

Tour Note of Dr. Hari Krishna, Joint Secretary, M/o DONER of the
tour of Guwahati from 15th to 17th February, 2006.

15.2.2006

1. **Visit to Common Facility Centre (CFC) of NEHHDC**

It was noted that there were 65 employees working in the CFC out of them total 30 persons are deployed here. Rest 35 have been deputed elsewhere. Out of 30 here 18 are working on the CFC machines, 7 as guards and 5 in the office. Employees on machines are engaged in the production of sticks used for preparation of venation blinds. The production as compared to their establishment expenditure is just negligible.

The MD was asked quite long back to employ all the CFC personnel gainfully so that they are engaged in production to earn the expenditure being made on them by the Corporation. Surprisingly, their job chart has not yet been drawn. The MD was once again asked to calculate expenditure on all of them also to do all the backward calculations for fixing up production target. Their salary and other expenses on them + Power + Diesel + cost of raw material including transportation etc. (that is fixed and variable charges) + 20% margin should be minimum target for amount to be fetched out of production. It should be fixed as the monthly target. Monthly target should be fixed for each employee and it should be monitored on daily basis on computerized system. If any employee fails to do that then suitable steps should be taken against him.

Whatever is the requirement of machinery for enhancing production it would be identified within 25.02.2006 alongwith all the relevant details.

Deployment of all the personnel should also be worked out in a way that the minimum numbers of employees are required for maximum production.

MD must identify and depute a suitable full time officer for this purpose and make him responsible for the job.

2. **Board Meeting of NEHHDC**

Meeting was held in the Regional Office of the Corporation and I chaired it. Minutes are being issued separately.

3. **Meeting with the officers of NERAMAC and NEDFi for turning around the former.**

Mr. Darkim, MD, NERAMAC Mr. Bhattacharya, Executive Director and Mr. Rehman from NERAMAC Mr. Gautam Chintey, Mr. Barua were present from NEDFi.

Three proposals of NERAMAC that is Processed Food Packaging Unit in Guwahati, Cashewnut processing Unit in Mankachar (Assam) and Multifruit Processing lines in the Unit in Nalkata were discussed. After detailed discussion on various aspects in this regard it was decided that the project reports prepared by NERAMAC would be given to NEDFi in the morning of 16.02.2006 and they would appraise them with their professional input and provide their comments to NERAMAC and Ministry of DONER by 22.2.2006.

16.02.2006

Visit to Projects sanctioned under BTC package for Baksha District

I visited all the 4 projects sanctioned for different parts of Baksha District under BTC package. It is clarified here that Baksha District is one of the 4 Districts of Bodoland Territorial Council (BTC). Projects of Chirang and Kokrojhhar Districts had already been visited during my last visit to BTC area on 29.12.2005 and the tour report had already been submitted. The details of all the projects that I visited in Baksha District are given in Annexe I.

1. Improvement of Dhamdhama Tupalia Subankhata (DTS) Road in Baksha District
2. Improvement of Kaurbaha-Nagrihuli Road in Baksha District

3. Construction of Road from NH-31 Barama to Mushalpur
4. Improvement of Jalah-Rupahi-Saudarvita-Garbordhana Road

Apart from above mentioned 3 more projects I also visited projects executed by BRO from NLCPR funds that were sanctioned during BAC days. The names of these projects are given as under and the details are given in Annexure.

1. Tamulpur-Goreswar Road (completed in 2003-04)
2. Kumarikata-Jalah Road (completed in 2004-05)
3. Kachubari-Naokata-Patharighat Road (completed in 2003-04)

During my visit to these projects Shri Robinson Moosahari, Under Secretary, BTC and Shri M. Kalitha, Executive Engineer in charge of Baksha District were present. My observations regarding these projects as per the visit is given as under:

1. **Improvement of Dhamdhama Tupalia Subankhata (DTS) Road in Baksha District**

The Ministry had sanctioned the project at an indicative cost of Rs.5.89 crore, as was informed by the State Government, and had released 50% amount (Rs.2.945 crore on 31.12.2004). However, the State Level Sanctioning Committee (SLSC) has sanctioned the project at a cost of Rs.13.72 crore. The Ministry of DONER has not as yet received the explanation for this higher cost. The total length of the road is 25 Kms and work has been started in 8.3 Kms only. In the stretch of 8.3 Kms works are in progress in different stages starting from earthwork to GSB and WBM. Dumpers, JCB, labour in this portion of 8.3 Kms looked to have been adequately deputed.

There are 26 cross drainage culverts and 4 bridges proposed on this road. However, work on none of them has yet been started. Work programme for the road is given in Annex II. Some of the photographs taken during the site inspection are annexed.

2. **Improvement of Kaubbaha-Nagrihuli Road in Baksha District**

The entire road is stretch in 23 Kms. Out of that 3.1 Kms is being constructed under Pradhan Mantri Gramin Sadak Yojana (PMGSY) and rest 18.9 Kms is proposed to be construction under NLCPR. Ministry of DONER sanctioned the project at an indicative cost of Rs.5.71 crore, whereas the SLSC has approved the project at a cost of Rs.14.50 crore. The Ministry of DONER has not as yet received the explanation for this higher cost. However, as per the sanctioned cost of the project by Government of India, 50% amount of Rs.2.855 crore was released on 31.12.2004. The work has been started at the road and the progress reported by the State Government/BTC is 19.66%. There are 4 bridges (1 major and 3 minor bridges) to be constructed. Work on only one bridge was found to be in progress and piling work has been started there. Four culverts have been completed.

While visiting one of the culverts under construction it was found that the bricks that were being used were not fully burnt and, therefore, were of low quality. Neither the Engineers nor the contractor present during the visit could provide the satisfactory answer. The State/BTC were requested to lay the greater emphasis on the quality and not to use inferior material.

The cost as approved by the SLSC looks on the higher side on account of the following reasons:

- (i) The formation of the earlier existing road where the work is as yet to be started is fairly high (which apparent from the portions) and not much of earthwork was needed in the existing portion. The width of the existing portion of the road was about around 5 to 6 mtr whereas the proposed width for the formation cutting was 7.6 mtr. Therefore only some part of earthwork was needed.
- (ii) The cost of construction of road under PMGSY as approved by the Central and State Government as told by the officials was in the range of Rs.25 to 30 lac per Km including bridges and culverts. In this case as approved by SLSC the cost is Rs.76.72 lac rupees per Km. It is extremely on high side. Even if we exclude the cost of bridges even then cost is on the higher side.

The State Government/BTC in the light of the observations made by the undersigned should immediately get all these estimates checked on the basis of ground situation and compare them with the estimates for the portion of this road being constructed by the state officials under PMGSY.

3. Construction of Road from BH-31 Barama to Mushalpur

The length of the road is 16.86 Km. Ten bridges (one is 60 mtr, one 30 mtr, one 25 mtr and rest seven are 10 mtr long). Twenty eight cross drainage culverts are to be constructed. The Ministry of DONER had sanctioned the project at an indicative cost of Rs.10.86 crore and Rs.5.43 crore was released on 31.12.2004. However, the SLSC had approved the project at a cost of Rs.14.43 crore. The Ministry of DONER has not as yet received the explanation for this higher cost.

During my visit I started from Mushalpur and went up to 9 Km of the road. Most of it does not need all the coats. As in most of the length the road is existing and only the improvement may serve the purpose. During my visit I was astonished to see that one of the cross drainage culverts was being dismantled. As a layman I found the construction to be extremely strong and it had very thick side RCC wall and a very thick and strong RCC slab on them. Apparently it did not need to be dismantled. However, it needed extension on both sides and that would have sufficed the purpose. Engineers present during my visit could not give the satisfactory explanation for dismantling the existing culverts which had proper reinforcement.

Beyond 9 Kms the road is proposed to be constructed for around 7 km. In that portion a narrow gravel road exists. However, there is an existing alternate road which was recently constructed under PMGSY and is in a very good condition. State Government/BTC could take up some other road instead of taking this road 7+Km portion of road as the alternate road is already available in the area.

4. **Improvement of Jalah-Rupahi-Saudarvita-Garbordhana Road**

This road project was sanctioned by DONER at an indicative cost of Rs.10 crore and released Rs.5 crore on 31.12.2004. SLSC has also approved this project at a cost of Rs.10 crore. The length of road is 8.89 Kms. There are 3 bridges with a length of 76.12 mtr, 64.52 mtr and 15 mtr. Eighteen culverts are proposed to be constructed on this road. Work on the first bridge as mentioned above on River Rupahi is in progress. The work on 2 RCC culverts has already been completed. Work on the road is going on and earthwork is largely done. GSB work has already been done in some of the portions of the road.

In two of these cases the identification boards providing details of the projects were not at all fixed up anywhere. However, in two cases these boards were temporarily affixed probably in view of my visit. Even in these two cases, where the boards were placed, they were not properly made as per the design given by the Ministry. Moreover, full information as was required was not entered on them. The officers were advised that in cases of road projects the boards should be fixed as per the design given by the Ministry with full details at least both on the starting and the ending points. It may be desirable to have some more boards fixed at the points of bridges and important culverts.

Visit to projects sanctioned under BAC project and already implemented by BRO

As mentioned above I inspected the following 3 road projects:

1. **Tamulpur-Goreswar Road**

Its length is 18.735 Km. The work had been completed in 2003-04 by Border Road Organisation (BRO). There are big potholes at various places in the road. At places the road had been very badly damaged and even vanished in a large portion, as was told because of flood in Borolia River. Even the bridge was washed away.

It looks that BRO had provided only a single layer WBM of 7.5 cm thick base course which is inadequate. The side berms are not wide as per requirement. The formation has also been damaged, probably because of flood of 2004. Some of the culverts were also found to be damaged.

2. **Kuchubari-Naokata-Patharighat Road**

Its length is 16 Km. It was completed in 2003-04 by BRO. Starting from Kuchubari I traveled on this road for a few Kms. The road has been very badly damaged and did not give any impression that it was constructed recently. In places the road has sunk, formation breached, some cross drainage culverts from approach roads looked to be washed away, may be because of faulty design. It will have to be checked up by the team constituted by this Ministry for technical enquiry of these and other works.

3. **Kumarikata-Julah Road**

Its length is 9.6 Km. It was executed by BRO and was completed in 2004-05. Thickness of the base course looked inadequate which is a single layer of WBM i.e. 7.5 cm, large number of depressions and potholes have developed, road is badly damaged, culverts were also damaged.

All these three roads, along with others constructed by BRO under Bodo Autonomous Council (BAC) must be technically examined and a report be submitted to the Ministry.

17.02.2006

1. **Meeting with Officers of NEHHDC**

I had a meeting with all the senior officers of NEHHDC at Guwahati in the Regional office. All the officers were present. Various issues related to turning around strategy for the Corporation was discussed.

Earlier whenever there was a discussion about the turning around strategy for the corporation two points were always mentioned by the Corporation/MD (i) that the CFC employees and expenditure on that was responsible for the losses to the Corporation and (ii) that the shortage of working capital was another cause of losses.

I discussed these issues in detailed with the officers of the corporation. It was revealed that around Rs.30-40 Lac is the annual expenditure on the CFC employees. If we take this into account then the cause of loss of around Rs.2 Crore per year to the Corporation, is not at all justified. Therefore, this argument does not hold good. Secondly, as far as the matter of shortage of working capital is concerned it may be mentioned here that in the last financial year the Corporation received Rs.2 Crore from the Ministry of DONER and Rs.3.60 Crore from D.C.(Handicrafts). But the Corporation purchased 'goods for sales' only worth Rs.65 Lac.

This year in 2005-06 the corporation has received Rs.460 Lac from the Ministry of DONER and Rs.128.81 Lac from D.C. Handicrafts but again the purchase of goods from artisans is only for Rs.96 Lac.

The MD has been harping on increase of sales during 2004-05. In total they were for Rs.820 Lac. Against that Corporation's own goods sales were only for Rs.102 Lac and rest Rs.718 Lac were realized from consignment sales that is the goods sold of other persons from the Corporation Showrooms through the exhibitions organized by NEHHDC. It is another mind boggling fact. It may be pointed out here that in the garb of total increased sales the Corporation has been hiding its own inefficiency of not procuring and selling enough goods from artisans as is obvious from the above mentioned facts. It is another fact that about consignment sales we are not sure what is being sold through our showroom and exhibitions.

Therefore, this argument of shortage of working capital also does not hold good. On further analysis it was clear that there are other problems responsible for the loss of Corporation.

On a brief analysis I could find out:

- (i) All the 65 employees of the CFC were not put to proper use. I had earlier requested M.D. to gainfully engage these employees as the CFC

but nothing has been done as yet. I have again indicated this in my diary of 15.2.2006 of this tour note as to how to deal with this problem.

- (ii) Corporation does not procure the goods from artisans and depends basically on consignment sales which is a loss making proposition because of the fact that on the consignment sales the Corporation charges 10% profit where as rebate may range from 10 to anywhere between 100%, the establishment expenditure of the Corporation/on the sale of consignment goods apart. To overcome this problem the officers were directed to stop consignment sale forthwith and procure goods from the artisans directly and sell them in emporia and in exhibitions. No rebate on consignment goods should be allowed and matter should be enquired into as to who and with the orders of which authority rebate was given on the consignment sales.
- (iii) Another problem that looks to me was improper inventory control starting from purchase to the last sale point. In order to overcome this problem it was suggested long back that they should have bar-coding system so that each individual items is barcoded for tracking their moments. In addition, the system of procurement as well as inventory etc. must be computerized right away. It has to be done on top priority now and within February 2006 itself.
- (iv) There is a problem of total mismanagement of funds received from Ministry of DONER as well as from D.C. (Handicrafts). Accounting system is extremely poor which is evident by one example that in 2004-05 Corporation's own sales of goods were for Rs.102 Lac whereas rebate was given for Rs.107 Lac causing straightway loss of this amount to the Corporation. In order to resolve this problem accounting system has to be computerized in the Corporation. Incidentally, there is no qualified Chartered Accountant in the Corporation, therefore, one is immediately needed. May be on a contract basis for 6 months or for 1 year at least. There is a problem of total mismanagement of funds received from Ministry of DONER as well as from D.C. (Handicrafts).

- (v) Nowhere in the Corporation it looks that they are working as a professional organization. Neither from finance or accounting point of view nor from marketing and design point of view or from any other angle. Therefore, there is a total lack of professional inputs. I very sincerely feel that to overcome these problems the Corporation has to have at least one MBA in marketing who can give a new look to the Corporation.
- (vi) Showrooms are in extremely shabby conditions they look anything but the showrooms. They need renovation and facelifiting. The Corporation may request for funds under “Advocacy and Publicity” scheme of the Ministry of DONER.
- (vii) Long back the Corporation was advised on some of the issues for improvement. These issues are mentioned in a statement that was given to the Managing Director. No fruitful action on these points seems to have been taken as well. These points are in Annex A. Once again MD was advised that he should place emphasis on these points.

2. **Meeting with the officers of NERAMAC**

As in case of NEHHDC, here is NERAMAC also there is total lack of professionalism. Accounts do not look to be in bad shape. One Crore Rupees loan was received this year from NEDFi by them which they have utilized in disbursing salaries and other expenditures rather than deploying that amount for the procurement of agriculture produce/business generation. Earlier also they had received funds form G.O.I. but did not turn around by using those funds.

They were advised to develop professionalism and procure agriculture produce from farmers and market that. They were also advised to make efforts for arranging funds for their proposed units of Nalkata (Tripura), Central Packaging Centre, Guwahati and Cashew Processing Project at Mankachar (Assam). This Corporation also needs professional inputs of a Chartered Account and an MBA in marketing.

Annex I

Name of project	Amount sanctioned by the M/o DONER	Amount released by M/o DONER on 31.12.2004	Dated and cost of approved by SLSC		Funds received/date by BTC from Govt. of Assam		Progress of Projects are report by BTC in %age
			Cost	Date	Amount	Date	
Improvement of Dhamdhama Tupalia Subankhata (DTS) Road in Baksha District	5.89	294.50	1372.00	13.07.05	294.50	25.04.05	23.00
Improvement of Kaubbaha-Nagrihuli Road in Baksha District	5.71	285.50	1450.00	-do-	285.50	25.04.05	19.66
Construction of Road from BH-31 Barama to Mushalpur	10.86	543.00	1443.00	-do-	285.50		20.00
Improvement of Jalah-Rupahi-Saudarvita-Garbordhana Road	10.00	500.00	1000.00	-do-	285.50		18.63