to the Government in July 2015; their reply has not been received (December 2015).

⁴⁴As specific amount of compensation was not fixed by the Chairman of the ZP, compensation was calculated as per terms of contract i.e. one per cent of the total value of the work for each day of delay subject to maximum 10 per cent of the total value of the work.

3.6 Unfruitful expenditure in Matia Anchalik Panchayat

Expenditure of ₹25 lakh on the construction of Bharat Nirman Rajiv Gandhi Sewa Kendra remained unfruitful due to the estimate not being adhered to and the project not being monitored during execution.

Ministry of Rural Development, Government of India (GoI) included construction of Bharat Nirman Rajiv Gandhi Sewa Kendra (BNRGSK) in scope of permissible works under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) to provide space to facilitate the functioning of the MGNREGA office at the GP/Block level and to function as Knowledge Resource Centre so that citizens can have access to information on MGNREGA and other Rural Development Programmes.

Accordingly, the District Programme Coordinator, MGNREGA, Goalpara accorded approval (July 2010) for an amount of ₹25 lakh along with a model estimate for construction of BNRGSK at Matia Development Block under MGNREGA during 2010-11. While releasing (July 2010) the fund, the Project Director (PD), District Rural Development Agency (DRDA), Goalpara instructed the Block Development Officer (BDO) to utilise the fund in consultation with the Assistant Project Officer, Technical {APO (T)}, DRDA, Goalpara, who was entrusted with the supervision of the scheme. Further, the BDO was directed to submit Utilisation Certificate (UC) immediately after 60 per cent utilisation of the fund which is to be substantiated by details of progress of work given in the form of MIS⁴⁵ and next installment of fund was to be released only on submission of the UC.

Scrutiny (January 2014) of records of the BDO, Matia AP revealed that though approval was accorded in July 2010, construction work started only in February 2011. The sanctioned amount of ₹25 lakh was released at one go and UCs were not followed up. The amount exhausted by March 2012 on completion of only 70 per cent (approximately) of the work. Photographs taken (January 2014) in presence of the Executive Officer (EO), Matia AP revealed incomplete state of the project.



Photographs of BNRGSK taken during Joint physical verification by audit on 05.01.2014

The EO, Matia AP could neither furnish copy of estimate nor could he produce any other related records *viz.*, Measurement Books, Muster Roll, Suppliers' Bills, vouchers, Actual Pay Receipts (APRs), *etc.*, in support of the expenditure of ₹25 lakh during audit and even after

⁴⁵MIS- Management Information System.

subsequent requisitions (July and August 2015). Further, neither any work was executed since April 2012 nor was any action taken by the EO, Matia AP to get additional fund for completing the project. Following photograph of the BNRGSK furnished (August 2015) by EO, Matia AP shows that the project still remained incomplete.



Audit observed that failure on part of the EO/BDO, Matia AP to adhere to the estimate and not following the directions issued (July 2010) by the PD, DRDA, Goalpara while releasing the fund led to exhaustion of fund before completion of the work. No Inspection Report was received from the APO (T) of DRDA, Goalpara to indicate that he had supervised and monitored the progress of the project.

After being pointed by audit (September 2015), PD, DRDA, Goalpara directed (October 2015) BDO, Matia AP to submit a detailed report regarding utilisation of fund released from DRDA for construction of BNRGSK. No such report was submitted by BDO, Matia AP.

Thus, due to lack of monitoring by PD, DRDA, Goalpara and the EO, Matia AP, not adhering to the estimates, the project remained incomplete for more than five years even after exhaustion of the whole fund for the project resulting in unfruitful expenditure of ₹ 25 lakh. Besides, the common people of the area were deprived from the intended benefits of the project. The chance of completion of the project was also remote as there was no scope for release of additional fund for the project as stated (August 2015) by the EO, Matia AP.

The matter was reported to the Government in August 2015; their reply has not been received (December 2015).

3.7 Undue financial benefit to lessees and loss of Government revenue by not registering the lease deed by PRIs

Undue financial benefit extended to lessees by PRIs by not enforcing the registration of lease deed while leasing out markets, fisheries etc., resulted in loss of Government revenue of ₹61.20 lakh.

As per Rule 47, sub-rule 11 and 16 of Assam Panchayat (Financial) Rules, 2002, the successful bidder within seven days of acceptance of the bid for settlement of markets, ferries, fisheries, ponds *etc.*, shall deposit with the Panchayat concerned not less than 30 *per cent* of his quoted amount as security and accept a duly stamped lease. The Panchayat shall provide the form of lease and stamp paper at the concerned lessees cost. The Panchayat shall also take step to register every lease. Further, as per the Indian Stamp (Assam Amendment) Ordinance, 2008, stamp duty at the rate of five *per cent* in case of women and

six per cent in case of others of the value of the deed instrument is leviable on all deeds along with registration fees as detailed in **Appendix XIV**.

Test check of records of six⁴⁶ PRIs revealed that during 2006-07 to 2013-14, the PRIs invited tenders to lease out markets/fisheries *etc.*, and accordingly, 362 markets/fisheries were leased out during the period involving settlement value of ₹4.59 crore.

Audit observed that the PRIs while leasing out the markets/fisheries took no action to enforce the above mentioned provision of the Act and none of the deeds for settlement of the markets/fisheries were registered paying applicable registration fee and stamp duty. Thus, the PRIs extended undue financial benefit to the lessees besides causing loss of Government revenue to the extent of ₹61.20 lakh (Registration fees ₹33.66 lakh and cost of stamp paper ₹27.54 lakh) as detailed in the **Appendix XIV**.

Accepting the audit observation, the Chief Executive Officer (CEO) of Dhubri ZP and EOs of Matia AP, Lahowal AP and Binakandi AP stated that steps would be taken to register the deeds in future as well as to realise applicable fees from the leases. However, the manner in which fees would be realised from leases which had already expired had not been stated. While EO, Ruposhi AP did not furnish any reply, CEO, Morigaon ZP stated (May 2014) that the matter would be taken up with the Government for exemption of Stamp Duty and Registration Fee as the documents were made in favour of Government. The reply is not tenable as the lessees were not Government entities.

The matter was reported to Government in August 2015; their reply had not been received (December 2015).

⁴⁶Dhubri ZP, Morigaon ZP, Binnakandi AP, Lahowal AP, Ruposhi AP, Matia AP

Chapter-IV

An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Urban Local Bodies (ULBs)

An Overview of the Functioning of the ULBs in the State

4.1 Introduction

The 74th Constitutional Amendment enacted in 1992 envisioned creation of Local Self Government (LSG) for the urban area population wherein Municipalities were provided with the Constitutional status for governance. The amendment empowered Urban Local Bodies (ULBs) to function efficiently and effectively as autonomous entities to deliver services for economic development and social justice with regard to 18 subjects listed in the XIIth Schedule of the Constitution.

The administrations of ULBs are governed by the provisions of:

- Guwahati Municipal Corporation (GMC) Act, 1971,
- Assam Municipal (AM) Act, 1956 and
- Assam Municipal Accounts (AMA) Rule, 1961.

There were 94 ULBs in the State as on 31 March 2015 consisting of one Municipal Corporation (MC), 34 Municipal Boards (MBs) and 59 Town Committees (TCs). ULBs falling under General Areas are governed according to the provisions of the AM Act, 1956 and areas falling within the Sixth Schedule Areas are governed by the rules framed by the respective Autonomous District Councils (ADCs). Recommendations of the Assam State Finance Commissions (ASFCs) did not cover the ADCs.

The statistics of urban population of the State and number of ULBs are given in **Table 4.1**

Table 4.1: Statistics of urban population of the State and number of ULBs

Sl. No.	Indicator	Unit	Value
1	Population	Crore	3.12
2	Population density	Persons / Sq.km.	398
3	Urban population	Per cent	14.09
4	Urban Sex Ratio	Per thousand	948
5	Urban Literacy Rate	Per cent	88.47
6	Municipal Corporation (MC)	Numbers	1
7	Municipal Board (MB)	Numbers	34
8	Town Committee (TC)	Numbers	59

Source: Economic Survey, Assam 2014-15.

As on 31 March 2015, there were 94 ULBs in Assam. The position of ULBs in Assam in terms of number, area and average population is given in **Table 4.2**.

Table 4.2: Position of ULBs

Level of LB	No.	Area per ULB (Sq. Km)	Average population
Municipal Corporation (MC)	1	216.79	9,63,429
Municipal Board (MB)	34	20.35	90,652
Town Committee (TC)	59	1.53	4,960

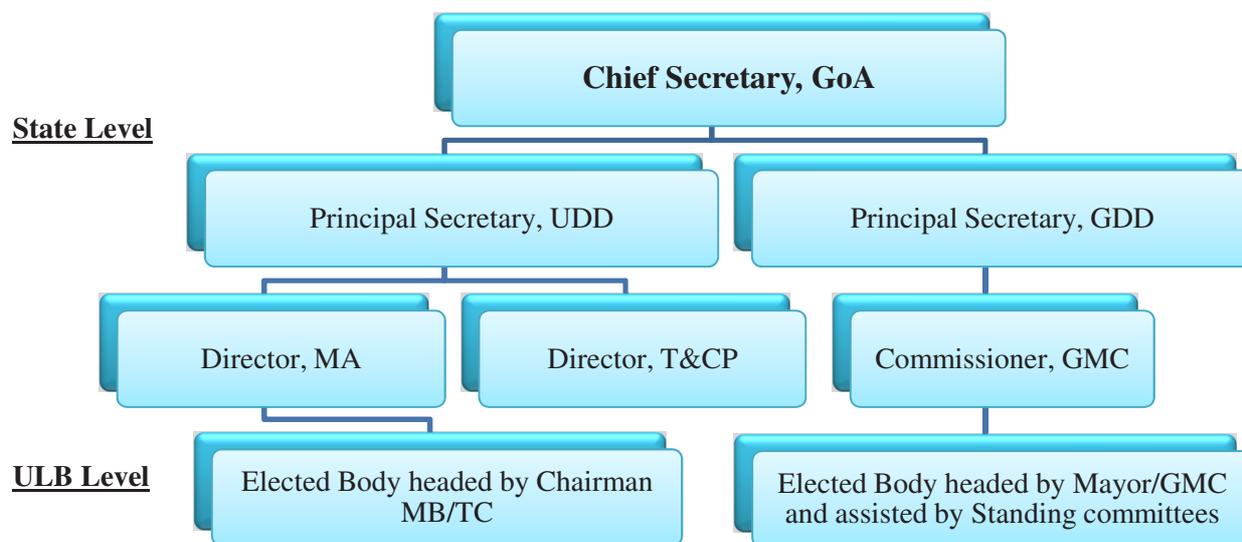
Source: Assam State Finance Commission's report submitted for 14th CFC.

4.2 Organisational set-up in State Government and ULBs

The Principal Secretary, Urban Development Department (UDD) is the administrative head of ULBs (MBs & TCs) and is assisted by the Director, Municipal Administration (MA) and Director, Town & Country Planning (T&CP). Commissioner and Secretary, UDD also allocates fund and exercises overall control and supervision of functions and implementation of schemes at the State level. The Principal Secretary, Guwahati Development Department (GDD) is the administrative head of the Department and the Guwahati Municipal Corporation (GMC) is headed by Commissioner, GMC.

Organisational set up of ULBs is depicted in **Chart 4.1** below

Chart 4.1: Organisational set up of ULBs



4.3 Functioning of ULBs

As per Section 53 of Assam Municipal Act, 1956, it was mandatory to appoint Executive Officers in each and every Municipal Board and Town Committees. Further, Sub-section 2 under section 53 of the said Act clearly mentions that all financial matters particularly those relating to the implementation of schemes by the Municipality funded by the Government of India or the State Government, shall invariably be routed through him after due scrutiny and he shall be responsible for any act of omission or commission.

However, till March 2015, no EO had been appointed by the Government in any of the ULBs. In March 2015, the Government had directed to entrust Indian Administrative Service (IAS)/Assam Civil Service (ACS) officers with the additional charge of Executive Officers in the ULBs. As such, till date the ULBs are functioning without dedicated Executive Officers. As MBs and TCs are the implementing agency and have to implement various schemes which have a direct impact on the welfare of the society, a dedicated EO for looking after the financial matters of ULBs is a necessity. In the absence of such dedicated EOs in the ULBs, the functioning of ULBs specifically the financial and supervisory matters with which the EOs have been entrusted were greatly hampered.

4.3.1 Staffing pattern of ULBs

The ULBs do not have any approved staffing pattern for them. As a result, staff strength of ULBs varies from unit to unit depending on the size and paying capacity of ULBs. However, UDD and GDD submitted study reports on staffing pattern of ULBs and GMC to Fourth Assam State Finance Commission (FASFC) in December 2011 and in February 2012 respectively. Accordingly, staffing pattern of ULBs had been drafted by the Department but the approval from the Finance Department was awaited (October 2015). Unless ULBs were properly manned, they would be unable to handle huge funds obtained from various sources and their accounting in a proper way.

Hence, a uniform staffing pattern for ULBs is essential keeping in view the enhanced workload entrusted to ULBs under different programmes, schemes and projects.

4.3.2 Status of devolution of Funds, Functions and Functionaries (3Fs)

Consequent to 74th Constitutional Amendment, most of the States have amended their municipal laws. However, since last one and half decade these responsibilities are still not completely transferred officially to the local bodies. Central Finance Commissions and the State Finance Commissions have continuously emphasised on the need for complete transfer of these functions to the ULBs. Out of 18 subjects listed in the XIIth Schedule, the following eight subjects are being implemented by the ULBs as their traditional functions:

- Water supply for domestic, industries and commercial purposes;
- Conservancy and Solid Waste Management;
- Slum improvement and upgradation;
- Provision of urban amenities and facilities such as park, garden and play grounds;
- Burials and burial grounds, cremations, cremation grounds and electric crematoriums;
- Cattle ponds;
- Public amenities including street lighting, parks, gardens, play grounds; and
- Regulation of slaughter houses.

Subjects relating to urban planning including town planning, land use and construction of buildings, slum improvement and upgradation, roads and bridges, urban forestry, ecology and environment, vital statistics including registration of births and deaths, planning for economic and social development, urban poverty alleviation *etc.*, were not transferred to the ULBs. The approach adopted in this regard so far is limited to constituting a committee only. The devolution of 3Fs as listed in the XIIth Schedule remain more or less on the paper till March 2015. In respect of GMC, out of 18 functions listed in the XIIth Schedule, activities under four functions only were transferred to GMC as of March 2015. Remaining functions were lying with the line departments and other agencies working in parallel with GMC within the Municipal area. Thus, devolution of 3Fs to GMC in respect of the transferred subjects was far below the desired level.

Nevertheless, the GoA had created a Municipal window in the State Budget for devolution of fund and every year a substantial portion of budgetary outlays under plan and non-plan in the revenue account was earmarked for Municipalities against the transferred subjects. However, the earmarked amount was being spent through the functionaries of the line departments.

Thus, the objective of creating the Municipal window in the State Budget was frustrated due to lack of effective action on the part of the Government to implement its own decisions on devolution of 3Fs to the ULBs.

4.4 Formation of various Committees

4.4.1 Standing Committees

In case of ULBs, AM Act, 1956 does not provide for constitution of any standing committee. However, though Section 20 of GMC Act, 1971 provides for constitution of standing committee (for Guwahati Municipal Corporation), no provision was made in the Act regarding timeline for formation of the standing committee and its constituent members.

4.4.2 Ward Committees

Section 48 A of the AM Act 1956 provides for constitution of Ward Committee consisting of one or more wards but not more than four within the territorial area of a Municipality having a population of three lakh or more. The tenure of Ward Committee is co-terminus with the tenure of the Municipal Board and on dissolution of the Municipal Board the Ward Committee shall automatically stand dissolved.

4.4.3 Committee for smooth transfer of 3Fs to the Municipalities

Section 53-A (2) of the AM Act 1956 provides for constitution of a Committee to monitor the matter of early and smooth transfer of 3Fs to the Municipalities. The Committee shall meet from time to time to monitor the progress of the transfer of 3Fs to the municipalities and to suggest steps as may be necessary on the part of the respective Department for effective implementation.

It was also recommended in the Fourth ASFC to transfer the activities listed in Schedule XI and XII to the Local Bodies and was duly accepted in the Cabinet Meeting held in September 2012 and September 2013 and had directed the concerned departments to take necessary action in this regard. However, out of 18 subjects listed in the XIIth Schedule only eight subjects are being transferred and implemented by the ULBs as on December 2015.

Accountability Mechanism and Financial Reporting issues

4.5 Audit arrangements

4.5.1 Primary Auditor of ULBs

Director of Audit, Local Fund (DALF), Assam established under Assam Local Funds (Accounts & Audit) Act, 1930 is the Primary Auditor of all tiers of ULBs in the State. The Directorate is responsible for (i) carrying out the Audits of Local Funds with the help of 20 circle offices each of which was headed by an Assistant Director to perform audit functions at the District level; and (ii) facilitating submission of Audit Reports of the Administrative Departments. There are 131 audit parties comprising of one Audit Officer and one or more Assistant Audit Officers. The audit is conducted in conformity with the Assam

Audit Manual and other prescribed Government Rules and Amendments declared by Government from time to time.

4.5.1.1 Audit coverage by Director of Audit, Local Fund (DALF)

DALF is the Primary Auditor to conduct the audit of ULBs of Assam. Based on information furnished by DALF (August 2015), the arrears in audit of ULBs during the period 2010-15 ranged between 28 and 66 *per cent*. The year-wise position of units to be audited and those actually audited are detailed in **Table 4.3**.

Table 4.3: Shortfall in covering the units planned for audit by DALF

Year	No. of units planned for audit	No. of units audited	Shortfall	Percentage of shortfall
2010-11	71	24	47	66
2011-12	54	34	20	37
2012-13	58	26	32	55
2013-14	57	41	16	28
2014-15	48	21	27	56

Source: Information furnished by DALF, Assam.

Apart from shortfall in the number of units audited against the number of units planned for audit, there was also arrear in issue of 38 audit reports during 2010-15 by DALF. The reasons for shortfall in audit coverage and arrear in issue of audit reports were attributed to inconsistency of manpower as against the total number of auditable units and increasing volume of transaction owing to the introduction of various schemes and programmes by the Government. Besides, the Audit officials were also engaged for long periods in the Panchayat Elections and works related to National Register of Citizens (NRC).

4.5.1.2 Presentation of Annual Audit Report

As per para 101(i) of Assam Audit Manual, DALF is required to send an Annual Audit Report to the Finance Department by 30 September each year incorporating major outstanding audit objections relating to PRIs which were pending settlement for further action by the Finance Department. The status of consolidated Audit Reports submitted by DALF is shown in the **Table 4.4** below:

Table 4.4: Status of consolidated Audit Reports submitted by DALF

Sl. No.	Consolidated Audit Report for the year	Submitted to Government	Laid before Legislature
1	2010-11 and 2011-12	21 March 2013	10 February 2014
2	2012-13 and 2013-14	7 December 2014	19 December 2014

However, follow up action and Action Taken Report by Finance Department on the Annual Consolidated Audit Report of DALF is wanting, thereby weakening the accountability mechanism of ULBs in Government.

4.5.2 Audit by CAG of India

The audit of ULBs is conducted by the CAG under Section 20(1) of the CAG's DPC Act 1971 as per Technical Guidance and Support (TGS) module as entrusted by the State Government in May 2002 followed by acceptance of standard terms and conditions of TGS (May 2011) pursuant to the 13th FC recommendations.

During April 2014 to March 2015, accounts of 19 ULBs (four MBs and 15 TCs) were audited.

State Legislature has constituted (October 2012) a Local Fund Accounts Committee (LFAC) for the first time to discuss the Audit Report on LBs. ATIR for the year ended 31 March 2010 was discussed by the Committee. However, Action Taken Report (ATR) on the ATIRs submitted to Government was awaited (October 2015). ATIR for the years 2011 to 2013 and CAG's Audit Report on PRIs & ULBs for the year 2014, though, placed before the Legislature, were yet to be discussed by the Committee.

4.6 Response to Audit observations

Inspection Reports (IRs) were issued by Accountant General (Audit), Assam to audited ULB authorities with a copy of each to the State Government. ULB authorities were required to comply with the observations contained in the IRs and rectify the defects and omissions and report their compliance within three months from the date of issue of IRs. Important audit findings are processed for inclusion in the Audit Report.

The details of outstanding paragraphs as of March 2015 are shown in **Table 4.5**.

Table 4.5: The details of outstanding IRs and paragraphs

Year of issue	No. of Inspection Reports	No. of outstanding Paras	Money value (₹ in crore)
Up to 2009-10	49	610	102.64
2010-11	14	179	79.33
2011-12	11	135	49.32
2012-13	06	59	12.38
2013-14	42	484	148.78
2014-15	05	66	8.71
Total	127	1533	401.16

Source: Progress Register.

Thus, 1,533 paragraphs with monetary value of ₹401.16 crore were pending settlement (March 2015) for want of replies from concerned ULBs. Increasing trend of outstanding paragraphs was indicative of audit observations not being complied and shows low level of accountability. The Administrative Heads of the Departments concerned also did not ensure that the concerned officers of the ULBs took prompt and timely action in furnishing replies to IRs and thereby weakening the accountability mechanism of ULBs in Government.

4.7 Ombudsman

The Ombudsman conducts investigation and enquires into instances of maladministration, corruption, favouritism, nepotism, lack of integrity, excessive action, inaction, abuse of position *etc.*, on the part of officials and elected representatives of PRIs. He can even register cases, *suomoto*, if the instances of the above kind come to his notice. There was however, no provision in the AM Act and GMC Act regarding setting up of Ombudsman for ULBs. As a result, there was no scope for Ombudsman to conduct investigation and enquire into instances as mentioned above.

4.8 Social Audit

The primary objective of social audit is to bring the activities of ULBs under close surveillance of people to enable them to access the records and documents of ULBs. Such

immediate access to information would facilitate transparency and accountability in day-to-day functioning of ULBs. The State Finance Department issued guidelines (May 2009) for social audit which, *inter alia*, included the following:

- Use of Ward Committees as important vehicles for spread of awareness about social audit;
- Appointment of nodal officer at the level of Ward Committee who would register complaints and fix the date for social auditing;
- Wide publication of the date of social audit through local newspapers, hand bills, leaflets and notice boards *etc.*; and
- Presentation by the representatives of ULBs of the relevant data on revenue and expenditure of their organisations including bills, vouchers, muster rolls, measurement books, copies of sanction orders and other books of accounts and papers necessary for the purpose of social auditing.

However, the State Government had not amended (December 2015) the relevant Municipal Act by including a statutory provision for social auditing.

4.9 Lokayukta

The Assam Lokayukta and Upa-Lokayukta Act, 1985 (Assam Act XX of 1985) was introduced to improve the standard of Public Administration through investigation of complaint against ministers, legislators and public functionaries including those of ULBs. The institution was headed by Upa-Lokayukta (since March 2001) as the post of Lokayukta had been lying vacant for the last 20 years (from March 1995 till March 2015).

The State Government had taken various initiatives by publishing advertisement in local newspapers in Assam and launched a website (www.assamlokayukta.gov.in) and has approved setting up of cells in all Districts and Sub divisional Headquarters to receive complaints to increase the awareness of the people regarding Lokayukta and Upa-Lokayukta Act. However, the Upa-Lokayukta had not received any complaints relating to ULBs during the year 2014-2015.

Thus, there was a need to increase awareness among the people about the existence and functioning of anti corruption mechanism to make it more effective and useful to the public.

4.10. Internal Audit and Internal Control system in ULBs

4.10.1 Internal Audit

Internal Audit is an important instrument to examine and evaluate the level of compliance with rules and procedures as envisaged in the relevant Acts as well as in the Financial/Accounting Rules so as to provide independent assurance to management on the adequacy of the risk management and internal control framework in the ULBs.

The system of Internal Audit had not been introduced in the Municipalities in Assam as there was no provision for Internal Audit in relevant Municipal Acts and Rules. As such a system of Internal Audit did not exist in ULBs.

4.10.2 Internal control mechanism in ULBs

Internal control mechanism is an integral function of an organisation which helps it to govern its activities effectively and achieve the objectives of the organisation. It is intended to provide reasonable assurance of proper enforcement of Acts, Rules and Bye-laws. Sound Internal Control Mechanism helps to minimise the risk of errors and irregularities.

However, the following deficiencies were observed which indicates lack of internal control mechanism in ULBs:

- Periodical reports/returns in respect of implementation of various schemes and other activities in the district were not submitted to higher authorities. Thus, monitoring system, essential for ensuring compliance in terms of physical and financial implementation of schemes/programmes, was not in existence. These facts have been detailed in paragraph 5.10.
- There was no readily available data on “Own Revenue Resources” of the ULBs and expenditure incurred thereof. In spite of repeated request, the DMA could not provide information on overall collection of own revenue by the ULBs (Data of only 60 out of 93 ULBs could be provided). Thus, due to lack of readily available data on own revenue resources, it would be difficult to keep a track on the expenditure incurred out of own revenue. Further, misutilisation of own revenue could also not be ruled out.
- The accounts are not being maintained as per the formats prescribed in the National Municipal Accounts Manual as detailed in paragraph 4.11.6.
- Out of the total ULBs in Assam, 54, 53, 32 and 38 ULBs had not submitted budget proposals during 2011-12, 2012-13, 2013-14 and 2014-15 respectively. However, funds were released by the Government in a routine manner, thereby defeating the purpose of planning and without taking into account the requirement of the people at the grass root level.

Though these shortcomings were pointed out to ULBs and the State Government in previous ATIRs/Audit Report to ensure proper maintenance of records to put an internal control mechanism in place, no such corrective action has yet been carried out.

4.10.3 Advance paid to JE/Contractor not adjusted

State Financial Rules stipulate that advances paid should be adjusted without any delay and Drawing and Disbursing Officer (DDO) concerned should watch their adjustment. Though the Chairpersons of MBs and TCs are custodians of all Municipal accounts, it was noticed that in three ULBs an amount of ₹2.10 crore was given as advances to JEs/Contractors for implementation of schemes but the same was not adjusted till March 2015 as detailed in Table 4.5.

Table 4.5: Advance paid to JE/Contractor not adjusted (₹ in lakh)

Sl. No	Name of MB/TC	Amount
1	Bijni TC	7.83
2	Jorhat MB	171.60
3	Raha TC	22.54
	TOTAL	201.97

By not adjusting the advance paid to JE/Contractors, the concerned DDO not only violated financial rules but it also increases the possibility of over payment to JE/Contractors against actual cost of work.

4.10.4 IT/VAT not deducted

According to Income Tax (IT) Act and State Value Added Tax (VAT) Act, IT & VAT will be deducted from the payment of contractors/suppliers. Tests check of records revealed that in six ULBs (one MB and five TCs) IT/VAT amounting to ₹26.34 lakh were not deducted as detailed in Table 4.6.

Table 4.6: IT/VAT not deducted

(₹ in lakh)

SL. NO	Name of ULBs	Amount
1.	Jorhat MB	6.30
2.	Hamren TC	14.66
3.	Bakalia TC	1.06
4.	Donkamukam TC	2.64
5.	Udalguri TC	0.48
6.	Rangapara TC	1.20
Total		26.34

As the IT/VAT was not deducted, Government suffered a loss of revenue to that extent.

4.10.5 Short collection of Kist money

During test check of records it was noticed that there was short collection of *kist* money of ₹16.26 lakh in nine ULBs as shown in the Table 4.7.

Table 4.7: Short collection of Kist money

(₹ in lakh)

Sl.No.	Name of MBs/TCs	Amount
1	Howraghat TC	0.14
2	Hamren TC	0.37
3	Lumding MB	1.50
4	Palasbari TC	0.54
5	Donkamukam TC	5.93
6	Udalguri TC	2.71
7	Raha TC	0.59
8	Nazira TC	2.96
9	Tihu TC	1.52
Total		16.26

Thus, due to short collection of *kist* money, revenue could not be augmented to that extent.

4.10.6 Holding Tax, Licence Fee and Room Rent not realised

During test check of records, it was noticed that Holding Tax, Licence Fee and Room Rent were not realised from 14 ULBs out of test checked 19 ULBs amounting to ₹7.93 crore as shown in the Table 4.8.

Table 4.8: Holding Tax, Licence Fee and Room Rent not realised

(₹ in lakh)

Sl. No	Name of ULBs	Amount not realised
1	Howraghat TC	1.56
2	Hamren TC	28.84
3	Bijni TC	19.21

4	Lumding MB	10.70
5	Palasbari MB	9.15
6	Doboka TC	3.95
7	Jorhat MB	447.78
8	Bakalia TC	1.00
9	Donkamukam TC	14.03
10	Udalguri TC	35.73
11	Raha TC	6.27
12	Rangapara TC	38.50
13	Nazira MB	137.26
14	Tihu TC	39.14
TOTAL		793.12

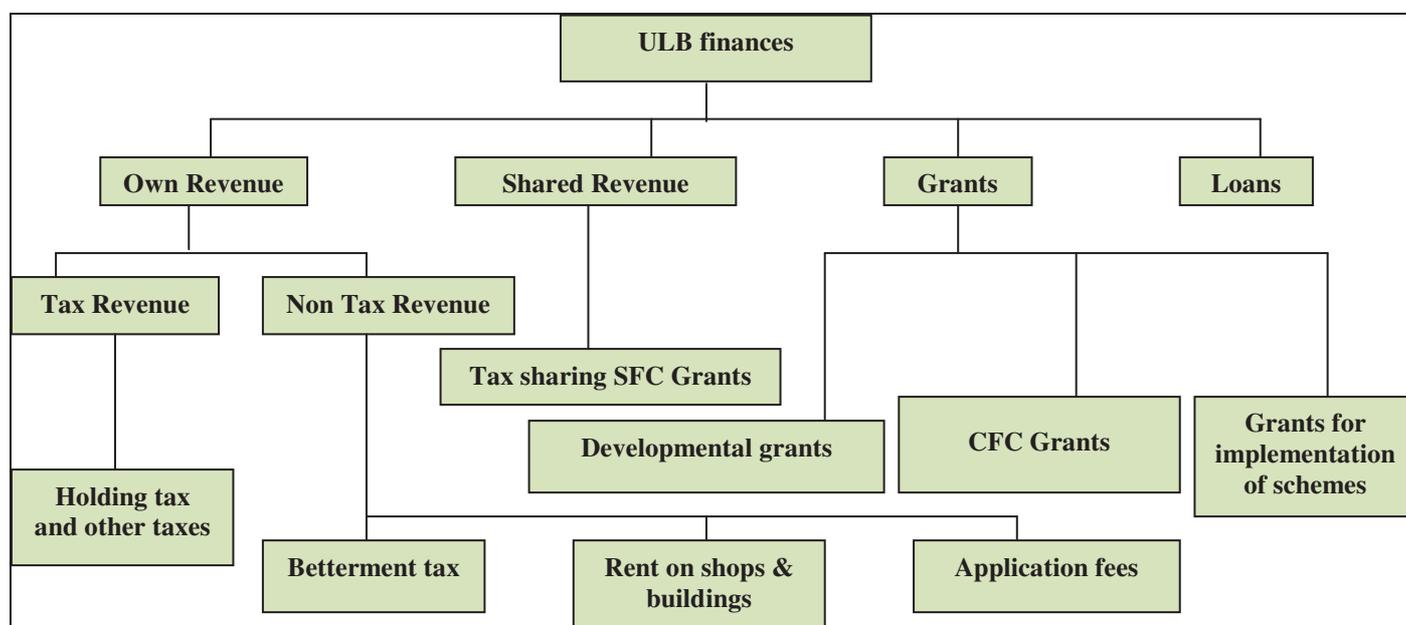
As the Holding Tax, Licence Fee and Room Rent was not deducted, there was loss of Government revenue to the tune of ₹ 7.93 crore. Moreover, the intended application of such fund as envisaged under Section 60 of the AM Act, 1956 were not applied in full which had deprived many social welfare activities to be carried out by the ULBs.

4.11 Financial Reporting Issues

4.11.1 Sources of Funds

The principal sources of revenue of ULBs are (i) Collection from tax and non-tax sources allocated to them under the relevant Act, (ii) resource transfer from the State in the form of devolution of shared taxes and duties, (iii) grants-in-aid from the Government of Assam (GoA) and (iv) grants-in-aid from Government of India (GoI) under various Centrally Sponsored Schemes (CSS) and under award of successive CFCs. Besides, ULBs also obtain loans from financial institutions for implementation of various schemes relating to Urban Development, Water Supply and Roads *etc.*, as shown in the **Chart 4.2** below.

Chart 4.2: A flow chart of finances of ULBs



Under the provision of the Acts in force, all collections such as taxes on holdings, water tax, latrine tax *etc.*, are the sources of tax revenue while building plan sanction fee, rent from shops and buildings, tolls and other fees and charges constituted the main source of non-tax revenue. The State Government also released grants-in-aid and loans to the ULBs to

compensate their establishment expenses. ULBs also receive grants and assistance from State Government and Central Government for implementation of schemes and projects.

4.11.1.1 Resource trends and composition of ULBs

The trend of resources of ULBs for the period 2010-11 to 2014-15 is shown in **Table 4.9**.

Table 4.9: Time series data on ULBs resources

(₹ in crore)

Source	2010-11	2011-12	2012-13	2013-14	2014-15
Own Revenue	128.78	151.57	190.04	NA	NA
SFC transfers	151.67	189.68	149.59	133.11	169.07
CFC transfers	12.04	31.97	44.28	Nil	39.74
Interest for delayed payment of CFC grants	Nil	0.11	0.20	0.12	0.18
State Sponsored Scheme (SSS)	20.54	16.13	4.14	8.22	12.29
GoI grants for CSS	33.27	24.09	33.41	25.57	11.03

Source: The FASFC Report and information furnished by DMA and Director, T&CP GoA.

The above table shows that the CSS Grants had a decreasing trend with respect to fund released from the year 2012-13. There was also a gradual decline in receipt of SFC grants from 2011-12 to 2013-14 which affected the implementation of various welfare activities by ULBs for the overall economic development. Further, the State Government lacked monitoring of own revenue resources of ULBs in 2013-14 and 2014-15 as it could not provide consolidated figures of actual receipts in respect of own revenues of all the ULBs in Assam.

4.11.1.2 Resource trends and composition of GMC

The receipts of GMC from all sources during the last five year ending 2014-15 are shown in **Table 4.10**.

Table 4.10: Time series data on GMC resources

(₹ in crore)

Source	2010-11	2011-12	2012-13	2013-14	2014-15
Own Revenue	42.08	48.09	58.03	50.61	56.05
SFC transfers	62.42	56.12	92.50	34.72	48.27
CFC transfers	3.92	8.07	12.77	Nil	10.20
Interest for delayed payment of CFC grants	Nil	0.01	Nil	Nil	Nil
SSS	19.96	4.95	2.64	16.86	7.94
GoI grants for CSS	0.76	0.38	6.97	8.08	1.63

Source: Information furnished by GMC, Assam.

There was mostly an increasing trend of own revenue mobilisation by GMC from 2010-11 to 2014-15 except in 2013-14 when there was slight decrease as compared to previous year. The receipt under SFC transfers also had a fluctuating trend during 2010-15. Though, GoI grants for CSS had an increasing trend till 2013-14 but these were drastically reduced in 2014-15.

4.11.1.3 Allocation and release of funds

During 2012-13 to 2014-15 public investment in urban development through major CSS and corresponding State shares are shown in **Table 4.11**.

Table 4.11: Statement showing investment through major CSS and SSS

(₹ in crore)

Sl. No.	Name of schemes	Nature of grants (Share)	2012-13			2013-14			2014-15		
			Budget provision	Allocation made	Fund released	Budget provision	Allocation made	Fund released	Budget provision	Allocation made	Fund released
1	SJSRY	Central	34.13	34.13	37.78	34.13	34.30	Nil	Nil	Nil	Nil
		State	6.00	4.43		6.00	3.79	Nil	Nil	Nil	Nil
2	IDSMT ⁴⁷	Central	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		State	7.74	7.74	7.74	Nil	Nil	Nil	Nil	Nil	Nil
3	IHSDP ⁴⁸	Central	62.81	0.00	0.00	62.81	2.00	Nil	1.71	1.01	1.01
		State	6.98	0.68	Nil	6.98	0.00	0.00	Nil	Nil	Nil
4	UIDSSMT ⁴⁹	Central	65.89	16.70	13.23	82.67	82.67	11.81	30.33	30.33	1.06
		State	7.32	7.32	Nil	9.18	9.18	0.15	1.40	1.40	Nil
5	10 per cent Pool Fund	Central	Nil	Nil	Nil	27.00	13.76	13.76	12.79	6.63	6.63
		State	11.00	4.00	1.44	4.00	3.10	3.10	2.00	0.21	0.21
6	Night Shelter for Urban Slum	Central	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		State	1.00	0.76	0.56	0.46	0.46	0.22	2.00	1.00	0.60
7	C.M Special Programme for Development of Small Town	State	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
8	Bastisudhar	Central	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		State	0.10	0.10	0.10	0.30	0.30	0.30	1.00	1.00	1.00

Source: Director, MA, Director, T&CP and Secretary, GDD, Assam.

Though, information on scheme wise budget provision, allocation and release of fund was provided by the Department, there was no readily available data on how much amount was actually spent in a particular year on the above mentioned schemes. Thus, there is a need to establish the mechanism for proper accounting of these schemes for better accountability and maximum outcome which will have a direct impact on the welfare of the society.

4.11.2 Devolution recommended by ASFC

In respect of sharing of the net proceeds of State Taxes with Municipalities, a global approach of sharing the net proceeds of all State Taxes excluding Non-Tax revenue and share of Central Taxes is adopted. Details of quantum of devolution recommended by ASFC and fund released by the GoA to ULBs during the years 2010-11 to 2014-15 are indicated in Table 4.12.

Table 4.12: Devolution of Fund to ULBs

(₹ in crore)

Year	Net collection of the State Government	ULBs including GMC		Short released
		Amount to be devolved	Actual released by GoA	
(1)	(2)	(3)	(4)	(5)
2010-11	5929.84	268.27	151.67	116.60
2011-12	7638.23	83.65	83.65	0.00
2012-13	8250.21	91.27	91.26	0.01
2013-14	6545.09	322.77	133.11	189.66
2014-15	7265.05	351.75	169.07	182.68
Total	35628.42	1117.71	628.76	488.95

Source: The Fourth ASFC Report and information furnished by Director, Finance (Economic Affairs) Department, Assam.

It can be seen from above table that against devolution of ₹1117.71 crore, the GoA could release only ₹628.76 crore. Thus, due to short release of ₹488.95 crore the ULBs were unable to implement various welfare activities for the overall economic development.

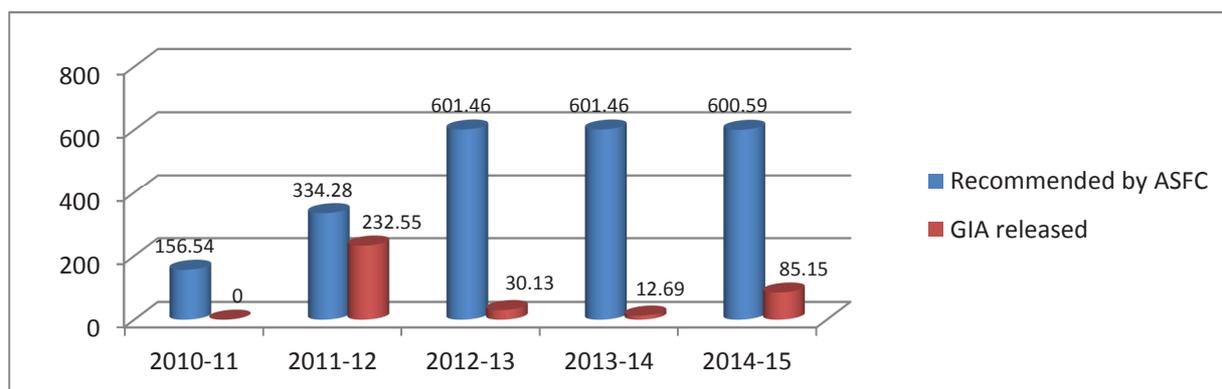
⁴⁷Integrated Development of Small and Medium Towns.

⁴⁸Integrated Housing and Slum Development Programme.

⁴⁹Urban Infrastructure Development Scheme for Small and Medium Towns.

Moreover, there was a huge variance between GIA recommended by ASFC and those released to ULBs by GoA as shown in the **Chart 4.3** below:

Chart 4.3: Allocation and release of Grants-in-Aid (GIA) to ULBs



4.11.3 Thirteenth Finance Commission (13th FC) Grant

The weights adopted by the 13th FC Commissioner for inter distribution of funds among the States were 50 per cent population, 10 per cent area and 20 per cent distance from highest per capita income, 15 per cent index of devolution and five per cent CPC grant utilisation index. Based on the above principles, the share of PRIs and ULBs for the periods 2010-15 in Assam including sixth Schedule areas amounted to ₹ 1892.90 crore. The amount so recommended had two components viz., General Basic Grants and Performance Grants. For all five years, States will be eligible to draw their Basic Grants subject to submission of UCs in time. However, Performance Grants will be eligible from the second year of the award period subject to fulfilment of certain conditions laid down in the 13th FC recommendations.

As per guidelines issued by the GoI, grants of 13th FC are required to be transferred by State Government to the ULBs within five days of receipt from the Central Government in case of States having easily accessible banking infrastructure and ten days in case of States with inaccessible banking infrastructure failing which State Government was liable to transfer interest amount to ULBs at RBI bank rate for the number of days of delay.

The position of grants released to ULBs during 2010-11 to 2014-15 by the GoI and further released by the State Government as per recommendation of the 13th FC is shown in **Table 4.13:**

Table 4.13: Award of 13th FC to ULBs

Programme year	Scheme components	Fund received/released		Penal interest for late release of fund
		Received from GoI	Released to ULBs	
2010-11	General Performance Grant	NIL	NIL	0.3
	General Basic Grant	21.53	21.28	
2011-12	General Performance Grant	10.18	10.18	0.09
	General Basic Grant	27.25	27.25	
2012-13	General Performance Grant	20.03	3.65	0.33
	General Basic Grant	30.67	30.67	
2013-14	General Performance Grant	23.62	NIL	0.12
	General Basic Grant	34.59	NIL	
2014-15	General Performance Grant	30.52	NIL	0.18
	General Basic Grant	44.84	39.24	
TOTAL		243.23	132.27	1.02

Source: Director, Finance (Economic Affairs) Department, GoA.

It was observed that State Government released 13th FC grants to ULBs with an interest liability of ₹ 1.02 crore during 2010-15 due to tardy transfer of fund. Delay in release of funds hampered the timely implementation of the projects in the field because time factor played an important role in Assam in view of season specific limitations in execution of works.

4.11.4 Maintenance of records

Maintenance of record and registers is one of the most important tools of Internal Control Mechanism. Following **Table 4.14** shows details of basic records not being maintained by the test checked ULBs and its implication:

Table 4.14: Details of basic records not being maintained by the test checked ULBs and its implication

Register not maintained	Name of ULBs	Implication
Stock Register	North Guwahati TC, Hamren TC, Doboka TC, Donkamokam TC, Udalguri TC, Rangapara TC, Raha TC	As the Stock Registers were not maintained, actual receipt and utilisation of material could not be monitored by the ULBs. Further, this may also lead to mis-utilisation of material intended for implementation of the schemes.
Asset Register	North Guwahati TC, Howraghat TC, Hamren TC, Bijni TC, Donkamokam TC, Udalguri TC, Raha TC and Rangapara TC	As the Asset Registers were not maintained, the assets of the ULBs could not be monitored which may lead to mis-utilisation/ mis-management of assets. Moreover, as some of the assets were revenue generating, the ULBs would not be able to keep track of the revenue generated by such assets which may also lead to misappropriation of revenue generated by such assets.
Works Register	Rangapara TC	As the Works Register was not maintained, names of the schemes taken up, estimated cost, name of the executing agency, date of commencement and completion of works could not be ascertained.
Advance Register	Rangapara TC, Raha TC and Doboka TC	The purpose, duration and amount of advance to be recovered/adjusted as on 31 st March every year could not be monitored which may result in advance remaining unrecovered even after completion of the work.
Work Progress Register	Bijni TC	As the Work Progress Register was not maintained, progress of the number of works carried out in the ULB could not be monitored and this may result in mis-utilisation of funds meant for the work and also delay in completion of work or work remaining incomplete.

4.11.5 Budget formulation

The position of submission of budget by the MBs/TCs during last three years to Director, Municipal Administration (DMA), Assam is shown in the **Table 4.15**.

Table 4.15: Details of budget submitted by the ULBs

Year	Total MBs/TCs in the State (in numbers)	Budget proposals submitted by the MBs/TCs (in numbers)	Budget proposals not submitted by the MBs/TCs (in numbers)
2011-12	93	39	54
2012-13	93	40	53
2013-14	93	61	32
2014-15	94 ⁵⁰	56	38

Source: Director, Municipal Administration, Assam.

⁵⁰ Including GMC.

As seen from the above table, out of the total ULBs in Assam, 54, 53, 32 and 38 ULBs had not submitted budget proposals during 2011-12, 2012-13, 2013-14 and 2014-15 respectively. Funds were released by the Government in a routine manner, thereby defeating the purpose of planning and without taking into account the requirement of the people at the grass root level.

Further, test check (during 2014-15) of ULBs revealed that four ULBs had prepared the budget without taking into account, the past trend of receipt and expenditure, as detailed in **Appendix-XV (A) and (B)**. Estimated receipts were unduly inflated ranging from ₹ 30.88 lakh to ₹ 12.42 crore and estimate of expenditure were based on such inflated receipts. However, funds were released by the Government in a routine manner, without taking into account the requirements of the people at grass root level. As a result, there were huge variances ranging from ₹ 21.51 lakh to ₹ 13.69 crore in estimated and actual expenditure.

4.11.6 Maintenance of Accounts

The Government of Assam had accepted (March 2011) the National Municipal Accounting Manual (NMAM) which recommends introduction of accrual-based double entry system and improved financial management systems in all ULBs in India. As per para 5.1 of NMAM, the ULBs are required to maintain their accounts on accrual basis.

However, the DMA stated that due to shortage of staff, the ULBs were unable to comply with the formats as prescribed in NMAM and only some of the ULBs were maintaining their accounts on accrual based double entry system but details of number of ULBs maintaining their account on accrual based double entry system was not provided by the DMA.

Moreover, as per paragraph 31.6 of the National Municipal Accounting Manual (NMAM), the ULBs are required to prepare the financial statements like the Balance Sheet, Income and Expenditure Statement, Statement of Cash flows and Receipts and Payments Account, at the end of each quarter. Though the DMA stated that the accounts were updated till 2014-15, test check revealed that four⁵¹ ULBs did not maintain their Annual Accounts. As the Annual Accounts were not maintained, head wise receipt and expenditure; and the financial performance of ULBs could not be ascertained.

⁵¹ Donkamoka TC, Hamren TC, Howraghat TC & North Guwahati TC.

Chapter-V

Performance Audit of "Implementation of Swarna Jayanti Shahari Rojgar Yojana"

Executive Summary

The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched on 01.12.1997 with the key objective to provide gainful employment to the urban unemployed or underemployed through setting up of self-employment ventures or provision of wage employment. SJSRY has been restructured renaming it as National Urban Livelihood Mission (NULM) since the year 2014-15 as per OM issued by Government of India (GoI) on 24th September 2013.

There were 93 Urban Local Bodies (ULBs) in Assam during 2010 to 2015. A total of 6974 group beneficiaries and 40312 individual beneficiaries were covered under three components of SJSRY viz., Urban Self Employment Programme (USEP), Urban Women Self Help Programme (UWSEP) and Skill Training for Employment Promotion amongst Urban Poor (STEP-UP) for which physical targets were fixed.

Performance Audit (PA) of SJSRY revealed that out of a total release of ₹149.30 crore (₹129.88 crore of Central Share and ₹19.42 crore of State Share) for the period 2010-11 to 2014-15, only ₹80.81 crore was utilised (54.13 per cent) resulting in targets under various components of the Programme not being achieved. Besides short utilisation of funds, other reasons for not achieving the targets were short allocation of funds to some ULBs, delay in selection and approval of beneficiaries, lack of proper planning and community structure {viz., Neighbourhood Groups (NHGs), Neighbourhood Committees (NHCs) and Community Development Societies (CDSs)} for implementation of the Schemes under SJSRY and inadequate monitoring and evaluation of the implementation of the Schemes.

Highlights

Proper planning was lacking both at the State and ULB level which resulted in improper utilisation of fund, short achievement of targets and lacunae in implementation of the schemes.

(Paragraph: 5.7)

State Urban Development Agency (SUDA) cum Director of Municipal Administration (DMA) had irregularly retained ₹10.44 crore in their custody without allocating it to the Implementing Agencies (IA).

(Paragraph: 5.8.2)

ULBs failed to utilise the available funds of ₹140.29 crore leaving a balance of ₹59.48 crore resulting in physical targets remaining unachieved.

(Paragraph: 5.8.3)

SUDA furnished UCs to GoI for the entire GoI share of ₹129.88 crore by showing inflated expenditure amounting to ₹58.83 crore, although ULBs furnished UCs for ₹71.05 crore only against release of GoIs share of ₹125.29 crore.

(Paragraph: 5.8.5.2)

The ULBs could not achieve even 50 *per cent* of the targets under Urban Self Employment Programme (USEP) and Urban Women Self-help Programme (UWSP) component of the SJSRY indicating very poor physical performance by ULBs.

(Paragraph: 5.9.1)

Sixteen selected ULBs paid ₹ 697.87 lakh to 107 training intuitions being full payment for providing training to 9401 beneficiaries under Skill Training for Employment Promotion amongst Urban Poor (STEP-UP) without any placement. This was in violation of model agreement issued by the DMA to be executed between ULBs and the training institutions which stipulated that 20 *per cent* of the payment to the training institutions was to be made only after placement of all the training beneficiaries.

(Paragraph: 5.9.4.1)

Out of sixteen selected ULBs, twelve ULBs did not adhere to the prescribed material labour ratio of 60:40 while executing works under Urban Wage Employment Programme (UWEP) and excess material cost amounting to ₹ 84.82 lakh was incurred over the prescribed limit which led to less generation of 61,729 man days.

(Paragraph: 5.9.5.1)

Excess expenditure of ₹ 45.94 lakh was incurred by nine out of 16 test checked ULBs against execution of 137 works departmentally under UWEP as 10 *per cent* contractor's profit was not deducted from the bill.

(Paragraph: 5.9.5.3)

The poorest urban beneficiaries were not selected under USEP and STEP-UP as random survey of 169 beneficiaries conducted revealed that none of the beneficiaries fell under the top priority category. This indicated that the poorest urban beneficiaries were deprived of the benefits of SJSRY.

(Paragraph: 5.9.7)

5.1 Introduction

The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched on 01.12.1997 after subsuming the earlier three schemes for urban poverty alleviation, *viz.*, Nehru Rozgar Yojana (NRY), Urban Basic Services for the Poor (UBSP) and the Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP). The scheme SJSRY has been restructured renaming it as National Urban Livelihood Mission (NULM) since the year 2014-15 as per OM issued by GoI on 24th September 2013. However, guideline for implementing the new programme NULM was yet to be issued (August 2015) by the GoI. Neither did the Government of Assam (GoA) receive any fund from the GoI nor was any scheme under NULM implemented in Assam till August 2015.

The objectives of SJSRY are as indicated below:

- Addressing urban poverty alleviation through gainful employment to the urban unemployed or underemployed poor by encouraging them to set up self-employment ventures (individual or group), with support for their sustainability; or undertake wage employment;

- Supporting skill development and training programmes to enable the urban poor have access to employment opportunities opened up by the market or undertake self-employment; and
- Empowering the community to tackle the issues of urban poverty through suitable self-managed community structures like Neighbourhood Groups (NHGs), Neighbourhood Committees (NHC), Community Development Society (CDS), etc.

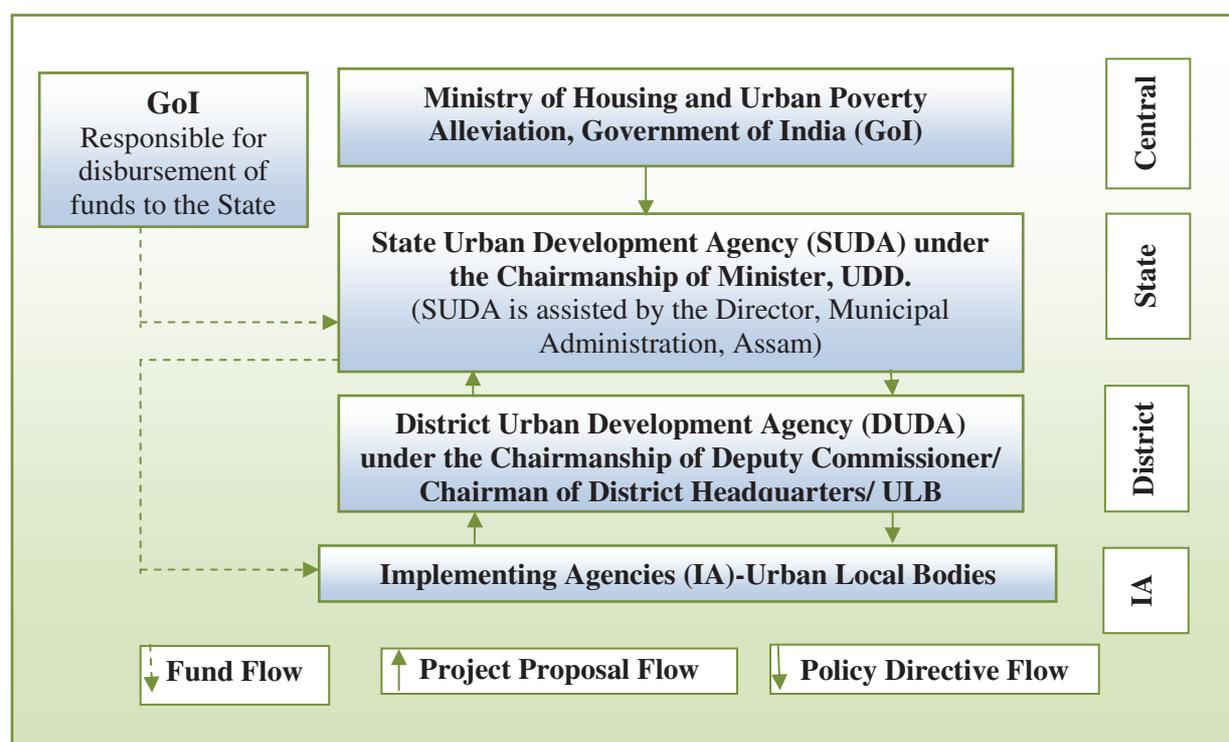
SJSRY had five major components, namely:

- Urban Self Employment Programme (USEP);
- Urban Women Self-help Programme (UWSP);
- Skill Training for Employment Promotion amongst Urban Poor (STEP-UP);
- Urban Wage Employment Programme (UWEP); and
- Urban Community Development Network (UCDN).

5.2 Organisational Set up

The organisational set up, fund flow and policy directive flow is given in **Chart 5.1**.

Chart 5.1: Organisation set up, fund flow chart and policy directive flow



State-wise annual physical targets under the Scheme are fixed on the basis of the all India targets decided by the Ministry of Housing & Urban Poverty Alleviation.

At the State level, State Urban Development Agency (SUDA) under the Chairmanship of Minister, Urban Development Department (UDD) is the State Nodal Agency (SNA) responsible for implementation of SJSRY. SUDA is assisted by the Directorate of Municipal Administration (DMA). State-wise progress is monitored against annual physical targets fixed by GoI and therefore, the State was required to prioritise the flow of funds to different components of the scheme so that the annual targets are achieved.

At district level, the Programme is implemented by the District Urban Development Agency (DUDA) under the Chairmanship of Deputy Commissioner and by the ULBs at implementing agency level.

5.3 Audit Objective

The audit objective of the PA was to assess whether:

- ❖ there were adequacy in the system for the proper planning and identification of beneficiaries;
- ❖ adequate financial outlay was earmarked for the scheme and funds were released timely, utilised economically and efficiently in accordance with the provisions of the schemes;
- ❖ gainful employment was provided to the urban unemployed or underemployed through setting up of self employment ventures or wage employment or skill training and suitable community structures; and
- ❖ an effective monitoring mechanism system was in place and evaluation done to assess the impact of the programme.

5.4 Audit Criteria

The audit criteria for assessing the implementation of SJSRY were:

- The SJSRY/NULM scheme guidelines and instructions issued by the GoI.
- The guidelines of Reserve Bank of India for administration of subsidy.
- Instructions/circulars issued by the State Government and Nodal agencies at State and District level.
- General Financial Rules.

5.5 Audit Scope and Methodology

The PA covering the period from 2010-11 to 2014-15 was conducted during May-August 2015. The PA commenced with an Entry Conference on 19 May 2015 with the Joint Secretary, UDD, DMA and other officials of the Government of Assam (GoA) wherein audit objectives, criteria, methodology *etc.*, were discussed. The field audit involved collection of data from Secretariat, Directorate cum SUDA and selected ULBs and concerned DUDAs *etc.* All the districts within the State were stratified into different strata geographically. From each of the stratum, 30 *per cent* of the districts were selected by Probability Proportional to Size Without Replacement (PPSWOR) with size measurable as the total amount of fund released under SJSRY during the last five years. Within each selected district, 25 *per cent* TC/MB (subject to minimum of 1 MB and 1 TC) were selected by using Simple Random Sampling Without Replacement (SRSWOR) method.

Accordingly, 16⁵² out of 93 ULBs were selected for detailed scrutiny. The field audit also involved beneficiary surveys. The report was forwarded (November 2015) to the GoA. Exit conference was held in December 2015 with the Director, Municipal Administration and other officials wherein the audit findings were discussed. The Department's replies to various audit observations have been suitably incorporated in the Report.

⁵² Guwahati Municipal Corporation (GMC), North Guwahati TC, Rangia MB, Palashbari MB, Silchar MB Lakhimpur (Cachar) MB, Dokmoka TC, Hamren TC, Nagaon MB, Dhing TC, Sivasagar MB, Simaluguri TC, Udalguri TC, Tongla TC, Tezpur MB and Bishwanath Chariali TC.

5.6 Acknowledgement

The office of the Accountant General (Audit), Assam acknowledges the co-operation and assistance extended by UDD, GoA, Director of Municipal Administration, Assam, and concerned ULBs during the course of conducting this audit.

Audit findings

5.7 Planning

Scheme guidelines stipulate that the State is to prescribe detailed procedural guidelines for the implementation of SJSRY in the State based on the guidelines issued by the GoI. The State Nodal Agency (SNA) is to guide and monitor the programme, provide suitable policy directions, facilitate the convergence of policies and programmes impacting on the urban poor and liaise with the State Level Bankers' Committee.

Similarly at District level, a District Urban Development Agency, i.e. DUDA is to coordinate the scheme and undertake capacity building activities for all ULBs within the District, coordinate with the District Planning Committee set up in the District in accordance with the 74th Amendment Act of the Constitution and liaise with Line departments for implementing urban poverty alleviation and related programmes effectively.

At the ULB level, a Town Urban Poverty Alleviation Cell (UPA Cell) is to be set up under the Executive Officer or Commissioner of the Municipal Corporation/Municipality, supported by a Project Officer (PO)/Assistant Project Officer (APO) who shall be responsible for coordinating the activities of all the Community Development Societies (CDSs) and Community Organiser (COs) under the ULB.

Audit observed that:

(a) Though GoA vide notification (September 2006) re-constituted SUDA to give policy direction and monitor the programme of SJSRY, the State did not prescribe any detailed procedural guidelines for implementation of SJSRY. Neither were any community based organisations/Non Government Organisations (NGOs) involved in implementation of the scheme nor was any target fixed to set up community structures to cover the targeted urban poor population within a specified period of time. State Resource Centre was also not identified by the State to coordinate capacity building and training activities for employees and stakeholders.

(b) Although, GoA constituted DUDA in July 2003 (reconstituted in August 2011), none of the DUDAs in the eight selected districts were associated with planning activities as UPA cell was not formed in the selected 16 ULBs under the said districts.

(c) None of the selected ULBs formed UPA Cell for identifying urban poor clusters and areas for setting up of community structures. No action plan was prepared setting component wise target under the Programme. As the UPA cell was not formed, identification of target groups and beneficiaries could not be carried out. Further, there was no convergence between activities of the CDSs, the ULBs and Line departments.

It is evident from the above that proper planning was lacking both at the State and ULB level which resulted in improper utilisation of fund, short achievement of targets and lacunae in implementation of the schemes as discussed in the succeeding paragraphs.

In reply, the Department stated that SJSRY Scheme was implemented as per guidelines of Government of India. The Department also stated that SUDA and DUDA implemented the Scheme at State and District level respectively.

The reply is not tenable as Scheme guidelines stipulate that the State is to prescribe detailed procedural guidelines for the implementation of SJSRY in the State based on the guidelines issued by the GoI and State Resource Centre was to be identified by the State to coordinate capacity building and training activities for employees and stakeholders, which was not found done.

5.8 Financial Management

As per guidelines of SJSRY, funding for the State of Assam under SJSRY will be shared between the Centre and the States in the ratio of 90:10. SJSRY fund to the State are released as a whole, without segregating into components, thereby giving flexibility to the State for utilising funds. The DMA, while releasing funds, releases the fund to ULBs based on the population and physical targets set by GoI.

Lacunae found in the financial management of SJSRY fund are discussed in succeeding paragraphs.

5.8.1 Receipt and Utilisation of funds by DMA

The positions of funds released by GoI and GoA during 2010-11 to 2014-15 towards implementation of SJSRY are given in **Table 5.1**.

Table 5.1: Details of funds released by GoI and GoA during 2010-15 towards implementation of SJSRY

(₹ in crore)

Year	OB	Fund received by DMA			Total fund available	Funds released to ULBs	C.B	Balance (Per cent) (Col.8 ÷ Col.6 ×100)
		Central Share	State Share	Total Fund Received				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(10)
2010-11	13.52	28.70	8.20	36.90	50.42	35.35	15.07	29.89
2011-12	15.07	16.37	3.00	19.37	34.44	34.34	0.10	0.29
2012-13	0.10	50.51 ⁵³	4.43	54.94	55.04	45.10	9.94	18.06
2013-14	9.94	34.30	3.79	38.09	48.03	25.50	22.53	46.10
2014-15	22.53	0	0	0	22.53	0	22.53	100
Total		129.88	19.42	149.30	210.46	140.29		

Thus, 0.29 to 46.10 per cent of fund remained undisbursed with DMA due to less allocation of fund to ULBs as well as late receipt of fund from the GoI as a result of which the funds could not be used for implementation of SJSRY. During the period from April 2014 to August 2015, no fund was released due to closure of SJSRY.

5.8.2 Short allocation of funds by DMA

While releasing the funds, GoI instructed to allocate five per cent of the funds for Administrative and Other Expenses (A&OE) and three per cent for Information Education and Communication (IEC). The balance available fund was to be allocated in the ratio of 20:20:30:20:10 for USEP:UWSP:STEP-UP:UWEP:UCDN respectively. DMA was required to allocate ₹ 149.31 crore (Central and State share) to ULBs during 2010-11 to 2013-14. However, DMA allocated only ₹ 138.87 crore to ULBs ignoring GoI's instruction resulting in

⁵³ ₹ 50.51 crore includes ₹ 16.37 crores pertaining to the year 2011-12.

short allocation of fund of ₹ 10.44 crore against different components as shown in **Table 5.2** below.

Table 5.2: Statement showing short allocation of fund by DMA cum SUDA to ULBs during 2010- 2014
(₹ in crore)

Year	Total Available Fund including CS and SS	Allocation to be made	Allocation made	Short allocation
2010-11	36.91	36.91	34.06	2.85
2011-12	35.75	35.75	32.89	2.86
2012-13	38.56	38.56	37.79	0.77
2013-14	38.09	38.09	34.13	3.96
Total	149.31	149.31	138.87	10.44

Thus, the SUDA/DMA had irregularly retained ₹ 10.44 crore in their custody without allocating it to the Implementing Agencies (IA). Moreover, no fund was allocated against A&OE and IEC during the years 2010-11 and 2011-12.

In reply, the Department stated that as per GoI instructions, the fund was to be transferred to NULM and as such the fund was kept in SUDA account and was allocated under A&OE.

The reply is not tenable as there was short allocation during the whole period of 2010-11 to 2013-14 while Government of India instructed to transfer fund to NULM in June 2014 only. No evidence of allocating fund under A&OE during the years 2010-11 and 2011-12 could be furnished.

5.8.3 Receipt and Utilisation of fund by ULBs

ULBs reported expenditure of ₹ 80.81 crore against ₹ 140.29 crore released by DMA during 2010-15 leaving a balance of ₹ 59.48 crore. Thus, financial progress of the ULBs was 57.60 *per cent* despite availability of fund. Thus, even after having available funds, ULBs failed to utilise funds resulting in not achieving of physical targets.

An expenditure of ₹ 18.16 crore was reported by 16 test checked ULBs against receipt of ₹ 31.86 crore from DMA during the period 2010-15, as shown in **Table 5.3** below:

Table 5.3: Position of fund released to selected ULBs by DMA and its utilisation during 2010 to 2015
(₹ in crore)

Sl. No.	Name of ULBs	Amount released	Expenditure	Balance	Percentage of utilisation
1	Nagaon MB	3.09	0.58	2.51	18.77
2	Dokmoka TC	0.98	0.20	0.78	20.41
3	B N Chariali	1.07	0.31	0.76	28.97
4	Tezpur MB	2.12	0.82	1.30	38.68
5	GMC	8.16	3.21	4.95	39.34
6	Sivasagar MB	2.26	1.05	1.21	46.46
7	Rangia MB	1.39	1.04	0.35	74.82
8	Silchar MB	3.45	2.67	0.78	77.39
9	Lakhipur MB	1.59	1.26	0.33	79.25
10	Simaluguri TC	0.98	0.78	0.20	79.59
11	Tangla TC	1.17	0.97	0.20	82.91
12	Dhing TC	1.33	1.15	0.18	86.47
13	North Guwahati TC	1.10	1.01	0.09	91.82
14	Hamren TC	1.03	0.98	0.05	95.15
15	Udalguri TC	1.17	1.16	0.01	99.15
16	Palasbari MB	0.97	0.97	0	100.00
Grand Total		31.86	18.16	13.70	57.00

The overall percentage of utilisation of funds under 16 selected ULBs was merely 57 *per cent* whereas six ULBs could not utilise even 50 *per cent* of the available fund. Only Palashbari MB reported 100 *per cent* utilisation of funds. ULBs stated that failure to utilise the available

fund was due to delay in submission of Scheme proposals and beneficiary list and consequent delay in according approval by DUDA. This has hampered the achievement of physical targets and thereby deprived the beneficiaries of the intended benefit of the Schemes.

5.8.4 Refund of unspent SJSRY fund by ULBs

Consequent upon launching of National Urban Livelihood Mission from 2014-15, Director of Municipal Administration, Assam instructed (March 2014) all the ULBs to close SJSRY accounts w.e.f. 01.04.2014 and refund the unspent balance as on 31.03.2014 to SUDA. Positions of fund refunded/retained out of unspent balance by the ULBs are shown in **Table 5.4** below:

Table 5.4: Position of fund refunded/retained out of unspent balance by the ULBs

(₹ in crore)

Sl. No.	Particulars	No. of ULBs	Unspent Fund	Amount refunded	Fund retained
1	Funds fully utilised	7	-	-	-
2	Funds returned in full	23	6.87	6.87	-
3	Funds partially returned	44	36.71	13.04	23.67
4	Funds not at all returned	19	15.90	-	15.90
Total		93	59.48	19.91	39.57

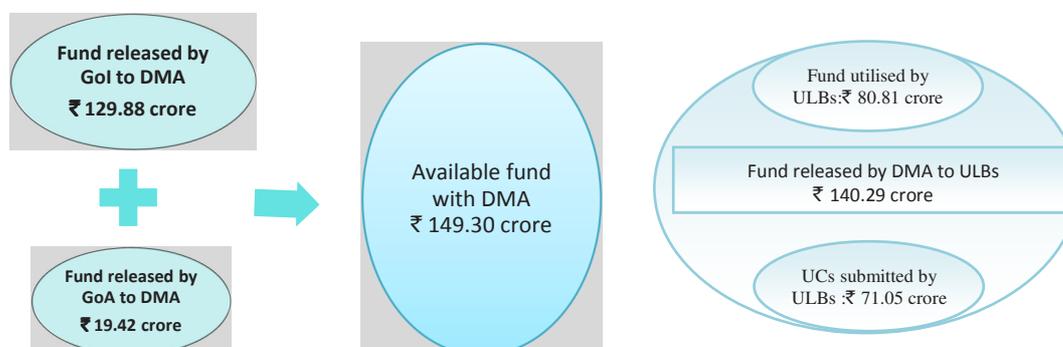
Source: Information furnished by the DMA.

Out of test checked 16 ULBs only Palasbari MB had utilised the entire amount available with them whereas six⁵⁴ ULBs have partially refunded ₹ 1.95 crore, whereas seven⁵⁵ ULBs to whom ₹ 15.42 crore was released, did not refund ₹ 8.32 crore which remained unspent with them. ₹ 9.01 crore of SJSRY fund was yet (December 2015) to be refunded by the test checked ULBs. This indicated poor monitoring by SUDA to recover the unspent money lying with the ULBs resulting in blockade and possibility of misappropriation of Government fund as the programme had already closed.

5.8.5 Submission of Utilisation Certificates

Utilisation Certificate (UC) is to be furnished by ULBs to DMA through respective DUDAs against the fund received from DMA. Further, DMA needs to furnish UCs to GoI against the Central share received. The position of release and utilisation of fund by DMA and ULBs is depicted in the **Chart 5.2** below:

Chart 5.2: Chart depicting position of release and utilisation of fund by DMA and ULBs



Note: Visual representation of figures but not as per scale.

⁵⁴ Dhing MB, Tezpur MB, Biswanath Chariali TC, Tangla TC, Sivasagar MB and Simaluguri TC.

⁵⁵ GMC, Rangia MB, Lakhipur MB, Udalguri TC, North Guwahati TC, Hamren TC and Dokmoka TC.

Following irregularities were noticed in submission of UCs by ULBs and DMA:

5.8.5.1 Submission of UCs by ULBs

Out of ₹140.29 crore received by ULBs, UCs for only ₹71.05 crore were submitted to SUDA by the ULBs till August 2015 although ₹80.81 crore had been utilised by them.

In 16 test checked ULBs it was found that the ULBs received ₹31.85 crore during 2010 to 2015 against which expenditure of ₹18.17 crore was incurred. However, 14 of the 16 ULBs submitted UCs for ₹23.16 crore against an expenditure of ₹16.96 crore incurred by them resulting in submission of inflated UCs by ₹6.20 crore whereas two ULBs Dokmoka TC and North Guwahati TC had not submitted any UCs for the expenditure of ₹1.21 crore incurred out of the amount of ₹2.08 crore received by them. Thus, disproportionate submission of UCs by the ULBs indicated poor monitoring by SUDA.

5.8.5.2 Submission of UCs by SUDA to GoI

Although ULBs furnished UCs for ₹71.05 crore against release of GoI share of ₹125.29 crore, SUDA submitted UC to GoI for the entire GoI share of ₹129.88 crore received during 2010-15. This even included ₹4.79 crore which was not actually released to the ULBs. Thus, SUDA furnished UCs by showing inflated expenditure amounting to ₹58.83 crore (₹129.88 crore - ₹71.05 crore). As UCs were submitted for the entire fund received from GoI, it was not clear how the unspent fund refunded by the ULBs would be treated by the SUDA.

It is evident from above that there were lacunae in monitoring of receipt and utilisation of fund at State as well as ULB level indicating poor financial management. The Department did not furnish any specific reply in this regard.

5.8.6 Irregular release of fund

During 2010-11 to 2012-13 ₹8.16 crore was received by DUDA, Kamrup Metro from DMA out of which ₹1.63 crore remained un-disbursed till May 2014. Following closure of SJSRY in March 2014, DMA issued instruction to all ULBs and DUDAs to refund the unutilised/un-disbursed money. However, violating the instructions issued by GoA, the DUDA, Kamrup Metro irregularly released ₹1.63 crore to GMC in June 2014 without specifying any purpose.

5.8.7 Other Irregularities

5.8.7.1 Single account for SJSRY not maintained

As per GoA notification dated 27.09.2006, a separate bank account shall be operated by the Director, Municipal Administration, ex-officio Member Secretary of SUDA for funds received from the State Government and the Central Government against State Share and Central Share allotted for SJSRY and finally amounts are to be disbursed to District Urban Development Authorities (DUDAs) with approval of SUDA. However, one Savings Bank Account was maintained by the DMA in the name of Member Secretary, SUDA wherein funds received under various schemes viz., SJSRY, 10 per cent pool fund⁵⁶, Entry Tax,

⁵⁶ Central Ministries are to utilise 10 per cent of their budgetary allocations each year in the North Eastern Region. In this connection high level commission of the Planning Commission, GoI decided to create the Non Lapsable Central Pool of Resources for the North Eastern States and Sikkim from the year 1998-99.

13th Finance Commission Award, Infrastructure Development *etc.*, were deposited and disbursed to DUDAs, suppliers, contractors *etc.* Thus, DMA cum SUDA did not maintain a separate bank account for SJSRY in violation of Scheme Guidelines and instructions issued by GoA. It was observed that a total of ₹ 4.08 crore accumulated (August 2015) on account of interest accrued for the deposited funds of all the scheme could not be segregated scheme wise due to maintenance of single account for all the scheme funds.

5.8.7.2 Suspected misappropriation of fund

As per Assam Treasury rule 16 read with Supplementary Order 50 thereunder, Government money should not be drawn from Treasury/Bank unless it is required for immediate disbursement. However, it was found that:

5.8.7.2.1 Chairman, Dokmoka TC withdrew ₹ 8,43,757 between April 2014 and August 2014 through four self cheques for implementation of approved Schemes under UCDN (₹ 3,50,000) and construction of waiting shed (₹ 1,05,450). The rest of the amount of ₹ 3,88,307 was drawn without any specific purpose. However, neither the Chairman furnished any details of expenditure nor any records *viz.*, Actual Payee Receipts (APRs), vouchers, *etc.*, in support of actual expenditure. The present Chairman stated that the then Chairman neither submitted any bills, vouchers or APRs in support of the expenditure nor there was any evidence of execution of any work out of the drawn fund. Thus, misappropriation of ₹ 8,43,757 drawn from SJSRY fund cannot be ruled out.

5.8.7.2.2 Similarly, Chairman, Hamren TC withdrew ₹ 4.00 lakh through self-cheque on 11.8.2014 without any specific purpose. He neither submitted any expenditure details nor any records *viz.*, APRs, vouchers *etc.*, in support of expenditure of the said amount. Evidence of execution of any work out of the drawn fund was also not available in the records. Thus, misappropriation of ₹ 4.00 lakh cannot be ruled out. However, the present chairman neither called for the expenditure details from the defaulting Chairman nor reported these facts to the higher authority.

5.8.7.3 Diversion of fund

SJSRY Scheme guidelines neither provides for incurring expenditure for unproductive purposes such as procurement of TVs and accessories *etc.*, nor it provides for utilisation of accrued interest for any activity other than SJSRY. However, it was found that:

5.8.7.3.1 During February 2012 to December 2014 the Chairman, North Guwahati TC irregularly diverted ₹ 3.84 lakh being accrued interest from SJSRY fund to Own Fund and utilised for maintenance of office activities such as procurement of stationeries, printers, cartridges *etc.* This deprived SJSRY beneficiaries of the benefit of the Programme to that extent.

5.8.7.3.2 In October 2014, ₹ 3.99 lakh was diverted by GMC from SJSRY fund for procurement of TVs and DTH accessories including payment made to Officer on Special Duty, Jawaharlal Nehru National Urban Renewal Mission (OSD, JNNURM) Cell. This deprived SJSRY beneficiaries of the benefit of the Programme to the extent of diversion made.

5.9 Programme Implementation

Shortcomings observed in the implementation of SJSRY are elaborated in the succeeding paragraphs:

5.9.1 Position of achievement of target

Position of targets and achievements of the ULBs under various components of SJSRY Scheme are shown in **Table 5.5** below:

Table 5.5: Statement showing targets and achievements of ULBs under various components of SJSRY during 2010-11 to 2014-15

Sl. No.	Component	Target (no. of beneficiaries)	Achievement (no. of beneficiaries)	Achievement (in per cent)
1	USEP	3815	1613	42.28
2	UWSP (Loan & Subsidy)	2691	811	30.14
	UWSP (Revolving Fund)	12747	6163	48.35
3	STEP-UP	40642	38699	95.22
4	UWEP	Physical target was fixed neither by GoI nor by GoA		
5	UCDN			
6	IEC			
7	A&OE			

Source: Figures furnished by DMA.

Thus, the ULBs could not achieve even 50 per cent of the targets under USEP and UWSP component of the SJSRY. This indicated very poor physical performance by ULBs. Position of achievement of targets by all the 16 test checked ULBs is shown in following **Table 5.6**:

Table 5.6: Position of achievement of targets by selected ULBs under various components of SJSRY during 2010-11 to 2014-15

Sl. No.	Component	Target (no. of beneficiaries)	Achievement (no. of beneficiaries)	Achievement (in per cent)
1	USEP	1246	860	69.02
2	UWSP (Loan & Subsidy)	728	426	58.52
	UWSP ((Revolving Fund)	4012	458	11.42
3	STEP-UP	9490	7472	78.74

Source: Figures furnished by DMA.

Thus, achievement of targets by the selected ULBs under USEP and UWSP was less than 70 per cent. In UWSP (Revolving Fund), the achievement of target was only 11.42 per cent. The ULBs attributed the shortfall in achievement of targets to delay in selection of beneficiaries and subsequent approval thereof.

5.9.2 Implementation of Urban Self Employment Programme (USEP)

5.9.2.1 Blockade of fund due to not releasing of loan and subsidy

For providing loan and subsidy to the beneficiaries under USEP, ULBs forward the list of selected beneficiaries to the bank. The bank after scrutiny, sanctions loans to the beneficiaries and claims subsidy from ULBs. ULBs then release the subsidy amount as per bank's claim. Finally the bank disburses the loan amount including subsidy to the beneficiaries. It was found that subsidy amounting to ₹ 5 lakh was released (July 2014) to United Bank of India, Simaluguri Branch against 10 beneficiaries under Simaluguri TC and ₹ 2 lakh was released to Central Bank of India, Tongla Branch under Tongla TC against 10 beneficiaries. However, the banks did not release loan to the beneficiaries thereby blocking the subsidy amount. No action was initiated by the ULBs to ascertain why loan to the beneficiaries were not released

and to take remedial action thereof. This deprived 20 beneficiaries of the loan amount besides blockade of ₹ 7 lakh with the bank.

5.9.2.2 Micro-Business Centers (MBCs) not established

The functions of MBCs are to provide Small Enterprise Advisory Services (SEAS) which may be equipped with specialists covering 5 key areas: (1) Community Mobilisation including Survey and Identification of Beneficiaries, Cluster Development, *etc.* (2) Capacity Building including Skill & Entrepreneurship Development, (3) Business Development, (4) Finance & Credit and (5) Marketing. The MBCs & Small Enterprise Advisory Services (SEAS) will specially focus on handholding the urban poor micro-entrepreneurs who have opted for self employment, with a view to enhancing the success rate of micro-enterprises. Operative guidelines for MBCs and SEAS will be issued by the respective States/UTs adopting a cluster-based approach.

As per Para 4.3 of SJSRY Guidelines, Micro-Business Centers (MBCs) were to be established at cluster level (e.g. handlooms/handicrafts, food processing, construction, glass & ceramics, electrical and electronics, mechanical engineering, auto driving & mechanics, metal works, *etc.*) supported with one-time capital grant subject to the concerned State Government/ULB providing the required land free of cost. Though financial support not exceeding ₹ 80 lakh per MBC (one time capital grant of ₹ 60 lakh + ₹ 20 lakh for running cost on a tapered scale⁵⁷ to sustain them) was to be provided, the source of this fund was not specifically mentioned in the guidelines. As such, no MBC was established in any of the ULBs and no financial support was provided for the same either by the GoI or by GoA. Thus, the urban poor were not provided with technology, marketing, infrastructure, knowledge & other support in setting up their enterprise and marketing their products.

In reply, Department stated that funds were provided to ULBs for construction of *Suvidha Kendras*. The reply is not tenable as *Suvidha Kendra* can only provide logistic supports for servicing of trades while MBCs are to support development of business through marketing, finance and credit and capacity building *etc.*

5.9.3 Implementation of Urban Women Self-Help Programme (UWSP)

The UWSP scheme is distinguished by the special incentive extended to urban poor women who decide to set up self-employment ventures in a group as opposed to individual effort. Under this Scheme, groups of urban poor women may take up an economic activity suited to their skill, training, aptitude and local conditions. As per para 5.2.3 of the SJSRY guidelines, the UWSP group shall be entitled to a subsidy of ₹ 3 lakh or 35 *per cent* of the cost of project or ₹ 60,000 per member of the Group, whichever is less. The remaining amount will be mobilised as Bank Loan and Margin Money. Groups will contribute five *per cent* of the project cost as margin money in cash.

ULBs prepare the list of beneficiaries on the basis of Scheme proposals submitted by the beneficiaries which are submitted to respective DUDAs for approval. The approved list is forwarded to the bank through the Lead Bank Officer of the respective district by the ULBs for sanction of loan. The concerned bank, on sanction of loan, claims subsidy from the ULBs

⁵⁷ This term is taken from the Scheme Guidelines. Tapered means on a reducing scale.

against the selected beneficiaries. On payment of subsidy by the ULBs, loan is disbursed to the selected and approved beneficiaries.

5.9.3.1 Lacunae in providing subsidy under UWSP

(i) As per SJSRY guidelines 35 per cent of the total project cost was to be paid to the Women Self Help Groups (WSHG) as subsidy. However, during the years 2010-11 and 2011-12, Guwahati Municipal Corporation (GMC) paid 50 per cent subsidy of total project cost to 40 WSHG in violation of provisions of Guidelines resulting in an excess payment of ₹ 14.50 lakh which deprived other beneficiaries from the benefit of the Scheme to that extent as detailed in following **Table 5.7**:

Table 5.7: Statement showing the details of payment of excess subsidy to SHGs under UWSP
(₹ in lakh)

Sl. No	No. of SHGs	Project cost submitted by SHGs	Total project cost submitted by SHGs (2) × (3)	Subsidy to SHGs		Loan paid by Bank	Excess payment made to SHGs (5) - (6)
				Paid 50 per cent of project cost	Admissible 35 per cent of project cost		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	35	2.50	87.50	43.75	30.63	43.75	13.12
2	1	1.50	1.50	0.75	0.53	0.75	0.22
3	1	1.25	1.25	0.63	0.44	0.62	0.19
4	1	2.00	2.00	1.00	0.70	1.00	0.30
5	2	2.20	4.40	2.20	1.54	2.20	0.66
Total	40		96.65	48.33	33.84	48.32	14.49

Source: Figures furnished by test checked ULBs.

(ii) Three out of the 16 selected ULBs paid subsidy amounting to ₹ 15.59 lakh to 55 Women Self Help Groups instead of paying to bank without any Scheme proposal submitted by the Groups as shown in following **Table 5.8**:

Table 5.8: Details of subsidy paid directly to the SHG

SI No.	Name of ULB	Nos. of SHG/members	Rate of subsidy paid	Amount of subsidy paid (₹ in lakh)
1	Nagaon MB	32 SHG	₹ 15,000 per group	4.80
2	North Guwahati TC	16 SHG	₹ 60,000 per group	9.60
3	Lakhipur MB	7 SHG (99 members)	₹ 1200 per member	1.19
	Total	55		15.59

Source: Figures furnished by test checked ULBs.

Neither the Self Help Groups applied for bank loans nor the concerned ULB authorities took any initiative for arranging bank loan for the groups.

Thus, without any Scheme proposal and bank loan, mere payment of subsidy could not create any opportunity for regular income or self employment to the members of the SHGs. Hence, ₹ 15.59 lakh paid as subsidy to 55 Women Self Help Groups could not reap any gainful result. The Department did not furnish any specific reply in this regard.

(iii) Subsidy of ₹ 6.75 lakh paid to Central Bank of India, Tongla Branch under Tongla TC against 11 groups remained blocked with bank as the bank did not sanctioned the loan. No reason was cited by the banks for not sanctioning the loans against subsidy released. This deprived 11 Women Self Help Groups of the loan facility besides blockade of ₹ 6.75 lakh with the banks. No action was initiated even by the concerned ULBs to recover the subsidy amount from the banks. The Department did not furnish any specific reply in this regard.

5.9.4 Skill Training for Employment Promotion amongst Urban Poor (STEP-UP)

This STEP UP component of SJSRY Scheme was to focus on providing assistance for skill formation/upgradation of the urban poor to enhance their capacity to undertake self-employment as well as access better salaried employment. STEP-UP also intended to provide training to the urban poor in a variety of services, business and manufacturing activities as well as in local skills and local crafts so that they could set up self employment ventures or secure salaried employment with enhanced remuneration.

5.9.4.1 Placement of beneficiaries was not ensured by the ULBs

As per model agreement issued by the DMA, which was supposed to be executed between ULBs and the training institutions, 20 per cent of the payment to the training institutions was to be made only after placement of all the training beneficiaries. However, scrutiny of records of the test checked ULBs revealed the following:

- (i) 16 selected ULBs paid ₹ 697.87 lakh to 107 training institutions being full payment for providing training to 9401 beneficiaries as detailed in the following **Table 5.9**.

Table 5.9: Statement showing the placement of beneficiaries not being done after imparting training under STEP UP

No of test checked ULBs	No of training institutes entrusted for training of beneficiaries	No of beneficiaries trained	Amount paid to the institutions (₹ in lakh)	Placement provided to the trained beneficiaries
16	107	9,401	697.87	Nil

Further, survey of 116 beneficiaries who were imparted training under STEP-UP revealed that none of them was able to acquire self employment from the training imparted to them under STEP-UP. Thus, the main objective of STEP-UP of equipping the beneficiaries with required skills to set up self employment ventures and secure salaried employment with enhanced remuneration remained unachieved.

- (ii) 11 out of 16 selected ULBs made no agreement with training institutions (70 nos.). No terms of payments were drawn up so as to ensure post training placement of beneficiaries in violation of model agreement issued by SUDA and full amount of ₹ 243.16 lakh was paid for imparting training to 3379 trainees as shown in **Table 5.10** below:

Table 5.10: Details of amount paid to Institutions for imparting trainings

Sl. No.	Name of ULB	Nos. of Institutions	Nos. of Trainees	Total amount paid (₹ in lakh)
1	Dokmoka TC	3	187	18.70
2	Hamren TC	4	108	2.07
3	Dhing MB	5	453	34.03
4	Sivasagar MB	1	29	2.90
5	Simaluguri TC	3	235	23.50
6	Tongla TC	14	492	29.62
7	Udalguri TC	20	542	24.36
8	North Guwahati TC	5	329	32.90
9	Palashbari MB	2	65	5.85
10	Biswanath Chariali MB	2	313	19.15
11	Tezpur MB	11	626	50.08
	Total	70	3379	243.16

In absence of any agreement, these institutions could not be compelled to provide placements to the trainees. Thus, the main objective of STEP-UP of providing salaried employment to beneficiaries could not be achieved.

(iii) Only six⁵⁸ out of 16 test checked ULBs entered into agreement with training institutions citing conditions of payment that final 20 per cent of contract value would be paid after placement of at least 70 per cent trainees as per model agreement issued by SUDA. Five out of the six ULBs (except Silchar MB) paid full amount of ₹ 316.57 lakh to 26 training institutions for providing training to 3787 beneficiaries without deducting ₹ 63.31 lakh being 20 per cent of contract value although no placement was provided by these institutes as shown in following Table 5.11:

Table 5.11: Details of 20 per cent of the contract value paid to institutions without placement

(₹ in lakh)					
Sl. No.	Name of ULB	Nos. of Institutions	Nos. of Trainees	Amount paid	20 per cent of the amount paid without any placement of beneficiaries
1	Rangia MB	6	463	46.30	9.26
2	Palashbari MB	1	175	17.50	3.50
3	Lakhipur MB	3	211	19.21	3.84
4	Nagaon MB	5	1587	130.79	26.16
5	GMC	11	1351	102.77	20.55
6	Silchar MB	11	2224	132.56	Not yet paid
	Total	37	6011	449.13	63.31

Thus, the amount of ₹ 63.31 lakh was paid to 26 training institutions irregularly in violation of contract agreements. Further, the training institutions could not be compelled to provide placement to the beneficiaries as full amount was disbursed to them.

5.9.4.2 Selection of Training Institutions

As per Scheme Guidelines, skill training may be linked to Accreditation, Certification and preferably be taken on Public-Private-Partnership (PPP) mode with the involvement of reputed institutions like IITs, NITs, ITIs, Industry Associations, reputed Engineering Colleges, Management Institutes, Foundations and other reputed agencies.

SUDA did not involve any reputed institutions like IITs, NITs, Industry Associations, reputed Engineering Colleges, Management Institutes, Foundations and other reputed agencies in the empanelled list of training institutions except some⁵⁹ local private technical and management institutions. Further, all the test checked ULBs involved local Private Beauty Parlours and Tailoring and Embroidery Institutions which were not included in the empanelled list of SUDA. Thus, SUDA as well as ULBs failed to involve reputed institutions for imparting training to beneficiaries under STEP-UP thereby depriving the beneficiaries of required skill training to set up self employment ventures and secure salaried employment with enhanced remuneration.

In reply, the Department stated that institutions were identified for Skill Training Component by SUDA following the guidelines of SJSRY. The reply is not tenable as reputed institutions were to be involved for Skill Training as per Scheme guidelines.

⁵⁸ Rangia MB, Palshbari MB, Lakhipur MB, Nagaon MB, GMC and Silchar MB.

⁵⁹ 21 Private Beauty Parlours, 24 Tailoring and Embroidery Institutions, 19 Private Technical and Management Institutes, 34 Motor Driving Institutes and 19 Computer Institutes (Total 107 institutes).

5.9.5 Urban Wage Employment Programme (UWEP)

This programme seeks to provide wage employment to beneficiaries living below the poverty line within the jurisdiction of ULBs by utilising their labour for construction of socially and economically useful public assets.

5.9.5.1 Prescribed material labour ratio not adhered to

As per Scheme Guidelines, the material labour ratio for works under this programme shall be maintained at 60:40. However, States/UTs can relax this material:labour ratio up to 10 per cent (either way), wherever absolutely necessary. The prevailing minimum wage rate, as notified from time to time for each area, shall be paid to beneficiaries under this programme. Out of 16 selected ULBs, 12 ULBs did not adhere to the prescribed material-labour ratio of 60:40 while executing works under UWEP and excess material cost amounting to ₹ 84.82 lakh was incurred over the prescribed limit which led to less generation of 61,729 mandays as detailed in the following **Table 5.12**:

Table 5.12: Statement showing the excess expenditure on material and less generation of mandays under UWEP

(₹ in lakh)

No of test checked ULBs	No of works executed by test checked ULBs	Amount to be incurred as per estimate (based on 60:40 formula)			Actual expenditure incurred			Excess expenditure on material (6) – (3)	Total mandays generated	Less generation of mandays ⁶⁰
		Material	Wages	Total	Material	Wages	Total			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
16	209	376.82	251.21	628.03	461.64	161.80	623.44	84.82	85,877	61,729

Thus, due to less generation of mandays, the objective of providing wage employment to the beneficiaries was under achieved by 61,729 mandays.

5.9.5.2 Works executed through contractors

Para 7.5 of the scheme guidelines stipulate that works are to be executed by Community Development Societies (CDSs) under supervision of ULBs. However, Dhing MB ignored the scheme guidelines and executed 15 works under UWEP through contractors incurring expenditure of ₹ 58.03 lakh. As such, benefit of wage employment to the extent of 16,891 mandays⁶¹ as per prevailing wage rate prescribed by Government was not ensured to the urban poor.

5.9.5.3 Contractor's profit not deducted

As per existing norms, Plan and Estimates (P&E) are prepared based on 'Schedule of Rates' (SOR) published by Assam Public Works Department (Roads & Bridges, Building), Assam Public Health Engineering Department, Central Public Works Department *etc.*, from time to time on the basis of market survey of the materials normally used in civil constructions. It would be pertinent to mention here that item wise rates categories under the SOR are inclusive of all leviable Government Taxes including 10 per cent contractor's profit.

⁶⁰ ₹ 84,82,146 ÷ 137.41 (prevailing wage rate) = 61,729 mandays

⁶¹ ₹ 58.03 lakh × 40 % (minimum prescribed wage ratio) = ₹ 23.21 lakh
 ₹ 23.21 lakh ÷ ₹ 137.41 (prevailing wage rate) = 16,891 mandays

As such, it is mandatory to prepare the P&E of those schemes which are proposed to be executed departmentally and 10 per cent contractor's profit is to be deducted from the estimated value of the work.

However, excess expenditure of ₹ 45.94 lakh was incurred by nine out of 16 test checked ULBs against execution of 137 works departmentally under UWEP as 10 per cent contractor's profit was not deducted from the bill as detailed in the following **Table 5.13**:

Table 5.13: Details of 10 per cent contractors profit not deducted against execution of works/schemes departmentally for the years 2010-11 to 2014-15

(in ₹)

Sl No	Name of ULB	Total No of works /schemes executed	Estimated amount inclusive of contractors profit	Expenditure permissible when works done departmentally	Expenditure actually incurred on the works	Avoidable excess expenditure as 10 per cent contractor's profit not deducted (6) – (5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Nagaon MB	33	8165,000	73,48,500	81,62,730	8,14,230
2	Simaluguri TC	23	41,42,926	37,28,633	40,51,414	3,22,781
3	Hamren TC	7	17,52,000	15,76,800	17,51,760	1,74,960
4	Dokmoka TC	23	77,42,456	69,68,210	77,20,486	7,52,276
5	Udalguri TC	13	65,50,000	58,95,000	65,88,037	6,93,037
6	Tangla TC	10	74,18,000	66,76,200	73,82,976	7,06,776
7	Tezpur MB	14	64,00,000	57,60,000	63,30,096	5,70,096
8	Biswanath Chariali TC	5	16,50,453	14,85,408	16,44,333	1,58,925
9	Rangia MB	9	40,00,000	36,00,000	40,00,757	4,00,757
Total		137	4,78,20,835	43,03,875	4,76,32,589	45,93,838

Thus, beneficiaries were deprived of wage employments besides effecting creation of public assets under UWEP to the extent of ₹ 45.94 lakh as 10 per cent contractor's profit was not deducted.

5.9.6 Urban Community Development Network (UCDN)

UCDN implies existence of community based organisations viz., Neighborhood Groups (NHGs), Neighborhood Committees (NHCs) and Community Development Societies (CDSs) for providing foundation for community development and empowerment.

As per Scheme Guidelines, SJSRY shall rest on the foundation of community development and empowerment. Rather than relying on the traditional method of top-down implementation, the Scheme shall rely on establishing and nurturing community organisations and structures that facilitate sustained urban poverty alleviation. Towards this end, community organisations like NHGs, NHCs and CDSs shall be set up in the target areas. The CDSs will be the focal points for purposes of identification of beneficiaries, preparation of loan and subsidy applications, monitoring of recovery and generally providing whatever other support is necessary for the programmes. The CDSs will also identify viable projects suitable for the area. Promotion of women self-help groups would be an important activity to be pursued by CDSs. Following lacunae in implementation of UCDN were found:

5.9.6.1 Neighbourhood Groups and Neighbourhood Committees not formed

Nine⁶² out of 16 selected ULBs did not form any NHG and NHC which are the formal association of poor women living in an urban locality. As such, these ULBs failed to set up the required community structures to facilitate sustained urban poverty alleviation.

5.9.6.2 Community Development Society (CDS) not setup

The CDS is a formal association of all the Neighbourhood Committees at the town level based on common goals and objectives. The Community Development Society (CDS) should be registered under the Societies Registration Act or other appropriate Act to provide access to grant-in-aid under various schemes and for a wider financial and credit base.

Out of 16 selected ULBs, only 10 ULBs⁶³ set up CDS. Out of 10 CDSs set up, although five⁶⁴ CDSs were stated to have been registered under the Societies Registration Act, only one ULB (Rangia MB) could produce the copy of Registration Certificate in support of registration. Further, there was no evidence of involving the CDSs with selection of beneficiaries, coordinating with bank and the beneficiaries and identification of viable projects *etc.*

In absence of CDS, six ULBs did not have community structures to facilitate sustained urban poverty alleviation through activities of community development and empowerment like promotion of Self Help Groups, identification of beneficiaries, preparation of loan and subsidy applications, monitoring of recovery and identification of viable projects suitable for the area.

5.9.6.3 Irregular utilisation of fund under UCDN

As per Scheme Guidelines, funds may be released separately under UCDN component, for strengthening of Community Structures and Community Development Networks. These can be utilised for meeting the expenditures on allowances/honorarium to Community Organisers (CO); community mobilisation machinery including animators; holding of awareness camps/workshops/seminars/conferences/meetings involving COs; Community-Based Organisations (CBOs); NGOs and other stakeholders; miscellaneous daily activities of the CDS, *etc.*; any other activity/project connected with community development; and empowerment such as surveys, preparation of Urban Poverty Reduction Strategy, Slum Development Plan, Community level Micro-plans, Mini-plans and Social Audit *etc.*

- (i) Palashbari MB diverted an amount of ₹ 4.23 lakh on Ward Meetings organised for Old Age Pensioners as expenditure on Packet Lunch, fee for announcement, Auto fare and Microphone hire *etc.*, out of fund released under UCDN.
- (ii) Lakhipur MB diverted a total amount of ₹ 13.01 lakh towards construction of meeting hall, purchase of generator set and furniture for the said hall out of the funds released under UCDN.
- (iii) Dhing MB procured office furniture such as Steel Almirah, Office Table, Curtains, Screens, Executive Chairs and File Racks worth ₹ 7.37 lakh out of fund received under UCDN component.

⁶²GMC, Biswanath Chariali MB, Lakhipur (Cachar) MB, Nagaon MB, Rangia MB, Dokmoka TC, North Guwahati TC, Simaluguuri TC and Tongla TC.

⁶³Udalguri TC, Sivasagr MB, Dhing MB, Hamren TC, Dokmoka TC, Lakhipur MB, Silchar MB, Palashbari MB, Rangia MB & GMC.

⁶⁴Udalguri TC, Sivasagr MB, Dhing MB, Rangia MB & GMC.

Due to diversion of funds from UCDN component, vital activities of community development and empowerment such as surveys, preparation of Urban Poverty Reduction Strategy, Slum Development Plan and community level Micro-plans and Mini-plans, Social Audit *etc.*, were neglected.

5.9.7 Selection of Beneficiaries

As indicated under the SJSRY Guidelines, top priority should be given to those who are poorest of the poor amongst the persons living below the poverty line. Certain non-economic parameters may also be considered for identifying a genuine beneficiary amongst the urban poor for income-generating special loan schemes under this programme. Seven non-economic parameters have been identified for this purpose. These relate to living conditions, comprising the following attributes: (i) Roof of Dwelling Unit, (ii) Floor of Dwelling Unit, (iii) Access to Water, (iv) Access to Sanitation, (v) Education Level, (vi) Type of Employment, and (vii) Status of Children in Household based on which categorisation is to be done as shown in the **Table 5.14** below:

Table 5.14: Non-economic norms/criteria for identifying a beneficiary from amongst the urban poor*

Sl. No.	Weightage Score ⁶⁵	Priority Category
1	80-100	I (Highest Priority)
2	60-80	II
3	40-60	III
4	20-40	IV
5	0-20	V (Lowest Priority)

* This is in addition to the norms based on income parameters which envisage top priority to the household which is below poverty line.

Out of 8332 beneficiaries covered by 16 selected ULBs under USEP and STEP-UP a random survey of 169 beneficiaries (minimum 10 beneficiaries from each selected ULBs) was conducted which revealed the following as shown in **Table 5.15** below:

Table 5.15: Findings of survey of USEP and STEP-UP beneficiaries

Beneficiaries surveyed	Category I Beneficiaries	Category II Beneficiaries	Category III Beneficiaries	Category IV Beneficiaries	Category V Beneficiaries
169	0	1	66	102	0

The above table shows that none of the beneficiaries fell under the top priority category and 168 out of 169 beneficiaries were from the III & IV priority category. On being queried, the ULBs stated that the beneficiaries were selected on the basis of their monthly income only and no categorisation was done during selection. Thus, the ULBs neither considered the non-economic parameters while identifying the beneficiaries nor was any categorisation done for the selected beneficiaries. This indicated that the poorest urban beneficiaries were deprived of the benefits of SJSRY.

5.9.8 Information, Education and Communication (IEC)

States/UTs can utilise up to three *per cent* of their total annual allocation for IEC activities, including research & training, seminars and workshops, Slum/BPL/Livelihood surveys, support to dedicated cells to look after IEC activities in the State Nodal Agency, State Resource Centers/Training Institutes, market research, evaluation studies, publicity of the

⁶⁵ Average Weightage score has been assigned on the basis of non-economic parameters as prescribed in the SJSRY Guideline.

Scheme *etc.* Audit observed that IEC activities in the State were hampered as SUDA did not released/short released the funds.

Though there was an allocation of ₹ 2.18 crore during 2010-11 and 2011-12 for IEC, SUDA did not release any funds to ULBs. During 2012-13 and 2013-14, against allocation of ₹ 2.30 crore under IEC, SUDA released only ₹ 1.89 crore resulting in short release by ₹ 41.31 lakh.

Thus, due to short release of funds, IEC activities including research & training, seminars and workshops; Slum/BPL/Livelihood surveys; support to dedicated cells to look after IEC activities in the State Nodal Agency; State Resource Centers/ Training Institutes; market research; evaluation studies; publicity of the Schemes; *etc.*, were affected. The Department did not furnish any specific reply in this regard.

5.9.9 Innovative/Special Projects

The objective of each innovative/special project was to implement a time-bound programme for bringing a specific number of BPL families above the poverty line through self employment/skill upgradation programmes or demonstrating an approach that is likely to have wide implications for sustaining urban poverty alleviation efforts. State Government was required to forward proposal for such projects to GoI.

However, State Government had not forwarded any proposal for Innovative/Special Projects to GoI. Thus, the State Government lacked initiative for undertaking a time-bound programme for bringing a specific number of BPL families above the poverty line through this project.

5.10 Monitoring and Evaluation

5.10.1 Submission of Quarterly Progress Reports (QPR) by ULBs

SJSRY accords utmost importance to monitoring of various components and sub-components. The States/UTs were required to send Quarterly Progress Reports (QPRs) in prescribed formats with regard to targets and achievements. Apart from QPRs, the Government of India may prescribe other progress reports as may be considered appropriate from time to time.

Although, DMA cum SUDA instructed the ULBs to submit QPRs showing achievement of targets and financial progress while releasing funds, none of the selected ULBs covered in audit submitted QPRs to SUDA.

It is evident from above that no monitoring and evaluation of implementation of the Schemes under SJSRY was conducted at any level. Due to lack of monitoring, targets under various components remained unachieved. It also led to slow physical and financial progress thereby depriving the beneficiaries of the intended benefits of the programme.

5.10.2 Monitoring by SUDA

As per Scheme Guidelines, the States/UTs will establish suitable monitoring mechanisms and monthly reporting from the ULBs regarding the progress of various components of SJSRY.

Although SUDA was reconstituted in September 2006 to monitor and give policy direction for implementation of SJSRY, no monitoring and evaluation of the scheme was carried out by SUDA. Thus, suitable monitoring mechanism was lacking at the State Level.

5.10.3 Submission of QPR to GoI

Out of 16 QPRs due for submission to GoI by the DMA cum SUDA during the period 2010-11 to 2014-15, only 10 QPRs were submitted to GoI as shown in **Table 5.16** below:

Table 5.16 Details of submission of QPR by DMA to GoI

Year	Nos. of QPRs due for submission	Nos. of QPRs submitted	Shortfall in submission of QPRs
2010-11	4	4	Nil
2011-12	4	3	1
2012-13	4	3	1
2013-14	4	Nil	4
Total	16	10	6

Above table shows that no QPR was submitted by the DMA/SUDA during 2013-14. By not submitting regular QPRs, the Directorate failed to report the financial and physical progress regularly to GoI.

In reply, Government stated that QPRs were submitted upto 31 March 2013 and thereafter monthly progress reports were furnished online. The reply is not tenable as during 2011-12 and 2012-13 there were shortfalls in submission of QPRs.

5.11 Conclusion

Proper planning was lacking both at the State and ULB level which resulted in improper utilisation of fund, short achievement of targets and lacunae in implementation of the schemes. Scheme fund remained undisbursed due to short allocation of fund to ULBs by DMA which adversely affected the implementation of the scheme. ULBs also failed to utilise the available fund resulting in blockade of Government fund. As the scheme had been closed, the unspent money had to be refunded. There was also irregular and improper utilisation of funds by ULBs. ULBs also failed to furnish UCs for the entire amount spent. There were lacunae in monitoring of receipt and utilisation of fund at State as well as ULB level indicating poor financial management. Benefits of the Programme in the State could not be fully extended to targeted beneficiaries as targets under various components of the Programme remained unachieved leading to loans remaining undisbursed to beneficiaries under USEP; lack of proper skill development under STEP-UP; less generation of mandays under UWEP and neglect of IEC activities. State Government also lacked initiative for undertaking Inovative and Special Projects so that a specific number of BPL families may be brought above the poverty line under a time bound programme. Thus, sustained urban poverty alleviation through setting up self-employment ventures, skill development and training programme to enable urban unemployed to secure employment or provision of wage employment could not be achieved under SJSRY.

5.12 Recommendations

The Department should consider implementing the following recommendations:

- ❖ There should be a database of category-wise urban poor for efficient planning.
- ❖ The planning should be done with involvement of community organisations and other stakeholders for fruitful implementation of the scheme.
- ❖ Fund should be disbursed by SUDA and utilised by ULBs in time and should be duly supported by Utilisation Certificates.

- ❖ Implementation of scheme may be ensured as per Scheme guideline *viz.*, proper selection of beneficiaries, coordination with the bank, providing wage employment, self employment and balanced utilisation of funds under all component of the programme *etc.*
- ❖ Suitable monitoring and evaluation mechanism should be in place and regular periodic reporting to higher authorities should be ensured.

Chapter-VI

COMPLIANCE AUDIT OF ULBs

6.1 Excess expenditure of ₹79.43 lakh due to delay in completion of work in Diphu Town Committee

Diphu TC incurred an excess expenditure of ₹79.43 lakh due to cost overrun for delay in completion of work besides extending undue financial benefit to the contractor.

Government of India (GoI), Ministry of Urban Employment & Poverty Alleviation accorded (December 2005) Administrative Approval to the project “Construction of Rehabilitation Centre for Hawkers and Vendors” at Diphu, Assam at an estimated cost of ₹679.54 lakh (Central share: ₹6.12 crore and State Share: ₹67.96 lakh). Technical Sanction for the project amounting to ₹6.94 crore was accorded by the Director, Town & Country Planning, Assam with an instruction that the additional amount of ₹14.30 lakh would be borne by the Diphu Town Committee (TC).

Out of ₹6.94 crore sanctioned for the project the estimate for the civil work was prepared as per Schedule of Rate (SOR) 2004-05 for an amount of ₹4.60 crore and was sanctioned by the Executive Engineer, Diphu TC, Karbi Anglong. Accordingly, tenders were invited from different contractors and the lowest bidder for ₹4.60 crore was allotted the work (November 2006) with an instruction to complete the work within 18 months from the date of handing over of the site.

Test check of records revealed that the contractor could not complete the work even after lapse of 43 months from the date of handing over of site (August 2007) and eventually stopped the work in March 2011 after completion of 87 per cent of civil work. The Diphu TC neither initiated any action during the excess period of 25 months to insist on the contractor to speed up the work nor was any penalty imposed on the contractor for slow progress of the work. It was further observed that the Diphu TC paid ₹4.77⁶⁶ crore to the contractor till March 2011 against admissible ₹4 crore (being 87 per cent of tendered value of the civil work) thereby making an excess payment of ₹76.78 lakh. Though, Diphu TC subsequently issued (November 2011) notice to the contractor instructing him to resume the work within seven days to avoid action against him, no action was taken by the TC even after nine months of issue of the notice before revoking the contract in August 2012. The remaining 13 per cent of civil work was done departmentally by the Diphu TC incurring an additional expenditure of ₹62.46 lakh. If action had been taken timely by the TC against the contractor once he had

⁶⁶ 1. Running account bill (R1 to R9) : ₹366.84 lakh
2. Secured Advance : ₹90.00 lakh
3. VAT : ₹20.20 lakh
Total : ₹477.04 lakh

stopped the work altogether and excess payment recovered in March 2011, both time and cost could have been saved.

Further, as per clause 2 of the agreement, the contractor was liable to pay compensation amount equal to one *per cent* or such smaller amount as the Chairman may decide on the estimated cost of the whole work for every day that the due quantity of works remain incomplete, provided always that the entire amounts of compensation to be paid under the provisions of the clause shall not exceed 10 *per cent* of the estimated cost of the work, as shown in the tender. As such, the contractor was liable to pay compensation of ₹ 46 lakh⁶⁷ for the delay but the same was not deducted by the Diphu TC while making payment to the contractor.

Thus, due to excess payment beyond the value of the work completed and failure to impose penalty for delays as per terms of the agreement, Diphu TC had extended undue financial benefit of ₹ 1.23 crore (₹ 76.78 lakh excess payment to contractor + ₹ 46 lakh penalty) to the contractor. Further, due to its inability to get the work done in time by the contractor the Diphu TC had to bear extra expenditure of ₹ 62.46 lakh to complete the remaining civil work departmentally resulting in excess payment of ₹ 79.43 lakh⁶⁸.

The matter was reported to Government in July 2015; their reply had not been received (December 2015).

6.2 Undue financial benefit to contractor and loss due to interest not levied by Jorhat Municipal Board

Jorhat Municipal Board (JMB) suffered a loss of ₹24.92 lakh for not levying interest on mobilisation advance given to contractor besides extending undue financial benefit to the contractor to the extent of ₹51 lakh.

Assam Public Works Department (APWD) Code does not provide for payment of Mobilisation Advance (MA) to contractors. However, Section 31.5 of the Central Public Works Department (CPWD) Manual 2007 provides for release of Mobilisation Advance (MA) to contractors at 10 *per cent* of the estimated cost on which simple interest at 10 *per cent* is to be paid by the contractor.

⁶⁷ Estimated cost of civil work: ₹460.07 lakh

Scheduled date of completion : February 2009; work remained incomplete till March 2011; delay: 730 days

Compensation: (₹460.07 lakh × 1 *per cent* × 730 days = ₹33.58 crore, limited to maximum 10 *per cent* of ₹460.07 lakh) = ₹46 lakh.

⁶⁸

Amount paid to contractor for 87 <i>per cent</i> of execution of the work	: ₹ 477.04 lakh
Add: Expenditure incurred for 13 <i>per cent</i> of the work done departmentally	: ₹ 62.46 lakh
Total expenditure incurred by the department	: ₹ 539.50 lakh
Less: Tender value of civil work	: ₹ 460.07 lakh
Excess expenditure incurred	: ₹ 79.43 lakh

Government of India, Ministry of Development of North Eastern Region (DoNER) accorded (13 December 2010) administrative and financial approval for Central financial assistance under Non-lapsable Central Pool of Resources (NLCPR) towards the project “Construction of Multi-storied Car Parking cum City Hall at Jorhat” for a total cost of ₹ 10.51 crore. Technical sanction (TS) to the work was received on 28 May 2013 and the work was awarded (25 September 2013) to one Guwahati based firm at a tendered cost of ₹ 10.20 crore. The work was to be completed within 36 months.

Scrutiny (March 2015) of records of Executive Officer (EO), JMB revealed that interest free MA amounting to ₹ 1.53 crore (15 per cent of the value of work) was paid (9 November 2013) to the contractor for execution of the work though there was no provision in the Assam Public Works Department (APWD) code for granting of MA. Further, this amount also exceeded the limit provided in the CPWD manual by ₹ 51 lakh. It was also noticed that simple interest at 10 per cent was also not charged from the contractor as against the provision of CPWD Manual.

Out of ₹ 1.53 crore, only ₹ 53.55 lakh had been recovered from the Running Account Bills of the contractor till March 2015.

Thus, by releasing MA of ₹ 1.53 crore against permissible limit of ₹ 1.02 crore⁶⁹, Jorhat MB not only extended undue financial benefit to the contractor to the extent of ₹ 51 lakh but also suffered a loss of ₹ 24.92⁷⁰ lakh by not charging any interest on the MA.

The matter was reported to Government (July 2015); their reply had not been received (December 2015).

6.3 Unfruitful expenditure due to project not completed by the Jorhat Municipal Board.

Due to change of project site for construction of “Multi-Utility Building for the rehabilitation of vendors at Jorhat in Assam”, the GoI rejected the project proposal which led to stagnation of work after incurring an expenditure of ₹3.10 crore.

Ministry of Housing and Urban Poverty Alleviation (MoHUPA), Government of India (GoI) sanctioned (March 2007) a project “Construction of Multi-Utility Building for the rehabilitation of vendors at Jorhat in Assam” at an estimated cost of ₹ 17.05 crore and

⁶⁹(Tendered value: ₹10.20 crore × 10 per cent=1.02 crore)

⁷⁰

Date of payment of MA	Amount paid (in ₹)	Date of recovery	Amount recovered (in ₹)	Unadjusted balance (in ₹)	Rate of interest chargeable	Period of interest (in days)	Loss of interest { Col. 5 x10%xCol. 7/365} (in ₹)
1	2	3	4	5	6	7	8
9.11.2013	15300000	-	-	15300000	10%	246	1031178
		14.7.2014	5355000	9945000 (as on 31 March 2015)		536	1460416
Total loss of interest as on 31 December 2015							24,91,594

released a sum of ₹ 1.53 crore to Jorhat Municipal Board (MB), Assam. One of the clauses of the Sanction Order stipulate that the project was to be completed within 12 months from the date of the start of the work and no revision in the cost of the project would be allowed and any increase in the cost of the project would have to be borne by the executing agency.

Though the construction site for the project “Construction of Multi-Utility Building for the rehabilitation of vendors at Jorhat in Assam” was selected at Chowk bazar in Jorhat Town, the work could not be started by Jorhat MB till November 2013 i.e. even after six years from the date (March 2007) of according Administrative Approval (AA) by the GoI as the traders of that locality refused to vacate the site. Subsequently, the Jorhat MB decided (June 2013) to shift the project from the approved site at Chowk Bazar to a new site at Pujadubi, which was also within the Jorhat Town, without obtaining prior approval from the GoI. The work was awarded (November 2013) to a contractor at a contract price of ₹ 14.90 crore. In this regard, the related records viz., NIT, bid documents, comparative statements, contract agreements, formal works order etc., were not made available to audit despite issuing several reminders. Till the date of audit (March 2015), an expenditure of ₹ 3.10 crore had incurred on the project out of which ₹ 1.53 crore was received from the GoI and ₹ 1.56 crore was incurred from General Fund of the Jorhat Municipal Board.

However, GoI, rejected (December 2013) the change of site from Chowk Bazar to Pujadubi and instructed (December 2013) to refund ₹ 1.53 crore along with the accrued interest. Related records in support of actual execution of work could not be furnished to audit despite repeated persuasions. Further, it was noticed from the Utilisation Certificate (UC) dated 27 October 2014 that only 16 *per cent* of the overall project could be completed. Subsequent collection of information and recent (July 2015) photograph of the site clearly depicted that the work was in the preliminary stage. The work was stopped since September 2014.



Construction site at Pujadubi where no work done since September 2014

Audit observed that inability on the part of the Jorhat MB to garner consent of the traders of Chowk Bazar to vacate the site prior to forwarding the proposal of the project to the GoI led

to delay in start of the work by six years. The decision taken by the Jorhat MB to change the project site without GoI's approval further increased the uncertainty of completion of the project as GoI had specifically rejected the new site and instructed Jorhat MB to close the Project and refund the GoI's share of ₹ 1.53 crore along with accrued interest.

Thus, failure of the Jorhat MB to ensure availability of site prior to obtaining approval for the project and changing of the project site without prior approval of the GoI led to unfruitful expenditure of ₹ 3.10 crore beside inviting a liability of ₹ 2.03⁷¹ crore (Principal amount = ₹ 1.53 crore + Interest = ₹ 0.50 crore) on account of Principal and accrued interest payable to the GoI.

The matter was reported to Government in August 2015; their reply had not been received (December 2015).

6.4 Injudicious expenditure on purchase of Land at Kakodunga by Jorhat Municipal Board

Jorhat Municipal Board (MB) injudiciously incurred an expenditure of ₹94.56 lakh on purchase of land for Solid Waste Management at Kakodunga.

Sanction for ₹ 95.72 lakh was accorded (July 2011 and July 2012) by the Chairman, Jorhat MB for purchasing plots of land at the outskirts of Jorhat city, measuring 87 *bigha* (B) 4 *katha* (K) and 4 *lecha*⁷²(L) in two phases⁷³ for Solid Waste Management (SWM) Project out of General Fund of the Jorhat MB. Accordingly, the lands at Kakodunga under Parbatia *Mauza* of Jorhat district were purchased and total payment of ₹ 94.56 lakh was made to the occupants of land on different dates between July 2011 and September 2012.

Test check (March 2015) of records of the EO, Jorhat MB revealed the following:

- (i) Out of the land measuring 87B-04K-04L so purchased, four plots of land measuring 12B-00K-12L belonged to the Government of Assam but had been occupied by the seller claiming that he was in possession of the land and applicable revenue was duly paid by him.

⁷¹

Sl. No.	Period	Principal amount (₹)	Interest @ 4% per annum (₹)	Interest payable for one month (₹)	Number of months	Total Interest payable (approx.) (₹)
1	May 2007-December 2007	1,53,00,000	6,12,000	51,000	8	4,08,000
2	January 2008-December 2014				84	42,84,000
3	January 2015 - July 2015				7	3,57,000
TOTAL						50,49,000

⁷²Lecha = 144 sqft, Katha = 20 Lecha, Bigha = 5 Katha

⁷³13 bigha, 4 katha and 8 lecha in July 2011 and 74 Bigha and 19 Lecha in July 2012.

In reply to an audit query, the Executive Officer (EO), Jorhat MB stated (March 2015) that ₹ 8.45 lakh (₹70,000 per *bigha*) was paid for clearing the Government land (12B-00K-12L) from encroachment. The reply was not tenable as information received from the Circle Officer; Jorhat (West) revealed that the plots were still in the name of the Government. Moreover, the payment details showed that the plots were purchased from the occupant of the Government land who was not a legal owner. As per agreement between Jorhat MB and the seller, there was only transfer of possession of these plots and the actual sale deed had not taken place.

(ii) Audit also observed that though the land 87B-4K-4L was purchased in September 2012, it could not be put to use till August 2015. On this being pointed out, the EO, Jorhat MB stated that the land was a wetland and had to be developed before using it for SWM project.

(iii) Further, as per the Municipal Solid Wastes (Management and Handling) Rules, 2000, the landfill site shall be away from habitation clusters, forest areas, water bodies, monuments, National Parks, **Wetlands** and places of important cultural, historical or religious interest. Relating to pollution prevention, the Rules state that there should be provision to prevent run-off from landfill area entering any stream, river, lake or pond.

However, it was seen that river Kakodunga flows near the proposed site of the dumping ground and during rainy season the whole area gets flooded making it extremely difficult to reach the proposed site which is evident from the following photographs (July 2015).



The Circle Officer (CO), Jorhat (West) also stated (September 2015) that use of this land for dumping waste material was not permissible as it would pollute the environment and the ecological balance of that area as this place was frequently visited by migratory birds.

Thus, injudicious purchase of land for dumping of waste material without taking into consideration its ecological impact and without conducting proper feasibility study led to an

unfruitful expenditure of ₹94.56 lakh. Further, purchase of Government land for ₹8.48 lakh from the occupant who was not the legal owner was also irregular.

The matter was reported to Government in September 2015; their reply had not been received till December 2015.



(C H KHARSHING)
Accountant General (Audit), Assam

GUWAHATI

THE 07 March 2016

Countersigned



(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

NEW DELHI

THE 11 March 2016

Appendix – I
(Ref: Paragraphs 1.4.1 & 2.11.4)

Roles and Responsibilities of Standing Committees of PRIs

Sl. No.	Category of PRI	Political Executive	Name of Standing Committee	Responsibilities
1.	GP	President is the Chairman of each of the three committees	i) Development Committee	Functions relating to agricultural production, animal husbandry and rural industries and poverty alleviation programmes.
			ii) Social Justice Committee	(a) Promotion of educational, economic, social, cultural and other interests of Scheduled castes, Scheduled Tribes and Backward Classes; (b) protection of such castes and classes from social injustice and any form of exploitations; (c) welfare of women and children.
			iii) Social Welfare Committee	Functions in respect of education, public health, public works and other functions of the GP.
2.	AP	President is the Chairman of each committees	i) General Standing Committee	Establishment matters, communication, buildings, rural housing, relief against natural calamities, water supply and all miscellaneous residuary matters.
			ii) Finance, Audit and Planning Committee	Finance of the AP, training, budget scrutinising proposals for increase of revenue, examination of receipts and expenditure statement, consideration of all proposals affecting the finance of the AP and general supervision of the revenue and expenditure of the AP and Planning and consolidating the AP Plans, Co-operation, small saving schemes and any other function relating to the development of AP areas.
		Vice President is the Chairman	iii) Social Justice Committee	Same as in case of GP
3.	ZP	President is the Chairman of each committees	i) General Standing Committee	Same as in case of AP
			ii) Finance, Audit and Planning Committee	Same as in case of AP
		Chairman is elected amongst the elected members of each committee.	iii) Social Justice Committee	Same as in case of AP
			iv) Planning and Development Committee	Activities relating to (a) education, adult literacy and cultural activities as the ZP may assign to it; (b) Health Service, Hospital, Water Supply, Family, Welfare and other allied matters; (c) agricultural production, animal husbandry co-operation, contour [“bunding”] and reclamation; (d) village and cottage industries; (e) promotion of industrial development of the district.

Appendix-II
(Ref: Paragraphs 1.11.2 & 2.16.1)

Internal Control System at the level of PRIs

Provision	Authority	Gist of the provision
Accounts	Section 28, 60 and 97 of AP Act read Rule 8 of AP (F) Rule, 2002.	The Panchayat shall maintain such Book of Accounts and other books in relation to its Accounts.
Budget	Section 27, 59 and 96 of AP Act.	Budget proposal shall be prepared by the respective standing committees taking into account the estimated receipts and disbursement of the following year submitted to the Government for approval.
Reporting of loss due to fraud, theft or negligence	Rule 37 (iv), AP (F) Rules 2002.	To be reported by an officer authorised to inspect the documents of PRIs.
External Audit	Section 29, 61 & 98 of AP Act and Rule 37 (ii) of AP (F) Rules, 2002.	The State Government may prescribe an authority to conduct audit of accounts of PRIs.
Inspections	Section 112 of AP Act and Rule 37 of AP (F) Rules, 2002.	Government or any officer empowered by the Government may inspect any works which are being carried out by GP or AP or ZP.
Execution of works	Rule 36 and 38 of AP (F) Rules, 2002.	Procedure for execution of public works. Fixing of rates in preparation of estimates, powers of various authorities to give Technical Sanction, Invitation of tenders.
Asset Register	Rule 19 of AP (F) Rules, 2002.	To be maintained in the format prescribed under the rule.
Office Procedure Manual	NA	Not prescribed under AP Act, 1994 and AP (F) Rules, 2002.
Internal Audit	Rule 18 of AP (F) Rules, 2002.	Departmental internal auditors to conduct internal audit of PRIs.
Ombudsmen	NA	Not introduced for PRIs in Assam.
Lokayukta	NA	Applicable to all tiers of PRIs.
Citizen Charter	NA	Not introduced for PRIs in Assam.
Right to Information	As per RTI Act, 2005.	Applicable to all tiers of PRIs.
Conduct Rules	State Government.	Rules/Orders Specific to PRIs not available.
Social Audit	As per AREG Scheme 2006.	For MGNREG scheme and IAY.

Appendix-III
(Ref: Paragraph 1.11.4)
Details of IT and VAT not deducted

Sl No.	Name of ZP/AP/GP	Amount (₹ in lakhs)
1	Bhubandhar GP	1.28
2	Madhabpara GP	0.39
3	Tapang GP	0.1
4	Tumni GP	0.73
5	Barbhag AP	2.11
6	Birsing Jarua AP	0.28
7	Bongaon AP	2.66
8	Dolong Ghat AP	2.56
9	Ghilamara AP	1.23
10	Hatidhura AP	1.31
11	Juria AP	1.45
12	Kathiatoli AP	3.53
13	Madhupur AP	0.48
14	Moirabari AP	0.84
15	Nayeralga AP	0.76
16	Palonghat AP	0.76
17	Panitola AP	3.43
18	Rani AP	2.57
19	Salchapra AP	1.65
20	Sarukhetry AP	1.71
	TOTAL	29.83

Appendix- IV
(Ref: Paragraph 1.11.5)
Details of short collection of Kist money

(₹ in lakh)

Sl. No.	Name of ZP/AP/GP	Amount
1	Binnakandi (Cachar) AP	0.23
2	Binnakandi (Nagaon) AP	3.17
3	Birsing Jarua AP	1.74
4	Bongaon AP	0.38
5	Chenga AP	4.61
6	Ghilamara AP	1.45
7	Guijan AP	4.72
8	Hapjan AP	1.83
9	Hatidhura AP	16.18
10	Kapili AP	2.03
11	Lakhimpur AP	0.55
12	Matia AP	6.47
13	Nayeralga AP	2.63
14	Palonghat AP	10.64
15	Rangjuli AP	0.53
16	Silchar AP	7.49
17	South Salmara AP	4.05
18	Titabor AP	0.45
19	Barpeta ZP	419.28
20	Dhubri ZP	17.79
21	Sivsagar ZP	46.62
TOTAL		552.84

Appendix-V
(Ref: Paragraph 1.12.5)

Details of Cash book and Bank balance not being reconciled

Sl. No.	Name of PRIs	Name of Scheme	As on Date	Balance as per Bank Pass Book	Balance as per Cash Book	Difference
1	Barpeta ZP	NA	14-Mar	729752.7	1381062	651309
2	Dhubri ZP	13TH FC	31.03.2014	97769186	91748542	6020644
		DDP	31.03.2014	27090060	NA	
		FASFC	31.03.2014	27660796	27380431	280365
		ANNAPURNA	31.03.2014	1602610	1579448	23162
		IGNOAP	31.03.2014	104975540	87237145	17738395
		NFBF	31.03.2014	3822584	1963799	1858785
		IGNWPS	31.03.2014	7965216	7257434	707782
		IGNDPS	31.03.2014	4612456	4521944	90512
3	Barekuri GP	OWN FUND	31.03.2014	5337256	5322283	14973
		MGNREGA	31.03.2014	116441	6628	109813
		13TH FC	31.03.2014	23313	1183	22130
4	Birsing Jarua AP	DDP	31.03.2014	3292	1292	2000
		13TH FC	31.03.2014	27793	26980	813
		IGNOAP	31.03.2014	412473	488932	76459
5	Bajali AP	IAY	31.03.2014	30280535	29667356	613179
		MGNREGS	26.03.2013	466070	591449	125379
6	Dhakuakhana AP	SGSY	15.12.2012	360044	295958	64086
		IAY	30.03.2013	5358534	4627934	730600
7	Kapili AP	IAY	30.03.2013	9826884	6246129	3580755
		IAY	30.01.2014	5166600	3261441	1905159
		IAY	26.02.2014	19616600	1699941	17916659
8	Salchapara AP	IAY	31.03.2014	11007822	4030191	6977631
		NA	14.03.2014	166725	64995	101730
9	Sarukhetry AP	MGNREGA	31.03.2014	34127	6901	27226
		IAY	31.03.2014	11568050	11565055	2995
		NOAP	31.03.2014	24542	26318	1776
		IGNWPS	31.03.2014	14510	2510	12000
10	Moirabari AP	BRGF	31.03.2013	398906	197426	201480
		OWN FUND	31.03.2013	1823318	1764180	59137.87
11	Chandrapur AP	IGNOAP	31.03.2013	626084	422196	203888
		MGNREGA	31.03.2013	2793	374821	372028
		IAY	31.03.2013	1900701	3636551	1735850
		NRLM	31.03.2013	500	11106	10606
12	Rangjuli AP	MGNREGS	31.03.2009	3468854	1797854	1671000
			31.03.2010	2341652	1535452	806200
			31.03.2011	2330635	1234524	1096111
			31.03.2012	3135658	525284	2610374
			31.03.2013	2574116	588410	1985706
13	Titabor AP	IAY	31.03.2009	25575613	23781995	1793618
			31.03.2010	15661331	13181327	2480004
			31.03.2011	14457536	14340489	117047
			31.03.2012	3446709	2743268	703441
			31.03.2013	7770536	6954931	815605
		MGNREGA	31.03.2009	2299906	1577590	722316.3
			31.03.2010	5135429	3926430	1208999
			31.03.2011	9329228	4823186	4506042
			31.03.2012	NA	533.44	
31.03.2013	135222.3	1848	133374.3			

Appendix VI
(Ref: Paragraph 2.7)

List of selected PRIs for the PA of “The Working of Panchayati Raj Institutions (PRIs)” in Assam

Name of the ZPs	Name of APs	Name of GPs	
Dibrugarh	Lahowal	Lahowal	
		Rahmorla	
		Timona	
	Panitola	Jerai	
		Balijan	
Sonitpur	Balipara	Rangajan	
		Mansiri	
		Dekargaon	
		Balipukhuri	
	Baghmara	Khorasimolu	
		Tinisuti	
	Pub Chaiduar	Sonapur	
		Bortamuli	
		Solengi	
Nagaon	Dhalpukhuri	Nandapur	
		Loskar Pathar	
	Binnakandi	Jamunamukh	
		Sutargaon	
		Baliram	
		Koroioni	
		Ambari	
	Kathiatoli	Deb Narikoli	
		Rangaloo	
		Jurirpar	
		Singimari	
	Pakhimoria	Deodhar	
		Dakarghat	
	Barpeta	Mandia	Gobindapur
			Moinbori
			Satrankanara
Sonapur Ruvl			
Chachra			
Sarukhetri		Pub Sarukhetri	
		Madhya Paschim Sarukhetri	
Kamrup	Chaygaon	Sat Taluk	
		Dakhin Pantan	
	Sualkuchi	Pacharia	
		Gandhmau	
	Chayani Barduar (Partly)	Barenti Maniari Parakuchi	
		Parlli Hudumpur 106 No.	
Cachar	Udharbond	Rongpur	
		Udharbond	
		Madhura	
	Silchar	Berenga	
		Ambikapur	
	Narsingpur	Narsingpur	
		Dholai	
		Jibangram	

No. of total selected districts: 06

No. of total selected APs: 17

No. of total selected GPs: 48

Appendix- VII
(Ref: Paragraph 2.11.5)

Statement showing the details of holding of Gaon Sabha at GP level during 2010-11 to 2014-15

Sl. No.	Name of GP	Total GS to be held 4 GSs in a year					Total
		Actually held during					
		2010-11	2011-12	2012-13	2013-14	2014-15	
PRIs where GS meetings held as prescribed							
1	Parlli Hudumpur 106 No. GP	4	4	4	5	4	21
2	Rangajan GP	4	6	4	5	5	24
3	Nandapur GP	6	4	6	6	4	26
4	Gobindapur GP	3	4	4	5	4	20
5	Sonapur Ruvu GP	4	4	5	4	5	22
PRIs where no GS meeting held							
6	Sat Taluk GP	Nil	Nil	Nil	Nil	Nil	Nil
7	Madhura GP	Nil	Nil	Nil	Nil	Nil	Nil
8	Mansiri GP	Nil	Nil	Nil	Nil	Nil	Nil
9	Dekargaon GP	Nil	Nil	Nil	Nil	Nil	Nil
10	Tinisuti GP	Nil	Nil	Nil	Nil	Nil	Nil
PRIs where GS meetings held but less than the minimum prescribed numbers							
11	Dakhin Pantan GP	2	2	3	2	2	11
12	Pacharia GP	3	4	2	4	4	17
13	Gandhmau GP	3	2	3	3	3	14
14	Barenti Maniari Parakuchi GP	1	2	3	3	3	12
15	Rongpur GP	2	2	3	2	3	12
16	Udharbond GP	2	1	2	2	3	10
17	Berenga GP	3	2	2	3	3	13
18	Ambikapur GP	3	2	2	3	3	13
19	Narsingpur GP	2	3	2	3	3	13
20	Dholai GP	Nil	Nil	1	1	2	4
21	Jibangram GP	Nil	Nil	1	2	2	5
22	Balipukhuri GP	3	3	3	3	3	15
23	Khorasimolu GP	Nil	1	Nil	Nil	Nil	1
24	Sonapur GP	2	Nil	Nil	2	2	6
25	Bortamuli GP	1	1	2	3	Nil	7
26	Solengi GP	Nil	1	3	5	7	16
27	Lahowal GP	Nil	2	2	Nil	3	3
28	Rahmoria GP	1	1	Nil	1	2	3
29	Timona GP	2	2	3	3	2	12
30	Jerai GP	Nil	1	3	1	1	6
31	Balijan GP	2	Nil	1	Nil	1	1
32	Loskar Pathar GP	3	2	2	2	1	10
33	Jamunamukh GP	1	1	1	1	3	7
34	Sutargaon GP	1	1	2	3	2	9
35	Baliram GP	Nil	1	1	Nil	1	1
36	Koroioni GP	3	2	3	2	4	14
37	Ambari GP	3	1	2	4	2	12
38	Deb Narikoli GP	Nil	2	4	2	3	11
39	Rangaloo GP	Nil	1	1	3	1	6
40	Jurirpar GP	Nil	2	2	4	3	11
41	Singimari GP	3	1	1	2	3	10
42	Deodhar GP	3	3	3	2	1	12
43	Dakarghat GP	Nil	Nil	Nil	Nil	5	5
44	Moinbori GP	Nil	3	2	2	5	12
45	Satrankanara GP	2	2	2	2	2	10
46	Chachra GP	1	1	1	1	1	5
47	Pub Sarukhetri GP	1	2	2	2	5	12
48	Madhya Pachim Sarukhetri GP	1	2	3	3	4	13

Appendix-VIII

(Ref: Paragraph 2.13.2.1)

Statement showing the Holding Tax not collected by Goan Panchayat Authority for the period from 2010-11 to 2014-15

Sl. No.	Name of the GP	Number of house hold	Rate of Tax	Years	Total Amount (in ₹)
1	Sattaluk	1437	Rs.50 per House hold per annum	5	359250
2	Dhakhin Patin	3070		5	767500
3	Pachuria	2065		5	516250
4	Gandhmow	1742		5	435500
5	Barenti Maniari Parakuchi	1783		5	445750
6	Parlli Humudpur 1006 no.	2134		5	533500
7	Udharbond	2525		5	631250
8	Rongpur	2194		5	548500
9	Madhura	2580		5	645000
10	Dholai	958		5	239500
11	Jibangram	2237		5	559250
12	Narsingpur	1786		5	446500
13	Ambikapur	2700		5	675000
14	Berenga	1273		5	318250
15	Balipukhari	2283		5	570750
16	Dekargaon	3000		5	750000
17	Manshri	2700		5	675000
18	Rangajan	3024		5	756000
19	Bortamuli	1500		5	375000
20	Solengiguri	1644		5	411000
21	Sonapur	3201		5	800250
22	TiniKhuti	3500		5	875000
23	Khorsamalu	3315		5	828750
24	Nandapur	2340		5	585000
25	Laskarpathar	2800		5	700000
26	Dekharghat	1520		5	380000
27	Deodhar	1248		5	312000
28	Rangaloo	2055		5	513750
29	Devnarikoli	1982		5	495500
30	Singimari	2582		5	645500
31	Juripar	2261		5	565250
32	Jamunamukh	2213		5	553250
33	Ambari	1613		5	403250
34	Baliram	911		5	227750
35	Satargaon	2091		5	522750
36	Karoini	2032		5	508000
37	Gobindpur	1782		5	445500
38	Moinbari	1665		5	416250
39	Satrankanara	4258		5	1064500
40	Sonapur Ruvi	2032		5	508000
41	Chachra	1100		5	275000
42	Purbi Sarukhetri	2000		5	500000
43	Madhya Paschim Sarukhetri	2243		5	560750
44	Lahowal	2343		5	585750
45	Rahmoria	2638		5	659500
46	Timona	1827		5	456750
47	Jerai	3270		5	817500
48	Balijan	2540		5	635000
		1,05,997	Grand Total		26499250

Appendix-IX
(Ref: Paragraph 2.13.3.1)

Statement showing short collection of *kist* money from the lessee concerned

(In ₹)

Sl. No.	Name of the unit	Year	Total No of Hats/ Ghats	Due for the year	Collected for the year	Outstanding for the year
1	Kamrup ZP	2010-11 to2014-15	44	34958400	33745568	1212832
2	Narsingpur AP		50	2552938	1589420	963518
3	Silchar AP		8	1213000	372400	840600
4	Udharband AP		10	179257	137407	41850
5	Sonitpur ZP		149	62096166	56299786	5796380
6	Nagaon ZP		188	64485578	59608341	4877237
7	Kathiatoli AP		87	2291771	2237467	54304
8	Pakhimoria AP		11	196354	178602	17752
9	Binnakandi AP		42	1071300	881400	189900
10	Barpeta ZP	2012-13 to 2014-15	59	33273399	13360475	19912924
11	Mandia AP	2010-11 to2014-15	71	3285494	2276536	1008958
12	Dibrugarh ZP		88	21246914	19885077	1361837
Total				226850571	190572479	36278092

Appendix-X
(Ref: Paragraph 2.14.3)

Details of schemes implemented but not approved by General Body Meeting of Dibrugarh ZP

(₹ in lakh)

Sl. No	Schemes implemented but not approved by General Body Meeting of Dibrugarh ZP	Estimate
1	Construction of pucca drain at Nogadolong market area	10.00
2	Improvement of road from Mancotta road to Kuliarbari road	10.00
3	Improvement of Bokul Phulampur road	10.00
4	Improvement of Khemani Mill Bahbari Horupather road	10.00
5	Repairing and renovation of Purani Koibarta Gaon bridge	10.00
6	Improvement of Jaya Ali Connecting Nachani Tiniali and Dhaman - Aghunibari PWD Road (5 km)	10.00
7	Earth filling & Gravelling from Lalmati to Dewanbari Connecting Road(5 km)	10.00
8	Earth filling & Gravelling from Borbam to Lachit Ali Connecting road (5 km)	10.00
Total		80.00

Appendix-XI
(Ref: Paragraph 2.14.3)

Statement showing the diversion of fund from implementation of programmes by AP and GP during the period from 2010-11 to 2014-15

(In ₹)

Sl. No.	Name of the AP/GP	Year /installment	Amount Received	Purposes for which allocated	Amount Allocated	Name of Scheme adopted By AP/GP	Fund sanctioned	Fund Utilised
1	Dholpukhari AP	2011-12 (2nd inst.)	9,85,088	Roads & Drains	4,70,088	Installation of HTW along with platform (33no.) For Contingency Expenditure	5,00,000	5,00,000
				Other income generating source	5,00,000			
				Maintenance of Accounts	15,000			
		2010-11 (1 st inst)	40,000	Database	15,000	Utilised for contingency	40,000	40,000
		2012-13 (1 st & 2 nd inst)	30,000	Maintenance of Accounts	25,000	For Contingency Expenditure	30,000	30,000
2	Laskar Pathar GP	2010-11(1 st inst) to 2012-13 (2 nd inst)	65,000	Database & Maintenance of Accounts	65,000	For Contingency Expenditure	65,000	65,000
3	Nandpur GP		65,000	Database & Maintenance of Accounts	65,000	For Contingency Expenditure	65,000	65,000
4	Kathiatoli AP		85,000	Database & Maintenance of Accounts	85,000	For Contingency Expenditure	85,000	85,000
5	Rangaloo GP	--do--	65,000	Database & Maintenance of Accounts	65,000	For Contingency Expenditure	65,000	65,000
6	Deb-Narikoli GP	--do--	65,000	Database & Maintenance of Accounts	65,000	For Contingency Expenditure	65,000	65,000
7	Singimari GP	--do--	65,000	Database & Maintenance of Accounts	65,000	For Contingency Expenditure	65,000	65,000
8	Juripar GP	--do--	65,000	Database & Maintenance of Accounts	65,000	For Contingency Expenditure	65,000	65,000
9	Pakhimoria AP	2012-13(1 st inst)	5,60,050	Road & Drain	1,45,050	Const./improvement of 8 no. Road Contingency	4,00,000	4,00,000
				Income Generating Sources	4,00,000			
				Maintenance of Accounts	15,000			
		2012-13(2 nd Inst)	6,23,334	Road & Drain	4,08,334	Installation of 42 no. Hand Tube Well & water facilities at Dakhinpat High school	6,08,334	6,08,334
Income Generating Sources	2,00,000							
Maintenance of Accounts	15,000							
10	Pakhimoria AP	2010-11(1 st inst) to 2012-13 (2 nd inst)	85,000	Database & Maintenance of Accounts	85,000	For Contingency Expenditure	85,000	85,000
11	Deodhar GP		65,000	Database & Maintenance of Accounts	65,000	For Contingency Expenditure	65,000	65,000
12	Dekarghat GP		65,000	Database & Maintenance of Accounts	65,000	For Contingency Expenditure	65,000	65,000
				Total	29,28,472		22,98,334	22,98,334

Appendix-XII

(Ref: Paragraph 2.14.5)

Statement showing details of 10 per cent contractors' profit not deducted for the works executed departmentally
(under 13th Central Finance Commission and 4th Assam State Finance Commission grants)

Sl. No.	Name of the Z P	Name of Entity	Name of grant	Year of execution of work	Total number of scheme executed	Sanctioned amount	Estimated amount	Expenditure	10 per cent contractor's profit not deducted	Status of the scheme
1	Kamrup	Chhaygaon AP	TFC Grant	2010-11 to 2014-15	14	28,85,557	28,85,557	28,85,557	2,88,555	Completed
2		Sattaluk GP	TFC Grant	-do-	10	5,76,000	5,76,000	5,76,000	57,600	Completed
3		Dhakhin Patin GP	TFC Grant	-do-	1	1,31,272	1,31,272	1,31,272	13,127	Completed
4		Sualkuchi AP	TFC Grant	-do-	46	67,19,143	67,19,143	67,19,143	6,71,914	Completed
5		Gandhmow GP	TFC Grant	-do-	9	4,40,403	4,40,403	4,40,403	44,040	Completed
6	Cachar	UdharBand AP	TFC Grant	-do-	16	23,80,102	23,80,102	23,80,102	2,38,010	Completed
7		Narsingpur GP	TFC Grant	-do-	15	32,99,057	32,99,057	32,49,057	3,24,906	Completed
8	Sonitpur	Balipara AP	TFC Grant	-do-	104	12,90,000	12,90,000	12,90,000	1,20,900	Completed
9		Balipukhari GP	TFC Grant	-do-	8	5,53,345	5,53,345	5,53,345	55,335	Completed
10		Sonapur GP	TFC Grant	-do-	4	4,82,811	4,82,811	4,82,811	48,281	Completed
11	Nagaon	Dholphukhari AP	TFC Grant	-do-	22.	28,80,799	28,80,799	28,73,726	2,87,373	Completed
12		Nandapur GP	TFC Grant	-do-	4	2,62,522	2,62,522	2,62,522	26,252	Completed
13		Laskarpathar GP	TFC Grant	-do-	4	7,02,743	7,02,743	7,02,743	70,274	Completed
14		Pakhimoria AP	TFC Grant	-do-	9	8,98,921	8,98,921	8,98,921	89,892	Completed
15		Kathiatoli AP	TFC Grant	-do-	11	21,61,000	21,61,000	21,61,000	2,16,100	Completed
16		Rangaloo GP	TFC Grant	-do-	7	9,46,387	9,45,852	9,45,852	94,585	Completed
17		Devnarikoli GP	TFC Grant	-do-	3	2,96,616	2,96,616	2,96,616	29,662	Completed
18		Singimari GP	TFC Grant	-do-	4	3,95,666	3,95,666	3,95,666	39,567	Completed
19		Juripar GP	TFC Grant	-do-	4	3,94,849	3,94,849	3,94,849	39,485	Completed
20	Barpeta	Barpeta ZP	TFC Grant	2014-15	4	1,00,00,000	1,00,00,000	1,00,00,000	10,00,000	Completed
21	Nagaon	Nagaon ZP	FASFC Grant	2011-12 & 2012-13	7	12,20,000	12,20,000	10,95,200	1,09,520	Completed
Total					306				38,65,378	

Appendix-XIII
(Ref: Paragraph 3.5)

Statement showing the compensation/ penalty not realised from the contractors for delay in completion of construction of AP/GP office/multipurpose hall/ staff quarters under the award of 4th Assam State Finance Commission

Sl. No	Name of Scheme	Name of office against which construction to be done	Estimated value for which work order issued	Physical progress (Per cent)	Name of Contractor	Date of issue of work order	Time allowed for completion (Days)	Date of completion of the work	Delay in completion from the stipulated date of completion (in days)	Total expenditure	Penalty leviable	
											(Col 4 × 0.01 × Col 10)	(maximum 10 per cent of Estimated cost)
1	2	3	4	5	6	7	8	9	10	11	12	13
1.	New office building for GP	Boralga GP	10,15,500	100%	Moztafizur Rahman	13.8.12	90	2.6.13	202	10,15,500	20,51,310	101550
2.	Do	Joruarchar GP	10,15,500	100%	Chand Miah	4.10.12	90	1.3.13	57	10,15,500	5,78,835	101550
3.	Do	Bhogdohar GP	10,15,500	100%	Samsul Islam	6.8.12	90	1.11.13	361	10,15,293	36,65,955	101550
4.	Do	Paglahat GP	10,89,000	100%	Narayan Debnath	27.7.12	90	27.1.14	458	10,15,500	49,87,620	108900
5.	Do	Bishkhowa GP	10,15,500	100%	Enamul Haque	27.7.12	90	27.1.14	458	10,15,500	46,50,990	101550
6.	Do	Uttar Mora Gangadhar GP	10,15,500	100%	Nazmul Haque	27.7.12	90	27.1.14	458	10,15,500	46,50,990	101550
7.	Do	Satrasal GP	10,15,500	100%	Ziyadul Haque	18.10.12	90	26.2.14	405	10,15,500	41,12,775	101550
8.	Do	Bahir Suapata GP	10,15,500	100%	Johirul Islam	18.10.12	90	10.12.13	327	10,15,500	33,20,685	101550
9.	Do	Fakirganj GP	10,15,500	100%	Chand Miah	5.6.13	90	20.1.14	138	10,15,500	14,01,390	101550
10.	DBDO/EO Qtr. for AP	C/ Salkocha AP	6,23,700	100%	Abul Hussain	18.10.12	90	16.3.13	58	6,23,152	3,61,746	62370
11.	Do	Gauripur AP	6,23,700	100%	Asgar Ali	9.8.12	90	26.12.12	48	6,22,489	2,99,376	62370
12.	Do	Gulakganj AP	6,23,700	100%	Narayan Debnath	18.10.12	90	25.1.14	373	6,23,700	23,26,401	62370
13.	Do	Nayeralga AP	3,36,600	100%	Abdul Baten	18.10.12	60	4.6.13	169	3,36,524	5,68,854	33660
14.	Do	Hatidhora AP	3,36,600	100%	Jahijur Abbas	30.7.12	60	2.1.13	94	3,35,023	3,16,404	33660
15.	Grade IV Qtr. for AP	Gauripur AP	2,07,900	100%	Asgor Ali	9.8.12	60	26.12.12	79	2,07,813	1,64,241	20790
16.	Do	C/ Salkocha AP	2,07,900	100%	Moon Ahmed	18.10.12	60	23.7.13	218	2,07,823	4,53,222	20790
17.	Do	Agomoni AP	2,07,900	100%	Abdul Mannan Sarkar	18.10.12	60	25.1.14	404	2,07,900	8,39,916	20790
18.	GP Secretary Qtr.	Agomoni GP	3,36,600	100%	Abdul Mannan Sarkar	18.10.12	60	7.6.13	172	3,36,546	5,78,952	33660
19.	Do	Alomganj GP	3,36,600	100%	Samsul Islam	9.8.12	60	27.11.12	50	3,35,739	1,68,300	33660
20.	Do	Adabari GP	3,36,600	100%	Golam Mostafa Akond	18.10.12	60	20.3.13	93	3,36,259	3,13,038	33660

1	2	3	4	5	6	7	8	9	10	11	12	13
21.	Do	Binnachara GP	3,36,600	100%	Mokbul Hussain Sarkar	2.8.12	60	30.11.12	60	3,35,047	2,01,960	33660
22.	Do	Boterhat GP	3,36,600	100%	Enamul Haque Pradhani	18.10.12	60	17.6.13	182	3,36,510	6,12,612	33660
23.	Do	Bhogdohar GP	3,36,600	100%	Sokina Khatun	18.10.12	60	11.3.13	84	3,36,038	2,82,744	33660
24.	Do	Bhasanirchar GP	3,36,600	100%	Moztafizur Rahman	31.8.12	60	14.3.13	135	3,36,600	4,54,410	33660
25.	Do	Chapgarh GP	3,36,600	100%	Nur Islam SK	10.12.12	60	14.3.13	95	3,36,572	3,19,770	33660
26.	Do	Dharamasala GP	3,36,600	100%	Miradul Islam	18.8.12	60	25.11.12	25	3,35,023	84,150	33660
27.	Do	Falimari GP	3,36,600	100%	Sirazul Haque	18.10.12	60	6.6.13	171	3,36,593	5,75,586	33660
28.	Do	Gaspara GP	3,36,600	100%	Sukumar Paul	16.8.12	60	5.2.13	113	3,35,059	3,80,358	33660
29.	Do	Hatipota GP	3,36,600	100%	Abdul Hussain	18.10.12	60	20.1.14	399	3,20,603	13,43,034	33660
30.	Do	Halakura GP	3,36,600	100%	Manik Mollah	18.10.12	60	17.6.13	182	3,36,259	6,12,612	33660
31.	Do	Hawrapar GP	3,36,600	100%	Nur Mahamad Ali	10.8.12	60	27.12.12	79	3,35,131	2,65,914	33660
32.	Do	Jhagrapar GP	3,36,600	100%	BholaNath Roy	18.10.12	60	22.2.13	67	3,36,630	2,25,522	33660
33.	Do	Kumarganj GP	3,36,600	100%	Nagmul Haque	27.7.12	60	14.6.13	261	3,35,187	8,78,526	33660
34.	Do	Kochukhana GP	3,36,600	100%	Jahanuddin Bepari	27.7.12	60	17.6.13	264	3,35,798	8,88,624	33660
35.	Do	Kalahat GP	3,36,600	100%	Narayan P Khetawat	1.11.12	60	20.1.13	20	3,36,600	67,320	33660
36.	Do	Kasarihat GP	3,36,600	100%	Mostfizur Rahman	9.11.12	60	12.3.13	63	3,36,600	2,12,058	33660
37.	Do	Lakhimari GP	3,36,600	100%	Narayan Pd Khatowat	27.7.12	60	17.6.13	264	3,35,181	8,88,624	33660
38.	Do	Madhusoulmari Tiamari GP	3,36,600	100%	Narayan Pd Khatowat	31.8.12	60	4.7.13	247	3,35,455	8,31,402	33660
39.	Do	Manullapara GP	3,36,600	100%	Shohidur Rahman Sk	20.10.12	60	15.5.13	147	3,36,018	4,94,802	33660
40.	Do	Pokalagi GP	3,36,600	100%	Ziyadul Haque	11.7.12	60	17.6.13	280	3,36,556	9,42,480	33660
41.	Do	Patamari GP	3,36,600	100%	Muktafizur Rahman	31.8.12	60	20.1.13	82	3,36,600	2,76,012	33660
42.	Do	Purandiara GP	3,36,600	100%	Hasem Ali	18.10.12	60	6.5.13	140	3,36,327	4,71,240	33660
43.	Do	Puthimari GP	3,36,600	100%	Salim Bahar Choudhury	18.10.12	60	20.2.13	65	3,20,600	2,18,790	33660
44.	Do	Ranpagli GP	3,36,600	100%	Jahanuddin Mandal	18.10.12	60	7.6.13	172	3,35,185	5,78,952	33660
45.	Do	Shernagar GP	3,36,600	100%	Gunajit Barua	18.10.12	60	17.6.13	182	3,36,502	6,12,612	33660
46.	Do	South Geramari GP	3,36,600	100%	Sukumar Paul	30.7.12	60	3.12.12	65	3,35,023	2,18,790	33660
47.	Grade IV Qtr. For GP	Adabari GP	2,07,900	100%	Golam Mostafa Akond	18.10.12	60	20.3.13	93	2,07,900	1,93,347	20790

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1	2	3	4	5	6	7	8	9	10	11	12	13
48.	Do	Agomani GP	2,07,900	100%	Narayan Debnath	18.10.12	60	14.6.13	179	2,07,721	3,72,141	20790
49.	Do	Alomganj GP	2,07,000	100%	Mohamad Ali	1.9.12	60	24.12.12	54	2,07,801	1,11,780	20700
50.	Do	Bhogdohar GP	2,07,000	100%	Sabdus Sabur SK	1.9.12	60	23.3.13	143	2,07,900	2,96,010	20700
51.	Do	Boterhat GP	2,07,900	100%	Enamul HaquePradhani	18.10.12	60	11.8.13	237	2,07,823	4,92,723	20790
52.	Do	Bhasanirchar GP	2,07,000	100%	Sokina Khatun	11.10.12	60	24.12.12	14	2,07,888	28,980	20700
53.	Do	Binnachara GP	2,07,000	100%	Mokbul Hussain Sarkar	2.8.12	60	30.11.12	60	2,06,087	1,24,200	20700
54.	Do	Chapgarh GP	2,07,900	100%	Nur Islam SK	10.12.12	60	14.3.13	33	2,07,889	68,607	20790
55.	Do	Dharmasala GP	2,07,900	100%	Golam Mostafa Akond	22.10.12	60	12.1.13	22	2,07,823	45,738	20790
56.	Do	Dhirerchar Tarangapur GP	2,07,000	100%	Selim Bahar Choudhury	18.10.12	60	28.8.13	254	2,07,500	5,25,780	20700
57.	Do	Falimari GP	2,07,000	100%	Sirazul Haque	18.10.12	60	26.12.13	9	2,07,900	18,630	18,630
58.	Do	Falimari Krishnakholi GP	2,07,000	100%	Amit Ch Das	18.10.12	60	10.6.13	175	2,06,855	3,62,250	20700
59.	Do	Gaspara GP	2,07,000	100%	Sukumar Paul	2.11.12	60	5.2.13	35	2,07,842	72,450	20700
60.	Do	Hawrapar GP	2,07,900	100%	Anwar Hussain	9.11.12	60	27.1.13	19	2,05,874	39,501	20790
61.	Do	Halakura GP	2,07,900	100%	Manik Ali Mollah	18.10.12	60	14.6.13	179	2,07,824	3,72,141	20790
62.	Do	Jhagrapar GP	2,07,000	100%	BholaNath Roy	18.11.12	60	27.2.13	41	2,07,867	84,870	20700
63.	Do	Kalahat GP	2,07,000	100%	Golam Mostafa Akond	22.10.12	60	20.1.13	30	2,07,823	62,100	20700
64.	Do	Kasarihat GP	2,07,900	100%	Sokina Khatun	9.11.12	60	8.3.13	59	2,07,887	1,22,661	20790
65.	Do	Kumarganj GP	2,07,900	100%	Nazmul Haque	27.7.12	60	14.6.13	261	2,06,472	5,42,619	20790
66.	Do	Kachokhana GP	2,07,900	100%	Jahanuddin Bepari	27.7.12	60	14.6.13	261	2,06,483	5,42,619	20790
67.	Do	Lakhimari GP	2,07,900	100%	Narayan Pd Khatowat	27.7.12	60	14.6.13	261	2,06,366	5,42,619	20790
68.	Do	Madhusoulmari Tiamari GP	2,07,900	100%	Narayan Pd Khatowat	31.8.12	60	2.5.13	184	2,04,885	3,82,536	20790
69.	Do	Manullapara GP	2,07,000	100%	Ajgor Ali	18.10.12	60	3.1.14	17	2,07,900	35,190	20700
70.	Do	Puthimari GP	2,07,900	100%	Salim Bahar	17.8.12	60	25.9.14	710	2,07,500	14,76,090	20790
71.	Do	Pokalagi GP	2,07,900	100%	Ziadul Haque	18.10.12	60	14.6.13	179	2,07,824	3,72,141	20790
72.	Do	Potamari GP	2,07,900	100%	Anwar Hussain	9.11.12	60	7.2.13	30	2,06,751	62,370	20790
73.	Do	Purandiara GP	2,07,000	100%	Hasem Ali	18.10.12	60	20.3.12	93	2,07,621	1,92,510	20700
74.	Do	Paglahat GP	2,07,900	100%	Mehbub Alom Choudhury	18.10.12	60	14.6.13	179	2,06,454	3,72,141	20790

1	2	3	4	5	6	7	8	9	10	11	12	13
75.	Do	Ranpagli GP	2,07,900	100%	Jahanuddin Mandal	27.7.12	60	14.6.13	261	2,05,803	5,42,619	20790
76.	Do	Shernagar GP	2,07,900	100%	Gunajit Barua	18.10.12	60	14.6.13	179	2,55,085	3,72,141	20790
77.	Do	Sonakhuli GP	2,07,900	100%	Kader Ali	18.10.12	60	14.6.13	179	2,07,824	3,72,141	20790
78.	Do	South Geramari GP	2,07,000	100%	Mohamad Ali	1.9.12	60	24.12.12	54	2,07,791	1,11,780	20700
79.	Do	Salkata GP	2,07,000	100%	Alimuddin Mandal	4.10.12	60	5.12.12	2	2,06,887	4,140	4,140
80.	Extension GP office building	Adabari GP	8,41,500	100%	Miradul Islam Khandakar	22.10.12	60	8.3.13	77	8,41,500	6,47,955	84150
81.	Do	Binnachara GP	8,41,500	100%	Sukumar Paul	22.10.12	60	28.5.13	158	8,41,500	13,29,570	84150
82.	Do	Bidyadabri GP	8,41,500	100%	Jahanuddin Mandal	22.10.12	60	7.6.13	168	8,41,259	14,13,720	84150
83.	Do	Boterhat GP	8,41,500	100%	Enamul Haque	22.10.12	60	15.2.14	56	8,41,500	4,71,240	84150
84.	Do	Chapgarh GP	8,41,500	100%	Sukumar Paul	10.12.12	60	3.3.13	22	8,41,489	1,85,130	84150
85.	Do	Golakganj GP	8,41,500	100%	Narayan Debnath	22.10.12	60	28.1.14	38	8,41,500	3,19,770	84150
86.	Do	Gossaidubi Tindubi GP	8,41,500	100%	Chand Miah	22.10.12	60	1.3.13	70	8,41,490	5,89,050	84150
87.	Do	Hatipota GP (Chapar Salkucha AP)	8,41,500	100%	Sahidul Haque Choudhury	22.10.12	60	5.12.13	349	8,41,500	29,36,835	84150
88.	Do	Howrapar GP	8,41,500	100%	Samsul Islam	22.10.12	60	8.6.13	169	8,41,500	14,22,135	84150
89.	Do	Halakura GP	8,41,500	100%	Gunajit Barua	22.10.12	60	27.1.14	37	8,41,500	3,11,355	84150
90.	Do	Kasarihat GP	8,41,500	100%	Nur Islam SK	22.10.12	60	27.12.12	6	8,41,500	50,490	50,490
91.	Do	Kathalbari GP	8,41,500	100%	Hasem Ali	22.10.12	60	1.3.13	70	8,41,467	5,89,050	84150
92.	Do	Kumarganj GP	8,41,500	100%	Narayan Debnath	22.10.12	60	27.1.14	37	8,41,499	3,11,355	84150
93.	Do	Muthakhowa GP	8,41,500	100%	Sukur Ali	22.10.12	60	28.2.13	69	8,41,500	5,80,635	84150
94.	Do	Modhusoulmari Tiamari GP	8,41,500	100%	Golam Mostafa Akond	19.10.12	60	5.3.13	77	8,41,500	6,47,955	84150
95.	Do	Rangamati GP	8,41,500	100%	Hasem Ahmed	22.10.12	60	22.3.13	91	8,41,500	7,65,765	84150
96.	Do	Sukchar GP	8,41,500	100%	Rafiqul Islam	22.10.12	60	2.6.13	163	8,41,466	13,71,645	84150
97.	Do	South Geramari GP	8,41,500	100%	Sukumar Paul	22.10.12	60	18.4.13	118	8,41,500	9,92,970	84150
98.	Do	Sebaltari GP	8,41,500	100%	Abdul Kalam Azad	22.10.12	60	3.3.13	72	8,41,440	6,05,880	84150
99.	Do	Sindurai GP	8,41,500	100%	Nazmul Haque	22.10.12	60	27.7.13	218	8,41,497	18,34,470	84150
			4,58,20,500							4,57,33,415		4529760

Appendix-XIV
(Ref: Paragraph 3.7)

**Statement showing registration fees and stamp Duty not realised for the period
from 2006-07 to 2013-14**

SI No.	Name of the ZP/AP	Year	Number of the markets/ Fisheries leased	Settled value	Registrati on fee due	Stamp duties	Total (6+7)
1	2	3	4	5	6	7	8
1	Dhubri ZP	2012-13	10	2899754	216586	173987	390573
		2013-14	23	8430381	649703	505824	1155527
2	Morigaon ZP	2011-12	14	6397356	509503	383829	893332
		2012-13	12	8198620	665197	491918	1157115
		2013-14	15	5964864	459119	357892	817011
3	Binnakandi AP	2007-08	11	245531	8658	14732	23390
		2008-09	12	270387	10269	16223	26492
		2009-10	10	157925	4885	9476	14361
		2010-11	10	171955	5343	10317	15660
		2011-12	10	179967	5942	10798	16740
		2012-13	08	170926	5317	10256	15573
4	Lahowal AP	2006-07 to 2012-13	07	2122471	152625	127348	279973
5	Ruposhi AP (Ghat)	2008-09 to 2012-13	32	3819141	298638	229148	527786
	Ruposhi AP (Hat)	2008-09 to 2012-13	34	3336333	236431	200179	436610
6	Matia AP	2008-09	32	808361	38671	48502	87173
		2009-10	34	671891	24837	40313	65150
		2010-11	30	603888	21057	36233	57290
		2011-12	33	865576	32746	51935	84681
		2012-13	25	586998	20244	35220	55464
TOTAL			362	45902325	3365771	2754130	6119901

Applicable Registration fee

SL. No	Deed amount	Registration fee per ₹1000
1	₹ one to ₹500	₹10
2	₹501 to ₹1000	₹15
3	₹1001 to ₹10000	₹20
4	₹10001 to ₹20000	₹25
5	₹20001 to ₹30000	₹30
6	₹30001 to ₹50000	₹35
7	₹50001 to ₹75000	₹40
8	₹75001 to ₹90000	₹45
9	₹90001 to ₹150000	₹55
10	₹150001 to ₹300000	₹65
11	₹300001 to ₹500000	₹75
12	₹500001 and above	₹85

Appendix-XV (A)
(Ref: Paragraph 4.11.5)

Details of preparation of budget without taking into account the past trend of receipt

(₹ in lakh)

Name of ULB	Year	Receipt (Estimated)	Actual	Excess(+)/Less(-)
Raha TC	2011-12	395.82	78.47	317.35
	2012-13	455.19	222.98	232.21
	2013-14	1563.86	321.39	1242.47
Nazira MB	2009-10	80.6	30.24	50.36
	2010-11	84.91	142.29	-57.38
	2011-12	104.99	139.12	-34.13
	2012-13	160.47	129.59	30.88
	2013-14	171.56	131.39	40.17
Bijni TC	2009-10	217.69	83.01	134.68
	2010-11	207.07	95.95	111.12
	2011-12	210.41	72.3	138.11
	2012-13	230.9	142	88.9
	2013-14	238.16	101.35	136.81
Jorhat MB	2011-12	617.05	18.78	598.27
	2012-13	801.07	14.11	786.96
	2013-14	86.39	20.46	65.93

Appendix XV (B)
(Ref: Paragraph 4.11.5)

Details of preparation of budget without taking into account the past trend of expenditure

(₹ in lakh)

Name of ULB	Year	Expenditure (Estimated)	Actual	Excess(+)/Less(-)
Raha TC	2011-12	392.39	51.83	340.56
	2012-13	451.77	89.01	362.76
	2013-14	1553.73	184.32	1369.41
Nazira MB	2009-10	80.53	28.21	52.32
	2010-11	84.87	54.63	30.24
	2011-12	104.78	51.12	53.66
	2012-13	159.92	55.53	104.39
	2013-14	171.08	149.57	21.51
Bijni TC	2009-10	218.87	102.15	116.72
	2010-11	214.28	107.83	106.45
	2011-12	216.85	111.6	105.25
	2012-13	257.52	167.95	89.57
	2013-14	260.16	80.18	179.98
Jorhat MB	2011-12	601.46	17.44	584.02
	2012-13	279.73	15.29	264.44
	2013-14	77.59	19.28	58.31

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