

PAC. 103

**COMMITTEE ON PUBLIC ACCOUNTS
(2003-2006)**

HUNDRED AND THIRD REPORT

(ELEVENTH ASSEMBLY)



सत्यमेव जयते

**Report of the Committee on Public Accounts on the Report
of the Comptroller and Auditor General of India (Civil)
for the year 2002-2003 relating to the Industries and
Commerce, Social Welfare, Irrigation, Public Health
Engineering, Handloom, Textile and Sericulture,
Urban Development (MA) and Panchayat
and Rural Development Departments,
Government of Assam.**

Presented to the House on 1st February, 2006.

Assam Legislative Assembly Secretariat,
Dispur, Guwahati-6.

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(i)

COMPOSITION OF THE COMMITTEE
(2003-2006)

CHAIRPERSON:

1. Smit. Pramila Rani Brahma

MEMBERS :

2. Shri Gautam Bora
3. Shri Ajit Singh
4. Shri Bidya Singh Engleng
5. Shri Dilder Rezza
6. Shri Gopi Nath Das
7. Shri Dharamsing Teron
8. Shri Dilip Kumar Saikia
9. Dr. Zoi Nath Sarmah
10. Shri Biswajit Daimary
11. Shri Bimolangshu Roy
12. Shri Chandan Kumar Sarkar
13. Shri Sarat Saikia

SECRETARIAT :

1. Shri G. P. Das, Secretary
2. Shri S. Deka, Joint Secretary
3. Shri B. Basumatari, Deputy Secretary
4. Shri Khalilur Rahman, Committee Officer

(ii)

PREFATORY REMARKS

I, Smti. Pramila Rani Brahma, Chairperson, Committee on Public Accounts having been authorised to submit the Report on their behalf, present this HUNDRED AND THIRD Report of the Committee on Public Accounts on the Audit paragraphs contained in the Report of the Comptroller and Auditor General of India (Civil) for the year 2002-2003 pertaining to the Industries and Commerce, Social Welfare, Irrigation, Public Health Engineering, Handloom, Textile and Sericulture, Urban Development (MA) and Panchayat and Rural Development Departments, Government of Assam.

2. The Report of the Comptroller and Auditor General of India (Civil) for the year 2002-03 were presented to the House on 12th July, 2004.

3. The Report as mentioned above relating to the Industries and Commerce, Social Welfare, Irrigation, Public Health Engineering, Handloom, Textile and Sericulture, Urban Development (MA) and Panchayat and Rural Development Departments have been considered by the Committee in its meeting held on 14th September, 2005 and 25th October, 2005.

4. The Committee has considered the Draft Report and finalised the same in its sitting held on 6th January, 2006.

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

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

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

Dispur
The 6th January, 2006

SMTI.PRAMILA RANI BRAHMA
Chairperson
Committee on Public Accounts.

CHAPTER - I

Industries and Commerce Department

Drawal of funds in advance of requirement by Director of Industries and Commerce

(Audit para 3.10/CAG(Civil)/2002-03)

1.1 The audit has pointed out that after scrutiny (April 2002) of records of the Director of Industries and Commerce, Assam revealed that during March 1996 to March 2002, Rs. 3.15 crore (Rs. 2.14 crore in Regular Contingent Bills and Rs. 1.01 crore in Abstract Contingent Bill) was drawn for power subsidy, Assistance to Rabha Hassong Autonomous Council, CM's Swa-Niyojan Yojana, PM's Rojgar Yojana etc. out of which Rs. 2.08 crore remained unutilised as of March 2002 in the form of Deposit at Call Receipt/Bank drafts/Bankers Cheques(DCR/BD/BC). The department did not furnish the up-to-date position of the unutilised balance against each specific drawal made during the above period. Audit scrutiny revealed that drawal of funds in excess of requirement was made simply to avoid lapsing of funds, which constituted financial irregularity. The drawal of money in advance of actual requirement and its retention in the form of DCR/BD/BC etc., not only resulted in undue financial benefit to the banks but was also fraught with the risk of fraud or misappropriation of funds. Besides, the Government continued to depend more and more on borrowed funds and incurred interest liability during the last several years while its own funds remained unutilised. The cost of retention of Rs. 2.08 crore calculated at the average rate of 11 per cent of Government borrowing during 1996-97 to 2002-03 amounted to Rs. 41.76 lakhs.

1.2 The Department in their written reply has stated that though the Audit Para No. 3.10 has raised the objection of drawal of an amount in advance of requirement by the Directorate of Industries & Commerce, Guwahati, it is to be mentioned that out of the Rs. 2.08 crores remain unutilised during March 2002. The major amount amounting Rs. 1.01 crores relates to CMSY schemes. The disbursement of this amount is not possible at one go, as the scheme emphasises payment of stipend @ Rs. 3,000/- per month per trainee selected for undergoing training in different industrial units outside the state. Placement have been identified by the Directorate in different industrial units outside the

State and after interview candidates have been sponsored to these units. It is to be mentioned that till date 1136 Nos. of candidates have been sponsored out of which 73 Nos. have already obtained appointments. The other amount basically relates to subsidies and amounts drawn to be paid to AMTRON for completion of certain electronic related projects assigned to them by the Government of Assam. PMRY is another central sector scheme for which Rs. 45.00 lakh were drawn was to meet the contingency and training expenses of the DI & CCs for the trainees selected and training imparted to them under PMRY Scheme. These amounts have been already disbursed to the GMs, DI & CCs on completion of the training. Another amount of Rs. 25.00 lakhs as state share was drawn on account of Food Processing Industrial Parks, which was disbursed to ASIDC after receipt undertaking etc.

OBSERVATIONS/RECOMMENDATIONS

1.3 After threadbare discussion the Committee decided to drop the para with the recommendations that the fund should be disbursed immediately to the district after withdrawal. The name of trainees sent out-side the State for training and their trade, the amount spent for training may be submitted to the Committee within 30 days from the date of presentation of this report before the House.

CHAPTER - II

Social Welfare Department

Diversion of Central Fund

(Audit para 3.13/CAG(Civil)/2002-2003)

2.1 The audit has pointed out that after scrutiny (May 2003) of records in Central Audit revealed that the State Government released Rs. 43.78 crore for implementation of the scheme by Social Welfare Department during 2001-02. The reason for non-release of Central grant of Rs. 20.17 crore was neither on record nor furnished. The unutilised Central grant of Rs. 20.17 crore remained merged in the general balance of the State Government (under consolidated fund) and in the context of the continuing and perpetual reliance of the State Government on Ways and Means Advances and overdrafts from RBI, the unutilised Central grant of Rs. 20.17 crore stands diverted to meet other expenditure of the Government.

2.2. The Department in their written reply has stated that the Government of India released an amount of Rs. 4719.86 (say Rs. 4720 crores) in three instalments to the Government of Assam for implementation of the Integrated Child Development Scheme during 2001-2002 and a total sum of Rs. 4476.29 lakhs was expended during the year. Out of the total budget provision of Rs. 4808.59 lakhs for 2001-2002. On verification of the records in the Finance Department it transpires that total fund for the year 2001-2002 was Rs. 6884.03 lakhs as Finance Department shown Rs. 2164.17 lakhs as opening balance instead of Rs. 16.75 crore as pointed out by the A.G. Assam, in their report. The unspent balance amount of previous year was brought forward to the next year as opening balance by the Finance Department and expended accordingly. Hence, question of refund unutilised amount does not arise.

OBSERVATIONS/ RECOMMENDATIONS

2.3 The Committee during the course of discussion observes that the fund was diverted from ICDS Project which is meant for Child Development and Weaker Section of the society. The Committee expresses its deep concern for diversion of Central Fund and for non-released of fund in time which is meant for ICDS project. The

Committee therefore, recommends that the Social Welfare Department should place Supplementary Demands for the balance amount so that Finance Department, Government of Assam may be able to release the same for implementation of schemes, particularly meant for ICDS Project. With this recommendations the Committee decided to drop the para.

CHAPTER - III

Irrigation Department

Unfruitful expenditure

(Audit para 4.3/CAG(Civil)/2002-2003)

3.1 The audit has pointed out that a text-check (August 2002) of records of the Executive Engineer (EE), Barpeta Irrigation Division, Sorbhog revealed that, the works under the scheme were taken up in October, 1984 and as against stipulated date of completion (March 1989) of the scheme only head work and earthwork in canal system were completed by 1992 after incurring an expenditure of Rs. 1.87 crore up to March 2002. The EE could not furnish any information about source from which expenditure of Rs. 0.89 crore over the sanction fund was met despite repeated pursuance by audit. The EE submitted (June 2002) revised estimate of Rs. 2.18 crore (122 per cent over the approved estimate) for sanction on the plea of price escalation as construction of head works and other appurtenant works took more than eight years and the work of raising and strengthening of earthen canals and afflux bund of the scheme had to be done from time to time as the same were eroded by flood on several occasions. Moreover, construction of cross drainage culverts as provided in the original estimate had not been completed. The revised estimate was not sanctioned till the date of audit (August 2002). The scheme remained incomplete till July, 2002 and no irrigation potential could be created. The completion schedule was revised to March, 2003 after taking up the balance work under Accelerated Irrigation Benefit Programme (AIBP) under which an amount of rupees nine lakh was received by the department as Central loan assistance during 2001-2002. Further progress of work was awaited (August 2002). Failure of the department to complete the scheme even after spending Rs. 1.87 crore against the sanctioned funds of Rs. 0.98 crore rendered the investment of Rs. 1.87 crore unfruitful besides incurring unauthorised expenditure of Rs. 0.89 crore. The objective of creating irrigation potential of 498 hectares also remained unfulfilled even after 17 years from the date of approval of the scheme.

3.2 The Department in their written reply has stated that Damugaon FIS was taken up in the year 1984 with an administrative approval of

Rs. 97.84 lakhs vide Government No.IGN(P)329/83/20 dt. 31.3.84. The works of the Scheme was started in the year 1984 and about 31.80% works (Head works and earthen Canals) were almost completed by 1992. The remaining works could not be completed mainly due to paucity of fund since 1992. An excess expenditure of Rs. 0.89 crores over the sanctioned amount of Rs. 97.84 lakhs was made in anticipation of approval of revised estimate of the scheme. This excess expenditure as pointed had to be incurred due to the following reasons :

(a) The A. A. of the scheme was accorded in the year 1984. But construction of H/W and appurtenant works, earthen canal system etc. was completed in the year 1992. Hence the construction cost of said items increased over A.A. amount due to escalation of prices on labour and material component.

(b) With the sanctioned amount of Rs. 97.84 lakhs, about 50% works were completed and the works could not be left cut halfdone and therefore the same was continued in the interest of the beneficiaries of the scheme and as a result excess expenditure incurred. If the works were stopped, the expenditure of Rs. 97.84 lakhs would have been completely wasteful. Moreover, all works executed by then, would have been completely damaged by this time.

(c) Since raising and strengthening of earthen canal system and afflux bunds had to be carried out from time to time as the same were eroded badly several times by flood/rain water.

(d) Due to recurring expenditure on W/C and Muster Roll labours with effect from 1984 upto the date of audit. Under the above circumstances, the C. D work and outlets could not be completed due to paucity of fund and the potential envisaged could not be achieved. Thus to avoid the unfruitful expenditure, the balance works under the scheme was taken up under A.I.B.P. at an estimated cost of Rs. 43.00 lakh in the year 2000-01 to achieve the ultimate objective of the scheme in creation of potential of 868 Hectres of Agriculture Land. The C.L.A. and State share under A.I.B.P. is Rs. 32.25 lakh and 10.75 lakh respectively. Central share of 27.42 Lakh was utilised out of Rs. 32.25 lakh. But no state share received till now. The overall progress of the Scheme is 90% and balance 10% is proposed to complete by 3/2006. To complete the work by 3/2006 the balance amount (State share Rs.

10.75 lakh & CLA Rs. 4.83 lakh) of Rs. 15.58 lakh required to be released during current year. The revised estimate of the scheme amounting to Rs. 218.32 lakh have been processed to Planning and Development Deptt. and after several clarifications/corespondences ; Planning & Development Deptt. has finally agreed to the proposal for issue of revised A.A. of Rs. 218.32 lakh. But Finance Deptt. had turned down the proposal due to excess expenditure over the original sanction of Rs. 97.84 lakh. The Finance Deptt. has been moved to reconsider their decision so that the scheme can be completed commissioned to make the whole expenditure fruitful. Under the circumstances mentioned above the expenditure already incurred under the scheme not found to be unfruitful, but useful as the Scheme is likely to be commissioned by March, 2006 and ultimate objective of the Scheme will be fulfilled.

OBSERVATIONS/RECOMMENDATIONS

3.3 Having heard the deposition of the departmental representatives, the Committee observes that an amount of Rs. 89 lakh incurred expenditure by the Department in addition to sanction an amount of Rs. 97.84 lakhs without any administrative approval, despite the Department failed to complete the schemes. The Committee surprised to note that how the department could spend 89.00 lakhs without administrative approval without showing the source of fund and without executing the works. Even no documentary proof could be produced before the Committee. The Committee therefore, recommends that the irresponsible Officers involved in implementing the scheme should be brought into book and responsibilities should be fixed in whose period the money had been spent without administrative approval and steps should be taken to realise the amount. Action taken in this regard may be intimated to the Committee within 60 days from the date of presentation of this report before the House.

CHAPTER - IV

Public Health Engineering Department

Avoidable expenditure on surcharge of electricity bills

(Audit para 4.4/CAG(Civil)/2002-2003)

4.1 The audit has pointed out that a text-check (July 2002) of records of the Executive Engineer (EE), Public Health Engineering Division-II, Guwahati and further collection (March 2003) of information revealed that against the bills preferred, the division had paid Rs. 13.66 crore to ASEB between June 2000 and May 2001 as charges for energy consumption (Rs. 11.12 crore) and surcharge (Rs. 2.54 crore) by 97 divisions/sub-divisions/water supply schemes etc., under the Jurisdiction of the division for the period from February 1998 to May 2001. The EE stated (July 2003) that payment of bills could not be made on time due to non-receipt of funds from the department. The payment of Rs. 2.54 crore as surcharge was avoidable had the bills for earlier period been paid by due date.

4.2 The department in their written reply has stated that the amount of Rs. 11.12 crores against power charges pertaining to Establishment and Water Supply Schemes of the various Divisions of the State was accumulated for the period from February '98 to May 2001. This was because of shortage of Annual non-plan fund made available during that period. Consequently to avoid the disruption of water supply etc. arrear payment of energy bills for all the Divisions and Water Supply Schemes of the State on the basis of F.O.C. issued by the Finance department was made by the Executive Engineer (PHE), Guwahati Division-II centrally at Guwahati in accordance to the contents of the minutes issued from the Finance Department vide letter Memo No.BB.1/95/59-A, dated 27th February '98. The surcharge for the arrear payment amounting to Rs. 2.54 crore was to be made, as A.S.E.B. was reluctant to accept payment without surcharge.

OBSERVATIONS/RECOMMENDATIONS

4.3 After threadbare discussion, the Committee decided to drop the para with a structure that the department should be more cautious to avoid such lapses in future.

CHAPTER - V

Handloom, Textile and Sericulture Department

Unproductive investment by Assam Khadi and Village Industries Board.

(Audit para 6.5/CAG(Civil)/2002-2003)

5.1 The audit has pointed out that the Khadi and Village Industries Commission (KVIC), Bombay granted (1990-91) capital expenditure loan of Rs. 4.70 lakh to the Assam khadi and Village Industries Board (AKVIB) for establishment of dyeing and printing unit at Hengrabari Complex of the Board for production of Khadi clothes, fabrics etc. including their dyeing and printing. AKVIB purchased machinery and equipments worth Rs. 5.23 lakh during August 1992 to March 1993 for the proposed plant, but these machineries and equipments could not be installed till December 2000 due to non-construction of buildings etc. one Centrifugal Hydro Extractor machine worth Rs. 0.55 lakh procured alongwith other equipments was found missing from store at the time of installation. For commissioning the unit, a new Hydro Extractor Machine was purchased (January 2000) at a cost of Rs. 0.87 lakh CEO stated (February 2000) that no action was taken against the erring official for the loss of machine from store but a departmental enquiry was in progress. Further development in the matter is awaited (May 2003). Against the proposal (April 1994) of AKVIB for constructional works and erection and instalation of machineries and equipments estimated to cost Rs. 20.82 lakh, the KVIC released (February 1998) further capital expenditure loan of Rs. 10.40 lakh. The AKVIB executed (1993-94 to 1999-2000) the civil works departmentally and awarded (June 1999) the works of erection, installation and commissioning of the unit to a local firm at their tendered value for Rs. 9.05 lakh. The work was taken up in July 1999 and completed in December 2000 at a total cost of Rs. 15.23 lakh (Building, approach road etc. Rs. 6.21 lakh and cost of Hydro Extractor Machine, installation and commissioning : Rs. 9.20 lakh). After commissioning and trail run (March 2001) of the plant and machineries the firm handed over the unit to the Board in April 2001. Although the Board employed (April 2001) one technical and two non-technical persons on daily wage basis and paid Rs. 1.10 lakh as their wages for

utilising their services in Board's office instead of the Dyeing and printing Unit till February 2003, the unit remained non-functional since April 2001. The CEO of the Board stated (February 2003) that the unit could not be made operational for want of a trained boiler technician. The contention of the CEO was not tenable, as the deployment of boiler technician essential for operation of the unit should not have taken over two years from the commissioning of the unit. Thus, failure of the AKVIB to make the dyeing and printing unit functional resulted in unproductive investment of Rs.21.56 lakh (cost of machineries and equipments : Rs. 5.23 lakh ; construction and installation of machineries : Rs. 15.23 lakh ; wages : Rs.1.10 lakh) since 1992-93. The CEO could not fix responsibility on the errant officials and recover the loss of machineries worth Rs. 0.55 lakh since 1998-99. Also, the objectives of establishment of the unit remained unachieved.

5.2 The Department by their written reply has stated that as regards unproductive investment and failure of the Board to make its Dyeing and Printing Unit at Hengrabari Complex, it is to be clarified that the matter has already clarified to the A.G.Assam on 13th February, 2003. In this regard, the Board has already lodged a complaint in the Dispur Police Station regarding missing of Hydro Extractor machine vide office letter No.KBG-34/98-99/22, dtd. 8th December '98. The case registration No. is 1227/98/U/S 380 IPC. As report received, the Dispur Police Station has submitted final report as No.CLUE. An explanation was also asked to the Incharge of the Dyeing & Printing Unit to explain about the missing of the Hydro Extractor Machine vide office letter No.KBE-71/67-68/175-179 dtd. 31st October, 2000 on being examine the explanation submitted by Shri Suren Nath, Incharge Dyeing & Printing Section and on found unsuitable reply, the Board initiated a departmental proceeding against Shri Suren Nath and appointed an Enquiry Officer and a presenting officer to enquire and report, vide No.KBE-71/67-68/189, dtd. 9th July, 2000. The Enquiry Officer has not yet submitted his report and a reminder has also been issued to the Enquiry Officer vide No.KBE-71/67-68/198, dtd. 13th January, 2002. However, the Enquiry Officer has not submitted report and an explanation has been asked to the Enquiry Officer. In the meantime, the Presenting Officer Shri Srikanta Medhi has been retired from the service and a new Presenting Officer has been appointed vide order No.KBE-71/67-68/207, dtd. 18th October '05. As regards functioning

of the Dyeing & Printing Unit, it is to be mentioned here that due to non receipt of permission from the Boiler Inspector, the Boiler installed at the Plant the Dyeing & Printing Plant was not started. The Boiler Inspector did not give permission for want of documents of the Boiler which are missing alongwith Hydro Extractor Machine. The Board had sought the necessary papers from the original supplier of the hydro extractor machine at Mumbai, but no response has been received from the supplier. Ultimately, the board has decided to start functioning of Dyeing & Printing Plant in traditional way from the month of November 2003 and Printing & Dyeing works of National Flag, cotton yarn, dusuti than, ek-suti kora than, endi materials has been done regularly. Details of Dyeing & other works done by the plant w.e.f. November 2003 to June 2005 are given below :

Sl. No.	Name of item	Type of work	Quantity	Processing charge earned (Rs.)
1.	Cotton yarn	Dyeing	311.000 Kg.	14,797.03
2.	Khadi than ek-suti	Dyeing	14795.15 mtr.	71,982.54
3.	Khadi than ek-suti	Bleaching	18317.60 mtr.	30,586.81
4.	Khadi Pos	- do -	2225 pos.	6,189.68
5.	Endi than	- do -	3268.50 mtr.	9,674.25
6.	Endi pos	- do -	1956 pos.	24,284.72
7.	Poly than	- do -	213.00 mtr.	498.27
8.	National Flag	Printing	15141 pos	14,086.69
Total :				1,72,099.99

The plant has been made ready for providing training programme of dyeing and printing to the interested unemployed person. Now, the plant is providing job on wage basis to 6 persons.

OBSERVATIONS/RECOMMENDATIONS

5.3 The Committee is not satisfied with the replies of the departmental witnesses. The Committee observes that the department failed to make functional the Dyeing and Printing unit after 11 years of completion of the Project. The Committee also expresses its concern for missing of centrifugal Hydro Extractor Machine from the store worth Rs. 0.55 lakh for which another machine had to be purchased at a cost of Rs. 0.87 lakh and no action has been initiated till date against the errant official(s) for loss of machinery. The Committee therefore, recommends that the erring officials (s) should be identified and brought into book and responsibility should be fixed and loss may be recouped. Action taken in this regard may be intimated to the Committee within one month from the date of presentation of this report before the House.

CHAPTER - VI

Urban Development (MA) Department

Unproductive expenditure on Barpeta Road Town Water Supply Scheme

(Audit para 6.6/CAG(Civil)/2002-2003)

6.1 The audit has pointed out that a test-check (March-April 2002) of records of the Executive Engineer (EE), AUWS & SB, Dhubri Division and further information collected (March-April 2003) from the MD, AUWS & SB, Guwahati revealed the following :

(a) EE had spent Rs. 26.72 lakh for various works under Zone I of the scheme during September 1990 to May 1997. MD, AUWS & SB decided (June 1999) not to go ahead with further works of Zone I and asked the contractor to hand over the works to the EE on as is where is basis. The reasons for discontinuance of works under Zone I after spending Rs. 26.72 lakh and non resumption of the works even after six years as of April 2003 were neither on record nor clarified to audit.

(b) MD, AUWS & SB stated (March 2003) that for commissioning and completion of works under Zone II of the scheme an expenditure of Rs. 6.43 crore was incurred during 1991 to March 2002 Government's approval of revised estimate sought for (August 1999) by MD for an amount of Rs.11.77 crore was awaited (March 2003). Against the target for coverage of 36,000 inhabitants, Zone-II of the scheme covered only 10,800 (30 per cent) inhabitants through 700 house connections till June 2003. MD attributed (July 2003) the shortfall in coverage to lack of awareness on use of filtered water. poor economic condition of the inhabitants and non-installation of deep tube wells due to rig problem. The contention of the MD was quite in contrast to the encouraging position of economic condition of people and their need for organised water supply scheme mentioned by Public Health Engineering Department in a write up of Barpeta Road Water Supply Scheme in February 1985. Non-installation of deep tube wells because of rig problem was not tenable after execution of works for a period of 11 years at a cost of Rs. 6.43 crore, which exceeded the tender value (Rs. 1.31 crore) of the work by Rs. 5.12 crore (391 per cent). Thus,

improper and lack of prudent planning and poor financial management in the implementation of the scheme, led to unfruitful expenditure of Rs. 6.70 crore (Zone-I Rs. 0.27 crore and Zone -II : Rs. 6.43 crore) besides spending Rs. 5.12 crore over the tender value without approval from Government. The department did not investigate the dismal performance of the scheme, validity of extra expenditure out of scarce Government resources for Zone-II of the scheme while works in Zone-I were discontinued for nearly six years due of paucity of funds and non-fulfilment of objectives of the scheme launched in March 1985.

6.2 The Department by their written reply has stated that (a) the work of Zone-I had to be stopped as per instruction of higher authority due to non identification of land, resource crunch etc. and also for lesser population etc. in comparison to Zone-II which is having more population to serve the safe drinking water to the people of the locality on priority basis. The work of Zone-II had to be started since the number of wards are much more than Zone-I and population of the Zone is 80% of the whole population of Barpeta Road and with a view of supply safe drinking water to the maximum people of the locality it was decided to complete the work of Zone-II at an earliest possible time. The matter was reported to the A.G. Audit vide this office letter No.UWS-51/Vol-III/89/173/2811 dt. 14.3.2003. These are the reason for discontinuance of works under Zone-I the work will resume as and when fund position will be improved. (b) Barpeta Road Water Supply Scheme was sanctioned in 1985 by the Govt. of Assam and approved vide No.MA-60/85/6 dt. 25.3.85 for an amounting to Rs.1.99 crore. The estimated value of the work was Rs.1.99 crores as prepared by the Public Health Engineering Department, Barpeta Division for Zone-I and II and completion time was 18 (eighteen) months as per agreement. The Govt. of Assam handed over this scheme to the new organization, the Assam Urban Water Supply and Sewerage Board in 1989-90 to execute the works with the necessary documents in September, 1989. The work order issued to the contractor vide letter No.UWS-51/Vol-II/89/1 dt. 18-9-89. The work had to complete within March, 91. But the Board had received the fund from the Govt. in time. An amount of Rs. 20.50 lakh was received out of Rs. 1.99 crores in between 1988-89 to 1990-91 ultimately due to non received of fund in proper time the work was delayed and could not complete in time. The fund received statement is furnished below :-

Year	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
Amt. in lakh	9.00	7.50	4.00	70.00	5.00	10.00	36.00
1995-96	1996-97	1997-98	1998-99	1999-2000	to 2004-05		Total
15.00	5.00	10.00	5.00		Nil		176.50

Due to non availability of fund the Board applied for loan from the HUDCO for execution of Barpeta Road Water Supply Scheme and the HUDCO agreed to provide the fund as loan as shown below with the agreement of the Govt. of Assam. Total sanctioned amount was Rs.2,93,50,000.00 Release to Board.

1993-94	-	-	Rs.	1,86,20,750.00		
1994-95	-	-	Rs.	42,38,500.00		
1995-96	-	-	Rs.	34,15,461.00		
1996-97	-	-	Rs.	22,79,000.00		
1997-98	-	-	Rs.	Nil		
1998-99	-	-	Rs.	3,72,000.00		
			Rs.	2,89,25,711.00		
			Rs.	2,93,500.00	- 1% Front or end fee	Deducted at source by HUDCO
			Rs.	23,539.00	- 0.25% R&D	
			Rs.	2,250.00	- Bank Charge	
Total amount released			Rs.	2,92,45,000.00		
			Rs.	1,05,000.00	- To be released by HUDCO	
Total -			Rs.	2,93,50,000.00		

Due to problem arise out of land, delay occurred in handing over the land for execution, extra item, boulder packing, distribution pipe line, delay of Road cutting permission disturbance of rainy season etc. work could not be completed in proper time. However, the scheme has already partially commissioned in 1996 and the people of Barpeta Road Town utilizing the safe drinking water of the Board. The Board have already provided about 900 house connection and the nominal revenue is generating. The Board have already spent in excess of the Tender value, because of the repayment of loan (principal & interest) to the HUDCO ultimately included in the scheme showing as expenditure of Rs. 6.70 crores. Another reason was price escalation for delay in execution of works diversion of fund. The Board has already submitted revised estimate of Rs. 11.77 crores to the Govt. of Assam vide this office letter No. UWS-51/Vol-IV/89/72 dt. 25th August'99 for approval of the revised estimate. Matter is still under correspondences with the Government and the Division. Last correspondences were made to the Executive Engineer, Assam Urban Water Supply and Sewerage Board, Dhubri for some clarification on points raised by the Government.

OBSERVATIONS/RECOMMENDATIONS

6.3 During the course of oral deposition of the departmental representatives could not satisfy the Committee. The Committee expressed its dissatisfaction and desire to know how the Managing Director, AUWSSB arbitrarily decided to abandon works of Zone I after spending of Rs. 26.72 lakh. If paucity of fund was the factor, then how the Managing Director overshot tendered/approved cost of works of Zone-II by Rs.5.12 crore without approval of the Government. As stated by the departmental representatives the population of Zone-I is 35,020 and Zone-II is 36,000, hence the Managing Director arbitrarily should not abandoned the scheme under Zone-I without approval of the Government and without any logical ground. The Committee also desires to know how the department started the project without prior identification of land and incurred unfruitful expenditure of Rs. 6.70 crore on the scheme.

6.3.1 The Committee therefore, recommends that the department should make an enquiry on the matters thoroughly and steps should be taken to complete the abandoned scheme Zone-I shortly. Further the Committee also recommends that acquisition of land, technical sanction, administrative approval etc. may be obtained before going to implement any schemes by the department so that such lapses may not be occurred in future.

Locking up of funds

(Audit para 6.7/CAG(Civil)/2002-2003)

6.4 The audit has pointed out that a test-check (May 2002) of records of the Managing Director (MD), Assam Urban Water Supply and Sewerage Board (AUWS & SB) revealed that in May 1996, the MD placed five supply orders for 4,000 water meters of Capstan brand, 15 mm dia domestic type, and 7,500 sets of CID Joints for Asbestos Cement Pressure Pipes of different sizes worth Rs. 0.64 crore to four local firms. The material was to be supplied to the Executive Engineer (EE), AUWS & SB Dhubri Division. In compliance with the request of the firms for advance payment, the MD paid (June 1996) Rs. 0.58 crore to the firms being 90 per cent advance against their proforma bills. The MD did not insist on any security deposit or guarantee against these advances. The Executive Engineer, AUWS & SB, Dhubri Division stated (June 2002) that out of 7,500 sets of CID joints the division received 2,178 sets valued at Rs. 6.21 lakh in June 1997. Till June 2002 the balance 5,322 sets of CID joints and entire quantity of 4,000 capstan brand water meters had not been supplied by the firms. No action had been initiated by the division to either cancel the supply orders or recover the outstanding advance of Rs. 0.52 crore (Rs. 0.58 crore - Rs. 0.06 crore). Thus injudicious and arbitrary payment of advances by the MD led to the locking up of Rs. 0.52 crore out of Rs. 0.58 crore with the firms since June 1996. As no security deposit or bank guarantee subsisted against the advances, the possibility of non-recovery from the firms leading to loss of Rs. 0.52 crore to Government could not be ruled out. The cost of retention of funds worked out to Rs. 0.35 at the average rate of 11 per cent (Government borrowing rate) during June 1996 to May 2002.

6.5 The Department by their written reply has stated that the payment of 90% advances were made from the Head Quarter of the Board against supply of 4000 water meters of Capstan Brand, 15 mm dia domestic type and 7,500 sets of C.I.D. joints for Asbestos Cement pressure pipes of different sizes as follows :-

<u>Name of contractor</u>	<u>Order No. and Date</u>	<u>Item of Supply</u>
1. M/S North East Enterprise	UWS-637/96/4099 06-05-96	1000 Nos. Water meter
2. M/S Assam Poly Products(Pvt) Ltd.	UWS-637/96/5000 06-05-96	1000 Nos. Water meter
3. M/S Assam Poly Products(Pvt) Ltd.	UWS-637/96/5001	C.I.D. joints 7500 Nos.
4. M/S G.N.B. Associates	UWS-637/96/5002 06-05-96	1000 Nos. Water meter
5. M/S Powertech	UWS-637/96/5003 06-05-96	1000 Nos. Water meter

Details of payments made are as follows :-

<u>Sl. No.</u>	<u>Amount of bill</u>	<u>Amount of payment made</u>	<u>Cheque No.</u>	<u>Date</u>
1.	Rs. 10,34,400.00	Rs. 9,30,960.00	934509	06-06-96
2.	Rs. 10,34,400.00	Rs. 9,30,960.00	934506	06-06-96
3.	Rs. 23,09,000.00	Rs.20,78,100.00	934506	06-06-96
4.	Rs. 10,34,400.00	Rs. 9,30,960.00	934507	06-06-96
5.	Rs. 10,34,400.00	Rs. 9,30,960.00	934508	06-06-96
	Rs. 64,46,600.00	Rs.58,01,940.00		

On verification it is found that M/S Assam Poly Products (Pvt) Ltd. had supplied 2178 sets of CID joints out of ordered item of 7500 sets for Rs. 6,20,986.00 only against Rs. 20,78,100.00. Since the date of payment the party did not supplied any other materials to the Board. As suggested by the audit the amount of principal and interest were calculate out which may kindly be seen below :

<u>Sl. No.</u>	<u>Name of Contractors</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1.	M/S Assam Ploy Products (Pvt) Ltd.	23,88.074.00	32,95,542.00	56,83,616.00
2.	M/S G.N.B Associates	9,30,960.00	12,48,725.00	21,79,685.00
3.	M/S Powertech	9,30,960.00	12,48,725.00	21,79,685.00
4.	M/S North East Enterprise	9,30,960.00	12,48,725.00	21,79,685.00
		51,80,954.00	70,41,717.00	1,22,22,671.00

The Board have taken the following steps for recovery of the advances as directed by the A.G. Audit vide this office letters from time to time:-

1. M/S Assam Poly Products (Pvt) Ltd.	UWS-1088/2000/92	23-10-2002
	UWS-1088/2000/116	28-02-2003
	UWS-1088/2000/119	03-04-2003
	UWS-1088/2000/136	26-05-2004
2. M/S Powertech	UWS-1088/2000/95	23-10-2002
	UWS-1088/2000/113	28-02-2003
	UWS-1088/2000/118	03-04-2003
	UWS-1088/2000/138	26-05-2004
3. M/S G.N.B. Associates	UWS-1088/2000/93	23-10-2002
	UWS-1088/2000/115	28-02-2003
	UWS-1088/2000/120	03-04-2003
	UWS-1088/2000/135	26-05-2004
4. M/S North East Enterprise	UWS-1088/2000/94	23-10-2002
	UWS-1088/2000/114	28-02-2003
	UWS-1088/2000/121	03-04-2003
	UWS-1088/2000/137	26-05-2004

In response to above correspondence of the Managing Director, Assam Urban Water Supply and Sewerage Board, replies have received from some of the contractor denying the observations. On further investigation revealed that their denials are not acceptable and further correspondences will be made and action will be taken as per law. The documents relating to purchase of above materials have been seized by the Superintendent of Police Vigilance and Anti Corruption as per decision of the Govt. in Urban Development Department. Matter is under investigation of Vigilance and Anti Corruption and action will be taken against the erring officials as per reports of the investigating agency and decision of the Govt. after completion of investigation.

OBSERVATIONS/RECOMMENDATIONS

6.6. Having heard the deposition of the departmental representatives the Committee observes that there was scarcity of fund in the department. But the department floated tender for supplying of materials and made injudicious payment of 90% advances to the contractors without proper security deposit. The department had made excess payment to the contractors without formal approval and without any bank guarantee. The Committee have not seen any justification, it is a clean departmental lapse.

6.6.1 The Committee therefore, recommends that the erring official(s) should be brought into book and responsibility should be fixed against them. Action taken in this regard may be intimated to the Committee within 30 days from date of presentation of this report before the House.

Unfruitful and idle expenditure

(Audit para 6.8/CAG(Civil)/2002-2003)

6.7 The audit has pointed out that a test-check (May 2002) of records of the Executive Engineer (EE), AUWS & SB, Guwahati Division and collection (June 2003) of further information revealed the following :

- (i) Between March, 1992 and April, 1994 the Managing Director (MD), AUWS & SB paid mobilisation advance of Rs. 67.36 lakh to the firm against the bank guarantee of Rupees seven lakh which was not revalidated after March, 1993. Also, the drawings, soil-testing reports were not obtained from the firm before payment of advances.
- (ii) After installation of materials and equipments etc. in August, 1994 the water treatment plant of Zone-I could not be commissioned as the water of aeration tray splashed out of aeration chamber because of installation of water pump of 25 metre head instead of 20 metre head by the firm arbitrarily without the approval of the Board. But neither the MD nor the EE initiated any action to get the defects rectified by the firm under the agreement.
- (iii) Between December, 1994 and September, 1997 the firm preferred claims for Rs. 3.97 crore in four running account bills including value of materials and equipments worth Rs. 2.94 crore (Zone-I : Rs. 1.54 crores; zone-II : Rs.1.40 crores). Further, EE, AUWS and SB Diphu Division supplied materials worth Rs. 34.40 lakh and made lumpsum payment of Rs. 24.99 lakh for Zone -II of the scheme during March, 1992 to May, 1997. Also, the MD made adhoc payment of Rs.1.33 crore during October,1994, February 1996. Ad-hoc and lumpsum payment of Rs. 1.58 crore (Rs. 0.25 crore + Rs. 1.33 crore) were in violation of the agreement. The EE stated (June 2003) that mobilisation advance of Rs. 33.54 lakh and mobilisation advance of Rs. 1.20 crore were

adjusted till September, 1997. Thus, advance etc., amounting to Rs. 72.17 lakh (Lumpsum payment : Rs. 24.99 lakh; mobilisation advance : Rs. 33.82 lakh; Adhoc payment : Rs. 13.36 lakh) remained unrecovered/unadjusted from the firm. Also, the firm did not undertake any works of Zone-II since November, 1994. Thus, because of defective works, non-commissioning of a water treatment plant and abandonment of works by the firm, expenditure of Rs. 1.54 crore on material and equipment for Zone-I became unfruitful and those for Zone-II valued at Rs. 1.74 crore (supplied by the firm : Rs.1.40 crore, by the Executive Engineer, Diphu division : Rs. 0.34) crore rendered idle since 1992-93. As no bank guarantee or security deposit subsisted against the advances, possible non-recovery of out-standing advance etc., from the firm leading to loss of Rs. 72.17 lakh to Government could not be ruled out. Further, the objective of supplying safe drinking water under the scheme remained unfulfilled for last 12 years.

6.8 The Department by their written reply has stated that (i) as per tender agreement the Board paid 10% mobilization advance payment to the contractor M/S Subhash Project and Marketing Ltd. 113, Park Street - 3rd Floor, Calcutta -700016 against Tezpur Water Supply Scheme accordingly they submitted the Bank Guarantee details of payment as follow :-

Amount made the payment	Cheque No. & Date	B.G. No. & Date	Date of expiry
Rs. 22,00,000.00	<u>990198</u> 31-03-92	<u>8/91-92.SPML</u> 30-03-1992	29-03-1993
Rs. 15,36,175.00	<u>399609</u> 06-08-92	<u>11A/ST/92-93</u> 01-08-1992	29-03-1993
Rs. 30,00,000.00	<u>117890</u> 12-04-94	<u>14/94/SPML</u> 13-04-1994	31-03-1995
Rs. 67,36,175.00			

After expiry of the validity date the party was directed to submit the fresh Bank Guarantee to the Board in time, vide this office letter mentioned below :-

1. No. UWS-301/90/33 dated 13-08-93
2. No. UWS-301/90/49 dated 08-09-94
3. No. UWS-301/90/49 dated 8-09-94
4. No. UWS-301/90/50 dated 20-12-94
5. No. UWS-301/90/63 dated 14-08-95
6. No. UWS-301/90/63 dated 14-08-95
7. No. UWS-301/90/82 dated 26-06-2002
8. No. UWS-301/90/84 dated 19-08-2002
9. No. UWS-301/90/85 dated 12-09-2002
10. No. UWS-301/90/88 dated 26-11-2002
11. No. UWS-301/90/89 dated 27-11-2002
12. No. UWS-301/90/90 dated 03-01-2003
13. No. UWS-301/90/92 dated 21-12-2002
14. No. UWS-301/90/97 dated 08-01-2003
15. No. UWS-301/90/98 dated 16-12-2002
16. No. UWS-301/90/99 dated 21-01-2003
17. No. UWS-301/90/101 dated 06-02-2003
18. No. UWS-301/90/107 dated 11-04-2003
19. No. UWS-301/90/109 dated 28-05-2003
20. No. UWS-301/90/93 dated 21-12-2002
21. No. UWS-301/90/94 dated 21-12-2002

Informated to the
Comm. & Secy. Govt. of
Assam, U.D. Deptt.

Communication to Re-
serve Bank of India for
necessary action.

Advocate General,
Gauhati High Court.

In the case of Bank Guarantee for Rs. 7,00,000.00 being the security deposit which were submitted by the party vide B.G. No. 4/91/SPML dt. 16.03.91 was expired on 15-03-93. In this connection the Board take necessary correspondence to submit the fresh Bank Guarantee vide this office letter No. as under :-

1. No. UWS-301/90/33 dated 13-08-93
2. No. UWS-301/90/49 dated 08-09-94
3. No. UWS-301/90/50 dated 20-12-94
4. No. UWS-301/90/63 dated 14-08-95
5. No. UWS-301/90/84 dated 05-08-2002

6. No. UWS-301/90/85 dated 19-08-2002
7. No. UWS-301/90/86 dated 12-09-2002
8. No. UWS-301/90/88 dated 26-11-2002
9. No. UWS-301/90/90 dated 16-12-2002

The drawing soil testing reports were submitted by the contractor at Diphu Division and those were placed at Head office for approval vide letter No. EE/AUWS & SB/DIP/M-2/106 dt. 11-06-93, EE/UWS/DIP/M-29/93-94/2662 dt. 19-10-93 and approved by the Chief Engineer of the Board vide letter No. UWS-541/9313 dt. 29-01-94. But the 2nd mobilization advance were paid on 13-04-94 vide Cheque No. 117890.

(ii) Due to changes of position of Raw Water Pumping Station from one place to another the design of the head was increased accordingly as per discussion amongst the party and board vide letter No. EE/UWS/DIP/M-29/Vol-i/94-95 dt. 28-03-95 the Managing Director of the Board had consented the increased capacity of water pump through his letter No. UWS-431/92/52 dt. 05-06-95 to Executive Engineer, Assam Urban Water Supply and Sewerage Board, Diphu Division.

(iii) The contractor after preparation of sites had stopped the works as the claim for extra payment for cutting of rock boulder etc. was not settled in the 1995. The Deputy Commissioner, Tezpur vide this letter No. SPD/TMB/99-2000 dated 29-12-99 took over the Tezpur Water Treatment Plant etc. from the custody of the Assam Urban Water Supply and Sewerage Board for supply of drinking water to the inhabitants of Tezpur Town through the Public Health Engineering Department. All the payment were made as per discussion held between the SPML and Assam Urban Water Supply and Sewerage Board (Diphu Division) held on 27.3.95 for settlement of outstanding dues the Contractor had approached for Arbitrations, which have been completed and awarded in favour of the contractor. The matter has been contested in judicial court result of which is awaited.

OBSERVATIONS/RECOMMENDATIONS

6.9 The Committee observes that the department had taken up the scheme for implementation in 1992 but remained incomplete upto

2003. The Managing Director had violated the terms of agreement and paid mobilization advance of Rs. 67.36 lakh against bank guarantee of only Rs. 7 lakh and that too with its validity upto March, 1993 only. Since the contractor had stopped the works in November, 1994 no steps have been taken by the Department to recover the outstanding advances aggregating of Rs. 72.17 lakh. The department also failed to achieve the target of supplying safe drinking water to the people of Tezpur Town since incurring an expenditure of Rs. 3.28 crore.

6.9.1 The Committee therefore, recommends that the department should take immediate measures to complete the schemes and to provide safe drinking water to the people of Tezpur Town and steps should be taken to realise the outstanding advances agregating of Rs. 72.17 lakh from the defaulting contractors. Measures should be taken to achieve the target for supplying safe drinking water to the beneficiaries of Tezpur Town. Action taken as stated may be intimated to the Committee within 60 days from the date of presentation of this report before the House.

**Unfruitful expenditure and locking up of funds
(Audit Para 6.9/CAG(Civil)/2002-2003)**

6.10 The audit has pointed out that a test-check (May, 2002) of records of the Executive Engineer (EE), Assam Urban Water Supply and Sewerage Board (AUWS & SB), Guwahati Division and further information collected (June, 2003) from the EE revealed that the Clear Water Reservoir (CWR) was constructed (work measured in November, 1992) without top slab casting at a cost of Rs. 8.73 lakh. While carrying out the works of the top slab casting of Clear Water Reservoir (CWR) in December, 1992, the bottom slab settled down 42 inches from the existing position and cracks developed in and around the corner of the bottom slab. This was due to wrong calculation of bearing capacity of soil as admitted by the MD in a reply furnished (March, 1999) at an enquiry initiated by the Assam Human Rights Commission in May, 1998. The MD asked the firm to dismantle the cracked structure of service reservoir to accommodate a new structure according to revised lay out drawing submitted by the firm in December 1993 after suspending the work. This was done by the firm partially till May, 2003. In the absence of the provision for liquidated damages in the agreement the MD did not cancel the work from the defaulting firm because the Board was required to pay all the expenses incurred by the firm in full according to the agreement, if the contract was cancelled by the Board. Between August, 1990 and April 1991 MD paid mobilisation advance of Rs. 29.43 lakh to the firm without any bank guarantee and survey, soil testing reports etc. in violation of the agreement. The firm preferred a claim for Rs.44.61 lakh against which MD paid Rs.32.08 lakh till February, 2003 without any recovery of mobilisation advance. Taking into account further expenditure of Rs.34.31 lakh on account of payment to muster roll workers, expenditure at headquarters office, repayment of loan etc., the total expenditure on the scheme was Rs. 95.82 lakh till May, 2003. Thus, non-completion of the scheme because of poor planning, absence of provision for liquidated damages, injudicious payment without bank guarantee etc. and failure of the MD to get the works resumed after rectification of defects resulted in unfruitful expenditure of Rs. 95.82 lakh and non-adjustment/recovery of mobilisation advance of Rs. 29.43 lakh since 1990-91. The cost of retention of Rs.29.43 lakh calculated at the average rate of 11 per cent

of Government borrowing during 1991-92 to 2002-2003 amounted to Rs. 38.85 lakh. Further, the objective of the scheme to supply safe drinking water to 34,177 people remained unfulfilled for the last 13 years.

6.11 The Department by their written reply has stated that as per submission of drawings (part) by the firm vide letter No. 0290.oc-37 SRDG, dated 28.05.90 and 0290 : oc-37:SRDG dated 08-06-90 and as per the provision of the Tender Agreement, the Board made the 10% mobilization advance for Rs. 16,81,833.00 vide cheque No. 0390351 dated 16.08.90 against submission of the Bank Guarantee No. 40/90 dated 14.07.90 of Canara Bank, Chawranghee Branch, Calcutta. The party started the work in time as per terms and condition of the tender agreement. As per work order the party had to avail all responsibility of the work as per turnkey contract. In 1992, the roof slab of the clear water reservoir was cracked due to wrong calculation of bearing capacity of soil. The Managing Director directed the firm to dismantle the crack structure and also the other allied structures which were progressing as per that design based on wrong calculation of bearing capacity of soil and to construct the new structure as per design based on the actual bearing capacity of the soil. The Board pressed the firm from time to time to submit the fresh bearing capacity of soil test report and to start the work vide this office letter Nos. as under :-

1. UWS/53(Vol-II)/89/139, dt. 05-08-95
2. UWS/53(Vol-II)/89/140, dt. 28-08-95
3. UWS/53(Vol-II)/89/143, dt. 29-09-95
4. UWS/53(Vol-II)/89/144, dt. 15-12-95
5. UWS/53(Vol-II)/89/145, dt. 08-04-96
6. UWS/53(Vol-II)/89/151, dt. 03-09-96
7. UWS/53(Vol-II)/89/153, dt. 09-10-96
8. UWS/53(Vol-II)/89/160, dt. 06-09-97
9. UWS/53(Vol-II)/89/163, dt. 29-05-98
10. UWS/53(Vol-II)/89/164, dt. 04-09-98
11. UWS/53(Vol-II)/89/167, dt. 12-04-99.

As per minutes of the Board meeting held on 26-03-02, both the party agreed to complete the work after negotiation of rate and as per report of site visit by the Directors of the Board. The work is totally stopped at present and process for cancellation of work order is going on. The Board had not made the payment of Rs.34.31 lakh in the head of W/C and M/R to meet the monthly salary. As detected by the AG, Audit the Board made payment amounting to Rs. 95.82 lakh. The detailed of amount spent are shown as under :-

1. 10% mobilization advance	Rs. 16,81,833.00
2. Release to the EE Diphu Division to meet the expenditure against Dhing W.S.S. whether the amount expended by the Diphu Division could not be trace out.	Rs. 57,38,856.00
3. Repayment of loan & interest to HUDCO	Rs. 15,36,722.00
4. Salary of W.C. & M.R.	Rs. 7,30,817.00
5. Others	Rs. 10,000.00
Total =	Rs. 96,98,228.00

OBSERVATIONS/RECOMMENDATIONS

6.12 The Committee observes that no action has been initiated by the department against the erring officials for poor, faulty planning and erroneous stress (bearing) calculation that led to cracking and settling of bottom slab of the project. The department did not keep the clause for liquidated damage in the agreement to make good of faulty work done by the contractor. The Managing Director paid mobilization advance of Rs. 29.43 lakh to the contractor without any guarantee but same was not recovered from his running account bill. Though works were awarded as turnkey project to be completed by September, 1991 at a cost of Rs. 1.23 crores the project remained incomplete even after 13 years incurring expenditure of Rs.95.82 lakh.

6.12.1 The Committee, therefore, recommends that disciplinary action against the erring official(s) may be initiated and measures should be taken to realise the advances that paid to the contractor and to complete the project as soon as possible for the welfare of the beneficiaries. Action taken in this regard may be intimated to the Committee within 30 days from the date of presentation of this report before the House.

CHAPTER - VII

Panchayat and Rural Development Department
Excess and extra avoidable expenditure by DRDA Kamrup
(Audit para 6.10/CAG (Civil)/2002-2003)

7.1 (a) The audit has pointed out that during March, 1999 to February, 2000, the Project Director, District Rural Development Agency (PD, DRDA) Kamrup procured under EAS, IAY and JRY 2,049.50 tonnes Ordinary Portland Cement (OPC) 33 grade at a total cost of Rs.72.76 lakh from 5 local suppliers @Rs.3.550 per tonne for OPC 53 grade as fixed by the Purchase Committee for 1998-1999. The basis of fixing the rate was however not on record. The PD did not considered the rate of Rs. 2,704 per tonne offered (July,1999) by Cement Corporation of India (CCI, a Government of India undertaking) at which rate OPC 33 grade cement was supplied by the corporation to different DRDAs during the same period. Thus, due to procurement of cement at higher rate, the agency incurred an excess expenditure of Rs.17.34 lakh.

(b) Further, according to the report (August 1999) of the National Council for Cement and Building Material (NCCBM), Ballabgarh, Haryana OPC 33 grade cement was suitable for all general purpose concrete construction and its use would not have any detrimental effect on the quality of construction OPC 43 and 53 grades are suitable for specialised works. Records further revealed that during June, 1999 to April, 2000, the PD had procured 3, 754.35 tonnes OPC 53 grade cement @ Rs. 4,000 per tonne at a total cost of Rs.1.50 crore for different works under EAS/IAY/JRY/OBB. As no specialised works were to be executed under these schemes the PD could have procured OPC 33 grade cement in lieu of OPC 53 grade without any detrimental effect on the quality of general purpose concrete construction. Thus, procurement of OPC 53 grade cement at a still higher rate by the PD resulted in avoidable extra expenditure of Rs.45.77 lakh.

7.2 The Department by their written reply has stated that -

(1) The material was procured at the approved rate of the Purchase

Committee, DRDA, Kamrup. The 33 grade O.P. cement was procured locally as the CCI was not in a position to supply the required quantity in a stipulated time period.

2. The 53 grade O.P. Cement was procured for the following reasons.

(i) The initial and final setting time of 33 grade O.P. Cement is more to that of 53 grade O.P. Cement. The IAY houses are constructed with 75 mm (3 inches) thick brick wall, which needed quick setting. As the Rural Development works are time bounded, the works are to be completed within the stipulated time period. So use of 53 grade cement is more important.

(ii) The most of community buildings are constructed with RCC Column beam & slabs where 53 grade O.P. Cement is invariably necessary.

(iii) The RCC structures constructed at in low lying areas are needed 53 grade O.P. Cement where the foundations are to be constructed in Keishon of driving the excess water. The use of 33 grade O.P. Cement in these structure are not permissible.

(iv) Some specialised structures viz namely RCC Dam, Slab, Culvert, RCC Bridge, RCC Cross, Drainage works are to be constructed with high technical supervision where 53 grade O.P. Cement are highly recommended. So, 53 grade O.P. Cement was procured considering the above technical factors.

OBSERVATIONS/RECOMMENDATIONS

7.3 During the course of oral deposition of the departmental representatives stated that 53 Grade cement is better quality cement than the 33 Grade cement and it is mainly used to construct specialised structure. Moreover, at that time the CCI was not in a position to supply 33 Grade cement. But the Principal A.G. (Audit), Assam has clarified that it was very much in record that the CCI were in a position to supply 33 Grade cement at that period. Further, the record reveal that CCI

neither regretted nor refused to supply 33 grade cement. The Principal A.G., Assam also informed the Committee that CCI wrote a letter in July, 1999 addressed to the Director, P. & RD, Assam saying that they were in a position to supply 33 grade cement. The Committee then desired to know from the department that if it is a fact then why the DRDA, Kamrup used 53 grade cement while other DRDAs of the State were using 33 Grade cement. Why this discrepancy had happened.

7.3.1 The Committee therefore, recommends that the guilty officer (s) may be identified and responsibilities should be fixed for whose fault extra expenditure of Rs.63.11 lakh was incurred and action should be initiated against them. Action taken in this regard may be intimated to the Committee within 30 days from the date of presentation of this report before the House.

**Unauthorised disbursement of loan by DRDA Kamrup
(Audit para 6.11/CAG(Civil)/2002-2003)**

7.4 The audit has pointed out that a test-check (August-September, 2002) of records revealed that out of Rs. 44.81 lakh, only Rs.4.88 lakh could be recovered from nine of the 24 NGOs etc. leaving a balance of Rs. 39.93 lakh unrecovered as of September 2002. The PD stated (May, 2003) that the decision to disburse the loans in such a manner was taken in consultation (December, 1999) with the Commissioner, Panchayat and Rural Development, Assam. The reply of the PD was not tenable as no documentary evidence to this effect could be furnished by the PD. Thus, the disbursement of the loan amounting to Rs. 44.81 lakh to the beneficiaries through NGOs without any such provision in the scheme guidelines and without any approval from the higher authority was unauthorised and resulted in unrecovered loan of Rs.39.93 lakh since 1999-2000. Also, there was no record to indicate that Block/DRDA level physical monitoring through field inspections was done to ascertain the actual income generation by the beneficiaries out of the loan of Rs.44.81 lakh disbursed to them.

7.5 The Department by their written reply has stated that from the records of the DRDA, Kamrup, it is seen that during the 1999-2000 and 2000-2001 an amount of Rs.45.85 lakh was disbursed in the NRAs/ Pathar Parichalans Samities/Beneficiaries under different Block Development Offices as Micro Credit loan. The recovery made so far during the years from 2001-2002 to 2004-2005 was Rs.4.82 lakh. The balance of Rs. 41.03 lakh is still lying unrecovered from the concerned parties. In this regard, it is stated that from the records available in this office, it is revealed that Sri J. C. Mazumdar, ACS, the then Project Director, DRDA, Kamrup had noted in the File that the matter was discussed by him with the then Commissioner, P. & RD Department and with the Director, P & RD, Assam regarding disbursement of Micro Credit loan in the said manner. However, no documentary evidence is found available to support the nothing of the then Project Director. The undersigned has no way to clarify the matter in respect of disbursement of Micro credit loan and non refund of the same. However, the concerned parties have already been requested to refund their loan amount by the undersigned.

OBSERVATIONS/RECOMMENDATIONS

7.6 During the course of discussion the Committee observes that the then Project Director, Kamrup DRDA had disbursed loan to the beneficiaries through NGOs without consultation with the higher authority violating the Government of India's guidelines for SGRY. Though the then Project Director, DRDA, Kamrup had noted in the file that the matter was discussed by him with the then Commissioner & Secretary, Panchayat & Rural Development Department and with the Director, Panchayat and Rural Development, Assam regarding disbursement of Micro Credit loan. However, no documentary evidence could produce before the Committee.

7.6.1 The Committee therefore, recommends that responsibility should be fixed against the then Project Director, DRDA, Kamrup and action should be initiated against him and steps should be taken for recovery of outstanding loan amount disbursed violating the Government of India's guidelines. Action taken report may be furnished to the Committee within 30 days from the date of presentation of this report before the House.