



**EPITOME  
of  
CAG's Reports  
on the Government of  
Assam for the year ended  
31 March 2014**



**Accountant General  
(Audit), Assam**

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of  
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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 and Public Sector Undertakings) of the Comptroller and Auditor General of India relating to the Government of Assam for the year ended 31 March 2014. 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. 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.saiindia.gov.in](http://www.saiindia.gov.in) and <http://agasm.cag.gov.in>

**AUDIT REPORT ON STATE FINANCES  
FOR THE YEAR ENDED 31 MARCH 2014**

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 2014. It provides an insight into trends in committed expenditure, borrowing pattern besides a brief account of Central funds transferred directly to the State implementing agencies through off-budget route. **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.

## *Highlights*

### ● **Finances of the State Government**

- The overall revenue expenditure of the State increased by 50.69 *per cent* from ₹ 21,232 crore in 2009-10 to ₹ 31,990 crore in 2013-14 at an annual average rate of 10.13 *per cent* and increased from ₹ 29,137 crore in 2012-13 to ₹ 31,990 crore in 2013-14. The NPRE constituted a dominant share of nearly 78 *per cent* in the revenue expenditure and increased by ₹ 2,320 crore over the previous year. The Plan Revenue Expenditure (PRE) increased by ₹ 533 crore (8.21 *per cent*) from ₹ 6,495 crore in 2012-13 to ₹ 7,028 crore in 2013-14.
- During 2013-14, the development expenditure (₹ 24,571 crore) increased by ₹ 3,768 crore (18.11 *per cent*) over the previous year. The relative share of the revenue developmental expenditure was 57 *per cent* of the total expenditure while this share in respect of capital development expenditure was only 9 *per cent*.
- The overall fiscal liabilities of the State increased at an average annual rate of 4.15 *per cent* during the period 2009-14. During the current year, the fiscal liabilities of the State Government increased by ₹ 1,479 crore from ₹ 32,897 crore in 2012-13 to ₹ 34,376 crore in 2013-14. The ratio of fiscal liabilities to GSDP had

improved and decreased from 23.23 *per cent* in 2012-13 to 21.13 *per cent* in 2013-14 which was well within 25 *per cent*, the norms prescribed by the FC-XIII.

### ● **Budgetary Control and Financial Management**

- During 2013-14, expenditure of ₹ 37,207.68 crore was incurred against the total grants and appropriations of ₹ 53,017.11 crore resulting in a savings of ₹ 15,809.43 crore. The overall savings of ₹ 15,809.43 crore was the net result of total saving of ₹ 17,333.14 crore offset by excess of ₹ 1,523.71 crore. The excess expenditure requires regularisation under Article 205 of the Constitution of India. At the close of the year 2013-14, there were 60 grants/ appropriations in which savings of ₹ 12,300.94 crore (71 *per cent* of the overall savings) occurred but no surrenders were made by the concerned departments.
- Funds amounting to ₹ 95.12 crore drawn at the end of the year were deposited into the head of account '8443-Civil Deposit' to avoid lapse of budget grant, bypassing legislative control. Besides, funds amounting to ₹ 14.23 crore retained in Personal deposit Accounts after the close of the financial year were against the spirit of financial regulations.
- Injudicious re-appropriation proved excessive or

unnecessary and resulted in saving/excess of over ₹ 10 lakh in 55 sub-heads/sub sub-heads.

- The total amount of DCC bills received was only ₹ 1285.09 crore against the AC bills amounting to ₹ 2837.71 crore leading to an outstanding balance on account of non-submission of DCC bills of ₹ 1549.62 crore as on 31 March 2014.

### ● **Financial Reporting**

- Out of 19,671 UCs worth ₹ 11,834.24 crore pending as of March 2014, UCs (16,990 nos.) involving ₹ 5,565.22 crore were pending for three or more than three years.
- 111 Annual accounts in respect of 41 Government Bodies/Authorities due up to 2013-14 had not been received by the Accountant General (Audit), Assam as of June 2014.
- Of the 2097 cases of theft, misappropriation/loss of materials etc; involving ₹ 2,679.64 crore pending final action, 2038 cases involving ₹ 2643.34 crore were pending for want of reply/proper reply by the Department and 59 cases involving ₹ 36.30 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)

2012-13	--	2013-14	2012-13	--	2013-14		
					Non-Plan	1	2
1	2	3	4	5	6	1	2
<b>Section-A: Revenue</b>							
30,690.98	Revenue receipts	32,212.79	29,136.92	Revenue expenditure	24,962.23	7,027.65	31,989.88
8,250.21	Tax revenue	8,994.92	10,570.29	General services	10,526.13	402.37	10,928.50
2,473.59	Non-tax revenue	2,705.03	12,617.46	Social Services	10,351.45	4,498.64	14,850.09
10,601.26	Share of Union Taxes/Duties	11,574.52	5,209.38	Economic Services	3,708.89	2,126.64	5,835.53
9,365.92	Grants from Government of India	8,938.32	739.79	Grants-in-aid/Contributions	375.76	--	375.76

<i>Section-B: Capital</i>							
-	Miscellaneous Capital Receipts	-	2,617.28	Capital Outlay	100.65	3,088.59	3,189.24
7.38	Recoveries of Loans and Advances	6.07	460.65	Loans and Advances disbursed	316.00	506.03	822.03
1,388.39	Public Debt receipts	1,196.07	1,532.79	Repayment of Public Debt	-	-	1,177.24
-	Contingency Fund	-	-	Contingency Fund	-	-	-
12,137.65	Public Account receipts	14,948.25	10,908.10	Public Account disbursement	-	-	13,276.81
-	Closing overdraft from Reserve Bank of India	-	-	Opening overdraft from Reserve Bank of India	-	-	-
7,051.35	Opening Balance	6,620.01	6,620.01	Closing Balance	-	-	4,527.99
<b>51,275.75</b>	<b>Total</b>	<b>54,983.19</b>	<b>51,275.75</b>	<b>Total</b>	<b>-</b>	<b>-</b>	<b>54,983.19</b>

Following are the significant changes during 2013-14 over the previous year

### ***Revenue receipts***

Revenue receipts grew by ₹ 1,522 crore (five per cent) over the previous year. The increase was contributed by tax revenue ₹ 745 crore (49 per cent), non-tax revenue by ₹ 231 crore (15 per cent) and State's share of Union Taxes and Duties by ₹ 974 crore (64 per cent). The increase was however, offset by decrease in Grants-in-aid from Government of India (GOI) ₹ 428 crore (28 per cent). The revenue receipts at ₹ 32,213 crore was lesser by ₹ 1,075

crore than the assessment made in Medium Term Fiscal Plan (MTFP)<sup>1</sup> (₹ 33,288 crore).

### ***Revenue expenditure***

Revenue expenditure increased by ₹ 2,853 crore (10 *per cent*) over the previous year. While ₹ 2,320 crore (81.32 *per cent*) of the increase was under non-plan heads, ₹ 533 crore (18.68 *per cent*) was under plan heads. The major sectors that registered significant increase include Roads and Bridges by ₹ 373 crore (55 *per cent*), Nutrition by ₹ 216 crore (99 *per cent*), Relief on account of Natural Calamities by ₹ 208 crore (71 *per cent*), Other Special Areas Programme by ₹ 208 crore (281 *per cent*) and Rural Development by ₹ 174 crore (22 *per cent*).

### ***Total expenditure***

The total expenditure of the State increased from ₹ 23,960 crore in 2009-10 to ₹ 36,001 crore in 2013-14 at an annual average rate of 10 *per cent* and increased by 12 *per cent* from ₹ 32,215 crore in 2012-13 to ₹ 36,001 crore in 2013-14.

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<sup>1</sup> 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.

The increase of ₹ 3,786 crore (11.75 *per cent*) in total expenditure in 2013-14 was due to increase of ₹ 2,853 crore in revenue expenditure, ₹ 572 crore in capital expenditure and ₹ 361 crore in disbursement of loans and advances.

### ***Funds Transferred to State Implementing Agencies outside the State Budgets***

During 2013-14, the Government of India has transferred an approximate amount of ₹ 6,168.29 crore directly to the Implementing Agencies of which, sizeable quantum of funds were transferred to (i) Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) (9.30 *per cent*), (ii) National Rural Drinking Water Programme (8.51 *per cent*), (iii) National Rural Health Mission (NRHM) (15.81 *per cent*), (iv) Rural Housing (Indira Awaas Yojana) (14.92 *per cent*) and (v) Sarva Shikha Abhiyan (SSA) (21.37 *per cent*).

### ***Investments and Returns***

As of 31 March 2014, Government had invested ₹ 2,282 crore in Statutory Corporations, Rural Banks, Joint Stock Companies, Co-operatives and Government Companies. The average return on this investment was 0.53 *per cent* while the Government paid an average interest rate of 6.53 *per cent* on its borrowings during 2013-14.

### ***Loans and advances by the Government***

The total amount of outstanding loans and advances as on 31 March 2014 was ₹ 4,323 crore. Interest received against the loans and advances decreased by 33 *per cent* from ₹ 27 crore in 2012-13 to ₹ 18 crore in 2013-14. During 2013-14, only 0.17 *per cent* of outstanding loans were repaid by Institutions/Organisations/Government servants and fresh loans and advances (₹ 821 crore) were also made during the year to the nine loanee entities<sup>2</sup> from whom repayments of earlier loans (₹ 1,693 crore) were in arrears.

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1.	Assam Urban Water Supply and Sewerage Development Board	:	₹	37.84 crore
2.	Assam Tea Corporation Ltd.	:	₹	8.20 crore
3.	Assam Hills Small Industries Development Corporations	:	₹	22.90 crore
4.	Assam Plantation Crops Development Corporations Ltd.	:	₹	1.17 crore
5.	Assam Power Distribution Company Ltd.	:	₹	1,552.54 crore
6.	Assam State Housing Board	:	₹	1.48 crore
7.	Ashok Paper Mills Ltd	:	₹	1.49 crore
8.	Assam Financial Corporation	:	₹	44.39 crore
9.	Co-operative Societies	:	₹	23.24 crore
<b>Total</b>			:	<b>₹ 1,693.25 crore</b>

### ***Cash Balances and investment of cash balances***

Cash balances of the State Government at the end of the current year decreased from ₹ 6,620 crore in 2012-13 to ₹ 4,528 crore in 2013-14. The State Government had invested ₹ 3,612 crore in GOI Treasury Bills and earned an interest of ₹ 400 crore during 2013-14. Further, the Government invested ₹ 2,610 crore in Sinking Fund and Development and Welfare Fund as of 31 March 2014. The interest receipts against investment on cash balance was 11.07 *per cent* during 2013-14 while Government paid interest at the rate of 6.53 *per cent* only on its borrowings during the year.

### ***Fiscal liabilities***

During the current year, the fiscal liabilities of the State Government increased by ₹ 1,479 crore from ₹ 32,897 crore in 2012-13 to ₹ 34,376 crore in 2013-14. The increase in fiscal liabilities was mainly due to increase in the Public Account liabilities (₹ 1,460 crore) and internal debt (₹ 132 crore), which was however, offset by decrease in loans and advances from the GOI (₹ 113 crore).

### ***Trends in deficits***

The State had a revenue deficit during 2009-10. But thereafter the State adopted fiscal correction path and

consequently attained revenue surplus in the subsequent four years i.e., 2010-14. The surplus in revenue account (₹ 223 crore) during the current year was mainly on account of increase in revenue receipts by ₹ 1,522 crore (4.96 *per cent*) against an increase of ₹ 2,853 crore (9.79 *per cent*) in revenue expenditure over the previous year.

### ***Quality of Deficit/Surplus***

There was a primary deficit in the State during the period 2009-10 to 2010-11 but the turnaround came in the years 2011-12 and 2012-13 when the State exhibited primary surplus. However, during 2013-14 there was a primary deficit again because non-debt receipts were less than primary expenditure. In the current year non-debt receipts were sufficient to cover primary revenue expenditure but were not adequate for capital expenditure.

## Time Series Data on State Government Finances

(₹ in crore)

	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Part A. Receipts</b>					
<b>1. Revenue Receipts</b>	<b>19884 (61)</b>	<b>23005 (65)</b>	<b>27455 (68)</b>	<b>30691 (69)</b>	<b>32213 (67)</b>
(i) <i>Tax Revenue</i>	<b>4987 (25)</b>	<b>5930 (26)</b>	<b>7638 (28)</b>	<b>8250 (27)</b>	<b>8995 (28)</b>
Taxes on Agricultural Income	78 (2)	101 (2)	83 (1)	82 (1)	90 (1)
Taxes on Sales, Trade etc.	3535 (71)	4319 (73)	5694 (75)	6223 (75)	6848 (76)
Taxes and duties on Electricity	27 (1)	42 (1)	37 (1)	42 (1)	41 (1)
State Excise	239 (5)	323 (5)	503 (7)	568 (7)	610 (7)
Taxes on vehicles	177 (4)	232 (4)	294 (4)	328 (4)	351 (4)
Stamps and Registration fees	108 (2)	123 (2)	175 (2)	252 (3)	252 (3)
Land Revenue	117 (2)	142 (2)	140 (2)	146 (2)	156 (2)
Other Taxes	706 (14)	648 (11)	712 (9)	609 (7)	647 (7)
(ii) <i>Non Tax Revenue</i>	<b>2753 (14)</b>	<b>2373 (10)</b>	<b>2867 (10)</b>	<b>2474 (8)</b>	<b>2705 (8)</b>
(iii) <i>State's share in Union taxes and duties</i>	<b>5339 (27)</b>	<b>7969 (35)</b>	<b>9283 (34)</b>	<b>10601 (35)</b>	<b>11575 (36)</b>
(iv) <i>Grants in aid from Government of India</i>	<b>6805 (34)</b>	<b>6733 (29)</b>	<b>7667 (28)</b>	<b>9366 (30)</b>	<b>8938 (28)</b>
<b>2. Miscellaneous Capital Receipts</b>	--	--	--	--	--
<b>3. Recovery of Loans and Advances</b>	<b>33</b>	<b>28</b>	<b>21</b>	<b>7</b>	<b>6</b>
<b>4. Total revenue and Non debt capital receipts (1+2+3)</b>	<b>19917</b>	<b>23033</b>	<b>27476</b>	<b>30698</b>	<b>32219</b>
<b>5. Public Debt Receipts</b>	<b>2190 (7)</b>	<b>2045 (6)</b>	<b>952 (2)</b>	<b>1388 (3)</b>	<b>1196 (2)</b>
Internal Debt (excluding Ways and Means Advance and Overdraft)	2263	2030	922	1349	1147
Net transactions under Ways and Means Advance and Overdraft	--	--	--	--	--
Loans and Advances from Government of India	(-) 73	15	30	39	49
<b>6. Total receipts in the Consolidated Fund (4+5)</b>	<b>22107</b>	<b>25078</b>	<b>28428</b>	<b>32086</b>	<b>33415</b>
<b>7. Contingency Fund Receipts</b>	--	--	--	--	--
<b>8. Public Account Receipts</b>	<b>10630 (32)</b>	<b>10404 (29)</b>	<b>12176 (30)</b>	<b>12138 (28)</b>	<b>14948 (31)</b>
<b>9. Total receipts of the State (6+7+8)</b>	<b>32737</b>	<b>35482</b>	<b>40604</b>	<b>44224</b>	<b>48363</b>

<b>Part B. Expenditure/Disbursement</b>					
<b>10. Revenue Expenditure</b>	<b>21232 (62)</b>	<b>22952 (63)</b>	<b>26528 (64)</b>	<b>29137 (65)</b>	<b>31990 (64)</b>
Plan	4169 (20)	5056 (22)	4687 (24)	6495 (22)	7028 (22)
Non Plan	17063 (80)	17896 (78)	20041 (76)	22642 (78)	24962 (78)
General Services (including interest payments)	8380	7766	9743	10570	10928
Social Services	8543	10159	11466	12618	14850
Economic Services	3759	4669	4663	5209	5836
Grants-in-aid and contributions	550	358	656	740	376
<b>11. Capital Expenditure</b>	<b>2629 (8)</b>	<b>2001 (5)</b>	<b>2506 (6)</b>	<b>2617 (6)</b>	<b>3189 (6)</b>
Plan	2549 (97)	1930 (96)	2431 (97)	2545 (97)	3088 (97)
Non Plan	80 (3)	71 (4)	75 (3)	72 (3)	101 (3)
General Services	75	54	68	102	126
Social Services	452	176	162	176	194
Economic Services	2102	1771	2276	2339	2869
<b>12. Disbursement of Loans and Advances</b>	<b>99</b>	<b>71</b>	<b>88</b>	<b>461 (1)</b>	<b>822 (2)</b>
<b>13. Total (10+11+12)</b>	<b>23960</b>	<b>25024</b>	<b>29122</b>	<b>32215</b>	<b>36001</b>
<b>14. Repayment of Public Debt</b>	<b>1008 (3)</b>	<b>923 (3)</b>	<b>1146 (3)</b>	<b>1533 (3)</b>	<b>1177 (2)</b>
Internal Debt (excluding Ways and Means Advances and Overdraft)	788	800	1021	1407	1015
Net transactions under Ways and Means Advances and Overdraft	--	--	--	--	--
Loans and Advances from Government of India	220	123	125	126	162
<b>15. Appropriation to Contingency Fund</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>16. Total disbursement out of Consolidated Fund (13+14+15)</b>	<b>24968</b>	<b>25947</b>	<b>30268</b>	<b>33748</b>	<b>37178</b>
<b>17. Contingency Fund disbursements</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>18. Public Account disbursements</b>	<b>9027 (27)</b>	<b>10537 (29)</b>	<b>11070 (27)</b>	<b>11228 (25)</b>	<b>13277 (26)</b>
<b>19. Total disbursement by the state (16+17+18)</b>	<b>33995</b>	<b>36484</b>	<b>41338</b>	<b>44976</b>	<b>50455</b>
<b>Part C. Deficits</b>					

20. Revenue Deficit (-)/Surplus (+) (1-10)	(-) 1348	(+) 53	(+) 927	(+) 554	(+) 223
21. Fiscal Deficit (-)/Surplus (+) (4-13)	(-) 4043	(-) 1991	(-) 1646	(-) 1517	(-) 3782
22. Primary Deficit (-)/Surplus (+) (21+23)	(-) 2210	(-) 79	(+) 428	(+) 598	(-) 1584
<b>Part D. Other data</b>					
23. Interest Payments (included in revenue expenditure)	1833	1912	2074	2115	2198
24. Financial Assistance to local bodies etc.	1514	2150	2117	3425	4213
<b>25. Ways and Means Advances/ Overdraft availed (days)</b>					
Ways and Means Advances availed (days)	--	--	--	--	--
Overdraft availed (days)	--	--	--	--	--
26. Interest on Ways and Means Advances/overdraft	--	--	--	--	--
27. Gross State Domestic Product (GSDP) ★	95975	112688	125820	141621	162652
28. Outstanding fiscal liabilities (year end) including interest	30298	31605	33571	35012	36574
29. Outstanding guarantees (year end)	299	247	259	114	90
30. Maximum amount guaranteed (year end)	593	652	652	597	582
31. Number of incomplete projects	38	187	348	69	109
32. Capital blocked in incomplete projects	138	556	669	316	385
<b>Part E. Fiscal Health Indicators</b>					
<b>I. Resource Mobilisation (in per cent)</b>					
Own tax Revenue/GSDP	5.20	5.26	6.07	5.83	5.53
Own Non-Tax Revenue/GSDP	2.87	2.11	2.28	1.75	1.66
Central Transfers/GSDP	12.65	13.05	13.47	14.10	12.61
<b>II. Expenditure Management (in per cent)</b>					
Total Expenditure/GSDP	46.96	22.21	23.15	22.75	22.13
Total Expenditure/Revenue Receipts	120.50	108.78	106.07	104.97	111.76
Revenue Expenditure/Total Expenditure	88.61	91.72	91.09	90.45	88.86
Expenditure on Social Services/ Total Expenditure	37.54	41.30	39.93	39.71	41.79
Expenditure on Economic	24.46	25.74	23.83	23.43	24.18

**Epitome of CAG's Reports on the Government of Assam for the year ended 31 March 2014**

Services/Total Expenditure					
Capital Expenditure/Total Expenditure	10.97	8.00	8.61	8.12	8.86
Capital Expenditure on Social and Economic Services/Total Expenditure	10.66	7.78	8.37	7.81	8.51
<b>III. Management of Fiscal Imbalances (in per cent)</b>					
Revenue Deficit (surplus)/GSDP	(-) 1.40	(+) 0.05	(+) 0.74	(+) 1.10	(+) 0.14
Fiscal Deficit (surplus)/GSDP	(-) 4.21	(-) 1.77	(-) 1.31	(-) 1.07	(-) 2.33
Primary Deficit (surplus)/GSDP	(-) 2.30	(-) 0.07	(+) 0.34	(+) 0.42	(-) 0.97
Revenue Deficit/Fiscal Deficit	33.34	*	*	*	*
Primary Revenue Balance/GSDP	(+) 0.54	(+) 1.77	(+) 2.40	2.60	1.49
<b>IV. Management of Fiscal Liabilities (in per cent)</b>					
Fiscal Liabilities/GSDP	29.66	26.35	25.03	23.23	21.13
Fiscal Liabilities/RR	143.16	129.07	114.72	107.19	106.71
Primary Deficit <i>vis-à-vis</i> quantum spread	(-) 1.85	(-) 0.04	**	**	(-) 0.55
Debt Redemption (Principal Interest)/Total Debt Receipts	82.38	110.19	295.48	227.16	238.55
<b>V. Other Fiscal Health Indicators</b>					
Return on Investment (in per cent)	0.70	0.69	0.62	0.53	0.53
Balance from Current Revenue (₹ in crore)	(-) 2283	(-) 560	(+) 842	(+) 239	(-) 863
Financial Assets/Liabilities	1.18	1.18	1.20	1.24	1.23

*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 2013-14

(₹ in crore)

Voted/ Charged	Nature of Expenditure	Original grant/ appropriation	Supplemen- tary grant/ appropriation	Total	Actual expenditure	Saving (-)/ Excess (+)
<b>Voted</b>	I Revenue	36,006.09	2,777.45	38,783.54	29,628.10	(-) 9,155.44
	II Capital	6,497.18	1,353.84	7,851.02	3,189.24	(-) 4,661.78
	III Loans & Advances	2,677.83	26.32	2,704.15	822.03	(-) 1,882.12
<b>Total Voted</b>		<b>45,181.10</b>	<b>4,157.61</b>	<b>49,338.71</b>	<b>33,639.37</b>	<b>(-) 15,699.34</b>
<b>Charged</b>	IV Revenue	2,483.54	0.04	2,483.58	2,391.08	(-) 92.50
	V Capital	--	--	--	--	--
	VI Public Debt Repayment	1,194.82	--	1,194.82	1,177.23	(-) 17.59
<b>Total Charged</b>		<b>3,678.36</b>	<b>0.04</b>	<b>3,678.40</b>	<b>3,568.31</b>	<b>(-) 110.09</b>
Appropriation to Contingency Fund (if any)		-	-	-	-	-
<b>Grand Total</b>		<b>48,859.46</b>	<b>4,157.65</b>	<b>53,017.11</b>	<b>37,207.68</b>	<b>(-) 15,809.43</b>

### ***Appropriation vis-à-vis Allocative properties***

The audit of appropriation accounts revealed that in 59 cases relating to 50 grants, savings exceeded ₹ 10 crore in each case and also by more than 20 *per cent* of total provision. Against the total savings of ₹17,333.14 crore, savings of ₹ 16,410.00 crore (94.67 *per cent*) occurred in 41 cases relating to 35 grants and one appropriation where savings were ₹ 50 crore and above in each case. Reasons for savings were awaited (December 2014)

### ***Drawal of funds to avoid lapse of budget grant***

According to Assam Treasury Rules & Subsidiary Orders (Rule 16, SO 50) read with Rules 62 and 63 of Assam Financial Rules, no money shall be drawn from the treasury unless it is required for immediate disbursement. In respect of 16 cases, the amount of ₹ 95.12 crore drawn at the end of the year was deposited into the head of account 8443-Civil Deposit to avoid lapse of budget grant.

### ***Re-appropriation of funds***

Injudicious re-appropriation proved excessive and resulted in savings of over ₹10 lakh in 10 sub-heads/sub sub-heads out of which the savings in one sub-head were more than ₹ two crore.

### ***Substantial surrenders***

Substantial surrenders (sum exceeding ₹ 10 crore in each case) were made in respect of 14 cases on account of either non-implementation or slow implementation of schemes/programmes. Out of the total provision amounting to ₹ 13,917.71 crore in those 14 cases, ₹ 1270.18 crore (nine *per cent*) was surrendered.

### ***Anticipated savings not surrendered***

At the close of the year 2013-14 there were however, 52 grants/appropriations in which substantial savings occurred but surrenders were not made by the concerned departments. The amount involved in those cases was ₹ 12,300.94 crore (71 *per cent* of the total savings).

### ***Rush of expenditure***

In respect of five major heads expenditure exceeding ₹10 crore and also more than 50 *per cent* of the total expenditure for the year was incurred in March 2014, contrary to the provisions of Assam Treasury Rules.

### ***Un-reconciled Expenditure***

Out of 59 COs, 42 COs carried out partial reconciliation and 17 COs did not carry out the reconciliation at all of their expenditure figures.

### ***Personal Deposit (PD) Accounts***

46 PD Accounts involving ₹ 14.23 crore were operative as

on 31 March 2014 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 19,671 UCs worth ₹ 11,834.24 crore pending as of March 2014, UCs (16,990 nos.) involving ₹ 5,565.22 crore were pending for three or more than three years.

### *Submission of accounts*

The Accountant General (Audit) had not received 111 annual accounts of 41 Government Bodies/Authorities due up to 2013-14 as of June 2014.

### *Mis-appropriations, losses, defalcations etc.*

Scrutiny in audit revealed 2,097 cases of misappropriation, defalcation etc., involving Government money amounting

to ₹ 2,679.64 crore up to March 2014 on which final action was pending due to non-furnishing of reply/proper reply (2,038 cases), and non-finalisation of departmental action (59 cases).

**AUDIT REPORT ON SOCIAL, GENERAL  
AND ECONOMIC (Non-PSUs) SECTORS –  
FOR THE YEAR ENDED 31 MARCH 2014  
(Report No. 1 of the year 2015)**

**SOCIAL SECTOR**

**PERFORMANCE APPRAISALS**

**Performance Audit of “Total Sanitation  
Campaign/Nirmal Bharat Abhiyan”**

Government of India (GoI) launched the Central Rural Sanitation Programme (CRSP) in 1986 with the objective of improving the quality of life of the rural people through proper sanitation facilities and also to provide privacy and dignity to women. CRSP was modified as ‘incentive based demand driven approach’ in 1999 and renamed as Total Sanitation Campaign (TSC), which was subsequently renamed (1 April 2012) as Nirmal Bharat Abhiyan (NBA) with the prime objective of accelerating the sanitation coverage with saturation approach. The performance audit of TSC/NBA covering period 2009-14 was carried out in selected districts, Gram Panchayats and Villages. Implementation of TSC/NBA revealed serious irregularities viz., deficiency in planning, improper fund management, inadequate awareness campaigning through Information Education Communication (IEC) activities, lack of monitoring, supervision and social audit. Besides,

instances of idling of expenditure, fraudulent drawal, bogus construction and suspected misappropriation of funds were also noticed. Performance Audit. Some of the significant audit findings are as under:

### ***Preliminary Survey and Baseline Survey***

Baseline survey as required under the scheme to assess the status of hygienic practice among the rural people was conducted only once in 2012-13 during the last five years. Preliminary survey to define the scope of Baseline survey was not conducted.

### ***Non-release of state share***

State matching share of ₹68.27 crore for 2009-14 was not released to the implementing agencies till March 2014. Further, in five test checked districts, ₹8.72 crore was transferred from Central share by showing the same as State's share during 2009-14.

### ***Individual Household Latrine (IHHL)***

During 2009-14, against the target of the construction of 5,90,538 BPL individual household latrines (IHHLs) in the five test checked districts, 3,27,782 IHHLs, could only be constructed leaving a shortfall of 2,62,756 IHHLs (44.49 per cent).

### ***Information, Education and Communication (IEC)***

IEC activities to create general awareness for sanitation were not adequate to motivate the rural people for the benefits under the scheme.

### ***Convergence with programmes***

Convergence with other programmes like MGNREGS etc., as required under the scheme was not done. As a result, 7,931 IHHLs had to be constructed with temporary bamboo made superstructure instead of brick wall structure.

### ***Monitoring and Evaluation***

Neither monitoring through field inspections was done nor any team of experts was constituted to review the implementation of TSC/NBA in the test checked districts.

## **Performance Audit of “Integrated Child Development Services” Scheme**

The Integrated Child Development Services (ICDS) Scheme, launched in 1975 as a Centrally Sponsored Scheme, aims at holistic development of children up to six years of age, adolescent girls and pregnant and lactating mothers by providing a package of services. Apart from this, Government of India (GoI) introduced two more schemes viz., “Kishori Shakti Yojana (KSY)” and “Nutrition Programme for Adolescent Girls (NPAG)” in the years 2000 and 2002 respectively for implementation using ICDS infrastructure. Both the schemes were subsequently merged (2011) as “Rajiv Gandhi Scheme for Empowerment of Adolescent Girls-SABLA” for improvement of nutritional and health status of adolescent girls in the age group of 11-18 years including up-gradation of their home based vocational skills and self development. The performance audit of these schemes conducted covering period 2009-14 revealed the following significant audit findings:

### ***Operationalisation of AWCs***

ICDS had not been universalised in the State as a number of the AWCs had not been made functional. Many SC/ST, OBC, Minority and Tea Garden areas were yet to be covered under the scheme.

### ***Construction of AWCs***

Against GoI release of ₹271.22 crore during 2011-14 for the construction of 15,000 AWCs, the department could complete the construction of 1,770 AWCs only (with an expenditure of ₹29.21 crore).

### ***Infrastructure facilities at AWCs***

The facilities provided at the AWCs were highly inadequate. None of the sampled AWCs had kitchens. Very few of them had functional toilets and access to drinking water.

### ***Short release of State share***

There were short releases of State's matching share of ₹33.62 crore (2009-14) under ICDS (General) and ₹15.36 crore (2010-14) under SABLA.

### ***Avoidable expenditures on procurement of ICDS material and PSE kits***

Cases of avoidable expenditure (of ₹8.43 crore) and excess expenditure (of ₹3.48 crore) on procurement of ICDS materials and PSE kits respectively were noticed. Besides cases of excess payments of ₹87.70 lakh and ₹1.31 crore on procurement of ICDS materials and SNP foodstuff respectively were also noticed.

***Non-release of SNP fund to Hill districts/BTAD areas***

During 2010-11, 1.34 lakh beneficiaries under the hill districts of Dima Hasao and Karbi Anglong were deprived of the intended benefit of supplementary Nutrition (SN) as the funds amounting to ₹3.72 crore drawn by the directorate were not released.

***Non-recoupment of SNP fund***

SNP funds amounting to ₹13.48 crore utilised in emergency for relief purposes remained unrecouped from Revenue Department depriving the benefits under SNP to the intended beneficiaries.

## AUDIT OF TRANSACTIONS

### *Excess payment and loss due to non-levy of interest*

Non-deduction of Assam General Sales Tax (AGST) by the Education (Elementary) Department from the estimated unit cost resulted in extra expenditure of ₹4.39 crore which was avoidable. In addition, there was loss due to non-levy of interest on payment of Mobilization Advance.

### *Extra expenditure on procurement*

Injudicious decision of the Education (Elementary) Department in procuring different items<sup>3</sup> at higher rates, resulted in excess expenditure of ₹2.26 crore.

### *Extra expenditure*

Failure of the Mission Director, Sarba Siksha Abhiyan, Assam in availing the benefit of subsidy in procuring aids and appliances resulted in avoidable expenditure of ₹1.30 crore.

### *Irregular expenditure*

The Mission Director, Sarba Siksha Abhiyan, Assam incurred an irregular expenditure of ₹5.13 crore on activities not permissible under SSA frame work.

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<sup>3</sup> Desks and benches and aluminium saucepans.

### ***Loss to Government***

Deputy Inspectors of Schools<sup>4</sup> and the District Elementary Education Officer, Tinsukia incurred inadmissible expenditure of ₹170.81 lakh towards payment of leave encashment exceeding the permissible limit, which included fraudulent drawal of ₹16.17 lakh.

### ***Payment on fraudulent LTC claims***

Failure of the Education (Elementary) Department /Drawing and Disbursing Officers<sup>5</sup> (DDOs) in exercising necessary checks before releasing payment towards LTC claims led to fraudulent payment of ₹3.59 crore.

### ***Extra expenditure***

Injudicious decision of procurement of exercise books by the Director of Madrassa Education, Assam at rates higher than the prevailing market rates led to an extra expenditure of ₹1.82 crore.

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<sup>4</sup> DISs, Sivasagar, Sarupathar, Haflong, Udalguri, Tinsukia, Bilashipara and Dibrugarh.

<sup>5</sup> Deputy Inspector of Schools (DIS), Kokrajhar; District Elementary Education Officer, Chirang, Baksa and Udalguri; Inspector of Schools, Chirang and Kokrajhar.

### ***Excess payment***

The Registrar, Dibrugarh University made excess payment of ₹1.01 crore to the contractor for the construction of Core Building by allowing item-wise rate outside the scope of contract agreement.

### ***Doubtful expenditure***

Expenditure of ₹2.04 crore, shown to have been incurred on procurement of surgical items, equipment, furniture, deodorant cum cleaner etc., by the Joint Director of Health Services and Senior Medical and Health Officer, Diphu was doubtful for want of receipts and details of utilisation of the material.

### ***Idle stock***

Excess procurement of hospital items worth ₹2.35 crore by the Karbi Anglong Autonomous Council and the Joint Director of Health Services, Diphu without assessing the actual requirement led to idling of stock of hospital items to that extent.

### ***Suspected misappropriation***

Basic records relating to receipt and utilisation of funds of ₹18.72 lakh were not available, indicating possibility of misappropriation.

***Suspected misappropriation***

Failure of the Member Secretary, District Health Society, National Rural Health Mission, Sonitpur in furnishing the record of utilisation and whereabouts of the funds amounting to ₹37.10 lakh after their withdrawal, pointed towards suspected misappropriation of the fund. In addition, there was an advance of ₹34.24 lakh which also remaining unadjusted.

***Doubtful expenditure***

Failure of the Director, Employment and Craftsmen Training, Assam to furnish the details of the tools and equipment, rendered the expenditure of ₹60.15 lakh shown as incurred towards procurement of the material, doubtful.

***Loss of interest and inadmissible expenditure***

The Member Secretary, Assam Building and Other Construction Workers Welfare Board sustained a loss on account of interest of ₹3.75 crore and incurred inadmissible expenditure of ₹99.90 lakh.

***Doubtful expenditure***

The District Rural Development Agency, Udalguri incurred expenditure of ₹1.27 crore towards procurement of construction material which was doubtful as the agency failed to produce the proof of receipt and utilisation of the material.

***Suspected misappropriation***

Failure of the District Rural Development Agency (DRDA), Haflong and Blocks concerned to furnish the details of utilisation of the funds amounting to ₹66.35 lakh disbursed through cheque by Project Director, DRDA even after six years of its release, pointed towards misappropriation of the fund.

***Suspected misappropriation***

₹36 lakh was suspected to be misappropriated as related receipt and utilisation records were not produced to audit both by the Project Director, District Rural Development Agency, Baksa and the Blocks concerned.

***Unfruitful expenditure***

The Project Director, District Rural Development Agency, Baksa incurred expenditure of ₹0.99 crore which proved unfruitful due to faulty execution of concrete spillway work without assessing technical viability.

***Unproductive expenditure***

The Project Director, District Rural Development Agency, Baksa incurred unproductive expenditure of ₹1.27 crore towards an abandoned drainage work.

***Undue financial benefit***

The Secretary General, National Games Secretariat extended undue financial benefit of ₹70.44 lakh to the supplier by effecting short deductions from the bills disregarding the order issued by the empowered committee.

***Wasteful expenditure***

Director, Assam Minorities Development Board incurred an expenditure of ₹63.22 lakh, towards payment to an unrecognized institute disregarding the relevant executive order, which proved wasteful.

**ECONOMIC SECTOR**

**AUDIT OF TRANSACTIONS**

***Wasteful expenditure***

Injudicious decision of the Executive Engineer, Irrigation Division, Jorhat to execute a work without ensuring availability of land led to a wasteful expenditure of ₹78.62 lakh.

***Excess expenditure and non-realization of liquidated***

***damage***

The Executive Engineer, Udalguri Rural Road Division incurred excess expenditure of ₹97.02 lakh on the work – “Improvement of Koirabari MPK Road” in Udalguri district and failed to realize liquidated damage amounting to ₹2.57 crore on account of violation of the terms of contract.

***Loss to Government***

Failure to safeguard the interest of the Government while granting advances for the work by the Chief Engineer resulted in loss to Government to the tune of ₹3.82 crore as advances made to the contractor became irrecoverable.

***Loss due to fraudulent bank guarantee***

Failure to confirm the authenticity of the Bank Guarantees before allowing advance payments by the Lakhimpur State Road Division and to exercise validity checks for timely renewal of the same led to a loss of ₹1.95 crore.

***Unproductive expenditure***

Construction of RCC Bridge by the Hailakandi Rural Road Division without adequate survey and proper planning for the approaches to the bridge rendered the expenditure of ₹4.19 crore incurred unproductive.

## **GENERAL SECTOR**

### **PERFORMANCE APPRAISAL**

#### **Performance Audit of “Functioning of Police in Assam”**

Assam Police is an important component of the criminal justice system of the State with the assigned duties of preventing and detecting crime and maintaining law and order. Government of India introduced “Modernization of Police Force (MPF)” scheme in the year 1969 with the prime objective of enhancing operational efficiency of the State Police to deal with the emerging challenges to internal security effectively. Performance audit of the Functioning of Police in Assam (which included review of implementation of MPF schemes, Centrally Sponsored Scheme (CSS), Thirteen Finance Commission (TFC) award and utilisation of State Plan funds etc.), revealed various shortfalls viz., delayed submission of annual action plan, failure to utilize funds properly, projection of inflated figures of utilisation of funds, lack of infrastructure facility, laxity in procurement of vehicles/equipment/arms and ammunitions, inadequacy in training of police personnel, huge pendency of criminal cases with less cases of conviction etc. Besides, instances of short release of funds by GoI/GoA, shortfall in utilisation of funds by Assam Police Headquarters, non-drawal of funds due to

non-receipt of Fixation of Ceiling (FOC) from Finance department, GoA etc., were also noticed. Some of the significant audit findings are as under:

### ***Budget allocation and expenditure***

Against total plan allocation of ₹364.98 crore under Modernisation of Police Force (MPF) during 2009-14, GoI released ₹229.97 crore. Out of the available fund of ₹258.53 crore (including previous balance of ₹28.56 crore), GoA released ₹230.13 crore to Assam Police Headquarter, which could utilize ₹155.68 crore (68 *per cent* of total plan funds available) during 2009-14.

### ***Building***

Out of total requirement of 8,395 numbers of new buildings for the State Police, the department took up construction of only 261 new buildings during 2009-14, of which, 125 buildings could only be completed as of March 2014.

### ***Weaponry***

There were large scale (26 *per cent*) obsolescence of arms and ammunitions. These were awaiting disposal for want of specific guidelines from Ministry of Home Affairs, GoI. At the same time there was shortage of sophisticated weapons also.

### ***Forensic Science Laboratory***

Cyber crime investigation lab was not functioning for want of technical manpower. New equipment were lying unused at Finger Print Bureau (FPB), Forensic Science Laboratory (FSL), Special Task Force (STF), Training centres and Assam Police Radio Organisation and Cyber Crime Investigation Laboratory.

### ***Mobility***

Against the procurement target of 2,339 vehicles, 1,371 numbers of vehicles (59 *per cent*) worth ₹40.53 crore were procured against the allotment of funds amounting to ₹57.02 crore made by GoI under MPF scheme during 2009-14.

### ***Impact of modernisation programme on state police***

Pendency in investigation of crime cases increased from 38,389 to 65,751 (71 *per cent*) during 2009-14. While comparing, the rate of conviction during the period was very low (2.3 to 5.7 *per cent*).

## AUDIT OF TRANSACTIONS

### *Avoidable extra expenditure*

Injudicious decision of the General Administration Department to hire helicopter for a continuous period, instead of resorting to need based hiring, resulted in an extra expenditure of ₹80.75 lakh incurred towards Fixed Monthly Charges (FMCs).

### *Loss to Government*

Failure of the Deputy Commissioner, Kamrup, Metro to deduct 10 *per cent* Contractor's profit from the estimates of works executed through Construction Committees/Non Government Organisations resulted in loss to Government to the extent of ₹2.71 crore.

### *Unauthorised expenditure*

The Deputy Commissioner, Karimganj irregularly incurred expenditure of ₹1.97 crore on repair work of regular nature by diverting Calamity Relief Fund.

**AUDIT REPORT ON REVENUE SECTOR  
FOR THE YEAR ENDED 31 MARCH 2014  
(Report No. 3 of 2014)**

This Report contains 31 paragraphs relating to non/short levy of taxes, royalty, fees, rent, interest and penalty etc., loss of revenue, irregular exemption and other irregularities. It also contains a performance audit on “Efficiency and effectiveness of Scrutiny and Assessment under AVAT and CST Acts”. Some of the major findings are mentioned below:

***Highlights***

- 3,216 paragraphs involving revenue implication of ₹ 6,991.70 crore remained unsettled at the end of June 2014 as replies were not furnished by senior officials.
- During the year 2013-14, only three Audit Committee meetings in respect of Revenue, State Excise and Transport Departments were held in which 347 paragraphs were settled.
- Permits were issued to the contractors of National Hydro-electric Power Corporation for lifting minor minerals on realisation of royalty at lower rates resulting in short realisation of royalty of ₹ 22.89 crore.

- Due to non-verification of utilisation statement of declaration forms/delivery notes/annual, monthly returns/audit reports, the Assessing Authorities could not detect concealment of purchase/sales turnover leading to short levy of tax of ₹ 69.87 crore including interest.
- Incorrect application of rate of tax resulted in short levy of tax of ₹ 42.03 crore including interest. In some of the above cases, the mis-classification occurred despite clear guidelines issued by the CT way back in 2007.
- Short realisation of royalty of ₹ 40.06 crore due to non-detection of payment of royalty at lower rates by the Oil India Limited.
- Despite clear provisions in the Assam Value Added Tax Act to verify the correctness of Input Tax Credit (ITC) claimed while scrutinising the returns, the Assessing Authorities could not detect irregular claim of ITC of ₹ 15.05 crore.
- Despite an industrial unit representing that the processes undertaken by it did not amount to 'manufacture', the Department did not initiate action to cancel the authorisation certificate granted to the unit. Consequently, there was undue benefit/remission of tax of ₹ 55.79 crore including interest. Besides, penalty of ₹ 69.32 crore was also leviable.

## *Trend of revenue receipts*

The total receipts of the State for the year 2013-14 were ₹ 32,212.79 crore against ₹ 30,690.98 crore in the previous year. Of this, 36 *per cent* was raised by the Government through tax revenue (₹ 8,994.92 crore) and non-tax revenue (₹ 2,705.03 crore). The balance 64 *per cent* was received from the Government of India in the form of State's share of net proceeds of divisible Union taxes (₹ 11,574.52 crore) and grants-in-aid (₹ 8,938.32 crore).

### **SYSTEM APPRAISAL**

#### **Performance audit on “Efficiency and Effectiveness of Scrutiny and Assessment under AVAT and CST Acts”**

Value Added Tax (VAT) is a multi point Sales Tax with the provision for set off of tax paid at the time of purchase of goods from the output tax payable. It is a general tax that is applicable to all commercial activities involving manufacturing and selling of goods. VAT is charged as a percentage of prices. The Assam Value Added Tax (AVAT) Act, 2003 was introduced from 1 May, 2005 replacing the Assam General Sales Tax (AGST) Act, 1993. The AVAT Act, 2003 and the AVAT Rules, 2005 were made with a view to have a hassle-free system for the dealers who could submit self-assessment on tax liability.

A few instances are mentioned below:

***Non-prescription of processes which do not come under manufacture***

Absence of a system for specifying/notifying the processes which do not amount to 'manufacture' in view of judicial pronouncements resulted in incorrect grant of exemption/remission under the Assam Industrial Exemption/Remission Scheme amounting to ₹ 9.44 crore.

***Concealment of purchase turnover/Concealment of sales turnover***

Due to non-verification of utilisation statement of declaration forms/delivery notes/annual, monthly returns/audit reports, the Assessing Authorities could not detect concealment of purchase/sales turnover leading to short levy of tax of ₹ 69.87 crore including interest.

***Short levy of tax due to incorrect application of rate of tax***

Incorrect application of rate of tax resulted in short levy of tax of ₹ 42.03 crore including interest. In some of the above cases, the mis-classification occurred despite clear guidelines issued by the CT way back in 2007.

***Non-initiation of action in time resulted in non-realisation/ loss of revenue***

Non-initiation of best judgement assessments in cases of failure to submit return/pay admitted tax, resulted in non-

realisation of revenue of ₹ 12.14 crore including interest.

***Excess/irregular allowance of Input Tax Credit (ITC)***

Despite clear provisions in the Assam Value Added Tax Act to verify the correctness of Input Tax Credit (ITC) claimed while scrutinising the returns, the Assessing Authorities could not detect irregular claim of ITC of ₹ 15.05 crore.

***Incorrect grant of authorisation certificate to industrial unit***

Despite an industrial unit representing that the processes undertaken by it did not amount to 'manufacture', the Department did not initiate action to cancel the authorisation certificate granted to the unit. Consequently, there was undue benefit/remission of tax of ₹ 55.79 crore including interest. Besides, penalty of ₹ 69.32 crore was also leviable.

## AUDIT OF TRANSACTIONS

### Assam Entry Tax/Agricultural Income Tax

#### *Non-realisation of tax*

Concealment of import purchase turnover under the Assam Entry Tax Act led to non-realisation of tax of ₹ 107.01 lakh including interest.

#### *Non-realisation of tax*

Non-levy of entry tax on purchase of tobacco products under the Assam Entry Tax Act led to non-realisation of tax of ₹21.17 lakh including interest.

#### *Application of lower rate of tax*

Application of lower rate of tax resulted in short realisation of tax of ₹ 19.68 lakh including interest.

#### *Incorrect allowance of set off loss*

Incorrect allowance of set off of loss resulted in non-realisation of tax of ₹ 2.32 crore including interest.

#### *Non-application of new methodology of assessment*

Non-application of new methodology of assessment resulted in short levy of tax of ₹ 24.08 lakh including interest.

## State Excise

### *Non-realisation of revenue*

Excess allowance of godown wastage over and above the permissible limit led to non-realisation of revenue of ₹ 59.41 lakh.

### *Non-realisation of licence fees*

Three bonded warehouses, one retail 'Off' and three 'On'/bar licenses did not pay the annual licence fees resulting in non-realisation of licence fees of ₹ 29.50 lakh.

### *Evasion of revenue*

Variation between the stock register and that found on physical verification conducted at the instance of Audit-evasion of revenue of ₹ 21.97 lakh.

### *Short realisation of licence fees*

Non-monitoring of the duty involved in the stock of IMFL held by the bonded warehouses resulted in short realisation of licence fees of ₹ 18 lakh from three bonded warehouses.

### ***Short accounting of stock***

Stock of IMFL having revenue impact of ₹ 17.65 lakh was irregularly deducted from the closing stock while drawing the opening stock leading to short accounting of stock of IMFL.

## **Environment and Forests**

### ***Short realisation of VAT***

Failure to levy royalty at correct rates while issuing permits for extraction of minor minerals resulted in short realisation of value added tax of ₹ 2.06 crore.

### ***Non-realisation of revenue including penalty***

Non-deduction of unauthorised extraction of stone/boulders by contractor resulted in non-realisation of revenue of ₹34.54 lakh; besides, penalty of ₹1.38 crore was additionally leviable for illegal extraction of minor minerals.

### ***Short realisation of revenue***

Short realisation of revenue of ₹ 67.54 lakh due to application of pre-revised rates of royalty while issuing permits.

### ***Avoidable expenditure***

Procurement of materials without availability of funds coupled with inordinate delay in settlement of the payments led to avoidable expenditure of ₹ 60.52 lakh on account of interest.

### ***Loss of revenue***

Irregular reduction of extractable volume *mahal* materials and amount payable after settlement of *mahal* resulted in loss of revenue of ₹ 9.17 lakh.

## **Mines and Minerals**

### ***Short realisation of royalty***

Short realisation of royalty of ₹ 40.06 crore due to non-detection of payment of royalty at lower rates by the Oil India Limited.

### ***Non-realisation of royalty***

Non-detection of short payment of royalty on crude oil by M/s OIL resulted in non-realisation of ₹ 27.03 lakh on which interest of ₹ 1.93 lakh was additionally leviable.

**AUDIT REPORT ON PUBLIC SECTOR  
UNDERTAKINGS  
FOR THE YEAR ENDED 31 MARCH 2014  
(Report No. 2 of 2014)**

This Report deals with the results of audit of the activities of 40 State Public Sector Undertakings (SPSUs) comprising of 37 Government working companies and 3 Statutory corporations. This Report contains one Performance Audit on Government Company as well as nine audit paragraphs including one general paragraph on 'Follow up action on Audit Reports'.

***Highlights***

Audit of Government companies is governed by Section 619 of the Companies Act, 1956. The accounts of Government companies are audited by Statutory Auditors appointed by CAG. These accounts are also subject to supplementary audit conducted by CAG. Audit of Statutory corporations is governed by their respective legislations. As on 31 March 2014, the State of Assam had 40 working SPSUs (37 companies and 3 Statutory corporations) which employed 37,742 employees. The working SPSUs registered a turnover of ₹ 3,910.26 crore for 2013-14 as per their latest finalised accounts as on 30 September 2014. This turnover was equal to 2.40 *per cent* of State Gross Domestic Product indicating an important role played by SPSUs in the State's

economy. At the same time, the working SPSUs also incurred an overall loss of ₹ 269.15 crore for 2013-14 as per their latest finalised accounts as on 30 September 2014.

### ***Investment in PSUs***

As on 31 March 2014, the investment (capital and long term loans) in 50 SPSUs (including 40 working and 10 non-working SPSUs) was ₹ 3,915.33 crore. The investment had grown up by 42.49 per cent from ₹ 2,747.72 crore in 2009-10. Power Sector was the largest in terms of investments, which had accounted for 55.65 per cent of total investment in 2013-14. During 2013-14 the Government contributed an aggregate amount of ₹ 1,071.11 crore towards equity (₹ 55.42 crore), loans (₹ 255.94 crore), and grants/subsidies (₹ 759.75 crore) to 19 SPSUs.

### ***Reconciliation with Finance Accounts***

During 2013-14, 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 ₹ 364.95 crore and ₹ 1,735.95 crore respectively. The un-reconciled differences in loan had increased by ₹ 37.33 crore during 2013-14, while there was a reduction of ₹ 95.70 crore in the un-reconciled differences of Equity figures. The Government and the SPSUs should take concrete steps to reconcile the

differences in a time bound manner.

### ***Performance of SPSUs***

During the year 2013-14, out of 40 working SPSUs, 16 SPSUs earned profit of ₹ 215.72 crore and 21 SPSUs incurred loss of ₹ 484.87 crore as per their latest finalised accounts as on 30 September 2014. The major contributors to profits were Assam Electricity Grid Corporation Limited (₹ 119.24 crore), Assam Gas Company Limited (₹ 68.14 crore), Assam Petrochemicals Limited (₹ 9.38 crore) and DNP Limited (₹ 4.42 crore). Heavy losses were incurred by Assam Power Distribution Company Limited (₹ 418.14 crore), Assam State Transport Corporation (₹ 33.43 crore) and Assam Industrial Development Corporation Limited (₹ 7.46 crore).

The losses are attributable to various deficiencies observed in the functioning of SPSUs. A review of three years' Audit Reports of CAG shows that the SPSUs' incurred losses of ₹ 258.65 crore and made infructuous investments of ₹ 28.79 crore which were controllable with better management.

Thus, with better management, losses can be minimised/profits can be enhanced substantially. The SPSUs can discharge their role efficiently only if they are financially self-reliant. There is a need for improving professionalism and accountability in the functioning of SPSUs.

### *Quality of accounts*

The quality of accounts of SPSUs needs to be improved. Out of 64 accounts finalised by 24 working SPSUs (including 4 accounts of 3 Statutory corporations) during October 2013 to September 2014, 63 accounts received qualified certificates. There were 35 instances of non-compliance with Accounting Standards in 21 accounts of Government companies. Reports of Statutory Auditors on internal control of the companies revealed several weak areas.

### *Arrears in accounts and winding up*

Thirty four working SPSUs had arrears of 292 accounts as of September 2014. The arrears ranged between 1 and 26 years. Government should monitor and ensure timely finalisation of accounts in conformity with the provisions of the Companies Act, 1956. As no purpose is served by keeping 10 non-working SPSUs in existence, they need to be wound up quickly.

## **PERFORMANCE AUDIT RELATING TO GOVERNMENT COMPANYY**

Performance Audit relating to Assam Industrial Development Corporation Limited was conducted. The major Audit findings are given below:

Assam Industrial Development Corporation Limited

(Company) was established (1965) with the main objectives of promoting/developing small, medium and large scale industries and providing financial assistance to industrial units in the State. The present activities of the Company are, however, confined to construction/development of industrial infrastructure and operation/maintenance of the industrial infrastructure already developed. The Company has not provided any financial assistance to any industrial unit after March 1993. The present performance audit was conducted to assess the economy, efficiency and effectiveness of the Company in implementation and operation of industrial projects during the period 2009-14 and also to assess the recovery performance of the Company against the loans already disbursed and outstanding.

### ***Financial profile***

The Capital employed of the Company was completely eroded by the accumulated losses and it had been negative throughout the five years period from 2009-10 to 2013-14. The Company was able to earn overall profits during the five years from 2009-10 to 2013-14 (excepting 2012-13) mainly due to significant interest income earned against investment of project funds.

### ***Planning***

The Company does not prepare any long or short term plans of its own for implementation of industrial projects. In fact, the Company prepares *ad hoc* project proposals as per directives of Government of Assam (GOA) for incorporation in State's Five Year Plan and submits the same to GOA for approval and allocation of funds. The proposals for centrally sponsored projects are prepared as per scheme guidelines and submitted to Government of India (GOI) for approval. Thus, even after almost 50 years of its formation, the Company acted as an implementing agency of GOI/GOA and remained solely dependent on Government funding for achievement of its objectives.

### ***Project Management***

The detailed project reports (DPRs) prepared for execution of the industrial projects was deficient leading to changes in work specifications after award of work. Other pre-work award activities *viz.* acquisition of land and issuing of work order were also delayed. The monitoring of project works executed through contractors was ineffective. As a result, all the five projects developed during 2009-14 were completed with delays ranging from 37 to 129 months causing corresponding cost overrun. Further, three out of five projects completed during 2009-14 remained non-operational on account of inadequate feasibility study on part of the Company.

### ***Operational Management***

The Company has been operating nine industrial infrastructure projects with a total area of 49.25 lakh sqm (allocable area of 34.72 lakh sqm); of which, the Company could allocate only 12.49 lakh sqm (35.97 *per cent*) to the 107 industrial units. The low occupancy of developed land was broadly attributable to absence of proper facilities for uninterrupted power supply, poor maintenance of the projects, *etc.* Instances of delays ranging from 25 to 1,514 days were also noticed on part of the Company in allotment of land to entrepreneurs. The Company also failed in taking action against the unauthorised occupants of developed land as per the terms of the lease agreements.

### ***Status of Loan***

The Company provided (upto March 1993) financial assistance to 78 numbers of entrepreneurs and no further assistance was extended thereafter. As against total 43 loan cases (₹ 24.24 crore) pending for settlement as on 1 April 2009, the Company could settle another 24 loan cases (₹ 14.69 crore) during 2009-14. Non-recovery of outstanding loans against 19 loan cases (₹ 9.55 crore) disbursed prior to March 1993 was indicative of poor performance in recovery of outstanding loans by the Company.

## COMPLIANCE AUDIT OBSERVATIONS

### *Loss due to non-compliance with rules etc.*

Loss of revenue of ₹ 41.26 crore in six instances owing to non-compliance of rules, directives, procedures and terms and conditions of supply of electricity.

### *Loss due to non-safeguarding financial interests*

Non recovery of advances of ₹ 0.62 crore in one case due to violation of Government Rules.

### *Excess expenditure*

Excess expenditure of ₹ 0.24 crore in one case due to lapses in implementation of Government Schemes.

### *Undue benefit to the contractor*

Undue benefit to the extent of ₹ 1.28 crore to a contractor in one case.

### *Loss of revenue*

Delay in replacement of defective meters and incorrect billing of energy consumptions by **Assam Power Distribution Company Limited** has resulted in loss of revenue of ₹ 0.47 crore to the Company.

***Undue benefit to the contractor***

Allowing of higher rates for a component of work by **Assam State Transport Corporation** without taking cognizance of the rates available in SOR 2010-11 resulted in extension of undue benefit to the contractor to the extent of ₹ 1.28 crore.

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