

PAC - 125

**COMMITTEE ON PUBLIC ACCOUNTS
(2006-2008)**

HUNDRED AND TWENTY FIFTH REPORT



(TWELFTH ASSEMBLY)

REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS, ASSAM
LEGISLATIVE ASSEMBLY ON THE REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL OF
INDIA (CIVIL) FOR THE YEARS 2005-2006
AND 2006-2007 RELATING TO
ENVIRONMENT AND FOREST, EDUCATION,
HOME AND P & RD DEPARTMENT,
GOVERNMENT OF ASSAM.

Presented to the House on 02-03-2010.

ASSAM LEGISLATIVE ASSEMBLY SECRETARIAT
DISPUR : GUWAHATI-6.

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(i)

COMPOSITION OF THE COMMITTEE

Chairman:

1. Shri Phani Bhusan Chaudhury

Members:

2. Shri Rajendra Prasad Singh
3. Shri Rameswar Dhanowar
4. Shri Gobinda Chandra Langthasa
5. Shri Abdul Khaleque
6. Shri Rajib Lochan Pegu
7. Shri Padma Hazarika
8. Shri Girindra Kumar Baruah
9. Smti Kamali Basumatary
10. Shri Ranjit Dutta
11. Shri Jagat Singh Engti
12. Shri Anwarul Hoque
13. Shri Membor Gogoi

Secretariat:

1. Shri G.P.Das, Secretary
2. Shri B. Basumatary, O.S.D.
3. Shri P.K. Hazarika, Deputy Secretary
4. Shri K. Rahman, C.O.

(ii)

PREFATORY REMARKS

I, Shri Phani Bhusan Chaudhury, Chairman, Committee on Public Accounts, Assam Legislative Assembly having been authorized to submit the report on its behalf present this Hundred and Twenty Fifth Report of the Committee on Public Accounts on the Audit paras contained in the Reports of the Comptroller and Auditor General of India (Civil) for the years 2005-2006 and 2006-2007 pertaining to Environment and Forest, Education, Home and P & RD Departments, Government of Assam.

2. The Report of the Comptroller and Auditor General of India (Civil) for the years 2005-2006 and 2006-2007 was laid before the House on 10th March, 2007 and 3rd March, 2008.

3. The Reports mentioned above relating to Environment and Forest, Education, Home and P & RD Departments were considered by the outgoing Committee as in Annexure-‘A’ in their sittings held on 24th September, 2008 and 25th September, 2008 but could not be presented the same before the House owing to expiry of its term.

4. The 125th Report of the Committee on Public Accounts has been finalized and approved by the present Committee in its sitting held on 24th February, 2010.

5. The Committee has appreciated the valuable assistance rendered by the Principal Accountant General (Audit), Assam and his Junior Officers and staff during the examination of the Department.

6. The Committee thanks to the departmental witnesses for their kind co-operation and offers appreciation to the Officers and staff dealing with the Committee on Public Accounts, Assam Legislative Assembly Secretariat for their strenuous and sincere services rendered to the Committee.

7. The Committee earnestly hopes that the Government would promptly implement the recommendations made in this report.

PHANI BHUSAN CHAUDHURY,
Chairman
Committee on Public Accounts.

Dispur:
The 24th February, 2010.

Chapter-I
Environment and Forest Department

Unproductive expenditure on pay and allowances

(Audit para 4.3.2/C & AG(Civil)/2005-2006/(P-150-151))

1.1 The audit has pointed out that a test-check (July 2005) of records of the Divisional Forest Officer (DFO) Logging Division, Guwahati revealed that there was no collection of revenue during the period from its inception (1990) to the date of audit (July 2005) except for a paltry amount of Rs. 13,509 during 2000-01, whereas more than Rs.3 crore was spent on pay and allowances of 36 staff deployed under different categories since inception of the Division. The matter was pointed out in the last two Inspection Reports, but neither the Principal Chief Conservator of Forests nor the Government (Forest Department) took any step to gainfully utilize the services of the idle staff during the last 15/16 years, though the DFO assured (July 2005) that the matter would be brought to the notice of the higher authority. In reply to a query, the DFO intimated (March 2006) that the Logging Division, Guwahati had been re-named by the Government as Guwahati Wild Life Division in January 2006, but did not intimate the services, if any, being rendered by the existing idle staff. More re-naming of the Division by the Government did not entail gainful utilization of the staff. Thus, due to injudicious creation of Logging Division, Guwahati, which remained idle since its creation, the Government had to incur an unproductive expenditure of Rs. 1.73 crore during the last five years (2001-2006).

1.2 The department by their written reply has stated that the Logging Division, Guwahati was created with the mandate to carry out departmental operations of timber to be felled under the prescription of Working Plans of the adjoining territorial Divisions. The trees operated by Logging Division were transported to the Central depot. The logs were made in to lots for sale where the function of Logging Division ends.. The responsibility of subsequent sale of lot timbers and deposition of revenue earned by selling these departmentally operated lots was bestowed with territorial Divisions. Hence, there was no scope for the Logging Division for revenue collection, which was never a mandate of the Logging Division. However, with the trend of degradation of Forest cover, the green felling of tress virtually came to a halt. The major component of felling were confined to salvage of timber from illicit felling of trees in

pockets and far flung isolated area which were salvaged by the concerned territorial Division with available manpower posted at various units. As such, the very purpose with which the Logging Division was created, got diluted over the period of time. To overcome the scenario, it was decided to utilize the service of the few staff of Logging Division to the adjoining territorial Division by way of deputation to carry out various protection measures, though the personnel so deputed were drawing their salaries from the Logging Division. Besides, they were also engaged in physical monitoring and evaluation of various plantations raised under "Compensatory Aforestation Scheme" and under "Revolving Fund". Further, with the constitution of Amsang RF into a wildlife sanctuary, it was felt to have a Wildlife Division with Head Quarter at Guwahati and accordingly the Logging Division has been renamed as Guwahati Wildlife Division on 20.01.2006 vide notification NO. FRM.99/2005/6, dtd.20.01.2006 and now all the existing staff of the erstwhile Logging Division are engaged in works such as protection, preservation and maintenance of Wildlife and its habitat in the notified areas of newly created Guwahati Wildlife Division. Hence, no staff of Guwahati Wildlife Division are now sitting idle and their services are fully utilized.

OBVERSATUIBS/RECOMMENDATIONS

1.3 After threadbare discussion, the Committee was satisfied with the reply of the departmental representatives and decided to drop the para.

Chapter-II

Education Department

Excess expenditure

(Audit Para 4.2.1/C & AG(Civil)/2006-2007/(P-126))

2.1 The audit has pointed out that after scrutiny (April 2006) of records revealed that the DNF & AE without calling any tender placed (February 2006) supply orders with the Manager, Pragiyotika, Assam Emporium, Assam Government Marketing Corporation Ltd for supply of 219 Televisions (TV) (TCL brand 21 inch) and 219 DVD (TCL brand) at their quoted rate of Rs. 15,666 and Rs. 7,599 per TV and DVD respectively under the LLC scheme. The firm supplied the material and received payment of Rs. 50.95 lakh in the same month. The market rates of the TV and DVD of the same specification manufactured by the same company during the same period was Rs. 7,190 and Rs. 4,290 respectively. Further, the DNF & AE again without call of tenders placed (February 2006) supply order with the same supplier for supply of items like plastic buckets, visitor chairs, water filters, slate, clay pencil, white board and plastic tables under the scheme without indication any specification. The firm supplied (February 2006) the articles and received (February 2006) payment of Rs. 49.92 lakh from the DNF & AE. It was observed that the supplier's bill also did not indicate any specification/brand of the articles supplied, and the rates charged were higher than the market rates. Thus, procurement of articles at higher rate resulted in excess expenditure of Rs. 57.79 lakh.

2.2 The department by their written has stated that it is fact that the Government sanctioned Rs.400.00 lakhs under the Twelfth Finance Commission awarded in 2005-06. The fund meant for implementation of the scheme viz. "Labour Literacy Centre Scheme" (LLC). The then Director, NF & AE received ceiling of Rs. 200.00 lakh and the amount was drawn in February 2006. It is also fact that the Directorate made purchase of TVs @ Rs. 15,666/- and DVDs @ Rs.7599/- numbering 219. The supply order was placed to the Pragiyotika, Assam Emporium, Assam Govt. Marketing Corporation Ltd. (AGMC) without inviting any tender. Some other items like Plastics Buckets, visitors chairs, filters, slate, chalk pencil, white boards, plastic badges etc. were also purchased from the same suppliers in the similar manner. It is also fact that Govt. in the

Education (Secondary) department earlier received a D.O. letter No.Rep©/2007(iv)/C-25/135, dated 22-05-2007 from the Principal Accountant General (Audit), Assam showing excess expenditure of Rs. 57.79 lakh towards procurement of articles at higher rates under LLC programme. Accordingly Govt. vide letter No.ASE.8/2006/101, dated 19.07.2007 have already appointed Shri R. Jaman, IAS, Secretary to the Govt. of Assam, Education (Higher) department to enquiry into the matter and necessary action as per findings and rules in existence will be taken after receipt of enquiry report from the Enquiry Officer.

OBSERVATIONS/RECOMMENDATIONS

2.3 The Committee after going through the audit objection and reply furnished by the departmental representatives observes that the department purchased articles at higher rates than the market rates existing at that time. As a result an excess expenditure of Rs.57.79 lakhs was incurred by the department in procurement of the articles. The Committee, therefore directed the department to furnish a copy of the inquiry report conducted by Shri R.Zaman, IAS, Secretary to the Government of Assam, Education (Higher) Department and initiate appropriate action against the guilty officials within 30 days from the date of presentation of this Report before the House.

Chapter-III

Home Department

Misappropriation of funds

(Audit para 4.1.2/C & AG(Civil)/2006-2007/(P-123-124)

3.1 The audit has pointed out that a test-check (November 2006) of records of the Commandant, 3rd Assam Police Battalion, Titabar and the Office of the Director General of Police (DGP), revealed that the annual budget estimates prepared by the Commandant included funds for the vacant posts in the Unit, which were allocated. In addition, the DGP allocated funds in excess of that requisitioned by the Commandant during the years 2001-05, as shown below :

Year	Budget Provision	Additional allotment	Total allotment	(Rs. In crore) Expenditure
2001-02	8.28	0.72	9.00	9.00
2002-03	10.15	0.65	10.80	10.80
2003-04	10.04	1.01	11.05	11.05
2004-05	11.43	0.57	12.00	12.00
2005-06	12.75	-	12.64	12.64
2006-07	13.03	-	11.04	11.04
Total	65.68	2.95	66.53	66.53

Scrutiny of the records of the unit revealed that in disregard of financial discipline and rules, neither the funds allotted in excess were refunded, nor were savings surrendered to the Government. The surplus was shown as utilized. No steps were also taken by the Office of the DGP to ascertain the whereabouts of the surplus funds at any level. It was noticed that excess pay and allowances were drawn through the pay bills by inflating the number of employees, especially constables. The amount so drawn were disbursed to several officials through pay-cheques for onward disbursement to the Battalion personnel (platoon wise) stationed at Battalion headquarters and field units. Audit analysis of actual requirement of money for disbursement of salaries based on the actual strength maintained on roll, pay chart, pay record register etc. with pay bills/pay bill copy book and amount drawn from treasury, disclosed that Rs. 19.07 crore was drawn in excess over a period of 75 months between

April 2000 and June 2006. The actual payee receipts in support of disbursement of the amount could not be shown to audit. Thus, due to failure of internal controls including budgetary control, Government money to the tune of Rs.19.07 crore was mis-appropriated by fraudulent drawal of fund. The Commandant stated (27 April 2007) that the case has been referred to Police after being pointed out by audit and that it was being investigated by the State CID. He further confirmed that an amount of Rs. 14.35 lakh was recovered (April 2007).

3.2 The department by their written reply has stated that the budget estimates were prepared and submitted to the Government in respect of all DDOs including 3rd APBn, Titabar on the basis of proposals received from the DDOs and on the basis of sanction strength supported by "L" statement furnished by the respective DDOs in case of salary. The estimate of all the APBns are included in a single sub-head of account. No separate budget is there for 3rd APBn. However, fund was not provided by the Government in the budget according to our estimates. On receipt of budget grant from the Government the allotments are made on the basis of sanction strength and not on actual strength presuming that the vacant posts, if any, may be filled up at any time during the financial year, surplus allotment of fund as stated by the audit, if any, was due to non filling up of vacant posts as well as non payment of arrear pay and allowances. This practice was followed in case of all DDOs. The salary bills are drawn on the basis of actual strength i.e. men in position and not on the basis of sanctioned strength. It could not be anticipated as to when the vacant posts of unit will be filled up since the allotment of budget has to be made in one installment as per Government guideline. However, in some cases allotments have to be made in more than one installment. At the end of the financial year the DDOs surrender their savings, if any, to this headquarters which are sent to the Government every year. Though it is observed by audit that excess budget was allotted to the 3rd APBn. It cannot be said that this led to the fraudulent drawal of crores of rupees, because pay bills were prepared and drawn without recording the budget provision and expenditure incurred up to the previous month including sanction strength and men in position against each category of staff as required to be shown in pay bill were also not recorded. The allowance admissible and deductions made were shown in lumpsum/consolidated manner without showing employee wise details. This shows that the pay bills were drawn from the Treasury without considering the budget grant. As the treasury failed to examine budget provision, sanction strength and men in position etc. hence, the DDOs could draw the fraudulent salary

bills from the Treasury. Moreover, audit party from the office of the AG Assam had conducted audit of the accounts of the battalion every year. Unfortunately they have also failed to detect the fraudulent drawal which occurred in the battalion. It is worthwhile to mention that the Principal AG (Audit), in his letter No.CASS-III/4-29/06-07 dt. 19-1-06 addressed to the Co. 3rd APBn, Titabor had mentioned in his letter inter-alia that "Without recording the budget provision and expenditure as well as sanctioned strength and man in position on the body of the pay bill, the amounts were drawn". Hence, it may not perhaps be said that lack of budgetary control had led to the irregular drawals of fund in the 3rd ABPn. The lapse on the part of the A.P. Headquarter have been looked into and corrective measures have been taken in this regard. Since the matter is being investigated by the CID no further comments on this subject could be given. The August body of the Public Accounts Committee may like to appreciate the above reply and order the course of action accordingly.

OBSERVATIONS/RECOMMENDATIONS

3.3 The Committee heard the deposition of the departmental representatives and recommends that enquiry into the fraudulent drawal of fund to the tune of Rs. 19.07 crore should be completed as soon as possible and action may be initiated against the guilty officials and action taken report along with enquiry report may be submitted to the Committee within 60 days from the date of presentation of this report before the House.

Avoidable expenditure

(Audit para 4.3.3/C & AG(Civil)/2006-2007/(P-132-133))

3.4 The audit has pointed out that after scrutiny (February and March 2006) of records revealed that 14,648 cots were procured (January to July 2005) from the second firm for Rs.307.25 lakh between May and July 2005. Although the firm had a monthly production capacity of 4,500 cots, it failed to supply the first batch of 7,500 cots within the stipulated time of 50 days. In fact it could complete the supply 153 days after the stipulated time. The Department failed to enforce the penal clause for delayed supply. Thus, acceptance of higher rate on the basis of production capacity alone, which, however turned out to be far less than the stated capacity, was not justified. Besides, previous experience of supply as required under clause 5 of the NIT was also disregarded. The Department also did not initiate any action for ascertaining the production capacity of the firm that quoted the lowest rate. Thus, procurement of 14,648 steel cots at higher rate resulted in avoidable expenditure of Rs. 88.85 lakh.

3.5 The department by their written reply has stated that the reason why rate of steel folding cots quoted by M/S Hazarika Saw Mill, Guwahati was accepted has been indicated in the minutes of the Purchase Committee meeting. An extract of the minutes of the meeting is reproduced below :- Altogether 16 Nos. of tenders were received against the NIT called vide No.III-566/2001/W1-1/2 dtd. 16-2-2004 out of which tender submitted by M/S Assam Canvas Craft Industries, Industrial Estate, Guwahati was outright rejected for not furnishing the documents as required under the NIT. Further, one firm viz. M/S Intermix; Guwahati was also rejected for not being the SSI unit. While examining the documents along with the tenders by the members of the Committee it was observed that the following firms, although registered as SSI unit, had not been registered for the specified item of Steel Folding Cot, as appeared from the certificate issued by the concerned authority under the provision of APSP Act. 1989 and as such they were not taken into consideration for procuring the Steel Folding Cots. 1. M/S Hrisita Pvt. Ltd., Fatashil, Guwahati. 2. M/S Kiron Wood Craft, Guwahati. 3. M/S L.S. Enterprise, Guwahati. 4. M/S Rishav Industries, Guwahati. 5. M/S Sidha Steel and Appliance Pvt. Ltd., Guwahati. 6. M/S S.L. Enterprise, Guwahati. 7. M/S Kamakhya Enterprise, Guwahati. Only the following 7 Nos. firm were found qualifying for consideration as they have fulfilled all conditions as

per NIT. 1. M/S Bee Kay Industries, Guwahati, 2 M/S Brahmaputra Automobiles Pvt. Ltd., Guwahati, 3. M/S Eastern Supplies, Guwahati, 4. M/S Hazarika Saw Mill, Guwahati, 5. M/S M M Industries, Guwahati, 6. M/S Shivam Associates, Guwahati, 7. M/S Tim Steel, Guwahati. Out of the above qualified firms the lowest rate of Rs. 1668/- exclusive of tax in respect of sample No.2 quoted by M/S Shivam Associates could not be accepted as sample was found not up to the standard in quality and specification. Moreover, the firm was debarred for rendering supply to the Police Department by an order of DGP vide No, S/III-301/01-02/Intimation/133 dtd. 5/5/2004. The second lowest rate quoted by M/S Tim Steel at Rs. 1833+AGST for sample A was accepted as the sample is found of superior quality compared to the sample furnished with lowest rate but as the firm was debarred for rendering supply in the Police Department by an order by the Director General of Police vide No. S/III-301/2001-02/Intimation/133 dtd. 5/5/2004 due to unsatisfactory performance in respect of previous contracts, it could not be considered. The Committee examined the sample furnished by the third lowest tenderer M/S Hazarika Saw Mill at the rate of Rs. 1853 + AGST in respect of sample and found it acceptable in all respects. The representative from Director of Industries & Commerce, Assam opined that the purchasing Department should move to the Home Department, Govt. Assam for taking necessary action in respect of the debarred firms. The quality and class of timber of the selected sample was examined by the Forest Official being special invitee and it was certified as matured quality timber with durability. The committee on taking into account the opinion of the special invitee accepted the rate at Rs. 1853 + AGST in respect of the sample furnished by the M/S Hazarika Saw Mill, Ghy. The committee also examined the capacity regarding the items manufactured in their unit which was 4500 Nos. per month and was found fully capable to carryout the contract for supplying the required number the item. As such the committee approved the rate along with the sample for procuring 14648 Nos. of Steel Folding Cot for the year 2004-05 by Assam Police HQrs. Accordingly the recommendation of the Purchase Committee was accepted by the Assam Police HQrs. And orders etc. was placed with the supplier for supply of the Steel Folding Cots. Initially the supplier supplied 7500 Nos. Cots. Though they had to complete the entire supply within a stipulated time of 50 days. After supply of 1200 Nos. cots they had requested for extension of time for completion of the supply. The reason cited by the firm appeared to be genuine and hence the A.P. HQrs. Approved their prayer. An extract of the prayer submitted by the firm is also re-produced and placed below – “we have already effected the supply

of Steel Folding Cot, inspite of obstruction faced by us in procuring the requisite raw materials mainly seasoned timber for the top of the Cot, which is an indispensable one. Besides that, the iron pipes are also one of the major raw materials, to be used in the Steel folding Cot, which are also not readily available to keep hold the requirement of required quantity. Apart from the above, we beg to state here that, since the ban imposed by the Govt. of India on cutting trees, for which, seasoned and specified timber have become scarce, not only in Assam, but in the entire N.E. Resion. Therefore, we are facing great difficulty in procuring the requisite quantity of seasoned timber. Kindly note that, the actual season for availability of timber will begin from the end of November. So it is important that after procuring the timber from the sources, it will require minimum two months for reasoning and weathering the same. Therefore, we earnestly request you to grant us an extension at least ninety days to enable us to complete the supply of Steel Folding Cots, if otherwise any other hindrances does not arise. However, we would like to inform you that, more than 1200 Nos. of Steel Folding Cot have been delivered at the Provincial Store, 4th APBn. Till today. Besides that, you may kindly note that, we are continuing manufacturing the steel frames of the cot, but for want of seasoned timber we could not complete the tops, yet our efforts are on, and we assure you that approximately 1500 Nos. cots can be supplied immediately on availability of seasoned timber” Accordingly extension for completion for supply of the aforesaid article was granted by the A.P. Hrs. As its is a very old case and the A.P. Head quarter is not in a position to do anything in this regards.

OBSERVATIONS/RECOMMENDATIONS

3.6 The Committee is satisfied with the reply of the departmental representatives and decided to drop the para.

Avoidable expenditure

(Audit para 4.3.4/C & AG(Civil)/2006-2007/(P-133-134)

3.7 The audit has pointed out that after scrutiny (February 2006) of records and further information collected (February-March 2007) revealed that the DGP procured 39,734 pairs of Hunting Boots and 86,242 pairs of Brown Canvas Shoes from the firms between May 2005 and July 2005 for Rs. 1.07 crore and Rs. 77.61 lakh respectively between August 2005 and March 2006. The DGP procured Bata products through suppliers but did not initiate any action to procure the material directly from the manufacturer M/s Bata India Ltd. at their prevailing wholesale rates (Rs. 184.95 + 12.5% VAT for Hunting Shoes and Rs. 66.55 + 12.5% VAT for Brown Canvas Shoes). Thus, non-procurement of material directly from the manufacturing company and purchasing it from suppliers at 29 percent (Hunting boot) and 20 percent (Canvas Shoes) higher rates resulted in avoidable expenditure of Rs. 37.07 lakh.

3.8 The department by their written reply has stated that open tenders were invited giving wide publicity for procurement of hunting boots and brown canvas shoes. There were six tenderers for hunting boots and eight tenderers for brown canvas shoes who quoted rates. But M/S Bata India Ltd. was not among the tenderers. After thoroughly scrutinizing all the aspects the purchase Committee recommended the rates quoted by the lowest tenderer M/S Andromeda, Guwahati in respect of hunting boots and M/S Anirudha Enterprise, Nagaon in respect of brown canvas shoes. Both the firms had fulfilled all the terms & conditions of the tender. There was no scope to ask M/S Bata India Ltd. to supply the aforesaid articles ignoring the valid tenderers, which might have led to unnecessary litigation, as a result of which the items could not have been procured due to which the force personnel would have suffered. Moreover the decision of selecting the firms mentioned above was a collective decision of the Purchase Committee and the A.P.Hqr. had only complied with the decision of the Purchase Committee.

OBSERVATIONS/RECOMMENDATIONS

3.9 The Committee discussed the matter thoroughly and satisfied with the reply of departmental witnesses and therefore decided to drop the para.

IV

Panchayat and Rural Development Department

Infertuous expenditure

(Audit Para 4.2.4/C & AG(Civil)/2006-2007/(P-128))

4.1 The audit has pointed out that after scrutiny (November-December 2006) of records of the PD, DRDA, Tinsukia revealed that cooked meals were not provided by the Agency to the Children during the years 2004-06 only rice was distributed among the children. From April 2006 till the date of audit, neither food grains nor cooked meal were issued to children. As cooked meal was not provided to the children till the date of audit, the expenditure of Rs. 1.36 crore for construction of kitchen sheds in 909 schools proved to be infertuous.

4.2 The department by their written reply has stated that Tinsukia – Kitchen shed of 909 units under district Tinsukia @ Rs. 15000.00 per shed were undertaken under SGRY in phase manner as per decision of the Government vide memo No.RDD.387/2003/13 dated 23.03.2004 and allotted quantity of midday meal (MDM) rice were issued to the Head Masters of different Primary Schools, to provide cooked meal for the school children. The Project Director, DRDA only issued the rice to the concerned school, through the Goan Panchayat Secretary, Chairman, Town Committee and Block Dev. Officer as per direction of the Deputy Commissioner & Executive Director of DRDA Tinsukia. The necessary arrangement for the cooked ,midday meal and serving the same to the school children were entrusted to the DEEO, Tinsukia, which does not concern to DRDA, Tinsukia . The DEEO has stated in their reply that as per revised guideline vide Govt. letter NO.PMA/MDM-Cell/07/2006 dated 14.08.2006 the cooked M.D.M. implemented in the district with effect from January/2007. The scheme covered 1425 Nos. school Centres (including SSA) from class I-IV. The scheme continuing properly within the district now. The cost of cooking rate is enhanced to Rs.2/- per child per teaching day. The wages & helper charge are included @. 030 paisa per children per school day within Rs. 2/- per children . State Nodal Officer (DEE, Assam) release the fund to District Nodal Officer (D.C. of

the District) directly and District Nodal Officer (D.C. of the district) releases the same fund to concerned SMC of the school by A/C payee cheque in favour of President and Head Master of the SMC of school where MDM implementing. On the other hand, the rate of Food grain to each children is 100 grans per child per day. The State Nodal Officer (DEE, Assam) shall allotted food grain to District Nodal Officer (DC of the district). The District Nodal Officer of the district allocated such food grain to Gaon Panchayat Level Cooperative Societies of the district accordingly GPSS will lift such food grain from FCI Godown and distributed such among Fair Price Shop nearest to the school. Then the SMC of the School/Centre will make necessary arrangement for lifting the food grain from the nearest Fair Price Shop. Meanwhile, the scheme is extended upto Upper Primary Level from Class V-VIII. The necessary arrangement are ready for implementation the scheme within the district. Now, the scheme has covered 849 nos. school/centres including 123 nos. T.E. Primary School against 1,33,545/- nos. of student.

OBSERVATIONS/RECOMMENDATIONS

4.3 After threadbare discussion, the Committee was satisfied with the reply of departmental representatives and decided to drop the para.

Diversion of funds

(Audit para 4.4.5/C & AG(Civil)/2006-2007/(P-145-146)

4.4 The audit has pointed out that a test check (November-December 2006) of records of the Project Director (PD), District Rural Development Agency (DRDA), Tinsukia revealed that during 2004-05 and 2005-06 the PD lifted and dispatched 1,19,617.73 quintals of rice from FCI godown to the blocks. In violation of the scheme guidelines, the PD incurred an expenditure of Rs.21.53 lakh towards transportation cost of rice. The PD stated (December 2006) that the transportation cost was met out of scheme fund as per GOI's instruction (September 2003). The reply is not tenable as the relaxation allowed in the GOI's instruction was applicable to district councils of Karbi Anglong and North Cachar Hills only.

4.5 The department by their written reply has stated that Tinsukia – the provision of transportation cost of food grains under SGRY were approved by the Chairman DRDA due to the shortfall of revenue collected by the PRI from their own source in the greater interest of implementation of SGRY scheme. Based on the approved allocation of SGRY, expenditure on transportation of food grains were incurred .

4.5.1 The department in their oral deposition intimated the Committee that scheme funds were utilized on transportation of rice as per guideline issued by GOI in their letter dated 3rd September, 2003.

OBSERVATIONS/RECOMMENDATIONS

4.6 The Committee is satisfied with the oral deposition of the departmental witnesses and pleased to drop the para

Blocking of funds in Personal Ledger Account

(Audit Para 4.4.6./C & AG(Civil)/2006-2007/(P-146)

4.7 The audit has pointed out that after scrutiny (July 2006) of records of the DP & RD revealed that as on 31 March 2007 an amount of Rs.3.60 crore was lying in the PLA. Of these unspent balance, Rs. 3.27 crore related to the period 1979-80 to 1996-97 and Rs.33.16 lakh related to the period 1997-98 to 2006-07. More than 99 per cent of the unspent balance represented drawals made under various schemes and programmes. The DP & RD stated (May 2007) that due to discontinuance of various schemes and non-receipt of utilization certificates against earlier grants released to Mahakuma Parishads (MPs) and financial ban imposed on PLA by the Government, the grants remained unutilized. Implementation of the schemes suffered and failed to deliver the intended benefit to the beneficiaries frustrating the objectives of the schemes for which money was sanctioned and drawn. Further, validity of the PLA issued by the Accountant General (Accounts & Entitlement) stood expired with effect from 1 April 2004 and the PLA remained closed from that date. Regarding refund of the unspent balances of schemes funds, the DP & RD stated (May 2007) that the matter was referred (July 2004) to the Government and that no reply was received from the latter in this regard. Thus, due to inaction of the Department, Rs.3.60 crore not only remained unutilized for periods ranging from 2 to 27 years but was also irregularly kept outside the Consolidated Fund of the State resulting in avoidable blocking of Government money.

4.8 The department by their written reply has stated that Directorate – the unspent balance lying in the P.L. Account of Directorate of Panchayat and Rural Development, Assam stands at Rs.3.60 crores as per A.G. Audit Report. The validity of P.L. Account of Directorate of Panchayat and Rural Development, Assam issued by the A.G. (A & E) expired with effect from 1st April/2004 and the P.L. Account remained closed from that date. Constant persuasion on the matter was made with Treasury Officer, Kamrup, vide this Office letter No.CPA/PLA/3/87-88/40 dated 28.9.2007 and No.CPA/PLA/3/87-88/41 dated 31.07.2008 and No.CPA/PLA/1/74-75/1/59, dated 10.09.2008. On receipt of the clarification from the Treasury Officer the entire amount of Rs.3.60 crores will be referred to the Government proper Head of Accounts with intimation to the Government in Finance Department (Bt Department) as well as to the A.G.Assam.

OBSERVATIONS/RECOMMENDATIONS

4.9 The Committee directed the department to deposit entire amount of Rs.3.60 crore to the Government exchequer with an intimation to the Committee and decided to drop the para.

Diversion of Funds

(Adudit Para 4.4.7/C & AG(Civil)/2006-2007/(P-146-147)

4.10 The Audit has pointed out that after scrutiny (November – December 2006) of records of the Project Director (PD), DRDA, Nalbari revealed that during 1999-2000 to 2002-03 the PD transferred Rs.1.11 crore without approval from the competent authority, from SGSY (Rs.42.31 lakh), IAY (Rs.21.91 lakh) and SGRY (Rs.46.98 lakh) to DRDA administration schemes fund to meet the expenditure on pay and allowances and contingencies. The Director, Panchayat and Rural Development Department instructed (April 2004) the PD to clear all diversions and advances in the accounts of the year 2003-2004. The PD, however, adjusted the amount by charging to expenditure in the annual accounts for the year 2004-2005 of the respective schemes although the funds were not utilized under these schemes. Thus, the adjustment of Rs.1.11 crore by debiting the expenditure of the respective schemes was irregular apart from depriving the targeted beneficiaries of the intended benefits.

4.11 The department by their written reply has stated that Nalbari – during the financial year 1999-2000 the Ministry of Rural Development, Government of India launched a new scheme named as “DRDA Administration”. The purpose of this scheme is to meet the whole of the administrative expenses of the DRDA. For the sanctioning of fund for administrative expenses the Ministry of Rural Development categorized the District Rural Development Agencies in India. As per this categorization Nalbari DRDA was placed at “C Category” with an Annual Allocation of Rs.65.00 lakh at the initial years. However during past four year period from 1999-2000 to 2002- 2003 the DRDA was not given its full Annual Allocation by the Ministries (both Central and State). The following gives the picture of annual Allocation of GIA, amount of GIA received and the shortfall in receipt thereof.

Year	Amount of Allocation (Rs. In lakh)	Amount of fund received (Rs.In lakh)	Shortfall in receipt (Rs. In lakh)
1999-2000	65.00	22.18	42.82
2000-2001	68.28	25.59	42.66
2001-2002	71.67	59.93	11.74
2002-2003	75.26	48.71	26.55
Total	280.18	156.41	123.77

As a result the DRDA did not have any way except resorting to Fund Diversion from the on going other programmes (like SGSY, IAY and SGRY) to run the machinery for the smooth functioning of such on going poverty alleviation programmes. But fund diversions from time to time were made with prior approval of the Governing Body of the DRDA. The short receipts of fund as depicted in column 4 above were repeatedly intimated to the Ministry, Government of India with due request for release of fund so deducted against Annual Allocation. However, no positive action was taken in the connection by the Ministry. Therefore, during the last part of the financial year 2003-04 the DRDA sent its representative to New Delhi to discuss this problem with the Director, Administration in this regard. Fortunately, as a result of this visit and necessary representation made at the office of the Directorate to New Delhi the DRDA, Nalbari has been receiving its full allocation of fund under DRDA Administration Scheme since the year 2003-2004 and thereafter there is no fund diversion at all. However, the ministry did not release us the deducted amounts, made during the last four years from 1999-2000 to 2002-2003. Because of this non receipt of the full allocation of fund during the period 1999-2000 to 2002-2003 the DRDA could not liquidate the diverted amount from other programmes. Therefore the individual diversions were written off through adjustment only in the accounts of those on going programme accounts. The Annual Accounts submitted to the Ministry, Govt. of India are self-explanatory which speak about the adjustments against such diversions. It is worth mentioning that the Ministry has not raised any objection till now for the adjustments of the diversions. The PD, DRDA, Nalbari has now assured that in the future there would be no diversion of fund from one programme to another. In fact no fund diversion was made by the DRDA, Nalbari after 2003-2004.

OBSERVATIONS/RECOMMENDATIONS

4.12 The Committee heard the deposition of the Government representatives and decided to drop the para with an instruction that such diversion of fund should not be occurred in future.

Non –implementation of Rural Housing Scheme

(Audit Para 4.5.4/ C & A.G (Civil)/2006-2007/ (P-151)

4.13 The audit has pointed out that after scrutiny (February-March 2006) of records revealed that the DRDA could not utilize the Rs. 16.40 lakh released till March 2006. The State Government also did not release its share of Rs. 5.47 lakh till the date of audit. As a result, the 2nd installment of Central share was also not released. Not a single beneficiary was given loan and subsidy as the banks refused to provide the loan. The PD stated (July 2007) that the amount could not be utilized as the banks were not willing to provide loan under this scheme in the absence of specific instructions from the GOI but did not mention about his efforts for providing loan from other societies. Thus, the purpose of the scheme to provide subsidy to the rural needy, bonded labour, BPL families and SC/ST families was defeated.

4.14 The department by their written reply has stated that Hailakandi – recently Assam Co-operative Apex Bank, Hailakandi Branch has shown keen interest for sanctioning loan against the scheme and as a first phase 7 (seven) Nos. of beneficiaries have been already sanctioned and the subsidy portion is already released. Others are under process of sanctioning and whole fund will be utilized within the financial year.

OBSEVATIONS/RECOMMENDATIONS

4.15 The Committee is satisfied with the deposition of departmental representatives and decided to drop the para.

Unauthorized disbursement of advances and non-execution of works

(Audit Para 4.5.5/C & AG(Civil)/2006-2007/(P-152)

4.16 The audit has pointed out that after scrutiny (March 2007) of the annual accounts of the Project Director (PD), DRDA, North Lakhimpur revealed that Rs. 1.01 crore was disbursed during 2005-2006 as advance to six of its officers and staff for execution of works under the above schemes. In addition, there was an outstanding balance of Rs. 19.41 lakh as on April 2004 against the advance paid prior to 2004-2005. Details of advances paid prior to 2004-2005 however were not made available to audit (March 2007). The entire amount of Rs.1.20 crore remained unrecovered till the date of audit. The PD could not furnish any details of the advances e.g., date of sanction, name of the works, estimated cost of the works, status of work, amount adjusted against each work, etc. In the absence of such details, misuse and misappropriation of the advances cannot be ruled out.

4.17 The department by their written reply has stated that Lakhimpur - 1. Rs.101.25 lakhs under IAY which was shown as advance against 9 (nine) B.D.O.s during the year 2005-2006 was utilized for construction of IAY houses during 2005-2006 through the G.P. wise beneficiary committees. 2. Rs.19.41 lakhs shown as advance prior to 2004-2005 under IAY/PMGY which was given to the officers for construction of IAY/PMGY houses have already been adjusted with supporting APRs in subsequent period.

OBSERVATIONS/RECOMMENDATIONS

4.18 The Committee is satisfied with the deposition of the departmental witnesses and pleased to drop the para.

Irregular Expenditure

(Audit Para 4.5.6/C & A.G.(Civil)2006-2007/(P-152-153)

4.19 The audit has pointed out that after scrutiny (November-December 2006) of annual accounts of SGSY for the year 2005-06 revealed that PD, DRDA Nalbari constructed four training centres at a cost of Rs. 16.50 lakh in violation of the guidelines between February-March 2006. The concerned vouchers, estimates, measurement books etc of the expenditure incurred were not produced to audit. In the absence of these vital records the actual expenditure incurred and the present status of works could not be ascertained in audit. Further, the PD in violation of SGSY guidelines incurred another expenditure of Rs. 9.06 lakh during 2005-2006 out of SGSY funds for purchase of office furniture and maintenance of office building and quarters between July and March, 2006. The PD stated (December 2006) that the training centres were constructed as per Annual Action Plan approved by the Governing Body (GB). The contention of the PD is not tenable as these works are out of the purview of the GB and it cannot act in deviation of guideline.

4.20 The department by their written reply has stated that Nalbari – under the head “SGSY Infrastructure” there is no direct mention that the construction of “Training Centre” not a permitted activity. Nalbari district is a flood affected one. Every year the district suffers very much from floodwater, and the transportation facilities through roads are very badly affected. Therefore, the rural people (who are intended trainees of SGSY) faces very much difficulties, in coming to the district H.Q for attending raining programmes. In view the importance of trainings more particularly during the summer season the DRDA, Nalbari did construct four Training Centres during the year 2005-2006 costing an amount of Rs., 16.50 lakh in the rural areas of the district just to overcome the problems created by flood. Necessary Plan & Estimates, Vouchers and M.B. etc. relating to the construction of Training Centres are available with the DRDA which may be made available to audit in this next visit for verification. In the 2nd floor of the DRDA Office building there is a big Conference Hall which was mainly used for Conference and Trainings of SHG etc. at the District H.Q. During the year DRDA spent the amount of RS. 9.06 for the purpose of construction of wooden stage and for the purpose of making and purchasing Table and chairs to be used in so called Conference/Training Hall. Making and fixing of partitions was also made in the hall. However, the DRDA booked the expenditure relating to the Furniture and Fixture under the Head “Office Furniture”. Also some expenses were wrongly

taken under the head as Office Building Repairing". The DRDA did not incur an expenditure on repairs of its office building. Which was an error in booking the expenses.

OBSERVATIONS/RECOMMENDATIONS

4.21 The Committee heard the deposition of the Government representatives and decided to drop the para with an instruction that no diversion of fund from any specific scheme be done as there are instances of such diversion being done by some district authorities.

Annexure-‘A’

COMPOSITION OF THE OUT GOING COMMITTEE

(2006-2008)

Chairman:

1. Shri Brindaban Goswami

Members:

2. Shri Sarat Borkotoky
3. Shri Rameswar Dhanowar
4. Shri Gobinda Chandra Langthasa
5. Shri Abdul Khaleque
6. Shri Rajib Lochan Pegu
7. Shri Padma Hazarika
8. Shri Phani Bhusan Choudhury
9. Smti Kamali Basumatari
10. Shri Parimal Sukla Baidya
11. Shri Jagat Singh Engti
12. Shri Anwarul Hoque