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**REPORT OF THE  
COMPTROLLER AND AUDITOR  
GENERAL OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 2008  
(CIVIL)**

**GOVERNMENT OF ASSAM**

Government of Assam 2007-08



**COMPTROLLER AND AUDITOR GENERAL OF INDIA  
2008**

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COMPTROLLER AND AUDITOR  
GENERAL OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 2008  
(CIVIL)**

**GOVERNMENT OF ASSAM**

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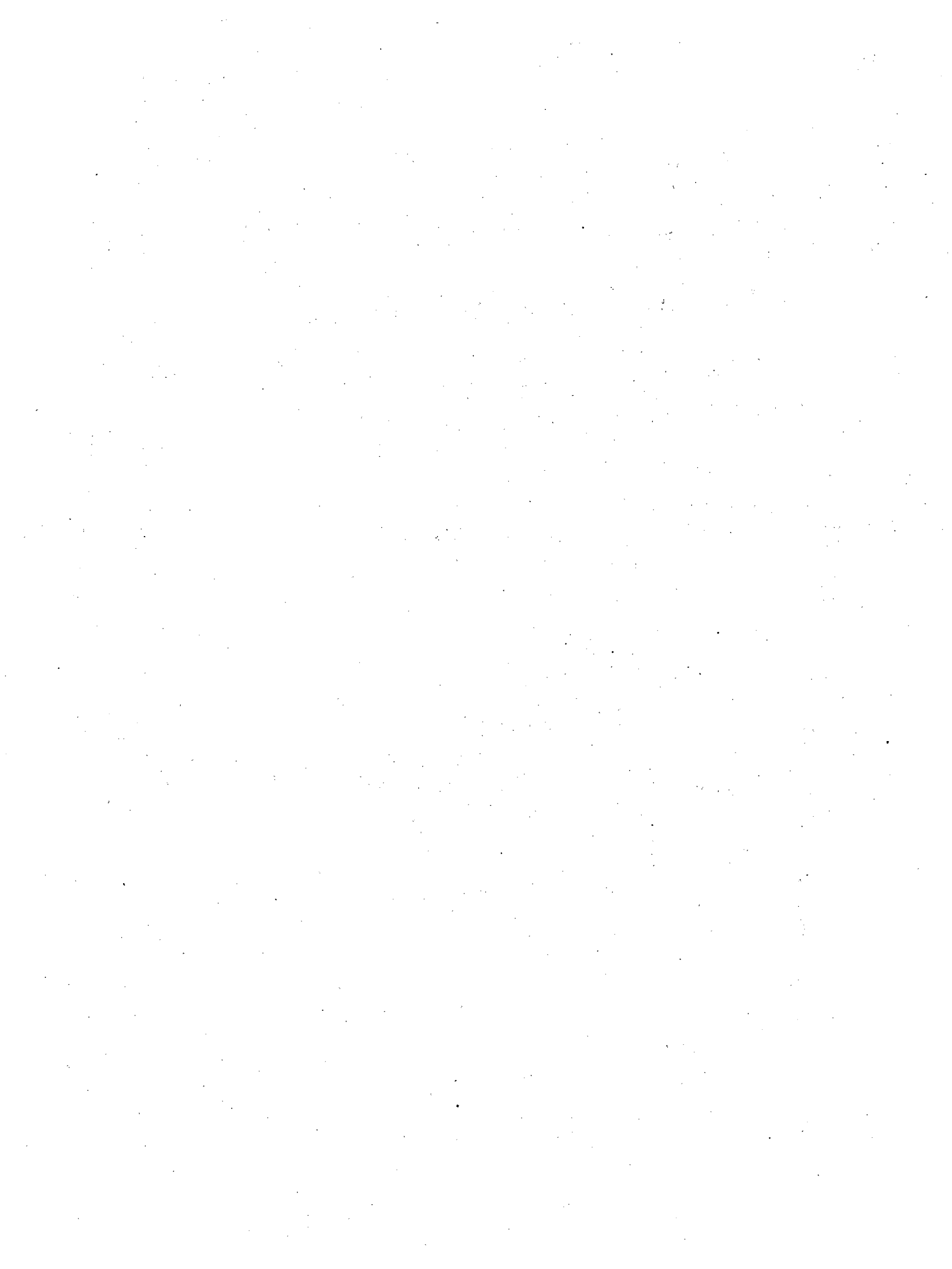
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## OVERVIEW







## OVERVIEW

This Report contains 30 paragraphs (including three general paragraphs), five performance reviews (including one integrated audit) and comments on the Finance and Appropriation Accounts. The draft audit paragraphs and draft performance reviews were sent to the Commissioner/Secretary to the State Government of the Departments concerned by the Principal Accountant General (Audit) with a request to furnish replies within six weeks. However, in respect of the performance reviews and 28 paragraphs (including three general paragraphs) included in the Report, no replies were received from the Commissioners/Secretaries concerned. The audit findings relating to the draft performance reviews were discussed with the Commissioners/Secretaries to the State Government and the views of the Government were incorporated wherever appropriate. A synopsis of the important findings contained in the Report is presented in the overview.

### 1. *Finances of the State Government*

The fiscal position of the State viewed in terms of key fiscal parameters showed a significant improvement, as the State has been able to maintain revenue, fiscal and primary surpluses during 2005-06, 2006-07 and 2007-08. The State has achieved the targets for revenue and fiscal deficits as well as with regard to other variables laid down in State FRBM Act/Rules, TFC as well as in FYFP and FCP for the year 2007-08. Moreover, the State has achieved these fiscal targets earlier than the timeline indicated in them with the current year ending in revenue surplus of Rs.2,581 crore and fiscal surplus of Rs.790 crore. The improvement in fiscal position of the State was on account of mandatory Central transfers comprising State share in Central taxes and grants-in-aid from the GOL. Of the incremental revenue receipts during 2005-06, 2006-07 and 2007-08, these two sources contributed 57 per cent in 2005-06, 60 per cent in 2006-07 and 91 per cent in 2007-08 indicating Central transfers being the key in improving the revenue surplus during the years. The NPRE at Rs. 10,677 crore during 2007-08 was significantly higher than the normative projection of TFC at Rs 9,141 crore for the year. Moreover, within the NPRE, three components viz. salary expenditure, pension payments, and interest payment constituted 76 per cent during 2007-08. These trends in expenditure indicate the need for changing allocative priorities. TFC recommended specific grants to improve the educational and health indicators in the State during its award period (2005-10). However, the State Government could receive only Rs.205.30 crore (Education Sector: Rs.109.83 crore and Health Sector: Rs.95.47 crore) out of the recommended grants of Rs.410.59 crore (Education Sector: Rs.219.66 crore and Health Sector: Rs.190.93 crore) during 2007-08, thereby delaying the process of improvement in educational and health indicators. The huge accumulated losses by Statutory corporations, especially in financial and transport sectors, resulted in negligible rate of return on Government's investment. This, coupled with inadequate interest cost recovery, continues to be a cause for concern and needs the attention of the State Government.

(Paragraphs-1.1 to 1.11)



## 2. Allocative priorities and appropriation

Against the total provision of Rs.23,567.10 crore during 2007-08, the actual expenditure aggregated Rs.15,151.39 crore resulting in net savings of Rs.8,415.71 crore. The net savings of Rs.8,415.71 crore during 2007-08 was due to the net effect of overall savings of Rs.8,528.95 crore and excess of Rs.113.24 crore in 74 Grants and 11 Appropriations and nine Grants and two Appropriations respectively. Anticipated savings exceeding Rs.1 crore in each case of 60 grants remained un-surrendered at the end of 2007-08.

(Paragraphs-2.1 to 2.3.10)

## Performance Reviews of Schemes/Departments

### 3. Accelerated Rural Water Supply Programme

*The Accelerated Rural Water Supply Programme aimed at accelerating the coverage of uncovered habitations in rural areas with provision of safe and adequate drinking water, besides revival of traditional water sources. While the installation of hand pumps and provision of drinking water to rural primary schools was satisfactory, the review revealed that 54 per cent habitations were yet to be provided adequate drinking water as of March 2008. The major audit findings are:*

- Government was deprived of Central assistance of Rs.92.77 crore due to short release of State matching share and late submission of proposal.
- Due to the non-release of allocated funds amounting to Rs.6.31 crore by the N.C. Hills ADC, 152 PC habitations in the ADC could not be upgraded to FC status.
- Inadmissible expenditure of Rs.22.32 crore was charged to the ARWSP in violation of the scheme guidelines.
- Out of 5,920 quality effected habitations to be covered during the year 2007-08, only 1,113 habitations were covered.
- Despite the availability of Field testing kits and Bacteriological vials for testing water samples, no water quality tests were carried out as of March 2008.

(Paragraph-3.1)

### 4. Modernisation of Police Force in Assam

*The Government of India, Ministry of Home Affairs (MHA) revamped the scheme of Modernisation of Police Force (MPF) introduced during 1969 with enhanced allocation from 2000-01 to augment the operational efficiency and striking capability of the State Police Force to face the challenges of internal security, extremist activities and law and order situation in the State. In the area of construction of residential quarters, the Department had exceeded the target. But other areas suffered due to inadequate planning and poor monitoring both at the Department/Government level. The scheme was unable to bridge the gap of*



*deficiencies in respect of mobility and weaponry. The position regarding procurement and installation of various equipments, communication system and computerisation in the Department was not up to the desired level. Salient points are mentioned below:*

- Rupees 12.65 crore were parked in the form of DCR, due to drawal of money in excess of requirement during 2001-08.
- The State Government incurred an extra expenditure of Rs.3.26 crore for allowance of higher agency charges.
- Injudicious allotment and subsequent withdrawal of INSAS rifles from 24 district offices resulted in idling of weaponry worth Rs.4.13 crore.
- Expenditure of Rs.5.83 crore on POLNET in 34 Police Stations proved infructuous as the system has become obsolete.

**(Paragraph-3.2)**

#### **5. National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme)**

*The National Programme of Nutritional Support to Primary Education, a Centrally Sponsored Scheme, commonly known as 'Mid Day Meal' (MDM) scheme was launched in August 1995 with the principal objective of boosting the universalisation of primary education by increasing enrolment, retention and learning levels of children and simultaneously improving nutritional status of primary school children of 6-10 years age group. Performance audit of the scheme revealed that the Department had covered all the Government primary schools (30,068), EGS (5,822) and AIE (11,726) centres in the State under the scheme. There were, however, deficiencies like inadequate financial management, short lifting of foodgrains, delay in release of funds for meeting cooking cost to schools, inadequate infrastructural facilities in schools and lack of monitoring and evaluation in the Department. Some of the important audit findings are as follows:*

- At the end of March 2008 there was an accumulated balance of Rs.99.73 crore with the State Government, Rs.79.44 crore with the State Nodal Officer and Rs.12.27 crore with the District Nodal Officers.
- The District Nodal Officers did not lift 86,403.12 MT of foodgrains during 2003-08 leading to denial of MDM to enrolled students for 238 days.
- The State Government failed to seek re-imburement of transportation cost amounting to Rs.22.64 crore from the GOI.
- In the test checked schools, pucca kitchen sheds were not available in 70 per cent schools, drinking water facilities were not available in 24 per cent schools and gas based chulhahs were not available in 81 per cent schools.

**(Paragraph-3.3)**



## 6. Accelerated Irrigation Benefits Programme

*Accelerated Irrigation Benefits Programme (AIBP) was launched (1996-97) with the main objective of accelerating the completion of on-going irrigation/multi-purpose projects on which substantial investment had already been made and were beyond the resource capability of the State Governments. Subsequently Minor Irrigation Projects were included for implementation under AIBP in 1999-2000. Ten major/medium and 289 minor irrigation projects were included under AIBP in the State, (2007-08) of which, 4 major/medium and 114 minor irrigation projects were completed upto March 2008. Significant points noticed are as under:*

- Apart from short release of the GOI share and non-release of State share the State Government delayed release of funds to the implementing agencies for periods ranging from 10 to 367 days resulting in delay in completion of projects.
- Not a single major/medium project was completed within the stipulated period. Delay in completion of projects ranged from 7 to 30 years.
- Against the targeted irrigation potential of 359.23 thousand hectare (March 2008) the achievement was only 122.32 thousand hectare.
- Against the demand for water rates of Rs. 38.94 crore, the realisation was only Rs.22 lakh (0.56 per cent).

(Paragraph-3.4)

## 7. Integrated Audit of Industries and Commerce Department

*The main function of the Industries and Commerce Department is to create adequate infrastructure for promotion of large and medium industrial enterprises in the State. Integrated audit of the Department revealed absence of adequate planning, poor programme management and lack of internal control mechanism. A review of the functioning of the Department brought out the following major points:*

- The Department drew (November 2001 - March 2008) funds amounting to Rs.13.87 crore in advance of actual requirement, out of which, Rs.5.73 crore were parked out of Government account and the rest retained in Deposit accounts.
- Government efforts to promote large and medium industries through infrastructure development did not materialise even after spending Rs.72.66 crore.
- As against 14,000 unemployed youth to undergo training under Chief Ministers' Swa Neyojan Yojana, the actual coverage was only 1,512.

(Paragraph-5.1)



## Audit of Transactions

### 8. *Cases of fraud/misappropriation/losses*

Failure of internal controls resulted in misappropriation of Government money amounting to Rs.1.21 crore by fraudulent drawal of funds by the Commandant, 10<sup>th</sup> Assam Police Battalion, Guwahati.

**(Paragraph-4.1.1)**

The Block Development Officer, Dhemaji did not produce any record of accountal and utilisation of Rs.15 lakh received from the Project Director, District Rural Development Agency as Central Grant for natural calamities.

**(Paragraph-4.1.2)**

The Project Director, DRDA, Dhemaji incurred an extra expenditure of Rs.27.71 lakh on procurement of chulhas and signboards and there was short receipt/non accountal of these at the Block level.

**(Paragraph-4.1.3)**

### 9. *Excess Payment/wasteful/infructuous expenditure*

The Environment and Forest Department incurred a wasteful expenditure of Rs.73 lakh towards construction of Forest Interpretation Centre in violation of the Building Byelaws of the Guwahati Metropolitan Development Authority.

**(Paragraph-4.2.1)**

The Director of Medical Education, Assam incurred a wasteful expenditure of Rs.62.56 lakh on procurement and installation of defective and substandard incinerators in three Medical Colleges & Hospitals.

**(Paragraph-4.2.2)**

The Director, Social Welfare paid Rs.1.93 crore as income tax from the scheme funds for construction of Anganwadi Centres, instead of deducting the amount from the contractors' bills.

**(Paragraph-4.2.3)**

The Executive Engineer, Guwahati West E&D Division incurred an extra expenditure of Rs.41.71 lakh towards local carriage of boulders and procurement of wire netting sheets and boulders.

**(Paragraph-4.2.4)**

### 10. *Avoidable/unfruitful expenditure/undue favour to contractors*

Non procurement of Hand pumps at lower available rates by the Executive Engineer, Stores and Workshop Division, PHE resulted in extra expenditure of Rs.68.13 lakh.

**(Paragraph-4.3.1)**

Failure of the Public Works Department to restrict mobilisation advance as per rules resulted in undue temporary financial aid of Rs.2.69 crore to the contractor, besides, an extra expenditure of Rs.99.09 lakh in the execution of the work.

**(Paragraph-4.3.3)**



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

Retention of money in Banker's cheque/Bank Draft/Deposit at Call Receipts out of funds drawn during February 2002 to May 2008 resulted in blocking of funds of Rs.15.46 crore.

**(Paragraph-4.4.2)**

The Project Directors, DRDAs Dhemaji and Sibsagar diverted scheme funds of Rs.2 crore towards transportation cost.

**(Paragraph-4.4.4)**

Advance payment of Rs.5.33 crore was made to the Assam State Electricity Board for construction of Sub-stations without AA, ES and TS and without any work order/agreement.

**(Paragraph-4.4.6)**

**12. *Regularity issues and others***

The Agriculture Department failed to utilise the funds of Rs.1.55 crore to extend benefits to flood affected small and marginal farmers.

**(Paragraph-4.5.1)**

Rupees 209.91 crore was drawn by four DDOs through AC bills during 2001-07 but the corresponding DCC bills were not submitted.

**(Paragraph-4.5.5)**

The Project Director, District Rural Development Agency, Dhemaji unauthorisedly incurred an expenditure of Rs.49.30 lakh for Construction of godown at Block Headquarters including unproductive expenditure of Rs.16.10 lakh.

**(Paragraph-4.5.6)**

The Director, Social Welfare incurred Rs.1.11 crore on procurement of utensils, after discontinuation of supply of cooked meal to the beneficiaries enrolled under Anganwadi Centres.

**(Paragraph-4.5.9)**

## *Preface*

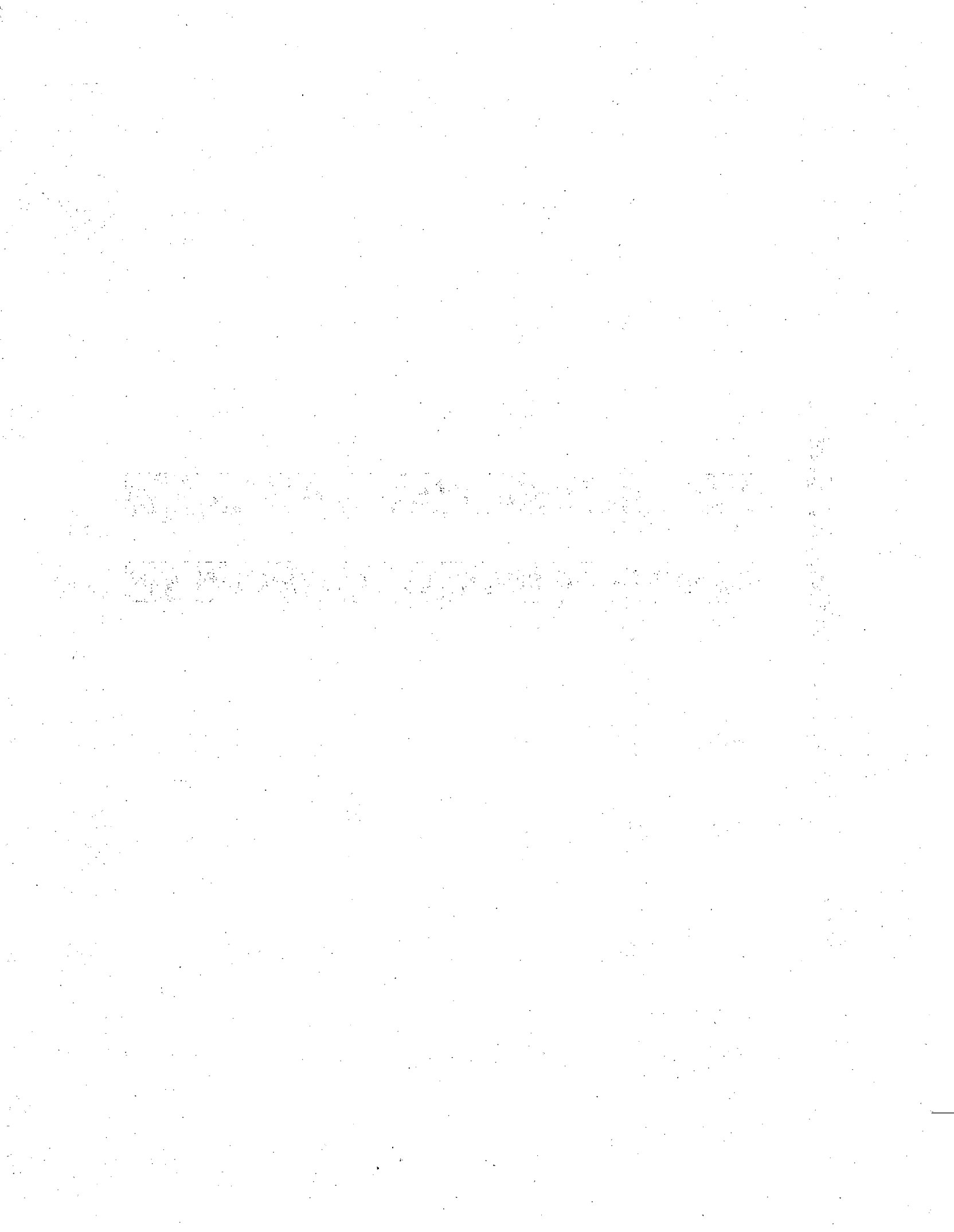
1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters-I and II of this Report contain Audit observations on matters arising from the examination of Finance Accounts and Appropriation Accounts of the State Government respectively, for the year ended 31 March 2008.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in various departments including the Public Works and Irrigation Department and audit of stores and stock.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in this Report are among those which came to notice in the course of test-audit of accounts during the year 2007-2008 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2007-2008 have also been included wherever necessary.





CHAPTER-I

FINANCES OF THE STATE GOVERNMENT



**CHAPTER I**  
**FINANCES OF THE STATE GOVERNMENT**

**1.1 Introduction**

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account (*Appendix-1.1 Part-A*). The Finance Accounts of the Government of Assam are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and Public Account of the State. The lay out of the Finance Accounts is depicted in *Appendix-1.1 Part-B*.

**1.1.1 Summary of Receipts and Disbursements**

**Table-1** summarises the finances of the Government of Assam for the year 2007-08 covering revenue receipts and expenditure, capital receipts and expenditure and public account receipts/disbursements as emerging from **Statement-1** of Finance Accounts and other detailed Statements.

**Table-1: Summary of receipts and disbursements for the year 2007-08**

(Rupees in crore)

2006-07	Receipts	2007-08	2006-07	Disbursements	2007-08		
Section-A: Revenue				Non-Plan	Plan	Total	
13666.94	Revenue receipts	15324.92	11456.53	Revenue expenditure	10676.78	2067.38	12744.16
3483.32	Tax revenue	3359.50	4302.36	General services	4920.99	3.43	4924.42
1859.27	Non-tax revenue	2134.59	4477.48	Social Services	3997.95	958.80	4956.75
3898.99	Share of Union Taxes/Duties	4918.21	2668.89	Economic Services	1748.90	1105.15	2854.05
4425.36	Grants from Government of India	4912.62	7.80	Grants-in-aid/Contributions	8.94	--	8.94
Section-B: Capital							
--	II. Miscellaneous Capital Receipts	--	1452.98	II. Capital Outlay	217.28	1470.83	1688.11
34.57	III. Recoveries of Loans and Advances	40.33	80.63	III. Loans and Advances disbursed	3.09	139.80	142.89
1115.71	IV. Public Debt receipts <sup>#</sup>	1138.30	494.73	IV. Repayment of Public Debt <sup>#</sup>	--	--	575.14
--	V. Contingency Fund	--	--	V. Contingency Fund	--	--	--
4846.21	VI. Public Account receipts	6093.34	4501.58	VI. Public Account disbursement	--	--	6190.20
--	VII. Closing overdraft from Reserve Bank of India	--	--	VII. Opening overdraft from Reserve Bank of India	--	--	--
1025.71	Opening Balance	2702.69	2702.69	Closing Balance	--	--	3959.08
<b>20,689.14</b>	<b>Total</b>	<b>25,299.58</b>	<b>20,689.14</b>	<b>Total</b>			<b>25,299.58</b>

<sup>#</sup> Includes net Ways & Means Advances and Overdraft

Following are the significant changes during 2007-08 over the previous year;

- Revenue receipts grew by Rs.1,658 crore over the previous year. The increase was mainly contributed by the State's share of Union Taxes and Duties (Rs.1,019.22 crore) and grants from Government of India (GOI) (Rs.487.26 crore);
- Revenue expenditure and Capital expenditure increased by Rs.1,288 crore and Rs.235 crore respectively, over the previous year;
- Disbursement of Loans and Advances increased by Rs.62 crore, while increase in recoveries of Loans and Advances was Rupees six crore only;
- Public Debt receipts and Public Debt repayments increased by Rs.23 crore and Rs.80 crore respectively over the previous year;
- Public Account disbursements increased by Rs.1,689 crore over the previous year as against the increase in its receipts by Rs.1,247 crore;

### **1.1.2 The Assam Fiscal Responsibility and Budget Management (AFRBM) Act, 2005**

The State Government enacted the Assam Fiscal Responsibility and Budget Management (AFRBM) Act in May 2005 and amended it in September 2005 and August 2007 to ensure fiscal stability, sustainability, improve efficiency and transparency in management of public finances, enhance the availability of resources and remove the impediments to effective conduct of fiscal policy and prudent debt management for improving the social and physical infrastructure and human development in the State. The Act prescribed the following fiscal targets for the State Government:

- Eliminate revenue deficit within four financial years beginning on the 1<sup>st</sup> day of April, 2005 and ending on the 31<sup>st</sup> day of March, 2009;
- Reduce fiscal deficit to three *per cent* of the estimated Gross State Domestic Product (GSDP) within a period of four financial years beginning on the 1<sup>st</sup> day of April, 2005 and ending on the 31<sup>st</sup> day of March, 2009;
- Restrict the total debt stock of the State Government including the Government guarantees to 45 *per cent* of the GSDP of the previous year at current prices within a period of five years beginning on the 1<sup>st</sup> day of April, 2005.
- Government Guarantees to be restricted at any point of time to fifty *per cent* of the State's own tax and non-tax revenue of the second preceding year, as reflected in the books of accounts as maintained by the Accountant General.

### **1.1.3 Roadmap to Achieve the Fiscal Targets as laid down in AFRBM Act/Rules**

Keeping in view the fiscal targets laid down in the AFRBM Act and the rules made there under and the anticipated annual rate of reduction of fiscal deficit of the State worked out by the GOI for the Twelfth Finance Commission (TFC) award period following its recommendation, the State Government developed its Own Fiscal Correction Path (FCP) indicating the milestones of outcome indicators with target dates for implementation during the period from 2005-06 to 2009-10 (*Appendix-1.1 Part-C*).



### 1.1.4 Fiscal Policy Statement(s) 2007-08

As required under Section 3 of the Act, the State Government laid before the Legislative Assembly, the rolling Five Year Fiscal Plan for the period from 2008-09 to 2012-13 along with the Annual Budget for the financial year 2007-08. The rolling Five Year Fiscal Plan provided for the budget estimates and projections for 2007-08 and 2008-09 and only projections for next four years (2009-10 to 2012-13) for selected fiscal parameters and variables determining the fiscal performance of the State.

### 1.1.5 Mid-Term Review of Fiscal Situation

To enforce compliance with the fiscal principles and targets laid down in the AFRBM Act, 2005, the Finance Department is to review every year, the trends in receipts and expenditure including the fiscal indicator targets set for the current financial year and place before the State Legislature a statement containing the outcome of such reviews. However, the State Government is yet to enforce the provision of the Act in this regard.

The performance of the State during 2007-08 in terms of key fiscal targets fixed for selected variables laid down in AFRBM Act, 2005 vis-à-vis achievements are given in Table-2.

**Table-2**  
**Trends in Major fiscal parameters/variables vis-à-vis projections for 2007-08**

Fiscal variables	2007-08			
	Targets as Prescribed in FRBM Act	Projections made in		Actuals
		Fiscal Correction Path	Five year Fiscal Plan Statement	
Revenue Deficit (Rs. in crore)	0.0 (By 31.3.2009)	(+) 276	(+) 897	(+) 2581
Fiscal Deficit (Rs. in crore)	-	2476	2065	(+) 790
Fiscal Deficit/GSDP (per cent)	3 per cent of GSDP (By 31.3.2009)	5	3	**
Salary as percentage of State's own resources*	60 per cent (By 31.3.2010)	116	106	95
Ratio of the Total Debt Stock including Government guarantees to GSDP	45 per cent (By 31.3.2010)	42	28	31
Ratio of State Guarantees to State's Own Resources of second preceding Year	50 per cent	24	17	20

\*State's Own Resources: Tax and Non-tax revenue of the State

\*\*There was revenue surplus

The above table reveals that the State has achieved all the FRBM targets, before the time lines prescribed in the Act except containing expenditure on salary. The State Government has to initiate requisite measures to contain the expenditure on salaries relative to its own resources, to achieve the corresponding FRBM target within the time frame prescribed in the Act. As a result of debt Consolidation under the scheme

'Debt Consolidation and Relief Facility' (DCRF)<sup>1</sup> the State has received debt relief of Rs.105.40 crore during 2007-08 from GOI.

## 1.2 Overview of Fiscal Situation of the State

### 1.2.1 Trends in Fiscal Aggregates

The fiscal position of the State during the current year as compared to the previous year is given in Table-3.

Table-3

		(Rupees in crore)	
2006-07	Sl. No.	Major Aggregates	2007-08
13667	1.	<b>Revenue Receipts (2+3+4)</b>	<b>15325</b>
3483	2.	Tax Revenue	3359
1859	3.	Non-Tax Revenue	2135
8325	4.	Other Receipts	9831
<b>35</b>	<b>5.</b>	<b>Non-Debt Capital Receipts</b>	<b>40</b>
35	6.	Of which, Recovery of Loans	40
<b>13702</b>	<b>7.</b>	<b>Total Receipts (1+5)</b>	<b>15365</b>
<b>9848</b>	<b>8.</b>	<b>Non-Plan Expenditure</b>	<b>10897</b>
9794	9.	On Revenue Account	10677
1516	10.	Of which, Interest Payments	1512
50	11.	On Capital Account	217
4	12.	On Loans disbursed	3
<b>3142</b>	<b>13.</b>	<b>Plan Expenditure</b>	<b>3678</b>
1662	14.	On Revenue Account	2067
1403	15.	On Capital Account	1471
77	16.	On Loans disbursed	140
<b>12990</b>	<b>17.</b>	<b>Total Expenditure (13+8)</b>	<b>14575</b>
(+) 2211	18.	Revenue Deficit (-)/Surplus (+) (1-(9+14))	(+) 2581
(+) 712	19.	Fiscal Deficit (-)/Surplus (+) ((1+5)-17))	(+) 790
(+) 2228	20.	Primary Deficit (-)/Surplus (+) (10+19)	(+) 2302

During the current year revenue receipts increased by 12.13 per cent (Rs.1,658 crore) while revenue expenditure increased by 11.24 per cent (Rs.1,288 crore) over the previous year resulting in an increase in revenue surplus by Rs.370 crore during 2007-08 over the previous year. Increase in revenue surplus as well as a marginal increase of Rupees five crore in non-debt capital receipts along with the combined increase of Rs.297 crore in capital expenditure and loans and advances disbursed during 2007-08 over the previous year, led to an increase in fiscal surplus by Rs.78 crore during the current year. The increase in fiscal surplus accompanied by a marginal decrease of Rupees four crore in interest payments during 2007-08 over the previous year led to an increase in primary surplus by Rs.74 crore during the year.

<sup>1</sup> DCRF : In pursuance of the recommendations of the Twelfth Finance Commission (TFC) for fiscal consolidation and elimination of revenue of the States, Government of India formulated a scheme "The State Debt Consolidation and Relief Facility (DCRF) (2005-06 to 2009-10)" under which general debt relief is provided by consolidating and rescheduling at substantially reduced rates of interest the Central loans granted to States on enacting the FRBM Act and debt waiver is granted based on fiscal performance, linked to the reduction of revenue deficits of States.

### 1.3 Methodology adopted for the assessment of fiscal position

The trends in the major fiscal aggregates of receipts and expenditure as emerging from the Statements of Finance Accounts were analyzed wherever necessary over the period 2002-08 and observations have been made on their behaviour. In its Restructuring Plan of State finances, the TFC recommended the norms/ceiling for some fiscal aggregates and also made normative projections for others. In addition, TFC also recommended that all States enact the Fiscal Responsibility Acts and draw their fiscal correction path accordingly for the five year period (2005-10) so that the fiscal position of State could be improved as committed in their respective FR Acts/Rules covering medium to long term. The norms/ceilings prescribed by the TFC as well as its projections for fiscal aggregates along with the commitments/projections made by the State Governments in their FR Acts and in other Statements required to be laid in the legislature under the Act, have been used to make qualitative assessment of the trends and pattern of major fiscal aggregates during the current year. Assuming that GSDP is a good indicator of the performance of the State's economy, major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal debt and revenue and fiscal deficits have been presented as percentage to the GSDP<sup>2</sup> at current market prices. The buoyancy coefficients for tax revenues, non-tax revenues, revenue expenditure etc., with reference to the base represented by GSDP have also been worked out to assess as to whether the mobilization of resources, pattern of expenditure etc., are keeping pace with the change in the base or these fiscal aggregates are also affected by factors other than GSDP. The New GSDP series with 1999-2000 as base (Table-4) as published by the Director of Economics and Statistics of the State Government in Economic Survey 2007-08 have been used in estimating these percentages and buoyancy ratios.

**Table – 4: Trends in Growth and Composition of GSDP**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Gross State Domestic Product (GSDP) (Rs. in crore)	43332	47191	52920	57543 (P)	65033 (Q)	72700 (Adv)
Rate of growth of GSDP (per cent)	13.30	8.91	12.14	8.74	13.02	11.79

Note : P-Provisional; Q-Quick; A-Advance

The key fiscal aggregates for the purpose are grouped under four major heads: (i) Resources by Volume and Sources, (ii) Application of Resources, (iii) Assets and Liabilities, and (iv) Management of Deficits (*Appendix 1.2 to 1.5*). The overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. The definitions of some of the selected terms used in assessing the trends and pattern of fiscal aggregates are given in *Appendix 1.1 Part D*.

<sup>2</sup> GSDP is defined as the total income of the State or the market value of goods and services produced using labour and all other factors of production.

## 1.4 Trends and composition of aggregate Receipts

Resources of the State Government consist of revenue receipts and capital receipts. Revenue receipts consist of tax revenues, non-tax revenues, State's share of union taxes and duties and grants-in-aid from the GOI. Capital receipts comprise miscellaneous capital receipts such as proceeds from disinvestments, recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from the GOI as well as accruals from Public Account. **Table-5** shows that the total receipts of the State Government for the year 2007-08 were Rs.22,596 crore. Of these, revenue receipts comprised Rs.15,325 crore, constituting 68 *per cent*. The balance came from borrowings and receipts from the Public Account. Increase in Deposits and Advances were mainly due to increase in Deposits not bearing interest by Rs.532.66 crore and advances by Rs.56.24 crore over previous year. Remittances increased by Rs.325 crore (16.94 *per cent*) over previous year mainly due to increased receipts under PW remittances (Rs.393.62 crore) and miscellaneous remittances (Rs.0.64 crore) over previous year which was partly offset by Rs.69.12 crore due to decrease in receipt in Forest remittances.

**Table-5: Trends in Growth and Composition of Aggregate Receipts**

(Rupees in crore)						
Sources of Receipts	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>I Revenue Receipts</b>	6793	7765	9937	12045	13667	15325
<b>II Capital Receipts</b>	3062	2344	4600	1417	1151	1178
Recovery of Loans and Advances	28	40	1389	38	35	40
Public Debt Receipts	3034	2304	3211	1379	1116	1138
Miscellaneous Capital Receipts	--	--	--	--	--	--
<b>III Contingency Fund</b>	35	--	--	--	--	--
<b>IV Public Account Receipts</b>	2290	3957	2988	4146	4846	6093
(a). Small Savings, Provident Fund etc	407	746	610	617	566	608
(b). Reserve Fund	184	135	478	149	370	506
(c). Deposits and Advances	(-) 10	926	1349	1637	2150	2739
(d). Suspense and Miscellaneous	858	1138	(-) 901	(-) 155	(-) 158	(-) 3
(e). Remittances	851	1012	1452	1898	1918	2243
<b>Total Receipts</b>	<b>12180</b>	<b>14066</b>	<b>17525</b>	<b>17608</b>	<b>19664</b>	<b>22596</b>

### 1.4.1 Revenue Receipts

**Statement-11** of the Finance Accounts details the revenue receipts of the Government consisting of its own tax and non-tax revenues, central tax transfers and grants-in-aid from the GOI. The overall revenue receipts, their annual rate of growth, ratio of these receipts to the GSDP and its buoyancies are indicated in **Table-6**.

Table-6: Revenue Receipts - Basic parameters

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Receipts (RR) (Rupees in crore)	6793	7765	9937	12045	13667	15325
Own Taxes ( <i>per cent</i> )	1935 (28.49)	2070 (26.66)	2713 (27.30)	3232 (26.83)	3483 (25.48)	3359 (21.92)
Non-Tax Revenue ( <i>per cent</i> )	693 (10.20)	946 (12.18)	1070 (10.77)	1459 (12.11)	1859 (13.60)	2135 (13.93)
Central Tax Transfers ( <i>per cent</i> )	1814 (26.70)	2162 (27.84)	2584 (26.00)	3057 (25.38)	3899 (28.53)	4918 (32.09)
Grants-in-aid ( <i>per cent</i> )	2351 (34.61)	2587 (33.32)	3570 (35.93)	4297 (35.68)	4426 (32.38)	4913 (32.06)
Rate of growth of RR ( <i>per cent</i> )	13.88	14.31	27.97	21.21	13.46	12.13
RR/GSDP ( <i>per cent</i> )	15.68	16.45	18.78	20.93	21.02	21.08
Revenue Buoyancy (ratio)	1.04	1.61	2.30	2.43	1.03	1.03
State's own taxes Buoyancy (ratio)	1.83	0.78	2.56	2.19	0.60	(-) 0.30
Revenue Buoyancy with reference to State's own taxes ratio	0.57	2.06	0.90	1.11	1.72	(-) 3.43
GSDP Growth ( <i>Per cent</i> )	13.30	8.91	12.14	8.74	13.02	11.79

The revenue receipts of the State increased from Rs.6,793 crore in 2002-03 to Rs.15,325 crore in 2007-08 at an annual average rate of 20.93 *per cent*. While 36 *per cent* of the revenue receipts during 2007-08 have come from the State's own resources comprising taxes and non-taxes, central tax transfers and grants-in-aid together contributed 64 *per cent*. The share of non-tax revenue and central tax transfers in the total revenue receipts of the State has increased by four percentage and five percentage points respectively during 2002-08 with slight inter-year variations while that of State's own taxes and grants-in-aid declined by seven percentage points and three percentage points respectively during the period.

### Tax Revenue

Tax revenue has decreased by Rs.124 crore (3.56 *per cent*) from Rs.3,483 crore in 2006-07 to Rs.3,359 crore in 2007-08. The share of sales tax in total tax revenue has been more than 74 *per cent* throughout the period 2002-08 but it decreased sharply in 2007-08. The decrease in sales tax of Rs.92 crore from 2,783 crore in 2006-07 to Rs.2,691 crore in 2007-08 was mainly due to decrease in collection of other receipts. State Excise (Rs.189 crore), Stamps and Registration fees (Rs.110 crore) were the other contributors in the share of tax revenue during 2007-08 besides Sales tax. Table-7 below presents the trends in growth and composition of tax revenue during 2002-08.



**Table-7: Trends in Growth and Composition of Tax Revenue**

(Rupees in crore)						
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Sales Tax	1441	1551	2099	2568	2783	2691
State Excise	122	129	144	160	175	189
Taxes on vehicles	116	124	135	156	151	139
Taxes on Agricultural Income	3	3	5	7	3	3
Stamps and Registration fees	50	62	72	86	97	110
Land Revenue	62	62	58	75	74	80
Taxes and duties on Electricity	13	3	62	13	16	5
Other taxes	128	136	138	167	184	143
<b>Total</b>	<b>1935</b>	<b>2070</b>	<b>2713</b>	<b>3232</b>	<b>3483</b>	<b>3360</b>

### Non-Tax Revenue

Non-tax revenue constituted 14 per cent of the total revenue receipts and increased by Rs.276 crore recording a growth rate of 14.85 per cent over the previous year.

The increase was mainly due to increase in the realisation of interest on investment on cash balances and other receipts (Rs.73 crore), sale of timber and other forest produce and Environmental Forestry (Rs.26 crore) and receipts under Labour laws and other receipts (Rs.12 crore). Besides, the credit entry on account of debt relief of Rs.105.40 crore under 'Miscellaneous General Services' received as an incentive under DCRF led to sharp increase in non-tax revenue of the State.

The actual tax and non-tax revenue receipts vis-à-vis the assessments made by the TFC and the State Government in its FCP and Five year Fiscal Plan Statement for 2007-08 were as under:

(Rupees in crore)				
	Assessment made by TFC	Assessment made by State Government in		Actuals
		Fiscal Correction Path	Five year Fiscal Plan Statement	
Own Tax Revenue	4005	4210	3915	3359
Own Non-Tax Revenue	1405	1543	1424	2135

Own tax revenue was less by Rs.851 crore than assessed (Rs.4,210 crore) in FCP, Rs.556 crore less than assessed (Rs.3,915 crore) in Five Year Fiscal Plan (FYFP) and Rs.646 crore less than the normative assessment of TFC, while non-tax revenue was more by Rs.730 crore, 592 crore and Rs.711 crore than assessed in TFC, FCP and FYFP respectively.

### Central Tax Transfers

The central tax transfers increased by Rs.1,019 crore over the previous year and constituted 32.09 per cent of revenue receipts. The increase in central tax transfers was mainly due to increase in Corporation tax (Rs.344 crore), taxes on income other than Corporation tax (Rs.309 crore), Customs (Rs.169 crore) and Service Tax (Rs.117 crore).



### Grants-in-aid

Grants-in-aid from the GOI increased from Rs.4,426 crore in 2006-07 to Rs.4,913 crore in 2007-08. The increase was mainly under State Plan Scheme (Rs.224 crore), Non-Plan Grants (Rs.177 crore), Centrally Sponsored Plan Schemes (Rupees one crore) and Special Plan Schemes (Rs.139 crore). The grants for Central Plan schemes decreased by Rs.54 crore from Rs.188 crore in 2006-07 to Rs.134 crore in 2007-08. The decrease was mainly due to decrease in grants under Special Central assistance to Scheduled Castes (Rupees seven crore), ICDS training programme (Rs.15 crore). There was sharp increase (Rs.176.96 crore) in non-plan grants from Rs.708.70 crore in 2006-07 to Rs.885.66 crore in 2007-08 which included Rupees eight crore for maintenance of Forest as recommended by the TFC. The TFC had recommended additional grants of Rs.219.66 crore for Education Sector and Rs.190.93 crore for Health Sector during 2007-08.

## 1.5 Application of resources

### 1.5.1 Growth of Expenditure

Statement 12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. States raise resources to perform their sovereign functions, maintain their existing nature of delivery of social and economic services, to extend the network of these services through capital expenditure and investments and to discharge their debt service obligations. The total expenditure of the State increased from Rs.7,750 crore in 2002-03 to Rs.14,575 crore in 2007-08. Total expenditure, its annual growth rate and ratio of expenditure to the State GSDP and to revenue receipts and its buoyancy with respect to GSDP and revenue receipts are indicated in Table-8.

Table-8: Total Expenditure - Basic Parameters

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Total Expenditure (TE)* (Rupees in crore)	7750	9200	13384	11727	12990	14575
Rate of Growth (per cent)	4.15	18.71	45.48	(-) 12.38	10.77	12.20
TE/GSDP Ratio (per cent)	17.89	19.50	25.29	20.38	19.97	20.05
RR/TE Ratio (per cent)	87.65	84.40	74.25	102.71	105.21	105.15
<b>Buoyancy of Total Expenditure with reference to:</b>						
GSDP (ratio)	0.31	2.10	3.75	**	0.83	1.03
RR (ratio)	0.30	1.31	1.63	**	0.80	1.01

\* Total Expenditure includes revenue expenditure, capital expenditure and loans and advances.

\*\* Rate of growth of Total Expenditure was negative.

Total expenditure at Rs.14,575 crore during 2007-08 increased by Rs.1,585 crore (12 per cent) over the previous year. Out of the total expenditure, the revenue expenditure constituted 87 per cent (Rs.12,744 crore) while capital expenditure excluding loans and advances formed 12 per cent (Rs.1,688 crore). The break up of total expenditure in terms of plan and non-plan expenditure reveals that while the share of plan expenditure constituted 25 per cent (Rs.3,678 crore), the remaining 75 per cent was non-plan expenditure (Rs.10,897 crore).

The increase in total expenditure during 2007-08 over previous year was due to increase in revenue expenditure by Rs.1,288 crore and capital expenditure by Rs.235 crore. The increase in revenue expenditure was mainly due to increase in expenditure on superannuation and retirement allowances (Rs.109 crore), Gratuity (Rs.45 crore), Leave encashment (Rs.15 crore), General Education (Rs.348 crore), Medical and Public Health (Rs.69 crore), Urban Development (Rs.63 crore), Agriculture and Allied Activities (Rs.59 crore), Rural Development (Rs.224 crore) and Industry and Minerals (Rs.65 crore). The increase in capital expenditure of Rs.235 crore over the previous year was mainly due to increase in plan capital expenditure in Water Supply, Sanitation, Housing and Urban Development (Rs.106.22 crore) and Transport (Rs.102.64 crore) and non plan capital expenditure in Energy (Rs.93.77 crore) over the previous year. Loans and advances constituted 0.98 per cent of the total expenditure and increased by Rs.62 crore over the previous year. The increase in Loans and Advances was mainly due to increased disbursement of Rs.29.82 crore for power projects over the previous year.

### 1.5.2 Trends in Total Expenditure by Activities

In terms of activities, total expenditure could be considered as being composed of expenditure on General Services including interest payments, Social and Economic Services, grants-in-aid and loans and advances. The relative share of these components in total expenditure is indicated in **Table-9**.

**Table-9: Components of Expenditure-Relative share**

	(In per cent)					
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>General Services</b>	<b>40.31</b>	<b>38.56</b>	<b>27.73</b>	<b>35.91</b>	<b>33.30</b>	<b>34.08</b>
Of which,						
Interest payments	16.06	15.72	10.49	12.88	11.67	10.37
<b>Social Services</b>	<b>37.68</b>	<b>36.96</b>	<b>32.20</b>	<b>34.38</b>	<b>35.66</b>	<b>35.84</b>
<b>Economic Services</b>	<b>20.22</b>	<b>22.96</b>	<b>32.69</b>	<b>28.71</b>	<b>30.36</b>	<b>29.04</b>
<b>Grants-in-aid</b>	<b>0.10</b>	<b>0.13</b>	<b>0.10</b>	<b>0.10</b>	<b>0.06</b>	<b>0.06</b>
<b>Loans &amp; Advances</b>	<b>1.69</b>	<b>1.39</b>	<b>7.28</b>	<b>0.90</b>	<b>0.62</b>	<b>0.98</b>

The movement of relative share of these components of expenditure indicated that all components of expenditure had inter-year variations. But expenditure on General Services and interest payments, which are considered as non-developmental, together accounted for 34.08 per cent in 2007-08 as against 33.30 per cent in 2006-07. On the other hand, developmental expenditure i.e., expenditure on Social and Economic Services together accounted for 64.88 per cent in 2007-08 as against 66.02 per cent in 2006-07. This indicates that there was an increase in non-developmental expenditure and decrease in developmental expenditure during the year in comparison with the previous year.

### 1.5.3 Incidence of Revenue expenditure

Revenue expenditure had predominant share in the total expenditure. Revenue expenditure is incurred to maintain the current level of services and payment for the past obligations and as such does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of



revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in Table-10.

**Table-10: Revenue Expenditure - Basic Parameters**

	(Rupees in crore)					
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Expenditure (RE)	7113	8450	10229	10536	11456	12744
Of which,						
Non-Plan Revenue Expenditure (NPRE)	5781	7021	8208	8407	9794	10677
Plan Revenue Expenditure (PRE)	1332	1429	2021	2129	1662	2067
Rate of Growth						
(per cent) NPRE	7.06	21.45	16.91	2.42	16.50	9.02
PRE	(-) 7.88	7.28	41.43	5.34	(-) 21.94	24.37
NPRE/GSDP (per cent)	13.34	14.88	15.51	14.61	15.06	14.69
NPRE as per cent of TE	74.59	76.32	61.33	71.69	75.40	73.26
NPRE as per cent of RR	85.10	90.42	82.60	69.80	71.66	69.67
<b>Buoyancy of Revenue Expenditure with</b>						
GSDP (ratio)	0.29	2.11	1.73	0.34	0.67	0.95
Revenue Receipts (ratio)	0.28	1.31	0.75	0.14	0.65	0.93

The overall revenue expenditure of the State increased by 79.16 per cent from Rs.7,113 crore in 2002-03 to Rs.12,744 crore in 2007-08 at an average annual rate of 13.19 per cent and increased from Rs.11,456 crore in 2006-07 to Rs.12,744 crore in 2007-08. In 2007-08, the NPRE was Rs.10,677 crore (84 per cent) and PRE was Rs.2,067 crore (16 per cent). The non-plan expenditure increased consistently from Rs.5,781 in 2002-03 to Rs.10,677 crore in 2007-08 while the plan expenditure increased from Rs. 1,332 crore in 2002-03 to Rs.2,067 crore in 2007-08 with wide inter year variations. The increase of Rs.883 crore in NPRE during 2007-08 over the previous year was mainly due to increase in Elementary Education by Rs.122.07 crore, Technical Education by Rs.20.27 crore, Crop Husbandry under Agriculture and Allied Activities by Rs.30.69 crore, Calamity Relief Fund under Social Welfare and Nutrition by Rs.107.81 crore, Urban Health and Rural Health by Rs.25.91 crore and Rs.27.23 crore respectively. There was also an increase of Rs.13.49 crore in water supply under Water Supply, Sanitation, Housing and Urban Development and Rs.97 crore in Roads and Bridges under Transport over the previous year.

A comparative position of NPRE vis-à-vis assessment made in TFC and FCP reveal that NPRE was 17 per cent (Rs.2, 156 crore) less than the projection made in FCP but higher by 17 per cent (Rs.1,536 crore) relative to TFC assessment as indicated in Table-11.

**Table -11**

	(Rupees in crore)		
	Assessment/Projections		Actual
	TFC	FCP	
Non-plan revenue expenditure	9141	12833	10677

The PRE has increased by Rs.405 crore from Rs.1,662 crore in 2006-07 to Rs.2,067 crore in 2007-08, mainly due to increase in Special Central assistance to Tribal sub-plan (Rs.56.70 crore), assistance to Public Sector and other undertakings

(Rs.15.55 crore) under Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes, Rs.64.93 crore in Child Welfare, Rs.68.89 crore in Nutrition under Social Welfare and Nutrition and Rs.16.30 crore in Handloom and Textiles under Industry and Minerals over previous year.

#### 1.5.4 Committed Expenditure

**Expenditure on Salaries and Wages:** The expenditure on salaries increased from Rs.3,883 crore in 2002-03 to Rs.5,241 crore in 2007-08 as indicated in Table-12.

**Table-12: Expenditure on Salaries**

(Rupees in crore)						
Heads	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on Salaries & Wages	3883	4462	5194 <sup>3</sup>	4238	4684	5241 <sup>4</sup>
Of which,						
Non-Plan Head	3038	4005	4376	3883	4484	5068
Plan Head	845	457	818	355	200	173
As per cent of GSDP	8.96	9.46	9.81	7.36	7.20	7.21
As per cent of RR	57.16	57.46	52.27	35.18	34.27	34.20

Source: Finance Accounts for 2005-06 to 2007-08 and for the years prior to that, State Government figures were adopted.

Salaries accounted for 34 per cent of revenue receipts of the State during 2007-08 and the non plan salary expenditure increased by more than 13 per cent (Rs.584 crore) over the previous year. Expenditure of Rs.5,241 crore on salaries during 2007-08 was less by Rs.1,412 (27 per cent) than assessed (Rs.6,653 crore) by the State Government in its FCP but higher by Rs.170 crore (three per cent) against the projection of Rs.5,071 crore in FYFP. The expenditure on salaries was 53 per cent of the revenue expenditure, net of interest payments and pensions as against the TFC norm of 35 per cent and constituted 95 per cent of total tax and non-tax revenue during 2007-08 requiring attention of the Government to achieve the target of limiting it to 60 per cent by 2010 as laid down in FRBM Act, 2005.

**Expenditure on Pension payments:** Pension payments grew at an annual average rate of 12.13 per cent from Rs.776 crore in 2002-03 to Rs.1,341 crore in 2007-08. The year-wise break up of expenditure incurred on pension payments during 2002-03 to 2007-08 is indicated in Table-13.

**Table-13: Expenditure on Pensions**

(Rupees in crore)						
Heads	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Expenditure on Pensions	776	909	1062	1011	1178	1341
As per cent of GSDP	1.79	1.93	2.01	1.76	1.81	1.84
As per cent of RR	11.42	11.71	10.69	8.39	8.62	8.75

Source: Finance Accounts

<sup>3</sup> Represents salaries only and includes salaries spent from Grants-in-aid but excludes wages up to 2004-05.

<sup>4</sup> Represents salaries only but excludes wages and salaries spent from Grants-in-aid. The salary expenditure figure shown in Appendix-III of Finance Accounts of the Government of Assam for the years ended 2005-06, 2006-07 & 2007-08 do not include salaries spent from Grants-in-aid.

Though pension payment was Rs.199 crore less than the projections made in the FCP (Rs.1,540 crore) for the year 2007-08 and Rs.73 crore less than the projections made in Five year Fiscal Plan (Rs.1,414 crore) and also Rs.120 crore less than the assessment made by TFC (Rs.1,461 crore), it has increased by more than 14 *per cent* from Rs.1,178 crore in 2006-07 to Rs.1,341 crore in 2007-08 mainly due to increase in the expenditure under superannuation and retirement benefits. The State Government has not introduced the new Pension Policy so far to meet the increasing pension liabilities.

### Interest payments

Interest payments made and their ratio to revenue receipts and revenue expenditure during the period 2002-08 are detailed in Table-14.

Table-14: Interest payments

Year	Total Revenue Receipts (Rupees in crore)	Interest Payments	Percentage of Interest payments to	
			Revenue Receipts	Revenue Expenditure
2002-03	6793	1245	18.33	17.50
2003-04	7765	1446	18.62	17.11
2004-05	9937	1404	14.13	13.73
2005-06	12045	1510	12.54	14.33
2006-07	13667	1516	11.09	13.23
2007-08	15325	1512	9.87	11.86

Interest payments increased by 21.45 *per cent* from Rs.1,245 crore in 2002-03 to Rs.1,512 crore in 2007-08. The interest payments during 2007-08 were on internal debt (Rs.1,118 crore), loans from Central Government (Rs.134 crore) and Small Savings, Provident Fund, etc. (Rs.260 crore). The interest payment was Rs.918 crore less than that projected (Rs.2,430 crore) in the FCP for the year 2007-08, Rs.306 crore less than the projections made (Rs.1,818 crore) in Five year Fiscal Plan and Rs.319 crore less than that projected (Rs.1,831 crore) by TFC. The interest payments relative to revenue receipts at 10 *per cent* was well within the norm of 15 *per cent* recommended by TFC to be achieved during its award period.

The major sources of borrowings of the State Government were (i) Loans from the Centre, (ii) Loans from Market, (iii) Loans from Banks and Financial institutions and (iv) Loans from Small Savings and Provident Fund with interest rates ranging from 7.14 *per cent* to 9.97 *per cent* per annum during the period from 2002-08.

### Subsidies

The State Government has been giving subsidies to various target groups but has not made any explicit provision for subsidies in its Annual Budget. It has not paid subsidy to PSUs and other institutions during 2007-08.

## 1.6 Expenditure by Allocative Priorities

### 1.6.1 Quality of Expenditure

The availability of better social and physical infrastructure in the State reflects its quality of expenditure. Therefore the ratio of capital expenditure to total expenditure



as well as to GSDP and proportion of revenue expenditure being spent on running the existing social and economic services efficiently and effectively would determine the quality of expenditure. Higher the ratio of these components to total expenditure and GSDP, better is the quality of expenditure. **Table-15** gives these ratios during 2002-08.

**Table-15: Indicators of Quality of Expenditure**

	(Rupees in crore)					
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Capital Expenditure</b>	<b>506</b>	<b>622</b>	<b>2181</b>	<b>1085</b>	<b>1453</b>	<b>1688</b>
<b>Revenue Expenditure</b>	<b>7113</b>	<b>8450</b>	<b>10229</b>	<b>10536</b>	<b>11456</b>	<b>12744</b>
Of which, Social and Economic Services with	3993	4908	6527	6324	7146	7811
(i) Salary & Wage Component	2897 (73)	3302 (67)	4017 (62)	3411* (54)	3754* (53)	4226* (54)
(ii) Non-Salary & Wage Component	1095 (27)	1606 (33)	2510 (38)	2913 (46)	3392 (47)	3585 (46)
<b>As per cent of Total Expenditure **</b>						
Capital Expenditure	6.64	6.86	17.57	9.34	11.26	11.70
Revenue Expenditure	93.36	93.14	82.43	90.66	88.74	88.30
<b>As per cent of GSDP</b>						
Capital Expenditure	1.17	1.32	4.12	1.89	2.23	2.32
Revenue Expenditure	16.42	17.91	19.33	18.31	17.62	17.53

\* Excludes wage component.

\*\* Total expenditure excludes Loans and Advances.

**Table-15** shows that capital and revenue expenditure of the State for the year 2007-08 were Rs.1,688 crore and Rs.12,744 crore respectively, constituting 11.70 per cent and 88.30 per cent of the total expenditure indicating hardening of resources. The increasing pressure on revenue expenditure seems to have crowded out capital expenditure over the period. However, the salary and wage component of revenue expenditure incurred on Social and Economic Services had decreased from 73 per cent in 2002-03 to 54 per cent in 2007-08 while that of non salary component has gradually increased from 27 per cent to 46 per cent which indicates the changing allocative priorities of the Government towards creating productive assets and developing social and economic infrastructure in the State.

### 1.6.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities etc. have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these



services in the State. Table-16 summarizes the expenditure incurred by the State Government in expanding and strengthening the social services in the State during 2002-08.

Table-16: Expenditure on Social Services

	(Rupees in crore)					
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Education, Sports, Art and Culture</b>						
Revenue Expenditure	1997	2362	2503	2516	2751	3047
Of which,						
(a) Salary & Wage Component	1717	2044	2337	1999*	2080*	2471*
(b) Non-Salary & Wage Component	280	318	166	517	671	576
Capital Expenditure	1	1	1	3	2	1
<b>Total</b>	<b>1998</b>	<b>2363</b>	<b>2504</b>	<b>2519</b>	<b>2753</b>	<b>3048</b>
<b>Health and Family Welfare</b>						
Revenue Expenditure	324	350	409	399	568	653
Of which,						
(a) Salary & Wage Component	255	298	314	314*	357	369*
(b) Non-Salary & Wage Component	69	52	95	85	211	284
Capital Expenditure	6	21	12	12	4	4
<b>Total</b>	<b>330</b>	<b>371</b>	<b>421</b>	<b>411</b>	<b>572</b>	<b>657</b>
<b>Water Supply, Sanitation, Housing and Urban Development</b>						
Revenue Expenditure	195	215	415	422	329	311
Of which,						
(a) Salary & Wage Component	84	58	194	113*	139*	135*
(b) Non-Salary & Wage Component	111	157	221	309	190	176
Capital Expenditure	15	17	35	30	149	260
<b>Total</b>	<b>210</b>	<b>232</b>	<b>450</b>	<b>452</b>	<b>478</b>	<b>571</b>
<b>Other Social Services</b>						
Revenue Expenditure	381	434	935	650	829	946
Of which,						
(a) Salary & Wage Component	82	98	135	133*	135*	150*
(b) Non-Salary & Wage Component	299	336	800	517	694	796
Capital Expenditure	--	--	--	--	--	1
<b>Total</b>	<b>381</b>	<b>434</b>	<b>935</b>	<b>650</b>	<b>829</b>	<b>947</b>
<b>Total (Social Services)</b>						
Revenue Expenditure	2897	3361	4262	3987	4477	4957
Of which,						
(a) Salary & Wage Component	2138	2498	2980	2559*	2711*	3125*
(b) Non-Salary & Wage Component	759	863	1282	1428	1766	1832
Capital Expenditure	22	39	48	45	155	266
<b>Grand Total</b>	<b>2919</b>	<b>3400</b>	<b>4310</b>	<b>4032</b>	<b>4632</b>	<b>5223</b>

Source: Finance Accounts and State Government figures

\* Excludes wage component

The expenditure on Social Services increased from Rs.2,919 crore in 2002-03 to Rs.5,223 crore in 2007-08 and it constituted 36.19 *per cent* of the total revenue and capital expenditure (Rs.14,432 crore) during 2007-08. Three major Social Services *viz.* General Education (Rs.3,047 crore), Health and Family Welfare (Rs.653 crore), Water Supply and Sanitation (Rs.311 crore) accounted for 77 *per cent* of the total Expenditure on Social Services. Out of revenue expenditure on Social Services, the share of total salary component increased from Rs.2,138 crore in 2002-03 to Rs.3,125 crore in 2007-08 (46 *per cent*) whereas non salary component increased by 141 *per cent* from Rs.759 crore in 2002-03 to Rs.1,832 crore in 2007-08. Assuming that non-salary component of revenue expenditure is a proxy for the maintenance and efficient running of the services, the quality of these services seem to have improved over the period 2002-08. The capital expenditure on Social Services increased from Rs.22 crore in 2002-03 to Rs.266 crore in 2007-08 indicating improved quality of expenditure on these services.

To improve the quality of education and health services in the States, the TFC recommended that the non-plan salary expenditure under education, health and family welfare should increase only by five to six *per cent* while non salary expenditure under non-plan heads should increase by 30 *per cent* per annum during the award period. The trends in expenditure revealed that the salary and wage component of revenue expenditure under General Education increased by 19 *per cent* in 2007-08 over the previous year, while the non salary component decreased by 14 *per cent*. Under Health sector, salary and wage component increased by three *per cent* while non salary component increased by 35 *per cent*. While the expenditure pattern in Health sector seems to be in conformity with TFC norms, while in Education sector, attention is required for containing salary component of NPPE. The TFC had recommended a total grant (specific grants-in-aid) of Rs.2,073.39 crore (Rs.1,107.37 crore for Education sector and Rs.966.02 crore for Health sector) over the award period 2005-10 due to the inability of the State Government to spend adequately in these sectors.

### **1.6.3 Expenditure on Economic Services**

Expenditure on Economic Services includes all such expenditure as to promote directly or indirectly, productive capacity within the States' economy. The expenditure on Economic Services (Rs.4,233 crore) accounted for 29.33 *per cent* of the total expenditure (Table-17). Of this, Agriculture and Allied activities, Irrigation and Flood Control, Energy and Transport consumed 62 *per cent*.



Table-17: Expenditure on Economic Services

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
1	2	3	4	5	6	7
<b>Agriculture, Allied Activities</b>						
Revenue Expenditure	362	478	488	548	614	672
<i>Of which,</i>						
(a) Salary & Wage Component	284	304	396	318*	355*	365
(b) Non-Salary & Wage Component	78	174	92	230	259	307
Capital Expenditure	1	1	1	--	1	1
<b>Total</b>	<b>363</b>	<b>479</b>	<b>489</b>	<b>548</b>	<b>615</b>	<b>673</b>
<b>Irrigation and Flood Control</b>						
Revenue Expenditure	129	177	208	219	269	292
<i>Of which,</i>						
(a) Salary & Wage Component	112	154	200	195*	239	253
(b) Non-Salary & Wage Component	17	23	8	24	30	39
Capital Expenditure	112	82	110	112	197	196
<b>Total</b>	<b>241</b>	<b>259</b>	<b>318</b>	<b>331</b>	<b>466</b>	<b>488</b>
<b>Power &amp; Energy</b>						
Revenue Expenditure	5	142	312	323	291	31
<i>Of which,</i>						
(a) Salary & Wage Component	--	--	--	--	--	--
(b) Non-Salary & Wage Component	5	142	312	323	291	31
Capital Expenditure	64	82	1374	205	208	419
<b>Total</b>	<b>69</b>	<b>224</b>	<b>1686</b>	<b>528</b>	<b>499</b>	<b>450</b>
<b>Transport</b>						
Revenue Expenditure	222	247	309	347	387	504
<i>Of which,</i>						
(a) Salary & Wage Component	113	141	201	161*	222	256
(b) Non-Salary & Wage Component	109	106	108	186	165	248
Capital Expenditure	186	186	299	434	357	517
<b>Total</b>	<b>408</b>	<b>433</b>	<b>608</b>	<b>781</b>	<b>744</b>	<b>1021</b>
<b>Other Economic Services</b>						
Revenue Expenditure	377	503	948	900	1108	1355
<i>Of which,</i>						
(a) Salary & Wage Component	250	205	240	178*	226*	227
(b) Non-Salary & Wage Component	127	298	708	722	882	1128
Capital Expenditure	109	214	326	279	512	246
<b>Total</b>	<b>486</b>	<b>717</b>	<b>1274</b>	<b>1179</b>	<b>1620</b>	<b>1601</b>
<b>Total (Economic Services)</b>						
Revenue Expenditure	1095	1547	2265	2337	2669	2854
<i>Of which,</i>						
(a) Salary & Wage Component	759	804	1037	852*	1042*	1101
(b) Non-Salary & Wage Component	336	743	1228	1485	1627	1753
Capital Expenditure	472	656	2110	1030	1275	1379
<b>Grand Total</b>	<b>1567</b>	<b>2203</b>	<b>4375</b>	<b>3367</b>	<b>3944</b>	<b>4233</b>

Source: Finance Accounts and State Government figures.

\* Excludes wage component.

Out of total expenditure on Economic Services during 2007-08, 11 per cent on Power and Energy, 12 per cent on Irrigation and Flood Control and 24 per cent on Transport and 16 per cent on Agriculture and allied activities was incurred. As compared to 2002-03, significant increase was observed in 2007-08 in Power and Energy (552 per cent), Transport services (150 per cent), Agriculture and allied activities (85 per cent) and Irrigation and Flood Control (102 per cent).

The trends in revenue and capital expenditure on Economic Services indicate that the capital expenditure has increased from Rs.472 crore (30 per cent) in 2002-03 to Rs.1,379 crore (33 per cent) in 2007-08, while the revenue expenditure increased from Rs.1,095 crore (70 per cent) in 2002-03 to Rs.2,854 crore (67 per cent) in 2007-08. Of the revenue expenditure, salary component increased from Rs.759 crore (69 per cent) in 2002-03 to Rs.1,101 crore (39 per cent) in 2007-08 whereas non-salary component increased from Rs.336 crore (31 per cent) to Rs.1,753 crore (61 per cent) indicating allocative priorities probably towards their maintenance and better quality of services.

#### 1.6.4 Financial Assistance to local bodies and other institutions

The quantum of assistance provided by State Government by way of grants and loans to local bodies and others during the six-year period 2002-08 is presented in **Table-18**.

**Table-18: Financial Assistance**

Name	(Rupees in crore)					
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Zilla Parishads and other Panchayati Raj institutions	25.53	14.82	23.04	27.30	27.19	42.53
Municipal Corporations/Urban Sewerage Board	13.59	19.63	65.28	16.71	17.66	24.47
Co-operative Societies and Co-operative Institutions	10.49	3.82	1.85	0.04	0.04	1.64
Universities and Educational Institutions	761.40	841.75	919.04	922.90	892.58	822.57
Assam State Electricity Board (ASEB)	21.84	86.28	946.92	81.26	70.53	102.36
Assam State Housing Board (ASHB)	0.61	0.86	0.97	1.42	1.34	1.34
Assam Khadi and Village Industries Board	1.30	2.46	5.90	6.96	6.80	11.25
Guwahati Metropolitan Development Authority	0.50	8.86	26.13	33.88	27.79	0.12
Other Institutions	17.49	31.35	69.58	76.56	61.44	109.22
Autonomous Councils	23.45	11.66	135.24	83.28	167.75	83.86
<b>Total</b>	<b>876.20</b>	<b>1021.49</b>	<b>2193.95</b>	<b>1250.31</b>	<b>1273.12</b>	<b>1199.36</b>
Assistance as percentage of RE	12.32	12.09	21.45	11.87	11.11	9.41

Source: Detailed Appropriation Accounts

The total assistance at the end of 2007-08 had grown by 37 per cent over the level of 2002-03. The assistance to local bodies as a percentage of total revenue expenditure had decreased from 12.32 per cent in 2002-03 to 9.41 per cent in 2007-08. Although the financial assistance to educational institutions constituted about 69 per cent of the total financial assistance by State Government during 2007-08, decrease in assistance



to Universities and Educational Institutions (Rs.70 crore) led to a net decrease of Rs.74 crore in financial assistance during the year. The increase in assistance during 2007-08 to Zilla Parishads and other Panchayati Raj institutions was mainly due to award of plan grants to Assam Urban Water Supply Schemes (Rs.9.50 crore) and increase in assistance to Assam State Electricity Board (ASEB) was mainly due to disbursement of loans to Electricity Boards.

#### 1.6.5 Misappropriation, losses, defalcations, etc

The State Government reported 210 cases of misappropriation, defalcation, etc., involving Government money amounting to Rs.3.62 crore upto March 2008 on which final action was pending. The Department-wise break up of pending cases is given in *Appendix-1.6*.

### 1.7 Assets and Liabilities

In Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by the Government is not done. However, the Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. *Appendix 1.2* gives an abstract of such liabilities and the assets as on 31 March 2008 compared with the corresponding position on 31 March 2007. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the GOI, receipts from Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and cash balances. *Appendix-1.5* depicts the time series data on State Government finances for the period 2002-2008.

#### 1.7.1 Incomplete projects

As on 31 March 2008, there were 391 incomplete projects, which include 120 irrigation projects (expenditure: Rs.28.73 crore) in which Rs.375.27 crore was blocked. Of these, 249 projects (expenditure: Rs.325.17 crore) were incomplete for less than five years, five projects (expenditure: Rs.0.34 crore) were incomplete for periods ranging from five to 10 years, 10 projects (expenditure: Rs.3.22 crore) were incomplete for periods ranging from 10 to 20 years and five projects (expenditure: Rs.0.88 crore) were incomplete for more than 20 years. Details in respect of 122 projects involving capital of Rs.45.66 crore were not available. This showed that the Government was spreading its resources thinly, without any yield or return. Reasons for incomplete projects were paucity of funds, price escalation and natural calamities etc. The department-wise information pertaining to incomplete projects as on 31 March 2008 is given in *Appendix-1.7*.

#### 1.7.2 Investments and returns

As on 31 March 2008, the Government had invested Rs.1,989.32 crore in Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives (Table 19). The average return on this investment was less than one *per cent* in the last six years while the Government paid interest at an average rate of 7.14 to 9.97 *per cent* on its borrowings during 2002-08. Details are given in *Appendix-1.8*.

**Table-19: Return on Investment**

Year	Investment at the end of the year	Return	Percentage of return	Average rate of interest on Government borrowings	Difference between interest paid and return
	(Rupees in crore)			(per cent)	
2002-03	570.35	5.93	1.04	9.82	8.78
2003-04	587.89	6.88	1.17	9.97	8.80
2004-05	1952.91	9.29	0.48	8.47	7.99
2005-06	1969.95	15.47	0.79	8.18	7.39
2006-07	1984.46	18.54	0.93	7.66	6.73
2007-08	1989.32	24.00	1.21	7.14	5.93

During the last four years, i.e. from 2004-08, the State Government investments have increased only marginally by Rs.36.41 crore. During the current year, Government has invested Rupees four crore in Statutory Corporations, Rs.0.20 crore in Government Companies, Rs.0.01 crore in Joint Stock Companies and Rs.0.65 crore in Cooperative Societies. The accumulated loss of the Statutory Corporations was Rs.516 crore as of March 2006. The major loss sustaining organisation's are Assam Financial Corporation (investment: Rs.2.75 crore; loss Rs.86.29 crore) and Assam State Transport Corporation (investment: Rs.329.14 crore; loss Rs.422.63 crore).

### 1.7.3 Loans and Advances by State Government

In addition to investments in Co-operative societies, Corporations and Companies, the Government has also been providing loans and advances to many of them. Total amount of outstanding loans and advances as on 31 March 2008 was Rs.2,824 crore (Table-20). Interest received against these loans and advances continued to be negligible, i.e. even less than half a *per cent* of outstanding loans and advances during the period 2002-08.

**Table-20: Average Interest Received on Loans Advanced by the State Government**

	(Rupees in crore)					
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Opening Balance	2832	2935	3022	2607	2675	2721
Amount advanced during the year	131	128	974	106	81	143
Amount repaid during the year	28	41	1389	38	35	40
Closing Balance	2935	3022	2607	2675	2721	2824
Net addition	103	87	-	68	46	103
Interest Received	1	4	7	6	8	8
Interest received as <i>per cent</i> to outstanding Loans and advances	0.03	0.13	0.27	0.22	0.29	0.28
Average interest rate (in <i>per cent</i> ) paid on borrowings by State Government	9.82	9.97	8.47	8.18	7.75	7.14
Difference between average interest paid and received ( <i>per cent</i> )	9.79	9.84	8.20	7.96	7.46	6.86

Major recipients of loans during 2007-08 were Electricity Boards (Rs.102.36 crore), consumer industries (Rs.10.46 crore) and Government servants (Rs.0.15 crore).



### 1.7.4 Management of cash balances

It is generally desirable that the State's flow of resources should match its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and expenditure obligations, a mechanism of Ways and Means Advances (WMA) - ordinary and special- from Reserve Bank of India has been put in place. The operative limit for normal WMA is reckoned as the three year average of revenue receipts and the operative limit for special WMA is fixed by Reserve Bank of India from time to time depending on the holding of Government securities. The limit in respect of Assam was Rs.295 crore for normal and Rs.299.84 crore for special WMA during 2007-08. The State Government did not avail of any WMA and overdrafts during the year. WMA and overdrafts availed, the number of occasions when these were availed and interest paid by the State are detailed in Table-21.

**Table-21: Ways and Means Advances and Overdrafts of the State**

	(Rupees in crore)					
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Ways and Means Advances</b>						
Availed in the year	955.84	2092.32	4288.55	1652.63	--	--
Number of occasions	39	53	81	32	--	--
Outstanding WMA, if any	226.39	227.96	317.49	--	--	--
Interest Paid	11.60	14.26	10.15	3.15	--	--
Number of days	39	53	81	32	--	--
<b>Overdraft</b>						
Availed in the year	4533.27	4343.54	1782.80	228.07	--	--
Number of occasions	116	104	64	08	--	--
Number of days	315	237	129	30	--	--
Interest Paid	32.68	23.10	3.69	0.63	--	--

The cash balances of the State Government at the end of current year increased from Rs.2,703 crore in 2006-07 to Rs.3,959 crore in 2007-08. The State Government had invested Rs.5,146.33 crore in GOI Treasury Bills and Rs.4.35 crore in securities of the GOI and earned an interest of Rs.231.38 crore and Rs.1.11 crore respectively.

### 1.8 Undischarged Liabilities

"Total liabilities" as defined in AFRBM Act, 2005 means the liabilities under the Consolidated Fund of the State and the Public Account of the State.

#### 1.8.1 Fiscal Liabilities-Public Debt and Guarantees

There are two sets of liabilities namely, public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund - Capital Account. It includes market loans, special securities issued by RBI and loans and advances from the Central Government. The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time, be fixed by an Act of its Legislature and give guarantees within such limits as may be fixed. Other liabilities, which are a part of Public Account, include deposits under small savings scheme, provident funds and other deposits.

**Table-22** gives the fiscal liabilities of the State, their rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

**Table-22: Fiscal Liabilities – Basic Parameters**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Fiscal Liabilities* (Rupees in crore)	13720	15285	17855	19082	20483	21871
Rate of Growth ( <i>per cent</i> )	17.94	11.41	16.81	6.87	7.34	6.78
<b>Ratio of Fiscal Liabilities to</b>						
GSDP ( <i>per cent</i> )	31.66	32.39	33.74	33.16	31.50	30.08
Revenue Receipts ( <i>per cent</i> )	202.00	196.80	179.70	158.42	149.87	142.71
Own Resources ( <i>per cent</i> )	522.10	506.80	472.00	406.78	383.43	398.09
<b>Buoyancy of Fiscal Liabilities to</b>						
GSDP (ratio)	1.35	1.28	1.39	0.79	0.56	0.58
Revenue Receipts (ratio)	1.29	0.80	0.60	0.32	0.55	0.56
Own Resources (ratio)	0.70	0.77	0.66	0.29	0.53	2.38

\* Includes Internal Debt, Loans and Advances from GOI, Small Savings, Provident Funds, etc., Reserve Funds (Gross) and Deposits.

The overall fiscal liabilities of the State increased from Rs.13,720 crore in 2002-03 to Rs.21,871 crore in 2007-08. The growth rate was 6.78 *per cent* during 2007-08 over the previous year. The ratio of fiscal liabilities to GSDP has decreased from 31.66 *per cent* in 2002-03 to 30.88 *per cent* in 2007-08. These liabilities stood at nearly 1.43 times the revenue receipts (as against the projection of 3 times in FRBM Act by the year ending 2008-09) and 3.98 times of the States own resources at the end of 2007-08. Buoyancy of fiscal liabilities to GSDP, fiscal liabilities to revenue receipts and to own resources has increased during 2007-08.

In line with the recommendations of the TFC, the State Government set up the Sinking Fund for amortization of market borrowings as well as other loans and debt obligations. As on 31 March 2008 the outstanding balance in the Sinking Fund was Rs.841 crore. During 2007-08, Rs.204 crore has been invested in the Sinking Fund.

### 1.8.2 Status of Guarantees-Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State in case of default by the borrower for whom the guarantee has been extended. As per **Statement-6** of the Finance Accounts, the maximum amount for which guarantees were given by the State and outstanding guarantees at the end of 2007-08 are given in **Table-23**.

**Table-23: Guarantees given by the Government of Assam**

Year	Maximum amount guaranteed	Outstanding amount of guarantees*	Percentage of maximum amount guaranteed to total revenue receipts	(Rupees in crore)	
				Outstanding guarantees as percentage of State's own Revenue**	of second preceding year
2002-03	2888	1881	42.51		90
2003-04	2904	1833	37.40		70
2004-05	1034	711	10.41		24
2005-06	1727	1273	14.34		34
2006-07	1563	904	11.44		19
2007-08	1189	951	7.76		20

\* Includes interest

\*\* State's own revenue includes tax revenue and non tax revenue



Government has guaranteed loans raised by various corporations and others, which at the end of 2007-08 stood at Rs.951 crore. Out of the total outstanding guarantees, Rs.666 crore (70 per cent) were towards Assam State Electricity Board. The State Government is yet to implement the recommendation of the TFC by setting up Guarantee Redemption Fund through earmarked guarantee fees. As per FRBM Act, State Government guarantees shall be restricted to 50 per cent of State's tax and non-tax revenue of the second preceding year, which was within the limit during 2007-08. During 2007-08, it showed a significant improvement and constituted 20 per cent of the State's revenue.

### 1.8.3 Debt Sustainability

Debt sustainability is defined as the ability to maintain a constant debt-GDP ratio over a period of time. In simple terms, public debt is considered sustainable as long as the growth of income exceeds the interest rate or cost of public borrowings subject to the condition that the primary balance is either positive or zero.

#### Debt Stabilisation

A necessary condition for stability states that if the rate of growth of economy exceeds the interest rate or cost of public borrowings, the debt-GDP ratio is likely to be stable, provided primary balances are either zero or positive or are moderately negative. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt\*rate spread), debt sustainability condition states that if quantum spread together with primary deficit is zero, debt-GSDP ratio would be constant or debt would stabilize eventually. On the other hand, if primary deficit together with quantum spread turns out to be negative, debt-GSDP ratio would be rising and in case it is positive, debt-GSDP ratio would eventually be falling. Trends in fiscal variables indicating the progress towards debt stabilization are indicated in Table-24.

Table-24: Debt Sustainability-Interest Rate and GSDP Growth (in per cent)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Average Interest Rate	9.82	9.97	8.47	8.18	7.66	7.14
GSDP Growth per cent	13.30	8.91	12.14	8.74	13.02	11.79
Interest spread	3.48	(-) 1.06	3.67	0.56	5.36	4.65
Quantum spread (Rs. in crore)	477.45	(-) 162.02	655.28	106.86	1104.05	1017.00
Primary Deficit (-) /Surplus (+) (Rs. in crore)	316	51	(-) 654	1866	2228	2302

Table-24 reveals that quantum spread together with primary deficit remained negative during 2003-04 and 2004-05 resulting in an increase in debt/GSDP ratio since 2005-06. Quantum spread together with primary deficit remained positive resulting in a decline in debt/GSDP ratio from 33.16 per cent in 2005-06 to 30.08 per cent in 2007-08. This trend indicates that the State is moving towards debt stabilization which in turn may improve the debt sustainability of the State.

#### Sufficiency of Non-debt Receipts

Another indicator for debt stability and its sustainability is the adequacy of incremental non-debt receipts of the State to cover the incremental interest liabilities and incremental primary expenditure. Debt sustainability could be significantly facilitated if the incremental non-debt receipts could meet the incremental interest

burden and the incremental primary expenditure. Table-25 indicates the resource gap as defined for the period 2003-08.

**Table-25: Incremental revenue receipts and Revenue Expenditure**

Period	Incremental				Resource Gap
	Non-Debt Receipts	Primary Expenditure	Interest Payments	Total Expenditure	
2003-04	984	1249	201	1450	(-) 466
2004-05	3521	4426	(-) 42	4184	(-) 663
2005-06	757	(-) 1763	106	(-) 1657	(+) 2414
2006-07	1619	1257	6	1263	(+) 356
2007-08	1663	1589	(-) 4	1585	(+) 78

The trends in table-25 reveal that the incremental non-debt receipts of the State had been able to meet the incremental interest liabilities and incremental primary expenditure in three years out of the five year period 2003-08. Moreover, the persistent positive resource gap during the last three years is a pointer towards fiscal and debt sustainability of the State.

#### 1.8.4 Net Availability of Funds

Another important indicator of debt sustainability is the net availability of funds after the payment of the principal on account of earlier contracted liabilities and interest. Table-26 below gives the position of the receipts and repayment of internal debt and other fiscal liabilities of the State over the last six years.

**Table-26: Net Availability of Borrowed Funds**

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<b>Internal debt</b>						
Receipts	6415	7286	7895	7495	1103	1199
Repayment (Principal + Interest)	6937	7599	7203	3484	1486	1687
Net Funds Available	(-) 522	(-) 313	692	4011	(-)383	(-) 488
Net Funds Available ( <i>per cent</i> )	(-) 8.14	(-) 4.30	8.77	53.52	(-) 34.72	(-) 40.70
<b>Loans and Advances from the GOI</b>						
Receipts	2058	1452	1297	(-) 3918	13	(-)61
Repayment (Principal + Interest)	1603	1670	1515	291	294	140
Net Funds Available	455	(-) 218	(-) 218	(-) 4209	(-) 281	(-) 201
Net Funds Available ( <i>per cent</i> )	22.11	(-)15.01	(-) 16.81	(-)107.43	(-)2161.54	(-)329.51
<b>Other obligations</b>						
Receipts	1133	1458	2053	1971	2552	3263
Repayment (Principal + Interest)	1113	947	1430	2057	2003	2698
Net Funds Available	20	511	623	(-) 86	549	565
Net Funds Available ( <i>per cent</i> )	1.77	35.05	30.35	(-) 4.36	21.51	17.32
<b>Total liabilities</b>						
Receipts	9606	10196	11245	5548	3668	4401
Repayments (Principal+ Interest)	9653	10216	10148	5832	3783	4525
Net Funds Available	(-) 47	(-) 20	1097	(-) 284	(-) 115	(-) 124
Net Funds Available ( <i>per cent</i> )	(-) 0.49	(-) 0.20	9.76	(-) 5.12	(-) 3.14	(-) 2.82



The net funds available on account of the internal debt and loans and advances from the GOI and other obligations after providing for the interests and repayments remained negative during the last three years. During the current year, the Government repaid principal plus interest on account of internal debt of Rs.1,687 crore, the GOI loan of Rs.140 crore and also discharged other obligations of Rs.2,698 crore as a result of which, payments exceeded the receipts during the year. During 2007-08, in view of the large cash balances, the focus of the Government seems to be on discharging the past debt obligations both on account of principal and interest payment on loans raised from the market as well as from the GOI.

## 1.9 Management of deficits

Deficit in Government accounts represents the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources raised and applied are important pointers to its fiscal health.

### 1.9.1 Trends in Deficits

The trends in fiscal parameters depicting the position of fiscal equilibrium in the State are presented in Table 27.

The State although continued to experience revenue deficit during 2002-03 to 2004-05 with inter year variations but took a turnaround in 2005-06 and showed a revenue surplus of Rs.1,509 crore in 2005-06, Rs.2,211 crore in 2006-07 which further increased to Rs.2,581 crore in 2007-08. This improvement in revenue account during 2007-08 was mainly on account of steep increase in Central transfers comprising State's share in Central taxes and duties and grants-in-aid from the GOI by Rs.1,506 crore in 2007-08 over the previous year. The State's own resources comprising of tax and non tax revenue increased marginally by Rs.152 crore during the year. Revenue expenditure on the other hand increased by Rs.1,288 crore in 2007-08 resulting in huge surplus on revenue account during the current year.

Huge revenue surplus in 2007-08 accompanied by moderate increase in plan capital expenditure (Rs.68 crore) and non-plan capital expenditure (Rs.167 crore) in 2007-08 together with disbursement of loans and advances (Rs.143 crore) resulted in a situation of fiscal surplus (Rs.790 crore) during 2007-08. The interest payments amounting to Rs.1,512 crore in 2007-08 led to huge primary surplus of Rs.2,302 crore in 2007-08.

Table-27: Fiscal Imbalances – Basic Parameters

Parameters	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Revenue Deficit (-)/Surplus(+) (Rupees in crore)	(-) 320	(-) 685	(-) 292	(+) 1509	(+) 2211	(+) 2581
Fiscal Deficit (-)/Surplus(+) (Rupees in crore)	(-) 929	(-) 1395	(-) 2058	(+) 356	(+) 712	(+) 790
Primary Deficit (-)/Surplus(+) (Rupees in crore)	(+) 316	(+) 51	(-) 654	(+) 1866	(+) 2228	(+) 2302
RD/GSDP (per cent)	(-) 0.85	(-) 1.70	(-) 0.67	*	*	*
FD/GSDP (per cent)	(-) 2.47	(-) 3.47	(-) 4.73	*	*	*
PD/GSDP (per cent)	(+) 0.84	(+) 0.13	(-) 1.50	*	*	*
RD/FD (per cent)	34.45	49.10	14.19	*	*	*

(Negative figures indicate deficit)

\* There is revenue surplus

### Quality of Deficit/Surplus

The ratio of RD to FD and the decomposition of primary deficit into primary revenue deficit<sup>5</sup> and capital expenditure (including loans and advances) would indicate the quality of deficit in the States' finances. The ratio of revenue deficit to fiscal deficit indicates the extent to which borrowed funds were used for current consumption. The ratio of RD to FD had declined from 34.45 per cent in 2002-03 to 14.19 per cent in 2004-05 and thereafter revenue account has shown surplus during the succeeding three years. This trajectory shows a consistent improvement in the quality of the deficit and during the current year, the State has experienced a fiscal surplus indicating that non-debt receipts exceeded the total expenditure, leaving cash balance to meet the past debt obligations.

The bifurcation of the factors that resulted in primary deficit/surplus of the State during the period 2002-08 reveals (Table-28) that throughout this period except during the year 2004-05, State had experienced primary surplus. Even during 2004-05, State had primary revenue surplus indicating that primary deficit was on account of capital expenditure and loans and advances disbursed by the State Government during the year. In other words, non-debt receipts of the State were not only sufficient to meet the primary expenditure<sup>6</sup> in the revenue account, but were able to meet the expenditure under the capital account to some extent except during 2004-05.

Table-28

(Rupees in crore)

Year	Non-debt Receipts	Primary Revenue Expenditure	Capital Expenditure	Loans and Advances	Primary Expenditure	Primary Revenue Deficit (-)/ Surplus (+)	Primary Deficit (-)/ Surplus (+)
1	2	3	4	5	6 (3+4+5)	7 (2-3)	8 (2-6)
2002-03	6821	5868	506	131	6505	(+) 953	(+) 316
2003-04	7805	7604	622	128	7754	(+) 801	(+) 51
2004-05	11326	8825	2184	974	11980	(+) 2501	(-) 654
2005-06	12083	9026	1085	106	10217	(+) 3057	(+) 1866
2006-07	13702	9940	1453	81	11474	(+) 3762	(+) 2228
2007-08	15365	11232	1688	143	13063	(+) 4133	(+) 2302

### 1.10 Fiscal Ratios

The finances of a State should be sustainable, flexible and non-vulnerable. Table-29 below presents a summarized position of Government finances over 2002-2008, with reference to certain key indicators that help to assess the adequacy and effectiveness of available resources and their application, highlights areas of concern and captures its important facts.

<sup>5</sup> Primary revenue deficit defined as gap between non interest revenue expenditure of the State and its non-debt receipts indicates the extent to which the non-debt receipts of the State are able to meet the primary expenditure incurred under revenue account.

<sup>6</sup> Primary expenditure of the State is defined as the total expenditure net of the interest payments indicates the expenditure incurred on the transactions undertaken during the year.



Table-29 Indicators of Fiscal Health (in per cent)

Fiscal Indicators	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
1	2	3	4	5	6	7
<b>I. Resource Mobilisation</b>						
Revenue Receipts/GSDP	15.68	16.45	18.78	20.93	21.02	21.08
Revenue Buoyancy	1.04	1.61	2.30	2.43	1.03	1.03
Own tax/GSDP	4.47	4.39	5.13	5.62	5.36	4.62
<b>II. Expenditure Management</b>						
Total Expenditure/GSDP	17.89	19.50	25.29	20.38	19.97	20.05
Total Expenditure/Revenue Receipts	114.09	118.48	134.69	97.36	95.05	95.11
Revenue Expenditure/Total Expenditure	91.78	91.85	76.43	89.84	88.19	87.44
Salary & Wage expenditure on Social and Economic Services/Revenue Expenditure	40.73	39.08	39.27	32.37	32.77	33.16
Non-Salary & Wage expenditure on Social and Economic Services/Revenue Expenditure	15.39	19.01	24.54	27.65	29.61	28.13
Capital Expenditure/Total Expenditure*	6.64	6.86	17.57	9.34	11.26	11.70
Capital Expenditure on Social and Economic Services/Total Expenditure*	6.48	7.66	17.39	9.25	11.08	11.40
Buoyancy of TE with RR	0.30	1.31	1.63	**	0.80	1.01
Buoyancy of RE with RR	0.28	1.31	0.75	0.14	0.65	0.93
<b>III. Management of Fiscal Imbalances</b>						
Revenue deficit/surplus (Rs. in crore)	(-) 320	(-) 685	(-) 292	(+) 1509	(+) 2211	(+) 2581
Fiscal deficit/surplus (Rs. in crore)	(-) 929	(-) 1395	(-) 2058	(+) 356	(+) 712	(+) 790
Primary deficit/surplus (Rs. in crore)	(+) 316	(+) 51	(-) 654	(+) 1866	(+) 2228	(+) 2302
Revenue Deficit/Fiscal Deficit	34.45	49.10	14.19	***	***	***
<b>IV. Management of Fiscal Liabilities</b>						
Fiscal Liabilities/GSDP	31.66	32.39	33.74	33.16	31.50	30.08
Fiscal Liabilities/RR	202.00	196.80	179.70	158.42	149.87	142.71
Buoyancy of FL with RR	1.29	0.80	0.60	0.32	0.55	0.56
Buoyancy of FL with Own Receipts	0.70	0.77	0.66	0.29	0.53	2.38
Net Funds Available	-	-	9.76	-	-	-
<b>V. Other Fiscal Health Indicators</b>						
Return on Investment	1.04	1.17	0.48	0.79	0.93	1.21
Balance from Current Revenue (Rs. in crore)	(-) 1095	(-) 1557	(-) 1383	(+) 433	(+) 332	(+) 851
Financial Assets/Liabilities	0.81	0.78	0.80	0.89	1.01	1.12

\* Total expenditure excludes Loans and Advances.

\*\* Rate of growth of Total Expenditure was negative.

\*\*\* There is revenue surplus.

The ratio of revenue receipts to GSDP remained almost static at 21 per cent during the last two years. However, ratio of State's own taxes to GSDP decreased from 5.36 per cent in 2006-07 to 4.62 per cent in 2007-08. The ratio of both the parameters to GSDP indicate adequacy of the resources.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in relation to its resource mobilization efforts. The revenue expenditure as a percentage to total expenditure remained over 87 per cent during the last three years (2005-08) indicating its dominant share in the total expenditure of the State leaving capital expenditure at relatively lower level in the State. The ratio of revenue receipts to total expenditure in 2007-08 was 105.15 per cent which indicates that the State can meet its total expenditure out of its revenue receipts itself.

The revenue and fiscal surplus experienced by the State during the last three years indicates significant improvement in the fiscal position of the State. The increasing revenue receipts have been able to bring an improvement in the fiscal imbalances of the State which is also reflected by the decreasing ratio of financial liabilities to revenue receipts during the last six years (2002-03 to 2007-08) as well as from the positive balance from the current revenues from 2005-06 to 2007-08. A significant improvement in the fiscal position of the State is also reflected in the increasing assets to liabilities ratio during the last five years.

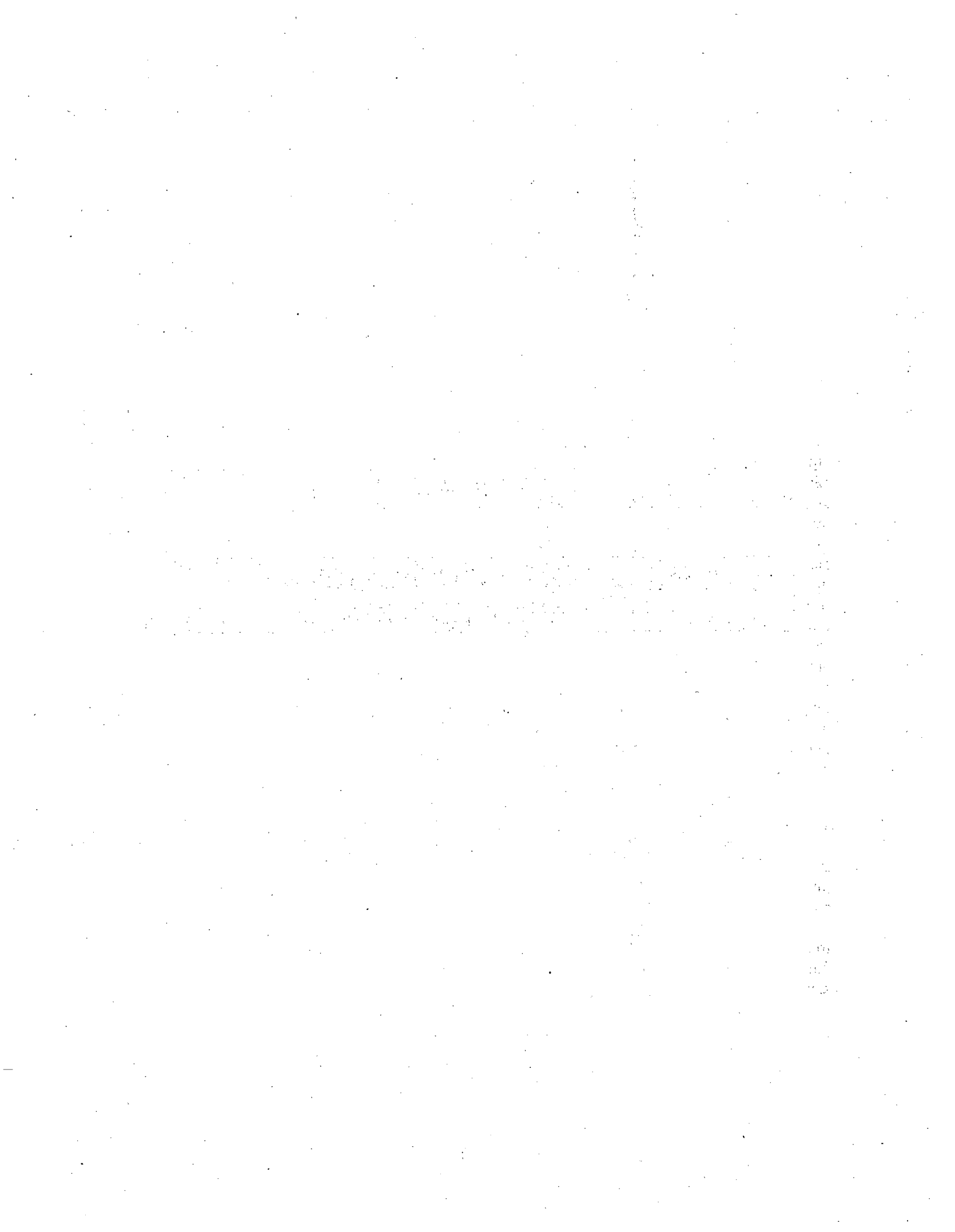
#### 1.11 Conclusion

The fiscal position of the State viewed in terms of key fiscal parameters showed a significant improvement, as the State has been able to maintain revenue, fiscal and primary surpluses during 2005-06, 2006-07 and 2007-08. The State has achieved the targets for revenue and fiscal deficits as well as with regard to other variables as laid down in State FRBM Act/Rules, TFC as well as in FYFP and FCP for the year 2007-08. Moreover, the State has achieved these fiscal targets earlier than the timeline indicated in them with the current year ending in revenue surplus of Rs.2,581 crore and fiscal surplus of Rs.790 crore. The improvement in fiscal position of the State was on account of improvement in revenue receipts, which was, however, mainly on account of increase in mandatory central transfers comprising State share in Central taxes and grants-in-aid from the GOI. Of the incremental revenue receipts during 2005-06, 2006-07 and 2007-08, these two sources contributed 57 per cent in 2005-06, 60 per cent in 2006-07 and 91 per cent in 2007-08 indicating central transfers being the key in improving the revenue surplus during the year. The expenditure pattern of the State reveals that the revenue expenditure as a percentage to total expenditure although indicated declining trends, constitutes 87 per cent of the total expenditure during 2007-08. The NPRE at Rs.10,677 crore during 2007-08 was significantly higher than the normative projection of TFC at Rs 9,141 crore for the year. Moreover, within the NPRE, three components viz. salary expenditure, pension payments, and Interest payment constituted 76 per cent during 2007-08. These trends in expenditure indicate the need for changing allocative priorities. Recognizing the fact that the average education and health indicators in the State are poor compared to the national average, TFC recommended specific grants to improve the educational and health indicators in the State during its award period (2005-10). However, it is observed that the State Government could receive only Rs.205.30 crore (Education Sector: Rs.109.83 crore and Health Sector: Rs.95.47 crore) out of the recommended grants of Rs.410.59 crore (Education Sector: Rs.219.66 crore and Health Sector: Rs.190.93 crore) during 2007-08, thereby delaying the process of improvement in educational and health indicators. Furthermore, the fiscal liabilities of the State are consistently increasing and mostly borrowed funds are used for investment and disbursement of loans and advances. The huge accumulated losses of Statutory corporations especially in financial and transport sectors, resulted in negligible rate of return on Government's investment. This, coupled with inadequate interest cost recovery, continues to be a cause for concern and needs attention of the State Government.



CHAPTER-II

ALLOCATIVE PRIORITIES AND  
APPROPRIATION





## CHAPTER-II ALLOCATIVE PRIORITIES AND APPROPRIATION

### 2.1 Introduction

The Appropriation Accounts prepared annually indicate capital and revenue expenditure on various specified services vis-à-vis those authorised by the Appropriation Act in respect of both charged and voted items of budget.

Audit of Appropriations by the Comptroller and Auditor General of India seeks to ascertain whether the expenditure actually incurred under various Grants is within the authorisation given under the Appropriation Act and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

### 2.2 Appropriation Accounts at a glance

The summarised position of actual expenditure during 2007-2008 against 78 Grants/Appropriations (75 Grants and 3 Appropriations) is indicated in Table-1.

Table-1

(Rupees in crore)						
	Nature of expenditure	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Total	Actual expenditure	Saving (-) Excess (+)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Voted	I. Revenue	14783.84	1877.17	16661.01	11004.91	(-) 5656.10
	II. Capital	2860.37	370.29	3230.66	1688.11	(-) 1542.55
	III. Loans and advances	160.88	109.40	270.28	142.89	(-) 127.39
<b>Total Voted</b>		<b>17805.09</b>	<b>2356.86</b>	<b>20161.95</b>	<b>12835.91</b>	<b>(-) 7326.04</b>
Charged	IV Revenue	2089.55	6.06	2095.61	1740.34	(-) 355.27
	V Capital	--	--	--	--	--
	VI Public Debt	1290.49	19.05	1309.54	575.14	(-) 734.40
	VII Loans and Advances	--	--	--	--	--
<b>Total Charged</b>		<b>3380.04</b>	<b>25.11</b>	<b>3405.15</b>	<b>2315.48</b>	<b>(-) 1089.67</b>
Appropriation to Contingency Fund (if any)		--	--	--	--	--
<b>Grand Total</b>		<b>21185.13</b>	<b>2381.97</b>	<b>23567.10</b>	<b>15151.39</b>	<b>(-) 8415.71</b>

### 2.3 Fulfilment of Allocative Priorities

#### 2.3.1 Appropriation by Allocative Priorities

Out of overall savings of Rs.8,528.95 crore, major savings of Rs.4,778.03 crore (56.02 per cent) occurred in 10 Grants as indicated in Table-2.

Table-2

(Rupees in crore)

Grant No.	Grant			Actual Expenditure	Saving
	Original	Supplementary	Total		
11	Secretariat and Attached Offices (Revenue Voted)				
	1113.64	54.58	1168.22	576.28	591.94
23	Pension and Other Retirement Benefits (Revenue Voted)				
	1422.69	--	1422.69	1320.31	102.38
29	Medical and Public Health (Revenue Voted)				
	1185.88	71.28	1257.16	617.96	639.20
38	Welfare of Scheduled Castes/Scheduled Tribes and Other Backward Classes etc. (Revenue Voted)				
	1003.61	50.62	1054.23	232.48	821.75
39	Social Security, Welfare and Nutrition (Revenue Voted)				
	130.51	664.35	794.86	253.83	541.03
44	North-Eastern Council Schemes (Capital Voted)				
	899.41	10.47	909.88	218.02	691.86
56	Rural Development (Panchayat) (Revenue Voted)				
	495.75	109.95	605.70	455.26	150.44
58	Industries (Capital Voted)				
	132.67	30.00	162.67	23.28	139.39
62	Power (Electricity) (Capital Voted)				
	466.05	244.00	710.05	521.67	188.38
71	Education (Elementary, Secondary etc.) (Revenue Voted)				
	3246.81	151.38	3398.19	2486.53	911.66
<b>Total</b>	<b>10097.02</b>	<b>1386.63</b>	<b>11483.65</b>	<b>6705.62</b>	<b>4778.03</b>

Reasons for savings were not intimated by the Departments.

Areas in which major savings occurred in these ten Grants are given in *Appendix-2.1*.

In 60 cases, savings exceeded Rupees one crore in each case and also by more than 10 per cent of the total provision as detailed in *Appendix-2.2*.

### 2.3.2 Excess requiring regularisation

#### 2.3.2.1 Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for the State Government to get the excess over a Grant/Appropriation regularised by the State Legislature.

The year-wise position of excess expenditure yet to be regularized is given in *Table-3*.

Table-3

(Rupees in crore)

Year	Number of cases		Amount of excess		Total
	Voted Grants	Charged Appropriation	Voted	Charged Appropriation	
2002-03	5	6	109.54	1509.32	1618.86
2003-04	4	3	3.44	400.92	404.36
2004-05	5	6	0.81	5.07	5.88
2005-06	2	2	1.69	0.76	2.45
2006-07	4	2	80.49	0.12	80.61
<b>Total</b>	<b>20</b>	<b>19</b>	<b>195.97</b>	<b>1916.19</b>	<b>2112.16</b>

The excess expenditure amounting to Rs.2112.16 crore for the years 2002-07 as detailed in Table-3 had not been regularized as of March 2008. This was a breach of legislative control over appropriations.

### 2.3.2.2 Excess over provision during 2007-08 requiring regularisation

The overall savings of Rs.8,528.95 crore in 74 cases of Grants (Rs.7,439.19 crore) and 11 cases of Appropriations (Rs.1,089.76 crore) in 2007-08 was offset by an excess of Rs.113.24 crore in two charged appropriations (Rs.0.10 crore) and nine grants (Rs.113.14 crore) resulting in net savings of Rs.8,415.71 crore during 2007-08. The excess of Rs.113.14 crore during the year requires regularisation under Article 205 of the Constitution. The details are given in **Table-4**. In 2006-07 also, there was an overall saving of Rs.8,459.86 crore and excess expenditure of Rs.80.61 crore. Recurrence of savings/excess indicates that the Government has not taken effective corrective action with regard to the preparation and management of budget.

**Table-4**

(Rupees in thousand)

Year	Number/Name of Grants/ Appropriations	Total Grant/ Appropriation	Actual expenditure	Amount of Excess
2007-08	Head of State (Revenue Charged)	22930	23119	189
	4-Elections (Revenue Voted)	108741	110431	1690
	6-Land Revenue & Land Ceiling (Revenue Charged)	88	842	754
	31-Urban Development (Town & C P) (Capital Voted)	--	1230	1230
	34-Urban Development (MAD) (Capital Voted)	230600	244730	14130
	40-Sainik Welfare & Other Relief Programme etc. (Revenue Voted)	68900	75309	6409
	42-Social Services (Revenue Voted)	3728	3828	100
	59-Sericulture and Weaving (Capital Voted)	5000	11229	6229
	60-Cottage Industries (Capital Voted)	10800	18033	7233
	65-Tourism (Revenue Voted)	111066	148603	37537
	70-Hill Areas (Capital Voted)	--	1056853	1056853
<b>Total</b>		<b>561853</b>	<b>1694207</b>	<b>1132354</b>

### 2.3.3 Supplementary provision

Supplementary provision made during the year constituted 11.24 *per cent* of the original Grant/Appropriation as against 5.32 *per cent* in the preceding year.

### 2.3.4 Unnecessary/inadequate supplementary provision

Supplementary provision of Rs.1,118.49 crore (Revenue: Rs.898.65 crore and Capital: Rs.219.84 crore) in 40 cases of Grants/Appropriations as detailed in **Appendix-2.3** proved unnecessary in view of the substantial savings in all these cases. In fact, savings were much higher than the supplementary provision in all these cases.



### 2.3.5 Persistent savings

In 25 Grants, there were persistent savings in excess of Rs.10 lakh in each case, representing 20 *per cent* or more of the total provision during the last three years. Details are given in *Appendix-2.4*.

### 2.3.6 Anticipated savings not surrendered

As per the rules framed by the Government, the spending Departments are required to surrender the Grants/Appropriation, or portion thereof, to the Finance Department as and when savings are anticipated. However, at the close of the year 2007-08 in 60 Grants, savings exceeding Rupees one crore each, remained to be surrendered. The amount involved was Rs.7,412.83 crore. Details are given in *Appendix-2.5*.

### 2.3.7 Non-receipt of explanation for Saving/Excesses

After the closure of accounts each year, the detailed Appropriation Accounts showing the final Grant/Appropriation, the actual expenditure and the resultant variations are sent to the Controlling Officers (COs) who are required to explain the variation in general and those under important sub-heads in particular. The State budget manual also requires the COs to furnish all such information promptly to the Accountant General (A&E) for preparation of Appropriation Accounts.

Appropriation Accounts of 2007-08 included 75 Grants and three Appropriations. The reasons for savings/excesses were called for by Accountant General (A&E) in respect of 1,590 sub-heads. In 98 *per cent* cases, explanations for variations were not received (1,558 sub-heads). The replies received were incomplete in respect of 28 sub-heads and four sub-heads where explanations for variations (savings/excesses) were received within the specified period.

### 2.3.8 Trend of recoveries and credits

Under the system of gross budgeting followed by the Government, the Demands for Grants presented to the Legislature are for gross expenditure and exclude all credits and recoveries, which are adjusted in the accounts as reduction of expenditure. The estimated recoveries and credits are being shown separately in the Budget estimates. During the year 2007-08 such recoveries were estimated at Rs.105.26 crore against which, the actual recoveries were Rs.1.08 crore. The shortfall in recoveries was mainly under (1) 17-Administrative and Functional Buildings (Rs.6.80 crore), (2) 24-Aid Materials (Rs.2.71 crore), (3) 29-Medical and Public Health (Rs.8.61 crore), (4) 30-Water Supply and Sanitation (Rs.2.44 crore), (5) 49-Irrigation (Rs.3.52 crore), (6) 56-Rural Development (Panchayat) (Rs.5.90 crore) and (7) 71-Education (Elementary, Secondary etc.) (Rs.53.63 crore).

### 2.3.9 Injudicious/Unnecessary re-appropriation

Re-appropriation is transfer of funds within a Grant from one unit of Appropriation where savings are anticipated, to another unit where additional funds are needed. Significant cases where injudicious re-appropriation of funds resulted in saving/excess by over Rs.25 lakh in each case are given in *Table-5*.

Table-5

(Rupees in lakh)

Number and name of Grant/Appropriation and head of account	Total Provision	Re-appropriation	Total	Actual expenditure	Saving (-) Excess (+)
6-Land Revenue and Land Ceiling 2029-Land Revenue II State Plan and Non-Plan Schemes 102 Survey and Settlement Operations 0319 Assam Survey 447 Traverse Section	155.10	86.00	241.10	181.89	(-) 59.21
58-Industries II State Plan and Non-Plan Schemes 80 General 800 Other expenditure 1681 State Share of Border Trade Centre at Suterkandi	100.00	60.00	40.00	130.00	(+) 90.00

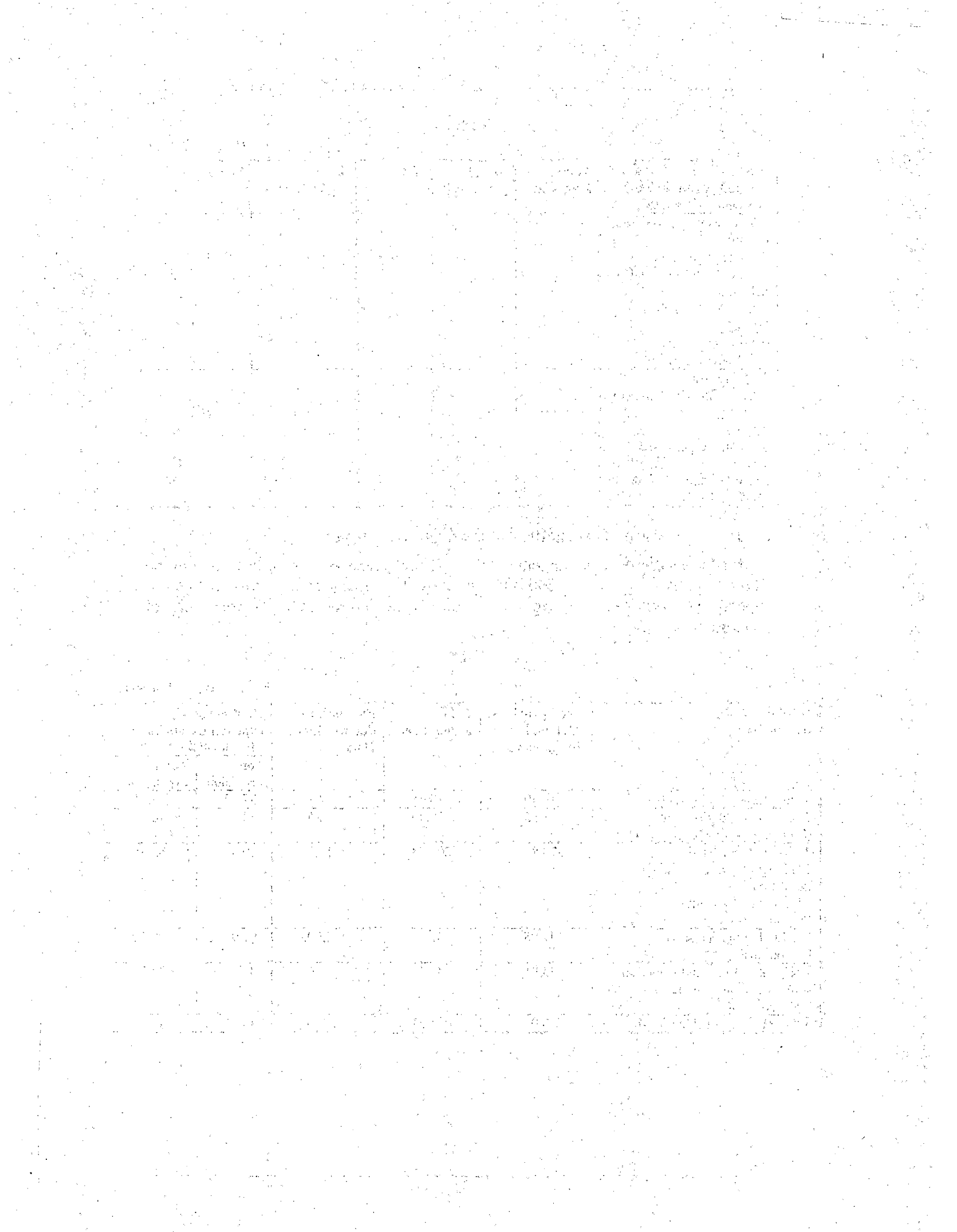
### 2.3.10 Rush of expenditure at the fag end of the year

Rush of expenditure at the fag end of the financial year was commented upon in the Audit Reports for the years 2003-04 and 2004-05. Some instances of such rush of expenditure noticed at the fag end of the financial year 2007-08 are indicated in Table-6.

Table-6

(Rupees in crore)

Head of Account (Grant No.)	Total provision (Original & Supplementary)	Total expenditure	Expenditure during March 2008	Percentage of expenditure during March 2008 to	
				Total provision	Total expenditure
4059-Transport Services (9)	14.50	14.45	14.14	97.52	97.85
2217-Urban Development (Municipal Admn. Deptt.) (34)	91.65	50.26	35.57	38.81	70.77
2401-Crop. Husbandry 2415-Agricultural Research & Education 2435-Other Agricultural Programmes (48)	378.88	264.08	111.91	29.54	42.38
2575-Other Special Areas Programmes (50)	49.95	49.02	45.92	91.93	93.70
2045-Other Taxes and Duties on commodities and Services 2081-Power (62)	35.81	32.37	30.66	85.62	94.72
5054-Roads and Bridges (64)	716.09	481.31	217.02	30.31	45.09

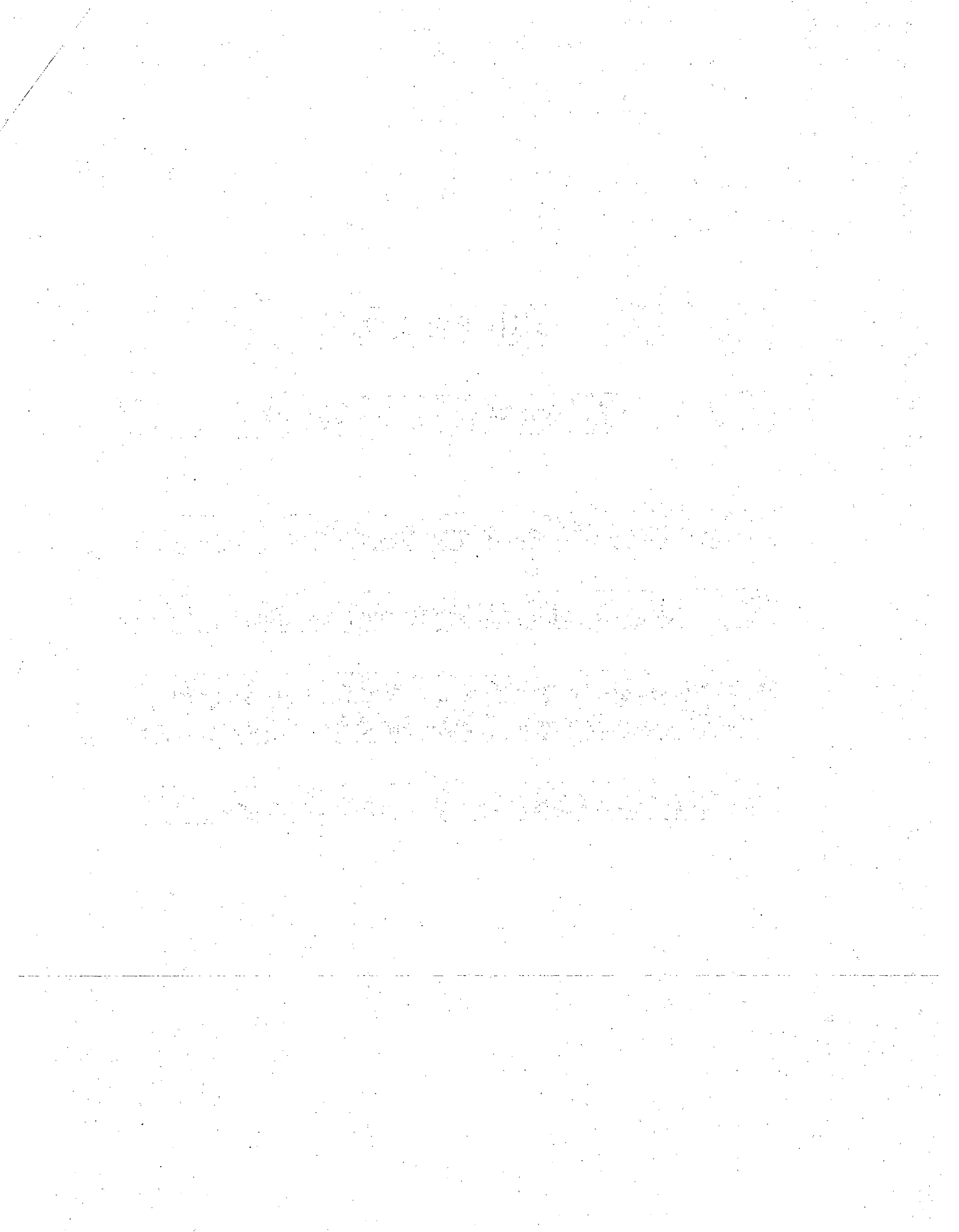




## CHAPTER-III

### PERFORMANCE REVIEWS

- *Accelerated Rural Water Supply Programme*
- *Modernisation of Police Force in Assam*
- *National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme)*
- *Accelerated Irrigation Benefits Programme*



## CHAPTER-III PERFORMANCE REVIEWS

### PUBLIC HEALTH ENGINEERING DEPARTMENT

#### 3.1 Accelerated Rural Water Supply Programme

##### Highlights

*The Accelerated Rural Water Supply Programme aimed at accelerating the coverage of uncovered habitations in rural areas with provision of safe and adequate drinking water, besides revival of traditional water sources. While the installation of hand pumps and provision of drinking water to rural primary schools was satisfactory, the review revealed that 54 per cent habitations were yet to be provided adequate drinking water as of March 2008.*

The major audit findings are:

Government was deprived of Central assistance of Rs.92.77 crore due to short release of State matching share and late submission of proposal.

(Paragraph-3.1.9.4)

Due to the non-release of allocated funds amounting to Rs.6.31 crore by the N.C. Hills ADC, 152 PC habitations in the ADC could not be upgraded to FC status.

(Paragraph-3.1.9.5)

Inadmissible expenditure of Rs.22.32 crore was charged to the ARWSP in violation of the scheme guidelines.

(Paragraph-3.1.11.5)

Out of 5,920 quality effected habitations to be covered during the year 2007-08, only 1,113 habitations were covered.

(Paragraph-3.1.15)

Despite the availability of field testing kits and Bacteriological vials for testing water samples, no water quality tests were carried out as of March 2008.

(Paragraph-3.1.15.1)

##### 3.1.1 Introduction

The Accelerated Rural Water Supply Programme (ARWSP) was introduced by the GOI in 1972-73 with 100 per cent grants-in-aid to provide drinking water in identified problem villages<sup>1</sup>. With the introduction of the Minimum Needs Programme (MNP) under the State sector, the ARWSP was withdrawn in 1974-75 but was re-introduced in 1977-78 to accelerate the pace of coverage of problem villages. In 1986 the programme was given a mission approach with the introduction of National Drinking Water Mission (NDWM), which was renamed as Rajiv Gandhi National Drinking Water Mission (RGNDWM) in 1991. The RGNDWM covered ARWSP; Sector Reforms Programme, sub-mission projects and support services. Sector Reforms Programme was launched on a pilot basis in the year 1999-2000 as part of a transformation from a target based supply driven approach to a participatory demand

<sup>1</sup> Problem villages were defined as those villages with no assured source of drinking water within a distance of 1.6 km or within the elevation of 100 mtrs. in hilly region.



driven approach. It was slightly modified and launched as Swajaldhara on 25 December 2002.

The objectives of ARWSP were as follows:

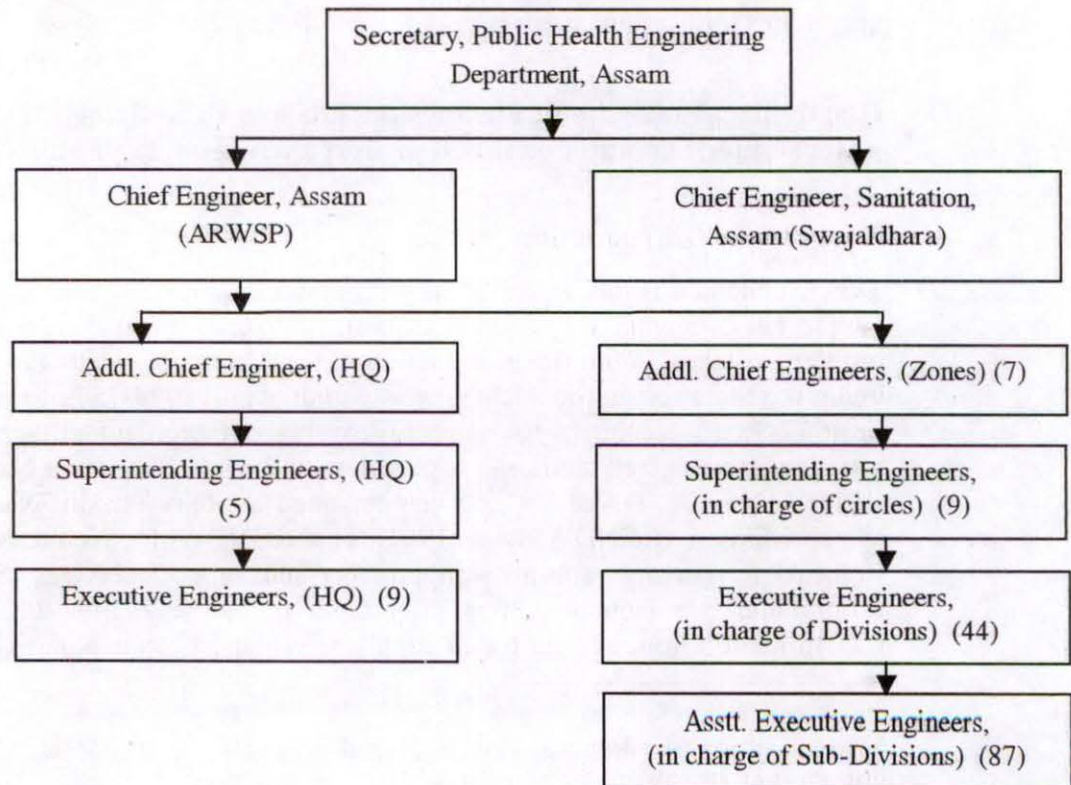
- To cover all rural habitations with access to a minimum of 40 litres per capita per day ((lpcd) of drinking water, with the source situated within 100 metres in hilly areas and 1.6 Kms. in plains;
- To provide one hand pump or stand post for every 250 persons;
- To ensure sustainability of drinking water systems and sources;
- To tackle the problem of water quality in affected habitations; and
- To institutionalise the reform initiative in rural drinking water supply sector.

To achieve the above objectives a Comprehensive Action Plan (CAP) was prepared by the GOI (1999) by identifying the Not Covered (NC) and Partially Covered (PC) habitations. The target was to cover all uncovered rural habitations by the year 2011-12.

### 3.1.2 Organisational Set up

Under the administrative control of the Secretary, Public Health Engineering Department (PHED), the Chief Engineer (CE), PHED is responsible for planning and implementation of water supply schemes. The organisational structure of the Department for implementation of various water supply programme, sector reforms and Swajaldhara is given below:

Chart - I



### 3.1.3 Scope of Audit

The performance audit was carried out during June-July 2007 and updated in April-June 2008 and covered the activities taken up under ARWSP between 2003-04 and 2007-08. Records of 10<sup>2</sup> out of 44 Divisions implementing the programme were test checked in seven<sup>3</sup> out of 27 districts, covering an expenditure of Rs.288.87 crore (29 per cent) out of the total expenditure of Rs.981.85 crore.

### 3.1.4 Audit Objectives

The audit objective was to assess the implementation of the ARWSP to ascertain whether:

- All the rural habitations were provided safe and sufficient drinking water as per norms;
- Survey of habitations was conducted effectively for authentic and reliable data;
- Projects under ARWSP were formulated in conformity with programme guidelines;
- Financial control was adequate and effective;
- Execution of schemes was done economically, efficiently and effectively; and
- Mechanism for monitoring, evaluation and internal control system was adequate and effective.

### 3.1.5 Audit Criteria

The main criteria used for the performance audit were:

- Guidelines for implementation of ARWSP (August 2000).
- Guidelines on survey of Drinking Water Supply status in Rural Habitations (February 2003).
- Guidelines for implementation of Schemes and Projects on sustainability under ARWSP.
- Annual Action Plans and Project Implementation Plans.
- Prescribed quality assurance norms for drinking water.

### 3.1.6 Audit Methodology

Before taking up the performance audit, an entry conference was organised (June 2007) wherein, the Principal Secretary (PHED) was apprised of the audit objectives, criteria and scope of audit of ARWSP. Selection of units for detailed examination was based on simple random sampling method without replacement. Audit findings were discussed with the Secretary, PHED and other departmental officials in the exit conference (September 2008) and the replies of the Department have been incorporated in the review at appropriate places.

<sup>2</sup> Nine executing Divisions (Bongaigaon, Barpeta, Goalpara, Haflong, Maibong, Silchar-I, Schar-II, Tezpur-I, Tezpur-II) and one stores Division (Stores & Workshop Division, Guwahati).

<sup>3</sup> Bongaigaon, Barpeta, Goalpara, Cachar, Sonitpur, NC Hills and the capital district of Kamrup.



### Audit Findings

The performance audit of the programme revealed that the implementation was satisfactory as regards installation of hand pumps and providing drinking water to rural primary schools under the Prime Minister's package. In areas like planning at apex level, utilisation of funds, timely completion of schemes, financial management etc. there were deficiencies, which are summarised below:

#### 3.1.7 Status of Habitations

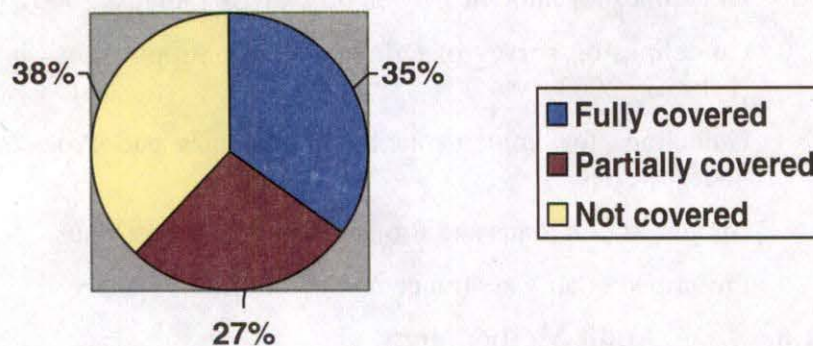
To ascertain the status of drinking water supply in rural habitations, rural schools and to identify habitations with water quality problems, the GOI issued (February 2003) instructions to conduct a survey in accordance with the guidelines and submit the results thereof by September 2003. The survey work in the State started in 2003 but was completed only in March 2005. The survey report was sent to the GOI in 2005 and was accepted in 2007-08. Subsequently, the GOI sent the report to the Indian Institute of Public Administration (IIPA) for validation.

Based on the survey, the Department reported the status of 80,468 habitations<sup>4</sup> in the State to the GOI, which included 27,908 fully covered (FC), 21,425 partially covered (PC) and 31,135 not covered (NC) habitations as shown below:

CHART -2

Status of coverage of habitations as of March 2005 survey

**Total = 80,468 habitations**



<sup>4</sup> **Fully Covered:** Habitations which receive 40 litres of water per capita per day (lpcd) and are located within 1.6 km of water source or at an elevation of 100 metres in mountainous areas.  
**Partially Covered:** Habitations that have a safe source within the distance or elevation but whose water availability ranges from 10 to 40 lpcd.  
**Not Covered:** Habitations which do not have any water source within the prescribed distance or elevation.



As against 80,468 habitations assessed by the State, the GOI considered coverage of 75,835 habitations, as the remaining habitations had population less than 100 and none under SC and ST category. State Government, however, planned for 80,468 habitations (NC: 31,135; PC: 21,425 and FC: 27,908). Audit scrutiny revealed the following deficiencies in the conduct of survey.

Against the deadline of 30 September 2003, the State completed the survey by March 2005. Delay in survey by two years, and adoption of the survey data two years later in 2007-08 had implication for interim change in the status of habitations. Field audit also revealed that :

- Chief District Co-ordinators/Joint Co-ordinators were not appointed for survey and training was not provided to the staff for carrying out the survey.
- Detailed maps were not prepared in the districts;
- The stipulated five *per cent* test-checks by the supervisory officers at State/District level were not conducted and no documentation of such test checks was produced to audit in the test checked districts.
- In the test checked divisions, against the requirement of 5,210 forms, only 2,825 forms were supplied between March and June 2004. Also, in 4 out of 6 test checked districts, records relating to the 2003 survey could not be produced to audit.

Non-conduct of test check of survey data, lack of training of survey staff and non-preparation of detailed maps adversely affected the quality and reliability of the survey data and eventual usefulness for planning purpose.

### 3.1.8 Planning

#### 3.1.8.1 Annual Action Plans

The guidelines of the ARWSP envisaged preparation of Annual Action Plan (AAP) by the State Government on the basis of the schemes approved by the State Level Scheme Clearance Committee (SLSCC), six months prior to the commencement of the financial year and submission to the GOI for approval and allocation of funds. While AAPs were prepared at the Divisional level, the State level AAPs (2003-08), which were to be prepared on the basis of the plans formulated at the Divisional level, had not been done. Consequently, funds were released by the GOI every year without reference to the AAP. Thus, the targets and allocation thereof had no basis and were fixed in an ad hoc manner.

This had an adverse impact on the coverage of habitations, especially prioritisation of incomplete works and habitations with SC/ST population.

The Department stated (September 2008) in the exit conference that State level AAP based on district/division wise AAPs was prepared and sent to GOI during 2008-09.

### 3.1.9 Financial Management

#### 3.1.9.1 Funding pattern

The programme is fully funded by the GOI. The State Government is required to match the funds released by the GOI on 1:1 basis under Minimum Needs Programme (MNP). Under the ARWSP, 15 *per cent* of allocation is earmarked for O & M and 35 *per cent* is to be spent on the coverage of SC/ST habitations. Twenty per cent of the funds can be utilised (a) to take up projects to tackle water quality problems and (b) to ensure source sustainability.

### 3.1.9.2 Allocation and utilisation of funds

Year-wise details of the GOI releases and expenditure under ARWSP and MNP during the last five years are shown in Table-1 below:

Table-1

Year	Funds received from GOI	Funds releasable by the State under MNP	Funds released by State Government	Expenditure		Unspent balance against receipts from the GOI
				Against the GOI share	Against State share under MNP	
2003-04	99.98	57.73	55.12	67.90	55.12	52.75*
2004-05	137.95	87.83	64.31	115.97	64.31	74.73
2005-06	158.32	148.01	53.92	144.42	53.92	88.63
2006-07	149.63	96.40	54.34	189.07	54.34	49.19
2007-08	307.41	189.59	57.96	178.84	57.96	177.76
<b>Total</b>	<b>853.29</b>	<b>579.56</b>	<b>285.65</b>	<b>696.20</b>	<b>285.65</b>	

Source: Information furnished by the CE, PHE.

\* Rs.52.75 crore includes balance of GOI fund of Rs.20.67 crore received prior to 2003-04.

### 3.1.9.3 Short release of funds by State Government

As per the programme guidelines, the State Government is required to match the funds released by the GOI on 1:1 basis under the State sector MNP. Against the release of Rs.579.56 crore by the Government of India under MNP, the corresponding State share released was only Rs.285.65 crore resulting in short release of funds of Rs.293.91 crore by the State. Besides, out of Central grant of Rs.853.29 crore received during 2003-08, the State Government released only Rs.696.20 crore for implementation of the scheme. Together with the earlier balance of Rs.20.67 crore released by the GOI prior to 2003-04, the Central funds not released by the State Government accumulated to Rs.177.76 crore at the end of March 2008. This hindered the implementation of the schemes and slowed down the development process.

### 3.1.9.4 Reduction in GOI assistance

Due to short provision/short release of State matching share and late submission of proposals during the years 2004-06, the GOI made mandatory cuts of Rs.92.77 crore while releasing the subsequent instalments (2004-05 and 2006-07) to the State. Thus, the State Government was deprived of the benefit of Central assistance of Rs. 92.77 crore.

### 3.1.9.5 Short release of funds by Autonomous District Council

Against release of funds of Rs.10.98 crore by the State Government under ARWSP during the years 2004-08 to the N.C. Hills Autonomous District Council (ADC), Rs.4.67 crore was released by the Council to the three executing PHE Divisions. The balance Rs.6.31 crore was lying with the ADC as of July 2008 without any valid reason. Due to short release of funds by the Council, new schemes could not be taken up for execution leading to 152 partially covered habitations in the ADC being deprived of safe drinking water.

### 3.1.9.6 Absence of expenditure control mechanism

As per the records of the CE, PHE, the total expenditure relating to the nine test-checked Divisions (excluding Stores and Workshop Division) during 2003-08 was Rs.142.74 crore. Records of test-checked Divisions, however, revealed an

expenditure of Rs.137.45 crore during the period, showing a discrepancy of Rs.5.29 crore between the two sets of figures. The funds released by the CE to the executing Division are treated as expenditure. Against this release of funds, the Divisional Offices furnish actual expenditure statement to the CE. But these two sets of figures had never been reconciled and consequently the discrepancy arose. This is indicative of the fact that there exists no expenditure control mechanism in the Department to watch the actual expenditure in the Divisions against the release of funds by the Department.

### 3.1.10 Programme Implementation

#### 3.1.10.1 Targets and achievement

The year-wise targets for coverage of habitations and achievement there against during 2003-08 are shown below:

Table-2

Year	PC habitations			NC habitations		
	Target	Achievement	Shortfall (-)/ Excess (+) Percentage	Target	Achievement	Shortfall (-)/ Excess (+) Percentage
2003-04	5000	4463	(-) 537 (11)	376	71	(-) 305 (81)
2004-05	5830	4488	(-) 1342 (23)	170	67	(-) 103 (61)
2005-06	1731	2334	(+) 603 (35)	140	94	(-) 46 (33)
2006-07	2500	2378	(-) 122 (5)	144	113	(-) 31 (22)
2007-08	4943	2577	(-) 2366 (48)	2831	1370	(-)1461 (52)
<b>Total</b>	<b>20004</b>	<b>16240</b>	<b>--</b>	<b>3661</b>	<b>1715</b>	<b>--</b>

Source: Information furnished by the Department.

It could be seen from the above table that out of 23,665 (20,004 PC and 3,661 NC) habitations targeted for coverage during 2003-08, 17,955 (16,240 PC and 1,715 NC) habitations were covered during the period. Thus, there was a shortfall in coverage of habitations ranging between 22 and 81 per cent in respect of NC habitations and 5 and 48 per cent in respect of PC habitations.

The shortfall in coverage of the targeted number of PC and NC habitations was due to improper site selection, absence of proper feasibility report from Central Ground Water Board before installation of Deep Tube Wells and failure to complete the Piped Water Supply Schemes (PWSSs) within the stipulated time. Thus, in the absence of detailed planning, the targets could not be achieved despite having sufficient funds with the State Government.

The survey of habitations was completed in March 2005. During 2005-08, 7,289 PC and 1,577 NC habitations were covered, leaving 14,136 PC and 29,558 NC habitations (54 per cent) yet to be covered as of March 2008.

#### 3.1.11 Execution of works

The position of piped water supply and spot source (SS) schemes taken up and completed during the years 2003-08 is as under:

	Schemes taken up		Schemes completed		Shortfall	
	PWSS	Spot Source	PWSS	Spot Source	PWSS	Spot Source
Position in the entire State	2759	26148	871	22448	1888	3700
Position in the test-checked Divisions	511	19211	324	16844	187	2367



As can be seen above, the shortfall in fulfilling the targets in respect of PWSS was 68 per cent and SS was 14 per cent. The Commissioner and Secretary to the Government of Assam, Finance Department instructed (May 2003) all the heads of departments to follow the time schedule<sup>5</sup> for completion of the schemes.

During 2003-08, the Department took up 28,907 schemes under ARWSP for 23,665 habitations. Of this, 23,319 schemes covering 17,955 habitations were completed and 5,588 schemes were in progress as of March 2008.

In the nine test-checked Divisions, out of 19,722 schemes covering 5,811 habitations taken up for execution during 2003-08, 17,168 schemes covering 3,650 habitations had been completed up to March 2008 at a cost of Rs.119.77 crore and 2,554 schemes were in progress after spending Rs.17.68 crore.

There were deficiencies in the execution of works such as delay in land acquisition, lack of power supply, unfruitful expenditure, excess expenditure on account of operation and maintenance, excess expenditure over approved cost, excess expenditure on procurement of material, diversion of fund etc., as discussed in the succeeding paragraphs.

### **3.1.11.1 Irregular expenditure on works**

As per Para 314 of Assam Public Works Department (APWD) manual, no expenditure should be incurred before obtaining technical sanction to the schemes.

An amount of Rs.89.75 crore was spent during 2003 to 2008 in seven out of nine test-checked Divisions<sup>6</sup> on the execution of 314 (completed) PWSSs without preparing detailed estimates and getting them technically sanctioned from the competent authority. The expenditure incurred on these works without obtaining requisite technical sanction was, thus, irregular. Of the remaining three divisions, one was stores division and in the other two divisions, such irregularities were not noticed.

Again, in seven<sup>7</sup> out of nine test-checked Divisions, an expenditure of Rs.37.02 crore was incurred during 2003-08 in respect of 151 PWSSs against the estimated cost of Rs.25.39 crore, but the excess expenditure of Rs.11.63 crore incurred over and above the approved estimates was not sanctioned/regularised as of July 2008.

The Executive Engineers (EEs) in charge of the Divisions while confirming the facts, stated (May-June 2008) that irregular expenditure in the above cases would be regularised by obtaining sanctions of the competent authorities.

In four<sup>8</sup> out of nine test-checked Divisions execution of 10 PWSSs was administratively approved (between 1987 and 2004) for Rs.1.16 crore. These schemes, stipulated to be completed within three to five years, were taken up for execution (1987 to 2004) without obtaining technical sanction. An expenditure of Rs.90.02 lakh had been incurred on them as of March 2008. The works were abandoned due to failure of deep tube well, unwillingness of the contractors to complete the balance works and damage of raw water pipeline during execution. As such, the expenditure of Rs.90.02 lakh incurred on these schemes was irregular, since

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<sup>5</sup> One year for projects costing Rs.25 lakh, 18 months for projects costing Rs.50 lakh and two years for projects costing up to Rs2 crore.

<sup>6</sup> Bongaigaon, Barpeta, Goalpara, Silchar-I, Sicha-II, Tezpur-I and Tezpur-II.

<sup>7</sup> Bongaigaon, Barpeta, Haflong, Silchar-I, Sicha-II, Tezpur-II and Maibong.

<sup>8</sup> Bongaigaon, Barpeta, Silchar-I and Maibong.

these schemes were not sanctioned technically and the amount was rendered unfruitful, besides denial of the intended benefits to the beneficiaries.

The Department admitted (September 2008) the facts and assured that the schemes would be completed on priority basis.

### 3.1.11.2 Schemes not completed due to delay in land acquisition, non-supply of power etc.

In four<sup>9</sup> out of nine test-checked Divisions 29 PWSSs were approved (February 1997 to March 2004) at a cost of Rs.10.01 crore and were taken up for execution between March 1998 and March 2007. These schemes were scheduled to be completed within one to two year periods.

Scrutiny revealed that all the schemes remained incomplete (June 2008) after incurring an expenditure of Rs.6.45 crore due to delay in land acquisition (11 cases : Rs.1.98 crore), delay in construction of major works (6 cases : Rs.2.43 crore) and non-supply of power (6 cases : Rs.1.23 crore). Reasons for delay in respect of the remaining six cases involving Rs.0.81 crore were not on record.

The EEs concerned accepted the facts and stated (May-June 2008) that efforts were being made to complete the balance works. Non completion of works commenced over a decade onwards indicates that the Department had not prioritised these works and endeavoured to remove the bottlenecks relating to power supply, land acquisition etc.

### 3.1.11.3 Non-functional water supply schemes

In five<sup>10</sup> out of nine test-checked Divisions, 77 PWSSs constructed (between 1978 and 1989) at a cost of Rs.9.86 crore became non-functional since 2001 due to non-repair of major components of the schemes like transformer, distribution system, treatment plant etc.

The EEs concerned stated (May-June 2008) that action had been taken for revival of the schemes by incorporating the schemes in the Annual Action Plans of the Divisions. The fact remains that due to the absence of timely action, the PWSS remained non-functional for seven years and the possibilities of equipment and network system deteriorating cannot be ruled out.

### 3.1.11.4 Operation and Maintenance

As per guidelines, up to 15 per cent of the funds released every year under ARWSP to the State can be utilised for operation and maintenance (O&M) of the existing water supply schemes.

In six<sup>11</sup> out of nine test-checked Divisions, an amount of Rs.7.59 crore was incurred on O&M of the completed schemes against the provision of Rs.5 crore. Evidently, the funds released for incomplete/new schemes were diverted for O&M of existing water supply schemes.

<sup>9</sup> Barpeta, Goalpara, Silchar-I, and Tezpur-I.

<sup>10</sup> Bongaigaon, Barpeta, Goalpara, Silchar-II and Tezpur-I.

<sup>11</sup> Bongaigaon, Barpeta, Goalpara, Silchar-I, Silchar-II and Tezpur-II.

### 3.1.11.5 Expenditure on pay and allowances met from MNP fund

Out of a total expenditure of Rs.285.65 crore, PHED had spent Rs.21.92 crore (8 *per cent*) on payment of salaries of staff during 2003-07 out of MNP funds. In addition, during 2007-08, an amount of Rs.40 lakh was spent out of ARWSP fund for payment of salaries. As per norms of the programme, salaries of the staff are to be met from the general budget of the Government. Thus, expenditure of Rs.22.32 crore towards salaries out of MNP/ARWSP funds was beyond the scope of the scheme and affected its implementation adversely.

In one<sup>12</sup> test-checked Division, an expenditure of Rs.52.63 lakh was incurred on payment of wages of Muster Roll and Work Charged establishment, which was irregular and beyond the scope of ARWSP.

### 3.1.11.6 Excess expenditure over approved cost

Funds released under ARWSP should not be utilised/adjusted against any cost escalation of schemes and as such expenditure on this account is to be met from normal State budget. In four<sup>13</sup> test-checked Divisions, 60 PWSSs estimated to cost Rs.18.37 crore were taken up for execution during 2002-2007. The schemes were scheduled to be completed within one to two years. The PWSSs were completed between 2004 and 2008 at a total cost of Rs.24.42 crore after a delay of 4-5 months by incurring an excess expenditure of Rs.6.05 crore by unauthorised diversion from other ARWSP schemes.

The Department admitted (September 2008) the facts and stated that steps are being taken to regularise the excess expenditure.

### 3.1.12 Sustainability of water sources

Ground water is the principal source of drinking water in the state. Due to excess drawal of ground water without any system of recharging, the source are becoming dry and defunct. To ensure sustainability of water sources, ARWSP has a separate component as indicated below :

- five *per cent* of ARWSP funds were to be apportioned for sustainability projects, including ground water recharge, rain water harvesting and other technological measures depending on local conditions.
- the State Government should adopt and implement Model Bill to regulate and control development of ground water, especially in water stressed area.

Audit scrutiny revealed that the Government had not passed any model bill for controlling development of ground water in water stressed areas. Out of total 26,772 schemes (857 PWSS and 25,915 SS) executed by the PHED during the years 2003-08, 26,474 (99 *per cent*) (598 PWSS and 25,876 SS) were ground water based schemes. The State Government had not conducted periodical assessment of ground water potential on a scientific basis nor utilised data available with Ground Water Board.

The State was to spend Rs.28.98 crore (5 *per cent* of Rs.579.56 crore) on source sustainability, against which, only an amount of Rs.1.01 crore was released.

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<sup>12</sup> Silchar-II.

<sup>13</sup> Silchar-I, Silchar-II, Tezpur-I and Tezpur-II.



Non-formulation of any action plan for water source sustainability and non sanction/release of adequate funds led to non-functioning of 678 PWSS and 29,510 spot sources (19,810 habitations) as of March 2008.

The State Government had also not made ground water recharge compulsory in all ground water based supply schemes. As such, in the absence of adequate attention being paid to sustainability, the slip back of habitations from FC to PC and PC to NC is likely to continue, in addition to water quality problems.

The Department admitted (September 2008) the facts and stated that more emphasis will be given to sustainability aspect in future.

### 3.1.13 Material Management

#### 3.1.13.1 Accounting and purchase of material

During 2003-08, the CE, PHE provided Rs.151.42 crore under ARWSP to the Stores and Workshop Division for procurement of material by charging the cost directly to the programmes. Though payments for supply of materials were made by the EE, Stores and Workshop Division, the materials were received directly from the suppliers by the executing Divisions concerned and also by the Stores and Workshop Division.

During the period from April 2003 to March 2008, material (pipes and pipe fittings) valued at Rs.14.69 crore were received by the Stores and Workshop Division with an opening balance of material worth Rs.3.41 crore. Till March 2008, material worth Rs.15.78 crore were issued and balance material valued at Rs.2.32 crore was lying idle at site. In addition, 919 hand pumps of different specifications worth Rs.43.91 lakh were also lying idle at site.

Records of the test-checked Divisions<sup>14</sup> further revealed that material valued at Rs.5.45 crore in respect of completed and ongoing schemes were lying with these Divisions. The total value of material lying with the executing Divisions was not ascertained either by the Stores and Workshop Division or by the CE, PHE. Though the entire cost of material had already been debited to the programme, actual utilisation in respect of each individual scheme had not been watched and ascertained.

Procurement of material worth Rs.8.21 crore (Rs.2.32 crore + Rs.43.91 lakh + Rs.5.45 crore) in excess of requirement had not only resulted in blocking of funds due to defective planning but also hampered coverage of habitations where funds were needed.

### 3.1.14 Prime Minister's Package

Under the Prime Minister's package (August 2002), the State Government fixed the target for installation of 15,449 hand pumps in water scarce areas, revival of 13,023 traditional sources and supply of drinking water in 12,307 rural schools. Against the target, 19,398 (126 per cent) hand pumps were installed, drinking water facility in 11,333 (92 per cent) rural schools were provided and 5,468 (42 per cent) traditional sources were revived.

The Department stated (September 2008) that targets set for revival of traditional sources were not achieved due to non-availability of suitable existing traditional sources and higher unit cost.

<sup>14</sup> Bongaigaon, Barpeta, Goalpara, Silchar-I, Silchar-II, Tezpur-I and Tezpur-II.

### 3.1.15 Sub Mission Programme

Sub Mission programmes under ARWSP are to be taken up by the State for providing safe drinking water to rural habitations facing water quality problems and for ensuring source sustainability through rain water harvesting, artificial recharge etc.

The GOI released Rs.151.07 crore during the years 2006-08 for tackling 5,864 water quality affected rural habitations. Out of this, Rs.76.64 crore was released by the State Government during the years 2006-08 keeping a balance of Rs.74.43 crore (49 per cent). Due to short release of funds by the State Government, the target fixed by the PHED could not be achieved and there was a shortfall (81 per cent) in the coverage of quality affected habitations. Against the target of 5,920 habitations to be covered during 2007-08, only 1,113 habitations were covered by March 2008.

In five<sup>15</sup> out of nine test-checked Divisions, 59 PWSSs at an estimated cost of Rs.14.34 crore were taken up for execution between February and March 2007. The schemes were scheduled to be completed within 12 to 18 months. Of these, two PWSSs (3 per cent) were completed (March 2008) after incurring an expenditure of Rs.22 lakh. The balance 57 PWSSs were lying incomplete after spending Rs.7.77 crore. It was observed that major components of works like underground reservoir, treatment plant, distribution systems etc., were yet to be constructed in respect of 15 schemes and three schemes were awaiting power connection. Physical progress of the balance 39 schemes was between 50 and 80 per cent.

The Department confirmed (September 2008) the facts but did not give any reasons for delay in completion of schemes.

#### 3.1.15.1 Water Quality Monitoring and Surveillance

For institutionalising the Water Quality Monitoring and Surveillance system, the National Rural Drinking Water Quality Monitoring and Surveillance Programme (NRDWQM&SP) was launched by the GOI in the year 2005-06. The programme was, however, taken up in Assam in February 2007. It was observed that no norms were fixed by the PHED for testing water quality in the laboratories set up in the districts. In the test-checked Divisions, water testing laboratories were operated by engaging departmental khalasis/work charged establishment. As such, the tests carried out in the laboratories cannot be relied upon as those were conducted by non-technical staff. Consequently, the water supplied cannot be certified as being free from harmful chemical and bacteriological elements. Again, for testing of water samples at Gram Panchayat (GP) level, the PHED procured (2007-08) 2,682 Field Testing Kits (FTK) and 4,64,013 Bacteriological Vials (BV) at a cost of Rs.1.35 crore, out of which, 2,029 FTKs and 3,28,247 BVs were issued to 43 Divisions. The balance kits and vials are lying in the stock of State level laboratory at Guwahati. No tests of water were, however, carried out at GP level as of March 2008. As such, water quality monitoring mechanism was not effective. The poor performance of the water testing laboratories in testing water quality was also brought to the notice of the higher authorities by SE, PHE, i/c Quality Control Circle.

In the absence of water quality testing in rural areas, the villages were exposed to the hazard of water borne diseases like cholera, typhoid, gastroenteritis etc.

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<sup>15</sup> Bongaigaon, Barpeta, Goalpara, Tezpur-I and Tezpur-II.

Further, all the States are required to set up State level HRD cells to create public awareness with regard to water-borne diseases. For this purpose, the GOI released Rs.3 crore (Rs.37.73 lakh in 2003-04, Rs.26.55 lakh in 2004-05 and Rs.235.69 lakh in 2005-06) for Human Resource Development (HRD) and Information, Education and Communication (IEC) activities. Out of Rs.3 crore, an amount of Rs.2.36 crore was released (September 2007) by the State Government after a lapse of seventeen months. The funds so released by the Government were deposited in the bank account of Rajiv Gandhi Rural Water and Sanitation Mission (RGRW&SM) and only an amount of Rs.22.64 lakh was spent by the District Water and Sanitation Mission (DWSM) (March 2008). The balance fund of Rs.2.77 crore was lying unutilised (March 2008).

Thus, despite availability of adequate funds, HRD cells did not function properly, leading to very poor IEC related activities which were essential in creating public awareness.

The Department admitted (September 2008) the facts and stated that testing for water quality at GP levels has already started after completion of the training programmes.

### **3.1.16 Management Information System**

The guidelines of ARWSP provide for establishment of a computerised Management Information System (MIS). Against the release of Rs.1.56 crore (2004-08) by the GOI for the purpose, the State Government utilised (2006-08) the entire fund for procurement of computers and training of officials (160) during 2007-08. Prior to 2007-08, computers were operated by non-trained personnel and were used only for word processing in the absence of the relevant application programme in the executing Divisions. The server installed in the office of the CE, PHE had not been connected with the executing Divisions frustrating the very purpose of such installation.

Thus, the MIS failed to take off even after incurring an expenditure of Rs.1.56 crore.

### **3.1.17 Inventory of assets**

As per guidelines, each village panchayat, block and district is required to maintain a complete inventory of drinking water sources created under ARWSP, indicating the date of commencement and completion of the project, cost of completion, depth in case of the spot sources, agency responsible for operation and maintenance and other relevant details. The inventory of assets created is also required to be available with the field functionaries of the implementing department. It was, however, noticed in the test-checked Divisions that no records of assets created had not been maintained.

The EEs concerned assured that the work of preparation of inventory would be taken up at the earliest.

### **3.1.18 Sector Reforms/Swajaldhara**

#### **3.1.18.1 Non-release of Central funds**

The GOI launched (1999-2000) the sector reform project for institutionalising community based rural drinking water supply programme. The basic concept of the reform project was to ensure community participation in the water supply schemes. Swajaldhara, a sector reform programme was launched in December 2002. Funds for implementation of sector reforms were to be released directly to the District Water and Sanitation Mission (DWSM) bank accounts. The GOI released Rs.26.24 crore



during the years 2002-08 pertaining to the years 2002-06 for implementation of Swajaldhara Programme.

Instructions issued (September 2006) makes it mandatory for submission of utilisation certificate (UC) to the GOI to facilitate further release of Central assistance under Swajaldhara.

The GOI allocated Rs.10.04 crore to the Government of Assam for the year 2006-07 under Swajaldhara, with an estimated project cost of Rs.11.16 crore. Due to non-submission of proposals for new schemes for the year 2006-07 by the State Government, the GOI had not released (March 2008) any fund out of the allocation of Rs.10.04 crore. Thus, the State failed to avail of the benefit of Central assistance to achieve the objective of the programme.

### **3.1.18.2 Delay in release of funds**

In March 2006, the GOI released Rs.4.99 crore to the State for the District Water and Sanitation Committees (DWSCs) concerned, being the project cost for the year 2002-03 (2<sup>nd</sup> instalment) and 2005-06 (1<sup>st</sup> instalment). The State Government, however, released (September 2007) the funds to the DWSCs after a lapse of 17 months.

While the GOI instructed that the projects should be closed by March 2008, due to time constraint and price escalation, most of the projects remained incomplete as of that date. Thus, the benefits contemplated under the scheme had not been delivered.

The Department confirmed (September 2008) the facts but did not furnish any reasons for the lapses.

### **3.1.18.3 Unutilised Swajaldhara funds**

Out of Swajaldhara funds of Rs.29.53 crore<sup>16</sup> (funds released by the GOI, beneficiary contribution and interest accrued) available with the DWSCs/VWSCs (Village Water and Sanitation Committee), an amount of Rs.21.30 crore was spent on execution of 102 PWSSs and 7,278 SS. The balance amount of Rs.8.24 crore was lying unutilised with the DWSCs/VWSCs (March 2008). In four<sup>17</sup> out of nine test-checked Divisions, the DWSCs/VWSCs spent Rs.9.64 crore on Sector Reforms against the available fund of Rs.11.70 crore and Rs.2.06 crore was lying unutilised as of March 2008.

The reason for non-utilisation of funds was due to delay in release of fund by the GOI on account of non-submission of utilisation certificates by the concerned DWSC/VWSC and blocking of funds by the State Government.

The Department admitted (September 2008) the facts and stated that efforts would be made to complete the balance schemes.

### **3.1.18.4 Non-receipt of beneficiary contribution**

As per ARWSP guidelines, 10 *per cent* of project cost is to be borne by the beneficiaries. In one test-checked Division (Bongaigaon), beneficiary contribution of Rs.22.48 lakh had not been received as of March 2008. In other test checked Divisions such irregularities were not noticed.

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<sup>16</sup> 2002-03 = Rs. 8.40 crore,      2003-04 = Rs. 8.52 crore  
2004-05 = Rs. 1.77 crore,      2005-06 = Rs.10.84 crore

<sup>17</sup> Bongaigaon, Barpeta, Goalpara and Schar-II.

The Department stated (September 2008) that instructions were issued to collect beneficiary contribution as per the scheme guidelines.

### **3.1.18.5 Incomplete schemes under Swajaldhara**

Under Swajaldhara, planning and scheme formulation is to be done by District Water and Sanitation Committee (DWSC). Schemes technically cleared are required to be approved by the State Water and Sanitation Mission (SWSM). During the years 2002-03 to 2005-06, 102 PWSSs and 7,278 spot sources were sanctioned by the DWSCs. Out of this, only 64 PWSSs (63 per cent) and 6,469 spot sources (89 per cent) were completed (March 2008) at a cost of Rs.21.30 crore.

In two<sup>18</sup> test-checked Divisions, out of 44 PWSSs and 1,573 spot sources, 26 PWSSs and 62 spot sources were lying incomplete (March 2008) for more than two to four years after spending Rs.3.31 crore due to various reasons including late receipt of funds. The DWSC, Bongaigaon stated that due to high price escalation of materials and unwillingness of the contractors to complete the balance works, the schemes remained incomplete.

Thus, due to non-submission of UCs by the DWSM and by the State Government and interim price escalation, the schemes remained incomplete resulting in non-achievement of desired objective of community participation.

The Department admitted (September 2008) the facts and stated that efforts are being made to complete the schemes by December 2008.

### **3.1.19 Communication and Capacity Development Unit**

To promote the reform initiatives introduced in the Water Supply and Sanitation Sector, the GOI directed (June 2004) the State Government to set up Communication and Capacity Development Unit (CCDU) and released (June 2006) Rs.2.04 crore for its establishment and conducting Information, Education and Communication (IEC) and HRD activities. Though the proposal for setting up the CCDU was submitted to the GOI on November 2004, the CCDU was actually set up in the State only in October 2007. The reason for delay in setting up the CCDU was not on record. The funds released to the CCDU were still lying with the SWSM. Thus, the programme was not implemented in the State. The CCDU had to provide HRD/IEC input and capacity development of functionaries at all levels in all Sector Reform Projects in the State. Delayed/non-functioning of CCDU affected the success of these projects.

The Department admitted (September 2008) the facts but did not furnish any reasons for the lapses.

### **3.1.20 Monitoring and evaluation**

ARWSP guidelines envisage setting up of Vigilance and Monitoring Committees at State, district and village level and regular meeting of the Committees are required to be held. No such Committees were, however, set up in the test-checked districts. While reasons for not setting up the Committees were not stated, there was no record to show that monitoring through field inspection was carried out.

Implementation of the programme was monitored by the GOI through monthly, quarterly and annual progress reports. While the CPHE obtained information through

<sup>18</sup> Bongaigaon and Schar-II.

periodical reports, these were not analysed. Though disproportionate physical and financial achievement, lack of planning and non-prioritisation of works were noticed, corrective steps were not taken to re-orient the implementation of the works. Impact of programme implementation is required to be evaluated for taking corrective action. However, no evaluation of the implementation of the programme was carried out by an independent body.

### **3.1.21 Conclusion**

The objective of providing safe drinking water to rural habitations was not fulfilled due to lack of comprehensive planning based on detailed habitation-wise survey and analysis, and funding, commensurate with planning. Due to deficiencies in planning, delayed execution, mismanagement/diversion of funds etc., adequate drinking water was yet to be provided to 54 per cent (43,694) habitations as of March 2008. Schemes were executed without technical sanction and there were time and cost over run in the execution of the schemes. Water quality tests were not carried out at Gaon Panchayat level despite procurement of FTK and Bacteriological vials, and non-formulation of any action plan for water source sustainability led to indiscriminate extraction of ground water and drying up of sources. Despite spending crores of rupees on the programme during earlier years, no evaluation studies had been carried out to ascertain the extent of achievement of the objectives of the programme.

### **3.1.22 Recommendations**

- The State Government should draw up a comprehensive plan to cover all rural habitations with adequate and safe drinking water within a specified time frame.
- Financial management should be streamlined so as to utilise the available funds and avoid diversion of funds.
- Targets should be fixed in such a manner as to ensure coverage of all the PC and NC habitations by 2011-12 and schemes should be executed within the specified time and budget provisions.
- Government should give special attention to covering water quality affected habitations, and strengthen water testing facilities.
- Monitoring mechanism should be strengthened and accountability should be fixed for effective implementation of the programme.



## HOME DEPARTMENT

## 3.2 Modernisation of Police Force in Assam

## Highlights

*The Government of India, Ministry of Home Affairs (MHA) revamped the scheme of Modernisation of Police Force (MPF) introduced during 1969 with enhanced allocation from 2000-01 to augment the operational efficiency and striking capability of the State Police Force to face the challenges of internal security, extremist activities and law and order situation in the State. In the area of construction of residential quarters, the Department had exceeded the target. But other areas suffered due to inadequate planning and poor monitoring both at the Department/Government level. The scheme was unable to bridge the gap of deficiencies in respect of mobility and weaponry. The position regarding procurement and installation of various equipments, communication system and computerisation in the Department was not up to the desired level.*

*Salient points are mentioned below:*

Rupees 12.65 crore were parked in the form of DCR, due to drawal of money in excess of requirement during 2001-08.

(Paragraphs : 3.2.8.2)

The State Government incurred an extra expenditure of Rs.3.26 crore for allowance of higher agency charges.

(Paragraphs : 3.2.9.6)

Injudicious allotment and subsequent withdrawal of INSAS rifles from 24 district offices resulted in idling of weaponry worth Rs.4.13 crore.

(Paragraph : 3.2.11.1)

Expenditure of Rs.5.83 crore on POLNET in 34 Police Stations proved infructuous as the system has become obsolete.

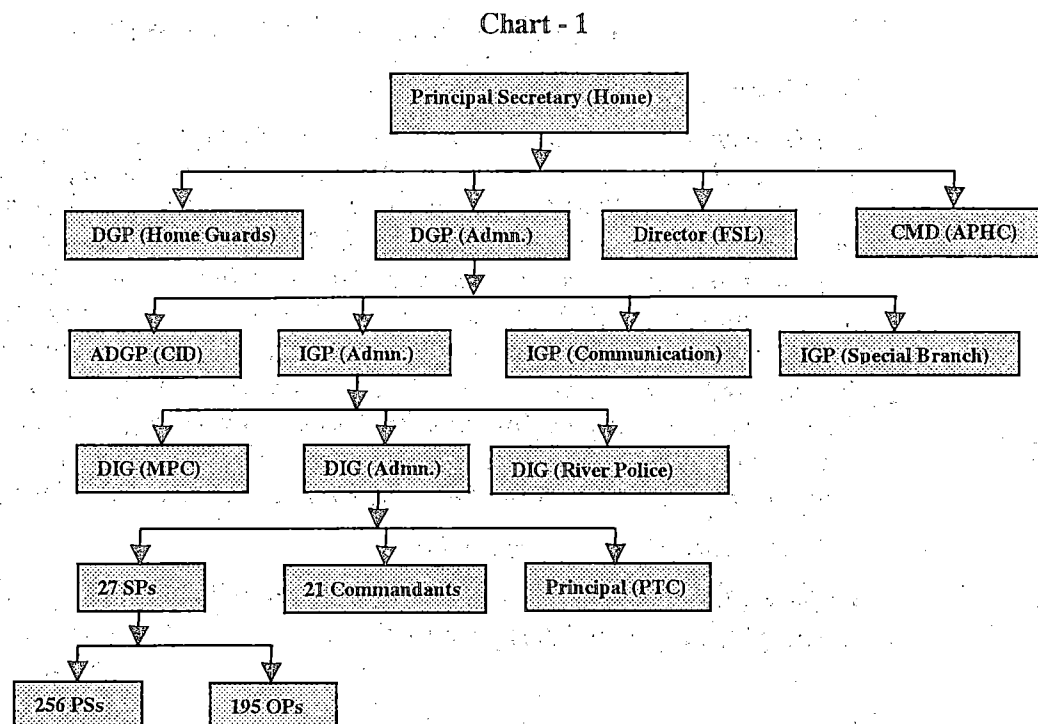
(Paragraph : 3.2.13.3)

## 3.2.1 Introduction

Government of India introduced (1969) the scheme of Modernization of Police Force (MPF) to augment the operational efficiency of the State Police so as to face the emerging challenges to internal security effectively. The Scheme was revised during 2000-01 and extended for a period of ten years to remove the deficiencies in basic Police infrastructure as identified by the Bureau of Police Research and Development (BPR&D). Under this revised scheme, the State Governments were to submit a five year Perspective Plan (PP) on the requirement of Police force starting from 2000-01 indicating the specific projects which the Governments wanted to implement each year. The components covered under the scheme were (a) Construction (residential as well as non-residential buildings), (b) Mobility, (c) Weaponry, (d) Equipment and (e) Communication system including Computerization and (f) Training.

### 3.2.2 Organisational Set up

The organisational structure of the Police Department is given in Chart-1 below:-



A State Level Empowered Committee (SLEC) was set up (2001-02) under the Chairmanship of the Chief Secretary to monitor the implementation of the scheme.

### 3.2.3 Scope of Audit

Performance audit of the implementation of the scheme was conducted during April-July 2008 covering the period 2003-08. Records of the Home Department, DGP (HQ), ADGP (CID), IGP (Communication), IGP (SB), Director (FSL), Principal (PTC) and APHC along with seven<sup>19</sup> out of 27 District Police Offices and six<sup>20</sup> out of 21 Police Battalions were selected for detailed check in audit.

### 3.2.4 Audit Objectives

The objectives of the performance review were to assess whether:

- The objectives of the scheme were achieved;
- Annual Action Plans (AAPs) were in accordance with the Perspective Plan (PP) and were based on requirements;

\* Director General of Police (DGP), Additional Director General of Police (ADGP), Criminal Investigation Department (CID), Forensic Science Laboratory (FSL), Chairman cum Managing Director (CMD), Assam Police Housing Corporation (APHC), Inspector General of Police (IGP), Deputy Inspector General (DIG), Superintendent of Police (SP), Police Training College (PTC), Police Station (PS), Out Posts (OPs),

<sup>19</sup> Guwahati City, Kamrup, Cachar, Dhemaji, Tinsukia, Karbi Anglong and Chirang.

<sup>20</sup> 7<sup>th</sup> APBN, Kokrajhar, 9<sup>th</sup> APBN, Nagaon, 11<sup>th</sup> APBN, Dergaon, 1<sup>st</sup> APTF BN, Goalpara, 2<sup>nd</sup> APTF BN, Lumding, 4<sup>th</sup> APTF BN, Barpeta.

- Funds provided for the scheme were adequate and utilised for the intended purpose;
- Various components of the scheme were implemented economically and efficiently and the targets fixed for each component were achieved;
- Weaponry and equipments purchased/assets created have been utilised and maintained properly and the intended benefits were achieved;
- The striking capability of the State Police Force to combat militancy has improved;
- Implementation of the scheme was monitored effectively.

### 3.2.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- Guidelines of the BPR&D and Ministry of Home Affairs (MHA/GOI);
- Perspective Plans and Annual Action Plans approved by MHA, release orders of GOI/State Government and instructions issued from time to time by GOI/State Government;
- Guidelines on Police Wireless Network issued by Directorate of Coordination and Police Wireless (DCPW).

### 3.2.6 Audit Methodology

Selection of samples for District offices and Police Battalions was based on simple random sampling method. An entry conference with the Joint Secretary (Home Department) and IGP (OSD on MPF) was held (April 2008) wherein audit objectives, criteria and audit methodology were discussed. The exit conference was held in September 2008 and the replies of the Government/Department have been incorporated suitably in the report.

## Audit Findings

So far as residential accommodation is concerned, the Department had exceeded the targets in construction of Upper subordinate and Lower subordinate quarters. In other spheres like mobility, weaponry, equipment and communication systems, there were deficiencies, which are discussed in the succeeding paragraphs.

### 3.2.7 Planning

The State Government was to submit a five year Perspective Plan (PP) starting from 2000-2001 to the Union Ministry of Home Affairs (MHA). Though the State Government submitted the plan in November 2000 and a revised plan in February 2001 to the MHA for the period 2000-05, approval of the Ministry was not received as of March 2008. Annual Action Plans (AAPs) were, however, prepared by the State. As per the Ministry's instructions, AAP for each year is to be submitted in the month of May. Except for 2007-08, there were delays ranging from one to three months, in the submission of AAP by the State Government, further delayed by the approval (approved between August and January) by the MHA. Delay in submission of AAP was attributed by the Department to delay in obtaining approval of the Finance Department.



### 3.2.8 Financial Management

The Scheme was funded by the GOI and the State Government on a 50:50 share basis upto 2002-03. Thereafter, it was fully funded by the GOI since the State was classified as category 'A' in terms of security situation. Details of approved outlay, funds made available vis-à-vis the expenditure incurred during the years 2003-08 are shown in Table-1 below:

Table-1

(Rupees in crore)

Plan year	Approved outlay	Central release	State release	Unspent balances of previous years including refund <sup>21</sup>	Total funds available	Expenditure	Balance	Percentage of utilisation of available fund
2003-04	69.96	36.62	-	41.62	78.24	52.52	25.72	67
2004-05	44.42	41.17	-	25.72	66.89	55.89	11.00	84
2005-06	191.14	60.90	-	11.00	71.90	59.91	11.99	83
2006-07	54.01	54.01	-	11.99	66.00	59.83	6.17	91
2007-08	60.81	71.41	47.17	6.17	124.75	57.98	66.77	46
<b>Total</b>	<b>420.34</b>	<b>264.11</b>	<b>47.17</b>			<b>286.13</b>		

Source: Information furnished by the Department

Note : Expenditure includes Rs.4.25 crore held in FDR and DCR.

#### 3.2.8.1 Short release of funds

As against the Central share of Rs.420.34 crore due for the years 2003-08, the GOI released only Rs.264.11 crore during the period, after deducting Rs.10.79 crore (2007-08) at source due to non-utilisation of Central funds released to the State up to 2005-06. The Central funds were received both in cash and kind (weapons and equipment). However, due to non-maintenance of proper records by the Department, the value of the material provided by the GOI could not be verified. The State Government had not furnished the utilisation certificates in respect of the funds released by the GOI. The DGP, while accepting the facts, stated (September 2008) that the unutilized funds would be spent within the financial year 2008-09 and after submitting the UC, the GOI would be approached for release of the balance amount. He however, had not stated the reasons for non utilisation of the available funds.

Similarly, out of the State share of Rs.91.61 crore (50 per cent of Rs.183.22 crore) due for the years 2001-03, the State Government released only Rs.47.17 crore in January 2008 i.e. after lapse of 5-7 years. The State Government had also not released Rs.55.39 crore of the Central share for implementation of the programme. Reasons for short release of its share of Rs.44.44 crore and non release of Central share of Rs.55.39 crore were neither on record nor stated. The delay in release of State share was attributed by the Government to financial crunch. The contention of the Government is not tenable as there were adequate savings in each year. The Department stated (September 2008) that Rs.47.17 crore was released as per the directions of the MHA and that, the actual amount releasable would be confirmed in consultation with the Ministry. This reply is also not tenable, as the State Government was aware of the quantum of funds releasable as per the guidelines.

#### 3.2.8.2 Parking of funds

Due to poor financial control and supervisory lapses, money was drawn prematurely

<sup>21</sup> Refund received by the DGP from PAO, CRPF, New Delhi and PAO, NSG, New Delhi being savings money of AK-47 Rifles, Glock Pistol etc

and parked in the form of DCR/Cash/Draft etc. as would be revealed from the instances below:

◦ Out of the amounts drawn between 2001-02 and 2005-06 for construction works and procurement of equipment, mobility, weaponry etc., an amount of Rs.5.28 crore could not be utilized due to non finalisation of procurement process etc. and was retained by the office of the DGP in the form of DCR (Rs.5.27 crore) and Cash (Rs.0.01 crore) as of March 2008. The DGP accepted the fact and assured that the fund would be utilized shortly.

◦ The office of the DGP released Rs.1.86 crore in February 2005 to IGP Special Branch for purchase of Special Branch equipments. The IGP utilised Rs.1.71 crore during February 2005 to April 2005. Out of the unutilised amount of Rs.15.18 lakh, the IGP refunded (April 2006) Rs.14.69 lakh in the form DCR to DGP retaining Rs.0.49 lakh in hand as of March 2008. The DCR for Rs.14.69 lakh had not been entered in the Cash book of the DGP as of March 2008 and thus remained unaccounted for. Refund of unutilised money in the form of DCR is not permissible under the programme. The DGP assured (September 2008) that the amount of Rs.14.69 lakh will be entered in the Cash Book now.

◦ Between 2003-04 and 2006-07, Assam Police Housing Corporation (APHC) received Rs.110.25 crore from MHA/DGP towards construction of Police Stations (PS), Outposts (OP) and administrative and residential buildings etc. The APHC utilised Rs.106.15 crore till March 2008. The savings of Rs.4.10 crore were retained irregularly in FDR<sup>22</sup>/Savings Bank Account by the APHC.

◦ During 2003-05, the office of the DGP drew Rs.14.96 crore (2002-03 : Rs.9.79 crore; 2003-04: Rs.2.21 crore and 2004-05: Rs.2.96 crore) for procurement of Communication, CID, SB and Traffic Control equipments. Of this, Rs.32.18 lakh was utilised during 2004-05, 2006-07 and 2007-08 for procurement of three Laptop computers (Rs.2.49 lakh), electrical material and renovation of city control room etc. (Rs.23.80 lakh) and purchase of transformer including service connection for the quarter complex at Basistha (Rs.5.89 lakh) which was beyond the scope of the approved plans. This resulted in diversion of Rs.32.18 lakh. Of the balance, the DGP utilized Rs.11.51 crore on communication equipment, retaining Rs.3.13 crore in the form of DCR<sup>23</sup>. While accepting the fact, the DGP stated (September 2008) that the amount was required to be spent in connection with the National Games 2007.

The above shortcomings adversely affected the implementation of the scheme as discussed in the succeeding paragraphs. The Principal Secretary, Home Department, also expressed (May 2008) dissatisfaction over inadequate utilisation of funds and directed the DGP to deposit the unspent balances in Government account or to utilise the same with the concurrence of the MHA.

### Programme Implementation

As mentioned in paragraph 3.2.1, the scheme comprises six components viz. (a) Civil Works/Construction; (b) Mobility; (c) Weaponry; (d) Equipment; (e) Communication including Computerisation and (f) Training.

<sup>22</sup> FDR : Fixed Deposit Receipt

<sup>23</sup> DCR : Deposit at Call Receipt

### 3.2.9 Civil Works

As per the GOI guidelines, priority should be given to construction of secured police stations, residential quarters and barrack facilities for Central Reserve Police Force (CRPF) in the districts, besides construction of POLNET Buildings, Control Rooms and Magazine Guard Rooms. The other thrust areas were civil works in Battalions, Police Training Institutes, River Police Organisation and Home Guards Organisation.

Construction of different categories of buildings as planned for by the Department and achievement thereagainst as of March 2008 are shown in Table-2 below:

Table-2

Type of building	Planned units upto 2007-08	Achievement upto 2007-08	Excess (+) Shortfall (-)	Percentage of excess(+)/shortfall (-)
<b>Non-residential</b>				
(a) PS	272	144	(-) 128	(-) 47
(b) OP	123	121	(-) 2	(-) 2
<b>Residential</b>				
(a) U/S Qtr	784	886	(-) 102	(+) 13
(b) L/S Qtr	3185	7162	(+) 3977	(+) 125
(c) Barracks	65	23	(-) 42	(-) 65
<b>SDPO Office cum residence</b>	16	1	(-) 15	(-) 94

Source: BPR&D norm, AAPs and information from APHC.

U/S: Upper Subordinate, L/S: Lower Subordinate.

Although there were shortfall (ranging between 2 to 94 per cent) in case of construction of PS, OP, Barrack and SDPO office-cum-residence, the Department could achieve the target appreciably in case of U/S quarters and L/S quarters (13 and 124 per cent respectively above the target).

Audit scrutiny revealed the following shortcomings:

#### 3.2.9.1 Execution of works beyond the approved specification

During 2000-01, BPR&D fixed norms, mainly in plinth area for construction of PS (325.3 sqm), POs (139.5 sqm), U/S quarters (88.35 sqm) and L/S quarters (46.5 sqm). Scrutiny of the records revealed that in the case of 255 (75 PS, 52 U/S Q and 128 L/S Q) constructed buildings (2003-07), the plinth area was less by 9-55 per cent involving Rs.9.01 crore. In another 399 (55 PO and 344 L/S Q) cases, the construction was taken up on a higher plinth area, ranging between 2 and 44 per cent, involving Rs.1.04 crore. Construction of buildings with less plinth area violating the BP&RD guidelines had obvious adverse effect on the actual requirement of space for accommodating a police station. Further, construction of buildings above the specified norms led to an extra expenditure of Rs.1.04 crore. Such deviations occurred due to non-adherence to BPR&D norms. The CMD, APHC, stated (September 2008) that the constructions were done as per the direction of the DGP/Department. He also stated that the revised BPR&D norm received in June 2006 would be adhered to henceforth.

#### 3.2.9.2 Improper selection of site for residential building

Construction of ten PS and OP was delayed by 6 to 11 months (due date of completion : March 2005 to July 2006, actual date of completion : September 2005 and June 2007) due to shifting of site initially handed over to the APHC in remote, low lying and waterlogged areas. This retarded the pace of construction under MPF.

Further, records of the S P Chirang revealed that APHC constructed (2006-07) a four-storied RCC L/S quarter at Rs.1.28 crore far away from the habitation/township



area of Chirang district. The S P Chirang stated (July 2008) that the building had not been taken over as yet (July 2008) as no one was willing to reside there. The selection of the site of the residential quarter was made by the office of the DGP without taking into account factors like remoteness of the area, and thus resulted in idle expenditure of Rs.1.28 crore. The DGP stated (September 2008) that the Department had no choice but to construct buildings on the plot of land allotted by the Government. He also stated that the construction of boundary wall around the building at Chirang at this stage is not feasible but the building has been occupied. No records relating to occupation of the building by the staff, however, could be made available.

### **3.2.9.3 Unauthorised purchase of ready built residential flats**

Against the BPR&D norm of 950 sq ft and 500 sq ft of plinth area in respect of U/S and L/S quarters, the DGP purchased (March 2008) 60 three bed room flats of 1250 sq ft. each at a cost of Rs.11.62 crore and 64 two bed room flats of 950 sq ft. each at a cost of Rs.9.42 crore. In addition, car sheds for each flat were also purchased at a cost of Rs.0.93 crore although there was no such provision in BPR&D norms. The decision (April 2007) to purchase the flats was taken by the Apex Level authority and the fund was provided (March 2008) by the State Government out of the State share, (2001-03) without obtaining approval from MHA. The purchase of three bedroom flats with higher specification and car sheds worth Rs.12.55 crore (Rs.11.62 crore + Rs.0.93 crore) beyond the scope of the scheme was thus unauthorized.

Out of 124 flats, 122 flats were handed over (April 2008), but as of June 2008, none of the flats was allotted due to non-fixing of modalities for allotment.

### **3.2.9.4 Non-inclusion of old PS buildings in AAP for upgradation**

The BPR&D recommended (March 2000) extension of the existing 143 police stations (PS), which were more than 30 years old, with at least 800 square feet of additional area. It also recommended upgradation of those PS with reception room, interrogation room, wireless room etc. The Department did not include the proposed extension work of the 143 PS in the AAP. Consequently, the old PS remained in the old shape frustrating the basic objective of up gradation under MPF. The DGP stated (September 2008) that altogether 144 PS buildings were upgraded but whether the identified 143 PS included would be checked up. Records of APHC, however, disclosed that the PS buildings constructed were all new.

### **3.2.9.5 Insecure Police Stations and Police Outposts**

As per the BPR&D norms, the police stations must have a boundary wall. Scrutiny of records of the APHC disclosed that 75 PS and 55 OP constructed during 2003-04 to 2006-07 at Rs. 31.73 crore had no boundary walls. The APHC stated (November 2007) that the estimates of PS and OP buildings did not have any provision for boundary wall and hence, the construction of boundary walls was not taken up. The MHA under AAP 2003-04 approved construction of perimeter wall including sentry posts and gates at 15 PS in Guwahati City at an outlay of Rs.85.60 lakh. However, funds were not released due to its non inclusion in the prioritized list by the Department. Thereafter, it was neither incorporated in the AAP of the subsequent years upto 2007-08 nor was any fund provided by the Ministry. Thus, the security of these police stations was seriously compromised.

### 3.2.9.6 Extra Expenditure

According to the norms for costing of police buildings fixed by the BPR&D, the APHC is entitled to seven *per cent* agency charge besides three *per cent* contingency charge on the estimated cost of each work. The Corporation, however, charged 15 *per cent* against the estimated cost of each work. Thus, due to the extra charge of five *per cent*, the Department incurred an extra expenditure of Rs.3.26 crore in the construction of 161 buildings test checked. The APHC did not reduce the agency charge as of June 2008 inspite of the instruction of the Finance Department (October 2003) to limit agency charge to 6 *per cent*. The CMD, APHC stated (September 2008) that higher agency charges are required to fulfill the Corporation's legal and statutory commitments like salary, CPF etc. The reply is not tenable as the MPF fund is not meant for payment of staff salary of a corporation. The Department however, assured (September 2008) that a decision would be taken on the matter soon.

### 3.2.10 Mobility

Mobility is vital to the police force for efficient and effective performance. The BPR&D has prescribed scales for various types of operational vehicles such as heavy/medium/light vehicles and motorcycles required for Police Stations, District Armed Reserve and Armed Police Battalions.

According to the guidelines issued by the MHA, the MPF scheme is to concentrate on providing field vehicles required for basic policing in the first instance. The BPR&D worked out (2000-01) deficiency of 947 heavy motor vehicles (HMV), 1,078 medium motor vehicles (MMV), 1,288 light motor vehicles (LMV) and 2,366 motor cycles (MC) in the State. The approval of the Ministry and subsequent procurement up to 2007-08 against the deficiency are tabulated below:

**Table-4**

Type of vehicles	Deficiency as per BPR&D (2000-01)	Proposed by State Government and approved by MHA (as per AAPs)	Actual procurement	Deficiency upto 2007-08	Percentage of shortfall
HMV	947	52	96*	851	90
MMV	1078	186	144	934	87
LMV	1288	1130	889	399**	31
MC	2366	1169	899	1467	62
<b>Total</b>	<b>5679</b>	<b>2537</b>	<b>2028</b>	<b>3651</b>	

\* Procurement is more than the approval in respect of HMV due to supply of extra vehicles directly by MHA through dealer.

\*\* Deficiency is not precise as most of the new LMVs were procured and issued in replacement of old LMVs.

It would be evident from the above data that except for LMV, the achievement against the deficiencies of HMV, MMV and MC was not satisfactory even after a lapse of seven years from the assessment of deficiency level by the BPR&D in the State. Scrutiny disclosed the following.

#### 3.2.10.1 Inadequate supply of vehicles to Police Stations

Out of 1,129 vehicles (96 HMV, 144 MMV and 889 LMV) procured during 2001-08, 912 were issued to district offices and battalions, 163 to other police organisations<sup>24</sup>

<sup>24</sup> PTC, BIEO, SB, Border, APRO, APTC, RTS, SVC etc.

and six to the Government establishment, retaining the balance 48 at the AP HQ. Thus, the basic policing requirement of mobility for 256 police stations and 195 outposts in the State remained neglected. It was observed that no separate registers were maintained in the DGP's office regarding the allotment of vehicles under MPF. The test checked district offices/battalions also did not mention in their records the scheme against which the vehicles were received. The DGP, however, stated that field level vehicles are allotted to the district offices concerned for further issue to the PS and OP and that at present PS and OP have been allotted 379 vehicles (34 per cent). This shows that at least 72 PS and OP have not received vehicles under MPF.

### 3.2.10.2 Procurement of vehicles

The MPF scheme is meant for increasing the existing fleet of vehicles with a view to enhancing their mobility and as such, the expenditure on account of replacement of vehicles would be normal item of expenditure of the State. Again, according to instruction/guidelines issued (July 2001), procurement of Ambassador Car is not permissible. Scrutiny of records of the DGP disclosed that 46 Ambassador Cars valued at Rs.1.82 crore were procured/received during 2003-04 (against plan of 2001-02) and 2006-07. Of these, 42 cars were allotted (July - December 2003 and June 2007) to the District Offices, APHQ and SB in replacement of old vehicles. The remaining four vehicles were allotted to Home Department.

Further, procurement of Tata Scorpio and Indigo GLX are not permissible under the scheme. The Department however procured during 2003-04 and 2006-07, one Tata Scorpio (Rs.7 lakh) and one Indigo GLX (Rs.4.67 lakh) and retained them for use in AP HQ and at Government level. This had not only resulted in unauthorised utilisation of MPF fund of Rs.1.93 crore, but also defeated the objective of increasing the mobility for field policing, which is essential for efficient performance of the police force. The DGP while accepting the fact stated (September 2008) that field vehicles would be procured hereafter.

### 3.2.10.3 Status of crime cases

The position of general crime cases reported and disposed off (including previous pending cases) during the period 2003-07 are shown in Table-5 and Chart-2 below:

Table-5

Crime head	2003		2004		2005		2006		2007	
	R	D	R	D	R	D	R	D	R	D
Murder	4665	1033	4872	1178	4886	959	5174	872	5634	1173
Theft	13173	5211	13342	5320	14159	5034	16029	6704	16841	7846
Robbery	2294	510	2210	711	1966	444	2054	434	2084	519
Rape	2281	950	2367	966	2618	1030	2791	958	3143	1120
Car lifting	948	NA	1610	NA	2555	NA	4152	NA	6036	NA
Kidnapping	4628	1421	4866	1582	4982	1425	5375	1479	5789	1748
Others	57405	7983	80560	8690	105229	9524	130722	10045	156555	9505
<b>Total</b>	<b>85394</b>	<b>17108</b>	<b>109827</b>	<b>18447</b>	<b>136395</b>	<b>18416</b>	<b>166297</b>	<b>20492</b>	<b>196082</b>	<b>21911</b>
Percentage of disposal		20		17		14		12		11

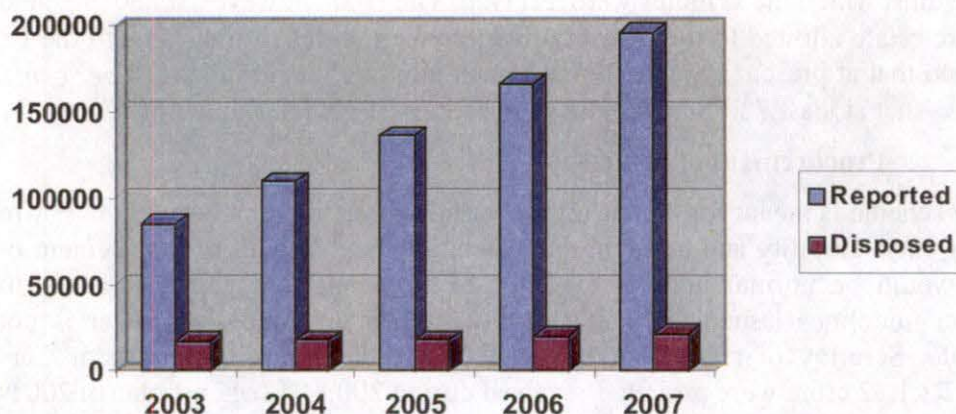
Source – Information furnished by the Department.

- R: Reported (including previous pending cases), D: Disposed (including previous pending cases), NA: Not available.



The above data is depicted in Chart-2 below :

**Chart-2**



The table and graphical representation above show a rise in crime cases over the years. Increase in crime cases during 2003-07 indicates that there was no noticeable effect of Modernisation of Police Force in minimising the crime rate in the State. The disposal of accumulated cases declined gradually from 20 per cent during 2003 to 11 per cent in 2007. Such meagre disposal of crime cases shows ineffectiveness of the police force. The reason for poor disposal was attributed by the DGP to increase in work load and delay in receipt of Medical Reports, FSL Reports and MVI Reports etc.

Table-6 below shows the position of militancy/bomb blast cases during 2003-08.

**Table-6**

Cases	2003-04	2004-05	2005-06	2006-07	2007-08	Percentage of increase (+)/ decrease (-) at the end of 2007-08 compared to 2003-04
Combat with militants	189	94	66	94	121	(-) 36
Casualties of police personnel	18	19	10	35	26	(+) 44
Bomb blast cases	21	141	103	145	116	(+) 452
Detection of bomb & explosives	296	83	139	127	206	(-) 30

**Source :** Information furnished by the Department (Special Branch).

While detection of bomb/explosives decreased by 30 per cent at the end of 2007-08 compared to 2003-04, cases of casualties of police personnel and bomb blast cases increased by 44 and 452 per cent. Short procurement of bomb detectors and inadequate procurement of BP jackets/helmets could be among the factors that contributed towards the increase in bomb blast cases and police casualty.

#### 3.2.10.4 Response time

Increase in mobility for field policing should result in reduction of response time<sup>25</sup>.

<sup>25</sup> Total time taken from the time of receiving message/making First Information Report (FIR) to the time of the police person actually reaching the crime scene

It was, however, seen that the State Government/DGP had neither fixed any norm for the response time nor had given any instruction for recording the time of visit to site of offence in the crime diary. The Assam Police Manual is also silent about the response time. Scrutiny of seven PS under three selected SP Offices (Guwahati, Kamrup and Cachar), revealed that time taken to reach the scene of offence was not recorded in the crime diary. Due to non-fixation of response time, it was not possible for the State machinery to evaluate the efficiency of its police force in reaching the scene of crime. The DGP stated (September 2008) that it is difficult to fix rigid response time because of engagement of police personnel in multifarious activities. The reply is not tenable as response time is an important factor in containing and solving crimes.

### 3.2.11 Weaponry

The MHA, on the basis of the approved AAP, supplies arms and ammunition to the State through different Ordnance Factories. In case of urgency, the State Government also procures the weapons directly.

Audit scrutiny revealed the following:

#### 3.2.11.1 Procurement of weaponry

As stated in the Perspective Plan, only five *per cent* of the State Police Force was equipped with modern weapons. Considering the magnitude of the extremist threats in the State, the Perspective Plan 2001-05 envisaged acquisition of sophisticated weaponry valued at Rs.78.42 crore. The Department, however, procured (2003-08) weapons and ammunition valued at Rs. 35.65 crore only. The deficiency of major weapons assessed by the BPR&D during 2000-01 and procurement made during 2003-08 are shown in Table-7 below:

Table-7

Weapons	Requirement worked out by BPR&D/ State in 2000-01	Nos. planned upto 2007-08	Achievement upto 2007-08	Requirement yet to be covered as of March 2008	Percentage of requirement not covered
AK – 47	3483	3500	2000	1483	43
7.62 mm SLR	28186	2000	100	28086	99
7.62 mm LMG	1126	NIL	NIL	1126	100
9 mm Carbine	749	500	NIL	749	100
VL Pistol	230	NIL	NIL	230	100
No. 36 Rifle grenade	26101	4000	20000	6101	23

It is evident from the above details that procurement for the years 2003-08 was not made as planned for. As a result, requirement of weapons yet to be procured ranged between 23 and 100 *per cent* at the end of March 2008. Thus, preparedness and striking capability of the police with sophisticated weaponry was not adequately addressed.

The MHA supplied (2004-06) 5,200 INSAS Rifles worth Rs.13.06 crore based on the proposal of the State Government in AAP for 2004-06, although, there was no such provision in the PP for 2001-05. Out of 5,200 rifles, the office of the DGP issued (October/ November 2006) 1,680 rifles to 24 district offices and the remaining to the Battalions. These 1,680 rifles were however, withdrawn (December 2007) from the districts as it was considered that INSAS rifle was a specialized weapon and should be held only by specially trained personnel of two new Armed Police Battalions (23<sup>rd</sup>



and 24<sup>th</sup>) likely to be raised in the future. Further scrutiny revealed that 1648 rifles (1680 minus 32 issued to PS/OP by the SP, Kamrup during December 2007 to May 2008) worth Rs.4.13 crore were lying with the district offices unused. The two new battalions were also not raised (May2008).

Thus, procurement of INSAS rifles without assessing its requirement resulted in idling of weaponry valued at Rs. 4.13 crore. The DGP stated (September 2008). that these rifles were allotted to the district offices for utilisation and that special training to the police personnel as required was not imparted.

### 3.2.11.2 Procurement of ammunition

- During 2004-05, MHA supplied 2000 AK-47 rifles at a cost of Rs.1.60 crore without any ammunition for the rifles. The Department, after a lapse of nearly 2 years, placed (2006-07) an order for supply of 3,25,976 rounds of 7.62 mm x 39 ball ammunition (used in AK-47 rifle) valued at Rs.96 lakh with the Ordinance Factory, Bharangaon. It is however, yet to be received (March 2008). Thus, the objective of utilisation of sophisticated weapons in place of the outdated ones was not achieved due to defective planning. The DGP stated (September 2008) that the ammunition could not be collected due to non receipt of delivery and non availability of Railway Wagon.

- One of the main objectives of the MPF scheme was to replace the outdated weapons viz 0.303 rifles by sophisticated weapons. The Department even after eight years of implementation of the scheme procured (2007-08) 1,99,497 rounds of ammunition for the outdated 0.303 rifles at Rs.68.81 lakh instead of modern arms and ammunition. Thus, the objectives of MPF to replace outdated weapons and equip the police force with modern arms and ammunition in this regard were not achieved. The DGP stated (September 2008) that it will take time to phase out the rifles and as such stock of ammunition for this weapon has to be maintained. The reply is not tenable as a period of eight years (out of ten) of implementation is already over and the Department had not accorded adequate priority to procurement of modern weaponry as would be evident from Table-7.

### 3.2.12 Equipment

Equipment is vital for Forensic Science Laboratory (FSL), Traffic Control Police (TCP), Special Branch (SB) and for Criminal Investigation Department (CID). Audit scrutiny disclosed the following.

#### 3.2.12.1 Functioning of FSL

Forensic Science Laboratory at Guwahati is the sole FSL functioning in the State. The position of reported cases in the FSL and their disposal are shown in Table-8 below:

Table-8

Year	No. of pending cases up to previous year	No. of cases reported/received during the year	Total	Cases disposed off	Nos. pending at the end of the year
2003	183	1955	2138	1975	163
2004	163	2202	2365	2039	326
2005	326	2213	2539	2245	294
2006	294	1862	2156	1930	226
2007	226	2239	2465	2205	260

Source : Records of the Director FSL.



The reason for non-disposal of cases was attributed by the Director FSL, to non-availability of equipments<sup>26</sup> as well as manpower. The matter relating to filling up of vacancies of technical posts (6 against 23) was inadequate and the equipments urgently needed and included in the AAP 2001-07 had not been supplied as of June 2008.

### **3.2.12.2 Non-construction of Regional/Mobile Forensic Science Laboratories**

The National Human Rights Commission (NHRC) recommended setting up of Regional Forensic Science Laboratories (RFSL) in the State to tackle crime cases in a speedy manner. The Department made a provision for Rs.1.99 crore in the AAP for 2002-03 for setting up two RFSL at Dergaon and Bongaigaon. The MHA approved the proposal during the year but the State Government did not accord sanction even as of March 2008. Mobile FSL also could not be established in any of the districts despite suggestion of the BPR&D for strengthening the infrastructure of forensic science. Thus, the State Government failed to create adequate infrastructural facilities for speedy disposal of crime cases. The Department stated (September 2008) that sanction could not be accorded due to financial crunch. The reply is not tenable as there were adequate savings in each year.

### **3.2.12.3 Procurement of bullet proof jackets**

The BPR&D worked out (2000-01) the requirement of Bullet Proof (BP) jackets in Assam as 18,896. In the PP 2001-05, it was proposed to procure 10,000 normal and lightweight BP jackets (2,000 per year) worth Rs.5.50 crore. The Department however, procured only 2,019 heavy weight BP jackets worth Rs.94.49 lakh in 2006-07 keeping procurement of 16,877 BP jackets at abeyance as of March 2008. This indicated that there was no correlation between planning and execution.

### **3.2.12.4 Functioning of CID Equipments**

As per the approved plan 2001-02, the State Government sanctioned (December 2001) Rs.85 lakh for procurement and installation of a Finger Print Analysis and Criminal Tracing System (FACTS). The system was installed (March 2005) in the Finger Print Bureau (FPB) of CID Headquarters and six other work stations<sup>27</sup> at a cost of Rs.79.61 lakh in the first phase. The CID submitted (June 2004) a proposal for Rs.50 lakh for the remaining 24 work stations. However, there was no further action in this regard as of March 2008. While the FACTS was functioning smoothly in the main work station (CID HQ), the system at six work stations was non-functional (March 2008) due to lack of trained manpower. Thus, the purpose of speedy identification, search and to link up criminals through identification of finger prints was defeated. The DGP accepted the fact and stated that the process is on to train the manpower.

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<sup>26</sup> a) Grim-2 Refractometer, b) Chemical Imaging System, c) High Temperature Viscometer, d) Capillary Electrophoresis System, e) Rotary Viscometer, f) Equipment for Voice Identification, g) Colour Photography Unit, h) Video camera

<sup>27</sup> Guwahati City, Kokrajhar, Tezpur, Silchar, Diphu and Jorhat.

### **3.2.12.5 Procurement of Geographical Information System (GIS) and Global Positioning System (GPS)**

The GOI approved Rs.1.59 crore against AAP 2002-03 for construction of Traffic Control Room at Guwahati and installation of the relevant equipment. Of this, Rs.1.20 crore was released to the State Government for procurement of equipment and the balance Rs.39 lakh to the APHC for construction of the Control Room. While the Construction of the Control Room was completed in July 2006, out of Rs.1.20 crore drawn by the office of the DGP, Rs.83.69 lakh was expended on procurement of computer, furniture etc. and the balance amount of Rs.36.31 lakh meant for GIS/GPS was not utilised (June 2008) due to non finalisation of the procurement process. The office of the DGP further purchased (August-September 2007) Plasma TV and Plasma Panel worth Rs.10.64 lakh which could not be installed due to non-procurement of GIS/GPS system. Thus, the objective of equipping the Traffic Control Room with the latest equipment was frustrated leading to idling of equipment valued at Rs.10.64 lakh and retention of Rs.36.31 lakh in hand for more than four years. The DGP accepted the facts and stated (September 2008) that order for the equipment was placed with a USA based firm and was expected to be received within the next six months.

### **3.2.12.6 Non-establishment of Automatic Vehicle Location System**

During 2002-03, the State Government released Rs.1.71 crore for procurement of traffic control equipment, of which, Rs.1.13 crore was meant for procurement of Automatic Vehicle Location System (AVLS) and dial 100 with GPS. But the AVLS based on GIS/GPS was not established as of March 2008, though the entire amount was drawn in March 2003, due to non-finalisation of the procurement process. This had defeated the primary objective of faster and quicker response time in dealing with offence cases. The DGP accepted the fact and stated (September 2008) that the order for the equipment was placed with USA based firm and was expected to be received within next six months.

### **3.2.13 Communication**

Assam Police Radio Organisation (APRO) is a part of the Assam Police Force and discharges its main function as a facilitator and provider of communication and information in the State, primarily for maintenance of law and order and prevention and detection of crimes. The communication facilities of the APRO are also used by all the Government Departments in matters of public importance and during natural calamities.

#### **3.2.13.1 Establishment of Mobile Workshop**

The DCPW guidelines on Police Wireless Network/Technical Standards on Police Wireless Manual (1999) envisaged setting up of Mobile Workshop at identified places to attend to communication problems promptly. The IGP (Communication) during 2005-06 proposed setting up seven mobile workshops (one for each of the six ranges and one for Guwahati city). This was however, not incorporated in the AAP 2005-06 nor was any sanction accorded till March 2008. Thus, Assam Police still lacks the facility for prompt correction of the error/fault in communication system.

◦ The MHA approved (2005-06) procurement of equipment viz. Direction Finding and Detection of Clandestine Radio Transmission System (DFDCRTS) at an outlay of Rs.4.94 crore. But the equipment was not procured (June 2008) for want of

sanction from the State Government. Thus, the objective of assisting law and order agencies by providing round the clock intelligent information as well as direction finding and detection of the location of the anti social elements/militants was defeated. The Department stated (September 2008) that the equipment could not be procured due to non release of funds by MHA. The reply is not tenable as short release of funds was because of short utilisation of funds by the State.

◦ During the plan year 2006-07, MHA approved Rs. 19.18 lakh for procurement of 168 Voice Scramblers to secure 129 VHF Repeater Stations with 516 repeater channels. It was however, not procured (May 2008). Thus, the security of VHF Repeater Stations remained at stake. The DGP stated (September 2008) that the equipment could not be procured due to non release of funds by MHA. The reply is not tenable as non/short release of fund was due to short utilisation of funds by the State.

### 3.2.13.2 Installation of Digital Trunk Mobile Radio Network System (DTMRNS)

The MHA approved Rs.3.52 crore and Rs.1.86 crore against AAP 2001-02 and 2002-03 for procurement of DTMRNS for Guwahati City and Jorhat town respectively. The State Government sanctioned and released Rs. 4.48 crore (Rs.1.78 crore in December 2001 and Rs.2.70 crore in February and November 2003) for the purpose. The office of the DGP drew the entire amount between February 2002 and November 2003 and retained it in the cash chest in the form of DCR till March 2005. Finally, Rs.3.55 crore was released to IGP (C) & DP (C) between April 2005 and May 2007 for procurement of POLNET equipments<sup>28</sup> instead of DTMRNS with the approval of SLEC without assigning any reason. This led to non installation of a dialing type, reliable and secure communication network in Guwahati and Jorhat. The DGP/IGP(Communication) stated (September 2008) that the equipment was not procured, as the MHA prioritized the POLNET. The reply is not tenable as the matter of setting up of POLNET came much later.

### 3.2.13.3 POLNET

A communication project for Police Force (POLNET) using satellite communication for transfer of data, voice and fax was formulated by MHA (June 2003) for implementation all over the country. It required construction of POLNET buildings and procurement of equipment. Seventy POLNET buildings were required to be constructed in the State in phases, for which MHA released Rs.3.17 crore to the APHC (Rs.0.78 crore in 2003-04; Rs.2.39 crore in 2004-05) for 36 buildings. The APHC could construct only 34 buildings as of May 2008 at a cost of Rs.2.06 crore.

The State Government/DGP released (April 2005 and June 2007) Rs.3.77 crore to the APRO. The entire amount was spent on procurement of POLNET equipment. Records of APRO disclosed that out of the released amount, 26 Towers and 238 Aerial Masts were procured of which, 23 Towers and 193 Aerial Masts were installed (May 2008). However, out of 193 Aerial Masts, 76 are non-functional due to line of sight problem (47) and defective equipments (29). Since the firm installed the Towers and Masts was selected by the MHA, the matter was taken up with the Ministry as well as the firm several times by the APRO but it was of no avail. The utility of

<sup>28</sup> Self Supporting Tower MART BSU, Ariel Masts for MART RSU, Air-Conditioner, Generator and Telephone Instruments/Cables etc.



POLNET in respect of both Intra and Inter State traffic is virtually nil due to shortage of man-power, lack of coordination among various intra agencies, technology constraints, bandwidth constraints and frequent equipment failure etc. Besides, the POLNET suffers from poor security, excessive downloading time, lack of clarity in video transmission like finger prints, abnormally high recurring expenditure etc. The IGP, APHC in a meeting with the Government, opined (May 2008) that the technology used in POLNET has become obsolete.

Thus, a significant component like communication with state of the art technology failed to take off even after spending Rs.5.83 crore. The DGP/IGP (Communication) while furnishing (September 2008) reply, remained silent about obsolescence of the technology. The Department offered no comments on the matter.

### 3.2.14 Training

There are five<sup>29</sup> Police Training Institutes in Assam. Scrutiny of records in three centres (PTC, APTC & BTC) disclosed that, apart from the mandatory entry level training and commando training for selected trainees, the year-wise position of other trainings conducted by the three centres during 2003-07 is shown in Table-9 below:

Table-9

Year	PTC	APTC including CARS	BTC	Total no. of personnel trained as of March 2008
2003	383	817	1194	2394
2004	334	309	1435	2078
2005	258	141	1127	1526
2006	823	570	973	2366
2007	784	878	875	2537

\* UB/AB staff excluding the rank up to IGP as of March 2008.

The representation in training courses in the three centres during 2003-07 did not exceed 5 per cent of the total available strength (taking both male and female staff of 47,174 as of March 2008).

Induction of sophisticated weapons/equipments requires training of police personnel in their use. In the absence of such training, the purpose of acquisition of modern weapons is defeated. The DGP accepted the facts and stated (September 2008) that fewer personnel were sent to the training institutions, due to shortage of spareable staff.

#### 3.2.14.1 Infrastructure in Training Centres

- During 2006-07 the MHA approved Rs.8.34 lakh for procurement of equipments viz., (a) Night vision device (b) Bomb Blanket (c) Bomb basket (d) Bomb suit (e) RSP tool kit and (f) Holographic sight for all the institutions except Commando BN. The Department however, did not take any steps for procuring these items for training centres, as funds were not released by MHA. Thus, the training centres were kept outside the ambit of providing training on bomb related matters and night vigilance in a militant infested State like Assam.
- The office of the DGP, during 2001-02 drew Rs.96.19 lakh for purchase of equipment for all the Training Centres. While, Rs.43.33 lakh out of this amount was

<sup>29</sup> Police Training College (PTC), Armed Police Training Centre (APTC), Battalion Training Centre (BTC), Recruit Training School (RTS) in Dergaon and Commando Battalion in Mandakata

meant for procurement of Firing Arm Simulators, the Department could not procure the equipment (June 2008) and the amount was diverted towards POLNET project.

Thus, the State Government failed to provide adequate infrastructure facility to the training centres.

### 3.2.15 Common Integrated Police Application Software

For introducing computerised network system in the Police Stations, the MHA took up (2004-05) a project viz., Common Integrated Police Application (CIPA) for developing a database relating to various crimes occurring in the State. Under the project, 10 per cent of the PS was to be covered during 2004-05 (Phase-I) and 30 per cent during 2005-06 (Phase-II). The State Government was required to select and prepare sites as per the approved specification and the NIC was to supply the computer hardware and software. The MHA sanctioned and released (2004-05) Rs.67 lakh to NIC for supply of the requisite hardware and software to 24 PS under three district offices (Kamrup, Morigaon and Guwahati). The NIC supplied and installed 95 computers including accessories at all the selected 24 PS between December 2006 and June 2007. During 2006-07, the MHA released Rs.14.40 lakh for site preparation, which was fully utilized by the Department. The Ministry further provided Rs.26 lakh during 2006-07 for purchase of 52 computers for 52 PS under Phase-II. But the same were not received as of March 2008. The Status Report as furnished by the three district offices and visit to three PS (Chhaygaon, Panbazar, Panbazar Women Police etc.) by audit team disclosed that Computerisation of FIRs/registration of cases was taken up by the PS, but there was difficulty due to non-availability of the software in Assamese. In two PS (All Women PS, Panbazar and Panbazar PS) the work on CIPA was stopped because of non-availability of trained personnel. Thus, the CIPA did not achieve its desired objectives. The DGP accepted the facts and stated (September 2008) that the 2<sup>nd</sup> phase of the project is in the pipeline and the NIC is working on the Assamese version software.

### 3.2.16 Manpower

Under MPF scheme, all vacancies in the State police force, especially in the subordinate ranks should be filled up on priority basis so that the assistance made available under the scheme is optimally utilised. Further, the existing gender ratio in the force should be substantially increased so as to achieve ten per cent representation of women in the force in a time bound manner. Scrutiny of relevant records of the DGP office revealed that there were 11,647 (20 per cent) vacancies of police personnel in unarmed/armed Battalions at the end of March 2008. The representation of women police in the force was only one per cent (594 out of 47174) as of March 2008. The DGP stated (September 2008) that all the vacancies in the ranks would be filled up shortly.

### 3.2.17 Monitoring and Evaluation

The State Government had not formulated any system to monitor the implementation of the scheme at periodic intervals. Even the mid-term reviews as required to be conducted after two years under the guidelines issued during 2001, had not been conducted. The utilisation certificates for scheme funds of Rs.264.11 crore received during the period covered by audit, were not furnished to the GOI. No evaluation was conducted during the last eight years of operation of the scheme except preparing some reports and returns. Thus, monitoring was poor both at Departmental and Government levels.

### **3.2.18 Conclusion**

Considering that Assam has been classified as an 'A' category State by the GOI, the pace of implementation of the modernisation programme for the State police force was far from satisfactory. There is no coherent roadmap and the action plans prepared on an annual basis, were not implemented in all cases. Mobility was not enhanced, and with the inadequate and outdated weapons, the striking ability of the police force was affected. Funds were not released on a timely basis by the State Government, including its share for the scheme implementation and the available funds were not utilised optimally. Crime rate was high and militancy related crimes were on the rise, which indicate that the main objective of Modernisation of Police Force is far from being achieved.

### **3.2.19 Recommendations**

- The State Government should prepare a road map for modernisation of its police force, after analysing the gaps and requirement, based on BPR&D norms.
- Financial management should be streamlined to ensure timely release of funds and their utilisation for the intended purpose.
- Quantifiable targets and specific timelines should be fixed for upgradation of weapons, mobility and communication system and progress monitored.
- Civil works, especially housing and construction of police stations and police outposts should be taken up and completed on a war footing.
- Monitoring mechanism should be strengthened to ensure the implementation of the scheme in an effective and timebound manner.



## EDUCATION DEPARTMENT

### 3.3 National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme)

#### Highlights

*The National Programme of Nutritional Support to Primary Education, a Centrally Sponsored Scheme, commonly known as 'Mid Day Meal' (MDM) scheme was launched in August 1995 with the principal objective of boosting the universalisation of primary education by increasing enrolment, retention and learning levels of children and simultaneously improving nutritional status of primary school children of 6-10 years age group. Performance audit of the scheme revealed that the Department had covered all the Government primary schools (30,068), EGS (5,822) and AIE (11,726) centres in the State under the scheme. There were, however, deficiencies like inadequate financial management, short lifting of foodgrains, delay in release of funds for meeting cooking cost to schools, inadequate infrastructural facilities in schools and lack of monitoring and evaluation in the Department.*

*Some of the important audit findings are as follows:*

At the end of March 2008 there was an accumulated balance of Rs.99.73 crore with the State Government, Rs.79.44 crore with the State Nodal Officer and Rs.12.27 crore with the District Nodal Officers.

(Paragraph-3.3.9.2 & 3.3.10.2)

The District Nodal Officers did not lift 86,403.12 MT of foodgrains during 2003-08 leading to denial of MDM to enrolled students for 238 days.

(Paragraph-3.3.11.1)

The State Government failed to seek re-imbursement of transportation cost amounting to Rs.22.64 crore from the GOI.

(Paragraph-3.3.12)

In the test checked schools, pucca kitchen sheds were not available in 70 per cent schools, drinking water facilities were not available in 24 per cent schools and gas based chullahs were not available in 81 per cent schools.

(Paragraph-3.3.15)

#### 3.3.1 Introduction

The Government of India launched the "National Programme of Nutritional Support to Primary Education (NP-NSPE)", commonly known as the Mid Day Meal Scheme, (MDM) on 15 August 1995, as a Centrally Sponsored Scheme for children of primary schools (class I to V) in Government, local bodies and Government aided schools. It was extended (October 2002) to children studying in Education Guarantee Scheme (EGS) and Alternative and Innovative Education (AIE) Centres also.

The scheme was initially implemented in the State, by issuing dry ration to each child @ 3 kg per month for 10 months in a year. With effect from December 2004 cooked meal was introduced in five districts and extended to the entire State in April 2005. Central support was provided by way of supply of free foodgrains through FCI @ 100 gms per child per school day where cooked meal was served and @ 3 kg per

month where only foodgrains were distributed. The revised guidelines with effect from September 2004 made it mandatory to serve cooked meals to the eligible children with a calorific content of 450 gms and protein content of 10-12 gms. From 2006 onwards, the GOI provided funds for the cost of cooking, financial assistance for construction of kitchen shed cum stores, purchase of kitchen devices, transportation cost of foodgrains and expenditure on Management, Monitoring and Evaluation (MME).

### 3.3.2 Objectives of the Scheme

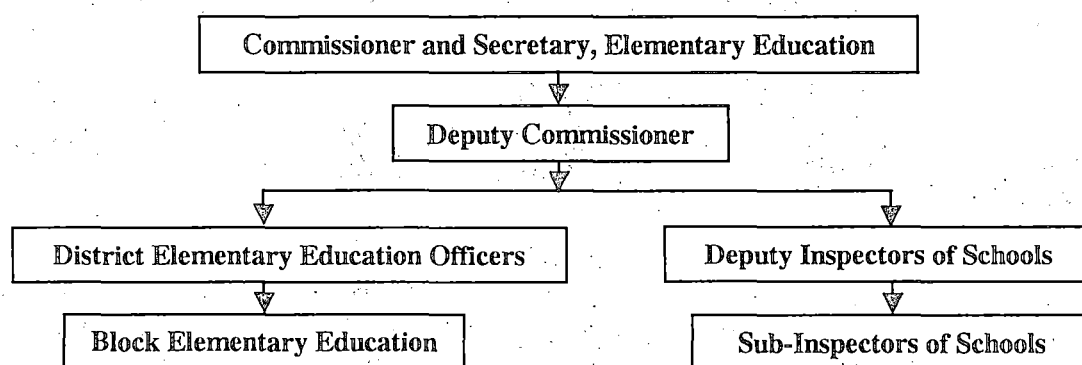
The objectives of the scheme are as following:

- boost universalisation of primary education by improving enrolment, attendance, retention and learning levels of children, especially those belonging to disadvantaged sections,
- improve nutritional status of primary school children; and
- provide nutritional support to students of primary stage in drought affected areas during summer vacations.

### 3.3.3 Organisational Set up

The Commissioner and Secretary to the Government of Assam (GOA), Elementary Education is the head of MDM programme in the State. The Director of Elementary Education (DEE) is the State Level Nodal Officer (SNO) responsible for planning, implementation and monitoring of the programme. The Deputy Commissioner (DC) of each district acts as the District Nodal Officer (DNO) and is assisted by the District Elementary Education Officer (DEEO), Deputy Inspector of School (DI), Block Elementary Education Officer (BEEO), Sub-Inspector (SI) of Schools. The organizational set up is given in the chart below:

Chart-1



### 3.3.4 Scope of Audit

The performance review of implementation of the scheme was conducted in July-October 2007 and updated in June-July 2008 covering the period 2003-08 by a test-check of the records of the Commissioner and Secretary (Elementary Education)

and Director, Elementary Education, Seven<sup>30</sup> out of 23 District Nodal Officers as well as District Elementary Education Officers and 124 primary schools and 14 EGS Centres.

### 3.3.5 Audit Objectives

The main objectives of the performance audit were to assess

- whether mid-day meals were provided to the eligible children i.e., students of 6-10 years age group, of Government/Government aided/AIE and EGS schools/centres as per prescribed norms, scale and calorific content;
- whether funds provided under the scheme were adequate and utilized properly;
- whether the scheme achieved its principal objective of supporting the universalisation of primary education by improving enrolment, attendance and retention of children at primary schools/EGS and AIE centres;
- whether the scheme achieved its secondary objective of improving the nutritional status of the children in the primary classes;
- whether the requisition, lifting, allocation and utilization of foodgrains were done in an efficient manner;
- whether the implementation of the programme was monitored effectively.

### 3.3.6 Audit Criteria

The audit criteria adopted in this performance review were:

- The guidelines of the scheme issued by the GOI.
- Orders/ instructions issued by the State Government.
- Prescribed monitoring and control mechanism.

### 3.3.7 Audit Methodology

An entry conference was held in June 2008 with the Secretary and Joint Director of Elementary Education wherein the audit objectives, criteria and scope of audit were discussed. Selection of districts was done on simple random sampling basis. Exit conference was held on 3 October 2008 with the Secretary, Elementary Education and other officers of the Department and the replies of the Department have been incorporated in the report at appropriate places.

## Audit Findings

Important audit findings are discussed in the succeeding paragraphs.

### 3.3.8 Planning

Adequate planning is the necessary first step to achieve the objectives of the scheme mentioned in paragraph 3.3.2. This involves identification of the eligible children through an appropriate survey, to provide mid-day meals. The Department, however, had not carried out any survey to identify the beneficiary children. It did not also have a reliable database to capture the enrolment details of the children at various levels

<sup>30</sup> Kamrup, Karbi Anglong, Kokrajhar, N.C. Hills, Sonitpur, Sivasagar and Tinsukia.



viz. schools, AIE and EGS centres/schools etc. Consequently, the enrolment data provided by the State Government to the GOI for allocation of funds and foodgrains was not correct.

The Department stated that it had adopted the enrolment figures of Sarva Siksha Abhijan Mission (SSA). Scrutiny of the records, however, revealed that the Department adopted different enrolment figures for foodgrain allocation and allotment of cooking cost. Both these sets of enrolment figures differ with the enrolment figures of SSA as detailed in Table-1 below:

Table-1

Year	Enrolment figures adopted by the department for procurement of foodgrains	Enrolment as per SSA	Enrolment figures adopted by the Department for claiming cooking cost	Difference in enrolment figures of the Department (2-4)	Difference in enrolment figures of the Department and SSA (2-3)
1	2	3	4	5	6
2003-04	32,10,526	NA	NA	-	-
2004-05	33,87,583	NA	40,37,702	6,50,119	-
2005-06	47,95,759	30,41,097	39,07,508	8,88,251	17,54,662
2006-07	35,25,467	31,48,989	47,00,623	11,75,156	3,76,478
2007-08	35,25,478	30,67,733	NA	-	4,57,745

**Source:** The GOI allotment order for foodgrains, fund release order of GOI/SG and survey report furnished by SSA.

As can be seen from the above table, there was a wide variation between the enrolment figures provided by the Department and those available with the SSA Mission as also, the figures furnished by the Department for allocation of foodgrains vis-à-vis those used for claiming the cost of cooking. There were also abnormal inter year variations between the two sets of figures maintained by the Department. While there was a 12 to 58 per cent increase in the enrolment figure of the Department vis-à-vis SSA figures, the difference between the two sets of enrolment figures maintained by the Department ranged from (-) 19 per cent to 33 per cent during 2004-07. In view of these differences in figures, the data furnished by the State Government to the GOI for allocation of funds for various interventions relating to the scheme cannot be vouched.

While the Department stated (October 2008) that inclusion of ventured and private schools may be the reason for abnormal jump in enrolment in 2005-06, it could not explain the variation between its own figures, during the exit conference. The reply is not tenable as under the MDM scheme, only Government schools and EGS/AIE Centres are to be included.

Scrutiny of the records of the seven districts revealed that the enrolment data available at the district level and data relating to these districts, maintained by the State Government are at variance, as can be seen from the details tabulated below.

**Table -2**  
**State wise & District wise enrolment data**

Name of District	District level data and State level data relating to this district	Year-wise enrolment			
		2003-04	2004-05	2005-06	2006-07
Kamrup	District level	NA	177343	282266	223847
	State level	184207	187255	247300	298462
Sonitpur	District level	173929	200137	210430	215026
	State level	133799	235349	174477	218779
Sivasagar	District level	108371	126507	146251	129661
	State level	85605	146251	126042	148589
Tinsukia	District level	NA	135887	134645	143435
	State level	80329	136493	146010	184858
Karbi Anglong	District level	97744	114524	114143	170062
	State level	93035	170062	143861	166321
N. C. Hills	District level	29219	28431	27493	28057
	State level	23099	65838	27877	31473
Kokrajhar	District level	105178	105178	98971	93630
	State level	78372	147236	117111	130944
<b>Total</b>	<b>District level</b>	<b>5,14,441</b>	<b>888007</b>	<b>1014199</b>	<b>1003718</b>
	<b>State level</b>	<b>6,78,446</b>	<b>1088484</b>	<b>982678</b>	<b>1179426</b>

**Source:** Compilation sheets of District level /State level data collected during field visit.

A comparison of the enrolment data furnished by the seven sampled districts indicated an overall increase in enrolment by 13 *per cent* in 2006-07 from what it was in 2004-05. The enrolment data furnished by the DEE for these districts however, indicated an overall increase in enrolment by eight *per cent* for this period.

### 3.3.9 Financial Management

#### 3.3.9.1 Funding pattern

In terms of the scheme guidelines, funds released by the GOI to the State are to be released to the State Nodal Officer, who releases them to the District Nodal Officer (DNO). The DNO subsequently disburses funds to the schools based on the actual enrolment of children. The funding pattern of the scheme is summarised below:

- **Foodgrains:**

Cost of 100 grams foodgrains per child per school day is reimbursed by the GOI to the Food Corporation of India (FCI).

- **Transportation of foodgrains from the nearest FCI depot to school:**

Up to August 2004 transportation cost was reimbursed by the GOI @ Rs.50 per quintal and the State Government was to bear the remaining cost.

With effect from September 2004, Rs.100 per quintal was reimbursed by the GOI, and the balance was to be borne by the State Government.

- **Cost of cooking i.e. conversion cost:**

From September 2004 to June 2006, it was Re.1 per child per day + 15 *per cent* of the Additional Central Assistance (ACA) under PMGY<sup>31</sup>.

<sup>31</sup> Prime Ministers Gramodaya Yojana

From July 2006 onwards, the GOI was to reimburse Rs.1.80 per child per day and the State Government was to pay Rs.0.20 per child per day.

• **Infrastructure:**

From July 2006, Rs.60,000 per unit per school was to be paid by the GOI for Kitchen-cum store.

• **Monitoring Management and Evaluation (MME):**

The GOI was to pay 0.9 *per cent* of the total expenditure, from September 2004 to June 2006 and the rest was to be paid by the State Government.

From July 2006 onwards, the GOI was to pay 1.8 *per cent* of the total assistance and the State Government was to pay the balance.

**3.3.9.2 Receipt and release of funds**

The position of receipt of funds and releases thereagainst during 2003-08 is shown in Table-3 below:

**Table-3**

(Rupees in Crore)

Year	Total available Funds					Funds released by State Government to SNO (Percentage)	Funds released by SNO to DNO (Percentage)
	Opening balance	Released by the GOI	State share	Funds pooled from other <sup>32</sup> programmes	Total Funds available		
2003-04 <sup>33</sup>	-	-	-	-	-	-	-
2004-05	Nil	23.11	-	26.39	49.50	16.15 (33)	16.15(100)
2005-06	33.35	56.54	-	-	89.89	33.18 (37)	33.18(100)
2006-07	56.71	253.00	15.68	-	325.39	195.09 (60)	129.99 (67)
2007-08	130.30	63.39	33.38	-	227.07	127.34 (56)	113.00 (89)
<b>Total</b>		<b>396.04</b>	<b>49.06</b>	<b>26.39</b>		<b>371.76</b>	<b>292.32</b>

**Source :** The GOI/GOA sanction orders, Fund release orders of the GOA/SNO.

While the State Government retained 40-67 *per cent* of the available funds during 2004-08, the SNO retained 33 and 11 *per cent* of the funds received from the State Government during 2006-07 and 2007-08 respectively. The accumulated funds with the State Government at the end of March 2008 stood at Rs.99.73 crore<sup>34</sup> and Rs.79.44 crore with SNO. This included Rs.16.81 lakh (cooking cost) retained in revenue deposit (RD) since 2004-05.

The Department stated (September 2008) that the State budget is passed before the actual release of funds by the GOI and as a result, necessary provision could not be made in the budget. The reply is not acceptable, because the requirement of funds is within the knowledge of the State Government on the basis of enrolment figure. As a result of such retentions, cooking sheds were not constructed and funds for cooking cost were disbursed only partially. Thus, the objective of supplying cooked nutritious food to children during all the 10 months in a year was not fulfilled.

<sup>32</sup> Prime Minister's Gramodaya Yojana (PMGY).

<sup>33</sup>GOI did not release cooking cost during 2003-04.

<sup>34</sup> Cooking cost: Rs. 0.20 crore  
 Kitchen cum Store cost: Rs.95.07 crore  
 Transportation: Rs. 4.46 crore  
Rs.99.73 crore



Besides, the SNO did not compile accounts relating to the actual utilisation of funds at the school level, district-wise. The Department assured (September 2008) that, compilation would be done henceforth at each level.

### 3.3.10 Utilisation of Funds

#### 3.3.10.1 Delayed release of funds

Apart from the short release of funds at various levels, scrutiny revealed that there was a delay in the release of funds by the State Government to SNO and by the SNO to the DNO during 2004-08 for periods ranging between three and sixteen months and fifteen days and eight months respectively. Reasons for delayed release of funds were not on record. The Department, however, stated that in the initial years, the delay occurred due to failure in providing adequate budget.

The GOI released Rs.55.34 crore in November 2006 to the State Government for construction of kitchen cum store @ Rs. 60,000 per school for 9,223 schools and released another Rs.125.07 crore in March 2007 for 20,845 schools. The State Government released only Rs. 85.34 crore to the SNO (Rs.55.34 crore in March 2007 and Rs.30 crore in November 2007). The SNO, in turn released only Rs.74.98 crore out of Rs.85.34 crore between September 2007 and April 2008 to two executing agencies (Assam State Housing Board: Rs.35.78 crore and Housefed: Rs.39.20crore) for construction of 12,496 kitchen sheds and parked the balance Rs.10.36 crore in Deposit at Call Receipt. The SNO did not obtain any progress report regarding the status of construction of the kitchen sheds from the executing agencies. Thus, creation of infrastructure for smooth implementation of the scheme remained unverifiable. The Department stated (October2008) that the funds were not released due to non-submission of completion certificates and field level verification reports.

Short release of funds to the school level implementing agencies of the State led to low utilisation of foodgrains and cooking cost. Thus, due to poor financial management, the eligible school children were deprived of the full benefit of the scheme besides attracting the cut imposed (Rs.136.96 crore) on the subsequent release of funds by the GOI. While accepting (October 2008) the fact, the Department failed to give any suitable reply for non-release of funds.

#### 3.3.10.2 Retention of funds by the DNOs

In the seven test-checked districts, the DNOs retained 5-45 per cent of funds received from DEE for subsequent release to schools during 2004-08 towards cooking cost as shown in Table-4 below:

Table-4

Name of district	Amount received from DEE by DNO	Funds released to schools by DNO	(Rupees in crore)
			Amount yet to be released (March 2008) (Percentage)
Kamrup	15.84	13.65	2.19 (14)
Sonitpur	7.61	7.11	0.50 (7)
Sivasagar	8.22	5.88	2.34 (28)
Tinsukia	7.97	5.31	2.66 (33)
Karbi Anglong	8.40	4.65	3.75 (45)
N.C. Hills	1.97	1.49	0.48 (24)
Kokrajhar	7.13	6.78	0.35 (5)
<b>Total (percentage)</b>	<b>57.14</b>	<b>44.87(79)</b>	<b>12.27(21)</b>

Source: Release order of DNO and State, furnished by DNO

The DNOs retained the unreleased amount of Rs.12.27 crore in current accounts in banks as of March 2008 thereby denying the eligible children, of the benefit of cooked meal. During the exit conference, reasons for such retention were not stated, but it was assured that the DNOs would be impressed upon for immediate release of funds to the schools.

### 3.3.11 Programme Implementation

#### 3.3.11.1 Requirement, lifting and utilization of foodgrains

The FCI provides foodgrains (rice) free of cost to the State @ 100 grams per child per school day. The cost of foodgrains is reimbursed to the FCI by the GOI. The Union Ministry of Human Resource Development (MHRD) allocates and releases foodgrains for a financial year based on the district-wise requirement intimated by the State Government. Any unutilized quantity of foodgrains of the previous year is to be adjusted from the allocation for the current year. The details of requirement, allocation, lifting including short lifting are shown in Table-5 below:

Table - 5

(Quantity in MT)

Year	Enrolment figure as per State Government	Targeted feeding days	Quantity of rice required against target feeding days	Quantity of rice allocated by GOI	Quantity of rice lifted by DNOs	Short lifting of rice w.r.t. allocation (5-6)	Short lifting of rice w.r.t. requirement (4-6)	Shortfall in feeding days	
								w.r.t. requirement	w.r.t. allotment
1	2	3	4	5	6	7	8	9	10
2003-04	3210526	300	96315.78	96315.78	78292.34	18023.44	18023.44	56	56
2004-05	3387583	300	101627.49	101627.49	87257.65	14369.84	14369.84	42	42
2005-06	4795759	220	105506.70	92125.70	75621.15	16504.55	29885.55	62	34
2006-07	3525467	220	77560.27	78617.92	48648.47	29969.45	28911.80	82	85
2007-08	3525368	220	77560.30	71421.87	63886.03	7535.84	13674.27	39	21
<b>Total</b>			<b>458570.54</b>	<b>440108.76</b>	<b>353705.64</b>	<b>86403.12</b>	<b>104864.90</b>	<b>281</b>	<b>238</b>

Source : Allocation order of the GOI and lifting statement furnished by DNO.

Against the total requirement of 4,58,570.54 MT of foodgrains during 2003-08 and allocation of 4,40,108.76 MT, the Department lifted only 3,53,705.64 MT, leading to shortfall of 1,04,864.90 MT of foodgrains. As a result, foodgrains/meals could not be served in the years 2003-08 for 281 days to the enrolled students.

The DNO lifts and distributes the foodgrains through the Gram Panchayats (GPs) to Fair Price Shops for ultimate delivery to the schools/EGS and AIE centres. The shortfall in lifting by DNOs against the GOI allotment was 86,403.12 MT of rice, leading to denial of MDM to enrolled students for 238 days.

Short lifting of foodgrains by the district authorities was mainly due to non-receipt/late receipt of transportation cost by the transporting agencies and ultimately the allotment lapsed. Moreover, huge bills were pending with the transporters, which could not be cleared due to lack of funds.

Scrutiny of the records in four out of the seven selected districts (Karbi Anglong, N.C. Hills, Kokrajhar, Kamrup) revealed that 8051.60 MT of rice were not lifted by 20 Development Blocks during 2003-07 as shown in Table-6 below:

Table-6

(Quantity in MT)

District	Year	Quantity allotted	Quantity lifted	Quantity not lifted/ allotment lapsed
Karbi Anglong (3 Development Blocks)	2003-07	4558.23	2992.33	1565.90
N.C. Hills (3 Development Blocks)	-do-	1819.30	1336.40	482.90
Kokrajhar (4 Development Blocks)	2003-06	5867.24	4650.14	1217.10
Kamrup (10 Development Blocks)	2003-07	11938.50	7152.80	4785.70
<b>Total</b>		<b>24183.27</b>	<b>16131.67</b>	<b>8051.60</b>

Source: Information furnished by development blocks

Short lifting of rice was attributed (September 2008) by the Department to law and order situation prevailing in some districts during 2006-07 and heavy flood situation during rainy season. The reply is not correct, as there was short lifting throughout the period 2003-07.

### 3.3.11.2 Delay in delivery of allotted foodgrains to schools

The DC, Kokrajhar allotted (January-August 2007) 245.84 quintals of foodgrains to 35 urban Lower Primary schools under Kokrajhar education block and engaged a carriage contractor for lifting and distribution of foodgrains to the respective schools. Instead of distributing the foodgrains in the respective months of allocation, the carrying agent distributed the entire quantities in September 2007 thereby defeating the purpose of providing nutritional support to children uniformly throughout the year. Distribution of foodgrains from January 2007 to August 2007 in the month of September 2007 was not justified. Reasons for delay and action taken by the DNO in this regard were also not on record. This indicates lack of control over transporters on lifting and timely distribution of foodgrains to schools. The Department accepted the facts (October 2008) and stated that, the matter would be taken up with the concerned DNO and reason will be communicated.

### 3.3.11.3 Utilization of foodgrains

Scrutiny of reports and returns submitted by seven DNO/DEEO to the SNO revealed that there was excess utilization of rice by 21,608.45 MT during 2005-08 due to disproportionate lifting of rice with reference to the amount of cooking cost released/ utilized in seven districts. This excess quantity was, however, stated (September 2008) to have been utilized by some school management committees towards issue of dry ration to avoid damage/deterioration. This is, however, against the guidelines of the scheme of serving cooked meal to the students. The Department agreed that there was no mechanism to check and verify the distribution of dry ration at school level. Thus pilferage of foodgrains stated to have been distributed as dry ration, cannot be ruled out.

The records of SNO further disclosed that in case of nine other districts, there was short utilization of 1,496.22 MT rice during 2005-08.

This was mainly due to short receipt of funds for cooking cost from the State Government leading to shortfall in provision of cooked meal to children. As per records, the balance quantity of foodgrains were lying in stock. Thus on the one hand,



the students were deprived of cooked meal, and on the other hand, deterioration of the balance foodgrains due to prolonged storage cannot be ruled out.

### 3.3.12 Transportation Cost

According to the scheme guidelines, the Central Government is to reimburse the actual cost of transportation of foodgrains from the nearest FCI godown to primary schools. During the period from 2003-04 to August 2006 transportation of foodgrains under MDM was done by the respective DRDAs by diverting funds from other poverty alleviation schemes like SGRY, IAY<sup>35</sup> etc. From September 2006 onwards, Gaon Panchayat Level Co-operative Societies (GPSS) were entrusted with lifting foodgrains from FCI through allocation from District Nodal Officer. The GPSS, after lifting, placed the foodgrains with the fair price shops, for onward lifting by the respective school authorities.

Scrutiny of the records revealed that during 2003-08, 353705.64 MT of rice was lifted by the State implementing agencies against which, Rs.27.10 crore was due from the GOI being the reimbursement of transportation cost. The GOI sanctioned (March 2008) Rs.4.46 crore as grants-in aid for the period October 2007 to March 2008 and directed the State Government to meet the remaining expenditure from its budget. The State Government, however, did not make any provision in its budget for reimbursement of transportation cost at any stage (September 2008).

### 3.3.13 Cooked Meal

The GOI introduced provision of cooked meal from September 2004 replacing the earlier system of issuing dry foodgrains. Norms prescribed and funds and foodgrains provided during 2004-08 per child per year are indicated in Table-7 below:

Table-7

Year	Norm		State position			Test-checked districts		
	Qty. kg/pa	Amount Rs./pa	Qty. kg/pa	Amount Rs./pa	Percentage of funds released	Qty. kg/pa	Amount Rs./pa	Percentage of funds released
2004-05	30	220	30.00	47.00	21	26.61	40.00	18
2005-06	22	220	19.21	113.90	52	19.22	116.11	53
2006-07	22	440	22.30	377.48	86	22.30	162.34	37
2007-08	22	440	20.26	434.00	99	22.30	232.64	53

Source: From December 2004 cooked meal scheme was introduced in five districts and from April 2005 to the entire state.

It would be evident from the above table that per capita release of fund for cooking cost was less than the norms prescribed during 2004-08. The position of cooking cost in the State as a whole ranged between 21 and 99 per cent and in the test-checked districts, fund release ranged between 18 to 53 per cent during 2005-08. Short release of funds for cooking had obvious adverse impact on supply of cooked meal. The Department agreed (September 2008) to check the position.

### 3.3.13.1 Issue of dry ration along with cooked meal

Scrutiny of the records of 49 out of 138 schools in six out of seven selected districts revealed that out of 167.21 MT rice issued during 2005-07 to the schools, 50.24 MT

<sup>35</sup> SGRY = Swarnajayanti Grameen Rozgar Yojana  
IAY = Indira Awas Yojana

were utilized for serving cooked meals and the remaining 116.97 MT were issued as dry ration. The details are shown in Table-8 below:

**Table-8**

(Quantity in MT)

Name of district	No. of schools checked	Rice delivered	Rice utilised for cooked meal	Dry rice issued
Kamrup	2	8.86	3.21	5.65
Sonitpur	13	42.73	18.21	24.52
Tinsukia	9	20.80	10.85	9.95
Sivasagar	10	26.65	10.32	16.33
N.C. Hills	4	8.53	3.30	5.23
Kokrajhar	11	59.64	4.35	55.29
<b>TOTAL</b>	<b>49</b>	<b>167.21</b>	<b>50.24</b>	<b>116.97</b>

Source: Audit Findings from school records.

The school authorities concerned stated that serving of cooked meal was disrupted due to non-availability of funds for cooking cost and hence, dry ration was issued to avoid damage of rice. Thus, only 30 per cent of the allotted rice was utilized for serving cooked meal during 2005-07.

The Department accepted (September 2008) that there was a mismatch between rice allotted/ lifted and cooking cost released and that, to avoid damage/ deterioration, rice has been issued as dry ration by some school management committees. In the absence of proof of distribution of dry rice to the children, pilferage of rice cannot be ruled out.

### 3.3.13.2 Insignificant feeding days

The scheme provided for serving of cooked meal on all school days (except Saturday and Sunday). Scrutiny of the records of 78 schools/EGS and AIE centres in five districts revealed that serving of cooked meal during 2005-07 was inadequate in comparison to the required number of feeding days. The number of actual feeding days per month ranged between five and eight as against 17 and 18 as shown in Table-9 below:

**Table-9**

Name of District	No. of schools/ centres	No of school days (2005-07)	Actual feeding days (2005-07)	Monthly average no. of feeding days due <sup>36</sup>	Monthly average no. of feeding days	Shortfall in feeding days
Kamrup	16	5810	1943	18	6	12
Sonitpur	14	4861	2153	17	8	9
Sivasagar	15	5081	1355	17	5	12
Tinsukia	13	4557	1597	18	6	12
Karbi Anglong	20	6795	2274	17	6	11
<b>Total</b>	<b>78</b>	<b>27104</b>	<b>9322</b>			

Source: School records

Shortfall in provision of cooked meal ranged between 9 and 12 days per month indicating poor implementation of the scheme. Nutritional support envisaged continuity in feeding to maintain nutritional level of the children. Shortfall of 17782 (27104 – 9322) feeding days in two years (2005-07) in 78 schools as indicated in Table-9 above, depicts non compliance with the scheme guidelines and non provision

<sup>36</sup> No. of days schools remained open/(total Nos. of schools x 20 months).



of nutritional support to the beneficiary students. The Department accepted the facts and stated (September 2008) that in certain cases, punitive action was taken against the Head of schools.

### 3.3.14 Engagement of Teachers in cooking

Out of 138 schools test checked in seven districts, information furnished by 76 schools in four districts (Kamrup, Sonitpur, Karbi Anglong, Kokrajhar) revealed that cooks were not appointed in these schools and teachers were engaged in cooking mid-day meals in all these schools with average weekly loss of teaching hours ranging from 21 to 28 hours per school. This had compromised the education aspect at primary level.

### 3.3.15 Infrastructure

Infrastructural back-up like construction of pucca<sup>37</sup> kitchen-cum-store, gas based chulhas<sup>38</sup>, safe drinking water facilities, kitchen equipment/ utensils etc. are vital components for smooth implementation of the scheme. The position relating to infrastructure facilities in 138 schools covered under sample check is shown below:

**Table 10**

Name of district	No. of schools covered	Infrastructure status in the schools					
		Pucca kitchen		Gas based Chulha		Drinking water	
		Yes	No	Yes	No	Yes	No
Kamrup	33	19	14	14	19	30	3
Sonitpur	14	7	7	--	14	10	4
Sivasagar	16	2	14	2	14	12	4
Tinsukia	16	3	13	1	15	15	1
Karbi Anglong	20	2	18	Nil	20	16	4
N.C. Hills	20	3	17	1	19	4	16
Kokrajhar	19	5	14	8	11	18	1
<b>Total</b>	<b>138</b>	<b>41</b>	<b>97</b>	<b>26</b>	<b>112</b>	<b>105</b>	<b>33</b>
<b>Percentage</b>			<b>70</b>		<b>81</b>		<b>24</b>

Source: School records.

It can be seen from the above table that 70 per cent schools had no pucca kitchen, 81 per cent did not have gas based chulha and most significantly, 24 per cent schools did not even have drinking water facilities.

Absence of such basic amenities adversely affected the implementation of the scheme.

Rupees 180.41 crore released by the GOI for infrastructure facilities was not released in full at various levels as mentioned in paragraph 3.3.10.1.

Thus inspite of having adequate funds, creation of infrastructure facilities failed to take off. The Department accepted the facts.

### 3.3.16 Delay in Providing Kitchen Devices

The GOI sanctioned (1<sup>st</sup> phase) (November 2006) Rs.8.83 crore to the State Government for procuring cooking devices for 17,666 schools in the State. The sanction order stipulated that procurement of cooking devices is to be done in a decentralized manner, preferably at the school levels to avoid delay in providing the devices to the schools. The State Government, however, decided to procure the items

<sup>37</sup> Made of cement, brick and sand etc.

<sup>38</sup> Oven



centrally at the Departmental level and accordingly issued (March 2007) supply orders to two agencies viz., Assam Small Industrial Development Corporation (ASIDC) and Assam Government Marketing Corporation (AGMC) with instructions to complete delivery within 45 days i.e., May 2007. The suppliers failed to deliver the items within the targeted date and delivery of the items to a large number of schools was not made as of July 2008. Thus, the Department failed to provide the kitchen devices to the schools even after 20 months from the date of sanction of funds by the GOI. While the SNO stated that the items were provided to the schools, documentary evidence of procurement and distribution were not available.

As indicated in Table-3 under paragraph 3.3.9.2, State share of Rs.33.38 crore was available for cooking cost during 2007-08. Of this, Rs. 13 crore was released for procurement of kitchen devices (Utensils) during 2007-08 for the 26,003 remaining schools against the proposal of DEE. The amount was kept in DCR (July 2008). Since Central grant for kitchen devices for the remaining schools (2<sup>nd</sup> phase) was not provided, funds available for cooking cost were diverted towards procurement of kitchen utensils. Thus, due to diversion of cooking cost to procurement of kitchen utensils, children were deprived of the benefit of cooked meals. The Department accepted the facts.

### **3.3.17 Nutritional Support**

#### **3.3.17.1 Non-assessment of nutritional status**

One of the objectives of the scheme was to provide nutritional support to the 6-10 years age group children of primary schools by serving nutritious food with protein content. The prescribed daily quantum of protein and calorie support was fixed at 8-12 mg and 300 calories respectively from December 2004. From September 2006, it was increased to 12 mg and 450 calories respectively. The Department had not adopted any system for assessing the quantum of nutritional support provided to the children. Health monitoring of the children by periodical weighing was also not conducted. Besides, de-worming doses and other areas of specific medication had not been administered as a preventive measure to check the spread of area specific disease amongst the children.

On this being pointed out, the Department stated (September 2008) that action will be taken to assess the status.

### **3.3.18 Monitoring and Evaluation**

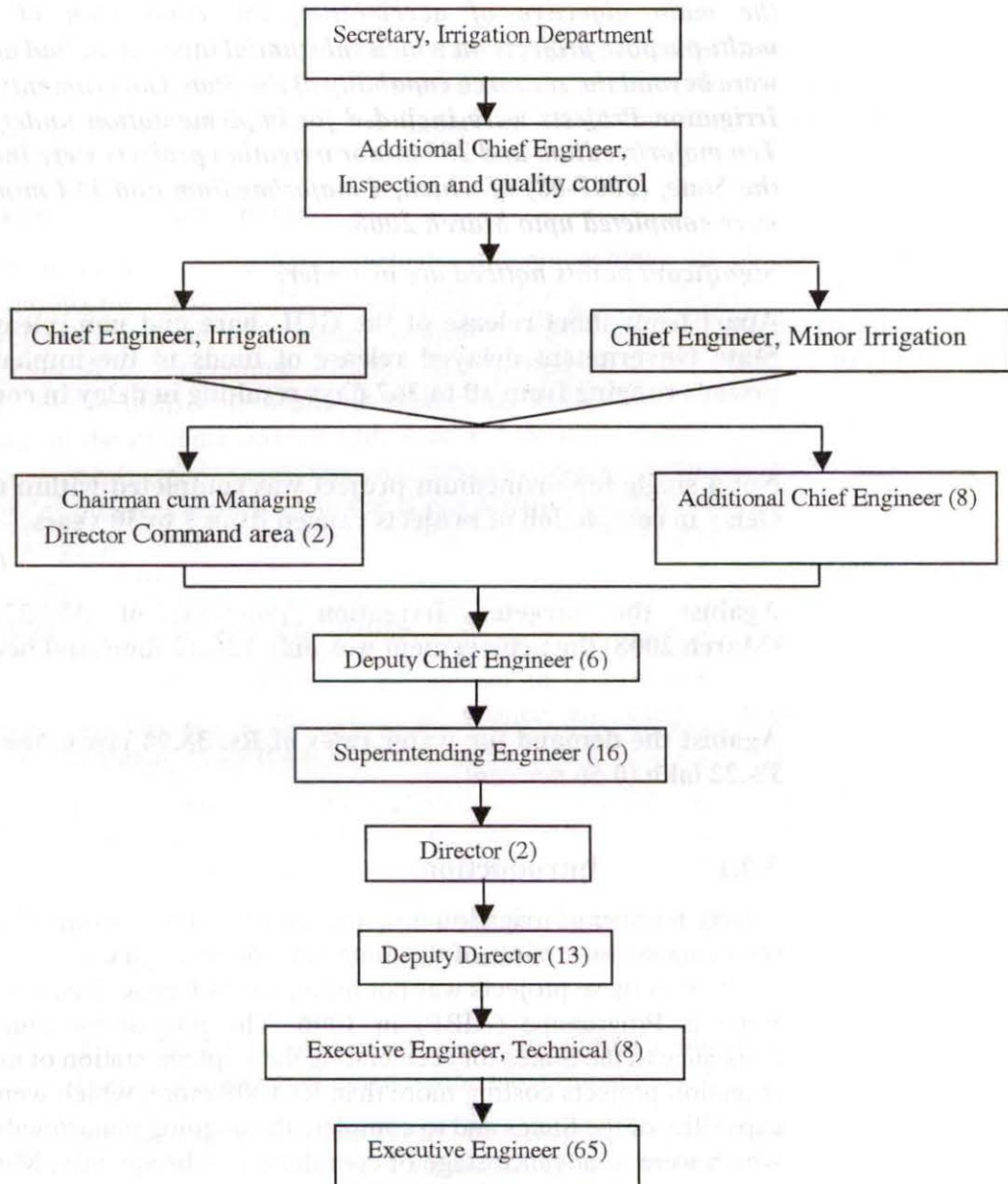
The revised scheme (September 2004) provided for formation of Steering-cum-Monitoring Committees (SMC) at the National, State, district and block level for monitoring and co-ordination, and initiating remedial action on reports of independent functionaries. The State level SMC was to meet at least once every six months and district and block level SMCs were to meet at least once a quarter.

The State level and the district level SMCs were constituted in May 2005 and reconstituted in August 2006 when the first meeting was held. Since then, no SMC meeting was held nor was any evaluation conducted by the Government or by an independent agency for an impact assessment of the programme. The SNO monitored the status of implementation of the programme by holding regular review meetings with the DEEO on 8<sup>th</sup> of every month from November 2005. Status of monitoring committee meetings in the districts and the blocks was, however, not available in the records of the DNO.

### 3.4.3 Organisational Set up

The Irrigation Department, GOA headed by the Secretary, is primarily responsible for selection and implementation of the programme. The organisational structure of the Department is given below.

Chart - I



### 3.4.4 Scope of Audit

The performance audit of AIBP was carried out during June-August 2008 and covered the implementation of the programme during 2003-08. Records in the offices of the CE, Irrigation Department, Monitoring and Appraisal Directorate, CWC, Guwahati

and eleven<sup>39</sup> out of 65 executing divisions, two<sup>40</sup> major/medium projects out of 10<sup>41</sup> and 25<sup>42</sup> minor irrigation projects out of 289 were selected for detailed scrutiny.

### 3.4.5 Audit Objectives

The main objectives of the performance audit were to ascertain whether,

- the programme achieved its objectives of creating adequate and targeted irrigation potential;
- the potential created was utilized fully; whether planning for new projects and prioritization for funding the ongoing projects was done in a systematic manner;
- adequate funds were released on time and whether these have been utilized properly;
- projects were executed in an economic, efficient and effective manner;
- monitoring and internal control mechanism was adequate and effective.

### 3.4.6 Audit Criteria

The audit criteria adopted for the performance review of AIBP were:

- Guidelines issued by the GOI, Central Water Commission (CWC) and DPRs.
- Investment appraisal and circulars/instructions issued by Ministry of Water Resources (MOWR) and CWC.
- Assam Public Works Department Manual and CPWD Account Code
- Prescribed monitoring mechanism.

### 3.4.7 Audit Methodology

The performance audit commenced with an entry conference (June 2008) with the Secretary to the Government of Assam, Irrigation Department, Chief Engineer (CE), Irrigation Department & Chief Engineer, Minor Irrigation Department wherein audit objectives, criteria, scope and methodology were discussed. Projects for detailed scrutiny were selected on simple random sampling basis. Exit conference was held on

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<sup>39</sup> Champamati Canal Division, Dhaligaon; Champamati Project Division No.1, Kokrajhar; Nalbari Division, Nalbari; Guwahati West Division, Guwahati; Morigaon Division, Morigaon; Tangla Division, Tangla; Silchar Division, Silchar; Hailakandi Division, Hailakandi; Karbi Anglong Division, Diphu; Bokajan Division, Sariahan, Jamuna CAD Division, Hojai.

<sup>40</sup> Champamati Irrigation Project (Major); Modernisation of Jamuna Irrigation Project (Medium).

<sup>41</sup> 11 projects were included under AIBP of which one medium project (Kolongga Irrigation Project) was converted into Minor Project.

<sup>42</sup> Minor Projects 19 schemes under Karbi Anglong Autonomous Council (KAAC), viz; Umpho Irrigation Scheme (IS), Chitunlangso I.S., Dumatumkuchi I.S., Dikoipi I.S., Upper Langhan I.S., Langlakso I.S., Kramkuchi I.S., Mortem I.S., Habang I.S., Kamar-Tisso Gaon I.S., Simaluti Gaon I.S., Kunguri Harimabour I.S., Rongkuru I.S., Langkangbob I.S., Chelabor I.S., Longkimi I.S., Long Teroi I.S., Balijan I.S., Moinapur I.S., 6 schemes under General Area viz; Geruah I.S., Revival of Raja Mayong I.S., L.I.S. in Upper Joysanbad Area, Modernisation of Ubhati I.S., Improvement of Lakhinadi I.S., FIS from Brahmacherra Nala in Tarapur Area.



25 September 2008 and replies of the Government/Department were suitably incorporated in the review.

### 3.4.8 Planning

Planning is an integral part of programme implementation. The Department had not however, prepared any Perspective Plan for systematic implementation of schemes. As per the Annual Plans of the Department, the total potential of irrigation to be created under AIBP during 2003-08 was 125.88 thousand hectares. Against this target, the actual target fixed by the Department was 151.72 thousand hectare. Again, the work plan targets fixed by the Divisions in respect of individual projects had no bearing on the actual targets. The Department admitted during the exit conference (September 2008) that planning was inadequate.

#### 3.4.8.1 Selection of Major Irrigation Projects

The GOI guidelines stipulated that the major/medium projects on which, considerable investment (75 per cent or more) had been made, were in advanced stage of completion (75 per cent) and could be completed in two (subsequently revised to four) years, would be eligible for assistance under AIBP. In November 2006 the criteria was further relaxed to include Extension, Renovation and Modernization (ERM) irrigation projects.

The Department took up (1996-97 to 2001-02) ten major/medium projects under AIBP. The details of financial and physical status of the projects at the time of their inclusion under AIBP, are shown in Table-1 below:

Table-1

(Rupees in crore)

Name of the project	Estimated Cost		Actual year of commencement of work	Expenditure prior to AIBP (percentage)	Percentage of physical progress at the time of take over	Physical progress in creation of potential (In thousand hectare)	Present status of the project
	Original	Revised					
Dhansiri (Major)	15.83	374.96	1975-76	103.56 (28)	80	15.00	Ongoing
Champamati(Major)	15.32	138.63	1980-81	35.28 (25)	50	Nil	Ongoing
Bodikarai (Major)	3.56	49.94	1975-76	28.81 (58)	85	25.45	Completed (2002-03)
Integrated I.P. on Kollong Basin (Major)	4.57	80.54	1975-76	40.32 (50)	60	25.11	Completed (2005-06)
Pohumara (Medium)	4.97	44.40	1989-90	24.07 (54)	86	1.20	Ongoing
Rupahi (Medium)	1.83	10.69	1979-80	5.47 (51)	75	5.47	Completed (2001-02)
Borolia (Medium)	6.77	84.97	1980-81	28.80 (34)	37	Nil	Ongoing
Buridihing (Medium)	1.14	27.39	1980-81	7.55 (28)	42	0.56	Ongoing
Hawaiipur (Medium)	1.99	14.93	1981-82	5.27 (35)	55	Nil	Completed (2005-06)
Modernisation of Jamuna I.P (Medium)	60.27	60.27 (Not revised)	1998-99	0.50 (.83)	Nil	Nil	Ongoing
<b>Total</b>	<b>116.25</b>	<b>886.72</b>		<b>279.63</b>			

All the above projects were transferred under AIBP in the year 1996-97, except for "Modernisation of Jamuna", which was included in 2001-02. The table shows that six projects, were not in advanced stage of completion and in respect of none of the projects, the expenditure was above 75 per cent. This indicates that all the projects were taken under AIBP despite not fulfilling the criteria. This is further borne out by the fact that more than half of these projects were not completed as of March 2008.

Inclusion (2001-02) of Modernisation of Jamuna Irrigation Project under AIBP was irregular because the project was under the ERM category which came into effect only in November 2006. Thus there were inherent deficiencies in the selection process itself.

#### 3.4.8.2 Selection of Minor Irrigation (MI) Projects

Regarding selection of MI projects (New and ongoing), guidelines (2001-02) provide that:

- DPR should be prepared;
- Projects should create irrigation potential of at least 20 hectare;
- DPR should be approved by the State Technical Advisory Committee (TAC) before forwarding to MoWR for approval;
- The Benefit Cost Ratio (BCR) of the projects should be more than one.

#### Projects in General Areas

In respect of 131 MI projects (out of 289<sup>43</sup>) falling in General areas, DPRs were not prepared. The projects were not approved by the State Technical Advisory Committee (TAC), as it was not formed. BCR was also not calculated as per the guidelines of the GWC, to ascertain the viability of the projects.

Concept papers on the projects in rather abstract form prepared by the Divisional Officers were forwarded to the Chief Engineer for approval and onward transmission to the Department. The Irrigation Department, submits these to the MoWR for approval and sanction. The Department admitted during exit conference (September 2008) that the TAC was formed only in 2008-09. Thus selection of 131 MI schemes in General areas without preparing DPR, without approval of TAC and without properly computing BCR was irregular and violative of the programmes guidelines.

#### Projects in Karbi Anglong Autonomous District Council (KAADC) Area

The Department took up 143 MI projects in KAADC area. Since the KAADC has its own TAC, the Concept papers were sent to the MoWR after approval by TAC. However, DPRs were not prepared even with regard to these Projects.

Scrutiny of 19 of these Concept papers estimated to cost Rs.33.19 crore, revealed that the exact location of the scheme was not mentioned. In the absence of DPRs, the cropping pattern, detailed calculation of Benefit Cost Ratio, financial return, agriculture production in the area under pre-project and after completion of project,

<sup>43</sup> General areas : 131  
 N.C. Hills ADC : 15  
 Karbi Anglong ADC : 143  
 289

involvement of forest land, necessary clearance from the concerned Ministry, details of survey & investigation conducted etc. were also not mentioned, and instead of the detailed estimates, only an Abstract of Cost was incorporated in the Concept papers. Thus, the MI Projects in KAADC area were proposed and approved without detailed study as envisaged in the guidelines.

Thus, the MI projects located both in KAADC and in General areas were approved by the MoWR and included under AIBP, despite not fulfilling the criteria mentioned in the guidelines. The impact of this improper selection is discussed in the succeeding paragraphs.

### Financial Management

#### 3.4.9 Funding Pattern

The cost of the project was to be shared by the GOI (Central Loan Assistance (CLA)) and the State on a 50:50 basis upto 1998-99. The Central and State share were revised to 75:25 upto November 2006. With effect from December 2006, 90 per cent of the cost was borne by the GOI as grant and the State was to bear the remaining 10 per cent. The CLA/Grant received from the GOI, was to be released to the implementing department within 15 days of its receipt.

##### 3.4.9.1 Release and expenditure

Year-wise break up of funds released by Center and subsequent release of Central Share and State Share by the State Government for Major/Medium and Minor Irrigation projects and expenditure there against during the period from 2003-08 shown in Table-2 and Table-3 below:

Table – 2 (Major/Medium Projects)

(Rupees in crore)

Year	Funds released by the GOI*	Funds released by State Government to implementing department under			Expenditure incurred
		Central share	State share	Total	
(1)	(2)	(3)	(4)	(5)	(6)
2003-04	9.43	8.00	Nil	8.00	8.00
2004-05	0.05	7.20	1.39	8.59	8.59
2005-06	12.60	9.05	Nil	9.05	9.05
2006-07	Nil	3.60	8.98	12.58	12.58
2007-08	15.19	0.87	24.26	25.13	25.13
<b>Total</b>	<b>37.27</b>	<b>28.72</b>	<b>34.63</b>	<b>63.35</b>	<b>63.35</b>

Source: Information furnished by the CE, Irrigation Department

\* The GOI fund of Rs.7.41 crore released prior to 2003-04 was not released by the State.

As can be seen from the above, the State Government had not released the full complement of funds released by the GOI for execution of projects under AIBP.

Owing to non-receipt of funds, the projects scheduled to be completed within a period of two to four years remained incomplete even after three decades, thereby depriving the beneficiaries of the intended benefits.

In respect of minor irrigation projects, the release of funds and expenditure there against are given in Table-3 below:



Table – 3 (Minor Irrigation Projects)

(Rupees in crore)

Year	Central share released by the GOI*	Funds released by State Government to implementing department under			Expenditure incurred
		Central share	State share	Total	
2003-04	9.77	8.98	0.61	9.59	9.59
2004-05	16.36	19.32	2.55	21.87	21.87
2005-06	22.33	18.61	3.74	22.35	22.35
2006-07	30.37	34.35	7.48	41.83	41.78
2007-08	62.15	43.41	6.78	50.19	50.19
<b>Total</b>	<b>140.98</b>	<b>124.67</b>	<b>21.16</b>	<b>145.83</b>	<b>145.78</b>

Source: Information furnished by the CE (Minor) Irrigation Department, Additional CE Karbi Anglong ADC and Additional CE, North Cachar Hills

\* The GOI fund of Rs.2.52 crore released prior to 2003-04 was not released by the State.

In the case of minor irrigation projects also, Rs.16.31 crore was not released by the State Government out of the funds released by the GOI, despite the latter's stipulation that the CLA/grant is to be released to the implementation agencies within 15 days of its release. The Department stated (September 2008) that inspite of its demands and persuasion, the Planning and Development Department and Finance Departments had not released the funds. Planning and Development and Finance Departments did not furnish the reasons for non release inspite of repeated requests from audit also.

Apart from the short release of GOI share, the State Government had also delayed the release of funds to the project implementing authorities by 10 to 367 days.

Due to delayed release / non-release of State share, the GOI did not release funds for MI Schemes under General areas during 2004-05 and 2006-07. Since the State share was also not released to the MI Schemes in N.C. Hills Autonomous District Council area since inception in 1996-97 till March 2008, CLA/Grant was not released by the GOI after 2004-05. Similarly, no CLA/Grant was released by the GOI for execution of Champamati and Buridihing Projects after 2003-04, Howaipur project in 2003-04, Dhansiri Project during 2004-07 and modernisation of Jamuna and Pohumara Project in 2006-07 resulting in delay in completion of the projects.

In one division, funds allocated under AIBP were diverted to meet expenditure not related to implementation of the programme. EE, Jamuna CAD Division, Hojai paid (March 2006) Rs. 29 lakh out of AIBP fund, to M/s Water and Power Consultancy Services (India) Ltd. (a Govt. of India undertaking) being charges for consultancy services for an irrigation project (Modernisation of Sukla Irrigation Project) not included under AIBP, at the instance of Chairman-cum-Managing Director (CMD), Lower Assam Command Area Development Authority, Irrigation Department, Guwahati.

The estimate of the MI Project "Flow Irrigation Scheme from Brahmacherra Nala in Tarapur Area" included under AIBP during 2007-08 had a provision of Rs.25 Lakh for renovation of SE's Office and Quarters, which was inadmissible and funds to that extent were not available for legitimate programme implementation.

### 3.4.10 Programme Implementation

#### 3.4.10.1 Status of Major/Medium projects

Guidelines of GOI (1997-98) stipulated that the projects which are in advanced stage of completion and could be completed in the next four agricultural seasons i.e., in a

period of two years (subsequently revised to four years) would be eligible for inclusion under AIBP. The following major (4) and medium (6) projects were included under AIBP during 1996-97, as mentioned in paragraphs 3.4.8.1 and only 4 of these projects (except modernisation of Jamuna, which was included in 2001-02) were completed. The details are shown in Table-4 below:

Table – 4

(Rupees in crore)

Name of Irrigation project	Expenditure as of March 2008	Expected date of completion	Time over-run Before AIBP After AIBP (March 2008)	Cost over-run with ref. to original E.C.
Dhansiri (major)	195.36	2009-10	<u>30 years</u> 9 years	179.53
Champamati (major)	72.94	2009-10	<u>25 years</u> 9 years	57.62
Bodikarai (Major)	49.89	Completed	<u>23 years</u> 4 years	46.33
Integrated I.P. on Kollong Basin (major)	79.30	Completed	<u>26 years</u> 7 years	74.73
Pohumara (Medium)	39.92	March 2008	<u>16 years</u> 9 years	34.95
Rupahi (Medium)	7.56	Completed	<u>20 years</u> 9 years	5.73
Borolia (Medium)	64.53	2008-09	<u>25 years</u> 9 years	57.76
Buridihing (Medium)	17.42	2009-09	<u>25 years</u> 9 years	16.28
Hawaiipur (Medium)	14.50	Completed	<u>22 years</u> 9 years	12.51
Modernisation of Jamuna (Major)	29.27	2008-09	<u>7 years</u> 2 years	NIL
<b>Total</b>	<b>570.69</b>			<b>485.44</b>

Source: Information furnished by the CE, Irrigation Department.

It would be evident from the above table that not a single major/medium project could be completed within the stipulated time after inclusion under AIBP and within the original estimated cost. The delay in completion including the completed projects ranged between 3 to 9 years after inclusion and 4 to 30 years before inclusion under AIBP, resulting in cost over run of Rs.485.44 crore, thereby defeating the objective of AIBP. The reasons for delay were mainly non-release and delayed release of funds received from GOI by the State Government and non-release of the State share. The work of the projects also could not progress due to delay in land acquisition and law and order situation prevailing in the State.

#### 3.4.10.2 Status of sampled projects

Records of test checked Champamati Irrigation Project (Major) and Modernisation of Jamuna Irrigation Project (Medium) revealed that the delay in completion of the projects ranged between 2 and 9 years (Table-4) resulting in cost overrun of Rs.57.62 crore (March 2008) with further liability of Rs.65.69 crore (Rs.138.63 crore-Rs.72.94 crore).

Out of 25 MI Projects selected for detailed scrutiny, technical sanction (TS) was not accorded in respect of 6 projects in General area. Ten projects (out of 19 sampled

projects) under KAADC area were completed, of which, two<sup>44</sup> projects were completed after a delay of one year. In five<sup>45</sup> projects, excess expenditure of Rs.24 lakh over the approved cost was incurred by two divisions (Karbi Anglong Irrigation Division and Bokajan Irrigation Division). The excess cost was met by diverting funds from other minor irrigation projects being executed by the divisions.

The Department stated (September 2008) that due to inadequate funds, the available funds were spread thinly over the ongoing projects resulting in time and cost overrun.

### 3.4.10.3 Target and Achievement of Irrigation Potential

The targets set for creation of irrigation potential under AIBP and achievement thereagainst are shown in Table-5 below:

Table - 5

Year	No. of Major/Medium Irrigation Projects		No. of Minor Irrigation Projects		Irrigation Potential targeted (In thousand ha)	Irrigation Potential created (In thousand ha)	Shortfall/excess with reference to target (percent w.r.t target)	Irrigation potential utilized during the year (in thousand ha)
	Taken up	Completed	Taken up	Completed				
Up to 03/2003	11	2	59	15	207.51	40.90	166.61 (80)	286.62
2003-04	NIL	NIL	24	8	58.93	4.69	54.24 (92)	31.93
2004-05	NIL	1	35	16	8.94	5.66	3.28 (37)	22.57
2005-06	NIL	1	22	13	7.47	1.56	5.91 (79)	20.23
2006-07	NIL	NIL	47	48	11.42	21.31	9.89 (187)	60.09
2007-08	NIL	NIL	102	14	64.96	48.20	16.76 (26)	23.42
<b>TOTAL</b>	<b>11</b>	<b>4</b>	<b>289</b>	<b>114</b>	<b>359.23</b>	<b>122.32</b>		<b>444.96</b>

Source: Information furnished by the CE, Irrigation Department

The table shows that since inception till March 2008, against the targeted potential of 359.23 thousand hectare, the achievement was only 122.32 thousand hectare (34.05 per cent). During 2003-04 against the targeted 58.93 thousand hectare, the achievement was only 4.69 thousand hectare (8 per cent).

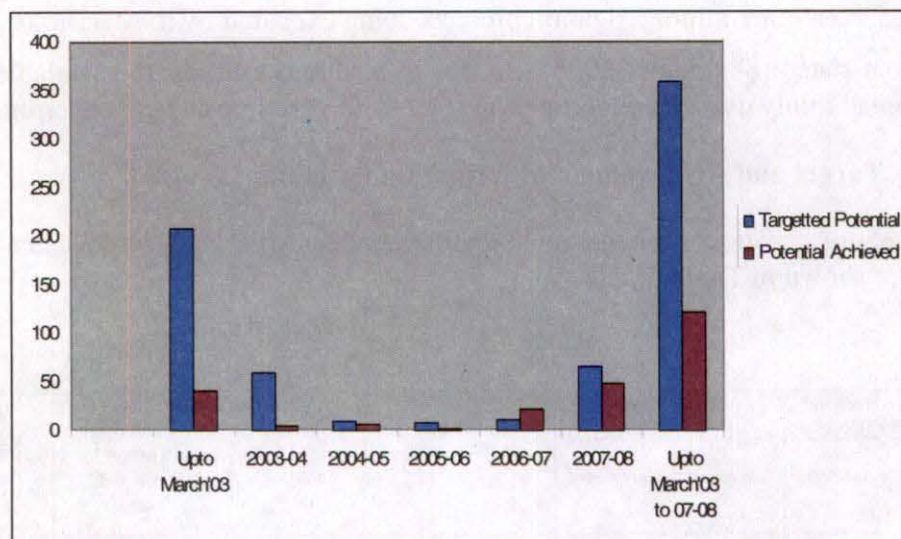
<sup>44</sup> Umpphu, Dumat Um Kuchi.

<sup>45</sup> Kramkuchi-Rs.5 lakh, Mortem-Rs.7 lakh, Chitunglangso-Rs.1 lakh, Dumat Um Kuchi-Rs.3 lakh and Balijan-Rs.8 lakh.



A graphical projection of the targeted potential and achievement made in the State is given below:

**Chart - II**



Therefore, performance of the projects included under AIBP in creating irrigation potential has not reached the desired level due to abnormal delay in completion of the projects.

It can be seen from Table-5, at the end of 2007-08 the irrigation potential created under AIBP was 122.32 thousand hectare against which, the potential utilized was shown as 444.86 thousand hectare, which is an absurd proposition. The Economic Survey of Assam 2007-08 published by the Directorate of Economics and Statistics, GOA depicted utilisation of irrigation potential at 124.84 thousand hectare at the end of 2006-07 out of 546.36 thousand hectares potential created under all the irrigation schemes taken together. Thus, the data furnished by the Department regarding utilisation of potential created under AIBP was not correct. In the exit conference (September 2008) the Department admitted the mistake and assured to check it up but no further clarification was furnished (October 2008). The unreliability of most significant data of utilisation of potential indicates lack of seriousness and raises doubt towards reports and returns furnished by the Department.

### **3.4.11 Execution of Projects**

In respect of the two selected Major/Medium Projects viz., Champamati Irrigation Project and Modernization of Jamuna Irrigation Project, the Detailed Project Reports (DPR) were not available with the executing divisions. The various components of the projects included under AIBP were technically sanctioned in piece meal. Total 159 technical sanctions (TS) of detailed estimates (prepared at the prevailing rates) for Rs.85.76 crore (Champamati: 94 Nos. for Rs.29.85 crore, Jamuna:65 Nos. for Rs.55.91 crore) have been accorded by the Department between November 1991 and August 2008. Instead of according TS for the whole project, piece meal TS was resorted to, to avoid sanction by the competent authority (CE). The projects were executed by the divisions without ascertaining the projections made in the approved DPR. Further, the volume of works included in the approved DPRs prepared (Jamuna 1996-97 and Champamati 1980 and recorded in 2007) long back could not be executed



at the rates subsequently approved. This has resulted in cost overrun as discussed in paragraph 3.4.10.1.

In terms of notification of GOA (January 2006), financial power to the Additional Chief Engineer to accord TS to estimates of original and special repair works was delegated up to Rs.50 lakh each.

In respect of Jamuna Command Area Development Division (Irrigation), Hojai, the Chairman cum Managing Director (Addl. CE), Command Area Development Authority, Upper Assam accorded (December 2001 to March 2008) TS to 15 estimates of Jamuna CAD (Irrigation) Division valued at Rs.43.08 crore. The value of each TS was more than Rs.50 lakh and exceeded his delegated power. This was not regularised till March 2008. Thus, technical viability of the project in its totality was not examined by the Chief Engineer.

#### **3.4.11.1 AIBP funds utilised for clearance of past liability**

The Chelabor MI Project (located in KAADC) was included under AIBP (August 2007) for creation of irrigation potential of 1,228 ha. According to the Concept paper, the project was taken up in 2003-04 at an approved (December 2001) estimated cost of Rs.9.74 crore and Rs.3.91 crore was spent (as of March 2003) on the project without creating any irrigation potential. The project had not received any external/domestic assistance and Rs.5.83 crore (Rs.9.74 crore – Rs.3.91 crore) of AIBP fund was required for its completion as per the Concept paper.

Scrutiny of records, however, revealed that the project was taken up for execution in 1988-89 (estimated cost Rs.2.85 crore) for creation of irrigation potential of 1028 ha. The estimate was revised to Rs.9.74 crore due to price escalation and the targeted potential was created by March 2003 after spending Rs.3.91 crore (March 2005). Till March 2008, an amount of Rs.5.85 crore had been spent on the project utilising normal State fund (Rs.2.53 crore), funds of NLCPR (Rs.2.22 crore) and AIBP (Rs.1.10 crore) as per the Register of Works of the executing division (Karbi Anglong Irrigation Division, Diphu). Divisional records also revealed that Rs.1.10 crore was spent for clearance of past liabilities.

It was observed that the Chelabor MI Project was proposed for inclusion under AIBP concealing the fact that the project actually started in 1988-89 and created the targeted irrigation potential of 1028 by March 2003 out of the funds received from the State and NLCPR. Clearly, this project was included under AIBP with the intention of clearing past liabilities. As a result, AIBP funds were not utilised for creation of irrigation potential in uncovered areas.

#### **3.4.11.2 Irregular payment of advance to contractor**

According to APWD Manual, an advance payment for work actually executed may be made on the certificate of an officer not below the rank of Sub Divisional Officer to the effect that the quantity of work paid for has actually been done. The expenditure is to be booked under the suspense Head of Account "Miscellaneous Public Work Advances" for watching eventual recovery and to be adjusted within one month.

In two major/medium and one minor irrigation projects, an advance of Rs.3.22 crore was paid (March 2006 to March 2008) by four<sup>46</sup> divisions to the executing agencies on the basis of certificates by the Sub-Divisional Officers concerned. The expenditure was charged to the projects instead of to 'Miscellaneous Public Work Advances' against the Officers. Out of Rs.3.22 crore, only Rs.29 lakh was adjusted as of July 2008.

#### **3.4.11.3 Unauthorised expenditure**

Damugaon Flow Irrigation Scheme was taken up for execution by Barpeta Irrigation Division during 2001-02. Though the State Government did not accord the administrative approval till August 2008, the Division incurred an expenditure of Rs.36 lakh between 2001-02 and 2004-05. Thus, expenditure of Rs. 36 lakh under AIBP towards unapproved scheme was unauthorised.

The CE (Minor Irrigation) stated (July 2008) that the process of administrative approval was under progress. The reply is not tenable as execution of work should follow administrative approval.

#### **3.4.11.4 Delay in land acquisition and Locking up of funds**

Champamati Irrigation Project with revised estimated cost of Rs.138.63 crore was included under AIBP in 1996-97. Prior to that, the project was taken up by two<sup>47</sup> divisions in 1980-81 under State plan. The Divisions spent Rs.72.94 crore till March 2008 under State plan (Rs.35.28 crore) and AIBP (Rs.37.66 crore). Scrutiny of records revealed that out of 478 ha of land required to be acquired for the project, only 176 ha was acquired (March 2008). The balance 302 ha (68.18 per cent of requirement) is yet to be acquired by the executing divisions (July 2008). As a result the project could not be completed even 12 years after the project was brought under AIBP.

EE, Champamati Project Division No.1, Kokrajhar paid Rs.33 lakh to the Deputy Commissioner (DC), Kokrajhar between March 2000 and March 2008 (March 2000: Rs.11 lakh, March 2003: Rs.2 lakh, March 2008: Rs.20 lakh) for payment of compensation for land acquired for the project. The amount was not paid by the DC, as land acquisition estimates were not approved by the State Government and Gazette Notification was not issued. The amount was lying in the custody of the DC (July 2008).

The work "Construction of RCC Aqueduct over River Tarang at Chainage 330 Metre of Right Bank Canal-3 with guide bunds" under EE, Champamati Project Division-I was awarded (December 2003) to a contractor at the tendered cost of Rs.1.40 crore. The work was withdrawn (March 2008) due to slow progress and an amount of Rs.0.35 crore was paid to the contractor for the work done. Thereafter the estimate of the work was revised (March 2008) from Rs.1.48 crore to Rs.1.88 crore shifting the Aqueduct towards the east due to unsuitability of soil condition at the original site and revised estimate was submitted for technical sanction (April 2008). Thus, the volume

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<sup>46</sup> Champamati Irrigation projects – E.E. Champamati Canal Division, E.E. Champamati Project Division No. 1 Modernisation of Jamuna Irrigation Project – Jamuna CAD Division (Rs.0.39 crore, 2.26 crore, 0.29 crore respectively)

Habang Irrigation Scheme – E.E., Karbi Anglong Division (Rs.0.28 crore)

<sup>47</sup> Champamati Project Division No. 1, Kokrajhar and Champamati Canal Division, Dhaligaon.



of work done at the earlier site cannot be put to use resulting in wasteful expenditure of Rs.0.35 crore.

Thus, the work of the project, which commenced in 1980, could not progress and benefit of AIBP could not be passed on to the intended beneficiaries and the expenditure of Rs.72.94 crore failed to achieve the desired objectives of AIBP.

### 3.4.11.5 Outstanding revenue

According to guidelines, Reforming States<sup>48</sup> in North Eastern Region will be provided Central assistance in full without any State's share, provided they meet full operation and maintenance cost out of water charges collected. Water rates were revised in March 2000 by the State Government but the amount collected against the demand raised by the Department was very poor. The details of demand raised and amount realised during the period from 1994-95 to 2007-08 are shown in Table-6 below:

Table - 6

(Rupees in crore)

Year	Demand raised	Revenue realized	Demand outstanding
1994-95 to 2002-03	25.04	0.06	24.98
2003-04	2.30	0.03	2.27
2004-05	2.14	0.05	2.09
2005-06	2.46	0.04	2.42
2006-07	3.59	0.02	3.57
2007-08	3.41	0.02	3.39
<b>Total</b>	<b>38.94</b>	<b>0.22</b>	<b>38.72</b>

Against the total demand of Rs.38.94 crore, the realisation was a mere Rs.22 lakh (0.56 per cent). Only Demand Notices were issued and no further effort was made for collection. Thus, the performance of the State in realisation of water rates was dismal.

The Department did not initiate any measures to collect the water charges to meet the operation and maintenance cost. Thus, the Department failed to avail the opportunity to execute the projects with 100 per cent Central assistance due to lack of initiative in realisation of water charges.

### 3.4.12 Monitoring

#### 3.4.12.1 Monitoring by CWC and State Government

According to the guidelines issued by the GOI, the physical and financial progress of the major/medium projects were to be monitored by the Central Water Commission/ MoWR and Ministry of Programme Implementation with emphasis on quality control. Monitoring visit and submission of status report were to be done by the CWC at least twice a year for the period ending March and September. Minor irrigation projects were to be monitored by a State Government agency independent of the construction agencies and by CWC on a sample basis. During the period 2003-08, the CWC (Monitoring & Appraisal Directorate) carried out 26 visits covering seven major/medium and one minor projects. The details of project-wise monitoring visits excluding minor irrigation projects are shown in Table-7 below:

<sup>48</sup> States rationalising water rates to meet full O&M cost in course of 5 years.

Table - 7

Name of project (major/medium)	Date of visit				
	2003-04	2004-05	2005-06	2006-07	2007-08
Dhansiri	27/04/2003	26/11/2004	Nil	25/03/2007	Nil
Integrated Irrigation Scheme on Kollang Basin	06/04/2003	17/11/2004 25/02/2005	31/10/2005	Nil	Nil
Champamati	08/05/2003	Nil	Nil	14/03/2007	Nil
Buridihing	Nil	Nil	29/04/2005 22/01/2006	27/03/2007	Nil
Borolia	06/05/2003	30/12/2004	Nil	03/11/2006	09/10/2007
Pohumara	06/05/2003	22/12/2004	Nil	13/03/2007	28/11/2007
Modernization of Jamuna	07/04/2003 29/02/2004	Nil	25/04/2005	Nil	13/09/2007 25/03/2008

Source : Information furnished by the Director, Monitoring and Appraisal Directorate, CWC.

Thus, only 4 projects were visited twice in a year (Jamuna: 2003-04 and 2007-08, IIS on Kollang: 2004-05, Buridihing: 2005-06) and not a single project was visited every year. State Government monitoring mechanism for minor projects independent of construction agency does not exist in the State. Monitoring reports of CWC, however, pointed out that insufficient flow of funds, delay in acquisition of land and law and order situation prevailing in the State were the main reasons for delay in completion of the projects and recommended for regular release of CLA/Grant received from the GOI and State share to the implementing Department to accelerate the progress of works. But follow up action was not taken by the Government/Department in this regard.

The CE stated (July 2008) that a Central Monitoring Cell, headed by an SE, was monitoring the MI projects under AIBP. However, results of monitoring and recommendation made, if any, and action taken there against could not be verified in audit due to non availability of the relevant reports.

Guidelines of the GOI provide for use of remote sensing technology to monitor projects, specially, to gauge the irrigation potential created and the States are required to provide relevant inputs to the GOI from time to time. While three major projects (Dhansiri, Champamati and Bordikarai) were selected for monitoring using remote sensing technology, it was not done. Thus, the irrigation potential actually created under AIBP as of March 2008 remained to be verified.

### 3.4.13 Evaluation

Performance evaluation of projects including assessment of achievement of desired benefit cost ratio was not conducted by the State Government, CWC or MoWR. However, a study was conducted (covering the period up to September 2004), by an independent agency<sup>49</sup> engaged by the Ministry of Statistics and Programme Implementation, GOI.

According to the study report submitted (July 2006) by the agency, failure of the State Government to contribute matching share and delayed release of CLA/Grant were the main reasons for delay in completion of projects. The report further stated that the rate of progress of some projects was so poor, that it might take another decade to complete the projects. The report however, rated the implementation of AIBP as

<sup>49</sup> Sri P.R. Swarup, Faridabad; Haryana

successful, very useful and accelerated the progress of the schemes in the State. The performance of the Programme was not evaluated by the State Government.

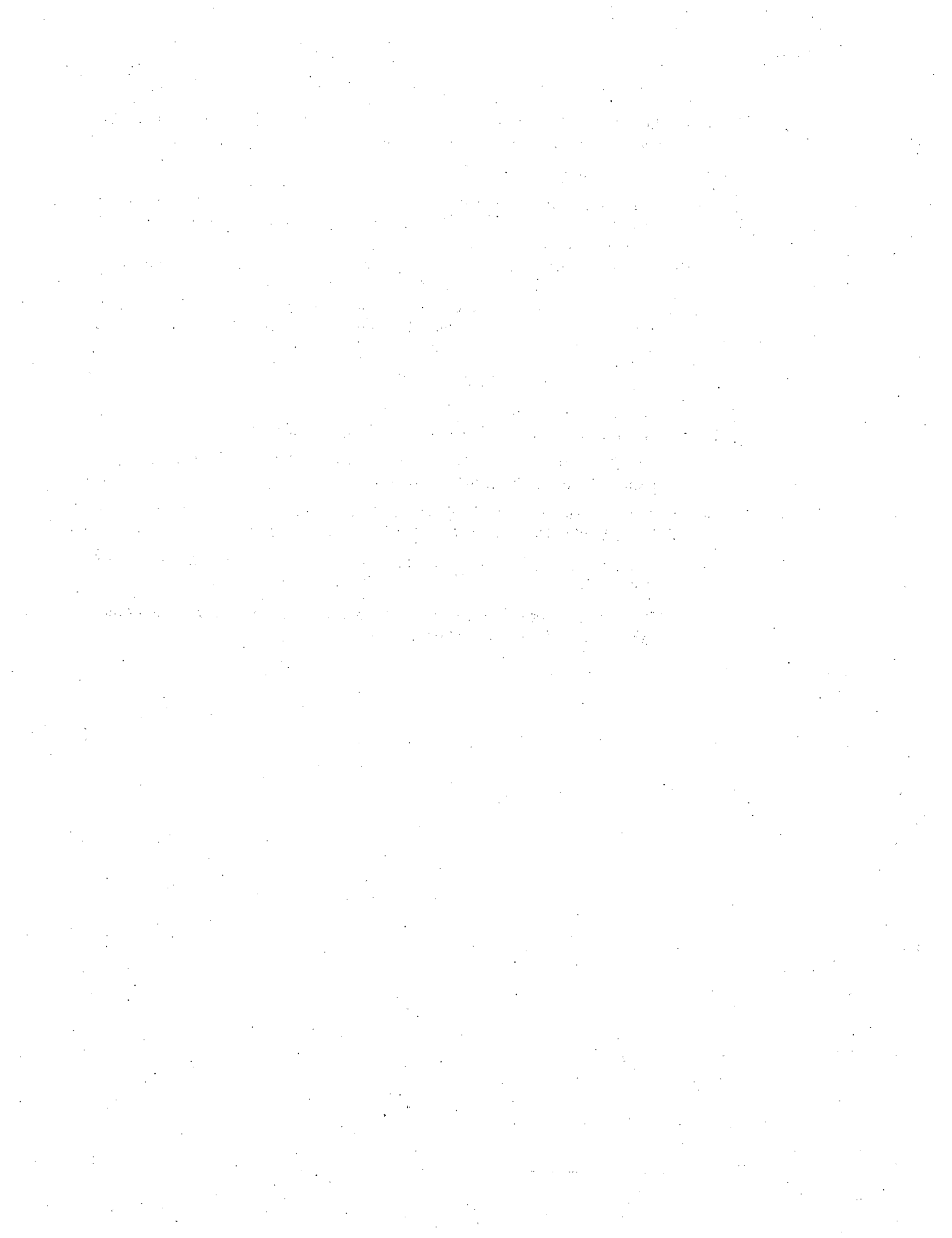
#### 3.4.14 Conclusion

The objective of speedy development of irrigation potential and its eventual utilisation for the benefit of the farmers was not achieved to the desired extent in the State, due to inherent deficiencies in selection of schemes, planning, execution and monitoring. In spite of adequate budget provision, funds were not released and thus projects were not completed in time, resulting in cost overrun. Only 40 *per cent* of the major and medium irrigation projects were completed and only 34 *per cent* of the targeted irrigation potential was created. Evaluation of AIBP was not done to ascertain success parameters and utilisation of the potential created in the State.

#### 3.4.15 Recommendations

- The Department should adopt adequate planning process for taking up major/medium projects based on the criteria stipulated by the GOI;
- The State Government should ensure proper selection of minor irrigation projects based on the actual BC Ratio;
- The State Government should ensure regular and timely flow of funds to the implementing Department. CLA/Grant should be released timely;
- Work of the projects should be taken up after acquisition of land required for the project;
- Regular monitoring of the projects should be carried out by an agency independent of the construction agency.





CHAPTER-IV

AUDIT OF TRANSACTIONS

THE UNIVERSITY OF CHICAGO

PHILOSOPHY DEPARTMENT



## CHAPTER-IV

### 4.1 Cases of fraud/misappropriation/losses

#### HOME DEPARTMENT

##### 4.1.1 Misappropriation of funds

Failure of internal controls resulted in misappropriation of Government money amounting to Rs.1.21 crore by fraudulent drawal of funds by the Commandant, 10<sup>th</sup> Assam Police Battalion, Guwahati.

Scrutiny (October-November 2007) of the records of the Commandant, 10<sup>th</sup> Assam Police Battalion, Guwahati revealed that an excess amount of Rs.1.21 crore was drawn on account of pay and allowances of police personnel through fraudulent means during March 2005 to July 2006. The modus operandi involved the following:

- Rupees 67.10 lakh was drawn by inflating the number of employees in the pay bills and shown disbursed in the Cash Book without any supporting evidence;
- Rupees 22.79 lakh was drawn by inflating the basic pay of the employees in the pay bills in 624 cases. The amounts drawn were more than what was recorded in the Service Books;
- In 854 other cases, Rs.82.76 lakh was drawn at inflated basic pay but in the acquittance rolls, only Rs.52.11 lakh was shown disbursed on account of actual basic pay. The balance Rs.30.65 lakh was also shown disbursed as per the entry in the Cash Book without any supporting evidence;
- Rupees 9,560 being the pay and allowances of an employee, was drawn twice for the month of January 2006 and shown disbursed in the Cash Book.

Thus, due to failure to exercise the prescribed internal controls, Rs.1.21 crore was mis-appropriated by fraudulent drawal of funds. No recovery was made from the officials responsible in this regard so far (September 2008).

The matter was reported to the Government in January 2008; reply had not been received (September 2008).

#### PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

##### 4.1.2 Presumptive fraud

The Block Development Officer, Dhemaji did not produce any record of accountal and utilisation of Rs.15 lakh received from the Project Director, District Rural Development Agency as Central Grant for natural calamities.

Scrutiny (May-June 2007) of the records of the Project Director (PD), District Rural Development Agency (DRDA), Dhemaji revealed that an amount of Rs.15 lakh was released by the PD to the Block Development Officer (BDO) of Dhemaji Development Block on 15 September 2005 as Central grant for natural calamities. The amount was not entered in the Cash Book of the Block. The BDO did not also produce the relevant vouchers, Actual Payee Receipts etc, in support of utilisation of

the funds. Neither the PD nor the BDO could produce the list of works approved or executed under the scheme with this fund.

Thus, in the absence of records in support of utilisation of Rs.15 lakh by the BDO, it is presumed that the funds have been misappropriated. Further, the PD also did not monitor the accountal and utilisation of funds made available to the BDO by him for implementation of different schemes. In spite of the fact being pointed out by Audit, the PD did not take any action to confirm utilisation of the funds in a proper manner (September 2008).

The matter was reported to the Government in December 2007; reply had not been received (September 2008).

#### **4.1.3 Presumptive fraud**

**The Project Director, DRDA, Dhemaji incurred an extra expenditure of Rs.27.71 lakh on procurement of chulhas and signboards and there was short receipt/non accountal of these at the Block level**

As per the guidelines of Indira Awas Yojana (IAY) effective from April 2004, the unit cost of an IAY house including sanitary latrine and smokeless chulha in plain areas is Rs.25,000. There is no provision in the guidelines to procure chulhas and signboards with logo separately for distribution to the beneficiaries.

Scrutiny (May-June 2007) of the records of the Project Director (PD), DRDA, Dhemaji revealed that the PD had spent Rs.23.63 crore during 2004-06 on the construction of 9,452 IAY houses @ Rs.25,000 per house without sanitary latrines and smokeless chulhas. The reason for non-construction of sanitary latrines and smokeless chulhas within the specified amount was not on record.

The PD, in violation of scheme guidelines, procured 6,612 chulhas (@Rs.308 per chulha) and 6,613 signboards (@Rs.111 per board) at an extra cost of Rs.27.71 lakh during May 2004 to October 2005 from a local supplier without calling for tenders and the items were shown as issued to five Block Development Offices<sup>1</sup> (BDOs). The BDOs did not maintain any stock register showing the receipt of these items. It was only against a written requisition issued by audit (June 2007), that the concerned BDOs admitted receipt of 4,580 chulhas and 3,379 signboards during the period, indicating short/non receipt of 2,032 chulhas and 3,234 signboards valuing Rs.9.85 lakh. The PD neither investigated the loss due to short/non receipt of material nor fixed any responsibility despite the matter being brought to his notice.

Out of 4,580 chulhas and 3,379 signboards admitted to have been received, the concerned BDOs distributed only 776 chulhas and 261 signboards to the beneficiaries, leaving the balance items in stock as of July 2008. The reason for non-distribution of the items was not on record.

Thus, procurement of chulhas and signboards separately in violation of the guidelines resulted in an extra expenditure of Rs.27.71 lakh, besides non accrual of the intended benefit to the targeted families. The matter needs to be investigated.

The matter was reported to the Government in December 2007; reply had not been received (September 2008).

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<sup>1</sup> 1. Dhemaji, 2. Bordoloni, 3. Sisuborgaon, 4. MSTD, 5. Machkhowa.



## 4.2 Excess Payment/wasteful/infructuous expenditure

### ENVIRONMENT AND FOREST DEPARTMENT

#### 4.2.1 Wasteful expenditure

**The Environment and Forest Department incurred a wasteful expenditure of Rs.73 lakh towards construction of Forest Interpretation Centre in violation of the Building Byelaws of the Guwahati Metropolitan Development Authority.**

The Revised Building Byelaws of the Guwahati Metropolitan Development Authority (GMDA) prohibit construction of multistoried buildings between river Brahmaputra and the main road from Raj Bhawan to Kamakhya Hills. In violation of these bye laws, the State Environment and Forest Department took up (February 2004) the construction of a multistoried Forest Interpretation Centre (FIC) under the Centrally Sponsored Scheme, "Integrated Forest Protection (IFP)" along the river at Kacharighat.

Scrutiny (April 2007) of the records of the Principal Chief Conservator of Forests (PCCF) and further information collected (April-May 2008) revealed that the State Government sanctioned and released (December 2003) Rs.1.43 crore for implementation of IFP, of which, allocation for 1<sup>st</sup> phase of FIC construction was Rs.73 lakh. The PCCF drew the amount in March 2004 and awarded the construction work to M/S Assam Government Construction Corporation (AGCC). The construction work started in March 2004 and was abandoned in October 2004 in view of the Government's order following protest by non-government organizations against the construction of the building in banned area. Meanwhile, the Department had incurred an expenditure of Rs.73 lakh towards the construction cost of the foundation work.

Thus, the injudicious decision of the Department to construct the FIC building in violation of GMDA norms resulted in a wasteful expenditure of Rs.73 lakh.

The matter was reported to the Government in September 2007; reply had not been received (September 2008).

### HEALTH AND FAMILY WELFARE DEPARTMENT

#### 4.2.2 Wasteful expenditure

**The Director of Medical Education, Assam incurred a wasteful expenditure of Rs.62.56 lakh for procurement and installation of defective and substandard incinerators in three Medical Colleges & Hospitals.**

According to Bio Medical Waste Rule 1998 framed under the Environment Protection Act, 1986, hospitals with a bed strength of 200 and above, were required to create facilities for disposal of bio-medical waste by December 1999. Mention was made in Para 3.18 of the Audit Report of the Comptroller and Auditor General of India (C&AG) for the year ended March 1999 that the incinerators installed in three Medical Colleges and Hospitals (having bed strengths above 200) between December 1995 and September 1997 at a cost of Rs.41.56 lakh became nonfunctional.



Further mention was made in Para 3.2.24 of the Audit Report of the C&AG of India for the year ended March 2005 regarding non-utilisation of Rs.1.10 crore sanctioned (March 2002) afresh by Union Ministry of Health and Family Welfare for bio-medical waste disposal in three Medical Colleges (Rs.30 lakh each) and Mohendra Mohan Choudhury Hospital (MMCH) (Rs.20 lakh).

Scrutiny (January 2008) of the records of the Director of Medical Education (DME) regarding utilisation of Rs.1.10 crore revealed that the works were taken up belatedly and agreements were drawn up with contractor in April 2004 (Guwahati Medical College Hospital), May 2004 (Assam Medical College Hospital) and August 2004 (Silchar Medical College Hospital) with stipulation to complete the work within two months of issue of work order at a total cost of Rs.76.05 lakh.

The firm installed the incinerators between April 2005 and December 2005 and was paid Rs.62.56 lakh till January 2008. The firm, however, did not furnish the Pollution Clearance Certificate from the State Pollution Board which is required as per the agreement. The Superintendents of all the three Medical Colleges reported (June to September 2007) non functioning/partial functioning of the waste disposal system.

As a third attempt, the State Government decided to install four new incinerators in three Medical Colleges and MMCH at a cost of Rs.2.52 crore from Twelfth Finance Commission award. The work was awarded (October 2007) to a Delhi based firm. The DME drew (December 2007) Rs.2.52 crore on AC bill and kept the amount in DCR till the date of audit.

The DME admitted (January 2008) that Pollution Control Board is not satisfied with the functioning of waste disposal system. Thus, the second attempt at installing waste disposal systems in three Medical Colleges failed to take off after incurring an expenditure of Rs.62.56 lakh. Besides, commitment for installing biomedical waste disposal system by December 1999 was not fulfilled. The third attempt at setting up the incinerators had also not materialised (August 2008).

The matter was reported to the Government in (May 2008); reply had not been received (September 2008).

## SOCIAL WELFARE DEPARTMENT

### 4.2.3 Excess payment to contractors

**The Director, Social Welfare paid Rs.1.93 crore as income tax from the scheme funds for construction of Anganwadi Centres, instead of deducting the amount from the contractors' bills.**

The GOI released (February and November 2005) Rs.91.78 crore as grants-in-aid for construction of 7,342 Anganwadi Centres (AWC) @ Rs.1.25 lakh per unit during 2004-05 and 2005-06. The Social Welfare Department limited the estimated cost of an AWC to Rs.1.23 lakh after deduction of Rs.2,500 as its administrative charges.

Scrutiny (September-October 2006) of the records of the Director, Social Welfare and further information collected (June 2008) revealed that construction of the AWCs was completed (June 2008) at a cost of Rs.86.78 crore including VAT of Rs.2.66 crore. The contractors were paid Rs.84.12 lakh. However, income tax applicable on this payment, amounting to Rs.1.89 crore was not deducted from the contractors bills. The

Director drew an additional amount of Rs.1.93 crore from the treasury and deposited it in Government Account as income tax on behalf of the 13 contractors. Thus, there was an excess payment of Rs.1.89 crore to the contractors and excess deposit of Rs.four lakh against income tax.

The matter was reported to the Government in June 2008; reply had not been received (September 2008).

## WATER RESOURCES DEPARTMENT

### 4.2.4 Extra expenditure

The Executive Engineer, Guwahati West E&D Division incurred an extra expenditure of Rs.41.71 lakh towards local carriage of boulders and procurement of wire netting sheets and boulders.

The work "Anti erosion measures to B/dyke on R/B of Brahmaputra from Hatimura to Adabari to protect Siliguri village and its adjoining areas" was completed (September 2003) at an expenditure of Rs.3.17 crore.

Scrutiny (November 2006) of the records of the Executive Engineer (EE), Guwahati Embankment and Drainage (E&D) Division revealed that:

- As per estimates, two wire netting sheets of size 2.57m x 1.66m were required to make one cage to dump one cubic metre of boulders. The Division dumped 16,866 cubic metres of boulders in cages which entailed utilisation of 33,732 (16,866 x 2) wire netting sheets. The Division also executed 4,242 cubic metres of boulders pitching, aggregating a total execution of 21,108 cubic metres of boulders. But, the Division had accounted for procurement and utilisation of 38,676 wire netting sheets and 24,525.50 cubic metres of boulders. The excess utilisation of 4,944 wire netting sheets and 3,417.50 cubic metres boulders was beyond the scope of the approved work and resulted in an excess expenditure of Rs.26.14 lakh<sup>2</sup> due to procurement of excess material against the work.
- Out of 24,525.50 cubic metre boulders, 19,424 cubic metre boulders were stacked 150 metres beyond the work site and later transported to the site through a 10 ton capacity truck.

As the work site was approachable by a 10 ton capacity truck, the boulders could have been stacked at the work site while carrying from the quarry at one go, instead of incurring an avoidable extra expenditure of Rs.15.57 lakh<sup>3</sup>.

<sup>2</sup> 3417.50cubic metre boulders @ Rs.478.40: 4944 wire netting sheets @ Rs.182: Add 8% AGST on Rs.9 lakh: Add 10% additional charge on Rs.0.72 lakh:	Rs. 16.35 lakh Rs. 9.00 lakh Rs. 0.72 lakh <u>Rs. 0.07 lakh</u> Rs. 26.14 lakh
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<sup>3</sup> Local carriage of 19424 m <sup>3</sup> of boulders: Stacking at work site:	Rs.13.89 lakh <u>Rs. 1.68 lakh</u> Rs. 15.57 lakh
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Since the Department had not obtained technical sanction for the work, these lacunae in the preparation of estimates went undetected and resulted in an avoidable extra expenditure of Rs.41.71 lakh.

The matter was reported to the Government in March 2008; reply had not been received (September 2008).

#### 4.3 Avoidable/unfruitful expenditure/undue favour to contractors

##### PUBLIC HEALTH ENGINEERING DEPARTMENT

#### 4.3.1 Avoidable expenditure

**Non procurement of Hand pumps at lower available rates (of Rs.6,786) by the Executive Engineer, Stores and Workshop Division, PHE resulted in extra expenditure of Rs.68.13 lakh.**

The Chief Engineer Public Health Engineering (PHE) Department, after call of tenders, accepted (February 2002) the rate of Rs.7,272 of Delhi based firm for supply of Hand Pump. The CE, further accepted (October 2003) another rate of Rs.6,786 (including AGST) for local SSI units for supply of the same Hand Pump.

Scrutiny (March 2008) of the records of the Executive Engineer, Stores and Workshop Division (PHE) revealed that in addition to procuring 625 hand pumps @ Rs.6,786, the Division also procured 10,686 @ Rs.7,272 from the Delhi based firm and 2,983 sets @ Rs.7,329 (Rs.6,786 plus 8 per cent Central Excise Duty) of the same specification from local SSI units during December 2003 to August 2004. Central Excise Duty allowed on the purchase price of 2,983 sets was, however, inadmissible. Thus, non-procurement of hand pumps at the lower available rate of Rs. 6,786 resulted in extra expenditure of Rs. 68.13 lakh<sup>4</sup>.

The matter was reported to the Government in July 2008; reply had not been received (September 2008).

#### 4.3.2 Undue financial benefit

**The Executive Engineer, Stores and Workshop Division (PHE) incurred Rs.4.12 crore as Central Excise Duty, on procurement of UPVC pipes valuing Rs.25.75 crore although the supplying firms were exempted from Central Excise Duty.**

Goods manufactured in the North Eastern States are exempted from central excise duty and additional excise duty, if the goods are cleared from a unit located in the Growth Centre or Integrated Infrastructure Development Centre, Industrial Estates, Commercial Estates etc.

Scrutiny (March 2008) of the records of the Executive Engineer, Stores and Workshop Division (PHE), Guwahati revealed that the Division procured 21,50,408

<sup>4</sup> 10,686 sets x Rs.7272 = Rs.7,77,08,592  
2,983 sets x Rs.7329 = Rs.2,18,62,407  
13,669 sets Rs.9,95,70,999  
13,669 sets x Rs.6786 = Rs.9,27,57,834  
Extra expenditure = Rs. 68,13,165



running metre unplasticised poly vinyl chloride (UPVC) pipes of different specifications during the years 2003-08 for ARWSP scheme from local manufacturing units and paid Rs.4.12 crore as central excise duty. Since the suppliers are exempted from paying central excise duty, payment of Rs.4.12 crore in addition to the value of goods was unjustified and resulted in undue financial benefit to the suppliers.

The matter was reported to the Government in July 2008; reply had not been received (September 2008).

## PUBLIC WORKS DEPARTMENT

### 4.3.3 Undue financial aid and extra expenditure

**Failure of the Public Works Department to restrict mobilisation advance as per rules resulted in undue temporary financial aid of Rs.2.69 crore to the contractor besides an extra expenditure of Rs. 99.09 lakh in the execution of the work.**

Guwahati Development Department (GDD) accorded (July 2003) administrative approval (AA) to the project "Construction of New Secretariat complex at Dispur (balance work)" for an amount of Rs.69 crore. The Chief Engineer (CE), PWD (Building) awarded (November 2003) the work to M/s Unity Infra Projects Ltd. (UIPL), Mumbai at Rs.73.86 crore on the basis of their quoted rates, with a stipulation to complete the project within May 2005.

Scrutiny (January 2008) of the records of the Executive Engineer, Permanent Capital Construction Division revealed the following: -

- The CPWD Works Manual 2003 provides for Mobilisation Advance (MA) to the contractor at 10 *per cent* of the estimated cost or tendered value or Rupees one crore, whichever is less, at 10 *per cent* simple interest.

The Division paid (January 2004) Rs.3.69 crore as MA to the contractor i.e. an excess of Rs.2.69 crore in contravention of rules. The Division adjusted the MA during January 2004 to September 2005 in 24 installments without recovering any interest. Failure of the Department to restrict the MA to Rupees one crore as admissible and recover 10 *per cent* simple interest thereon resulted in temporary financial benefit of Rs.2.69 crore and loss of interest of Rs.27.91 lakh.

- The Division paid (July 2007) Rs.2.71 crore for the execution of 22,584 m of RCC piles @ Rs.1,200 per m. The rate of Rs.1,200 per m was admissible for the initial length of 7 m and the rate of additional length beyond 7 m was Rs.350 per m. Scrutiny of the records, however, revealed that the Division executed 11,658 m of pile works beyond the initial length of 7m and paid @ Rs.1,200 per m resulting in an extra expenditure of Rs.99.09 lakh.

The matter was reported to the Government in April 2008; reply had not been received (September 2008).

### 4.3.4 Undue financial aid

**Executive Engineer, Kokrajhar Building Division extended an undue temporary financial benefit of Rs.2.09 crore to the contractor through mobilisation advance.**

Bodo Territorial Council (BTC) accorded (January 2005) administrative approval (AA) to the "Construction of BTC Assembly and Secretariat Building" for an amount

of Rs.17 crore. The work was awarded (March 2005) by the Director, BTC to a contractor at a tendered value of Rs.15.46 crore with the stipulation to complete it within March 2007. Due to increase in floor area of the work, the estimate was revised (May 2006) to Rs.34.28 crore and the tendered value was enhanced to Rs.25.24 crore. An expenditure of Rs.26.12 crore was incurred on the work with a physical progress of 88 per cent as of March 2008.

The CPWD Works Manual 2003 provides for mobilisation advance (MA) to the contractor in respect of certain specialized and capital intensive works costing not less than Rupees two crore, to 10 per cent of the estimated cost or tendered value or Rupees one crore, whichever is less, at 10 per cent simple interest.

Scrutiny of the records (September 2007) of the Executive Engineer, Kokrajhar Building Division revealed that the Division paid (March, August and December 2005) interest free mobilisation advance Rs.3.09 crore to the contractor thereby providing an undue financial benefit of Rs.2.09 crore. The Division adjusted the amount during the period from December 2005 to September 2006 in three installments.

Thus, due to violation of codal provisions, apart from undue temporary financial benefit of Rs.2.09 crore over admissible amount, the Government sustained a loss of Rs.32.47 lakh as interest.

The matter was reported to the Government in May 2008; reply had not been received (September 2008).

#### **4.4 Idle investment/blocking of funds/delays in commissioning of equipment/diversion/misutilisation of funds etc.**

### **AGRICULTURE DEPARTMENT**

#### **4.4.1 Diversion of funds**

**The Comptroller, Assam Agriculture University incurred an excess expenditure of Rs.27.07 crore under State Plan and Non-plan sector by diverting funds received under Central Sector Schemes.**

The State Government provides funds to the University for implementing various schemes under Education, Research and Extension in the field of Agriculture and other allied activities.

Scrutiny (January-March 2008) of the records of the Comptroller, Agriculture University, Jorhat revealed that the University had a minus opening balance of Rs.25.42 crore under State Plan (Rs.13.69 crore) and State Non-Plan (Rs.11.73 crore) as on 1 April 2006. During the year, the University received Rs.68.81 crore grant from the State Government (plan: Rs.31.18 crore; non-plan: Rs.37.63 crore). Out of the total available funds of Rs.43.39 crore after adjusting the minus balance under both plan (Rs.17.49 crore) and non-plan (Rs.25.90 crore), the university spent Rs.70.46 crore (Plan : Rs.28.90 crore; non-plan : Rs.41.56 crore) which resulted in excess expenditure of Rs.27.07 crore. The excess expenditure over allotment was on



account of payment of salary, wages and pension and was met by diverting the unutilized funds received under Central Sector Schemes. (ICAR schemes : Rs.7.44 crore; GOI schemes : Rs.4.89 crore) and taking loan from CPF.

The Comptroller stated (August 2008) that the excess expenditure was incurred since the grants provided by the State Government were not sufficient to meet the required expenditure during the years under salary, wages and pension. However, the fact remains that the ICAR schemes and the GOI schemes remained unimplemented to the extent of diversion.

The matter was reported to the Government in June 2006; reply had not been received (September 2008).

#### HEALTH & FAMILY WELFARE/GENERAL ADMINISTRATION/ EDUCATION/BORDER AREAS DEPARTMENTS

#### 4.4.2 Blocking of funds

**Retention of money in Banker's cheque, Bank Draft, Deposit at Call Receipts out of funds drawn during February 2002 to May 2008 resulted in blocking of funds of Rs.15.46 crore.**

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

(a) Scrutiny (November-December 2007) of the records of the Deputy Commissioner (DC), Dhemaji revealed that the DC retained unutilized balance of Rs.2.77 crore as of November 2007 out of funds drawn from Treasury from time to time in the form of Bank Drafts/Banker's Cheque/Deposit at Call Receipts (DCR). The DC, however, did not furnish to audit the details of drawal of the amount kept in DCR.

(b) The Director of Medical Education (DME) drew Rs.1.61 crore during January 2003 to December 2006 under different schemes and for procurement of equipments. Out of Rs.1.61 crore, the DME spent Rs.1.32 crore till December 2007 and retained the balance amount of Rs.29 lakh in DCR.

(c) Scrutiny (June 2008) of the records of the Director, Border Areas (DBA) revealed that the DBA retained Rs.7.83 crore as of May 2008 in the form of DCR and BD out of funds drawn from time to time through different bills. Out of Rs.7.83 crore, the DBA did not furnish the details of drawal of Rs.69 lakh.

(d) Information furnished (May 2008) by the Director, Elementary Education (DEE) revealed that he drew Rs.26.64 crore during the period from November 2003 to March 2007 from the Treasury under different schemes and spent Rs.22.07 crore leaving a balance of Rs.4.57 crore unspent. The unspent amounts were retained by DEE in the form of BC/BD/DCR.

The unutilized funds were thus, retained by the DDOs for periods ranging between one month to seventy months. The DC, Dhemaji and DBA did not furnish the purposes for which funds were drawn. The other two DDOs did not furnish the reasons for non-implementation of schemes for which funds were released. None of the DDOs initiated any action either to utilise or to refund the same to Government account. Reasons for keeping the money unutilized by the DDOs were not on record.



Thus, unauthorised retention of funds in BC/BD/DCRs resulted in blocking of Government funds amounting to Rs.15.46 crore of the schemes and non achievement of the intended benefits.

The matter was reported to the Government in June 2008; reply had not been received (September 2008).

## IRRIGATION DEPARTMENT

### 4.4.3 Unproductive expenditure

**Non execution of survey and investigation works relating to new irrigation schemes resulted in unproductive expenditure of Rs.2.97 crore towards salary and other expenses of idle staff of Barak Valley Investigation Division (Irrigation), Badarpur.**

The State Government created (June 1994) the Barak Valley Investigation Division (I), Badarpur under the Irrigation Department for survey and investigation work for new schemes.

Scrutiny ((November-December 2007) of the records of the concerned EE revealed that the Division had not taken up any survey and investigation work for new schemes since its inception due to non allotment of the required funds by the Government. No record of any other activity in which the services of the staff were utilised from time to time was produced to audit. The Division incurred an expenditure of Rs.2.97 crore<sup>5</sup> during the period from 1995-96 to 2007-08 (June 2007) towards the pay and allowances of the staff (36), rent of office building etc.

Thus, non allotment of required funds to carry out survey and investigation work for new irrigation schemes frustrated the purpose of creation of the Division and failure of the Department to utilise the services of the divisional staff for any other activity rendered the expenditure of Rs.2.97 crore unproductive.

The matter was reported to the Government in May 2008; reply had not been received (September 2008).

## PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

### 4.4.4 Diversion of funds

**The Project Directors, DRDAs Dhemaji and Sibsagar diverted scheme funds of Rs.two crore towards transportation cost.**

The guidelines of the schemes "Sampoorna Grameen Rozgar Yojana" (SGRY) and "National Food For Work Programme" (NFFWP) provide that the State Government would bear the transportation cost and handling charges (including taxes, if any) for the food grains (wheat/rice) component received from the GOI under the schemes, and that cash component under the scheme was not to be utilized for payment of transportation cost.

<sup>5</sup> i) Pay and allowances of 36 staff Rs.2,89,32,255.00  
ii) Rent of office building, office stationery Rs. 8,17,680.00  
Rs.2,97,49,935.00

Scrutiny (May-August 2007) of the records of the Project Directors (PD), DRDAs, Dhemaji and Sibsagar revealed that during 2004-06 the PDs lifted and dispatched 47,169.09 MT (SGRY-40,461.69 MT; NFFWP-6,707.40 MT) of rice from Food Corporation of India (FCI) godown to the Blocks. In violation of the scheme guidelines, the PDs incurred an expenditure of Rs.two crore (SGRY-Rs.1.87 crore; NFFWP-Rs.0.13 crore) towards transportation cost out of the scheme funds meant for rural employment generation. Due to this diversion, 2.91 lakh mandays (@ Rs.68.75 per manday) employment could not be generated and the eligible beneficiaries were deprived of the benefit of employment to that extent. Further, the PDs did not initiate any action to get the amount reimbursed by the State Government.

The matter was reported to the Government in December 2007; reply had not been received (September 2008).

## PLANNING AND DEVELOPMENT DEPARTMENT

### 4.4.5 Diversion of funds

**The Deputy Commissioner, Dhemaji diverted Rs.19.80 lakh for 108 works in different religious places of Dhemaji and Jonai from Member of Parliament Local Area Development fund 2004-05.**

As per guidelines for implementation of schemes under "Member of Parliament Local Area Development (MPLAD)", funds can not be provided for works in religious places.

Scrutiny (November-December 2007) of the records of the Deputy Commissioner (DC), Dhemaji revealed that based on the recommendation of the concerned MP, the DC approved (February 2005) 108 works to be taken up in different religious places (Namgarh and Mandir campuses) of Dhemaji (72) and Jonai (36) at an estimated cost of Rs.25.20 lakh under MPLAD during 2004-05. The DC released (July 2005) the 1<sup>st</sup> installment of Rs.19.80 lakh to the Construction Committees and stopped release of further funds to those works on the ground that the works already approved were beyond the scope of the MPLAD scheme. The balance amount of Rs.5.40 lakh was recommended by the MP for a new scheme under MPLAD.

Thus, Rs.19.80 lakh were diverted out of MPLAD scheme/funds for works beyond the scope of the scheme.

The Government stated (September 2007) that the DC sanctioned the schemes considering the Namgarhs as cultural institutions. The reply of the Government is not tenable as the Namgarhs are religious organisations where works under MPLAD are not permissible.



**PUBLIC WORKS DEPARTMENT**

**4.4.6 Irregular payment of Advance**

**Advance payment of Rs.5.33 crore was made to the Assam State Electricity Board for construction of Sub-stations without AA, ES and TS and without any work order/agreement.**

Scrutiny (January 2008) of the records of the EE, Permanent Capital Construction Division, Dispur, Guwahati revealed that the Division made an advance payment of Rs.5.33 crore between April 2004 and March 2006 against an estimate of Rs.7.45 crore preferred by the Assam State Electricity Board (ASEB) towards the cost of construction of two Sub-Stations at Permanent Capital Complex, Dispur. The advance payment<sup>6</sup> was made as per the decision of the Monitoring Committee of the Government.

Administrative approval, technical sanction and expenditure sanction were not obtained for the work and no contract or MOU was signed with ASEB, specifying the details of work and the time limits. Even the site was not handed over to the ASEB as of January 2008 and therefore, the work could not be started.

Thus, advance payment without obtaining the necessary approvals, without handing over the site and without entering into any agreement/MOU etc. for safeguarding the interest of the Government and even without a formal order to start the work was irregular and led to blocking of funds of Rs.5.33 crore for a period ranging from 24 months to 52 months (September 2008).

The matter was reported to the Government in March 2008; reply had not been received (September 2008).

**4.4.7 Diversion of Central Road Fund**

**The Executive Engineer, Guwahati Rural Roads Division diverted Rs.18.36 lakh out of funds provided under the Central Road Fund (CRF), to other works.**

GOI accorded (February 2003) administrative approval to the work 'Improvement by metalling and black topping of Palashbari Loharghat Rajapara PWD Road' under Central Road Fund (CRF). The work was awarded (May 2003) to a contractor at a tendered value of Rs. three crore with the stipulation to complete the work by May 2004. The work was completed in January 2006 at a cost of Rs.3.21 crore.

Scrutiny (January 2005) of the records of the EE, Guwahati Rural Road Division and further information collected (May 2007) revealed that the Division diverted

<sup>6</sup>

Sl.No.	Vr./Hand receipt No. and date	Amount paid
1.	Vr. No.12 dated 12.4.04	Rs. 98,057.00
2.	Hand receipt No.1/74 dated 13.7.04	Rs. 3,56,00,000.00
3.	Vr. No.687 dated 30.3.05	Rs. 3,19,919.00
4.	Vr. No.312 dated 28.3.06	Rs. 1,72,76,249.00
<b>Total :</b>		<b>Rs. 5,32,94,225.00</b>



Rs.18.36 lakh out of the project funds, to execute various works in the CE's residence/office.

The EE admitted (March 2007) to diverting the funds and justified it as being necessitated by paucity of funds for the works to be taken up in the CE's office.

Thus, the diversion of Rs.18.36 lakh out of CRF to facilitate execution of unauthorised works is irregular.

The matter was reported to the Government in March 2008; reply had not been received (September 2008).

#### 4.5 Regularity issues and others

##### AGRICULTURE DEPARTMENT

##### 4.5.1 Non utilisation of scheme funds

##### **The Agriculture Department failed to utilise the funds of Rs.1.55 crore to extend benefits to flood affected small and marginal farmers.**

The State Government sanctioned (September 2004) Rs.4.98 crore under Calamity Relief Fund (CRF) for providing urgent relief to supplement the post-flood crop production to the flood-affected small and marginal farmers. The Director of Agriculture (DOA) released (December 2004) the amount to 25 Deputy Commissioners (DCs) for implementation of the programme covering 5,25,300 small and marginal farmers and 1,27,500 bigha damaged land. Assistance was to be provided in the form of hire charges of tractors and power tillers.

Scrutiny (January-February 2007) of the records of the DOA and further information collected (September 2008) revealed that the DCs utilized Rs.3.43 crore out of Rs.4.98 crore provided, leaving an unspent balance of Rs.1.55 crore as of August 2008. Out of 5,25,300 small and marginal farmers, 3,43,297 were covered under the programme leaving flood damaged land of 1,82,003 farmers untractorised. Of the unspent balance of Rs.1.55 crore, only Rs.10.77 lakh was deposited/refunded to CRF account by the DC and Rs.1.33 crore was refunded to the DOA. The remaining unspent balance of Rs. 11.23 lakh was retained by three DCs for more than three years despite DOA's instructions (March 2005) to refund the unspent amount. Reasons for retention and non-deposit of Rs.1.44 crore to CRF were not found on record. The DOA stated (September 2008) that the amount could not be utilised due to higher hire rates of tractors and also due to constraints of time and crop schedule.

Thus, the Department's failure to utilise Rs.1.55 crore, deprived needy small and marginal farmers of the intended benefits of the scheme.

The matter was reported to the Government in August 2007; reply had not been received (September 2008).

#### 4.5.2 Non-implementation of scheme

**Non-implementation of State Plan Schemes by the Assam Agriculture University resulted in blocking of Rs.3.99 crore besides denial of desired benefit to the students.**

The State Government sanctioned (March 2006) Rs. one crore as grants-in-aid to the Assam Agriculture University (AAU), Jorhat for "Strengthening of facilities for Computer and Laboratories during 2005-06". The amount was drawn (March 2006) by the Director of Agriculture (DOA) and remitted (July 2006) to the University's account.

Scrutiny (January-March 2008) of the records of the Comptroller, AAU revealed that out of Rs. one crore, only Rs.0.61 lakh was spent by the University towards advertisement charges for inviting tender for supply and installation of hardware and software. The University placed (March 2007) a supply order with M/s HCL for supply and installation of hardware and software at a cost of Rs.85.60 lakh without mentioning the date of completion and without entering into any agreement. The firm, however, had not supplied/installed the hardware and software as of August 2008.

The State Government further sanctioned (March 2007) Rs. three crore for setting up a Bio-Technology Institute at AAU, Jorhat during 2006-07. The primary objectives of the scheme are to:

- offer bio-technology degrees at Under-Graduate and Post-Graduate level;
- conduct research in selected areas of bio-technology of special interest to the State;
- provide training in bio-technology for entrepreneurship development; and
- disseminate bio-technological know how to the stakeholders.

The DOA deposited (March 2007) the amount into the University's savings bank account and subsequently invested the amount in Short Term Deposit for 180 days.

Scrutiny of the records of the Comptroller, AAU revealed that the University authorities did not initiate any action for implementation of the scheme as of August 2008.

Non-implementation of the above State Plan Scheme not only resulted in parking of Government funds to the tune of Rs.3.99 crore, but also deprived the students of the intended benefits.

The matter was reported to the Government in June 2008; reply had not been received (September 2008).

DAIRY DEVELOPMENT DEPARTMENT

4.5.3 Non-implementation of Centrally Sponsored Scheme

**Non-implementation of the Centrally Sponsored Scheme "Intensive Dairy Development Programme-II" resulted in denial of envisaged benefits to dairy farmers.**

The Union Ministry of Agriculture (MOA) approved (March 2005) the project cost of Rs.5.88 crore for implementation of the Dairy Development Programme II (IDDP II) within a period of five years. The main objectives of the scheme were:

- To organize the milk producers into dairy Co-operative Societies and to provide them with required support and services for increasing milk production;
- To increase the milk production in the project area and to provide hygienic and quality milk to consumers at reasonable price;
- To create critical infrastructure required for processing milk;
- To organize the whole process of procurement and marketing of milk products in the rural areas and to prevent unhealthy practices in the process of milk marketing.

The GOI released (March 2005) Rs. 1.86 crore (1<sup>st</sup> installment) subject to the following conditions:

- The amount was to be utilized by 30 June 2005;
- The project was to be implemented by the Co-operative Milk Union/Federation to be constituted by the State Government;
- The State Government was to constitute a Technical Management Committee (TMC) to constantly monitor implementation of the project.

Scrutiny (July 2007) of the records of the Director, Dairy Development Department and further information collected revealed that the State Government failed to form any Milk Union/Federation as of March 2007. The MOA recommended (April 2007) that IDDP-II be implemented in the State by an apex body created under West Assam Milk Union (WAMUL) as an adhoc arrangement and a Milk Union should be formed within six months (October 2007). Examination of the records, however, revealed that neither the scheme was implemented by the apex body created under WAMUL nor was any Milk Union/Federation formed for the purpose, as of August 2008. Further, the Department had not constituted any TMC (August 2008).

Thus, the objectives of the scheme were not achieved besides denial of self employment opportunities for dairy farmers in selected districts, enhancement of milk production and supply of quality milk at reasonable rates to consumers.

The matter was reported to the Government in December 2007; reply had not been received (September 2008).



## HEALTH AND FAMILY WELFARE DEPARTMENT

### 4.5.4 Irregular payment

**The Director Medical Education, Assam made an irregular payment of Rs.3.75 crore to Assam Electronics Development Corporation Limited without a proper plan, detailed estimates, tender, contract and a formal work order.**

Scrutiny (January 2008) of the records of the Director, Medical Education (DME) revealed that the DME forwarded (March 2007) to the Government, a proposal submitted by the Assam Electronics Development Corporation Limited (AMTRON) for computerisation of Guwahati Medical College Hospital (GMCH) at a cost of Rs.3.75 crore (Phase-I). As per the proposal the firm was responsible for software (SW), hardware (HW) and networking. The work was to be completed by September 2007. The Government sanctioned (March 2007) and the DME drew (March 2007) the amount on the basis of retail invoices submitted by AMTRON and paid (April 2007) Rs.3.61 crore to the firm after deducting and depositing VAT (Rs.14 lakh). The DME neither invited tenders nor executed any agreement with AMTRON. Further, documents relating to selection of the firm, work order, plan estimates were not produced to audit. AMTRON stated (March 2008) that bills were submitted on verbal request of the Department to facilitate drawal of funds. The work was stated to be in progress.

The DME in his reply (August 2008) stated that AMTRON, is a State Government undertaking and according to the Government instruction all IT requirements are to be procured through AMTRON. He, however, had not stated the reasons for not preparing plan and estimate and not executing agreement with definite time schedule for completion of the project.

Thus, payment of Rs.3.75 crore to a firm without any plan or detailed estimates of work, non tendering and non execution of a contract with the firm was irregular.

The matter was reported to the Government in May 2008; reply had not been received (September 2008).

## HOME/SECRETARIAT ADMINISTRATION (ACCOUNTS 'B')/ HEALTH AND FAMILY WELFARE DEPARTMENTS

### 4.5.5 Non-submission of Detailed Countersigned Contingent Bills

**Rupees 209.91 crore was drawn by four DDOs through AC bills during 2001-07 but the corresponding DCC bills were not submitted.**

Contingent Charges may be drawn from the treasury by presenting Abstract Contingent (AC) bills, which require approval of the Controlling Authority before they can be admitted as legitimate expenditure. The Contingency Manual of the Government of Assam stipulates that detailed bills for the charges drawn on AC bills in a month should be submitted to the Controlling Officer by the 2<sup>nd</sup> of the following month. The Controlling Officer should send all the Detailed Countersigned Contingent (DCC) bills to the Accountant General (A & E) by 25<sup>th</sup> of the following month. The Treasury Officer should ensure that no payment is made after the 10<sup>th</sup> of a

month on any AC bill unless it is certified by the drawing officer that all DCC bills for sums drawn on AC bills in the previous month have been forwarded to the Controlling Officer.

- Drawals on AC bills by three departments<sup>7</sup> were scrutinised between April 2005 and January 2008. Out of Rs.209.91 crore drawn through 142 AC bills by these departments from 2001-02 to 2006-07, DCC bills had not been submitted (June 2008) to the Controlling officers in respect of Rs.208.15 crore (99.16 per cent).
- Out of the amounts drawn, Rs. 153.76 crore were spent and Rs.56.15 crore (DCR: Rs.30.10 crore, Cash/bank a/c: Rs.26.05 crore) remained unutilised as of June 2008. The period of retention of funds ranged from 14 to 74 months. This indicated that funds were drawn without immediate requirement and only to avoid lapse of budget grants.
- The Drawing Officers concerned while drawing the amounts on AC bills certified that DCC bills for drawals of earlier months had been submitted by them even though they had not submitted DCC bills for earlier months.

Due to non-submission of DCC bills, the veracity of actual utilisation of Rs.153.76 crore could not be ascertained in audit.

The matter was reported to the Government in July 2008; reply had not been received (September 2008).

#### PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

#### 4.5.6 Unauthorised expenditure

The Project Director, District Rural Development Agency, Dhemaji unauthorisedly incurred an expenditure of Rs.49.30 lakh for Construction of godown at Block Headquarters including unproductive expenditure of Rs.16.10 lakh.

The "Sampoorna Grameen Rozgar Yojana" (SGRY) guidelines do not have any provision for construction of godown at Block Headquarters out of scheme funds. Further, no work can be taken up unless it forms part of approved Annual Action Plan.

Scrutiny (May-June 2007) of the records of the Project Director (PD), District Rural Development Agency (DRDA), Dhemaji revealed that between May 2005 and June 2006, the PD, in violation of scheme guidelines, incurred an expenditure of Rs.49.30 lakh for construction of five godowns at five Block Development<sup>8</sup> Headquarters. These works did not form part of the approved Annual Action Plan. Further, as per verbal order of the Deputy Commissioner, the godown at Dhemaji

<sup>7</sup> Home (Director General of Police), Secretariat Administration (Deputy Secretary, Accounts 'B'), Health and Family Welfare (Director, Medical Education and Director of Health Services (General)).

<sup>8</sup> Bordoloni Development Blocks-Rs.7.95 lakh; Machkhuwa Development Block-Rs.8.65 lakh; Jonai Development Block-Rs.8.80 lakh; Dhmeaji Development Block-Rs.16.10 lakh; Sissiborgaon Development Block-Rs.7.80 lakh.



Development Block was occupied by the CRPF personnel since its completion (May 2005).

Thus, the expenditure of Rs.49.30 lakh incurred by the PD on construction of godowns was irregular and unauthorised. Besides, occupation of the godown at Dhemaji Development Block (construction cost: Rs.16.10 lakh) since its completion (May 2005) by CRPF personnel resulted in use of Departmental assets for purposes other than those for which these were constructed.

The matter was reported to the Government in December 2007; reply had not been received (September 2008).

## PUBLIC WORKS DEPARTMENT

### 4.5.7 Cost overrun

#### **Delay of eight years in awarding the work resulted in extra expenditure of Rs.2.83 crore on the construction of a bridge.**

Construction of Lunglit Bridge No. 48/4 (bridge proper) was awarded (October 2000) by the Chief Engineer, PWD (NH Division), to a contractor at a tendered value of Rs.4.17 crore with the stipulation to complete the work within October 2003. Due to some calculation mistake the tender value of the work was subsequently reduced (July 2005) to Rs.4.15 crore and the due date for completion was extended to 31 March 2006. The work of bridge proper was completed in January 2008 at a cost of Rs.4.09 crore.

Scrutiny of the records (February-March 2007) of the EE, Bakulia NH Division, Diphu revealed that the work was originally sanctioned (March 1992) by the GOI for Rs.1.79 crore. Though the tender for the bridge proper was first invited in July 1992, the work was finally awarded only in October 2000 after re-tendering for the seventh time (June 2000). This was mainly due to delay in processing the tenders ranging from three months to eighteen months on six occasions and corresponding delay in obtaining sanction. By the time sanction arrived, the validity of the tender either expired or the lowest tenderer refused to sign the tender agreement due to increased cost of material and labour etc. In its sanction (July 2004) to the revised estimate of the work for Rs.4.90 crore, the Ministry of Road Transport & Highways (MORTH) also opined (July 2006) that inordinate delay of more than eight years in awarding the work resulted in avoidable time/cost overrun in the execution of the project.

Thus, failure of the Department in finalizing the tenders and awarding the work in time, delayed the progress of the work by at least eight years involving a cost overrun of Rs.2.83 crore<sup>9</sup>.

The matter was reported to the Government in March 2008; reply had not been received (September 2008).

<sup>9</sup> Revised sanction against bridge proper : Rs.4.15 crore  
Original sanction against bridge proper : Rs.1.32 crore  
Cost overrun : Rs.2.83 crore



**4.5.8 Doubtful expenditure**

**Expenditure of Rs. 36.72 lakh was incurred by Executive Engineer, Goalpara Rural Roads Division, Goalpara without detailed measurements and authentication of executed work.**

State Government accorded (September 2004) Administrative Approval (AA) for "Construction of RCC Br. No.2/1 on Lakhipur Chunari Road including approaches and protection works under RIDF-IX of NABARD" for Rs.2.89 crore. The Chief Engineer (CE), PWD, (ARIASP & RIDF), Assam awarded (December 2004) the work to a contractor at a tendered value of Rs.2.88 crore with the stipulation to complete the work within December 2006. Against 95 per cent physical progress of the work (August 2007) the contractor was paid Rs.1.66 crore (January 2007).

Scrutiny (August 2007) of the records of the EE, Goalpara Rural Roads Division revealed that the Division prepared the abstract of three items valued at Rs.36.72 lakh<sup>10</sup> without recording any detailed measurement in the relevant Measurement Book (MB). Further, the Division prepared the bill and made payment though the EE did not authenticate the execution.

Payment without detailed measurements and authentication rendered the expenditure of Rs. 36.72 lakh doubtful.

The matter was reported to the Government in March 2008; reply had not been received (September 2008).

**SOCIAL WELFARE DEPARTMENT****4.5.9 Injudicious expenditure**

**The Director, Social Welfare incurred Rs.1.11 crore on procurement of utensils after discontinuation of supply of cooked meal to the beneficiaries enrolled under Anganwadi Centres.**

With the introduction of Pradhan Mantri Gramodaya Yojana to strengthen supplementary nutrition programme with effect from 2000-01, the supply of cooked meal to the beneficiaries enrolled under Anganwadi Centres (AWCs) was discontinued. Under the new system, rice @80 gms and dal @20 gms per beneficiary per day were to be distributed with a unit cost of Rs.0.95 per child per day and Rs.1.15 per pregnant/nursing mother per day.

Scrutiny (September-October 2006) of the records of Director of Social Welfare and further information collected (June 2008) revealed that the Government sanctioned

<sup>10</sup>

Sl. No.	Item No.	Item of work	Quantity executed	Rate Rs.	Amount Rs.
1.	2/9	E/w for Embankment in core etc	12273.025 cum	80/cum	9,81,842
2.	13/28	Providing and fixing in position rocker & roller bearing etc.,	6 sets	80,000/set	4,80,000
3.	14/21	Supplying providing & placing in position and profiling prestressed cable etc.,	17 MT	1,30,000/MT	22,10,000
<b>Total</b>					<b>36,71,842</b>

(May 2005) Rs.1.56 crore for supply of utensils to 7,470 AWCs under the centrally sponsored Integrated Child Development Scheme (ICDS) during 2005-06. The sanction fixed the cost of utensils to be provided to each AWC at Rs.2084.15 based on approved rates of the Government Marketing Corporation (AGMC)/Assam Small Industries Development Corporation (ASIDC). Out of the sanctioned amount, Rs.1.11 crore was released, which was drawn (December 2005) and spent by the Directorate for procurement of utensils.

Procurement of utensils for Rs.1.11 crore after discontinuance of supply of cooked meal was, thus, irregular and injudicious.

The Director stated that order for supply of utensils was issued on the basis of Government's decision dated December 1999. The Government, however, in its reply stated (August 2008) that as there was no provision for procurement of utensils under Supplementary Nutrition Programme, these were purchased from funds available under ICDS. The reply is not tenable, since the supply of cooked meal was discontinued with effect from 2000-01 and the amount was sanctioned and paid only in 2005-06.

## **4.6 General**

### **4.6.1 Follow up on Audit Reports**

#### **Non-submission of suo-moto Action Taken Notes**

In terms of the resolution (September 1994) of the Public Accounts Committee (PAC), the administrative departments are required to submit *suo-moto* Action Taken Notes (ATNs) on paragraphs and reviews included in the Audit Reports within three months of presentation of the Audit Reports to the Legislature, to the PAC with a copy to the Accountant General (AG), (Audit) without waiting for any notice or call from the PAC, duly indicating the action taken or proposed to be taken. The PAC in turn is required to forward the ATNs to AG (Audit) for vetting before its comments and recommendation.

It was, however, noticed that ATNs pertaining to 593 paragraphs/reviews for the years 1983-2007 were not received *suo-moto* either from the Departments or through the PAC. Consequently, the audit observations/comments included in these paras/reviews are yet to be discussed/settled by PAC as of March 2008.

### **4.6.2 Action taken on recommendations of the Public Accounts Committee**

Three hundred and forty three (343) recommendations of the PAC, made in its Fifty Fifth to Hundred and Fifteenth Report with regard to 36 Departments, were pending settlement as of March 2008 due to non-receipt of Action Taken Notes/Reports.

### **4.6.3 Failure of senior officials to respond to audit observations and compliance thereof**

The Accountant General (AG) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of significant accounting and other records according to prescribed rules and procedures. When important irregularities, detected during inspection are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of the concerned Offices with a copy



to the next higher authorities. Orders of the State Government (March 1986) provide for prompt response by the executive to the IRs issued by the AG to ensure rectificatory action in compliance with the prescribed rules and procedures. A half-yearly report of pending IRs is sent to the Commissioners and Secretaries of the Departments concerned to facilitate monitoring of the audit observations in the pending IRs.

IRs issued upto March 2008 pertaining to Civil Departments/Public Health Engineering Department/Public Works Department/Flood Control Department/Irrigation and Inland Water Transport Department disclosed that 25,883 paragraphs pertaining to 5,545 IRs issued from 1994-95 were outstanding for settlement at the end of March 2008. Of these, 1,297 IRs containing 3,957 paragraphs had not been settled for more than 10 years. Even the initial replies, which were required to be received from the Heads of Offices within six weeks from the date of issue, were not received from 47 departments in respect of 1,532 IRs. Non furnishing of replies and inaction against the defaulting officers, facilitates continuation of serious financial irregularities and loss to the Government.

In view of the large number of outstanding IRs and Paragraphs, the Government has constituted two Audit Committees for consideration and settlement of outstanding audit observations relating to Civil and Works departments. During 2007-2008, 245 meetings (Civil: 143; Works: 102) of the Committees were held, in which 1,629 IRs and 5,572 Paragraphs were discussed and 363 IRs and 2,424 Paragraphs were settled.

It is recommended that Government review the matter and ensure that effective system exists for (a) action against defaulting officials, who failed to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover loss/outstanding advances/overpayments in a time bound manner, and, (c) revamp the system to ensure prompt and timely response to audit observations.



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## CHAPTER-V

Integrated Audit of Industries and Commerce Department

THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT



## INDUSTRIES AND COMMERCE DEPARTMENT

### 5.1 Integrated Audit of Industries and Commerce Department

#### Highlights

*The main function of the Industries and Commerce Department is to create adequate infrastructure for promotion of large and medium industrial enterprises in the State. Integrated audit of the Department revealed absence of adequate planning, poor programme management and lack of internal control mechanism. A review of the functioning of the Department brought out the following major points:*

The Department drew (November 2001 - March 2008) funds amounting to Rs.13.87 crore in advance of actual requirement, out of which, Rs.5.73 crore were parked out of Government account and the rest retained in Deposit accounts.

(Paragraph 5.1.8.3)

Government efforts to promote large and medium industries through infrastructure development did not materialise even after spending Rs.72.66 crore.

(Paragraph 5.1.9.1)

As against 14,000 unemployed youth to undergo training under 'Chief Ministers' Swa Nyojan Yojana, the actual coverage was only 1,512.

(Paragraph 5.1.9.7)

#### 5.1.1 Introduction

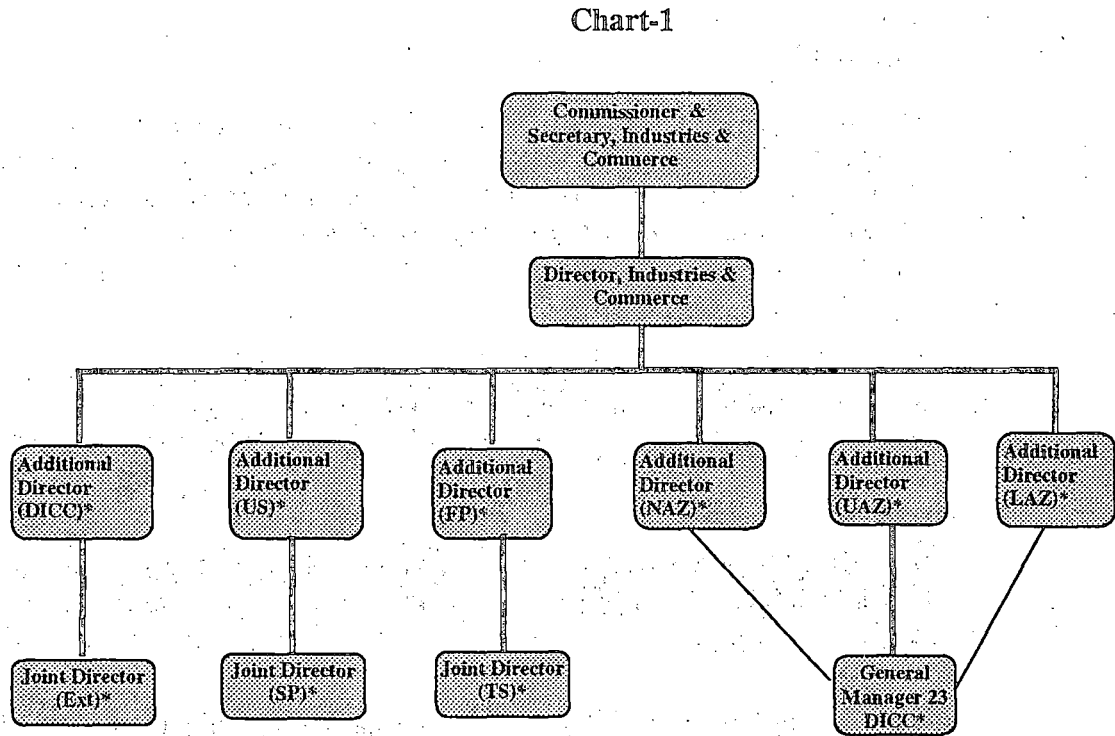
In consonance with the North East Industrial Policy (NEIP), 1997 of the GOI, the State Government formulated a New Industrial Policy, 2003 with the aim of achieving the following main objectives:

- ensure development of adequate and appropriate infrastructure for industrial growth;
- promote establishment of medium and large scale mother industries to create an industrial base offering large scale employment opportunities through backward and forward linkages;
- take steps to revive the sick PSUs and make them economically viable;
- take steps to promote small scale industries and rural handicrafts so as to conserve and enrich cultural heritage, traditions and customs of the State besides economic upliftment of the rural poor.

#### 5.1.2 Organisational Set up

The Department of Industries and Commerce is responsible for the implementation of the NIP, 2003 and the programmes envisaged under it. The Department is headed by the Commissioner and Secretary. The programmes and activities are implemented by the Director of Industries and Commerce (DI&C) through six Additional Directors,

three Joint Directors and 23 General Managers of District Industries and Commerce Centres (DICC). The organisational set up of the Department is given in Chart-1 below:



### 5.1.3 Scope of Audit

The functioning of the Department for the period 2003-08 was reviewed during April-July 2008, through a test check of the records of the Secretariat of Industries and Commerce Department, office of the Director of Industries and Commerce (DI&C), six<sup>1</sup> out of 23 District Industries and Commerce Centres (DICC) and office of the Principal, Central Industrial Training Institute (CITI).

### 5.1.4 Audit Objectives

The audit objective was to assess the performance of the Department on the following parameters:

- Programmes undertaken for overall industrialisation of the State
- Effectiveness of the investment policy of the Government
- Financial management of the schemes
- Planning and programme management

\* DICC -- District Industries & Commerce Centre  
US -- Udyog Sahayok  
Ext -- Extension

LAZ -- Lower Assam Zone  
UAZ -- Upper Assam Zone  
NAZ -- North Assam Zone

TS -- Transport Subsidy  
FP -- Food Processing  
SP -- Store purchase

<sup>1</sup> Kamrup, Karimganj, Bongaigaon, Nagaon, Hailakandi, North Lakhimpur

- Human resource management of the Department
- Monitoring, Evaluation and Internal Control Mechanism

### 5.1.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- North-East Industrial Policy, 1997 of GOI;
- New Industrial Policy (NIP) of Assam 2003;
- Perspective Plan and instructions issued from time to time by the State Government; and
- Prescribed Monitoring mechanism.

### 5.1.6 Audit Methodology

An entry conference was held with the State Government and the Departmental officers in April 2008 wherein audit objectives, criteria and audit methodology were discussed. Selection of DICC was based on random sampling method. Exit conference was held in September 2008 with the Commissioner and Secretary and other Departmental officers and their replies have been incorporated at appropriate places in the report.

## Audit Findings

The important points noticed during audit are discussed in the succeeding paragraphs.

### 5.1.7 Planning

In addition to the implementation of the New Industrial Policy (NIP), 2003 for developing infrastructure and providing fiscal incentives to the large, medium and SSI units, the Department implemented the Mukhya Mantri Karma Jyoti Achari (MMKA), Udyog Jyoti Scheme (UJS) and Chief Minister's Swa Niyojan Yojana (CMSY) under the State Sector and Prime Minister's Rozgar Yojana (PMRY) under the Central Sector. Further, the Schemes taken up during IX<sup>th</sup> Plan were also continued during the X<sup>th</sup> and XI<sup>th</sup> Five Year Plan periods. But the Department did not prepare any Perspective Plan or Annual Action Plans indicating long and short term strategies, resources to be utilised and implementation schedules, etc. covering NIP 2003 and other State and Central sector schemes. Yearwise targets for implementation of various schemes envisaged in the NIP were also not fixed. Besides, the Department also did not take up any significant measures for development of adequate infrastructure both for SSI units and large and medium scale industries, including revival of sick PSUs. Thus, the objective of NIP 2003 remained largely unachieved.

### 5.1.8 Financial Management

#### 5.1.8.1 Budget outlay and expenditure

The position of budget allocation and expenditure incurred thereagainst during 2003-08 is shown in Table-1 below:



**Table-1**

(Rupees in crore)

Year	Original budget	Supplementary budget	Surrendered amount	Total	Expenditure	Saving(-) Excess (+) (Percentage)
2003-04	48.91	8.77	----	57.68	39.53	(-) 18.15 (31)
2004-05	65.29	4.71	10.50	59.50	50.86	(-) 8.64 (15)
2005-06	65.08	13.61	----	78.69	33.37	(-) 45.32 (58)
2006-07	105.04	2.37	10.49	96.92	122.82	(+) 25.90 (27)
2007-08	174.35	30.00	----	204.35	57.60	(-) 146.75 (72)
<b>Total</b>	<b>458.67</b>	<b>59.46</b>	<b>20.99</b>	<b>497.14</b>	<b>304.18</b>	

Source: Appropriation Accounts

As can be seen above, there were savings in all the years except 2006-07, ranging between 15 and 72 per cent of budgeted allocation.

Savings occurred mainly due to non-release of funds by the State Government towards its contribution for IT policy, share capital of Statutory Corporations<sup>2</sup> (AIDC, AIIDC and ASIDC), and loans to Statutory Corporations (AIDC, ASIDC, ASTC, ATC, APML) etc. Excess expenditure during 2006-07 was due to land acquisition for Gas Cracker Project and is yet to be regularised. Savings were not surrendered during 2003-04, 2005-06 and 2007-08 and surrendered less during 2004-05.

Persistent savings were attributed by the Department (July 2008) to non receipt of concurrence from the Finance Department / approval from the Panchayat and Rural Development Department on time, and non-release of funds by the Government.

The Department made a supplementary provision for Rs. 57.09 crore in the budget for the years 2003-06 and 2007-08 while there were overall savings of Rs.218.86 crore (55 per cent) during those years. Thus, provision for supplementary grant during the years had no justification. On the other hand, the Department made a supplementary provision for Rs. 2.37 crore during 2006-07 and surrendered Rs. 10.49 crore during the year but there was an overall excess expenditure of Rs. 25.90 crore. Thus, estimation of budget for these years was prepared on an unrealistic basis.

Non release of funds had a significant negative impact on the implementation of the industrialisation scheme as brought out in the seceding paragraphs.

#### 5.1.8.2 Non-recovery of Government dues

(i) The Department had created infrastructural facilities like construction of industrial sheds, commercial estates etc., and leased them out to entrepreneurs on rental basis. However, the rent realised on these assets during 2005-08 ranged between 14 and 17 per cent of the amount due during the years. The Department did not initiate any measures to realise the dues. Consequently, the unrealised amount stood at Rs. 1.53 crore at the end of 2007-08 as detailed in Table-2 below:

<sup>2</sup> AIDC = Assam Industrial Development Corporation, AIIDC = Assam Industrial Infrastructure Development Corporation, ASIDC = Assam Small Industrial Development Corporation, ASTC = Assam State Textile Corporation, ATC = Assam Tea Corporation and APML = Ashok Paper Mill Limited

Table 2

(Rupees in lakh)

Year	No. of DICC	Amount due			Realisation against			Balance	Percentage of realisation
		Outstanding for earlier years	Current year	Total	Outstanding	Current year	Total		
2005-06	20	113.28	37.51	150.79	12.51	13.24	25.75	125.04	17
2006-07	20	125.04	39.96	165.00	7.03	18.47	25.50	139.50	15
2007-08	20	139.50	39.38	178.88	11.40	14.23	25.63	153.25	14

Source: Departmental records

There was no system in place in the Directorate to regularly review the position to ensure that the revenues are actually realised and credited into Government account by the DICCs. Thus, mobilisation of funds from the available sources of revenue for subsequent investment, had been hampered. The Department accepted (September 2008) the facts and assured appropriate action.

(ii) The Director of Industries and Commerce paid advances amounting to Rs. 5.51 lakh to 14 officers between December 2001 and January 2008 for different purposes. The amount remained unadjusted as of March 2008. Further, the General Manager, DICC, Kamrup paid advances amounting to Rs. 9.75 lakh out of PMRY funds to 35 officers during 2005-08 for training, census operation, UJS, pre-selection motivational campaign and office expenses. This amount also remained unadjusted as of March 2008. In all these cases, the concerned units neither maintained any register of advances nor took any steps for effecting recovery, except in two cases, where Rs.4.32 lakh was recovered as of September 2008. While accepting the facts, the Department stated (September 2008) that immediate measures would be taken to adjust/recover the amounts.

### 5.1.8.3 Parking of funds

Assam Treasury Rules (ATRs) stipulate that money should not be drawn until and unless it is required for immediate disbursement. Scrutiny of the records revealed that the Director, Executive Engineer (CIO) and GM, DICC, Kamrup drew Rs. 13.87 crore between November 2001 and March 2008 and held in 8443 – Civil Deposit (Rs.8.14 crore) and Deposit at Call Receipts (DCR) (Rs.5.73 crore).

The details are as under:

- The Director sanctioned (March 2008) Rs. seven crore as loan to AIDC Ltd., for equity contribution for the creation of a special purpose vehicle (SPV) for Guwahati trade centre. The entire amount was kept (March 2008) under '8443 – Civil Deposit'.
- Rs. 1.14 crore sanctioned (March 2008) by the Department for establishment of two Industrial Estates (Rs.70 lakh) at Morigaon and Sonapur, Industrial area (Rs.20 lakh) at Barpeta Road and construction of DICC office building (Rs.24 lakh) at Golaghat, Hailakandi and Darrang, was kept in the Revenue Deposit Account by the Executive Engineer (CIO), Guwahati in March 2008.



- Between February 2002 and March 2008 the Director drew Rs. 5.23 crore against PMRY, CMSY, MMKA, Udyog Jyoti Scheme and payment of loan to AIDC Ltd. etc. The amount was kept in DCRs/Banker's Cheques.
- Rupees 38 lakh relating to PMRY, CMSY, MMK, 30 per cent of the State Capital Investment Subsidy (SCIS) for 2007-08 etc. was held in the form of DCRs between November 2001 and March 2008 by the GM, DICC, Kamrup without utilising it for the purposes for which it was given.
- GM, DICC, Kamrup received Rs.12 lakh in June 2006 for distribution of prize money of MMKA. The amount was retained in DCRs and not disbursed till date (June 2008). The GM stated (June 2008) that the amount could not be disbursed due to observance of code of conduct for Panchayat election in February 2006. The reply is not tenable because code of conduct did not continue for 28 months (February 2006 to June 2008).

As a result of parking of these funds, infrastructure creation as contemplated in the Industrial policy as well as the objective of the concerned schemes, remained unachieved.

#### **5.1.8.4 Retention of heavy closing balance**

Scrutiny of cash book maintained in the Directorate revealed that there were closing balances amounting to Rs. 7.05 crore, Rs. 6.49 crore and Rs. 5.80 crore at the end of March during the years 2006, 2007 and 2008 respectively. Thus, heavy cash balances were retained in the Department. The Director stated (July 2008) that funds were drawn for ongoing schemes which were being released from time to time as per requirement and progress of the schemes and also subject to utilisation of funds released earlier to the field offices. However, the fact remains that the requirement was not assessed prior to drawal of funds from Government exchequer. This signifies lack of effective financial management and control in the Department.

#### **5.1.9 Programme Implementation**

Out of 17 schemes<sup>3</sup> to be taken up in the State during 2003-08 as per the NIP 2003, three schemes viz. (1) Handicraft Design Research Centre (HDRC), (2) Technology Development and (3) Promotional Schemes were not implemented. Reason for non-implementation of HDRC was due to non-release of funds as stated by the Director (July 2008). As regards the other two schemes, reasons were not furnished.

Of the remaining 14 schemes, 7 schemes were test-checked in audit and discussed in the succeeding paragraphs.

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<sup>3</sup> 1. Industrial Loan/Margin Money Loan, 2. Supply of Improved Tools, 3. Training Programme, 4. Quality Control and Marketing scheme, 5. Exhibition and Publicity, 6. Share Capital to ARTFED/AGMC, 7. Renovation of existing Industrial Estate & Commercial Estate, 8. Implementation of New Industrial Policy, 9. Mukhya Mantrir Karma Jyoti Achani, 10. Udyog Jyoti Scheme, 11. Chief Minister's Swa-Niyojan Yojana, 12. Prime Minister's Rojgar Yojana, 13. Integrated Infrastructure Development, 14. Border Trader Centre, 15. Handicraft Design Research Centre (HDRC), 16. Technology Development and 17. Promotional Schemes.



## Infrastructure Development

### 5.1.9.1 Integrated Infrastructure Development Projects (IIDPs) and Border Trade Centres

To promote the establishment of large and medium scale industries in the State, the Department took up infrastructure development with funding from the Central and State Governments, in the ratio of 80:20. During the period 1996-97 to 2007-08, an amount of Rs.75.06 crore (Central: Rs.66.85 crore, State: Rs.8.21 crore) was made available to Assam Industrial Development Corporation (AIDC) Ltd for construction of six Integrated Infrastructure Development Projects (IIDP), two Industrial Growth Centres (IGC) and nine other projects. Of these, only one IIDP was completed at a cost of Rs.5.03 crore in July 2004. The other works were not completed after incurring an expenditure of Rs.49.70 crore as of March 2008. The Department admitted the facts and stated (September 2008) that most of the works were on the verge of completion and require further funds for completion in all respects.

A further sum of Rs.23.02 crore (Central: Rs.21.12 crore; State: Rs.1.90 crore) was made available to Assam Industrial Infrastructure Development Corporation (AIIDC) between 2001-08 for construction of two IIDP and one IGC and one Border Trade Centre. None of the projects was completed as of March 2008 despite incurring an expenditure of Rs.22.96 crore.

Thus, Government efforts to promote industrial growth through infrastructure development had not borne fruit. The Department accepted the facts.

### 5.1.9.2 Construction of Model Commercial Centres

In order to develop infrastructure for setting up industrial units during 2005-08 in the State, the Planning and Finance (EC-II) Department approved (March 2005) construction of 25 Model Commercial Centres (eight units in each centre with a plinth area of 1600 sq. ft, at an estimated cost of Rs.9.63 lakh each) at a total cost of Rs.2.50 crore. Funds for the project were provided out of the savings of CMSY scheme available with the Directorate. The Director disbursed (August 2005) Rs.2.50 crore to the Executive Engineer (EE) (CIO), for execution of the project. The EE executed only four double storied model commercial centres (3,200 sq ft) at Tinsukia, Titabor, Sibsagar and Silchar at a revised cost of Rs. 1.28 crore and seven centres (1,600 sq ft) at Narayanpur, Lakhimpur, Karimganj, Goalpara, Bilasipara, Nalbari and Barpeta at a revised cost of Rs. 1.05 crore without obtaining the technical sanction and expenditure approval for the revised estimates from the competent authorities, violating the codal provision. Test check of records revealed that construction work of 11 units (four double units and seven single units) was taken up between March and August 2005 out of which, 10 units (three double units and seven single units) were completed at Rs. 2.03 crore between March and April 2008 as against the original estimated cost of Rs. 1.25 crore. This resulted in extra unauthorised expenditure of Rs.78 lakh. The facts were admitted (September 2008) by the Department. Thus, apart from deviation from the approved estimates and violation of codal provision and non-allotment of completed centres, the objective of providing basic infrastructure to the entrepreneurs for self employment, remained unfulfilled.

### 5.1.9.3 Position of PSUs in the State

As on 31 March 2008, there were 46 Government Companies (36 working and 10 non-working) and four working Statutory Corporations under the control of the

State Government. The accounts of 35 working Government Companies and four Statutory Corporations were in arrears for periods ranging from one to twenty three years as of September 2008. The State Government had invested Rs.1,070.42 crore (equity : Rs.53.25 crore; loans : Rs.397.22 crore; grants/subsidy : Rs.586.50 crore and other : Rs.33.45 crore) in 30 working PSUs during the years for which accounts have not been finalised. In the absence of accounts and subsequent audit, it could not be verified whether the investment and expenditure have been properly accounted for and the purpose for which the investment was made, was achieved. Besides, delay in finalisation of accounts carries the risk of financial irregularities going undetected apart from violation of the provisions of Companies Act, 1956. According to the latest finalised accounts of 36 working Companies and four Statutory Corporations, 28 Companies and three Corporations incurred an aggregate loss of Rs.148.02 crore and Rs.147.77 crore respectively. Five Companies and one Corporation had earned aggregate profit of Rs.38.35 crore and Rs.41.10 lakh respectively.

Of the 28 loss making companies, 20 companies had accumulated losses aggregating Rs.393.04 crore which exceeded their paid up capital of Rs.132.19 crore. Despite poor performance and complete erosion of their capital, the State Government continued to provide financial support to these Companies.

### Developmental Programmes

The position of availability of funds for implementation of various programmes by the Department and expenditure incurred thereagainst during 2003-08 is shown in Table-3 below:

**Table-3**

(Rupees in crore)

Name of the Scheme	Year	Funds available			Expenditure	Unspent balance (Percentage)
		Opening Balance	Funds received	Total		
PMRY	2003-04	0.05	1.11	1.16	0.62	0.54 (47)
	2004-05	0.54	NIL	0.54	0.27	0.27 (50)
	2005-06	0.27	1.57	1.84	0.65	1.19 (65)
	2006-07	1.19	----	1.19	0.98	0.21 (18)
	2007-08	0.21	0.64	0.85	0.58	0.27 (32)
MMKA	2003-04	NIL	----	----	----	----
	2004-05	NIL	----	----	----	----
	2005-06	----	9.00	9.00	8.90	0.10 (1)
	2006-07	0.10	0.95	1.05	----	1.05 (100)
	2007-08	1.05	1.00	2.05	----	2.05 (100)
UJS	2003-04	----	----	----	----	----
	2004-05	----	----	----	----	----
	2005-06	----	1.00	1.00	0.85	0.15 (15)
	2006-07	0.15	1.00	1.15	----	1.15 (100)
	2007-08	1.15	----	1.15	----	1.15 (100)
CMSY	2003-04	5.02	----	5.02	0.57	4.45 (89)
	2004-05	4.45	----	4.45	0.37	4.08 (92)
	2005-06	4.08	----	4.08	2.77	1.31 (32)
	2006-07	1.31	----	1.31	0.28	1.03 (79)
	2007-08	1.03	----	1.03	0.19	0.84 (82)
<b>Total</b>			<b>16.27</b>		<b>17.03</b>	

Source: Departmental records

It would be evident from the above data that the unspent balance against the four schemes stood at Rs. 4.31 crore at the end of March 2008 and ranged between 1 to 100 *per cent*, indicating poor implementation of the schemes. The Department accepted (September 2008) the facts and assured that steps would be taken to achieve the scheme objectives.

#### 5.1.9.4 Prime Minister Rozgar Yojana (PMRY)

The GOI launched the PMRY scheme during 1993-94 with the prime objective of providing self employment to the educated unemployed youth for setting up self ventures. According to the scheme guidelines, the entrepreneur is entitled to take loan from bank for any project upto Rs. two lakh for industries and Rs. one lakh for service and business (revised to Rs. five lakh and Rs. two lakh respectively from 2007-08) and the entrepreneur is to contribute five *per cent* of the project cost. Loan is to be repaid within 3-7 years with interest at rates applicable from time to time. Further, the GOI provides subsidy at the rate of 15 *per cent* of the project cost subject to a ceiling of Rs. 15,000. The scheme also envisaged compulsory training for entrepreneurs after the loan is sanctioned by the bank. The scheme was to be implemented by the GM, DICC through a District Task Force Committee (DTFC) and to be monitored by the District PMRY Committee headed by the Deputy Commissioner at the district and the State PMRY Committee at the State level.

The GOI approved (2003-08) coverage of 58,900 individuals under the scheme. Out of this, only 47,796 cases were sanctioned by the banks (81 *per cent*), and loan was disbursed to only 34,892 (73 *per cent*). Training was not arranged in 6,547 out of 47,796 cases (14 *per cent*) that were sanctioned loans by the banks. In respect of the ventures for which bank loans were disbursed, the recovery position and whether the ventures were viable and operational were not assessed by the Department.

Reasons for shortfall at each stage were neither assessed nor was any action taken by the Department to ensure achievement of the targets and objectives fixed by the GOI. The Additional Director of the Directorate stated (July 2008) that the shortfall was mainly due to non-sanction of proposals by the banks due to non-repayment of outstanding loans. The Department has not provided training and infrastructure support like sites/shops at concessional rates, concessional electric connections, water connections; tax concessions etc. Thus, the entrepreneurs were deprived of benefit of assistance from GOI for setting up self ventures due to the lack of monitoring and follow up action by the Department and as a result, the scheme failed to achieve its objective.

#### 5.1.9.5 Mukhya Mantri Karma Jyoti Achan<sup>4</sup> (MMKA)

The MMKA was introduced by the State Government during 2005-06 with the main objective of upliftment of traditional handicraft artisans. Under the scheme, improved tools, raw materials and marketing assistance etc., were to be provided to the artisans for skill development in their traditional trades like manufacturing of decorative textiles, black smithy, pottery, carpentry, toy making, musical instruments etc. The scheme was to be implemented by the Directorate initially in 50 Legislative Assembly Constituencies (LACs) in three phases with the assistance of District Committee<sup>5</sup>.

<sup>4</sup> Achan means scheme.

<sup>5</sup> District Committee comprises of DC (Chairman); General Manager, DICC (Member Secretary); Superintendent, Handloom & Textiles (member); and District Social Welfare Officer (member).



During 2005-06, Rs.9 crore was released by the Government for implementation of the scheme. Out of this, the Director could spent Rs.8.90 crore for purchase of raw materials i.e. yarn and tool kits etc. (Rs.8.22 crore), prize money (Rs.0.60 crore) through DICC and contingent charges (Rs.0.08 crore), leaving an unspent balance of Rs.0.10 crore.

Test check of the records of Kamrup DICC revealed that materials (Yarn, tool kits etc.) worth Rs.17.36 lakh were not distributed to the beneficiaries (June 2008) and are lying in stock. In other districts, however, such irregularities were not noticed.

The Director also received Rs.95 lakh during 2006-07 and Rs.one crore during 2007-08 which was not spent as of March 2008. The reason for non-implementation of the scheme was stated to be due to code of conduct of Panchayat election, and availability of limited funds. The reply is not tenable, since this is a continuing scheme and not limited to any particular period.

#### **5.1.9.6 Udyog Jyoti Scheme (UJS)**

The State Government launched the UJS during 2005-06 with the objective of providing exposure to the final year students of graduation course, to a variety of industrial production activities at industrial centres like Export Promotional Industrial Park (EPIP), Central Institute of Plastic Engineering (CIPET), Central Tool Room Training Centre (CTRTC), Guwahati Refinery, Industrial Estates (IEs) etc., so that after completion of studies, they could start their own ventures or get employed in such industries. The State Government released Rs. one crore during 2005-06 for the purpose, against which, the Director spent Rs.85 lakh towards travelling expenses, hotel charges and other contingent charges for 2,447 students inside the State and 144 students outside the State. The balance amount of Rs.15 lakh remained unutilised as of March 2008. Further, Rs. one crore released during 2006-07 by the State Government remained unutilised as of March 2008. The Department did not even assess the outcome of the exposure given to 2,591 students during 2005-06 and no follow-up action was taken to identify the students who were motivated as a result of the exposure, or the students who took up their own ventures etc. Thus, the effectiveness of implementation of the scheme remained unassessed. No further initiative was taken in the subsequent years for implementation of the scheme. As a result, the objective of the scheme remained unachieved.

#### **5.1.9.7 Chief Minister's Swa Niyojan Yojana (CMSY)**

The State Government launched the CMSY scheme during 2000-01, for imparting apprenticeship training to 2,000 educated unemployed youth in two batches in a year. Each batch was to comprise of 1,000 youth who were to be trained for six months with a stipendiary benefit of Rs. 3,000 per month per trainee, in different industrially developed States within the Country. The scheme also provided for sending technically educated professionals and skilled labourers to foreign countries especially in Middle East and Europe, for employment.

Scrutiny of the records revealed that the Director sponsored only 1,512 trainees during 2001-08 as against 14,000 (2,000 nos. X 7 years) required to be sponsored till March 2008 for training outside the State leading to short coverage of 12,488 (89 per cent) educated unemployed youth under the scheme. Reasons for shortfall in sponsoring of trainees were not on record. After the training was imparted, only 99 (7 per cent) trained youth were employed outside the State as revealed from the records of the Directorate.

The scheme for sending professionals outside the country had not been implemented. Thus, the ultimate objective of the scheme for training and subsequent employment of trained youth remained largely unachieved.

#### 5.1.9.8 Incentive under New Industrial Policy (NIP) 2003

The Government of Assam formulated a package of incentives under NIP 2003 for promoting and setting up industrial units and revitalisation of sick industrial units to promote investment in the State. The main fiscal incentives under the policy to be extended to the industrial units of Assam are State Capital Investment Subsidy (SCIS) (30 per cent on investment on plant & machinery), interest subsidy on working capital (30 per cent of the amount of interest charged by/paid to bank on working capital loan); power subsidy (the subsidy will be paid on the power consumed for a period of five years upto a maximum of Rs.20 lakh); subsidy on Captive Power Generation (50 per cent of cost of DG sets upto Rs.10 lakh) and subsidy for drawal of power line (20 per cent of the cash payable to ASEB for drawal of HL/LT line).

The Director of Industries with the approval of State Level Committee (SLC) selected 151 industrial units (where investment in plant and machinery was above Rs.10 lakh) for payment of subsidies. The details of subsidies sanctioned during 2003-08 as furnished by the Directorate are detailed in Table-4 below:

Table-4

(Rupees in lakh)

Year	Categories of subsidies approved by SLC									
	30 per cent SCIS		D.G. Set		Drawal of Power line		Power subsidy		Interest subsidy	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
2003-04 Approved cases	---	---	---	---	---	---	---	---	---	---
2004-05	20	162.88	---	---	---	---	---	---	---	---
2005-06	40	354.83	3	8.87	1	0.46	---	---	---	---
2006-07	4	32.92	---	---	---	---	8	50.96	---	---
2007-08	9	105.48	8	29.89	2	0.99	54	373.31	2	6.44
<b>Total</b>	<b>73</b>	<b>656.11</b>	<b>11</b>	<b>38.76</b>	<b>3</b>	<b>1.45</b>	<b>62</b>	<b>424.27</b>	<b>2</b>	<b>6.44</b>

Source: Departmental figures.

Subsidies relating to the period upto 2005-06 have already been paid during 2004-08. There were 87 cases which remained outstanding for the years 2006-07 and 2007-08 involving Rs.6 crore. Due to delay in disbursement of sanctioned subsidies to the concerned units, industrialisation process in the State was retarded.

Subsidy payment cases in respect of industries with investment upto Rs.10 lakh on plant and machinery was to be settled at the District level (DICC) with the approval of District level committee.

Scrutiny of the records in three districts, however, revealed that the outstanding liability of the Department towards subsidy payment sanctioned to 640 industrial units as of March 2008, was as follows.

**Table-5**

Name of DICC/ District	Year upto	Categories of subsidies approved but yet to be paid						Total
		SCIS	Power subsidy	Power line subsidy	Interest subsidy	D.G. subsidy	Misc. subsidy	
(Rupees in lakh/No. of units)								
<b>2004-05</b>								
Lakhimpur		30.10 (12)	9.59 (9)	1.21 (2)	7.32 (1)	---	---	48.22 (24)
Kamrup		231.64 (211)	524.07 (115)	---	22.99 (6)	22.95 (14)	---	801.65(346)
Bongaigaon		28.50 (20)	2.85 (5)	0.49 (3)	---	---	---	31.84 (28)
<b>2005-06</b>								
Lakhimpur		23.86 (14)	7.56 (3)	0.31 (1)	---	5.48 (2)	1.21 (3)	38.42 (23)
Kamrup		---	129.46 (21)	---	---	---	---	129.46 (21)
Bongaigaon		3.88 (5)	6.32 (8)	0.28 (1)	0.56 (1)	---	---	11.04 (15)
<b>2006-07</b>								
Lakhimpur		---	---	---	---	---	---	---
Kamrup		61.05 (37)	103.24 (47)	2.34 (6)	4.09 (2)	29.58 (10)	2.37 (3)	202.67(105)
Bongaigaon		5.87 (5)	2.55 (6)	---	---	---	---	8.42 (11)
<b>2007-08</b>								
Lakhimpur		28.05 (28)	---	---	---	0.37 (2)	---	28.42 (30)
Kamrup		14.25 (10)	15.92 (13)	1.51 (2)	1.91 (1)	19.51 (7)	---	53.10 (33)
Bongaigaon		1.46 (1)	2.50 (3)	---	---	---	---	3.96 (4)
<b>Total</b>		<b>428.66 (343)</b>	<b>804.06 (230)</b>	<b>6.14 (15)</b>	<b>36.87 (11)</b>	<b>77.89 (35)</b>	<b>3.58 (6)</b>	<b>1357.20(640)</b>

Source: Departmental records

Thus, 727 Industrial units (87 + 640) were denied the benefits of subsidy of Rs. 19.57 crore (Rs.6 crore + Rs.13.57 crore) due to non-release of funds by the State Government. As a result, the commitment of the Government to provide assured incentives to the industrial units was not fulfilled. While accepting the facts, the Department stated (September 2008) that steps will be taken to move Finance and P&D Departments for release of funds to clear the outstanding liabilities.

### 5.1.10 Manpower Management

#### 5.1.10.1 Excess/idle staff

The Department had neither carried out an assessment of its manpower requirement nor was any review of requirement with regard to work load conducted during 2003-08. As a result, there were excess and idle staff, as detailed below:

The Department had 489 officers and 269 Grade-III staff on its rolls at the end of March 2008. Against this, 400 Grade-IV staff were employed, representing 53 per cent of the total 758 officers/Grade-III staff. While norms for engagement of



Grade-IV staff were not fixed in the Department, entertaining 53 *per cent* Grade-IV staff as compared to the position of officers and Grade-III staff is excessive and had no basis. The Department stated (September 2008) that efforts are on to re-deploy the excess staff.

The function of Handicraft, Design and Research Cell (HDRC) under the Directorate with a staff strength of 10 (headed by one Assistant Industries Officer) is mainly to work on designing and moulding of sculpture, cane and bamboos designing etc. However, during 2003-08, the Cell could not function due to non-provision of funds for the purchase of raw material. Consequently, not only did the staff remain idle during these years, but the purpose of creation of the Cell was also not achieved. The Director accepted the facts (July 2008).

#### 5.1.11 Inventory Management and Control

As per Assam Financial Rules (Rule 195), necessary stock registers are to be maintained and the balance in stock should be physically verified half yearly. Although stock registers of non-consumable stores and other material were maintained by the Directorate, in seven out of nine test checked offices, the items of furniture, fixtures, computers etc., were not valued. Only the list of items was incorporated in the register, from which, the actual position of stock held could not be ascertained. Besides, the system of physical verification of stock was not in place either in the Directorate or in the test checked district offices. Thus, control measures prescribed for stores and stock were not adhered to both in the Directorate and in the DICCs.

#### 5.1.12 Internal Control and Monitoring

Internal Control is an integral process that is effected by an entity's management and is designed to provide reasonable assurance that the following general objectives are being achieved:

- fulfilling accountability obligations;
- complying with applicable rules and regulations;
- implementation of programme in an orderly, economical, efficient and effective manner.

Internal control mechanism was lacking in the Department. The Department did not maintain expenditure control registers to record the details of drawal of funds against allocation and expenditure thereagainst. Reporting system was also inadequate and periodical reports/returns from the field offices as regards implementation of various schemes and other activities in the districts were not obtained. Thus, monitoring system essential for ensuring compliance in terms of physical and financial implementation of schemes/programme was non-existent. No evaluation was ever carried out by the Department to assess the impact of implementation of programmes/activities undertaken for growth of industries in the State. The Department accepted the facts and stated (September 2008) that steps are being taken to strengthen the internal control system. Between 2005-06 and 2007-08 the State

Government released Rs.5.60 crore as loan to eight<sup>6</sup> Corporations (2005-06 : Rs. 1.63 crore, 2006-07 : Rs. 0.97 crore and 2007-08 : Rs. 3.00 crore) through the Directorate. But, neither the State Government nor the Directorate took any action to recover even the principal amount as of March 2008. Due to poor maintenance of loan ledger by the Directorate, the position of outstanding loans sanctioned earlier, along with interest and their recovery position could not be ascertained in audit. While accepting the facts, the Department stated (September 2008) that loan ledgers will be made upto date for eventual recovery. As per Assam Financial Rules (AFR) physical verification of cash balance is to be carried out by the head of the office on a monthly basis. However, in all the seven test checked offices and the Directorate, the monthly physical verification of cash was not conducted during 2003-08. Thus, basic financial regulation was not adhered to.

#### **5.1.12.1 Internal Audit**

An internal audit wing manned by two officers from Assam Audit Services and three Extension Officers (Industry) exists in the Directorate. The programmes for conducting internal audit in field units for the years 2003-08 were not chalked out by the wing and it could audit only one (GM, DICC, Mangaldoi) out of 27 units during 2007-08. The Directorate stated (July 2008) that due to engagement in other official work, there was a delay in carrying out Audit activities. Thus, the internal audit wing of the Department appeared to be non-functional. The Department assured (September 2008) that it would make it functional.

#### **5.1.12.2 Non- settlement of audit observations**

AFR stipulates that the Departmental officers should attend promptly to audit observations raised by the AG (Audit) and send replies within a fortnight of their issue. Besides, the DDO should maintain a control register for recording the observations and watch disposal thereof. None of the units test checked, including the Directorate, maintained this control register. As of March 2008, 145 Inspection Reports (IRs) containing 529 paragraphs were pending settlement against the auditee units of the Department since 1994-05, of which, even initial replies were not received in respect of 42 IRs containing 234 paragraphs. Thus, furnishing replies promptly to audit observations and follow-up action for their settlement was deficient in the Department leading to accumulation of unsettled audit paragraphs.

#### **5.1.13 Conclusion**

The Department could not achieve the targets and objectives set for itself in the NIP, 2003. Infrastructural facilities were not developed to the desired extent, to promote medium and large scale mother industries and thereby attract investors. Due to various bottlenecks like non-release/delayed release of funds, and non monitoring of the implementation of various programmes, the objectives of various interventions by the Government were not achieved. The commitment to provide incentives in setting

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<sup>6</sup> (1) Assam Tea Corporation Ltd. (Rs. 4.00 crore)  
(2) Assam Industrial Development Corporation Ltd. (Rs. 0.03 crore)  
(3) Assam State Textile Corporation (Rs. 0.10 crore)  
(4) Assam Small Industries Development Corporation Ltd. (Rs. 0.30 crore)  
(5) Ashok Paper Mill Ltd. (Rs. 0.32 crore)  
(6) Cachar Sugar Mill (Rs.0.05 crore)  
(7) Assam State Fertilizer Corporation Ltd (Rs.0.75 crore)  
(8) M/S Industrial Paper (Assam) Ltd (Rs.0.05 crore).




up industries was also not fulfilled. Creating employment opportunities through self employment ventures by making available institutional finance was not fully achieved. Financial management, programme management, internal control and monitoring including manpower management had inherent deficiencies.

**5.1.14 Recommendations**

- The State Government should release the funds allocated to the Department on a timely basis, so as to facilitate implementation of various programmes targeted for the development of industries in the State.
- Government should gear up to its role as a facilitator of industrial growth by speedy development of infrastructure.
- Assessment of the requirement of manpower should be done so as to achieve optimal utilisation of manpower at each level.
- Control mechanism should be in place for effective monitoring of the programmes/activities and enforced at all levels including at the Government level.

Guwahati  
The 16 JAN 2009

  
(Sword Vashum)  
Principal Accountant General

Countersigned

New Delhi  
The 10 FEB 2009

  
(Vinod Rai)  
Comptroller and Auditor General of India





# APPENDICES





**Appendix-1.1**

(Reference: Paragraph 1.1; Page-1)

**Part-A: Structure and Form of Government Accounts**

**Structure of Government Accounts:** The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

**Part I: Consolidated Fund**

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund titled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

**Part II: Contingency Fund**

Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

**Part III: Public Account**

Receipts and Disbursement in respect of certain transactions such as small savings, provident funds, reserve funds, deposits, suspense, and remittances etc which do not form part of the Consolidated Fund are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

**Appendix-1.1**

(Reference: Paragraph 1.1; Page-1)

**PART-B: Layout of Finance Accounts**

Statement	Layout
Statement No. 1	Presents the summary of transaction of the State Government-receipts and expenditure, revenue and capital, public debt receipts and disbursements etc., in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No. 2	Contains the summarised statement of capital outlay showing progressive expenditure to the end of current year.
Statement No. 3	Gives financial results of Irrigation Works for the current year.
Statement No. 4	Indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in arrears, etc.
Statement No. 6	Gives the summary of guarantees given by the Government for repayment of loans etc., raised by the statutory corporations, local bodies and other institutions.
Statement No. 7	Gives the summary of cash balances and investments made out of such balances.
Statement No. 8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2008.
Statement No. 9	Shows the revenue and expenditure under different heads for the current year as a percentage of total revenue/total expenditure.
Statement No. 10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No. 11	Indicates the detailed account of revenue receipts by minor heads.
Statement No. 12	Provides detailed account of revenue expenditure by minor heads under non-plan, State plan and centrally sponsored schemes separately and capital expenditure major head wise.
Statement No. 13	Depicts the detailed statement of capital expenditure incurred during and to the end of the current year.
Statement No. 14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, co-operative banks and societies etc., up to the end of the current year.
Statement No. 15	Depicts the capital and other expenditure to the end of the current year and the principal sources from which the funds were provided for that expenditure.
Statement No. 16	Gives the detailed statement of receipts, disbursements and balances under heads of accounts relating to Debt, Deposit, Contingency Fund and Public Account.
Statement No. 17	Presents the detailed statement of debt and other interest bearing obligations of the Government.
Statement No. 18	Provides the detailed statement of loans and advances made by the Government of Assam, the amount of loans repaid during the year, the balances at the end of the year and amount of interest received during the year.
Statement No. 19	Gives the details of earmarked balances.

## Appendix-1.1

(Reference: Paragraph-1.1.3; Page-2)

## Part-C: Outcome Indicators of the States' Own Fiscal Correction Path

(Rupees in crore)

	Base year estimate	2004-05 Actual	2005-06 (R.E)	2006-07 (B.E)	2007-08	2008-09	2009-10
<b>A. STATE REVENUE ACCOUNT</b>							
1. Own Tax Revenue.	2364.83	2711.75	3365.76	3826.88	4209.57	4630.52	5093.58
2. Own Non-Tax Revenue.	693.69	1070.03	1387.46	1469.92	1543.42	1620.59	1701.61
<b>3. Own Tax + Non-Tax Revenue (1 + 2)</b>	<b>3058.52</b>	<b>3781.78</b>	<b>4753.22</b>	<b>5296.80</b>	<b>5752.99</b>	<b>6251.11</b>	<b>6795.19</b>
4. Share in Central Taxes & Duties.	1894.12	2585.90	3074.31	3674.80	4042.28	4446.51	4891.16
5. Plan Grants.	2324.63	3115.80	5341.00	5648.12	5904.94	6179.74	6473.78
6. Non-Plan Grants.	299.41	453.79	1116.51	1041.73	1024.00	1083.66	1148.78
<b>7. Total Central Transfer (4 to 6)</b>	<b>4518.16</b>	<b>6155.49</b>	<b>9531.82</b>	<b>10364.65</b>	<b>10971.22</b>	<b>11709.91</b>	<b>12513.72</b>
<b>8. Total Revenue Receipts (3+7)</b>	<b>7576.68</b>	<b>9937.27</b>	<b>14285.04</b>	<b>15661.45</b>	<b>16724.21</b>	<b>17961.02</b>	<b>19308.91</b>
9. Plan Expenditure.	1859.35	2021.37	4278.77	3443.13	3615.29	3796.05	3985.85
10. Non-Plan Expenditure.	6662.05	8207.77	10337.75	12653.10	12833.22	13263.89	13666.06
11. Salary Expenditure.	3903.98	4925.85	5097.84	6335.73	6652.52	6985.14	7334.40
12. Pension.	830.58	1062.39	1046.16	1466.46	1539.78	1616.77	1697.61
13. Interest Payments.	1379.44	1403.53	2103.27	2314.29	2430.00	2575.80	2756.11
14. Subsidies-General.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
15. Subsidies-Power.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>16. Total Revenue Expenditure (9+10)</b>	<b>8521.40</b>	<b>10229.14</b>	<b>14616.52</b>	<b>16096.23</b>	<b>16448.51</b>	<b>17059.94</b>	<b>17651.91</b>
17. Salary+Interest+Pensions(11+12+13)	6114.00	7391.77	8247.27	10116.48	10622.30	11177.72	11788.12
18. As % of Revenue Receipts (17/8)	80.69	74.38	57.73	64.59	63.51	62.23	61.05
<b>19. Revenue Surplus/Deficit (8-16)</b>	<b>-944.72</b>	<b>-291.87</b>	<b>-331.48</b>	<b>-434.78</b>	<b>275.70</b>	<b>901.08</b>	<b>1657.00</b>
<b>B. Consolidated Revenue Account:</b>							
1. Power Sector loss/profit net of actual subsidy transfer.	-94.67	-101.27	-48.80	0.00	0.00	0.00	0.00
2. Increase in debtors during the year in power utility accounts [Increase (-)]	0.00	-14.44	89.33	67.00	50.25	37.69	11.31
3. Interest payment on off budget borrowings & SPV borrowings made by PSU/SPUs outside budget.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Total (1 to 3)	-94.67	-115.71	40.53	67.00	50.25	37.69	11.31
<b>5. Consolidated Revenue Deficit (A 19+ B 4)</b>	<b>-1039.39</b>	<b>-407.58</b>	<b>-290.95</b>	<b>-367.78</b>	<b>325.95</b>	<b>938.77</b>	<b>1668.31</b>
<b>C. CONSOLIDATED DEBT:</b>							
1. Outstanding debt and liability.	13212.82	16417.72	18007.26	19492.22	21968.24	23746.01	25286.79
2. Total outstanding guarantee of which (a) guarantee on account of off budgeted borrowing and SPV borrowing.	1855.84	1382.95	1272.93	1209.28	1148.82	1091.38	1036.81
		0.00	0.00	0.00	0.00	0.00	0.00
<b>D. CAPITAL ACCOUNT:</b>							
1. Capital Outlay.	733.63	2180.53	2565.01	2779.62	2640.64	2561.42	3073.70
2. Disbursement of Loans and Advances.	170.35	974.19	199.74	148.12	158.49	169.58	181.45
3. Recovery of Loans and Advances.	28.83	1389.14	43.55	43.10	47.41	52.15	57.37
4. Other capital receipts.	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>E. GROSS FISCAL DEFICIT (GFD)</b>	<b>1819.87</b>	<b>2057.45</b>	<b>3052.68</b>	<b>3319.42</b>	<b>2476.02</b>	<b>1777.77</b>	<b>1540.78</b>
GSDP (Rs. crore) at current prices.		43529.85	47012.24	50773.22	54835.07	59221.88	63959.63
		Quick					
Assumed Nominal Growth Rate (%)		-	8%	8.0%	8%	8%	8%
<b>F. Fiscal Deficit/GSDP (%).</b>		<b>4.73</b>	<b>6.49</b>	<b>6.54</b>	<b>4.52</b>	<b>3.00</b>	<b>2.41</b>



**Appendix-1.1**

(Reference: Paragraph 1.3; Page-5)

**Part-D: List of terms used in Chapter I and basis of their calculation**

Terms	Basis of calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of the parameter (X)/Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount})-1] * 100$
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2] * 100$
Interest spread	GSDP growth – Weighted Interest Rate
Quantum spread	Debt stock * Interest spread
Interest received as <i>per cent</i> to Loans Outstanding	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2] * 100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-Plan Revenue Expenditure excluding expenditure recorded under the major head 2048-Appropriation for Reduction or Avoidance of Debt

**Appendix-1.2**  
(Reference-Paragraph 1.3 and 1.7; Page-5 and 19)  
**Summarised Financial Position of the Government of Assam as on 31 March 2008**

(Rupees in crore)

As on 31 March 2007	Liabilities		As on 31 March 2008
<b>12402.53</b>	<b>Internal Debt</b>		<b>13032.55</b>
	7296.52	Market Loans bearing interest	7841.03
		Market Loans not bearing interest	0.05
	2.73	Loans from LIC	2.35
	18.69	Loans from General Insurance Corporation of India	16.62
	303.13	Loans from NABARD	434.03
	0.08	Compensation and other Bonds	0.08
	(-)24.49	Loans from NCDC	(-) 30.05
	116.87	Loans from other Institutions	88.04
		Ways and Means Advances	
	4688.26	Special Securities issued to National Small Savings Fund of the Central Government	4679.66
	0.74	Other Loans	0.74
<b>2775.31</b>	<b>Loans &amp; Advances from Central Government</b>		<b>2708.45</b>
	0.24	Pre 1984-85 Loans	0.24
	86.98	Non-Plan Loans	86.61
	2213.27	Loans for State Plan Schemes	2143.60
	258.57	Loans for Central Plan Schemes	258.57
	41.68	Loans for Centrally Sponsored Plan Schemes	44.86
	61.57	Loans for Special Plan Schemes	61.57
	113.00	Ways and Means Advances	113.00
<b>3614.78</b>	<b>Small Savings, Provident Funds, etc.</b>		<b>3932.74</b>
<b>564.07</b>	<b>Deposits</b>		<b>705.62</b>
<b>1126.47</b>	<b>Reserve Funds</b>		<b>1491.85</b>
<b>50.00</b>	<b>Contingency Fund</b>		<b>50.00</b>
<b>114.41</b>	<b>Surplus on Government Account</b>		<b>2695.17</b>
	2210.41	Current year's surplus	2580.76
		Add: Miscellaneous Government Account	-
	2096.00	Less: Accumulated deficit upto 31 March 2007	-
		Add: Accumulated surplus upto 31 March 2007	114.41
--	<b>Overdraft with Reserve Bank of India</b>		-
<b>20647.57</b>	<b>Total</b>		<b>24616.38</b>
As on 31 March 2007	Assets		As on 31 March 2008
<b>11896.81</b>	<b>Gross Capital Outlay on Fixed Assets</b>		<b>13584.92</b>
	1984.46	Investments in shares of Companies, Corporations etc.	1989.32
	9912.35	Other Capital Outlay	11595.60
<b>2721.29</b>	<b>Loans and Advances</b>		<b>2823.85</b>
	2022.06	Loans for Power Project	2118.57
	550.81	Other Development loans	588.30
	148.42	Loans to Government Servants and Miscellaneous loans	116.98
<b>938.77</b>	<b>Civil Advances</b>		<b>1642.02</b>
<b>395.10</b>	<b>Remittance Balances</b>		<b>361.33</b>
<b>1362.98</b>	<b>Suspense and Miscellaneous Balances</b>		<b>1411.25</b>
<b>629.93</b>	<b>Investments out of Reserve Fund</b>		<b>833.93</b>
<b>2702.69</b>	<b>Closing Cash-Balances</b>		<b>3959.08</b>
	5.69	Departmental Cash Balances including Permanent Advances	3.40
	3253.65	Cash Balance Investments	5150.68
	(-)556.65	Deposit with Reserve Bank of India	(-) 1195.00
<b>20647.57</b>	<b>Total</b>		<b>24616.38</b>



### Appendix-1.3

(Reference-Paragraph 1.3; Page-5)  
Abstract of Receipts and Disbursements for the year 2007-2008

(Rupees in crore)

Receipts				Disbursements					
2006-07		2007-08	2006-07		Non-Plan	Plan	Total	2007-08	
<b>Section-A: Revenue</b>									
<b>13666.94</b>	<b>I-Revenue receipts</b>		<b>15324.92</b>	<b>11456.53</b>	<b>I- Revenue expenditure</b>	<b>10676.78</b>	<b>2067.38</b>	<b>12744.16</b>	<b>12744.16</b>
<b>3483.32</b>	<b>Tax revenue</b>	<b>3359.50 (a)</b>		<b>4302.36</b>	<b>General services</b>	<b>4920.99</b>	<b>3.43</b>	<b>4924.42</b>	
<b>1859.27</b>	<b>Non-tax revenue</b>	<b>2134.59</b>		<b>4477.48</b>	<b>Social Services</b>	<b>3997.95</b>	<b>958.80</b>	<b>4956.75</b>	
<b>3898.99</b>	State's share of Union Taxes	<b>4918.21 (b)</b>		<b>2751.12</b>	Education, Sports, Art and Culture	<b>2837.33</b>	<b>209.72</b>	<b>3047.05</b>	
<b>708.70</b>	Non-Plan Grants	<b>885.66</b>		<b>568.40</b>	Health and Family Welfare	<b>513.48</b>	<b>139.78</b>	<b>653.26</b>	
<b>2754.19</b>	Grants for State Plan Schemes	<b>2978.36</b>		<b>328.87</b>	Water Supply, Sanitation, Housing and Urban Development	<b>202.21</b>	<b>108.93</b>	<b>311.14</b>	
<b>53.69</b>	Grants for Special Plan Schemes	<b>192.34</b>		<b>10.65</b>	Information and Broadcasting	<b>17.12</b>	<b>2.14</b>	<b>19.26</b>	
<b>908.78</b>	Grants for Central and Centrally Sponsored Plan Schemes	<b>856.26</b>		<b>355.64</b>	Welfare of Scheduled caste, Scheduled tribes & other Backward classes.	<b>19.84</b>	<b>239.28</b>	<b>259.12</b>	
				<b>40.73</b>	Labour and labour Welfare.	<b>30.37</b>	<b>3.70</b>	<b>34.07</b>	
				<b>410.36</b>	Social Welfare and Nutrition	<b>364.70</b>	<b>255.25</b>	<b>619.95</b>	
				<b>11.71</b>	Others	<b>12.90</b>		<b>12.90</b>	
				<b>2668.89</b>	<b>Economic Services</b>	<b>1748.90</b>	<b>1105.15</b>	<b>2854.05</b>	
				<b>613.58</b>	Agriculture and Allied Activities	<b>502.64</b>	<b>169.68</b>	<b>672.32</b>	
				<b>561.36</b>	Rural Development	<b>240.72</b>	<b>545.04</b>	<b>785.76</b>	
				<b>27.01</b>	Special Areas Programmes	<b>33.66</b>	<b>19.56</b>	<b>53.22</b>	
				<b>269.22</b>	Irrigation and Flood Control	<b>292.05</b>		<b>292.05</b>	
				<b>290.94</b>	Energy	<b>30.76</b>	<b>0.06</b>	<b>30.82</b>	
				<b>112.74</b>	Industry and Minerals	<b>126.30</b>	<b>51.62</b>	<b>177.92</b>	
				<b>386.65</b>	Transport	<b>466.53</b>	<b>37.19</b>	<b>503.72</b>	
				<b>2.01</b>	Science Technology & Environmt.	<b>0.44</b>	<b>5.24</b>	<b>5.68</b>	
				<b>405.38</b>	General Economic Services	<b>55.80</b>	<b>276.76</b>	<b>332.56</b>	
				<b>7.80</b>	Grants-in-aid and Contributions	<b>8.94</b>	<b>-</b>	<b>8.94</b>	
	<b>II-Revenue deficit carried over to Section-B</b>			<b>2210.41</b>	<b>II-Revenue surplus carried over to Section-B</b>				<b>2580.76</b>

(a) Excluding share of net proceeds of taxes and duties assigned to state under various heads viz., 0020, 0021, 0028, 0032, 0037, 0038, 0044, & 0045.

(b) Share of net proceeds assigned to State.



**Appendix-1.3 (Continued)**  
**Section-B**

Receipts				Disbursements					
2006-07		2007-08	2006-07		Non-Plan	Plan	Total	2007-08	
<b>Section-B</b>									
1025.71	III-Opening Cash balance including Permanent Advances and Cash Balance Investment		2702.69	--	III-Opening Overdraft from RBI				--
--	IV Miscellaneous Capital receipts		--	1452.98	IV-Capital Outlay	217.28	1470.83	1688.11	1688.11
			23.17		General services	19.36	23.92	43.28	
			155.13		Social Services	11.67	253.94	265.61	
			1.75		Education, Sports, Art and Culture	-	1.18	1.18	
			3.70		Health and Family Welfare	0.79	3.07	3.86	
			149.49		Water Supply, Sanitation, Housing and Urban Development	10.88	249.07	259.95	
			0.13		Welfare of Scheduled Caste, Scheduled tribes and Other Backward Classes	--	0.62	0.62	
			0.06		Others	--	--	--	
			1274.68		Economic Services	186.25	1192.97	1379.22	
			1.02		Agriculture and Allied Activities	-	1.43	1.43	
			400.56		Special Areas Programmes	-	227.62	227.62	
			197.01		Irrigation and Flood control	0.01	196.22	196.23	
			208.23		Energy	93.77	325.54	419.31	
			99.89		Industry and Minerals	-	17.60	17.60	
			357.32		Transport	92.47	424.15	516.62	
			10.65		General Economic Services	--	0.41	0.41	
34.57	V-Recoveries of Loans and Advances		40.33	80.63	V-Loans and Advances disbursements				142.89
--	From Power Projects	5.85		72.54	For Power Projects			102.36	
34.43	From Government Servants	34.31		3.78	To Government Servants			2.87	
0.14	From Others	0.17		4.31	To Others			37.66	
2210.41	VI-Revenue surplus brought down		2580.76	--	VI-Revenue deficit brought down				

**Appendix-1.3 (Concluded)**

Receipts			Disbursements						
2006-07		2007-08	2006-07				2007-08		
1115.71	<b>VII-Public debt receipts</b>		1138.30	494.73	<b>VII-Repayment of Public Debt</b>	NP	P	<b>Total</b>	575.14
1102.84	Internal debt other than ways and means Advances and overdraft	1199.08		382.15	Internal debt other than Ways and Means Advances and Overdraft			569.06	
	Net transaction under Ways and Means Advances including Overdraft	-	--	-	Net transaction under Ways and Means Advances including Overdraft			--	
12.87	Loans and Advances from Central Government	(-) 60.78		112.58	Repayment of Loans and Advances to Central Government			6.08	
	<b>VIII-Inter State Settlement</b>	-	--	--	<b>VIII-Inter State Settlement</b>			--	-
	<b>IX-Appropriation to Contingency Fund</b>	--	-	--	<b>IX-Appropriation to Contingency Fund</b>			--	-
	<b>X-Amount transferred to Contingency Fund</b>	--	--		<b>X-Expenditure from Contingency Fund</b>			--	-
4846.21	<b>XI-Public Account receipts</b>		6093.34	4501.58	<b>XI-Public Account disbursements</b>				6190.20
565.99	Small Savings and Provident fund	608.29		216.60	Small Savings and Provident Funds			290.34	
370.28	Reserve funds	505.47		293.40	Reserve Funds			344.08	
(-)158.03	Suspense and Miscellaneous	(-) 2.49		(-)247.01	Suspense and Miscellaneous			45.79	
1917.67	Remittance	2242.87		1961.67	Remittances			2209.09	
2150.30	Deposits and Advances	2739.20		2276.92	Deposits and Advances			3300.90	
-	<b>XII-Closing overdraft from Reserve Bank of India</b>		--	2702.69	<b>XII-Closing cash balance</b>				3959.08
				-	Cash in Treasuries and Local Remittances			--	
				(-)556.65	Deposits with Reserve Bank			(-) 1195.00	
				5.69	Departmental Cash Balance including permanent Advances			3.40	
				3253.65	Cash Balance Investment			5150.68	
22899.5	<b>Total</b>		27880.34	22899.55	<b>Total</b>				27880.34



## Appendix-1.4

(Reference-Paragraph-1.3; Page-5)

## Sources and Application of Funds

(Rupees in crore)

	2006-07		Sources	2007-08
1	13666.94		Revenue receipts	15324.92
2	34.57		Recoveries of Loans and Advances	40.33
3	620.98		Increase in Public debt	563.16
4	344.63		Net receipts from Public account	(-) 96.86
		349.39	Net effect of Small Savings	317.95
		(-)126.62	Net effect of Deposits and Advances	(-) 561.70
		76.88	Net effect of Reserve Funds	161.39
		88.98	Net effect of suspense and Miscellaneous transactions	(-) 48.28
		(-)44.00	Net effect of Remittance transactions	33.78
5	-		Net effect of Contingency Fund transactions	--
6			Decrease in closing cash balance	--
7	-		Overdraft from RBI	--
	14667.12		<b>Total</b>	<b>15831.55</b>
			<b>Application</b>	
1	11456.53		Revenue expenditure	12744.16
2	80.63		Lending for development and other purposes	142.89
3	1452.98		Capital expenditure	1688.11
4	-		Net effect of Contingency Fund transactions	--
5	1676.98		Increase in closing Cash balance	1256.39
6	-		Repayment of overdraft	--
	14667.12		<b>Total</b>	<b>15831.55</b>

## Explanatory Notes to Appendix 1.2, 1.3 and 1.4.

1. The abridged accounts in the foregoing statements have to read with comments and explanations in the Finance Accounts.
2. Suspense and Miscellaneous balance include cheques issued but not paid, inter-departmental and inter-Government payments and others awaiting settlement.



**Appendix-1.5**  
(Reference-Paragraph-1.3 and 1.7; Page-5 and 19)  
**Time Series Data on State Government Finances**

(Rupees in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-2008
<b>Part A. Receipts</b>						
<b>1. Revenue Receipts</b>	6793	7765	9937	12045	13667	15325
<i>(i) Tax Revenue</i>	1935 (28)	2070(27)	2713 (27)	3232 (27)	3483 (25)	3359 (22)
Taxes on Agricultural Income	3	3	5	7	3	3
Taxes on Sales, Trade etc.	1441 (74)	1551(75)	2099 (77)	2568 (80)	2783 (80)	2691 (80)
Taxes and duties on Electricity	13 (1)	3	62 (2)	13	16	5
State Excise	122 (6)	129 (6)	144 (6)	160 (5)	175 (5)	189 (6)
Taxes on vehicles	116 (6)	124 (6)	135 (5)	156 (5)	151 (4)	139 (4)
Stamps and Registration fees	50 (3)	62 (3)	72 (3)	86 (3)	97 (3)	110 (3)
Land Revenue	62 (3)	62 (3)	58 (2)	75 (2)	74 (2)	80 (2)
Other Taxes	128 (7)	136 (7)	138 (5)	167 (5)	184 (5)	142 (4)
<i>(ii) Non Tax Revenue</i>	693 (10)	946 (12)	1070 (11)	1459 (12)	1859 (14)	2135 (14)
<i>(iii) State's share in Union taxes and duties</i>	1814 (27)	2162 (28)	2584 (26)	3057 (25)	3899 (29)	4918 (32)
<i>(iv) Grants in aid from Government of India</i>	2351 (35)	2587 (33)	3570 (36)	4297 (36)	4426 (32)	4913 (32)
<b>2. Misc Capital Receipts</b>	-	-	-	-	-	-
<b>3. Total revenue and Non debt capital receipts (1+2)</b>	6793	7765	9937	12045	13667	15325
<b>4. Recovery of Loans and Advances</b>	28	40	1389	38	35	40
<b>5. Public Debt Receipts</b>	3034	2304	3211	1379	1116	1138
Internal Debt (excluding Ways and Means Advance and Overdraft)	926 (30)	850 (37)	1824 (57))	5614 (407)	1103 (99)	1199 (105)
Net transactions under Ways and Means Advance and Overdraft	50 (2)	2	90 (3)	(-) 317 (-23)	--	--
Loans and Advances from Government of India*	2058 (68)	1452 (63)	1297 (40)	(-) 3918 (-284)	13 (1)	(-) 61 (-5)
<b>6. Total receipts in the Consolidated Fund (3+4+5)</b>	9855	10109	14537	13462	14818	16503
<b>7. Contingency Fund receipts</b>	35	-	-	-	-	-
<b>8. Public Account receipts</b>	2290	3957	2988	4146	4846	6093
<b>9. Total receipts of Government (6+7+8)</b>	12180	14066	17525	17608	19664	22596
<b>Part B. Expenditure/Disbursement</b>						
<b>10. Revenue Expenditure</b>	7113 (92)	8450 (92)	10229 (77)	10536 (90)	11456(88)	12744 (87)
<i>Plan</i>	1332 (19)	1429 (17)	2021 (20)	2129 (20)	1662 (15)	2067 (16)
<i>Non Plan</i>	5781 (81)	7021 (83)	8208 (80)	8407 (80)	9794 (85)	10677 (84)
General Services (including interest payments)	3112 (44)	3529 (42)	3689 (36)	4201 (40)	4302 (38)	4924 (39)
Social Services	2898 (41)	3361 (40)	4262 (42)	3987 (38)	4477 (39)	4957 (39)
Economic Services	1095 (15)	1547 (18)	2265 (22)	2337 (22)	2669 (23)	2854 (22)
Grants-in-aid and contributions	8	12	13	11	8	9
<b>11. Capital Expenditure</b>	506 (7)	622 (7)	2181 (16)	1085 (9)	1453(11)	1688 (12)
<i>Plan</i>	455 (90)	567 (91)	776 (36)	1013 (93)	1403 (97)	1471 (87)
<i>Non Plan</i>	51 (10)	55 (9)	1405 (64)	72 (7)	50 (3)	217 (13)
General Services	11 (2)	18 (3)	23 (1)	10 (1)	23 (1)	43 (2)
Social Services	22 (4)	39 (6)	48 (2)	45 (4)	155 (11)	266 (16)
Economic Services	472 (93)	565 (91)	2110 (97)	1030 (95)	1275 (88)	1379 (82)
<b>12. Disbursement of Loans and Advances</b>	131 (2)	128 (1)	974 (7)	106 (1)	81 (1)	143 (1)
<b>13. Total (10+11+12)</b>	7750	9200	13384	11727	12990	14575

## Appendix-1.5 (Continued)

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-2008
<b>14. Repayment of Public Debt</b>	<b>1187</b>	<b>1397</b>	<b>1361</b>	<b>360</b>	<b>495</b>	<b>575</b>
Internal Debt (excluding Ways & Means Advances and Overdraft)	82 (7)	197 (14)	234 (17)	249 (69)	382 (77)	569 (99)
Net transactions under Ways and Means Advances and Overdraft	-	-	-	-	-	-
Loans and Advances from Government of India*	1105 (93)	1200(86)	1127 (83)	111 (31)	113 (23)	6 (1)
<b>15. Appropriation to Contingency Fund</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>8972</b>	<b>10597</b>	<b>14745</b>	<b>12087</b>	<b>13485</b>	<b>15150</b>
<b>17. Contingency Fund disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Public Account disbursements</b>	<b>2428</b>	<b>3160</b>	<b>3003</b>	<b>4259</b>	<b>4502</b>	<b>6190</b>
<b>19. Total disbursement by the state (16+17+18)</b>	<b>11400</b>	<b>13757</b>	<b>17748</b>	<b>16346</b>	<b>17987</b>	<b>21340</b>
<b>Part C. Deficits</b>						
20. Revenue Deficit (-)/Surplus (+)	(-)320	(-) 685	(-) 292	(+) 1509	(+) 2211	(+) 2581
21. Fiscal Deficit (-)/Surplus (+)	(-) 929	(-) 1395	(-) 2058	(+) 356	(+) 712	(+) 790
22. Primary Deficit (-)/Surplus (+)	(+) 316	(+) 51	(-) 654	(+) 1866	(+) 2227	(+) 2302
<b>Part D. Other data</b>						
23. Interest Payments (Included in revenue expenditure)	1245	1446	1404	1510	1516	1512
24. Arrears of Revenue (Percentage of Tax & Non-Tax Revenue Receipts)	2757 (105)	745 (25)	725 (19)	768	755*	756 (14)
25. Financial Assistance to local bodies etc.	876	1021	2194	1250	1273	655
26. Ways and Means Advances/Overdraft availed (days)	315	290	81/129	32/30	-	-
27. Interest on Ways and Means Advances/overdraft	44	37	14	4	-	-
28. Gross State Domestic Product (GSDP)†	43332	47191	52920	57543 (P)	65033 (Q)	72700 (Adv)
29. Outstanding fiscal liabilities (year end)	13720	15285	17855	19082	20598	21871
30. Outstanding guarantees (year end)	1881	1833	711	1273	904	951
31. Maximum amount guaranteed (year end)	2888	2904	1034	1727	1563	1189
32. Number of incomplete projects	683	406	434	405	340	391
33. Capital blocked in incomplete projects	262	218	219	183	224	375

**Note:** Figures in brackets represent percentages (rounded) to total of each sub heading

(P) = Provisional estimates (Q) = Quick estimates (Adv) = Advance estimates NA = Not Available

†The provisional GSDP figures from 2004-05 to 2006-07 hitherto shown have been modified in accordance with the figures furnished by the State Government in 'Economic Survey 2007-08' and figures for 2007-08 are Advance Estimates figures as furnished by the Director of Economics and Statistics.

\* Includes Ways and Means Advances from Government of India.

• Arrears of revenue on sales tax, forestry and wildlife, royalty on coal, lignite and limestone, land revenue, Irrigation, Village and Industries as of September 2008. Such information on other Tax/Non-tax revenues was awaited as of September 2008.



**Appendix-1.6**

(Reference-Paragraph-1.6.5; Page-19)

**Statement showing cases of misappropriation, losses and defalcation etc., reported to Audit upto March 2008**

(Rupees in lakh)

Sl. No.	Name of the Department	Up to 2002-03		Up to 2003-04		Up to 2004-05		Up to 2005-06		Up to 2005-07		Up to 2007-08		Total	
		N	A	N	A	N	A	N	A	N	A	N	A	A	N
1	Agriculture	5	2.65	--	--	--								5	2.65
2	A.H & Vety.	4	0.90	--	--	--								4	0.90
3	Co-operation	1	0.32	--	--	--								1	0.32
4	Education	16	103.34	--	--	--								16	103.34
5	Finance	12	25.09	--	--	--								12	25.09
6	Flood Control	8	1.75	--	--	--								8	1.75
7	Home	8	4.61	--	--	--								8	4.61
8	Revenue	29	151.92	--	--	--								29	151.92
9	Statistics	2	0.10	--	--	--								2	0.10
10	Town & Country Planning	1	0.10	--	--	--								1	0.10
11	Road & Water Transport	4	2.54	--	--	--								4	2.54
12	Soil Conservation.	3	0.22	--	--	--								3	0.22
13	Fishery	3	3.08	--	--	--								3	3.08
14	Tribal & Social welfare	3	3.77	--	--	--								3	3.77
15	Law	1	0.50	--	--	--								1	0.50
16	Labour	2	0.43	--	--	--								2	0.43



## Appendix-1.6 (Continued)

Sl. No.	Name of the Department	Up to 2002-03		Up to 2003-04		Up to 2004-05		Up to 2005-06		Up to 2006-07		Up to 2007-08		Total	
		N	A	N	A	N	A	N	A	N	A	N	A	N	A
17	Supply	1	0.05											1	0.05
18	State Lottery	1	1.72											1	1.72
19	Sericulture & weaving	7	2.31											7	2.31
20	Industry	5	0.82											5	0.82
21	Panchayat & Community Development.	8	2.05											8	2.05
22	P.H.E	5	2.44											5	2.44
23	Medical	9	2.08											9	2.08
24	Personal (B)	11	6.68											11	6.68
25	Public Works	17	6.55											17	6.55
26	District Council	1	0.97											1	0.97
27	Election	1	0.03											1	0.03
28	W.P.T & Backward classes	1	5.88											1	5.88
29	Autonomous Council	1	5.14											1	5.14
30	Irrigation	28	15.64											28	15.64
31	Forest	12	8.41											12	8.41
	<b>Total:</b>	<b>210</b>	<b>362.09</b>											<b>210</b>	<b>362.09</b>

N—Number of Cases.

A—Amount (Rupees in lakh).

Appendix-1.7

(Reference-Paragraph- 1.7.1; Page-19)

Details of Incomplete Projects

(Rupees in crore)

Sl No	Name of the Deptt	Number of incomplete Projects										Total	
		More than 20 Years		From 10 to 20 Years		From 5 to 10 Years		Less than 5 Years		Not available		No.	Amount
		No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount		
1.	Irrigation	5	0.88	4	0.99	1	0.02	81	18.11	29	8.73	120	28.73
2	PWD (Roads)	--	--	4	1.98	4	0.32	95	237.38	11	7.80	114	247.48
3	PWD (Building)	--	--	--	--	--	--	21	16.02	20	10.09	41	26.11
4	PHE	--	--	2	0.25	--	--	40	13.83	53	12.28	95	26.36
5	Water Resources	--	--	--	--	--	--	12	39.83	9	6.76	21	46.59
	<b>Total</b>	<b>5</b>	<b>0.88</b>	<b>10</b>	<b>3.22</b>	<b>5</b>	<b>0.34</b>	<b>249</b>	<b>325.17</b>	<b>122</b>	<b>45.66</b>	<b>391</b>	<b>375.27</b>

Source: Finance Accounts

## Appendix-1.8

(Ref: Paragraph- 1.7.2; Page-19)

## Part-A: Particulars of investment at the end of three years ending 2007-08

(Rs. in crore)

Sl. No.	Group of the concerns	2005-06			2006-07			2007-08		
		Number of concerns	Investment to end of year	Returns during the year	Number of concern	Investment to end of year	Returns during the year	Number of concern	Investment to end of year	Returns during the year
1.	Statutory Corporations	4	1679.45	15.47	4	1679.45	18.54	4	1683.45	24.00 *
2.	Government Companies	23	132.66		24	132.79		24	132.99	
3.	Joint-stock Companies	15	72.07		15	77.59		15	77.60	
4.	Co-operatives	1447	85.77		1449	94.63		1449	95.28	
<b>Total</b>		<b>1489</b>	<b>1969.95</b>	<b>15.47</b>	<b>1492</b>	<b>1984.46</b>	<b>18.54</b>	<b>1492</b>	<b>1989.32</b>	<b>24.00</b>

\* The detailed breakup of the dividend credited to Government Account has not been intimated, as such could not be shown against any particular group of investment.

## Part-B: Details of investment in Statutory Corporations upto the end of 2007-08

(Rs. in crore)

Sl. No.	Name of the Concern	Period of investment	Amount invested upto the end of 2007-08	Returns during the year
1	Assam Financial Corporation	1954-1996	2.75	Details not available
2	Assam State Warehousing Corporation	1958-2006	1.57	
3	Assam State Transport Corporation	1971-2008	329.13	
4	Assam State Electricity Board	2004-05	1350.00	
<b>Total</b>			<b>1683.45</b>	



**Appendix-2.1**

(Reference to paragraph 2.3.1; Page-30)  
**Areas in which major savings occurred**

(Rupees in crore)

Grant No./ Major Head	Areas in which major savings occurred	Savings
<b>11</b>	<b>Secretariat and Attached Offices (Revenue voted)</b>	
2052	Secretariat General Services	510
3451	Secretariat Economic Services	57
<b>23</b>	<b>Pension and Other Retirement Benefits (Revenue Voted)</b>	
2071	Commuted value of Pension	36
2071	Leave Encashment Benefits	37
<b>29</b>	<b>Medical and Public Health (Revenue Voted)</b>	
2210	Up-gradation of Standard of Administration (Award of 12 <sup>th</sup> Finance Commission)	274
2210	Allopathy, Barpeta Medical College	33
2210	Allopathy, Tezpur Medical College	33
2210	Hospital & Dispensary, GMCH, Guwahati	35
2210	Prevention & Control of diseases, Malaria Eradication Programme	24
<b>38</b>	<b>Welfare of SCs/STs and other Backward Classes etc. (Revenue Voted)</b>	
2055	Police, District Police	26
2202	Government Middle School	61
2202	Government Primary School	138
2202	Teachers Training, Sixth Schedule (Part-I) Areas	67
<b>39</b>	<b>Social Security, Welfare and Nutrition (Revenue Voted)</b>	
2235	Implementation of ICDS Scheme (CSS)	466
2236	Nutrition, Special Nutrition Programme (PMGY)	59
<b>44</b>	<b>North-Eastern Council Schemes (Capital Voted)</b>	
4552	Roads and Bridges	179
4552	Project for construction of various RCC Bridges	55
4552	Project covering 70 nos. of Bridges	80
4552	Various Projects & Schemes for BATC	75
<b>56</b>	<b>Rural Development (Panchayat) (Revenue Voted)</b>	
2515	Assistance to Mahakuma Parishad/Gram Panchayat Staff	15
2515	Tribal Area Sub-plan	40
<b>58</b>	<b>Industries (Capital Voted)</b>	
4885	State Plan & Non-plan Schemes (share different Corporation for modernization)	21
4885	Land acquisition for Gas Cracker Project	34
4885	RIDF-XII Scheme under NABARD	74
<b>62</b>	<b>Power (Electricity) (Capital Voted)</b>	
4801	Capital Outlay on Power Projects, ADBS Loan under Assam Power Sector Dev. Project	90
6801	Loans for Power Project, APDRP	38
<b>71</b>	<b>Education (Elementary, Secondary) (Revenue Voted)</b>	
2202	General Education, Up-gradation of standard of Administration	96
2202	Government Primary Schools	389
2202	Language Development	18

## Appendix-2.2

(Reference to paragraph 2.3.1; Page-30)

## Statement of various Grants/Appropriations where expenditure fell short by more than

Rupees one crore each and more than 10 per cent of total provision

(Rupees in crore)

Sl. No	Number and Name of the Grant/Appropriation	Total Grant/Appropriation	Savings
(1)	(2)	(3)	(4)
1	1-State Legislature (Revenue Voted) (Capital Voted)	24.08 19.65	4.97 10.62
2	2-Council of Ministers (Revenue Voted)	4.83	1.44
3	3-Administration of Justice (Revenue Voted)	81.27	35.32
4	5-Sales Tax and Other Taxes (Revenue Voted)	48.24	25.14
5	6-Land Revenue & Land Ceiling (Revenue Voted) (Capital Voted)	175.34 18.70	88.22 18.70
6	7-Stamp and Registration (Revenue Voted)	14.55	5.08
7	8-Excise and Prohibition (Revenue Voted)	18.00	3.07
8	9-Transport Services (Revenue Voted)	80.79	12.10
9	11-Secretariat and Attached offices (Revenue Voted)	1168.22	591.94
10	13-Treasury and Accounts Administration (Revenue Voted)	105.54	80.57
11	15-Jails (Revenue Voted)	37.07	6.11
12	16-Stationery and Printing (Revenue Voted)	15.75	1.90
13	17-Administrative & Functional Building (Revenue Voted) (Capital Voted)	221.56 71.65	70.69 41.27
14	18-Fire Services (Revenue Voted)	30.00	11.14
15	19-Vigilance Commission & Others (Revenue Voted)	28.58	9.29
16	20-Civil Defense & Home Guards (Revenue Voted)	47.86	5.25
17	24-Aid Materials (Revenue Voted)	2.26	2.26
18	25-Miscellaneous General Services (Revenue Voted)	6.37	6.05
19	26-Education (Higher) (Revenue Voted)	500.17	58.55
20	27-Art & Culture (Revenue Voted) (Capital Voted)	51.05 1.00	33.55 1.00
21	29-Medical & Public Health (Revenue Voted)	1257.16	639.20
22	30-Water Supply & Sanitation (Revenue Voted) (Capital Voted)	145.58 307.79	20.67 110.10
23	31-Urban Development (Town & Country Planning) (Revenue Voted)	73.66	33.00
24	32-Housing Schemes (Revenue Voted)	2.40	1.42
25	33-Residential Buildings (Revenue Voted) (Capital Voted)	12.24 11.14	6.60 6.58
26	34-Urban Development (Municipal Administration) Dept (Revenue Voted)	91.73	41.46
27	35-Information & Publicity (Revenue Voted)	20.12	2.18
28	36-Labour & Employment (Revenue Voted)	80.89	43.89
29	37-Food Storage, Warehousing and Civil Supplies (Revenue Voted)	29.89	8.21



(1)	(2)	(3)	(4)
30	38-Welfare of Scheduled Caste/Scheduled Tribes & Other Backward Classes (Revenue Voted)	1054.23	821.75
31	39-Social Security, Welfare & Nutrition (Revenue Voted)	794.86	541.03
32	41-Natural Calamities (Revenue Voted)	403.10	102.22
33	43-Co-operation (Revenue Voted)	38.39	10.70
	(Capital Voted)	11.02	10.31
34	44-North-Eastern Council (Revenue Voted)	63.25	59.04
	(Capital Voted)	909.88	691.86
35	45-Census, Surveys & Statistics (Revenue Voted)	18.92	5.54
36	46-Weights and Measures (Revenue Voted)	5.93	1.56
37	48-Agriculture (Revenue Voted)	378.88	114.81
38	49-Irrigation (Revenue Voted)	232.25	60.41
	(Capital Voted)	130.05	87.45
39	51-Soil and Water Commission (Revenue Voted)	24.31	4.52
40	52-Animal Husbandry (Revenue Voted)	151.18	59.74
	(Capital Voted)	3.92	3.14
41	53-Dairy Development (Revenue Voted)	24.82	16.37
42	54-Fisheries (Revenue Voted)	45.80	18.92
43	55-Forestry and Wildlife (Revenue Voted)	203.90	75.07
	(Capital Voted)	1.50	1.50
44	56-Rural Development (Panchayat) (Revenue Voted)	605.70	150.44
	(Revenue Charged)	1.71	1.70
45	58-Industries (Revenue Voted)	10.05	1.88
	(Capital Voted)	162.67	139.39
46	59-Sericulture & Weaving (Revenue Voted)	149.76	36.53
47	60-Cottage Industries (Revenue Voted)	30.55	6.20
48	62-Power (Electricity) (Capital Voted)	710.05	188.38
49	63-Water Resources (Revenue Voted)	122.36	18.02
	(Capital Voted)	205.50	116.33
50	64-Roads & Bridges (Revenue Voted)	530.82	131.09
	(Capital Voted)	716.09	234.78
51	65-Tourism (Capital Voted)	5.53	5.12
52	66-Compensation & Assignment to Local Bodies & Panchayati Raj Institutions (Revenue Voted)	138.31	129.37
53	67-Public Debt & Servicing of Debt (Revenue Voted)	2065.89	349.65
	(Capital Charged)	1309.54	734.40
54	68-Loans to Government Servants (Revenue Voted)	8.00	5.42
55	70-Hill Areas (Revenue Voted)	786.26	339.07
56	71-Education (Elementary, Secondary etc.) (Revenue Voted)	3398.19	911.66
57	72-Relief & Rehabilitation (Revenue Voted)	30.45	12.07
58	73-Urban Development (GDD) (Revenue Voted)	62.37	30.77
	(Capital Voted)	133.71	85.17
59	74-Sports & Youth Services (Revenue Voted)	47.74	9.67
60	75-Information Technology (Capital Voted)	22.12	18.58
<b>Total</b>		<b>20554.69</b>	<b>8379.17</b>



## Appendix-2.3

Reference to paragraph 2.3.4; Page-31)

## Statement showing cases where supplementary provision was wholly unnecessary

(Rupees in crore)

Sl. No	No. & Name of Grant	Original Grant/ Appropriation	Supplementary	Expenditure	Savings
(1)	(2)	(3)	(4)	(5)	(6)
1	1-State Legislature (Revenue Voted) (Revenue Charged)	23.43 0.44	0.65 0.15	19.11 0.02	4.97 0.57
2	3-Administration of Justice (Revenue Voted)	77.35	3.92	45.95	35.32
3	5-Sales Tax & Other Taxes (Revenue Voted)	47.48	0.76	23.10	25.14
4	6-Land Revenue & Land Ceiling (Revenue Voted) (Capital Voted)	145.41 --	29.93 18.70	87.12 --	88.22 18.70
5	9-Transport Services (Revenue Voted)	76.22	4.57	68.69	12.10
6	11-Secretariat & Attached Offices (Revenue Voted)	1113.64	54.58	576.28	591.94
7	14-Police (Revenue Charged)	0.22	0.44	--	0.66
8	15-Jails (Revenue Voted)	35.57	1.50	30.96	6.11
9	17-Administrative & Functional building (Revenue Voted) (Capital Voted)	201.26 45.16	20.30 26.49	150.87 30.38	70.69 41.27
10	18-Fire Services (Revenue Voted)	29.50	0.50	18.86	11.14
11	21-Guest Houses, Government Hostels etc. (Revenue Voted)	7.36	0.16	7.22	0.30
12	22-Administrative Training (Revenue Voted)	2.30	0.20	2.09	0.41
13	26-Education (Higher Education) (Revenue Voted)	457.81	42.36	441.62	58.55
14	27-Art and Culture (Revenue Voted)	37.79	13.25	17.49	33.55
15	29-Medical & Public Health (Revenue Voted)	1185.88	71.28	617.96	639.20
16	30-Water Supply & Sanitation (Revenue Voted)	140.58	5.00	124.91	20.67
17	31-Urban Development (Town & Country Planning) (Revenue Voted)	68.66	5.00	40.66	33.00
18	33-Residential Buildings (Revenue Voted) (Capital Voted)	11.24 10.94	1.00 0.20	5.64 4.56	6.60 6.58
19	34-Urban Development (Municipal Administration Department) (Revenue Voted)	89.85	1.87	50.26	41.46

(1)	(2)	(3)	(4)	(5)	(6)
20	35-Information & Publicity (Revenue Voted)	18.62	1.49	17.93	2.18
21	36-Labour and Employment (Revenue Voted)	77.76	3.12	36.99	43.89
22	38-Welfare of SCs/STs and Other Backward Classes (Revenue Voted)	1003.61	50.62	232.48	821.75
23	43-Co-operation (Revenue Voted)	35.81	2.58	27.69	10.70
24	44-North-Eastern Council Schemes (Revenue Voted) (Capital Voted)	62.78 899.41	0.47 10.47	4.21 218.02	59.04 691.86
25	48-Agriculture (Revenue Voted)	365.59	13.29	264.07	114.81
26	49-Irrigation (Revenue Voted) (Capital Voted)	232.19 115.05	0.06 15.00	171.84 42.60	60.41 87.45
27	51-Soil and Water Conservation (Revenue Voted)	20.16	4.15	19.79	4.52
28	52-Animal Husbandry (Revenue Voted)	143.40	7.78	91.44	59.74
29	54-Fisheries (Revenue Voted)	42.80	3.00	26.88	18.92
30	55-Forestry and Wild Life (Revenue Voted)	201.68	2.22	128.83	75.07
31	56-Rural Development (Panchayat) (Revenue Voted)	495.75	109.95	455.26	150.44
32	57-Rural Development (Revenue Voted)	316.88	15.50	316.67	15.71
33	58-Industries (Capital Voted)	132.67	30.00	23.28	139.39
34	59-Sericulture and Weaving (Revenue Voted)	115.65	34.11	113.23	36.53
35	64-Roads and Bridges (Revenue Voted) (Capital Voted)	454.76 617.41	76.07 98.68	399.74 481.31	131.09 234.78
36	65-Tourism (Capital Voted)	5.28	0.25	0.41	5.12
37	Public Debt and Servicing of Debt (Capital Charged)	1290.49	19.05	575.14	734.40
38	70-Hill Areas (Revenue Voted)	620.82	165.44	447.19	339.07
39	71-Education (Elementary, Secondary etc.) (Revenue Voted)	3246.81	151.38	2486.53	911.66
40	73-Urban Development (GDD) (Capital Voted)	132.71	1.00	48.54	85.17
<b>Total Revenue</b>		<b>11207.06</b>	<b>898.65</b>	<b>7569.58</b>	<b>4536.13</b>
<b>Total Capital</b>		<b>3249.12</b>	<b>219.84</b>	<b>1424.24</b>	<b>2044.72</b>
<b>Grand Total</b>		<b>14456.18</b>	<b>1118.49</b>	<b>8993.82</b>	<b>6580.85</b>

## Appendix-2.4

(Reference to paragraph 2.3.5; Page-32)

**Grants where savings exceeded Rs.10 lakh and also by more than 20 per cent of the total provisions in all the three years 2005-08**

(Rupees in crore)

Sl. No.	Description of Grants	Amount of saving and its percentage to total provision (in brackets)		
		2005-2006	2006-2007	2007-08
(1)	(2)	(3)	(4)	(5)
	3-Administration of Justice (Revenue Voted)	24.09 (39)	20.66 (31)	35.32 (43)
	6-Land Revenue and Land Ceiling (Revenue Voted)	67.14 (51)	67.38 (48)	88.22 (50)
	7-Stamps and Registration (Revenue Voted)	4.40 (35)	4.24 (32)	5.08 (35)
	13-Treasury and Accounts Administration (Revenue Voted)	11.49 (31)	51.38 (71)	80.57 (76)
	19-Vigilance Commission and Others (Revenue Voted)	6.61 (39)	14.01 (39)	9.29 (33)
	24-Aid Materials (Revenue Voted)	28.87 (100)	16.99 (100)	2.26 (100)
	25-Miscellaneous General Services (Revenue Voted)	6.34 (95)	6.06 (95)	6.05 (95)
8	33-Residential Buildings (Revenue Voted)	10.03 (64)	9.23 (75)	6.60 (54)
	(Capital Voted)	7.04 (70)	6.48 (62)	6.58 (59)
9	36-Labour and Employment (Revenue Voted)	10.27 (25)	12.52 (22)	43.89 (54)
10	38-Welfare of Scheduled Caste/Scheduled Tribes and other Backward Classes etc. (Revenue Voted)	124.92 (33)	96.44 (21)	821.75 (78)
11	41-Natural Calamities (Revenue Voted)	192.48 (100)	101.95 (35)	102.22 (25)
12	43-Co-operation (Capital Voted)	5.34 (76)	2.23 (64)	10.31 (94)
13	44-North-Eastern Council Schemes (Revenue Voted)	44.44 (89)	40.85 (80)	59.04 (93)
	(Capital Voted)	747.97 (73)	783.65 (66)	691.86 (76)
14	45-Census, Surveys & Statistics (Revenue Voted)	6.80 (34)	4.28 (22)	5.54 (29)
15	48-Agriculture (Revenue Voted)	181.02 (56)	87.78 (26)	114.81 (30)
17	52-Animal Husbandry (Revenue Voted)	44.81 (34)	46.24 (33)	59.74 (40)
18	53-Dairy Development (Revenue Voted)	11.13 (40)	17.01 (63)	16.37 (66)
19	54-Fisheries (Revenue Voted)	14.92 (32)	14.68 (38)	18.92 (41)
20	55-Forestry and Wild Life (Revenue Voted)	59.63 (32)	63.81 (28)	75.07 (37)
21	59-Sericulture and Weaving (Revenue Voted)	60.39 (42)	50.22 (40)	36.53 (24)
22	62-Power (Electricity) (Capital Voted)	489.88 (63)	359.20 (56)	188.38 (27)
23	68-Loans to Government Servants (Capital Voted)	26.94 (91)	7.40 (83)	5.42 (68)
24	70-Hill Areas (Revenue Voted)	6.60 (55)	12.92 (80)	339.07 (43)
25	72-Relief and Rehabilitation (Revenue Voted)	18.66 (65)	8.57 (29)	12.07 (40)



**Appendix-2.5**

(Reference to paragraph 2.3.6.; Page-32)

**Grants where savings exceeding Rupees one crore each remained to be surrendered at the end of 2007-08**

(Rupees in crore)

Sl. No.	Number and name of Grant	Total Grant/ Appropriator	Total saving	Amount surrendered	Un-surrendered saving and its percentage to total saving (in brackets)
(1)	(2)	(3)	(4)	(5)	(6)
1.	1-State Legislature (Revenue Voted) (Capital Voted)	24.08 19.65	4.97 10.62	--	4.97 (100) 10.62 (100)
2.	2-Council of Ministers (Revenue Voted)	4.83	1.44	--	1.44 (100)
3.	3-Administration of Justice (Revenue Voted) (Revenue Charged)	81.27 18.86	35.32 1.75	--	35.32 (100) 1.75 (100)
4.	5-Sales Tax and Other Taxes (Revenue Voted)	48.24	25.14	--	25.14 (100)
5.	6-Land Revenue & Land Ceiling (Revenue Voted) (Capital Voted)	175.34 18.70	88.22 18.70	--	88.22 (100) 18.70 (100)
6.	7-Stamps and Registration (Revenue Voted)	14.55	5.08	--	5.08 (100)
7.	8-Excise and Prohibition (Revenue Voted)	18.00	3.07	--	3.07 (100)
8.	9-Transport Services (Revenue Voted) (Capital Voted)	80.79 24.70	12.10 2.25	--	12.10 (100) 2.25 (100)
9.	11-Secretariat and Attached Offices (Revenue Voted)	1168.22	591.94	--	591.94 (100)
10.	13-Treasury and Accounts Administration (Revenue Voted)	105.54	80.57	--	80.57 (100)
11.	14-Police (Revenue Voted)	971.75	17.80	2.05	15.75 (88)
12.	15-Jails (Revenue Voted)	37.07	6.11	--	6.11 (100)
13.	16-Stationery and Printing (Revenue Voted)	15.75	1.90	--	1.90 (100)
14.	17-Administrative & Functional Buildings (Revenue Voted) (Capital Voted)	221.56 71.65	70.69 41.27	--	70.69 (100) 41.27 (100)
15.	18-Fire Services (Revenue Voted)	30.00	11.14	--	11.14 (100)
16.	19-Vigilance Commission & Others (Revenue Voted)	28.58	9.29	--	9.29 (100)
17.	20-Civil Defence & Home Guards (Revenue Voted)	47.86	5.25	--	5.25 (100)
18.	23-Pension and Other Retirement Benefits (Revenue Voted)	1422.69	102.38	--	102.38 (100)

(1)	(2)	(3)	(4)	(5)	(6)
19.	24-Aid Materials (Revenue Voted)	2.26	2.26	--	2.26 (100)
20.	25-Miscellaneous General Services (Revenue Voted)	6.37	6.05	--	6.05 (100)
21.	26-Education (Higher Education) (Revenue Voted)	500.17	58.55	--	58.55 (100)
22.	27-Art and Culture (Revenue Voted)	51.05	33.55	--	33.55 (100)
23.	29-Medical & Public Health (Revenue Voted)	1257.16	639.20	--	639.20 (100)
24.	30-Water Supply & Sanitation (Revenue Voted) (Capital Voted)	145.58 307.79	20.67 110.10	-- --	20.67 (100) 110.10 (100)
25.	31-Urban Development (Revenue Voted)	73.66	33.00	--	33.00 (100)
26.	32-Housing Schemes (Revenue Voted)	2.40	1.42	--	1.42 (100)
27.	33-Residential Buildings (Revenue Voted) (Capital Voted)	12.24 11.14	6.60 6.58	-- --	6.60 (100) 6.58 (100)
28.	34-Urban Development (Municipal Admn. Deptt.) (Revenue Voted)	91.73	41.46	--	41.46 (100)
29.	35-Information & Publicity (Revenue Voted)	20.12	2.18	--	2.18 (100)
30.	36-Labour & Employment (Revenue Voted)	80.89	43.89	--	43.89 (100)
31.	37-Food Storage, Ware Housing & Civil Supplies (Revenue Voted)	29.89	8.21	--	8.21 (100)
32.	38-Welfare of SCs/STs and Other Backward Classes etc. (Revenue Voted)	1054.23	821.75	--	821.75 (100)
33.	39-Social Security, Welfare and Nutrition (Revenue Voted)	794.86	541.03	--	541.03 (100)
34.	41-Natural Calamities (Revenue Voted)	403.10	102.22	--	102.22 (100)
35.	44-North-Eastern Council Schemes (Revenue Voted) (Capital Voted)	63.25 909.88	59.04 691.86	-- --	59.04 (100) 691.86 (100)
36.	45-Census, Surveys and Statistics (Revenue Voted)	18.92	5.54	--	5.54 (100)
37.	48-Agriculture (Revenue Voted)	378.88	114.81	--	114.81 (100)
38.	49-Irrigation (Revenue Voted) (Capital Voted)	232.25 130.05	60.41 87.45	-- --	60.41 (100) 87.45 (100)
39.	51-Soil and Water Conservation (Revenue Voted)	24.31	4.52	--	4.52 (100)
40.	52-Animal Husbandry (Revenue Voted) (Capital Voted)	151.18 3.92	59.74 3.14	-- --	59.74 (100) 3.14 (100)
41.	53-Dairy Development (Revenue Voted)	24.82	16.37	--	16.37 (100)
42.	54-Fisheries (Revenue Voted)	45.80	18.92	--	18.92 (100)

(1)	(2)	(3)	(4)	(5)	(6)
43.	55-Forestry and Wild Life (Revenue Voted) (Capital Voted)	203.90 1.50	75.07 1.50	-- --	75.07 (100) 1.50 (100)
44.	56-Rural Development (Panchayat) (Revenue Voted) (Revenue Charged)	605.70 1.71	150.44 1.70	-- --	150.44 (100) 1.70 (100)
45.	57-Rural Development (Revenue Voted)	332.38	15.71	--	15.71 (100)
46.	58-Industries (Revenue Voted) (Capital Voted)	10.05 162.67	1.88 139.39	-- --	1.88 (100) 139.39 (100)
47.	59-Sericulture & Weaving (Revenue Voted)	149.76	36.53	--	36.53 (100)
48.	60-Cottage Industries (Revenue Voted)	30.55	6.20	--	6.20 (100)
49.	62-Power (Electricity) (Revenue Voted) (Capital Voted)	35.81 710.05	3.44 188.38	-- --	3.44 (100) 188.38 (100)
50.	63-Water Resources (Revenue Voted) (Capital Voted)	122.36 205.50	18.02 116.33	-- --	18.02 (100) 116.33 (100)
51.	64-Roads & Bridges (Revenue Voted) (Capital Voted)	530.82 716.09	131.09 234.78	-- --	131.09 (100) 234.78 (100)
52.	65-Tourism (Capital Voted)	5.53	5.12	--	5.12 (100)
53.	66-Compensation & Assignment to Local Bodies & Panchayati Raj Institutions (Revenue Voted)	138.31	129.37	--	129.37 (100)
54.	68-Loans to Govt. Servants (Capital Voted)	8.00	5.42	--	5.42 (100)
55.	70-Hill Areas (Revenue Voted)	786.26	339.07	--	339.07 (100)
56.	71-Education (Elementary, Secondary etc.) (Revenue Voted)	3398.19	911.66	--	911.66 (100)
57.	72-Relief and Rehabilitation (Revenue Voted)	30.45	12.07	--	12.07 (100)
58.	73-Urban Development (GDD) (Revenue Voted) (Capital Voted)	62.37 133.71	30.77 85.17	-- --	30.77 (100) 85.17 (100)
59.	74-Sports & Youth Services (Revenue Voted)	47.74	9.67	--	9.67 (100)
60.	75-Information Technology (Capital Voted)	22.12	18.58	--	18.58 (100)
<b>Total</b>		<b>19929.11</b>	<b>7414.88</b>	<b>2.05</b>	<b>7412.83</b>





