

PAC - 130

**COMMITTEE ON PUBLIC ACCOUNTS**  
**(2009-2011)**

HUNDRED AND THIRTIETH REPORT



**(TWELFTH ASSEMBLY)**

REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS, ASSAM  
LEGISLATIVE ASSEMBLY ON THE REPORTS OF THE  
COMPTROLLER AND AUDITOR GENERAL OF  
INDIA (CIVIL) FOR THE YEARS 1983-84,  
1984-85, 1986-87, 1988-89, 1989-90, 1990-91,  
1991-92 AND 1995-96 RELATING  
TO  
CO-OPERATION DEPARTMENT, GOVERNMENT OF ASSAM.

**Presented to the House on 08-02-2011.**

ASSAM LEGISLATIVE ASSEMBLY SECRETARIAT,  
DISPUR : GUWAHATI-781006.

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COMPOSITION OF THE COMMITTEE

Chairman:

1. Shri Phani Bhusan Chaudhury

Members:

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

Secretariat:

1. Shri G.P.Das, Principal Secretary
2. Shri B. Basumatari, Additional Secretary.
3. Shri P.K.Hazarika, O.S.D
4. Shri K. Rahman, Protocol Officer.

(ii)

## PREFATORY REMARKS

I, Shri Phani Bhusan Choudhury, Chairman, Committee on Public Accounts, Assam Legislative Assembly having been authorized to submit the report on its behalf present this Hundred and Thirtieth Report of the Committee on Public Accounts on the Audit paras contained in the Reports of the Comptroller and Auditor General of India (Civil) for the years 1983-84, 1984-85, 1986-87, 1988-89, 1989-90, 1990-91, 1991-92 and 1995-96 pertaining to the Co-operation Department, Government of Assam.

2. The Reports of the Comptroller and Auditor General of India (Civil) for the years 1983-84, 1984-85, 1986-87, 1988-89, 1989-90, 1990-91, 1991-92 and 1995-96 was laid before the House on 5<sup>th</sup> October, 1987, 5<sup>th</sup> October, 1990, 14<sup>th</sup> October, 1993, 14<sup>th</sup> April, 1994 14<sup>th</sup> September, 1994 and 8<sup>th</sup> April, 1997.

3. The Report mentioned above relating to the Co-operation Department were considered by the Committee in their sittings held on 11<sup>th</sup> June, 2010

4. The Report of the Committee on Public Accounts as finalized and approved by the Committee in its meeting held on 28-01-2011 for presentation before the House.

5. The Committee has appreciated the valuable assistance rendered by the Principal Accountant General (Audit), Assam as well as his junior officers and staff during the examination of the Departments.

6. The Committee thanks to the departmental witnesses as well as Finance Department 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 service rendered to the Committee.

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

Dispur:  
The 28<sup>th</sup> January, 2011

PHANI BHUSAN CHOUDHURY  
Chairman  
Committee on Public Accounts.

## The Report

### Co-operation Department

#### Avoidable payment of penal interest (Audit para 3.5/C & AG(Civil)/1983-84/P-18-19)

1.1 The audit has pointed out that Rupees 69.22 lakhs was due to be paid on 5<sup>th</sup> December 1980 to the National Co-operative Development Corporation on account of repayment of loan installment and interest. The Registrar of Co-operative Societies obtained bank drafts for the amount on 15<sup>th</sup> November 1980 but despatched them only after 26 days. Failure to pay on the due date led to a claim of penal interest of Rs. 10.32 lakhs which was later reduced to Rs. 1.08 lakhs at the request of the Department and was paid in October 1983. Thus delay in despatched of the amount resulted in avoidable payment of Rs. 1.08 lakhs as penal interest. Government stated (December 1984) that nobody could be held responsible for the delay in dispatch of the drafts. As the office was not functioning due to non co-operation movements.

1.2 The department by their written reply has stated that yes, none could be held responsible for the delay in dispatching the Bank Drafts on due date 05-12-80 as the office was not functioning from 05-12-80 to 11-12-80 due to Non-Cooperation of Assam Movement.

#### OBSERVATIONS/RECOMMENDATIONS

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

## Non-Utilization of loan and subsidy

(Audit para 3.12/C & AG(Civil)/1984-85/P-33)

1.4. The audit has pointed out that the Assistant Registrar of Co-operative Societies, Hailakandi disbursed Rs.1,27,500 (sanctioned in March 1979 by the Registrar of Co-operative Societies) between June 1979 and February 1980 to three Co-operative Societies (Rs.42,500 each; loan Rs.34,000 and subsidy : Rs. 8500) for construction of go- downs. The Societies failed to utilize the loan/subsidy even after the lapse of five years (March 1985) and the amounts were lying unutilized with the three Societies. The Joint Registrar of Co-operatives Societies, Assam, Guwahati intimated in March 1985, that the Societies could not take up construction works as the Committees formed for supervision of the works did not approve the plans and estimates for technical reasons.

1.5. The department by their written reply has stated that R.C.S. Assam has reported that : (i) WONGRI BOND Co-operative Society Ltd. has completed construction of Secretary's quarter and thus utilized the amount Rs. 45,000/- (ii) Gandhi gram Cooperative Society Ltd. has not yet constructed Secretary's quarter due to land dispute. The society has kept the amount in their Bank Account. (iii) Kazirbazar Co.op. Society Ltd. has not utilized that amount. They kept the amount in their Bank Account. The Secretaries of these two Societies were instructed to refund the money which they have not complied with. Their own fund position is reportedly very poor. In their oral deposition before the Committee the departmental representatives stated that the department proposed to draw Bakijai proceedings against these Cooperation society.

### OBSERVATIONS/RECOMMRNDATIONS

1.6 The Committee after threadbare discussion directed the depts. to draw Bakijai Proceedings against these Coop. societies and submit a report to the Committee within 3 months from the date of presentation of this report before the House.

## Blockade of Fund

(Audit para 3.13/C &amp; AG(Civil)/1984-85/P-33-34)

1.7 The audit has pointed out that a test check of the records of the Registrar of Co-operative Societies in July 1985 disclosed a cash balance of Rs. 5.23 crores, of which 220 bank drafts for Rs. 202.55 lakhs detailed below, related to different financial years between 1971-72 and 1984-85.

Year	Amount ( in rupees)
1971-72	-
1972-73	0.04
1973-74	0.04
1974-75	0.17
1975-76	0.01
1977-78	0.01
1978-80	6.18
1980-81	1.70
1981-82	1.66
1982-83	14.17
1983-84	92.61
1984-85	85.96

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202.55

These bank drafts were drawn in the name of departmental officers on various Societies and in most cases their period of validity had expired. Such practice of drawing money before completing all preliminaries for disbursement and keeping it undisbursed, is fraught with the possibility of serious irregularities besides that the budget provision is shown as utilised while the money remains undisbursed. This has resulted in the blockade of Government money for several years and the amount shown as spent remained unutilized.

1.8. The department by their written reply has stated that RCS, Assam has reported that the entire Bank Drafts for the amount of Rs. 202.55 lakhs has already been disbursed.

**OBSERVATION/RECOMMENDATION**

1.9 Having heard the deposition of the departmental representatives the Committee directed the depts. to furnish a copy of "Actual Payment Receipt" (APR) to the office of the A.G.(Audit), Assam as well as to the Committee within 15 days from the date of presentation of this report before the House.



**Financial Assistance**  
(Audit para 6.1/ C & AG(Civil)/1984-85/P-110-111)

1.10. The audit has pointed out that the investment by the State Government in share capital of the Co-operative Societies at the close of the three years ended 31<sup>st</sup> March 1985 was as follows :

Year	Amount (Rupees in lakhs)
1982-83	22,52,31
1983-84	31,21,33
1984-85	43,67,25

The amount of loans, grants and subsidies paid by the Government to various Co-operative Societies during the three years ended 31<sup>st</sup> March 1985 was as follows :

<u>Year</u>	<u>Amount of loan</u>			<u>Grants and</u>
Balance at the end of previous year	Disbursed during the year	Repayment during the year	Balances at the end of the year	subsidies during the year
(Rupees in lakhs)				
1982-83	14,25.89	1,90,04	1.77	16,14.16
2,28.07				
1983-84	16,14.16	1,82.84	1.10	17,95.90
3,33.71				
1984-85	17,95.90	2,95.19	1.90	20,89.19
3,48.26				

Overdue recovery of principal (excluding the amount of loan of Rs. 141.33 lakh outstanding against weaving Co-operatives at the end of 1981-82) outstanding at the end of 1983-84 amounted to Rs.4,09.76 lakhs. Particulars in respect of over due interest at the end of 1983-84 and disbursement and repayment of loans during 1983-84 in respect of Weaving Co-operative Societies could not be made available to audit. Utilization certificates in respect of grants and subsidies required to be submitted to audit within a reasonable time were not submitted (March 1986) as under :

Year in which grants/subsidies were paid	Amount ( In lakhs of rupees)
Up to 1981-82	6,86.46
1982-83	2,26.07
1983-84	2,79.97
1984-85	3,48.26

Dividend : Amount of dividend received by Government in respect of Co-operative Institutions during the year 1981-82 amounted to Rs.8.98 lakhs (for the years from 1967-68 to 1977-78 from Assam Co-operative Apex Bank Limited). During the Co-operative years ended 30<sup>th</sup> June 1984 and 1985 the dividends received by Government were Rs.4.64 lakhs and Rs.7.70 lakhs respectively. Delay in completion of audit : In accordance with the provisions of the Assam Co-operative Societies Act, 1949, the accounts of the Co-operative Institutions (including those where there are no investment by the Government) are required to be audited by the auditors appointed by the Register of Co-operative Societies once in every year. The position of arrears in audit during the three years ending 1982-83 were as follows:

Year	No. of Societies	No. of accounts	year in arrears for audit.
1980-81	8976		29310
1981-82	8477		29774
1982-83	9174		24614

Societies under liquidation: The table below indicates the particulars in respect of societies under liquidation till the end of the last three years :

	1982-83	1983-84	1984-85
(a) Number of societies under liquidation	4,731	4,846	4,900
(b) Bakijai cases pending against liquidated societies			
Number	1,56,988	1,57,856	1,59,290
Amount involved (Rupees in lakhs)	7,38.93	6,88.93	6,68.84

Information regarding the extend of financial assistance given and paid up capital contributed by the Government in these societies could not be made available to audit. Misappropriation of cash : Total amount of cash misappropriated since inception upto December, 1985 in 17 out of 26 circles was Rs. 1,82.86 lakhs, out of which Rs. 7.73 lakhs were recovered so far (31<sup>st</sup> December 1985). Criminal and Civil suits were filed against 94 and 71 persons respectively and departmental action was taken against 205 persons. Particulars from the remaining 9 circles were not made available to audit. Review of audited accounts (a) State Level Societies : Working result and other particulars in respect of 10 state level societies on the basis of latest available accounts are given below :

Name of the Society	Year of account	paid up Total	Capital contri- buted by Govt.	Profit(+) Loss (-)	Accumulated Profit (+) sub- Loss (-)	Grants & interest out sta- nding Govt.	Loan &
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(Rupees in lakhs)

(i) Assam Co-operative Apex Bank Limited	1982-83	1,60.00	1,21.18	(+) 10.47	(+) 23.00		
(ii) Assam Apex Co-operative Fish Marketing & processing Federation Limited	1982-83	35.40	35.25	(+) 0.54	(+) 1.31	1.00	
(iii) Assam Co-operative Central Land Mortgage Bank Limited	1980-81	81.83	63.70	(+) 2.13	(-) 2.88	2.60	4.33
(iv) Assam State Co-operative Housing Society Ltd.	1980-81	60.60	59.50	(+) 2.03	(+) 3.00		1.00
(v) Assam Co-operative Sugar Mills							

Limited	1978-89	73.68	50.62	(-)13.11	(-)6.58	0.69	47.96
(vi) Assam State Co-operative Apex and Mar- keting Fede- ration Ltd.	1977-78	1,04.32	1,00.50	(+) 2.50	(-)29.45	1.09	170.70
(vii) Assam Co- operative Jute Mills Ltd.	1977-78	1,17.21	1,08.31	(-)42.98	(-)156.01		
(viii) Assam Apex weavers and Artisan Co- operative Societies Ltd.	1976-77	0.87	0.32	(-)1.71	(-) 15.57	0.81	39.38
(ix) Assam Cadre Management Co-operative Society Ltd.	1984-85	0.10	nil	(+)1.44	(+) 8.50		42.94
nil							
(x) Assam State Co- operative Union Ltd.(for trai- ning, Publicity, Promotional and organizational activity)	1983-84	nil	nil	(+)0.86	(+) 6.74	21.80	0.10

1.11 The department by their written reply has stated that as regards recovery of Principal amount outstanding against the Weaving Cooperative Societies, it is stated here that the Weaving Cooperative Societies are now under the Administrative control of Handloom and Textile Department. As reported by RCS, Assam, this Deptt. has now no records of regarding those weaving Cooperative societies. So required information could not be furnished.

**OBSERVATIONS/RECOMMENDATIONS**

1.12 Having heard the oral deposition of the departmental witnesses the Committee observes that at the time of investments by the Govt. in the years 1982-83, 1983-84 and 1984-85 the matter was dealt with in the RCS office as such RCS office should have maintain the records. The Committee therefore, recommends that a detailed report with relevant documents to be submitted to the Committee within one month from the date of presentation of this report before the House.

### Irregular disbursement of loans and subsidy

(Audit para 3.8/C&AG (Civil)1986-87/P-50-51)

1.13 The audit has pointed out that a test-check (March 1987) of the records of the Assistant Registrar, Co-operative Societies, Ramkrishnagar, showed that between 1975-76 and 1986-87 loans and subsidy totalling Rs.0.94 lakh (loans Rs.0.45 lakh and subsidy Rs.0.49 lakh) were disbursed to a cooperative society for construction of a godown at Baraigram. The entire amount (Rs.0.94 lakh) was kept by the Society in its reserve fund. Final selection of site for the godown was yet (March 1986) to be done. Thus release of funds was premature.

1.14 The department by their written reply has stated that regarding utilization of loan and subsidy for Rs. 0.94 lakhs for construction of Godown of Baraigram Cooperative Society Ltd. It is reported that construction of the Society's Godown was completed on 28-02-89 on its land purchased by the society.

### OBSERVATIONS/RECOMMENDATIONS

1.15 The Committee observes that the matter was referred to Govt. by the Accountant General in July 1987. But the reply was not given till December, 1988. The observation given by the A.G. was not taken seriously by the department. Whenever a communication is made on the audit, the department should respond quickly. This type of irregularities should not happen in future, the Committee however, decided to drop the para.

## Financial Assistance

(Audit para 6.1/C &amp; AG (Civil)/1988-89/P-143-146)

1.15 The audit has pointed out that the investment by the State Government in share capital of the Co-operative Societies at the close of the three years ended 31<sup>st</sup> March 1988 was as follows :

Year	Amount (Rupees in lakhs)
1985-86	376.37
1986-87	293.17
1987-88	740.74

The amount of loans, grants and subsidies paid by the Government to various Co-operative Societies during the three years ended 31<sup>st</sup> March 1987 was as follows :

year	Amount of loan	Grants and subsidies during the year
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Balance at the beginning of the year	Disbursed during the year	Repayment during the year	Balance at the end of the year
( Rupees in lakhs)			
1985-86	503.22	2.55	285.06
1986-87	2491.64	09.34	474.26
1987-88	2793.17	432.94	514.57

----- (a) Difference between the closing balance of loan amount at the end of 1984-85 (as reflected in the Audit Report 1984-85) and spending balance at the beginning of 1985-86 is due to revision of figures by the Registrar of Co-operative Societies. Overdue recovery of (principal) loans outstanding at the end of 1986-87 amounted to Rs.492.13 lakhs. The corresponding figure at the end of 1987-88 and interest on overdue principal amounts from 1982-83 had not been worked out by the Registrar of Co-operative Societies (August 1988). Utilisation certificates in respect of grants and subsidies are required to be submitted to audit within a reasonable time. The position of utilization certificate which were awaited on 1<sup>st</sup> March 1990 is shown below :-

Year in which grants/ subsidies were paid	Number of cases	Amount (in lakhs of rupees)
1985-86	980	226.43
1986-87	1730	401.65
1987-88	1535	317.29

Dividend : Amount of dividends received by Government from Co-operative Institutions during the years 1985-86 to 1986-87 were as under :

Year	Amount (in lakhs of rupees)
1985-86	8.22
1986-87	0.04
1987-88	0.64

Delay in completion of audit : In accordance with the provisions of the Assam Co-operative Societies Act, 1949, the accounts of the Co-operative Institutions (including those where there are no investment by the Government) are required to be audited by the auditors appointed by the Registrar of Co-operative Societies once every year. The position of arrears in audit during the three years ending were as follows :-

Year	Number of societies	Number of annual accounts in arrears for audit
1985-86	7243	4198
1986-87	7300	2920
1987-88	7384	2467

Societies under liquidation : The table below indicates the particulars of Co-operative societies under liquidation, as at the close of the year :

	1985-86	1986-87	1987-88
(a) Number of societies under liquidation	4921	4947	5163
(b) Bakijai cases pending against liquidated societies	152946	22525	22990
(c) Amount involved (rupees in lakhs)	628.72	58.51	58.83



Information regarding the extent of financial assistance given, and paid-up capital contributed by the Government in these societies, could not be made available to audit. Misappropriation of cash and other items : According to the information available with the Registrar of Co-operative Societies the total misappropriation of cash, stock and other items at the end of June 1987 amounted to Rs.3.26 lakhs of which Rs. 8.19 lakhs had been recovered till June 1987. Review of audited accounts-State level Societies : Working results and other particulars in respect of 8 State level societies on the basis of latest available accounts. While 4 Societies had accumulated losses, in 2 of these societies the accumulated losses were more than their paid-up share capital.

1.17 The Department by their written reply has stated that (a) Non submission of U.C. of grants to Societies, (b) Delay in completion of audit

(a) Misappropriation Rs. 203.26 lakh

(b) Poor recovery only Rs. 8.19 lakh

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Balance Rs.195.07 lakh

#### OBSERVATION/RECOMMENDATION

1.18 The departmental witnesses stated that the Coop. Societies have not given the U.C. The department could not take any action against them since the Coop. Societies are constituted by the elected members. Therefore the department was not able to recover the money from them, but now the Law have been amended to make it possible to take action. The department has stopped the Financial Assistance to such Societies for recovering loan. The department will examine the balance sheet of the Coop. Societies. If necessary Bakijai cases against the defaulting Coop. Societies will be drawn. The Bakijai cases will have to be taken up through the Deputy Commissioners. The Committee, therefore, recommends that Bakijai cases should be initiated against the defaulting Coop. Societies and a detailed report is to be submitted to the Committee within 3 months from the date of presentation of this report before the House.

Loss due to delay in payment of loan and non-availment of rebate.

(Audit para 3.6 /C&AG(Civil)1989-90/P-69)

1.18. The audit has pointed out that after scrutiny (October 1989) of the records of the Registrar of Co-operative Societies revealed that payment of Rs.362.28 lakhs to the National Cooperative Development Corporation was made on 8<sup>th</sup> December 1988. Thus, because of 3 days' delay in making payment Government was deprived of the rebate of Rs.4.89 lakhs. The matter was referred to Government in August 1990. The Government stated in December 1990 that the expenditure sanction for Rs. 362.28 lakhs was issued on 28<sup>th</sup> November 1988 and the drawal was made on 6<sup>th</sup> December 1988. Reasons for delay in according sanction after receipt of the intimation from the NCDC were, however, not stated.

1.19. The department by their written reply has stated that for payment of dues to NCDC, State Govt. sanctioned an amount of Rs. 362.28 lakhs on 28<sup>th</sup> November,1988. For drawal of the said amount A.G.'s authority was required. Although A.G. issued authority on 30.11.88 from their Shillong Office, the concerned Treasury at Guwahati did not receive the copy of authority till 05.12.88. The Bill was drawn on 06.12.88 and the then RCS carried the draft to NCDC,s Office at New Delhi on 08.12.1988 to avoid further delay. The delay in question was beyond control. The departmental representatives in their oral deposition before the Committee there was a delay of only 3 days in the payment of the amount. The delay was not intentional for a delay of 3 days the Government was deprived of the rebate of Rs.4.89 lakhs. This not fair. There should be a moratorium of 15 days at least. The department will take up with the NCDC for inclusion of the condition of at least 15 days time for repayment of loan. The delay was only an administrative lapse.

### OBSERVATIONS/RECOMMENDATION

1.20 After threadbare discussion the Committee observes that there should be a moratorium of 15 days time for repayment of loan and the Committee therefore, directed the Department to take up the matter with the NCDC immediately and decided to drop the para.

### Misutilisation of subsidy and loan

(Audit para 6.2/C & AG(Civil)1990-91/P-264-265)

1.22 The audit has pointed out that Co-operation Department procure truck chassis direct from the manufacturer for the use of those societies which receive financial assistance from Government for purchase of truck. The chassis are booked in favour of concerned Assistant Registrar of Co-operative Societies who takes delivery from the authorised dealer for handing over to the respective society. In March and July 1983, Government sanctioned Rs.2.00 lakhs (Rs.one lakh each as subsidy and as loan refundable with 9.5 per cent interest within a period of 5 years) to a Co-operative Society at Silonijan for purchase of a truck. The amount was placed at the disposal of Assistant Registrar Co-operative Societies (ARCS), Diphu. The ARCS decided in July 1983 to purchase the truck chassis from the manufacturer, but subsequently on a request from the chairman of the society he allowed in August 1983 withdrawal of entire amount of Rs. 2.00 lakhs by the Society to purchase the truck chassis through a local unregistered firm (not a dealer of truck chassis) at a cost of Rs. 2.30 lakhs (Rs. 1.95 lakhs for the chassis and Rs.0.35 lakh towards the cost of body building of the truck). The Chairman of the Society paid Rs.2.00 lakhs on 12 August 1983 to the firm as advance for delivery of truck within one month which was later extended upto 15 January 1984. The firm had neither supplied the truck chassis nor refunded to advance till May,1990. The ARCS, Diphu stated in May 1990 that the case was pending with Police for disposal. Further development had not been communicated as of March,1991.

1.23 The department by their written reply has stated that the Addl. RCS has reported that the ARCS.Diphu has been requested to furnish status of the Police case but report not received.

### OBSERVATION/RECOMMENDATION.

1.24 The Committee observes that the chassis of the truck are to be booked in favour of concerned ARCS who takes delivery from the authorized dealer for handing over to the respective societies. But in this case the ARCS, Diphu allowed the Chairman, Silanijan Coop Society to withdraw the entire amount of Rs. 2 lakhs by the society to purchase the truck's chassis through a local unregistered firm. The firm had neither supplied the truck's chassis nor refunded the advance. The Committee therefore, recommends that action should be taken against the guilty officials and recover the amount of Rs. 2 lakhs with interest and deposit the same to the State exchequer. Action taken in this regard may be intimated to Committee within one month from the date of presentation of this report before the House.

## Payment of penal interest on unutilized loan

(Audit para 6.3/C&AG(Civil)/1990-91/P-265-266)

1.25 The audit has pointed out that a test-check of records of the Registrar of Co-operative Societies, Guwahati conducted in October 1990 revealed that out of 523 godowns, only 337 godowns were constructed within the stipulated period of 18 months. The NCDC therefore, in June 1983, cancelled the sanction for part of the loan and subsidy amounting to Rs. 25.67 lakhs and Rs. 12.84 lakhs respectively for non-completion of the remaining godowns. The amount was not refunded by Government within 3 months from the date of cancellation as stipulated and the amount was refunded only in November, 1986 (Rs.28.41 lakhs) and December 1986 (Rs.10.10 lakhs). The NCDC, therefore, in August 1987, charged penal interest of Rs. 1.88 lakhs (at the penal rate of 2.75 per cent over the normal rate) on the cancelled amount besides the normal interest for the period from 20 June 1983 to 4 December 1986. The amount of Rs.1,88 lakhs was adjusted by the NCDC against fresh loan sanctioned in March 1989.

1.26 The department by their written reply has stated that during the period from 1973-74 to 1978-79, the National Cooperative Development Corporation (NCDC) sanctioned Rs. 193.27 lakhs as loan (Rs. 130.80 lakhs + 62.47 lakhs subsidy) for construction of 523 Godowns payable in 14 months. As there were only 337 Godowns constituted within stipulated period 18 months, the NCDC cancelled sanction to the extent of Rs. 38.51 lakhs (Loan 25.67 lakhs subsidy 12.84 lakh) and instructed the Deptt. to the amount with penal interest Rs.38.51 lakhs (loan 25.67 lakhs & subsidy 12.84 lakhs) and instructed the Deptt to the amount with k penal interest Rs. 1.88 lakhs. Accordingly the Deptt. referred the said amount Rs. 38.51 lakh in 1986 & 1987. The dismal position leading to refund of money to NCDC happened due to failure of the scheme implementing authority to complete construction of Godowns in time. The dept. is not happy at such a dismal position taken place and therefore shall try its best so that such situation cannot repeat in future.

## OBSERVATIONS/RECOMMENDATIONS

1.27 Having heard the deposition of the departmental witnesses the Committee observes that due to non refund of loan and subsidies amounting to Rs. 25.67 lakhs and Rs. 12.84 lakhs respectively in time the Government had to incur a penal interest of Rs. 1.88 lakh. Had the Department refunded the amount in time Government would not have required to incur this amount. The Department itself also expressed its dismay and assured the Committee that they will try their best so that such situation cannot repeat in future. The Committee, therefore, directed the Department to be more cautious and sincere in implementing Central Government Schemes so that such situation do not recur in future.

## Alleged misappropriation of Government Money

(Audit para 6.4/C & AG (Civil)/1990-91/P-267-268)

1.28 The audit has pointed out that in September 1986, three bank drafts totaling Rs.1.21 lakhs drawn in favour of Secretary, Kapashbari Samabay Samity Ltd., were forwarded by the Registrar of Co-operative Societies, Guwahati (RCS) to the Assistant Registrar of Co-operative Societies, Hojai (ARCS) for payment to samity. The Secretary of the Samabay Samity who received the Bank drafts encashed them but did not credit the amount to the Samity's accounts. On a public complaint about misappropriation of the money the matter was investigated in December 1988 by the Joint Registrar of Co-operative Societies, Nagaon, (JRCS). It was found that bank drafts had not been crossed and the Secretary of the Society connivance with the ARCS encashed the drafts and misappropriated the proceeds. The JRCS further reported in September 1989, to the RCS that a criminal case had been filed in Morajhee Police Station against the Secretary of the Society. A charge sheet to be served on the Secretary was stated to be still under process (April 1991). In September 1991, the Registrar of Co-operative Societies, Guwahati stated that the matter had been referred to the State Enquiry Officer for initiating disciplinary proceeding against the ARCS. Further development had not been communicated as of April 1991.

1.29 The department by their written reply has stated that RCS, Assam has furnished a report from ARCS, Nagaon which states that the amount was misappropriated by the Secretary of Kapashbari SS Ltd. Sahabuddin Choudhury. A police was lodged with Morajan, P.S. against Shri Shababuddin Choudhury who was then reportedly absconding. As regard action against the then ARCS Hojai M.A Laskar, all relevant records were submitted in 1995 to the State Enquiry Officer, Assam, Dispur as reported by the then DRCS, Nagaon as presenting Officer in the case Report/Findings of the S.E.O. is not record.

## OBSERVATIONS/RECOMMENDATION

1.30 The Committee directed the Department to take up the matter with the higher authority of Police Department and submit a report to the Committee within 3 months from the date of presentation of this report before the House.

Loss due to delay in re-payment of loan

(Audit para 6.1/ C&AG(Civil)/1991-92 P-151 -152)

1.31 The audit has pointed out that in October, 1990, the Registrar of Co-operative Societies moved the Government for according sanction of Rs. 532.25 lakhs. But the sanction was not received and the amount could not be paid within the due date. The NCDC adjusted the entire loan amount in February, 1991 from subsequent release of loan. Due to non-repayment of loan with interest for the year 1989-90 within the stipulated date, the Government was deprived of the rebate of Rs. 7.39 lakhs and made liable for payment of Rs. 17.40 lakhs on account of penal interest for delayed payment. In January, 1992, the NCDC informed the Government that for timely repayment of loan and interest for 1990-91 a rebate of Rs. 9.33 lakhs was due to the Government and adjusted the amount against the penal interest of Rs. 17.40 lakhs for the year 1989-90 and also claimed a further sum of Rs. 8.07 lakhs being the balance.

1.32 The department by their written reply has stated that the State Govt. failed to avail rebate for 1989-90 Rs. 7.39 lakhs for the year 1990-91 also NCDC allotted rebate Rs. 9.33 lakhs. But this was adjusted against penal interest on previous year dues and claimed before balance amount Rs. 8.07 lakhs. Rebate could not be availed for want of timely.

OBSERVATION/RECOMMENDATIONS

1.33 During the course of discussion the departmental representatives assured the Committee that the Department will identify the person responsible for whose fault the rebate could not be availed of and if there is any mis-appropriation the Department will fix the responsibility against the erring officials. Action taken report may be submitted to the Committee within 3 months from the date of presentation of this report before the House.

## Non-utilization of grant

(Audit para 3.2/C & AG (Civil)/1995-96/P-46)

1.34 The audit has pointed out that between 1986-87 and 1987-88, the Assistant Registrar of Co-operative Societies, Ramkrishnanagar (Karimganj district) released grant to Gaon-Panchyat level Samabay Samities at Wangirbond Kazir Bazar and Gandhigram totaling Rs. 1.35 lakhs . In the sanction order there was no condition for the availability of land for construction work. Till date of audit (August 1995) none of the three samities to whom grants were released had constructed the quarters. The amounts were also retained by them. The Assistant Registrar stated (January 1996) that the building could not be constructed due to rise in the cost of building materials and non-availability of land (Wangirbond and Gandhigram). The amounts released to Wangirbond and Kazirbazar samities were kept in banks while the amount released to Gandhigram society was invested by the society in its business although was outside the scope of the grant. Thus grants released remained unutilised and the objective could not be secured even after 8 years. Records were not produced to Audit to indicate that claims for refund was made by the Department.

1.35 The department by their written reply has stated that Regarding Non-utilization of grant in aid for Rs. 1.35 lakhs by 3 (three) Nos. of GPL Coop. Societies of Rs. 45 lakhs each it is stated that (1) Wongirbond Coop Societies Ltd .has completed the construction of Secretaries Qtr. and thus utilization of the amount of Rs. 45 lakhs for the purpose for which it was sanctioned. (2) Gandhi gram Coop Societies Ltd. has not yet constructed the Secretaries Qtr. due to land dispute of the Societies head quarter and kept the sanctioned amount of Rs. 45 lakh to Societies Bank Account. (3) As regards Kazirbazar Coop Society Ltd. the amount was not utilized for the purpose for which it was sanctioned due to the fact that the rates or building materials increased and the amount was kept into the Bank account of the Society. The Secretaries of both the Societies were instructed to regain the money to the Govt. but the societies have not complied with it the fund position of the societies are very poor.

**OBSERVATION/RECOMMENDATION.**

1.36 The Committee expresses its displeasure that although the case was detected by the audit in the year 1995-96, the Department sat over the matter till the meeting of the Committee held on 11<sup>th</sup> June, 2010 without taking any action against the defaulting S.S. The Committee directed the Department to initiate immediate action to recover the amount from the concerned S.S and impose penalty as per existing rules and submit a report to the Committee within 3 months from the date of presentation of this report before the House.