EPITOME OF
CAG's REPORTS ON
THE GOVERNMENT OF ASSAM
FOR THE YEAR ENDED 31 MARCH 2015

Accountant General (Audit), Assam

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PREFACE

This epitome presents, at a glance, the contents of the Audit Reports (State Finances; Social, General and Economic (Non-PSUs) Sectors; Revenue Sectors, Public Sector Undertakings and Local Bodies) of the Comptroller and Auditor General of India relating to the Government of Assam for the year ended 31 March 2015. These Reports contain major audit findings relating to transactions of the Government of Assam, Assam Government companies and statutory corporations. Other audit observations, which are not contained in these Audit Reports, are pursued for their settlement with the Controlling Officers and Heads of Offices.

In accordance with Article 151 of the Constitution, the Comptroller and Auditor General of India forwards his Audit Reports on the accounts as well as on the points noticed during the audit of financial transactions of the State Government to the Governor, who causes them to be laid on the table of the *Vidhan Sabha*.

The drafts of the paragraphs/performance audits (PAs) included in the Audit Reports are always forwarded to the Secretary of the concerned department for comments so that the views of the Government are incorporated in the Audit Reports before their presentation to the *Vidhan Sabha*. The Finance Department has prescribed that the draft paragraphs should be disposed of as expeditiously as possible and the comments of the Department concerned intimated to Audit within a period not exceeding six weeks. In a large number of cases, however, the Departments did not abide by the provision about furnishing the comments on the draft paragraphs and PA Reports within the stipulated time.

The Reports of the Comptroller and Auditor General of India on the transactions of the State Government presented to the *Vidhan Sabha* stand referred to the Public Accounts Committee (PAC) in respect of State Finances; Social, General and Economic (Non-PSUs) Sectors and Revenue Sectors and the Committee on Public Undertakings (COPU) in respect of the Commercial activities and the Committee on Local Fund Accounts (COLFA) in respect of the Local Bodies activities. The Government Departments are to submit *suo motu* Action Taken Notes on all Audit Paragraphs and PA Reports to the Committees, duly vetted by Audit. The Committees select some of the paragraphs for detailed examination after which a report containing their observations and recommendations is presented to the *Vidhan Sabha*.

This epitome contains only a summarised version of the more important issues included in the Audit Reports. While it has been our endeavour to keep the contents of this document as close to the original Reports as possible, the original Reports ought to be referred to for detailed facts and figures. The names and telephone numbers of the Officers who can be contacted for any clarification in respect of Audit Reports are on the inner page of the backside cover of this publication.
All the Reports are also available at our website *www.cag.gov.in and www.agasm.cag.gov.in*

AUDIT REPORT ON
STATE FINANCES
FOR THE YEAR ENDED 31 MARCH 2015

AUDIT REPORT ON STATE FINANCES FOR THE YEAR ENDED 31 MARCH 2015

This Report is structured in three Chapters. **Chapter I** is based on the audit of Finance Accounts and makes an assessment of the Government of Assam's fiscal position as on 31 March 2015. It provides an insight into trends in growth of revenue receipt, committed expenditure, borrowing pattern besides a brief account of Public Private Partnership (PPP) Projects conceived in the State. **Chapter-II** is based on audit of Appropriation Accounts and it gives the grant-by-grant description of appropriations and the manner in which the allocated resources were managed by the service delivery departments. **Chapter-III** is an inventory of Assam Government's compliance with various reporting requirements and financial rules. This chapter also provides details on non-submission of annual accounts and delays in placement of Separate Audit Reports in the Legislature by the Autonomous Bodies. Besides, the cases of misappropriation and loss that indicate inadequacy of controls in the Government departments are also detailed in this chapter.

Highlights

- **Finances of the State Government**

- The fiscal position of the State are viewed in terms of key fiscal parameters – revenue deficit, fiscal deficit and primary deficit. The State had been maintaining revenue surplus during the last four years of five year period – 2010-15, however, it turned into deficit during the current year i.e., 2014-15. The fiscal deficit of the State at 2.95 *per cent* was lower than 3 *per cent* of GSDP, the limit prescribed under the Assam Fiscal Responsibility and Budget Management (AFRBM) Act 2011. However, primary deficit of the last year further decreased and stood at ₹ 3,096 crore during 2014-15.
- Revenue receipts grew by ₹ 5,969 crore (19 *per cent)* over the previous year. The increase was contributed by tax revenue ₹ 455 crore (eight *per cent*), State's share of Union Taxes and Duties by ₹ 709 crore (12 *per cent*) and Grants-in-aid from Government of India (GOI) by ₹ 5,097 crore (85 *per cent*). The increase was however, offset by decrease in non-tax revenue by ₹ 292 crore (five *per cent*). The revenue receipts at ₹ 38,181 crore was more by ₹ 891 crore than the assessment made in Medium Term Fiscal Plan (MTFP) (₹ 37,290 crore).
- The overall revenue expenditure of the State increased by 70.26 *per cent* from ₹22,952 crore in 2010-11 to ₹39,078 crore in 2014-15 at an annual average rate of 14.05 *per cent*. The NPRE constituted a dominant

share of nearly 76 *per cent* in the revenue expenditure and increased by ₹4,725 crore (18.93 *per cent*) over the previous year. The PRE increased by ₹ 2,363 crore (33.62 *per cent*) from ₹7,028 crore in 2013-14 to ₹9,391 crore in 2014-15.

- During 2014-15, the development expenditure (₹ 29,572 crore) increased by ₹ 5,001 crore (20.35 *per cent*) over the previous year. The relative share of the revenue developmental expenditure was 58 *per cent* of the total expenditure while this share in respect of capital development expenditure was only nine *per cent*.
- The overall fiscal liabilities of the State increased at an average annual rate of 5.94 *per cent* during the period 2010-15. During the current year, the fiscal liabilities of the State Government increased by ₹ 4,136 crore from ₹ 34,376 crore in 2013-14 to ₹ 38,512 crore in 2014-15. The ratio of fiscal liabilities to GSDP had improved and decreased from 21.56 *per cent* in 2013-14 to 20.95 *per cent* in 2014-15 which was well within the norms (28.5 *per cent*), prescribed by the FC-XIII.

- **Budgetary Control and Financial Management**

- During 2014-15, expenditure of ₹46,835.67 crore was incurred against the total grants and appropriations of ₹65,350.89 crore resulting in a savings of ₹18,515.22 crore. The overall savings of ₹18,515.22 crore was the net result of total saving of ₹22,316.86 crore offset by excess of ₹3,801.64 crore. The excess expenditure amounting to ₹3,801.63 crore incurred over authorization in five grants and one appropriation during 2014-15 requires regularisation under Article 205 of the Constitution of India. At the close of the year 2014-15, there were 47 grants/ appropriations in which savings (₹ five crore and above in each grant) of ₹13,640.28 crore (74 *per cent* of the total savings) occurred but no surrenders were made by the concerned departments.

- Out of the total provision amounting to ₹5,057.05 crore in 14 cases, ₹1,836.73 crore (36.32 *per cent*) was surrendered (amount exceeding ₹10 crore) at the fag end on 30th and 31st March 2015.
- Injudicious re-appropriation proved excessive or unnecessary and resulted in saving of ₹ 10 lakh and above in 21 sub-heads/sub sub-heads. Rush of expenditure was noticed in 23 cases where expenditure exceeding ₹ 10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred in the month of March 2015 alone.
- Funds amounting to ₹9.98 crore meant for developmental works were retained in Personal Deposit Accounts after the close of the financial year, against the spirit of financial regulations.
- The total amount of DCC bills received was only ₹1,974.96 crore against the amount of AC bills of ₹3,202.29 crore leading to an outstanding balance on

account of non-submission of DCC bills of ₹1,227.33 crore as on 31 March 2015.

- **Financial Reporting**

➢ Out of 19,648 UCs worth ` 14,332.13 crore pending as of March 2015, UCs (15,714 Numbers) involving ₹4,405.97 crore were pending for more than three years.

➢ 116 Annual accounts in respect of 44 Government Bodies/Authorities due up to 2014-15 had not been received by the Accountant General (Audit), Assam as of June 2015.

Of the 476 cases of theft, misappropriation/loss of materials etc; involving ₹ 468.28 crore pending final action, 431 cases involving ₹ 433.27 crore were pending for want of reply/proper reply by the Department and 45 cases involving ₹ 35.01 crore awaiting final reply detailing the action taken by the concerned department.

Finances of the State Government

Finance Accounts

Finance Accounts of the State Government present details of all the transactions pertaining to both receipts and expenditure under appropriate classifications, apart from the summary of all the transactions in the Government Account.

These also reflect (a) Summary of debt position, (b) Loans and Advances by Government, (c) Grants given by Government and (d) Summary of balances.

Summary of Current Year's Fiscal Operations

(₹ in crore)

Receipts			Disbursements				
2013-14	--	2014-15	2013-14	--	2014-15		
					Non-Plan	Plan	Total
1	2	3	4	5	6	7	8
Section-A: Revenue							
32,212.79	**Revenue receipts**	**38,181.49**	**31,989.88**	**Revenue expenditure**	**29687.35**	**9390.82**	**39,078.17**
8,994.92	Tax revenue	9,449.81	10,928.50	General services	12,561.48	360.12	12,921.60
2,705.03	Non-tax revenue	2,412.89	14,850.09	Social Services	11,994.99	6,092.75	18,087.74
11,574.52	Share of Union Taxes/Duties	12,283.71	5,835.53	Economic Services	4,137.38	2,937.95	7,075.33
8,938.32	Grants from Government of India	14,035.08	375.76	Grants-in-aid/ Contributions	993.50	-	993.50
Section-B: Capital							
-	**Miscellaneous Capital Receipts**	-	**3,189.24**	**Capital Outlay**	**85.14**	**3827.13**	**3,912.27**
6.07	**Recoveries of Loans and Advances**	**10.13**	**822.03**	**Loans and Advances disbursed**			**630.71**
1,196.07	**Public Debt receipts**	**4,582.26**	**1,177.24**	**Repayment of Public Debt**	-	-	**1627.03**
-	**Contingency Fund**	-	--	**Contingency Fund**	-	-	-
14,948.25	**Public Account receipts**	**17,789.87**	**13,276.81**	**Public Account disbursement**	-	-	**16,376.43**
-	Closing overdraft from Reserve Bank of India	-	-	Opening overdraft from Reserve Bank of India	-	-	-
6,620.01	**Opening Balance**	**4,527.99**	**4,527.99**	**Closing Balance**	-	-	**3,467.13**
54,983.19	**Total**	**65,091.74**	**54,983.19**	**Total**	-	-	**65,091.74**

Following are the significant changes during 2014-15 over the previous year.

Revenue receipts

Revenue receipts grew by ₹5,969 crore (19 *per cent)* over the previous year. The increase was contributed by tax revenue ₹455 crore (eight *per cent*), State's share of Union Taxes and Duties by ₹709 crore (12 *per cent*) and Grants-in-aid from Government of India (GOI) by ₹5,097 crore (85 *per cent*). The increase was however, offset by decrease in non-tax revenue by ₹292 crore (five *per cent*). The revenue receipts at ₹38,181 crore was more by ₹891 crore than the assessment made in Medium Term Fiscal Plan (MTFP)[1] (₹37,290 crore).

Revenue expenditure

Revenue expenditure increased by ₹7,088 crore (22 *per cent)* over the previous year. While ₹4,725 crore (66.66 *per cent)* of the increase was under non-plan heads, ₹2,363 crore (33.34 *per cent*) was under plan heads. The major sectors that registered significant increase include Miscellaneous General Services (₹497 crore), Water Supply and Sanitation (₹264 crore), Housing (₹852 crore), Relief on account of Natural Calamities (₹260 crore), Rural Employment (₹419 crore) and Compensation and Assignment to Local Bodies & Panchayati Raj Institutions (₹618 crore).

[1] MTFP: As required under Section 3 of the Act, the State Government laid before the State Legislative Assembly a five year rolling Fiscal Plan along with Annual Financial Statement showing therein the relevant fiscal indicators and future prospects for growth.

Total expenditure

The total expenditure of the State increased from ₹25,024 crore in 2010-11 to ₹43,621 crore in 2014-15 at an annual average rate of 15 *per cent* and increased by 21 *per cent* from ₹36,001 crore in 2013-14 to ₹43,621 crore in 2014-15.

The increase of ₹7,620 crore (21.17 *per cent*) in total expenditure in 2014-15 was due to increase of ₹7,088 crore in revenue expenditure and ₹723 crore in capital expenditure, which was however, offset by decrease of ₹191 crore in disbursement of loans and advances.

Investments and Returns

As of 31 March 2015, Government had invested ₹2,403.90 crore in Statutory Corporations, Rural Banks, Joint Stock Companies, Co-operatives and Government Companies. The average return on this investment was 0.68 *per cent* while the Government paid an average interest rate of 6.40 *per cent* on its borrowings during 2014-15.

Loans and advances by the Government

The total amount of outstanding loans and advances as on 31 March 2015 was ₹4,944 crore. Interest received against the loans and advances decreased by 17 *per cent* from ₹18 crore in 2013-14 to ₹15 crore in 2014-15. During 2014-15, fresh loans and advances (₹630 crore) were made during the year to the eight loanee entities[2] from whom repayments of earlier loans (₹2,679.30 crore) were in arrears. Out of eight entities, loans in respect of Assam Hills Small Industries Development Corporations (₹26.21 crore) were in arrears since 1976-77.

Cash Balances and investment of cash balances

Cash balances of the State Government at the end of the current year decreased from ₹4,528 crore in 2013-14 to ₹3,467 crore in 2014-15. The State Government from the investments made in GOI Treasury Bills, had earned an interest of ₹299 crore during 2014-15. Further, the Government invested ₹3,108 crore in Sinking Fund and Development and Welfare Fund as of 31 March 2015. The interest receipts against investment on cash balance was

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		(₹ in crore)
1.	Assam Urban Water Supply and Sewerage Development Board	45.00
2.	Assam Tea Corporation Ltd.	28.11
3.	Assam Hills Small Industries Development Corporations	26.21
4.	Assam Plantation Crops Development Corporations Ltd.	1.61
5.	Assam Power Distribution Company Ltd.	1,982.74
6.	Assam State Housing Board	3.43
7.	Assam Financial Corporation	563.96
8.	Co-operative Societies	28.24
	Total	**2,679.30**

14.90 *per cent* during 2014-15 while Government paid interest at the rate of 6.40 *per cent* only on its borrowings during the year.

Fiscal liabilities

During the current year, the fiscal liabilities of the State Government increased by ₹4,136 crore from ₹34,376 crore in 2013-14 to ₹38,512 crore in 2014-15. The increase in fiscal liabilities was mainly due to increase in the internal debt (₹3,308 crore) and Public Account liabilities (₹1,180 crore), which was however, offset by decrease in loans and advances from the GOI (₹352 crore).

Trends in deficits

The State had a revenue surplus during last four years i.e., 2010-14, which turned into revenue deficit during the current year i.e., 2014-15. The deficit in revenue account (₹897 crore) during the current year was due to revenue receipts being less than revenue expenditure. During the current year revenue receipts increased only by 18.53 *per cent* (₹5,969 crore) over the previous year whereas revenue expenditure increased by 22.16 *per cent* (₹7,088 crore) during the same period.

Quality of Deficit/Surplus

There was a primary deficit in the State during the year 2010-11 but the turnaround came in the years 2011-12 and 2012-13 when the State exhibited primary surplus. However, during the subsequent two years i.e., 2013-14 and 2014-15 there were primary deficits again because non-debt receipts were less than the primary expenditure. In the current year non-debt receipts were sufficient to cover primary revenue expenditure but were not adequate enough to meet capital expenditure also.

Time Series Data on State Government Finances

(₹ in crore)

	2010-11	2011-12	2012-13	2013-14	2014-15
Part A. Receipts					
1. Revenue Receipts	**23005 (65)**	**27455 (68)**	**30691 (69)**	**32213 (67)**	**38181 (63)**
(i) Tax Revenue	***5930 (26)***	***7638 (28)***	***8250 (27)***	***8995 (28)***	***9450 (25)***
Taxes on Agricultural Income	*101 (2)*	*83 (1)*	*82 (1)*	*90 (1)*	*51*
Taxes on Sales, Trade etc.	*4319 (73)*	*5694 (75)*	*6223 (75)*	*6848 (76)*	*7351 (78)*
Taxes and duties on Electricity	*42 (1)*	*37*	*42 (1)*	*41*	*44*
State Excise	*323 (5)*	*503 (7)*	*568 (7)*	*610 (7)*	*665 (7)*
Taxes on vehicles	*232 (4)*	*294 (4)*	*328 (4)*	*351 (4)*	*365 (4)*
Stamps and Registration fees	*123 (2)*	*175 (2)*	*252 (3)*	*252(3)*	*189 (2)*
Land Revenue	*142 (2)*	*140 (2)*	*146 (2)*	*156 (2)*	*142 (2)*
Other Taxes	*648 (11)*	*712 (9)*	*609 (7)*	*647 (7)*	*643 (7)*
(ii) Non Tax Revenue	*2373 (10)*	*2867 (10)*	*2474 (8)*	*2705 (8)*	*2413 (6)*
(iii) State's share in Union taxes and duties	*7969 (35)*	*9283 (34)*	*10601 (35)*	*11575 (36)*	*12283 (32)*
(iv) Grants in aid from Government of India	***6733 (29)***	***7667 (28)***	***9366 (30)***	***8938 (28)***	***14035 (37)***
2. Miscellaneous Capital Receipts	**--**	**--**	**--**	**--**	**--**
3. Recovery of Loans and Advances	**28**	**21**	**7**	**6**	**10**
4. Total revenue and Non debt capital receipts (1+2+3)	**23033**	**27476**	**30698**	**32219**	**38191**
5. Public Debt Receipts	**2045 (6)**	**952 (2)**	**1388 (3)**	**1196 (2)**	**4582 (8)**
Internal Debt (excluding Ways and Means Advance and Overdraft)	*2030*	*922*	*1349*	*1147*	*4532*
Net transactions under Ways and Means Advance and Overdraft	*--*	*--*	*--*	*--*	*--*
Loans and Advances from Government of India	*15*	*30*	*39*	*49*	*50*
6. Total receipts in the Consolidated Fund (4+5)	**25078**	**28428**	**32086**	**33415**	**42773**
7. Contingency Fund Receipts	**--**	**--**	**--**	**--**	
8. Public Account Receipts	**10404 (29)**	**12176 (30)**	**12138 (28)**	**14948 (31)**	**17790 (29)**
9. Total receipts of the State (6+7+8)	**35482**	**40604**	**44224**	**48363**	**60563**

Part B. Expenditure/Disbursement					
10. Revenue Expenditure	**22952 (63)**	**26528 (64)**	**29137 (65)**	**31990 (64)**	**39078 (63)**
Plan	*5056 (22)*	*6487 (24)*	*6495 (22)*	*7028 (22)*	*9391 (24)*
Non Plan	*17896 (78)*	*20041 (76)*	*22642 (78)*	*24962 (78)*	*29687 (76)*
General Services (including interest payments)	7766	9743	10570	10928	12922
Social Services	10159	11466	12618	14850	18088
Economic Services	4669	4663	5209	5836	7075
Grants-in-aid and contributions	358	656	740	376	993
11. Capital Expenditure	**2001 (5)**	**2506 (6)**	**2617 (6)**	**3189 (6)**	**3912 (6)**
Plan	*1930 (96)*	*2431 (97)*	*2545 (97)*	*3088 (97)*	*3827(98)*
Non Plan	*71 (4)*	*75 (3)*	*72 (3)*	*101 (3)*	*85(2)*
General Services	54	68	102	126	134
Social Services	176	162	176	194	569
Economic Services	1771	2276	2339	2869	3209
12. Disbursement of Loans and Advances	**71**	**88**	**461 (1)**	**822 (2)**	**631 (1)**
13. Total (10+11+12)	**25024**	**29122**	**32215**	**36001**	**43621**
14. Repayment of Public Debt	**923 (3)**	**1146 (3)**	**1533 (3)**	**1177 (2)**	**1627 (3)**
Internal Debt (excluding Ways and Means Advances and Overdraft)	800	1021	1407	1015	1225
Net transactions under Ways and Means Advances and Overdraft	--	--	--	--	--
Loans and Advances from Government of India	123	125	126	162	402
15. Appropriation to Contingency Fund	--	--	--	--	--
16. Total disbursement out of Consolidated Fund (13+14+15)	**25947**	**30268**	**33748**	**37178**	**45248**
17. Contingency Fund disbursements	**--**	**--**	**--**	**--**	**--**
18. Public Account disbursements	**10537 (29)**	**11070 (27)**	**11228 (25)**	**13277 (26)**	**16376 (27)**
19. Total disbursement by the state (16+17+18)	**36484**	**41338**	**44976**	**50455**	**61624**
Part C. Deficits					
20. Revenue Deficit (-)/ Surplus (+) (1-10)	**(+) 53**	**(+) 927**	**(+) 1554**	**(+) 223**	**(-) 897**
21. Fiscal Deficit (-)/Surplus (+) (4-13)	**(-) 1991**	**(-) 1646**	**(-) 1517**	**(-) 3782**	**(-) 5430**
22. Primary Deficit (-)/Surplus (+) (21+23)	**(-) 79**	**(+) 428**	**(+) 598**	**(-) 1584**	**(-) 3096**

Part D. Other data					
23. Interest Payments (included in revenue expenditure)	**1912**	**2074**	**2115**	**2198**	**2334**
24. Financial Assistance to local bodies etc.	**2150**	**2117**	**3425**	**4213**	**2716**
25. Ways and Means Advances/ Overdraft availed (days)					
i) Ways and Means Advances availed (days)	--	--	--	--	1563.20 (31)
ii) Overdraft availed (days)	--	--	--	--	--
26. Interest on Ways and Means Advances/overdraft	--	--	--	--	4.52
27. Gross State Domestic Product (GSDP)✦	**112688**	**125903**	**138401**	**159460**	**183798**
28. Outstanding fiscal liabilities (year end) including interest	**31605**	**33571**	**35012**	**36574**	**40846**
29. Outstanding guarantees (year end)	**247**	**259**	**114**	**90**	**143**
30. Maximum amount guaranteed (year end)	**652**	**652**	**597**	**582**	**582**
31. Number of incomplete projects	**187**	**348**	**69**	**109**	**62**
32. Capital blocked in incomplete projects (₹ in crore)	**556**	**669**	**316**	**385**	**409**
Part E. Fiscal Health Indicators					
I. Resource Mobilisation (in *per cent*)					
Own tax Revenue/GSDP	5.26	6.07	5.96	5.64	5.14
Own Non-Tax Revenue/GSDP	2.11	2.28	1.79	1.70	1.31
Central Transfers/GSDP	13.05	13.46	14.43	12.86	14.32
II. Expenditure Management (in *per cent*)					
Total Expenditure/GSDP	22.21	23.13	23.28	22.58	23.73
Total Expenditure/Revenue Receipts	108.78	106.07	104.97	111.76	114.25
Revenue Expenditure/Total Expenditure	91.72	91.09	90.45	88.86	89.59
Expenditure on Social Services/Total Expenditure	41.30	39.93	39.71	41.79	42.77
Expenditure on Economic Services/Total Expenditure	25.74	23.83	23.43	24.18	23.58
Capital Expenditure/Total Expenditure	8.00	8.61	8.12	8.86	8.97
Capital Expenditure on Social and Economic Services/Total Expenditure	7.78	8.37	7.81	8.51	8.66
III. Management of Fiscal Imbalances (in *per cent*)					
Revenue Deficit (surplus)/GSDP	(+) 0.05	(+) 0.74	(+) 1.12	(+) 0.14	(-) 0.49
Fiscal Deficit (surplus)/GSDP	(-) 1.77	(-) 1.31	(-) 1.10	(-) 2.37	(-) 2.95
Primary Deficit (surplus)/GSDP	(-) 0.07	(+) 0.34	(+) 0.43	(-) 0.99	(-) 1.68
Revenue Deficit/Fiscal Deficit	*	*	*	*	16.52
Primary Revenue Balance/GSDP	(+) 1.77	(+) 2.40	2.66	1.52	0.79

IV. Management of Fiscal Liabilities (in *per cent*)					
Fiscal Liabilities/GSDP	26.35	25.02	23.77	21.56	20.95
Fiscal Liabilities/RR	129.07	114.72	107.19	106.71	100.86
Primary Deficit *vis-à-vis* quantum spread	(-) 0.04	**	**	(-) 0.55	(-) 0.91
Debt Redemption (Principal + Interest)/Total Debt Receipts	110.19	295.48	227.16	238.55	72.94
V. Other Fiscal Health Indicators					
Return on Investment (in *per cent*)	0.69	0.62	0.53	0.53	0.68
Balance from Current Revenue (₹ in crore)	(-) 560	(+) 842	(+) 239	(-) 863	(-) 3913
Financial Assets/Liabilities	1.18	1.20	1.24	1.23	1.18

Note: Figures in brackets represent percentages (rounded) to total of each sub heading

* There was revenue surplus

** There was Primary surplus

✦GSDP figures (at current prices) have been taken from CSO website.

Budgetary Control and Financial Management

Definition

Appropriation Accounts present the total amount (Original and Supplementary) authorised by the Legislature in the budget under each Voted Grant and Charged Appropriation *vis-à-vis* the actual expenditure and saving or excess under each Grant or Appropriation. Any expenditure in excess of the grant requires regularisation by Legislature.

Summarised position of Actual Expenditure *vis-à-vis* Original/Supplementary provisions during 2014-15

(₹ in crore)

Voted/ Charged	Nature of Expenditure	Original grant/ appro priation	Supplementary grant/ appro priation	Total	Actual expenditure	Savings (-)/ Excess (+)	Amount surrendered	Amount surrendered on 31 March 2015	Percentage of savings surrendered by 31 March 2015 (Col.7/col.6)
1	2	3	4	5	6	7	8	9	10
Voted	I Revenue	46,318.69	3,932.60	50,251.29	36,582.13	(-) 13,669.16	3,767.53	3,764.62	27.56
	II Capital	7,459.16	2,804.61	10,263.77	3,912.27	(-) 6,351.30	522.04	522.04	8.22
	III Loans & Advances	593.54	183.68	777.22	630.71	(-) 146.71	5.82	4.25	3.97
Total Voted		**54,371.39**	**6,920.89**	**61,292.28**	**41,125.11**	**(-) 20,167.17**	**4,295.39**	**4,290.91**	**21.30**
Charged	*IV Revenue*	*2,633.54*	*4.53*	*2,638.07*	*2,520.33*	*(-) 117.74*	*3.33*	*3.03*	*2.83*
	V Capital	-	-	-	-	-	-	-	-
	VI Public Debt Repayment	*1,420.54*	-	*1,420.54*	*3,190.23*	*(+)1,769.69*	-	-	-
Total Charged		**4,054.08**	**4.53**	**4,058.61**	**5,710.56**	**(+) 1,651.95**	**3.33**	**3.03**	**-**
Appropriation to Contingency Fund (if any)		-	-	-	-	-		-	-
Grand Total		**58,425.47**	**6,925.42**	**65,350.89**	**46,835.67**	**(-) 18,515.22**	**4,298.72**	**4,293.94**	**23.22**

Appropriation vis-à-vis Allocative properties

The audit of appropriation accounts revealed that in 59 cases relating to 52 grants, savings exceeded ₹ 10 crore in each case and also by more than 20 *per cent* of total provision. Against the total savings of ₹ 22,316.86 crore, savings of ₹ 21,508.83 crore (96.38 *per cent*) occurred in 48 cases relating to 41 grants and one appropriation where savings were ₹ 50 crore and above in each case. Reasons for savings were awaited (November 2015).

Unnecessary supplementary provision

Supplementary provision aggregating ₹ 3,686.11 crore obtained in 59 cases amounting to ₹ 10 lakh or more in each case during the year proved unnecessary as the expenditure under the respective heads was even less than the original budget provision.

Re-appropriation of funds

Injudicious re-appropriation proved excessive and resulted in savings of ₹10 lakh and above in three sub-heads/sub sub-heads out of which the saving in two sub-heads was more than ₹one crore. Re-appropriation also proved unnecessary in 18 cases as the saving was more than the re-appropriation and resulted in savings of ₹10 lakh and above under the respective heads.

Substantial surrenders

Substantial surrenders (sum exceeding ₹10 crore and above in each case) were made on 30th and 31st March 2015 in respect of 14 cases on account of either non-implementation or slow implementation of schemes/ programmes. Out of the total provision amounting to ₹5,057.05 crore in those 14 cases, ₹1,836.73 crore (36.32 *per cent*) was surrendered at the close of the year.

Anticipated savings not surrendered

At the close of the year 2014-15 there were however, 47 grants/appropriations in which substantial savings occurred but surrenders were not made by the concerned departments. The amount involved in those cases was ₹13,640.28 crore (74 *per cent* of the total savings).

Rush of expenditure

In respect of 23 cases expenditure exceeding ₹10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred in March 2015, contrary to the provisions of Assam Treasury Rules.

Un-reconciled Expenditure

Out of 59 Controlling Officers (COs), only four carried out full reconciliation of departmental receipts figures and 34 carried out full reconciliation of departmental expenditure figures with those reflected in the books of Office of the Accountant General (A&E), Assam.

Personal Deposit (PD) Accounts

42 PD Accounts involving ₹ 9.98 crore were existing as on 31 March 2015 violating provisions in this regard by the concerned departments. This practice of retaining funds in the Personal Deposit Accounts after the close of the financial year is fraught with the risk of misuse of funds and therefore, needs to be avoided.

Financial Reporting

This Chapter provides an overview and status of the State Government on the compliance of various financial rules, procedures and directives during the current year.

Delay in furnishing Utilisation Certificates (UCs)

Out of 19,648 UCs worth ₹14,332.13 crore pending as of March 2015, UCs (15,714 Numbers) involving ₹4,405.97 crore were pending for more than three years.

Non-submission of accounts

The Accountant General (Audit) had not received 116 annual accounts of 44 Government Bodies/Authorities (due up to 2014-15) as of June 2015.

Misappropriations, losses, defalcations etc.

Scrutiny in audit revealed 476 cases of misappropriation, defalcation *etc.*, involving Government money amounting to ₹468.28 crore up to March 2015 on which final action was pending due to non-furnishing of reply/proper reply (431 cases), and non-finalisation of departmental action (45 cases).

AUDIT REPORT ON
SOCIAL, GENERAL AND
ECONOMIC (Non-PSUs) SECTORS
FOR THE YEAR ENDED 31 MARCH 2015

(Report No. 1 of 2016)

AUDIT REPORT ON SOCIAL, GENERAL AND ECONOMIC (Non-PSUs) SECTORS – FOR THE YEAR ENDED 31 MARCH 2015 (Report No. 1 of the year 2016)

SOCIAL SECTOR

PERFORMANCE APPRAISALS

Functioning of Industrial Training Institutes (ITIs)

Government of India (GoI) introduced the Craftsmen Training Scheme (CTS) in 1950 to ensure a steady flow of skilled workers in different trades for the domestic industry. The objectives of CTS were to raise the industrial production both quantitatively and qualitatively through imparting systematic training, to reduce unemployment among the educated youth by providing them employable training and to cultivate and nurture a technical and industrial attitude in the minds of the younger generation. The scheme, the most important in the field of vocational training, had been shaping craftsmen to meet the existing as well as future manpower needs of the industry through the vast network of Industrial Training Institutes (ITIs) in the States/Union Territories of the country. The State Government departments deliver vocational training to school-leavers through ITIs. The administration of ITIs under CTS was transferred to the State from the year 1956. The performance audit of functioning of ITIs covering period 2010-15 was carried out in selected ITIs located in *various districts of Assam. The performance audit of ITIs revealed various irregularities in their functioning. The objectives of the CTS for imparting skills in various vocational trade to meet the skilled manpower requirement for industrial growth had not been achieved to the desired extent in the State due to inadequate infrastructural facilities such as building, lack of class room, workshop etc., in the existing ITIs. Huge deficiency of tools and equipment with reference to the norms prescribed by the NCVT were noticed in test checked ITIs. Shortage of required technical staff resulting in discontinuance of the existing trades in few ITIs also came to notice. The department failed to provide hostel facilities in most of the ITIs. Construction of new ITIs was initiated without ensuring their timely completion and operationalisation. Consequently, expansion and operationalisation of new ITIs in uncovered area remained unachieved since 2006 The apprenticeship scheme was not being implemented effectively in coordination with industry. Shortfall in the inspection of the ITIs at directorate level and non-existence of internal audit system indicated poor internal control mechanism in the department. Some of the significant findings are as under:*

Planning

The Assam Skill Development Mission (ASDM) responsible for the convergence of all Government departments and other stake holders for skill development by way of quality skill training leading to meaningful employment was not made functional due to inaction on the part of the department. Also, the departmental plan of setting up ITIs under PPP mode could not take-off despite availability of funds.

Dilapidated Buildings

The old building, class room and furniture in the existing ITIs, particularly those of Srikona, Jorhat, Bongaigaon, Nagaon, Tezpur, Dhemaji and Nalbari ITIs were in dilapidated condition and needed immediate attention to make them at par with the norms/standards prescribed by NCVT.

Inadequate Classrooms

In eight out of the nine test-checked ITIs, there was shortage of classrooms ranging between 3 to 15 in numbers affecting imparting quality training by the ITIs concerned.

Lack of basic amenities

All the nine test-checked ITIs were lacking in availability of basic amenities for trainees such as potable water supply, play grounds, trade related magazines, doctor, fire safety equipment, computer lab facilities etc.

Hostel facilities

Eight out of nine test-checked ITIs did not have hostel facilities for their trainees.

Shortage of tools and equipment

In all the nine test-checked ITIs, audit noticed shortfall (ranging between 22 and 80 *per cent*) in availability of tools and equipment required with reference to the prescribed norms for the trades.

Unaffiliated trades

Of the 231 operational trades altogether, training in 90 trades was being imparted by 28 existing ITIs without affiliation of concerned trades with the NCVT in the state. In nine test-checked ITIs, out of 114 trades 29 trades were found to be operational without their affiliation by the NCVT. The trades were popular trades of the market such as electrician, motor vehicle technician, refrigerator and AC mechanic, hair and skin care, dress making, draughtsman etc. The employability of the trainees learning these non-affiliated trades was considerably reduced as no national level certificate could be awarded to them despite successful completion of their training.

Construction of ITIs/Mini ITIs

Due to delay in completion of works, non-availability of tools and equipment and for want of creation of post of faculties, 14 ITIs could not be made functional despite of incurring an expenditure of ₹21.22 crore.

Implementation of Welfare Programmes for Scheduled Tribes (STs) and Other Backward Classes (OBCs) by the Directorate of Welfare of Plain Tribes & Backward Classes (WPT&BC)

Government of India (GoI) has taken various measures to improve the socio economic conditions of downtrodden sections of the society including STs and OBCs since independence. Government of Assam (GoA) also actively contributed to help the cause of these underprivileged communities of the State. Although considerable progress has been achieved in this front, but still a lot needs to be done. The Performance Audit of welfare programmes for STs and OBCs was carried out and all the major Central Sector/Centrally Sponsored and State Plan schemes implemented by the Director of WPT & BC during 2010-15 for the welfare of STs and OBCs were covered. The Performance Audit of welfare schemes in the State revealed deficiencies in planning, release and utilisation of funds and programme implementation. Besides, instances of excess/doubtful/unfruitful/ wasteful expenditure were also noticed. Some of the significant audit findings are highlighted below.

Planning and capacity building

Planning was not need based. Emphasis was given in annual plan only for spending the allocated funds. Neither field level inputs were considered in formulating the annual plan nor was any area specific physical target set for the welfare of STs and OBCs.

Parking of funds in Revenue Deposit/DCRs/Demand Drafts (DDs)/Bankers Cheque (BCs)

Plan funds totalling ₹295.93 crore were withdrawn during 2010-15 from Government exchequer and kept in Revenue Deposit (₹194.32 crore) and in Deposit at Call Receipts (₹101.61 crore).

Non-release of fund by GoI

Funds amounting to ₹29.62 crore under Article 275 (1) of the Constitution of India for the years 2013-15 were not released by GoI for not following the norm of allocation of funds to the Integrated Tribal Development Projects (ITDPs) by the State Government.

Works not completed

Delay in release of funds resulted in number of works remaining incomplete including hostel buildings taken up under different schemes depriving the intended benefits to eligible ST & OBC beneficiaries/students from remote areas from availing of better educational opportunities.

Avoidable expenditure on procurement of cotton yarn for DCs

Excess expenditure of ₹2.26 crore was incurred by the Director of WPT & BC towards procurement of Cotton Yarn at a higher rate disregarding the lowest available rate.

Wasteful expenditure on Bamboo Plantation under NEC scheme

Expenditure of ₹73.50 lakh incurred for the Bamboo Plantation in Bodoland Territorial Council (BTC) areas under North Eastern Council (NEC) scheme for generating income by beneficiaries proved wasteful due to plantation of Chinese variety of bamboo having no market value.

Computer training for self employment

Expenditure of ₹90 lakh incurred for providing Computer training to unemployed youths of BTC areas by an NGO to generate employment proved unfruitful since Diploma Certificates were not issued to successful candidates by the NGO.

AUDIT OF TRANSACTIONS

Avoidable expenditure

(a) Due to retention of contracted demand of power in excess of requirement, Gauhati University incurred expenditure of ₹70.18 lakh, which was avoidable.

(b) Due to non conversion of connected load and drawing power at a lower voltage than admissible, GU incurred extra avoidable expenditure of ₹22.67 lakh.

Loss of Interest

Inclusion of terms and conditions regarding payment of Mobilization Advance in the contract agreement beyond those agreed upon during negotiations with the contractor resulted in loss of interest of ₹26.44 crore to the state exchequer.

Unproductive expenditure

Mission Director, NRHM, incurred an expenditure of ₹9.03 crore, towards establishment of 105 NBSUs (₹8.28

crore) and procurement of equipment (₹0.75 crore), for AYUSH wings in District Hospitals, which proved unproductive due to unavailability of manpower and requisite infrastructure.

Irregular retention and blocking of funds

The Superintendent, Gauhati Medical College and Hospital irregularly retained huge unspent balances (₹six crore) in Revenue Deposits for five years in disregard to the recommendation of the Public Accounts Committee.

Avoidable expenditure

Payment of ₹3.19 crore was made on account of diet charges for non-existent patients in Gauhati Medical College and Hospital (GMCH).

Unproductive expenditure

Decision of Mission Director, National Rural Health Mission, Assam of procuring Tele-radiology equipments for non-functional Regional Diagnostic Centres rendered the expenditure of ₹1.18 crore, unproductive.

Extra expenditure

Due to foregoing the benefit of concessional excise duty in procurement of ambulances, the Department incurred an extra expenditure of ₹85.19 lakh.

Extra expenditure

Mission Director, National Rural Health Mission (NRHM), Assam incurred extra expenditure of ₹69.72 lakh on procurement of medicine kits and drugs.

Avoidable extra expenditure

Failure of Mission Director, National Rural Health Mission, Assam in availing the prevalent DGS&D rate and subsequent procurement at higher rate resulted in an extra expenditure of ₹62.73 lakh, which was avoidable.

Suspected misappropriation of IAY fund

Release of Indira Awaas Yojana fund unauthorisedly by the Project Director, DRDA Jorhat to a Construction Committee instead of direct transfer to beneficiaries' account in violation of Scheme Guidelines and absence of records of actual construction of houses renders utilisation of funds amounting to ₹1.69 crore doubtful.

Unauthorised expenditure

PD, DRDA, Kamrup (Rural) incurred an unauthorised expenditure of ₹53.10 lakh out of SGSY fund for making payment to facilitators for recovery of loan amount from the SHGs in violation of norms.

Suspected misappropriation

₹28.70 lakh was misappropriated due to lack of Internal Controls in PD, DRDA Kamrup (Rural).

Suspected misappropriation

IAY funds of ₹7.32 lakh was suspected to be misappropriated by the Project Director, District Rural Development Agency, Hailakandi, while opening a new bank account on closure of an existing bank account.

Suspected misappropriation

Failure to exercise effective internal control and lack of monitoring on the part of the Project Director, DRDA, Bongaigaon led to suspected misappropriation of ₹6.37 lakh.

Payment of fraudulent claim

Divisional Officer, Kohora Soil Conservation Division made payment of ₹1.23 crore to a contractor on the basis of fictitious bill and exhibited it as final expenditure in the accounts. Further, whereabouts of ₹0.66 crore could not be traced in the absence of details of utilization in the records.

Extra avoidable and unproductive expenditure

Procurement of 8576 fire extinguishers without consulting rates from manufacturers/authorised dealers resulted in excess expenditure of ₹4.78 crore.

ECONOMIC SECTOR

AUDIT OF TRANSACTIONS

Avoidable extra expenditure

Director of Agriculture incurred an extra expenditure of ₹4.62 crore towards procurement of seed storage bins at a higher rate, which was avoidable.

Unproductive expenditure

Executive Engineer (EE) PWD, Karimganj NH Division, incurred an expenditure of ₹80.76 crore towards a road project, which remained incomplete for more than four years and, thus, proved unproductive.

Unproductive expenditure

Executive Engineer (EE), Silchar NEC Division, PWD incurred an expenditure of ₹17 crore towards a road project, which remained incomplete for more than six years and thus, proved unproductive.

Undue financial aid

Executive Engineer (EE), Jorhat NH Division, PWD extended undue financial aid of ₹4.23 crore to a contractor by granting irregular equipment advance.

Expenditure on incomplete works

Failure of the Executive Engineer, PWD, Haflong Road Division to get the balance work of the Umrangso/Jatinga *via* Dehangi-Haflong road completed despite elapse of more than three years from the scheduled date of completion, rendered the expenditure of ₹4.16 crore incurred on the project, unproductive.

Unfruitful expenditure

Inadequate survey, planning and non-completion of land acquisition process before construction of Flood Embankment resulted in unfruitful expenditure of ₹1.46 crore.

GENERAL SECTOR

PERFORMANCE APPRAISAL

Performance Audit of "Member of Legislative Assembly Area Development Scheme"

Members of the Legislative Assembly (MLA) felt the necessity for the provision of certain basic facilities including community infrastructure for small works of capital nature in their local areas to meet the felt-needs keeping in view the socio- economic conditions of the people of Assam. State Government also felt the need for a specific mechanism to introduce a scheme. Keeping in view, Planning and Development (P&D) Department of the State Government introduced the "Member of Legislative Assembly Area Development Scheme (MLAADS)" in 1994-95 with the same approach of Member of Parliament Local Area Development (MPLAD) Scheme to develop small works of capital nature in each MLA constituency. Under the provisions of the scheme, the works of developmental nature, catering to the needs of local people emphasising on income through creation of durable assets such as community halls, public library, rural roads, culvert, market sheds etc., were required to be taken up and executed by the line departments/reputed non-governmental organizations (NGOs/Panchayati Raj Institutions/Construction Committees or other user groups.

Performance Audit of the implementation of the scheme in the test-checked Legislative Area Constituencies (LACs) *revealed various deficiencies such as delay in recommendations and sanction of works, absence of transparency in selection of implementing agencies, execution of inadmissible works, creation of assets on private land without obtaining No Objection Certificate (NOC) for community usage, creation of non-durable assets, non-maintenance of 'Asset Register' etc. Of the works taken up for execution during 2010-15, only 57 per cent in 17 selected test-checked LACs could be completed. Monitoring mechanism was ineffective both at State and district level. Besides, deficiencies in planning, instances of financial mis-management of the scheme funds were also noticed.*

Payments in Cash

Out of ₹58.03 crore received for implementation of the sanctioned works, ₹43.75 crore (75 *per cent*) was paid to Construction Committees, suppliers and labourers in cash by 59 implementing agencies of seven test-checked districts during 2010-15 in violation of financial rules leading to lack of transparency in financial management.

Implementation of works in test-checked districts

Against the allotment of ₹213.71 crore during 2010-15, recommendations for 14093 works valued at ₹180.30 crore only were received from the MLAs in the eight test-checked districts.

Deficiencies in implementation

In four test-checked districts, 2257 Hand Tube Wells (HTW) and 70 Tara Pumps at a cost of ₹1.60 crore were installed during 2010-15 through different Construction Committees and Development Blocks on private lands for individual benefit without obtaining NOCs from the owners of the land regarding utilisation of assets for community usage.

Implementation of schemes in selected LACs

The DCs sanctioned 3651 works at a cost of ₹48.21 crore against the 4041 recommended works valued at ₹56.02 crore in the 17 selected LACs, of which 1568 works (43 *per cent*) valued at ₹21.94 crore remained incomplete despite release of ₹15.28 crore to the implementing agencies as of 31 March 2015. Completion Reports, Utilisation Certificates, photographs of 2083 completed works, valued ₹26.27 crore were not submitted even after lapse of 16 to 35 months from the date of release of funds as of March 2015. Thus, correctness of data of 2083 completed works as reported by the authorities was doubtful.

Satisfaction level of user group

There was no proper system of handing over and upkeep/maintenance of the assets created. Thus, sustainability of the completed assets was not ensured. Satisfaction analysis of beneficiaries also disclosed that the upgradation of life standards of the local people was partially (27 *per cent*) achieved.

AUDIT OF TRANSACTIONS

Loss of Interest and avoidable payment

Delay in opening of savings bank account resulted in loss of interest of ₹17.50 crore. Besides, there was an avoidable payment of interest of ₹1.32 crore due to belated payment of TDS by banks.

Shortage of cash

Failure on the part of the Deputy Commissioner, Kamrup (Metro) to exercise effective control and monitoring led to shortage of cash amounting to ₹1.63 crore.

Loss to Government

Delay in handing over the land to the recognised owner after de-requisition of the same and failure to protect the requisitioned land from encroachment resulted in payment of ₹1.60 crore to the pattadar beyond the period of stoppage of operations of helipad.

Fictitious payments

Expenditure of ₹31.47 lakh incurred by Deputy Commissioner, Baksa towards carriage cost of earth by showing its transportation by the fake carriers led to fictitious payments of ₹31.47 lakh. Besides, in two other cases, possibilities of misappropriation of funds amounting to ₹18.41 lakh could also not be ruled out due to non-availability of specific information.

Unrealised revenue

₹1.81 crore being the cost of police guards deployed in various Government/Non-Government Organisations and for the security of individuals remained unrealised for more than three years.

Excess expenditure

Deputy Commissioner, Kokrajhar and Sub-divisional Officers, Gossaigaon and Parbatjhora incurred excess expenditure of ₹5.98 crore towards distribution of 20,389 quintal foodstuff to inmates of relief camps beyond the requirement.

Irregular expenditure

Expenditure of ₹2.85 crore on up-gradation, repair and new work incurred by diverting Calamity Relief Fund by Deputy Commissioner, Kokrajhar was unauthorized and irregular.

FOLLOW UP AUDIT

Follow up Audit on "Comprehensive Treasury Management Information System (CTMIS)"

Treasuries in Assam, functioning under the administrative control of the Finance Department, are responsible for receipt and payment of money on behalf of the Government and for the maintenance of accounts relating to these transactions. They also act as the banker in respect of Local Bodies and others who deposit their revenues in the Treasuries. Since 2002-03, Comprehensive Treasury

Management Information System (CTMIS), a web-based application software, developed by M/s Tata Consultancy Services (TCS) and comprising of five modules, was operationalised in the state of Assam, which connects 29 treasuries and 34 sub-treasuries of Assam to the Central Data Centre located at Kar Bhawan, Guwahati, the headquarters of the Director of Accounts and Treasury (DoAT). A performance audit on CTMIS was included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007, Government of Assam (Civil). This follow up audit was taken to assess the progress made towards implementation of the recommendations of the previous audit and also to cover new issues i.e., cyber treasury, connectivity etc. Some of the significant findings are as under:

Position of acceptance of the recommendations of previous Audit Report

No remedial action was taken to rectify the deficiencies in the implementation of CTMIS as pointed out in the previous Audit Report.

Analytical review of data and Cyber Treasury

Presence of redundant data alongwith lack of validation control made the data of Treasury Module and Cyber Treasury, inconsistent.

Information System (IS) Security

Inadequate security policy rendered the system vulnerable to data loss and manipulation.

Back-end corrections

Inability to prevent back-end corrections had made the system unreliable.

Disaster Recovery Policy and Business Continuity Plan

Neither documented policy nor disaster simulation exercises testing was done till November 2015 to ensure recovery plans in case of a real time disaster.

Delay in completion and implementation

Even after incurring an expenditure of ₹20.63 crore, only one out of the five modules of CTMIS (since 2002-03), had been implemented as of November 2015.

AUDIT REPORT ON
REVENUE SECTOR
FOR THE YEAR ENDED 31 MARCH 2015
(Report No. 4 of 2015)

AUDIT REPORT ON REVENUE SECTOR FOR THE YEAR ENDED 31 MARCH 2015
(Report No. 4 of 2015)

This Report contains 46 paragraphs suitably clubbed into appropriate captions relating to non/short levy of taxes/duties/royalty, interest and penalty etc., loss of revenue, irregular exemption, unfruitful expenditure and other irregularities.

It also contains a performance audit on "Admissibility of Input Tax Credit" and two theme based audits on "Collection of Revenue from out-sourced activities in Transport Department" and "Planning and Financial Management of Major Wildlife Areas in Assam - Impact on Conservation efforts".

The Departments accepted cases involving revenue of ₹10.71 crore and recovered ₹1.09 crore.

Some of the major findings are mentioned below:

Highlights

- Cross verification of transactions of 33 purchasing and 32 selling dealers by audit revealed excess claim of Input Tax Credit (ITC) of ₹17.05 crore including interest of ₹4.79 crore. Besides, penalty of ₹24.55 crore was also leviable for willful inflation of purchase figures.
- There was excess availment of ITC to the tune of ₹7.08 crore including interest and penalty due to calculation of ITC at higher rate.

- 13 manufacturers/dealers in 33 cases claimed ITC on purchase of goods valuing ₹2,376.46 crore though the dealers disclosed local purchase worth only ₹2,123.44 crore in manufacturing account/annual returns. This resulted in excess claim of ITC amounting to ₹17.51 crore including interest.
- Mis-classification of brands of India Made Foreign Liquor (IMFL) in wrong category resulted in loss of revenue of ₹172.08 crore.
- There was evasion of excise duty of ₹1.54 crore due to overstatement of closing stock/deficiency in actual stock of ENA.
- Revenue of ₹1.18 crore not realized against damaged stock allowed for destruction.
- 90 out of 160 auto emission testing stations defaulted in renewal of licences. Audit revealed that 17 of the 90 defaulting stations were actually operational and issuing Pollution Under Control (PUC) certificates.
- Failure of the Department, to ensure issuance of PUC certificates to all the vehicles against which PUC certificates were due, resulted in non-realisation of revenue of ₹9.89 crore. Besides, these vehicles continued to ply on public roads without valid PUC certificate.
- Analysis of planned expenditure to be met through the annual plans of operations *vis-à-vis* the funds allocated to the National Parks (NPs) and Wildlife Sanctuary (WS) revealed shortfall ranging between 40 to 87 *per*

cent. Besides, there was inordinate delay in allocation of funds resulting in funds not being available during first seven to 11 months in all of the years covered by audit. The lack of funds and mis-management of finances affected habitat management, infrastructural development, accessibility and the morale of the personnel. Basic remuneration to the staff and provision of fodder to departmental elephants are also affected by paucity of funds.

- The Environment and Forest Department failed to recover minimum royalty of ₹7.67 crore on account of unauthorised extraction of minerals by a contractor under National Highway Authority of India.

Trend of Revenue Receipts

The total receipts of the State for the year 2014-15 were ₹38,181.49 crore against ₹32,212.79 crore in the previous year. Of this, 31 *per cent* was raised by the State Government through tax revenue (₹9,449.81 crore) and non-tax revenue (₹2,412.89 crore). The balance 69 *per cent* was received from the Government of India in the form of State's share of net proceeds of divisible Union taxes (₹12,283.71 crore) and grants-in-aid (₹14,035.08 crore).

SYSTEM APPRAISAL

Admissibility of Input Tax Credit

The Value Added Tax (VAT) regime aimed at instituting a transparent taxation system revolving around faith on the traders for self declaration of tax payable and non-intrusive controls exercised by the Department. However, to attain these objectives and to prevent tax evasions it is important that a fool proof IT system with end-to-end integration is to be put in place.

The Performance Audit revealed that the Department had taken a number of positive steps like introduction of TIMS and introduction of Parts 'G' and 'J' to obtain details of purchase and sales from the dealers. However, there were a number of issues which still required to be streamlined and implemented to ensure effective monitoring and controls as summarised below:

Absence of electronic matching of returns and system of cross verification hampering effective check of ITC claims

Though the Taxation Department had introduced a system of furnishing purchase/sale figures by the dealers along with the returns in 2008, but the same was not made mandatory. Neither the Department instituted a system of electronic matching of purchase-sales before allowance of Input Tax Credit (ITC) claims as is being practiced by other States, nor has it put in place a norm for cross verification of returns while scrutinising the returns. Even after 10 years of implementation of VAT, these systemic deficiencies continued to hinder effective checks before allowance of ITC and have created a situation rife with scope of evasion of taxes. Audit scrutiny of sampled cases revealed huge irregularities with revenue implication of nearly ₹200 crore. Unless the Department initiates a time bound plan to overcome the deficiencies, these would prove to be major bottleneck to efficient administration of the Commercial Tax activity in the State while switching over to the proposed Goods and Services Tax system in future.

Allowance of ITC without cross verification

20,793 dealers of seven unit offices were allowed to avail ITC of ₹3,081.22 crore during the period from 2009-10 to 2013-14; but there was no cross verification to ascertain that the claims of ITC were genuine.

Cross verification conducted by Audit revealed huge excess claims

- Cross verification of transaction of 33 purchasing and 32 selling dealers by Audit revealed excess claim of ITC of ₹17.05 crore including interest of ₹4.79 crore. Besides, penalty of ₹24.55 crore was also leviable for willful inflation of purchase figures.
- 13 manufacturers/dealers in 33 cases claimed ITC on purchase of goods valuing ₹2,376.46 crore, though the dealers disclosed local purchase worth only ₹2,123.44 crore in manufacturing account/annual returns. This

resulted in excess claim of ITC amounting to ₹17.51 crore including interest.

- Scrutiny/best judgment assessment was not completed by the assessing authorities which resulted in incorrect claim of ITC of ₹42.21 crore not being detected. In addition, interest of `25.82 crore and penalty of ₹ 25.45 crore was also leviable.

Irregular allowance of ITC on discount/ rebates

There was an irregular allowance of ITC of ₹1.75 crore including interest on discounts/ rebate/ incentives.

Irregular allowance of ITC on Goods specified in Fourth schedule

ITC was not reversed on goods specified in the Fourth Schedule which resulted in irregular allowance of ITC of ₹89.70 lakh, including interest.

Excess availment of ITC due to calculation of ITC at higher rates

There was excess availment of ITC to the tune of ₹7.08 crore including interest and penalty due to calculation of ITC at higher rate.

AUDIT ON THE THEMES

"Collection of Revenue from out-sourced activities in Transport Department"

The Transport Department had out-sourced two of its activities namely issue of PUC certificates and affixture of High Security Registration Plates (HSRP) on the vehicles to the private parties. Audit scrutiny of the out-sourced activities revealed a number of deficiencies.

Auto Emission Testing Stations (AETS) license renewal fees not realised

90 out of 160 auto emission testing stations defaulted in renewal of licences. Verification by Audit revealed that 17 of the 90 defaulting stations were actually operating and issuing Pollution Under Control (PUC) certificates.

Short realisation of emission testing fees

Failure of the Department to ensure issuance of PUC certificates to all the vehicles against which PUC certificates were due resulted in non-realisation of revenue of ₹9.89 crore. Besides, these vehicles continued to ply on public roads without valid PUC certificates.

Revision of emission testing fees without revising Government revenue

Though the PUC testing fees were revised upwardly by percentage ranging from 120 to 750 *per cent*, the Government continued to get its share at old rates. Loss of revenue at minimum percentage of hike amounted to ₹72.16 lakh.

Issue of PUC certificates without physical appearance of the vehicle

There were instances of issue of PUC certificates without physical presence of the vehicles.

High Security Registration Plate (HRSP) not affixed on new vehicles registered in the State

61,099 out of 5.40 lakh vehicles registered post-implementation of the High Security Registration Plate (HSRP) scheme were not fitted with HSRP though it was mandatory to use these security plates.

"Planning and Financial Management of Major Wildlife Areas in Assam – Impact on Conservation Efforts"

National Parks and Wildlife Sanctuaries are extremely important for conservation of biodiversity, and for ensuring the survival of floral and faunal components, not only for the present but also for future. For sustainable conservation of habitats and protection of wildlife housed in the NPs/WS, it was a pre-requisite that the State Government supported the wildlife managers with the required funds to meet the planned maintenance activities. The subject, **'Planning and Financial Management of Major Wildlife Areas in Assam – Impact on Conservation efforts'** covering the period 2009-10 to 2013-14 was audited in two spells between March and mid-July 2014 and June - July 2015. Some of the significant deficiencies noticed in audit are discussed below.

Absence of a long term working plan

None of the selected National Parks (NPs) and Wildlife Sanctuary (WS) had a long term management plan for the period covered by audit.

Lack of funds/ mis-management of available funds affected the wildlife areas covered in audit

Analysis of planned expenditure to be met through the annual plans of operations *vis-à-vis* the funds allocated to the NPs and WS revealed an overall shortfall. This percentage of shortfall ranged between 40 to 87 *per cent*. Besides, there was inordinate delay in allocation of funds resulting in funds not being available during first seven to 11 months in all of the years covered by audit. The lack of funds and mis-management of finances affected habitat management, infrastructural development, accessibility and the morale of the personnel was severely hampered. Basic remuneration to staff and provision of fodder to departmental elephants was also affected by paucity of funds.

AUDIT OF TRANSACTIONS

Sales Tax/ Value Added Tax

Incorrect grant of exemption

Incorrect grant of eligibility/entitlement certificate resulted in undue grant of tax exemption of ₹5.44 crore.

Short levy of interest

Interest not updated upto the date of drawing up Arrear Certificate led to short-levy of interest of ₹74.55 lakh.

Short determination of sales value of coal

Assessment of purchase price of coal at lower rates led to short determination of turnover and consequently entry tax of ₹5.50 crore was not realised on which interest of ₹3.07 crore was additionally leviable.

Concealment of turnover

Concealment of purchase turnover led to evasion of entry tax of ₹80.46 lakh on which interest of ₹43.76 lakh was additionally leviable.

State Excise

Misclassification of IMFL

Mis-classification of brands of IMFL in wrong category resulted in loss of revenue of ₹172.08 crore.

Overstatement of closing stock – evasion of duty

There was evasion of excise duty of ₹1.54 crore due to overstatement of closing stock/ deficiency in actual stock of ENA.

Environment and Forests

Unauthorised extraction of minor minerals

- The Environment and Forest Department failed to recover minimum royalty of ₹7.67 crore on account of unauthorised extraction of minerals by a contractor under National Highway Authority of India.
- Demand notice for recovery of royalty of ₹12.05 lakh for unauthorised extraction of stone/boulders was not raised; besides, a penalty of ₹48.20 lakh was additionally leviable.

AUDIT REPORT ON
PUBLIC SECTOR UNDERTAKINGS
FOR THE YEAR ENDED 31 MARCH 2015
(Report No. 3 of 2015)

AUDIT REPORT ON PUBLIC SECTOR UNDERTAKINGS FOR THE YEAR ENDED 31 MARCH 2015

(Report No. 3 of 2015)

This Report deals with the results of audit of the activities of 49 State Public Sector Undertakings (SPSUs) comprising of 30 Government working companies, 16 non-working companies and 3 Statutory corporations. This Report contains one Performance Audit and eight audit paragraphs besides one general paragraph relating to 'Follow up action on Audit Reports'.

Highlights

Audit of Government Companies is governed by Section 143 of the Companies Act, 2013. The financial statements of Government Companies are audited by Statutory Auditors appointed by CAG. These financial statements are also subject to supplementary audit conducted by CAG. Audit of Statutory Corporations are governed by their respective legislations. As on 31 March 2015, the State of Assam had 33 working SPSUs (30 Companies and 3 Statutory Corporations) which employed 38,886 employees. The working SPSUs registered a turnover of ₹ 4,380.58 crore for 2014-15 as per their latest finalised accounts as on 30 September 2015. This turnover was equal to 2.38 *per cent* of State Gross Domestic Product indicating a moderate role played by SPSUs in the State's economy. At the same time, the working SPSUs also incurred an overall loss of ₹700.64 crore for 2014-15 as per their latest finalised accounts as on 30 September 2015.

Investment in SPSUs

As on 31 March 2015, the investment (capital and long term loans) in 49 SPSUs (including 33 working and 16 non-working) was ₹4,882.50 crore. The investment had grown up by 66.08 *per cent* from ₹ 2,939.88 crore in 2010-11. Power Sector accounted for 62.61 *per cent* of total investment in 2014-15. During 2014-15 the State Government contributed an aggregate amount of ₹1,002.55 crore towards loans (₹589.48 crore), and grants/subsidies (₹413.07 crore) to 17 SPSUs.

Reconciliation with Finance Accounts

During 2014-15, the differences in the figures of the State Government's investments in equity and loans outstanding as per records of SPSUs and that appearing in the Finance Accounts of the State were at ₹373.98 crore and ₹1,414.92 crore respectively. Although there was reduction of ₹321.03 crore in the difference of outstanding loans as compared to last year (2013-14) figures, the total un-reconciled differences of outstanding investments still remained significant. The Government and the SPSUs should take concrete steps to reconcile the differences in a time bound manner.

Arrears in accounts and winding up

Twenty five working SPSUs had arrears of 212 accounts as of September 2015. The arrears ranged between 1 and 27 years. Government should monitor and ensure timely finalisation of accounts in conformity with the provisions of the Companies

Act, 2013. As no purpose is served by keeping 16 non-working SPSUs in existence, they need to be winded up or revived.

Performance of SPSUs

During the year 2014-15, out of 33 working SPSUs, 14 SPSUs earned aggregate profit of ₹81.48 crore and 18 SPSUs incurred loss of ₹782.12 crore. The major contributors to profits were Assam Gas Company Limited (₹59.53 crore), DNP Limited (₹6.70 crore) and Assam Industrial Development Corporation Limited (₹4.97 crore). The heavy losses were incurred by Assam Power Distribution Company Limited (₹527.93 crore), Assam Power Generation Corporation Limited (₹86.36 crore) and Assam Electricity Grid Corporation Limited (₹80.55 crore).

Quality of accounts

The quality of accounts of SPSUs needs to be improved. Out of 58 accounts finalised by 26 working SPSUs (including 4 accounts of 2 Statutory Corporations) during October 2014 to September 2015, 53 accounts received qualified certificates and 5 accounts received disclaimers (meaning the auditors are unable to form an opinion on accounts). There were 84 instances of non-compliance with Accounting Standards in 13 accounts.

Compliance with the Reports of Committee on Public Undertakings (COPU)

Action Taken Notes (ATN) to 31 recommendations pertaining to 13 Reports of the COPU presented to the State Legislature between April 2003 and December 2011 had not been received (October 2015).

PERFORMANCE AUDIT RELATING TO GOVERNMENT COMPANY

Performance Audit on the working of Assam Tourism Development Corporation Limited was conducted. The major Audit findings are given below:

Assam Tourism Development Corporation Limited (Company) was established (June 1988) with the objective to boost tourism in the State. The activities of the Company included creation of tourism infrastructure and connectivity to the infrastructure so created as well as providing required facilities for tourists in important tourist destinations. The present Performance Audit covered the activities of the Company for the period from 2010-11 to 2014-15 and focuses on the efforts made by the Company to attain the laid down objectives of the State Tourism Policy. Besides, the records of the Directorate of Tourism (DoT), functioning under Department of Tourism, Government of Assam (GoA), were also scrutinized to assess the effectiveness of the supporting role played by GoA/DoT in achieving the overall objectives of the State Tourism Policy.

Financial profile

The Company earned profits consecutively during 2010-11 to 2014-15. The profits so earned during the five years were, however, on account of the interest earned from Fixed Deposits made out of capital grants received from GoI and GoA. As per GoI sanctions, the GoA was not entitled to keep any fund unutilized for more than 6 months, and same were to be refunded back to GoI. GoI further directed (January 2013) the GoA to refund all unutilized funds along with interest accrued thereon for all incomplete projects sanctioned upto 2009-10. The said unutilized funds were, however, not refunded by the GoA/Company to GoI till date (October 2015).

Planning

The State Tourism sector lacks authentic data on tourist inflow due to failure of the GoA/Company to put in place a proper data collection mechanism and conduct the benchmark survey of all tourist potential destinations. The Company did not prepare any short or long term plans to identify and prioritise the projects to be developed on scientific basis. Many initiatives such as development of circuits such as wildlife, river, heritage, adventure and eco-tourism, rural tourism, handloom tourism, tea and golf tourism, rail tourism, comprehensive pilgrimage tourism never took off beyond proposal stage.

Project Management

The Company received ₹116.87 crore for 138 projects sanctioned during 2010-11 to 2014-15. As against this, the Company could utilize only ₹83.38 crore (71 *per cent*) during 2010-15 (including refund of ₹12.50 crore to the GoI) leaving an unspent balance of ₹33.49 crore. Out of total 50 projects of GoI and 88 projects of GoA sanctioned during 2010-15, 17 GoI projects (34 *per cent*) and 8 GoA projects (9 *per cent*) could be completed by the Company (September 2015). The projects were delayed mainly due to delay in release of fund by GoA delay in finalization of tenders, non-availability of land, *etc*. Due to slippage in completion of projects within the time schedule, 13 projects were dropped and fund refunded (₹12.50 crore) to the GoI. Further, the Company was also deprived to avail further sanctions from GoI during 2012-13 and 2013-14 due to non-submission of Utilisation Certificates against earlier sanctions of GoI.

Tourist friendly measures and Development of Circuits

Tourist facilities in the State were minimal. Important tourist friendly measures like online booking, signages, tourist information kiosks, radio taxi services, wayside amenities, training for guides and drivers, home stay tourism were insufficient or not available and projects pertaining to them did not take off. Important infrastructure development projects such as building of the Five Star hotel and Convention Centre at Guwahati were stalled because of inability of the Company to get clearances. All these shortcomings indicated that the Company was ill equipped to handle so many projects and activities simultaneously. The management was neither equipped nor empowered to obtain necessary clearances, sanction, monitor progress of contractors, decide on introduction of skill development training courses and oversee construction of major infrastructural facilities such as hotel management institute *etc*.

Operational Management

The occupancy of the lodges operated by the Company was poor due to poor maintenance as well as inappropriate selection of locations for development of lodges. The Company also delayed in leasing out the completed assets by as much as 60 months, on account of delay in inviting tenders and excessive time taken in finalization of bids, *etc*. As a result, the Company had to bear additional financial burden on repairing of these idle assets, besides losing the opportunity of earning lease rental income during their vacancy period. Despite repeated suggestions made by GoA for creating online booking facilities for lodges, the Company could not operationalise the system till date (October 2015). The Company needed to take immediate action in this regard to help improve the occupancy of the lodges and overall operational performance.

Monitoring and Management

The projects implemented by the Company were not adequately monitored by the GoA leading to expenditure on some projects being rendered unfruitful and the potential for tourism in the state remaining unrealized. Assam Tourism Council was set up (September 2009) for development, promotion and co-ordination of tourism activities in the State under the Chairmanship of the State Chief Minister. However, only one meeting of the Council was held (June 2010) in 6 years (upto October 2015) defeating the prime objective of its formation. State Level Monitoring Committee (SLMC) had held only 5 meetings during

2010-11 to 2014-15 as against the minimum 20 meetings required to be held during this period. There was no prescribed format for giving a feedback summary to the Headquarters of the Company from its lodges.

COMPLIANCE AUDIT OBSERVATIONS

Wasteful expenditure

Wasteful expenditure done by ***Assam Mineral Development Corporation Limited (AMDCL)*** of ₹14.35 crore in one case due to failure in exercising due diligence of before making investment.

Loss of Revenue

Loss of revenue done by ***AMDCL*** of ₹49.07 crore in one instance owing to sale of coal at prices lower than that fixed by Coal India Limited.

Undue benefit to contractor/suppliers

Undue benefit to the extent of ₹2.59 crore to contractors/ suppliers in two cases of ***Assam Plains Tribes Development Corporation Limited (APTDCL)*** and ***Assam Power Distribution Company Limited (APDCL)***.

Avoidable expenditure

Avoidable expenditure of ₹1.82 crore in three cases due to lack of diligence on the part of the management of ***APDCL*** and ***Assam Police Housing Corporation Limited (APHCL)***.

Undue benefit to Supplier

Placement of supply orders by ***APTDCL*** on the supplier despite being aware of his fraudulent activities, has resulted in procurement of unauthenticated equipment at a cost of ₹1.44 crore.

Avoidable expenditure

Failure to finalise the tender within the validity period by ***APDCL*** resulted in avoidable expenditure of ₹0.91 crore on procurement of transformers.

AUDIT REPORT ON
LOCAL BODIES
FOR THE YEAR ENDED 31 MARCH 2015
(Report No. 2 of 2016)

AUDIT REPORT ON LOCAL BODIES FOR THE YEAR ENDED 31 MARCH 2015
(Report No. 2 of 2016)

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

An Overview of the Functioning of the PRIs in the State

Highlights

- PRDD could not fill up the vacant posts of PRIs in spite of approval given by the Finance Department.
- Government orders were issued for devolution in respect of only seven out of 23 notified subjects till March 2015. Further, 'Activity Mapping' in respect of remaining six subjects had not been completed (December 2015).
- DPCs failed to perform its primary objective of preparation of District Plan as envisaged in the AP Act, 1994.

Accountability Mechanism and Financial Reporting issues

Highlights

- 5065 paragraphs with monetary value of ₹ 1363.35 crore were pending settlement (March 2015) for want of replies from concerned PRIs.
- State Government was lagging behind in taking action on Social Audit (SA) reports and its follow up to comply with the Audit of Scheme Rules, 2011 (Social Audit).
- There was short collection of *kist* money of ₹ 5.53 crore in 21 PRIs
- As against ₹ 2794.51 crore to be devolved for PRIs during 2010-11 to 2014-15, the State Government released only ₹ 872.53 crore.
- State Government released 13th FC grants to PRIs with an interest liability of ₹ 7.19 crore for 2014-15 alone, for delay in release of funds, which was almost equivalent to interest paid for the last four years.

Performance Audit of "Working of PRIs in Assam"

Highlights

- Although the State Legislature passed the Assam Panchayat Act, 1994, the GoA took almost nine years for issuing formal instructions for constitution of DPC.
- The mandatory allocation for agriculture and allied sectors was not made, resulting in a lower availability of funds for increasing agricultural productivity.
- ₹38.03 crore was incurred in implementing 1759 schemes. However, the implemented schemes had been taken up without consulting the concerned Gaon Panchayat and without being approved in Gaon Sabha Meetings.
- PRIs spent funds irrespective of approval of their budgets, resulting in incurring of unplanned expenditure and absence of monitoring and control over their sources of revenues.
- There was delay in release of fund by ZPs to Anchalik Panchayats (APs) and GPs, ranging from 12 days to 304 days and short release of funds to the tune of ₹299.12 lakh.
- Funds amounting to ₹467.23 lakh remain unutilised since 2011-12 and blocked for more than three years (from 2011-12 to 2014-15).
- In 28 out of 71 test checked PRIs, DDOs drew money amounting to ₹25.52 crore from bank accounts, through

1390 self-cheques, for cash payments to suppliers and contractors *etc*.

- Nagaon ZP suffered a loss of ₹2.52 crore as highest bid value offered by the bidders for lease of *Hats*, *Ghats* and Fisheries was not accepted.
- ₹65.59 crore was spent by 15 PRIs under two schemes, but they failed to generate any revenue from it, as the completed projects were neither handed over nor leased out.
- ₹6.38 crore incurred by 17 PRIs during the period 2010-15 was doubtful as basic provisions of scheme guidelines were not followed; evidence for execution of works was not furnished; materials procured without inviting tenders; stock registers not maintained; and evidence of distribution of materials not available.
- 26 PRIs had incurred ₹338.49 lakh during 2011-15 without the approval of the competent authorities, resulting in unauthorised expenditure.
- 15 PRIs executed 571 works during 2011-15 but the same remained incomplete, even after incurring an expenditure of ₹64.16 crore.

Compliance Audit of PRIs

Highlights

- An amount of ₹ 8.54 lakh was misappropriated by the Executive Officer, Birsing Jarua, Anchalik Panchayat by withdrawing the amount through self cheque without recording it in the Cash Book.
- An expenditure of ₹ 42.85 lakh incurred by the Executive Officer (EO), Ghilamara AP on eight plantation works under Mahatma Gandhi National Rural Employment Guarantee Act, (MGNREGA), was unfruitful as the works remained incomplete.
- Expenditure of ₹ 24.66 lakh on Protection work was unfruitful as the work remained incomplete and abandoned.
- Due to allowance of 10 *per cent* Contractor's profit in the estimate for the works executed departmentally, the Darrang Zilla Parishad incurred an avoidable extra expenditure of ₹ 43.72 lakh.
- Dhubri Zilla Parishad (ZP) failed to impose penalty as per agreement for delay in completion of the 89 works in Dhubri thereby extending undue financial benefit of ₹ 45.30 lakh to the contractor.
- Expenditure of ₹ 25 lakh on the construction of Bharat Nirman Rajiv Gandhi Sewa Kendra remained unfruitful due to the estimate not being adhered to and the project not being monitored during execution.

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

An Overview of the Functioning of the ULBs in the State

Highlights

- There were 94 ULBs in the State as on 31 March 2015 consisting of one MC, 34 MBs and 59 TCs. ULBs falling under General Areas and governed according to the provisions of the AM Act, 1956 and areas falling within the Sixth Schedule Areas were governed by the rules framed by the respective ADCs.
- Out of 18 subjects listed in the XIIth Schedule only eight subjects are being transferred and implemented by the ULBs as on March 2015. In respect of GMC, out of 18 functions listed in the XIIth Schedule, activities under four functions only were transferred to GMC as of March 2015.

Accountability Mechanism and Financial Reporting issues

Highlights

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

- 1,533 paragraphs with monetary value of ₹401.16 crore were pending settlement (March 2015) for want of replies from concerned ULBs.
- The State Government lacked monitoring of own revenue resources of ULBs, as it could not provide consolidated figures of actual receipts in respect of own revenues of all the ULBs in Assam. Further, periodical reports/returns in respect of implementation of various schemes and other activities in the district were not submitted to higher authorities.
- Due to short release of ₹488.95 crore by GoA against ₹1,117.71 crore to be devolved, the ULBs were unable to implement various welfare activities for the overall economic development.
- State Government had to release 13th FC grants to ULBs with an interest liability of ₹1.02 crore during 2010-15 due to tardy transfer of fund.
- Out of the total ULBs in Assam, 54, 53, 32 and 38 ULBs had not submitted budget proposals during 2011-12, 2012-13, 2013-14 and 2014-15 respectively. Further, four test checked ULBs had prepared the budget without taking into account, the past trend of receipt and expenditure, as a result of which estimated receipts were unduly inflated ranging from ₹30.88 lakh to ₹12.42 crore and estimate of expenditure were based on such inflated receipts.

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

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

- Proper planning was lacking both at the State and ULB level which resulted in improper utilisation of fund, short achievement of targets and lacunae in implementation of the schemes.
- State Urban Development Agency (SUDA)/Director of Municipal Administration (DMA) had irregularly retained ₹ 10.44 crore in their custody without allocating it to the Implementing Agencies (IA).
- ULBs failed to utilise the available funds of ₹ 140.29 crore leaving a balance of ₹ 59.48 crore resulting in physical targets remaining unachieved.
- SUDA furnished UCs to GoI for the entire GoI share of ₹ 129.88 crore by showing inflated expenditure amounting to ₹ 58.83 crore, though ULBs furnished UCs for ₹ 71.05 crore only against release of GoIs share of ₹ 125.29 crore.
- The ULBs could not achieve even 50 *per cent* of the targets under Urban Self Employment Programme (USEP) and Urban Women Self-help Programme (UWSP) component of the SJSRY indicating very poor physical performance by ULBs.
- Sixteen selected ULBs paid ₹ 697.87 lakh to 107 training institutions being full payment for providing training to 9401 beneficiaries under Skill Training for Employment

Promotion amongst Urban Poor (STEP-UP) without any placement. This was in violation of model agreement issued by the DMA to be executed between ULBs and the training institutions which stipulated that 20 *per cent* of the payment to the training institutions was to be made only after placement of all the training beneficiaries.

- Out of sixteen selected ULBs, twelve ULBs did not adhere to the prescribed material labour ratio of 60:40 while executing works under Urban Wage Employment Programme (UWEP) and excess material cost amounting to ₹84.82 lakh was incurred over the prescribed limit which led to less generation of 61,729 man days.
- Excess expenditure of ₹45.94 lakh was incurred by nine out of 16 test checked ULBs against execution of 137 works departmentally under UWEP as 10 *per cent* contractor's profit was not deducted from the bills.
- The poorest urban beneficiaries were not selected under USEP and STEP-UP as random survey conducted of 169 beneficiaries revealed that none of the beneficiaries fell under the top priority category. This indicated that the poorest urban beneficiaries were deprived of the benefits of SJSRY.

Compliance audit paragraphs of ULBs

Highlights

- Diphu TC incurred an excess expenditure of ₹79.43 lakh due to cost overrun for delay in completion of work besides extending undue financial benefit to the contractor.
- Jorhat Municipal Board (JMB) suffered a loss of ₹24.92 lakh for not levying interest on mobilisation advance given to contractor besides extending undue financial benefit to the contractor to the extent of ₹ 51 lakh.
- Due to change of project site for construction of "Multi-Utility Building for the rehabilitation of vendors at Jorhat in Assam", the GoI, rejected the project proposal which led to stagnation of work after incurring an expenditure of ₹3.10 crore.
- Jorhat Municipal Board (MB) injudiciously incurred an expenditure of ₹94.56 lakh on purchase of land for Solid Waste Management at Kakodunga.