




# ANNUAL TECHNICAL INSPECTION REPORT
# ON
# PANCHAYATI RAJ INSTITUTIONS

## FOR THE YEAR ENDED 31 MARCH 2010

## GOVERNMENT OF UTTAR PRADESH

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# PREFACE

This report has been prepared for submission to the Government of Uttar Pradesh in accordance with the terms of Technical Guidance and Supervision (TGS) of the audit of accounts of Panchayati Raj Institutions (PRIs) by the Comptroller and Auditor General of India as entrusted by the State Government in October 2001 in terms of Eleventh Finance Commission's recommendation.

This audit Report for the year 2009-10 is consolidation of major audit findings arising out of audit of accounts of PRIs in the State of Uttar Pradesh.

The purpose of this report is to give overview of the functioning of PRIs in the State of Uttar Pradesh and to draw the attention of the Executive Departments and PRIs for remedial action and improvement, wherever necessary.

The cases mentioned in the Report are among those which came to notice mainly in course of test check of accounts of 3,487 Panchayati Raj Institutions conducted during the year 2009-10.

# CHAPTER I

# An Overview of The Panchayati Raj Institutions

## 1.1 Introduction

In keeping with the Seventy-third Constitutional amendment 1992, Uttar Pradesh *Kshetra Panchayat and Zila Panchayat Adhiniyam* 1961was amended in 1994 to establish a three-tier Panchayat Raj Institution system of elected bodies. The amended Act envisages decentralization of power to rural self-governing bodies, viz., *Gram Panchayat* (GP) at village level, *Kshetra Panchayat* (KP) at intermediate level and *Zila Panchayat* (ZP) at the district level which till then were vested with the State Government. The system of Panchayati Raj Institutions (PRIs) aimed at increasing participation of people and effective implementation of rural development programmes. The overall supervision, co-ordination, planning and implementation of developmental schemes vested with the ZP.

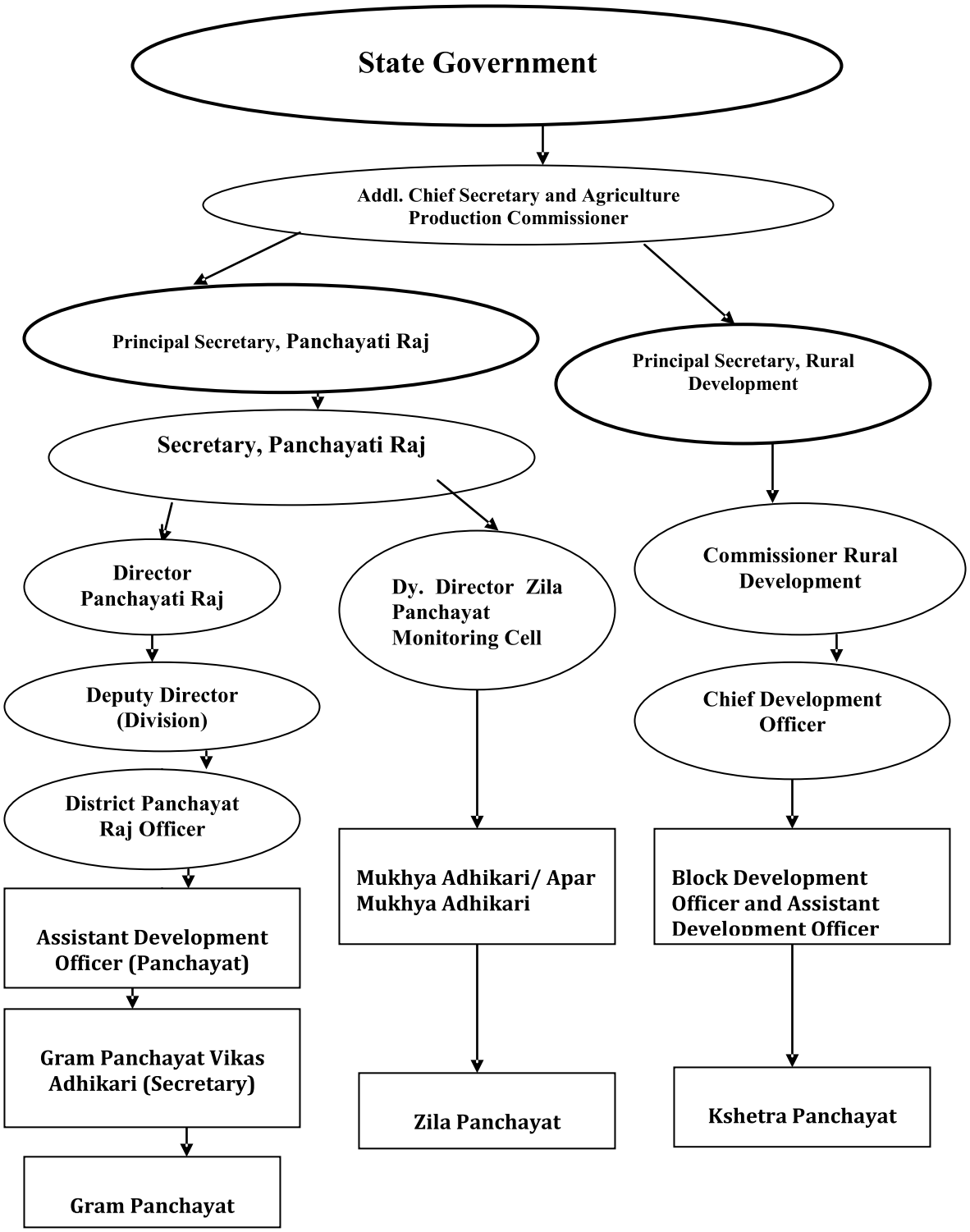
The total rural population of the State, as per Census 2001, was 13.17 crore. At the end of March 2010, there were 72 ZPs[1], 821 KPs and 51,914 GPs in the State.

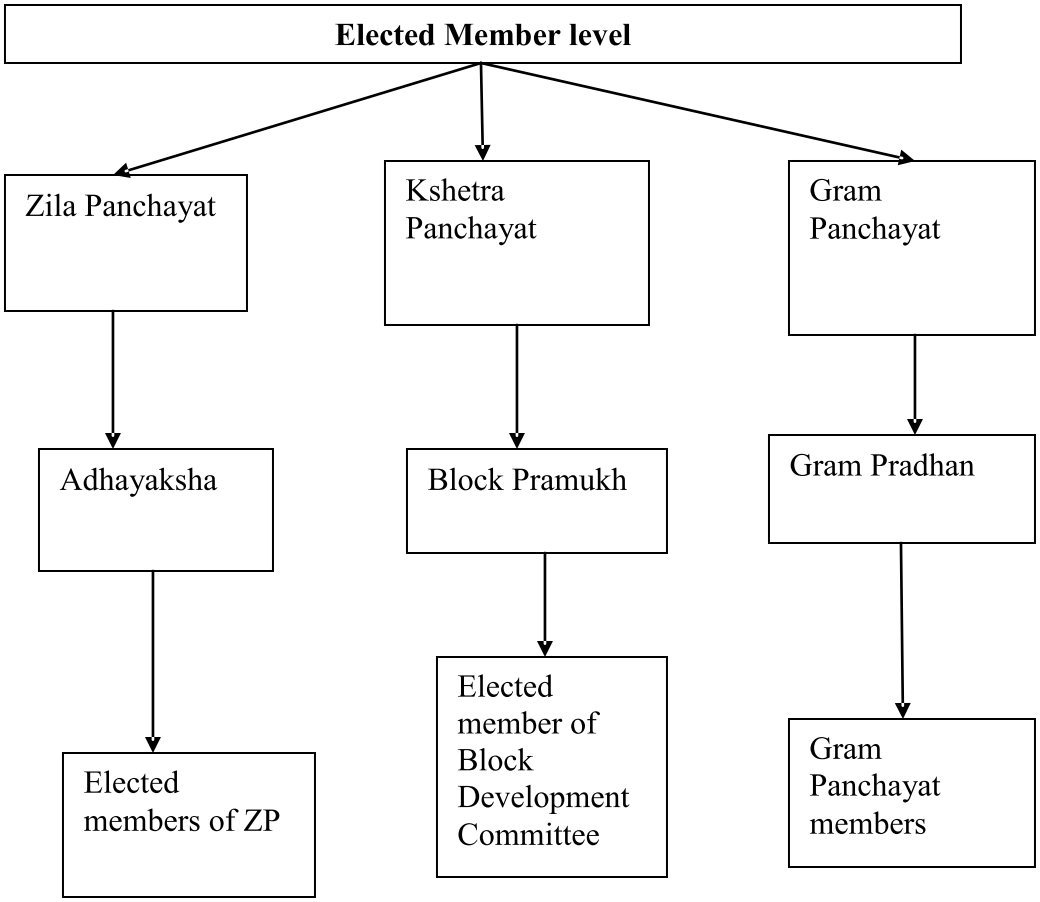
The last election to the elected bodies of the aforesaid PRIs was held during October-November 2010 in which 51,914 *Gram Pradhans* for GPs, 821 *Pramukhs* for *KPs* and 72 *Adhyakshas* for *ZPs* were elected.

[1] Zila Panchayat, Chattrapati Shahuji Maharaj Nagar was created in 2010.

## 1.2 Organizational set-up

The Administrative control of the three tiers of PRIs is shown below:






## 1.3 Database on finances of Panchayati Raj Institutions

With a view to facilitate comparison of performance of PRIs among the States at the Government of India level and different PRIs at State level, a database on the finances of the PRIs, in terms of the Eleventh Finance Commission's recommendation, was to be developed at the district, State and Government of India levels accessible by computerizing it and linking it through Very small Aperture terminal.

In follow up, ₹ 104.56 crore was sanctioned[2] and retained in Personal Ledger Account of *ZP*, Lucknow. Out of this, ₹ 42.07 crore was transferred (November 2009) to the Government account, ₹ three lakh was paid (March 2010) to the Indian Institute of Technology (IIT) for testing of the scope of work. However,

[2] Eleventh Finance Commission: ₹ 21.04 crore (2000-01) and ₹ 21.03 crore (2001-02) and Twelfth Finance Commission, ₹ 33.64 crore (2006-07) and ₹ 28.85 crore (2007-08)

scope of work was checked by IIT Kanpur and approved by the State Government (March 2010), ₹ 62.37 crore were transferred (January 2011) to the PRIs for maintenance of drinking water and sanitation amenities and the remaining ₹ nine lakh were lying unspent in the Personal Ledger Account.

Non-creation of the database deprived the Government to assess performances of the PRIs by comparing it with that of other States.

## 1.4 Sources of revenue

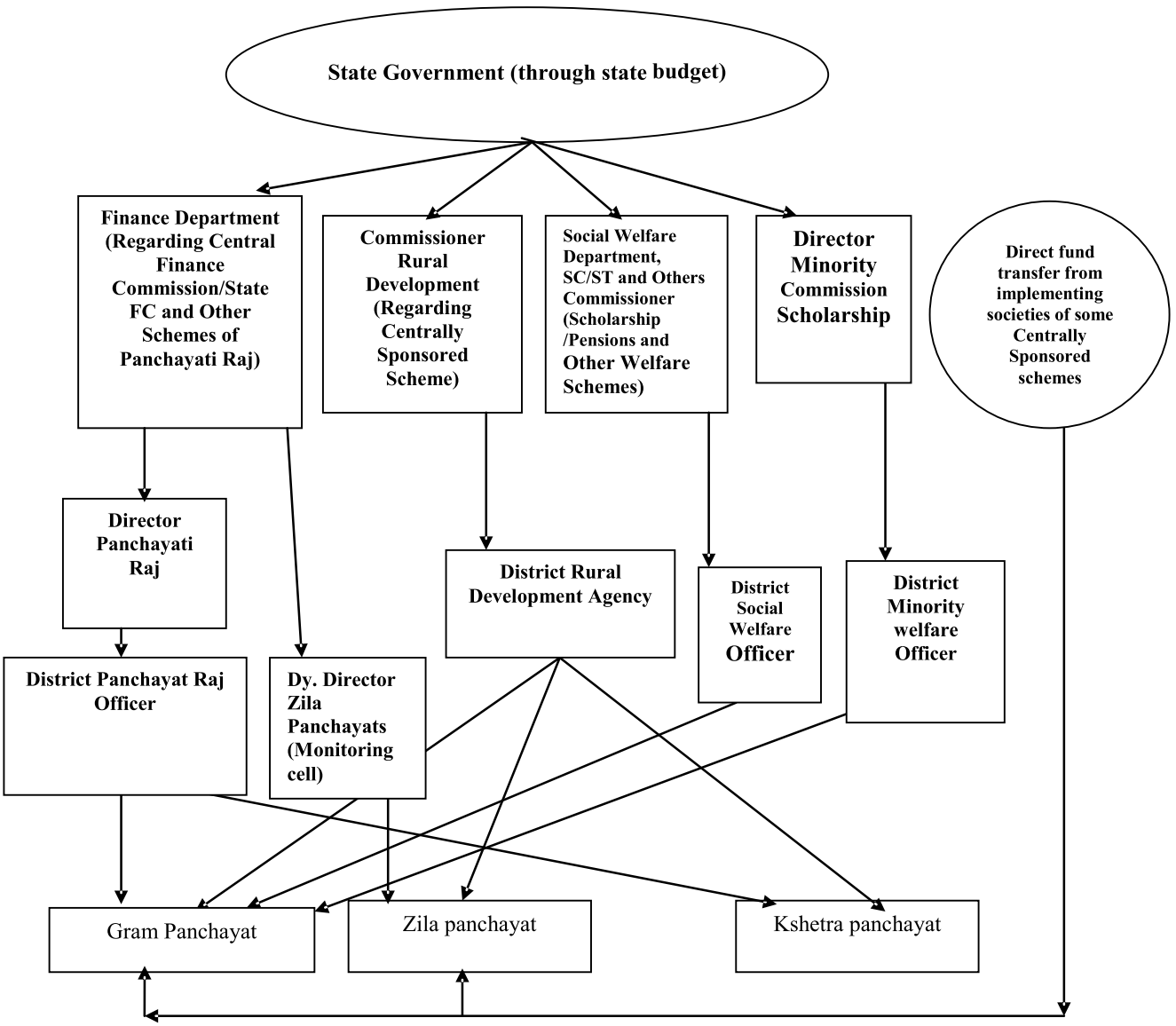
### *1.4.1 Flow of revenues*

With the objective to augment resources of the PRIs, the Twelfth Finance Commission and the State Finance Commission recommended the State Government to release grants to them. In all, the sources of revenues for the PRIs comprised:

- grants assigned under the recommendations of the Twelfth Finance Commission;
- five *per cent* of net proceeds of State's net tax revenue as per recommendations of the Second State Finance Commission;
- grants received through District Rural Development Agency for execution of Centrally Sponsored Schemes;
- funds from Departments for the functions transferred to the PRIs;
- revenue earned by the PRIs out of their own resources such as taxes, rent, fees, etc.

### *1.4.2 Funds flow chart*

Apart from own resources funds flow to PRIs from central and state government for implementing various centrally sponsored programmes. The flow of funds to the PRIs at the grass root level is depicted in a chart as follows:



### *1.4.3 Aggregate receipts*

The position of aggregate grants received by the PRIs under the recommendations of the Twelfth Finance Commission, the State Finance Commission, grants for Centrally Sponsored Schemes and revenues realized from their own resources during 2005-10 is given in **Table 1.**

**Table 1: Aggregate receipts of the Panchayati Raj Institutions**

**(₹ in crore)**

| Year | Twelfth Finance Commission | State Finance Commission | Centrally Sponsored Schemes | Own resources | Total |
|---|---|---|---|---|---|
| 2005-06 | 585.60 | 816.94 | 1949.96 | 80.95 | 3433.45 |
| 2006-07 | 585.60 | 1169.05 | 1698.37 | 73.90 | 3526.92 |
| 2007-08 | 585.60 | 1567.77 | 3340.80 | 90.75 | 5584.92 |
| 2008-09 | 587.28 | 1281.68 | 8679.89 | 91.80 | 10640.65 |
| 2009-10 | 585.60 | 1262.07 | 12119.67 | 103.73 | 14071.07 |
| **Total** | **2929.68** | **6097.51** | **27788.69** | **441.13** | **37257.01** |

***(Source: Director Panchayati Raj Lucknow, Dy. Director Zila Panchayat Monitoring Cell Lucknow, Commissioner Rural Development Lucknow)***

There was increasing trend in receipts during 2005-10. The major increase occurred under Centrally Sponsored Schemes.

### *1.4.4 Devolution of State Finance Commission grant*

Second Finance Commission recommended that five *per cent* of the net proceeds of total tax revenue should be devolved to the PRIs. The devolution of funds and actual funds released (2005-10) by the Government is given in **Table 2**.

**Table 2: Net proceeds, *vis-a-vis*, devolution of funds**

**(₹ in crore)**

| Year | Net proceeds of total tax revenue of State Government | Funds to be devolved | Funds actually devolved | Shortfalls/ Excess | Percent |
|---|---|---|---|---|---|
| 2005-06 | 18,858 | 943 | 817 | (-) 126 | (-) 13 |
| 2006-07 | 22,998 | 1,150 | 1,169 | (+)019 | (+) 02 |
| 2007-08 | 24,959 | 1,248 | 1,568 | (+)320 | (+) 26 |
| 2008-09 | 28,659 | 1,433 | 1282 | (-)151 | (-) 11 |
| 2009-10 | 33,878 | 1,694 | 1,262 | (-)432 | (-) 26 |
| **Total** | **129,352** | **6,468** | **6,098** | **(-)370** | **(-) 6** |

***(Source: Finance Accounts and Director Panchayati Raj Lucknow, Dy. Director Zila Panchayat Monitoring Cell Lucknow, Commissioner Rural Development Lucknow)***

While there was an overall short devolution of ₹ 370 crore during 2005-10, the maximum shortfall was noticed during 2009-10 when only ₹ 1262 crore was devolved against ₹ 1,694 crore (short by 26 *per cent*). This deprived the PRIs to plan and undertake developmental activities in their respective areas.

## 1.5 Utilization of funds

### *1.5.1 Utilization of grants received under Twelfth Finance Commission*

The position of funds available under Twelfth Finance Commission, utilization and non-utilization for 2005-10 is given in **Table 3**.

**Table 3: Utilisation of Fund received under Twelfth Finance Commission**

**(₹ in crore)**

| Year | Total funds available | Funds utilized | Funds not utilized |
|---|---|---|---|
| 2005-06 | 585.60 | 585.02 | 0.58 |
| 2006-07 | 585.60 | 551.96 | 33.64 |
| 2007-08 | 585.60 | 556.52 | 29.08 |
| 2008-09 | 587.28 | 587.10 | 0.18 |
| 2009-10 | 585.60 | 580.25 | 5.35 |
| **Total** | **2929.68** | **2860.85** | **68.83** |

***(Source: Director, Panchayati Raj, Lucknow.)***

During 2009-10, ₹ 5.35 crore lapsed to Government account due to non-drawal from the treasury at the Directorate level. The analysis further revealed that the figures of utilized funds were not realistic as the funds released were treated as utilized.

### *1.5.2 Utilization of State Finance Commission Grant*

The position of grants available under State Finance Commission, utilization and non-utilization for 2005-10 is given in **Table 4**.

**Table 4:** ***Utilization of State Finance Commission Grant***

**(₹ in crore)**

| Year | Opening balances | Funds received during year | Total Funds available | Funds utilised *(per cent)* | Funds not utilised *(per cent)* |
|---|---|---|---|---|---|
| 2005-06 | 61.11 | 816.94 | 878.05 | 504.36 (57) | 373.69 (43) |
| 2006-07 | 373.69 | 1,169.05 | 1,542.74 | 724.01 (47) | 818.73 (53) |
| 2007-08 | 818.73 | 1,567.77 | 2,386.50 | 1,065.30 (45) | 1,321.20 (55) |
| 2008-09 | 1,321.20 | 1,281.68 | 2602.88 | 1280.71(49) | 1322.17(51) |
| 2009-10 | 1322.17 | 1,262.07 | 2584.24 | 1,168.01(45) | 1416.23(55) |

***(Source: Director, Panchayati Raj, Deputy Director, Zila Panchayat, Lucknow)***

The above table reveals that the pace of utilization of funds by the PRIs was slow as huge amounts were lying unspent at the close of each financial year. Evidently, people were deprived of benefits of developmental activities of basic amenities like road, water supply and sanitation, etc.

### *1.5.3 Grants for implementation of Centrally Sponsored Schemes*

PRIs are the works executing agencies of Centrally Sponsored Schemes at grassroot level. The Government of India and the State Government released funds for this. The position of grants received by the PRIs during 2006-10 for implementation of Centrally Sponsored Schemes is given in **Table 5.**

**Table 5**: **Grants for implementation of Centrally Sponsored Schemes**

**(₹ in crore)**

| Names of Centrally sponsored schemes and periods | Grants received | | | Grant released |
|---|---|---|---|---|
| | Central | State | Total | |
| Sampoorna Gramin Rojgar Yojana (2006-08) | 873.55 | 286.66 | 1,160.21 | 1,160.21 |
| Swaran Jayanti Gram Swarojgar Yojana (2006-10) | 1246.24 | 419.01 | 1665.25 | 1665.25 |
| Indira Awas Yojana (2006-10) | 2873.08 | 944.93 | 3818.01 | 3818.01 |
| National Rural Employment Guarantee Yojana (2006-10) | 10753.92 | 1183.26 | 11937.18 | 11937.18 |
| Pradhan Mantri Gramin Sadak Yojana (2008-10) | 4486.95 | nil | 4486.95 | 4486.95 |
| Rural Drinking Water Scheme (2008-10) | 1493.90 | 1078.96 | 2572.86 | 2572.86 |
| National Health Insurance Scheme (2008-10) | 119.44 | 32.75 | 152.19 | 152.19 |
| Bio gas (2008-10) | 1.32 | nil | 1.32 | 1.32 |
| **Total** | **21848.4** | **3945.57** | **25,793.97** | **25,793.97** |

***(Source: Commissioner Rural Development Lucknow)***

### *1.5.4 Revenue realized from own resources*

The PRIs generate revenues by charging rent, taxes, fees, etc., from the people. Accordingly, the Government fixed (2007-10) targets of revenue realization for them. **Table 6** brings out the targets fixed and revenue realised during 2007-10.

**Table 6**: **Revenue realized from own resources**

**( ₹ in crore)**

| Panchayati Raj Institutions and number in bracket | 2007-08 | | 2008-09 | | 2009-10 | |
|---|---|---|---|---|---|---|
| | Target | Achievement (*per cent* ) | Target | Achievement (*per cent* ) | Target | Achievement (*per cent* ) |
| ZPs (71) | 83.42 | 86.37 (104) | 93.86 | 88.22 (94) | 103.26 | 100.60(97) |
| GPs (51,914) | 4.88 | 4.39 (90) | 4.53 | 3.58 (79) | 4.42 | 3.13(71) |
| **Total** | **88.30** | **90.76 (103)** | **98.39** | **91.80 (93)** | **107.68** | **103.73(96)** |

***(Source: Director, Panchayati Raj and Deputy Director, Zila Panchayat at Lucknow)***

Above table reveals that shortfalls in revenue realization ranged between 29 *per cent* and three *per cent* during 2009-10.

Further, 29 *ZPs* raised (2008-09) demands for ₹ 74.96 crore including ₹ 36.17 crore on account of arrears of rent, license fees, etc. from the tenants, licenses and contractors, etc. (***Appendix-1.1***). Out of this, ₹ 37.25 crore was recovered and the remaining ₹ 37.71 crore was still lying unrecovered.

## 1.6 Overall financial position

As mentioned at preceding paragraph 1.3 and succeeding paragraph 1.10, neither the database on finances of the PRIs was created nor were the accounts prepared. As a result, the overall financial position of the PRIs depicting the opening balances, receipts, expenditure and closing balances could not be ascertained.

During 2009-10, records of 3,487 PRIs were test checked in audit. The financial position of these institutions for the last three years is given in **Table 7.**

**Table 7: Financial position of audited units during last three years**

**(₹ in crore)**

| Year | Number of PRIs checked | Opening balances | Funds received | Total funds received | Expenditure (per cent in bracket) | Closing balances |
|---|---|---|---|---|---|---|
| ***Zila Panchayats*** | | | | | | |
| 2006-07 | 52 | 338.56 | 476.91 | 815.47 | 497.80(61) | 317.67 |
| 2007-08 | 52 | 319.41 | 589.80 | 909.21 | 484.00(53) | 425.21 |
| 2008-09 | 55 | 439.04 | 993.15 | 1432.19 | 1022.87(71) | 409.32 |
| ***Kshetra Panchayats*** | | | | | | |
| 2006-07 | 139 | 51.19 | 160.57 | 211.76 | 151.53(72) | 60.23 |
| 2007-08 | 130 | 53.33 | 282.39 | 335.72 | 274.59(82) | 61.13 |
| 2008-09 | 300[3] | 156.36 | 532.09 | 688.45 | 503.09(73) | 185.36 |
| ***Gram Panchayats*** | | | | | | |
| 2006-07 | 2430 | 39.18 | 135.36 | 174.54 | 132.32(76) | 42.22 |
| 2007-08 | 4525 | 87.28 | 376.92 | 464.20 | 346.73(75) | 117.47 |
| 2008-09 | 3003[4] | 71.85 | 363.89 | 435.74 | 307.84(71) | 127.90 |

***(Source: Audit Inspection Reports)***

An analysis of the table reveals that PRIs underutilized the funds. The major defaulters were the *ZPs* where ₹ 409.32 crore was lying unutilized at the end of March 2009. As a result, funds continued to accumulate, indicating poor planning.

## 1.7 District Planning Committees

Under Sections 63 and 86 of the Uttar Pradesh *Kshetra Panchayat* and *Zila Panchayat Adhiniyam,* 1961, the *ZPs* were to prepare each financial year a development programme for the district as a whole incorporating the development plan for *KPs* and *GPs* and submit it for approval to the District Planning Committee which was to be constituted in terms Uttar Pradesh District Planning Committee Act, 1999. Such committees were constituted in April 2008 and made functional from December 2009. However, development plans of *KPs* and *GPs* were not included in District Development Plans of the 55 *ZPs* test checked during 2009-10.

[3] Financial position of 7out of 307 *KPs* was not prepared by the units, hence not included in the table.
[4] Financial position of 122 out of 3125 *GPs* was not prepared by the units, hence not included in the table.

## 1.8 Budgeting and Budgetary Process

Budgeting and budgetary process entails preparation and examination of the annual budget estimates and the subsequent control over expenditure to ensure that it was kept within the authorized grants or appropriations. With this objective, each Panchayati Raj Institution was to prepare the annual budget in terms of Uttar Pradesh *Kshetra Panchayat* and *Zila Panchayat Manual*[5]. It was, however, noticed that this was not prepared in any of the 3125 *GPs* and 307 *Kshetra Panchayat* test checked during 2009-10.

## 1.9 Accounting arrangements

The Comptroller and Auditor General of India, on the recommendation of Eleventh Finance Commission, prescribed (2002) Budget and Accounting formats for PRIs. Although the Government accepted (March 2003) the recommendation but *ZPs* and *KPs* did not maintain their accounts in the formats prescribed. The *GPs*, although maintained their accounts in the formats prescribed through the Chartered Accountants but their accounts were in arrear for three to six years due to delayed engagement of the Chartered Accountants and also non- submission of records by the *GPs* to the engaged Chartered Accountants.

Twelfth Finance Commission observed that accurate information on the finances of the PRIs were not available at the state level and accordingly recommended that credible information on the finances of the PRIs at the State level should be maintained so as to assess actual requirement of funds for each tier of the PRIs. However, in the absence of accounts at GP/ZP level, these accounts were not compiled at district and State levels. As a result, fund allocations were not based on 'need-based assessment'.

Section 84 (2) of Uttar Pradesh Zila Parishads and Kshetra Samities (Budget and General Accounts) Rules, 1965 provided that each item of receipts and expenditure should be compared with the treasury/ bank statements at the end of

[5] Section 110 and 115

each month and differences, if any, should be reconciled. However, test check revealed (2009-10) that 10 *ZPs* and 17 *KPs* had a un-reconciled difference of ₹ 9.72 crore and ₹ 1.15 crore respectively (***Appendix-1.2***) as on 31 March 2009. The un-reconciled differences were fraught with risk of misuse / misappropriation of funds.

## 1.10 Audit arrangements

The Chief Audit Officer, Co-operative Societies and Panchayats, is the primary auditor for all the three tiers of the PRIs. However, a large number of PRIs remained unaudited due to non-submission of records during 2007-10. The details are given in **Table 8.**

**Table 8: Position of units proposed, audited and those lying in arrear**

| Name of the PRIs | Proposed | | Audited | | Arrear (*per cent*) | |
|---|---|---|---|---|---|---|
| | Against current | Against arrear | Against current | Against arrear | Against current | Against arrear |
| **2007-08** | | | | | | |
| *ZPs* | 70 | 161 | 23 | 30 | 47(67) | 131(81) |
| *KPs* | 809 | 4680 | 22 | 27 | 787(97) | 4653(99) |
| *GPs* | 51772 | 184795 | 14623 | 11006 | 37149(72) | 173789 (94) |
| **2008-09** | | | | | | |
| *ZPs* | 70 | 175 | 24 | 48 | 46(66) | 127(73) |
| *KPs* | 809 | 5430 | 36 | 90 | 773(96) | 5340 (98) |
| *GPs* | 51772 | 213227 | 18868 | 18490 | 32904(64) | 194737 (91) |
| **2009-10** | | | | | | |
| *ZPs* | 70 | 169 | 29 | 58 | 41(59) | 111 (66) |
| *KPs* | 810 | 6091 | 73 | 291 | 737(91) | 5800 (95) |
| *GPs* | 51977 | 224725 | 23988 | 28670 | 27989(54) | 196055 (87) |

***(Source: The Chief Audit Officer, Co-operative Societies and Panchayats)***

As majority of the PRIs remained unaudited during the periods 2007-10, the financial data were not authenticated and thus not reliable.

## 1.11 Position of entrustment of audit/ Technical Guidance and Supervision to Comptroller and Auditor General of India

The Eleventh Finance Commission recommended exercising of Technical Guidance and Supervision over the proper maintenance of accounts of PRIs and their audit by the Comptroller & Auditor General of India. Consequently, the Government entrusted (October 2001) audit of local bodies to the Comptroller &

Auditor General of India under section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. Accordingly, audit of PRIs were conducted and 15,876 Inspection Reports containing 12,364 paragraphs were sent (2003-10) to the Chief Audit Officers for pursuance. However, these remained un-replied (December 2010).

During 2009-10, 55 *ZPs*, 307 *KPs* and 3,125 *GPs* were test checked and 2,786 paragraphs on poor financial management and financial irregularities resulting into infructuous and excess expenditures, diversion of funds and loss of revenue, etc., were communicated to the Head of the Offices, Director, Panchayati Raj and Chief Audit Officer, Co-operative Societies and Panchayats. However, the compliance of these paragraphs was awaited (December 2010).

## 1.12 Other points

Second State Finance Commission made 245 recommendations mainly on the issues relating to timely release of the grants, enhancement in PRI's own resources, transfer of income of *Zila Panchayat* to *GPs*, resource mobilization of the PRIs, etc. The Government accepted 133 recommendations in *toto* and 70 partially but did not accept 42 which mainly related to imposing property tax in rural areas, revision of rates of land revenue and enhancing income of PRIs through license, etc.

## 1.13 Conclusion

Thus, the budgeting and budgetary process was not followed and the accounting records were not maintained in the prescribed formats as a result of which true and fair view of income and expenditure of the PRIs were not available. The arrears in audit rendered the available financial data unreliable. The database at any of the three levels, viz., district, State and Central was also not developed despite funds availability. The District Planning Committees were not functional even after lapse of 11 years of enactment of the District Planning Committee Act, 1999 as a result of which their developmental activities could not be planned and monitored at district level.

# CHAPTER-II

## Performance Audit of Receipt and Utilization of Backward Regions Grant Fund by Panchayati Raj Institutions

### Executive Summary

*Government of India introduced (January 2007) the Backward Regions Grant Fund (BRGF) programme with an objective to redress regional imbalances in development and to bridge critical gaps in local infrastructure and other development requirements which were not being adequately met through existing inflows. The expected outcome of the BRGF was to contribute towards poverty alleviation in backward districts and promote accountable and responsive Panchayats. The BRGF provides financial resources for supplementing and converging existing developmental inflows into 250 identified districts of the country. In Uttar Pradesh 34 districts have been selected for implementation of the programme.*

*The performance audit on 'Receipt and Utilization of BRGF grants by Panchayati Raj Institutions' in the State covering the period 2006-10 revealed the following:*

- *BRGF programme was to be implemented by preparing a perspective plan. Perspective plans including critical gaps for only 25 out of 34 BRGF districts could be prepared by March 2010 and annual plans for the years 2007-09 for ₹ 1306.99 crore were approved by High Powered Committee (HPC) without perspective plans.*
- *The annual plans were to be prepared on the basis of perspective plans, forwarded by District Planning Committees (DPCs) and approved by HPC for execution. DPCs were not constituted till May 2008 and ₹ 510.28 crore allocated for the year 2006-07 was not released by GoI.*
- *The Guidelines provided for preparation of sub-plans for SCs/STs in proportion to their population in the districts. These sub-plans were not prepared up to the year 2009-10.*

- *The State Government was unable to receive a sum of ₹ 1268.24 crore (52 per cent of the total allocation) from Government of India (GoI) during the period 2006-10 as necessary planning such as constitution of DPC, preparation of perspective plan etc. was not established.*

- *The State Government released ₹ 103.75 crore in excess to Zila Panchayats (ZPs) which included the share of Urban Local Bodies (ULBs), Kshetra Panchayats (KPs) and Gram Panchayats (GPs) during 2009-10 against the normative formula adopted for inter-se allocation.*

- *The Guidelines provided transfer of funds directly into the bank accounts of Panchayats within 15 days of release from GoI by the State Government. The State Government routed the funds through District Nodal Agencies and the funds transfer was delayed between 15 days and 12 months creating a liability of interest for ₹ 5.84 crore. An amount of ₹ 1.36 crore remained (July 2010) undisbursed with DPROs.*

- *The Guidelines provided for capability building in Panchayats for preparing participatory plans, execution and monitoring by allocating ₹ one crore per BRGF district per annum. The State Government was unable to prepare such plans and thus failed to receive a sum of ₹ 90.44 crore from the GoI.*

- *The State Government paid ₹ 12.68 crore to the Executing Agencies as service tax as part of the cost of construction of GP Sachivalaya which was not required.*

## 2.1 Introduction

Government of India (GoI) introduced (January 2007) BRGF programme for 11th five year plan period (2007-12) to mitigate regional imbalances, contribute towards poverty alleviation in backward districts and promote accountable and responsive local governance and to provide resources for supplementing and converging existing developmental inflows into identified 34 backward districts[6] of the State. Rashtriya Sam Vikas Yojna (RSVY) implemented earlier in 21 districts of the State was subsumed in the programme and later it was decided to implement the BRGF programme in the remaining 13 districts[7] from the year 2006-07. BRGF consists of two funding windows- (i) The Capability Building Fund for building up capacity in Panchayats to prepare, implement and monitor the participatory plans as per their needs, and (ii) The Developmental untied grants to bridge critical gaps in local infrastructure and other development requirements of backward regions. Integrated development was to commence with each district undertaking a diagnostic study of backwardness by conducting a baseline survey followed by preparing participatory district development perspective plans ensuring peoples' participation. Support of professionals and outsourcing was allowed. The integrated district plans were to be prepared through participatory planning from grassroot level to district level, ensuring the inclusion of sub-plans of SC/ST.

## 2.2 Organisational Setup

Panchayati Raj Department (PR Department) was designated as the Nodal Department at State Level to implement the BRGF programme in the State. A High-Powered Committee (HPC) headed by the Chief Secretary and a Project Management Unit (PMU) headed by a Project Director of PR Department had been constituted at State Level for approving, managing, monitoring and

[6] Shown in Appendix 1.1.

[7] Ambedkar Nagar, Badaun, Bahraich, Balrampur, Basti, Etah, Farrukhabad, Gonda, Lakhimpur- kheri, Maharajganj, Santkabir Nagar, Shrawasti and Siddharth Nagar.

evaluating the projects proposed by District Planning Committees (DPCs). District Project Management Units (DPMU) at district level have been constituted (August, 2009) consisting of, inter- alia, Chief Development Officer as President and Apar Mukhya Adhikari of concerned Zila Panchayat (ZP) as Member-Secretary to submit the plans and to manage and monitor the projects. *Zila Panchayat* at district level, *Kshetra Panchayats* (KP) at intermediate level and *Gram Panchayats* (GP) at Gram level were the executing agencies of the programme.

## 2.3. Audit Objectives

Audit objectives of the performance audit were to assess whether:

- Planning for selection of backward districts and projects was based on reliable data and as per the GoI Guidelines for BRGF programme (guidelines);
- The allocation and releases of funds by GoI were in accordance with the provision of Guidelines and timely transfer of funds to PRIs and utilization thereof was in accordance with relevant financial rules;
- The projects were executed as approved by HPC, by the selected/nominated executing agency as prescribed in the Guidelines;
- The monitoring system existed at various levels and was functioning effectively.

## 2.4. Scope of audit and methodology

The performance review covered a period from 2006-07 to 2009-10. Records of the PR Department and of PMU at State Level, nine ZPs out of 34 BRGF districts selected on PPSWOR sampling method, two KPs in each selected district, selected on SRSWOR sampling method and concerned executing agencies at district level were scrutinized. The selection of works for scrutiny was made on the basis of highest expenditure incurred. The State Government (the Government) accepted the selection of ZPs and KPs along with audit criteria and audit objectives in the Entry Conference (June 2010). Audit observations were communicated to the

[8] Gorakhpur, Jaunpur, Hardoi, Kushinagar, Lakhimpur-Kheri, Pratapgarh, Shrawasti, Sitapur and Sonebhadra.
[9] Badhulgunj, Belghat, Chopan, Harpalpur, Jamunaha, Khairabad, Kunda, Machlisaher, Nibuya-Naurangia, Parsandi, Phool-Behar, Pratapgarh Sadar, Ramiya-Behar, Ramkola, Rampur, Robertsgunj, Sandila and Sirasiya.

Government (November 2010). Facts and figures verified and audit observations were accepted by the Government in Exit Conference (December 2010).

## Audit Findings

### 2.5. Planning

#### 2.5.1 Delay in preparation of perspective plans

As per the Guidelines, BRGF programme was to commence with each selected district undertaking a diagnostic study of its backwardness which would include a base-line survey followed by preparing a well conceived district development perspective plan (PP) covering period of 11th Five Year Plan and annual plan for the year 2008-09 to redress the backwardness. These plans would be prepared with the assistance of Technical Support Institutions (TSI). Scrutiny of records in PMU revealed that GoI assigned the work of preparing these Plans to five different agencies in October 2007. The Government issued work orders to Agricultural Finance Corporation Limited Lucknow (AFC) in June 2009 for 14 districts[10] and again in September 2009 for 11 districts[11] with the stipulated date of completion of work by October 2009 and assigned the responsibility to prepare annual plans for 2007-08 by March, 2008 and for the year 2008-09 by October 2009 along with preparation of PPs after delay of 19 to 22 months from their engagement by GoI. However, the PPs for 25 districts were prepared by AFC by March 2010. In case of remaining nine districts, preparation of perspective plans was not assigned to any TSI as of June 2010.

As a result, Annual District Plans of 34 districts for ₹1306.99 crore were approved by HPC without perspective plans as detailed below:

[10] Badaun, Barabanki, Basti, Etah, Farrukhabad, Fatehpur, Gonda, Jalaun, Jaunpur, Kaushambi, Lakhimpur Kheri, Maharajganj, Sant Kabir Nagar and Siddharthnagar.
[11] Ambedkarnagar, Azamgarh, Baharaich, Balrampur, Chandauli, Lalitpur, Mirzapur, Pratapgarh, Shrawasti, Sitapur and Sonebhadra.

**Table 1: Annual District Plans**

| Year | Month of approval by HPC | Total Amount of annual Plan(₹ in crore) |
|---|---|---|
| 2007-08 | July-September, 2008 | 629.56 |
| 2008-09 | August-September, 2009 | 677.43 |

On being pointed out, PMU stated (July 2010) that no agency except AFC turned-up to perform the job and consequently AFC was entrusted the job for 25 districts. Thus, the delay in assigning the job to AFC was partly due to not turning up of other TSIs and partly due to delay in taking decision by the Government. However, most of the projects for critical gaps mentioned in the reports of AFC like construction of milk collection centres, rain water harvesting, disaster management, etc. were not included in the plans approved by the HPC.

### 2.5.2 People's participation in preparing perspective plans not assured.

The Guidelines provided for people's participation in preparation of PPs and it was included in Terms of Reference (TOR) in the MoU signed between the Government and AFC. Scrutiny of the PPs revealed that there was no mention as to how the AFC offered and received the people's participation.

On being pointed out, *Apar Mukhya Adhikaris* (AMAs) of test-checked six ZPs[12] stated (June-July 2010) that they were not aware of any survey conducted and they were also not consulted with. However, the Government assured (December 2010) that AFC would be directed to maintain records while offering people's participation.

### 2.5.3 Critical gaps not prioritized

The Guidelines provided for preparation of district PPs and addressing specific district-wise priorities identified in the districts and the projects under the programme were to be taken up accordingly. TOR in the MoU signed with AFC did not include the issue for prioritization of identified critical gaps and priority in

[12] Jaunpur, Lakhimpur-Kheri, Pratapgarh, Shrawasti, Sitapur and Sonebhadra.

identified critical gaps was not indicated in PPs prepared for the six[13] BRGF districts out of nine test-checked. Thus, the provision of the guidelines to prioritize the identified critical gaps in a district addressing specific requirements was not adhered.

### 2.5.4 Delay in constitution of District Planning Committees

As per the Guidelines, Annual District Plan should be recommended by the DPCs of the concerned districts constituted as per Artcle 243ZD of the Constitution of India and approved by the HPC before submission to MoPR for release of funds. DPCs were not in existence in the State till May 2008 and ₹ 510.28 crore allocated for the year 2006-07 was not released by GoI and first installment of the grant ₹ 541.74 crore against the work plan for the year 2007-08 was released during 2008-09. Thus, delay in constitution of DPCs resulted in lapse of funds allocated for the year 2006-07 and delayed receipt of funds for the year 2007-08 by the Government from GoI.

On being pointed out, Project Director, PMU accepted (July 2010) that due to delay in constitution of DPCs, the district plans for the year 2006-07 could not be prepared and plans for the year 2007-08 were delayed. Thus, the Government was unable to get and utilize BRGF grants due to lack in planning.

### 2.5.5 Non-preparation of sub-plans for Schedule Castes and Schedule Tribes

The Guidelines provided for preparation of sub-plans for Schedule Castes and Schedule Tribes (SCs/STs) in proportion to their population in the district. Scrutiny of the records of test checked ZPs and KPs, revealed that no sub-plans for SCs/STs were prepared by PRIs. The annual plans for the year 2007-08 were approved without sub-plans for SCs/STs, in the third and fourth meeting held on 15-9-2008 and 9-1-2009 respectively which were also attended by representative of MoPR. Thus, SCs/STs were deprived of the benefits of the BRGF grants.

[13] Jaunpur, Lakhimpur-Kheri, Pratapgarh, Shrawasti, Sitapur and Sonebhadra

On being pointed out, the ZPs and KPs stated (June-July 2010) that sub-plans for SC/STs were not prepared separately. Thus the guidelines regarding preparation of sub-plans for SCs/STs were not adhered to up to the year 2009-10.

## 2.6. Financial Management

The year wise allocation / release and utilization[14] of BRGF funds to the State was as follow:

**Table 2: Financial position of BRGF grant (2006-10)**

**(₹ in crore)**

| Sl. No. | Year | Funding window | Allocation | Release | Utilization | Funds not released/Short released |
|---|---|---|---|---|---|---|
| 1. | 2006-07 | Capability Building Fund | 34.00 | 0.00 | 0.00 | 34.00 |
| | | Development Grant | 476.28 | 0.00 | 0.00 | 476.28 |
| 2. | 2007-08 | Capability Building Fund | 34.00 | 25.30 | 21.20 | 8.70 |
| | | Development Grant | 602.09 | 3.40 | 0.50 | 598.69 |
| 3. | 2008-09 | Capability Building Fund | 34.00 | 0.00 | 0.00 | 34.00 |
| | | Development Grant | 602.09 | 541.74 | 433.32 | 60.35 |
| 4. | 2009-10 | Capability Building Fund | 34.00 | 20.26 | 0.00 | 13.74 |
| | | Development Grant | 602.09 | 559.61 | 625.66[15] | 42.48 |
| **Total** | | | **2418.55** | **1150.31** | **1080.68** | **1268.24** |

### 2.6.1 Financial Position

The 34 BRGF districts were entitled to receive a total sum of ₹ 476.28 crore for the year 2006-07 and ₹ 602.09 crore per annum for the year 2007-08 and onwards and grants were to be released by MoPR against their approved annual work plans. The first installment for ₹ 541.74 crore against the year 2007-08, was released by MoPR during 2008-09. The second installment for 2007-08 and grants against entitlement of 2006-07 and 2008-09 were not released as the criteria for creating necessary planning/infrastructure (constitution of DPC in each district, mechanism for bank transfer of funds to PRI accounts directly etc.) for

[14] Allocation and release pertains to 34 BRGF districts for PRIs and ULBs both.
[15] Utilization in this year included the balance of ₹ 108.42 crore of 2008-09.

implementation of the programme and submission of utilization certificate by the Government was not fulfilled.

Thus, the Government was unable to receive a sum of ₹ 1268.24 crore (52.44 *per cent* of the allocation) against the allocation of ₹ 2418.55 crore during the period 2006-10 under the programme and could utilize only ₹ 1080.68 crore (94 *per cent* of the amount received) out of the total amount received ₹ 1150.31 crore. As such the objective of reducing regional imbalances in the development and to bridge the critical gaps could be achieved partly.

On being pointed out the Project Director, PMU accepted (July 2010) that due to delay in constitution of DPCs at district level and that the basic infrastructures for implementation of the programme being under preparation, the receipt of grants were delayed.

### 2.6.2 Non-adherence to prescribed Fund Flow Mechanism

BRGF consists of two funding windows (i) Capability Building Fund and (ii) Untied Development Grants. Each BRGF district would receive ₹ one crore per district per annum as Capability Building Fund. The Untied Development Grants were to be distributed among the districts as a fixed minimum amount of ₹ 10 crore per annum per district and the balance allocation was to be distributed on the basis of the ratio of population and area of the districts to the total population and area of BRGF districts. The Government was to indicate the normative formula for inter-se allocation of BRGF grants to each panchayat within the district. It decided to distribute the funds in the ratio of 20:80 between ULBs and PRIs respectively whereas the share of three tiers of PRIs in the district was to be distributed in the ratio of 70:10:20 to GPs, KPs and ZPs respectively.

GoI released ₹ 559.61crore during 2009-10 out of which the Government released ₹ 494.39 crore to PRIs against their due share of ₹ 447.67crore diverting ₹ 46.72 crore of ULBs share to ZPs. Further, ₹ 28.07 crore of KPs and ₹ 28.96 crore of GPs share were also diverted to ZPs resulting in short release of funds to ULBs, KPs and GPs as detailed in ***Appendix-2.1***. The appendix shows that five ZPs were

short released by ₹ 4.69 crore and remaining 29 ZPs were released ₹ 108.44 crore in excess of their due share.

Thus, the prescribed normative formula for inter-se allocation between the ULBs and PRIs as well as within the PRIs was not adhered to and the objective of the programme to reduce imbalances within different panchayats in a district was not fulfilled.

### 2.6.3 Undisbursed funds with District Panchayati Raj Officers

The guidelines provided for transfer of funds directly into the accounts of the panchayats using mechanism of bank transfer. The Government instead of transferring the funds directly into the accounts of the panchayats, designated DPROs as District Nodal Agency (DNA) for 2007-08 and AMAs of respective ZPs (May 2009) from 2008-09 onwards for transferring the sanctioned amounts to concerned panchayats. Thus, transferring of funds through DNAs to panchayats was irregular which also caused delay in transfer of the funds.

Records of DPROs of six out of nine test-checked districts revealed that ₹ 1.36 crore were lying with them undisbursed as of July 2010 as detailed below:

**Table-3: Amount lying undisbursed with DPROs**

**(₹ in lakh)**

| Sl. No. | Name of district | Amount lying idle with DPROs | | |
|---|---|---|---|---|
| | | Amount of BRGF grants undisbursed | Amount of interest received | Total |
| 1. | Hardoi | 00.00 | 12.17 | 12.17 |
| 2. | Lakhimpur-kheri | 00.00 | 10.95 | 10.95 |
| 3. | Sonebhadra | 00.00 | 18.19 | 18.19 |
| 4. | Gorakhpur | 00.00 | 11.57 | 11.57 |
| 5. | Kushinagar | 00.00 | 33.92 | 33.92 |
| 6. | Pratapgarh | 42.75 | 6.62 | 49.37 |
| **Total** | | **42.75** | **93.42** | **136.17** |

On being pointed concerned DPROs stated (July 2010) that there were no directions from the Government to transfer the funds and the same were lying with them. Thus, the Government failed to issue directions to DPROs for transfer of funds and ₹ 1.36 crore was lying idle for more than 13 months.

### 2.6.4 Non realization of interest on BRGF grants

Records of DPRO, Sitapur revealed that BRGF grant of ₹16.68 crore was deposited in a saving account in Lucknow Kshetriya Gramin Bank, Sitapur for the period from 02.01.2009 to 28.02.2009, but the interest accrued at the rate of 3.5 *per cent* per annum amounting to ₹ 9.73 lakh was not credited to the account.

On being pointed out, DPRO stated (July 2010) that the matter was taken up with the bank.

### 2.6.5 Non-maintenance of separate cash book for BRGF grant

The provision of the Guidelines to maintain separate cash book for BRGF grants was not adhered to in all the test checked 18 KPs and ZP Kushinagar out of test checked nine ZPs. However, the units assured (July 2010) in their reply to maintain separate cash book from the next financial year.

## 2.7 Implementation

### 2.7.1 Creation of liability of interest for ₹ 5.84 crore due to delay in transfer of funds to PRIs.

The Guidelines provided for payment of interests at RBI penal rates for delay in depositing funds into PRIs bank accounts beyond 15 days from the date of release by GoI.

Records of the nine districts test-checked revealed that the Government took more than 15 days in transferring grants as the funds were routed through DNAs and they took a period of 15 days to 12 months in transferring the grants to the concerned PRIs. Due to delay in transferring the funds at PMU and DNA level, the Government was liable to pay a sum of ₹ 5.84 crore (nine test-checked districts) as penal interest @ 11.75 *per cent* per annum to concerned Panchayats as detailed in ***Appendix-2.2.***

On being pointed out, PMU stated (July 2010) that the bank account numbers of district nodal agencies (AMA of the concerned ZP) had now been obtained and

bank transfer of funds would be operated from the year 2010-11. Thus, even after four years of implementation of the programme, the Government was not able to operate the bank transfer mechanism and provide the funds directly into the concerned Panchayat's bank account.

### 2.7.2 Loss of interest for ₹ 32.24 lakh on BRGF grants

DPROs Shrawasti and Jaunpur received ₹ 10.84 crore and ₹ 16.28 crore on 11.12.2008 and 30.01.2009 respectively. DPRO Shrawasti deposited the funds into personal ledger account (PLA) of District Rural Development Agency and DPRO Jaunpur deposited the funds into sundry bank accounts in Union Bank of India, Jaunpur. DPRO Shrawasti disbursed the funds during the period from 30.05.2009 to 26.09.2009 to concerned panchayats where as DPRO Jaunpur disbursed ₹ 2.93 crore on 24.03.2009 and balance amount ₹ 13.35 crore from 30.05.2009 to 03.06.2009 resulting in loss of interest amounting to ₹ 32.24 lakh (at the rate of 3.5 *per cent* per annum).

On being pointed out, DPRO, Shrawasti stated (August 2010) that the funds were deposited into PLA by orders of the District Magistrate whereas DPRO, Jaunpur stated (August, 2010) that the funds were deposited into sundry bank accounts pending final disbursement. Thus, due to non-adhering to the Guidelines there was a loss of interest for ₹ 32.24 lakh on BRGF grants.

### 2.7.3 Capability Building programmes not implemented

The Government was required to prepare a comprehensive capability building programme to impart training to all stakeholders so that they might be able to prepare plans, ensure their implementation and monitoring. There was provision for release of ₹ 136.00 crore to 34 BRGF district @ ₹1.00 crore per district per annum for the purpose during the period 2006-10 by MoPR. The annual plans prepared by PMU for capability building were not in accordance with the Guidelines of National Capability Building Framework (NCBF), as such the

Government received only ₹ 45.56 crore as of July 2010. Out of these funds, the State Government released (July 2010) only ₹ 25.30 crore to the concerned districts. However, the PMU sent the action plan for ₹ 86.96 crore to the MoPR in December, 2009 but the balance amount was not released by GoI to the Government as of July, 2010. Thus, the Government failed to get the amounts assigned to them in full for capability building and could utilize partially the amount received.

In reply PMU stated (July 2010) that correspondence for release of balance amounts was being made.

### 2.7.4 Undue transfer of ₹ 12.68 crore and avoidable expenditure of ₹ 38.54 crore

Guidelines provided for deciding the implementing agencies by DPCs. In spite of DPCs, the Government itself nominated the executing agencies (UPPCL, UPSKNN and Rural Engineering Services (RES)) for execution of works assigned to them. Scrutiny of the records (June - July 2010) of PMU, test-checked ZPs/KPs and EAs revealed that roads, bridges, drains, check dams, rapta, GP *Sachivalay* etc. were being constructed by ZPs. Roads, bridges, drains Resource Centers (RCs) etc. by KPs and GP *Sachivalay*, roads, Anganwadi Centers etc. by EAs (UPPCL, UPSKNN and RES).

The Government did not look at for minimum construction costs of GP *Sachivalayas* and did not strive for lowest competitive rates and assigned the work to UPPCL and UPSKNN at the cost of ₹ 14.72 lakh per *Sachivalay* as decided by the Government. UPPCL and UPSKNNL were entrusted for construction of 1893 and 546 GP *Sachivalayas* respectively. An amount of ₹ 252.57 crore (₹ 189.38crore to UPPCL and ₹ 63.19 crore to UPSKNNL) was paid (March 2010) to them without signing MoU or determining the time schedule for completion of the work. The cost ₹ 14.72 lakh for one GP *Sachivalay*, included Service Tax ₹ 0.52 lakh and centage charges ₹ 1.58 lakh @ 12.5 *per cent.* As such, total amount of service tax ₹ 12.68 crore for the

construction of 2439 GP *Sachivalay* was paid to EAs, whereas para-28.3-3 of Finance Act 2005 exempts Government buildings or civil construction for office purposes or for providing civic amenities from levy of Service Tax. The total amount of centage charges paid to EAs was ₹ 38.54 crore whereas, ZPs being the part of PRIs did not claim centage charges. Thus, a sum of ₹ 12.68 crore paid as service tax to EAs was undue, whereas, ₹ 38.54 crore paid to EAs as centage charges was avoidable if these works would have assigned to ZPs.

On being pointed out, the EAs stated (August 2010) that Service Tax had not yet been deposited and action would be taken after consultation with service tax advisor. Further, the Project Director, PMU also assured (December 2010) that the amounts paid to executing agencies as service tax will be adjusted in future transactions. Thus, there was an undue transfer of ₹ 12.68 crore as service tax to EAs while ₹ 38.54 crore paid as centage charge was avoidable.

### 2.7.5 Cost over-run for ₹ 97.07 crore due to slow progress in construction of Gram Panchayat Sachivalayas by Executive Agencies.

Scrutiny of records of PMU (July 2010) and district annual plans revealed that for the year 2007-08 the cost of construction of one GP *Sachivalay* was ₹ 10.74 lakh which escalated to ₹ 14.72 lakh in July 2009. As such cost had already escalated at planning stage by ₹ 97.07 crore for 2439 GP Sachivalayas. Construction of Sachivalayas was entrusted (July – September 2010) to UPPCL (1893 units) and UPSKNN (546 units) without making provision for supervision by GPs, in violation of Guidelines which resulted in slow progress of construction by EAs. Further, in 653 cases for which ₹ 96.12 crore were transferred to EAs, land was not provided (July 2010) whereas, construction of 77 GP *Sachivalay* for ₹ 11.33 crore was not started (July 2010) by UPSKNN even after the availability of land.

Thus, the delayed planning and execution of the work resulted in cost and time overrun and also the objective of the programme to make PRIs capable of planning, implementation and monitoring of the projects as per their local felt needs was ignored.

### 2.7.6 Execution of other projects in place of the projects approved by the High Powered Committee

Scrutiny of the records of ZP Jaunpur, ZP Lakhimpur-Kheri, KP Ramia-Behar of district Kheri and KP Robertsganj of district Sonebhadra revealed that the funds sanctioned for projects approved by HPC were diverted to other projects without prior sanction of competent authority as detailed below:

- Scrutiny of records of ZP, Jaunpur revealed (June 2010) that a sum of ₹ 22.00 lakh was sanctioned (September 2008) by HPC for Solar Power Electrification in district hospital, Jaunpur but in place, a road was being constructed without prior sanction of HPC. On being pointed out, AMA, ZP Jaunpur accepted (June 2010) the facts.
- Scrutiny of records of ZP Lakhimpur-kheri revealed that construction of *'kharanja'* road in KP Phul-behar from Narhar Bandha to Rampurva was sanctioned for ₹ 7.00 lakh. After six months of issuing the work order (January 2009), Junior Engineer in- charge reported (July 2009) that a bridge and road constructed by Public Works Department (PWD) in the previous year was washed away in floods and the inhabitants were bound to escape from the locality and construction of the road was not feasible. In place of sanctioned road, another road from Nighasan road to village Sarva in KP Phul Behar was constructed with an expenditure of ₹ 9.13 lakh without prior sanction of HPC.

On being pointed out, AMA, ZP Lakhimpur-kheri accepted (April 2010) the facts in their reply. Thus, initially the project was proposed and approved without survey and the amount was being utilized on another work without prior sanction of HPC.

- Scrutiny of the records of KP Ramia-Behar district Lakhimpur-kheri and KP Robertsgunj, district Sonebhadra revealed that a sum of ₹ 2.80 lakh each was sanctioned for construction of RCs by HPC as per approved work plans, but the same were not constructed. Instead, the amounts were expended on construction of a *Rapta* and *Pramukh Kaksha* respectively by approval of KP without prior sanction of HPC. On being pointed out, KP Ramia-Behar stated (July 2010) that community hall was being used as RC whereas KP Robertsganj did not furnish reply. Thus, the funds sanctioned by HPC were utilized on other projects without prior sanctions of competent authority.

### 2.7.7 Incomplete Resource Centres

The Guidelines provided for construction of a Resource centre (RC) at each KP for technical assistance/support to PRIs for decentralized planning, implementation and monitoring. Scrutiny of records of test-checked nine ZPs revealed that 116 numbers of RCs were sanctioned (July-September 2008) by HPC. The sanctioned cost ₹ 6.91 lakh included ₹ 2.80 lakh from BRGF Capability Grant and ₹ 4.11 lakh was to be met out from other sources. Scrutiny of progress report of March 2010 provided by PMU revealed that, out of 116 sanctioned RCs, 45 RCs were completed, 45 were under progress and work on remaining 26 RCs was not even started. Thus, the progress was slow.

Further scrutiny revealed that construction of RCs in KP Kunda, district Pratapgarh and KPs Barhalganj and Belghat of district Gorakhpur was in progress (June-July 2010) whereas, they were shown completed (March 2010) in the progress report produced by PMU.

On being pointed out, test-checked KPs stated (June-July 2010) that work was under progress whereas, for incorrect reporting, AMAs (district nodal agencies) replied (August, 2010) that the enquiry would be conducted. Thus, non-adhering to the provisions of the Guidelines for providing one RC at each KP resulted in lack of technical assistance/support to PRIs.

## 2.8. Internal Control and Monitoring

### 2.8.1 Failure to conduct Physical and Financial audit

Guidelines provided for physical and financial audit of works under BRGF programme at the end of each financial year regularly in each district, either by Local Fund Auditors or by Chartered Accountants. The report of such audit was required to be submitted along with the proposal for release of second installment of funds.

Scrutiny of records of ZP Hardoi and 14 KPs[16] revealed that prescribed annual audit was not carried out.

In reply, AMA Hardoi stated (July 2010) that action was being taken to conduct the audit and Block Development Officers of KPs stated (May-July 2010) that audit could not be conducted as there was no provision of fund for audit.

### 2.8.2 Non-constitution of Review Committees

A Review Committee chaired by chairperson of ZP and chairpersons of KPs and ULBs in the district were to be constituted in each district to examine the peer review reports on the progress of the works to be prepared by Panchayats. Scrutiny of records of test-checked ZPs, KPs and PMU, revealed that neither peer reviews were prepared by concerned Panchayats nor were District Review Committees constituted.

On being pointed out, ZPs and KPs admitted the fact (May-July 2010) while PMU did not furnish reply (July 2010).

### 2.8.3 Quality Monitoring System was not instituted

The Guidelines provided that a quality monitoring system shall be instituted in order to maintain quality of works executed under the programme and HPC was also required to review regularly the working of monitoring system instituted to

[16] Badhulgunj, Belghat, Chopan, Harpalpur, Jamunaha, Khairabad, Machlisaher, Parsandi, Phool-Behar, Ramiya-Behar,Rampur, Robertsgunj, Sandila and Sirasiya.

maintain quality of works executed under BRGF programme. However, the Government did not create (July 2010) monitoring system and the question for review of the system by HPC did not arise.

On being pointed out, test-checked ZPs and KPs admitted the fact.

### 2.8.4 Failure to conduct social audit

The Government was to issue guidelines on social audit of projects by Gram and Ward Sabhas in rural areas. The process followed was to be the same as prescribed in the guidelines of MNREGA. Scrutiny of records of test-checked ZPs and KPs revealed that no social audit was being conducted. Project Director PMU stated (August, 2010) that no guideline for social audit has been issued. Thus, the provisions of the Guidelines for conducting social audit were not adhered to.

Due to failure of implementing such audit, proper utilization of funds and quality of execution of projects as approved by HPC was not ensured.

## 2.9. Conclusion

The Performance Audit disclosed that the Government could not prepare perspective plans in time and there was delay in constitution of DPCs. Due to delay in providing basic infrastructure for implementation of the programme and inability of the Government to prepare comprehensive capability building programme in accordance with the guidelines of NCBF grants for ₹ 1268.24 crore against the allocation of ₹ 2418.55 crore could not be received during the period 2006-10. The Government failed to transfer the BRGF grants directly into panchayats accounts within 15 days of their release from GoI, creating liability of interest for ₹ 5.84 crore in the test-checked nine districts. The Government did not adhere to the normative formula adopted for inter-se allocation of grants within a district and within PRIs and transferred ₹ 103.75 crore in excess to the ZPs from the shares of ULBs, KPs and GPs. The Government nominated the EAs for construction of GP *Sachivalayas* without striving for lowest competitive rates. It transferred ₹ 12.68 crore as service tax which was not payable and incurred

avoidable expenditure of ₹ 38.54 crore as centage charges. The provisions of the Guidelines to conduct physical and financial audit for each financial year regularly, constitution of review committees in each district, instituting quality monitoring system and issuing guidelines for social audit were not adhered to. Thus, effective internal control and monitoring was not ensured.

## 2.10. Recommendations

- Integrated participatory perspective plans for each BRGF district may be prepared and timeline for approval and implementation of district plans may be determined and adhered to and timely execution of projects may be ensured;
- Funds released by GoI may be transferred directly into the bank accounts of concerned panchayats by the Government within 15 days of their release;
- Sharing of funds between ULBs and PRIs and within PRIs should be according to the adopted normative formula; and
- Effective internal control and monitoring system for the programme should be adhered to at each level and system for evaluation may be introduced.

The matter was referred to the Government (November 2010); reply was awaited (May 2011).

# CHAPTER-III

## Audit of Transactions

### 3.1 Irregular payment of royalty

**Non-observance of the Government orders led to irregular payment of ₹ 4.36 lakh by way of royalty on the use of earths in construction of rural link roads.**

With a view to ensure use of grants optimally for developmental works, the Government orders[17] prohibited payment of royalty for earths to be utilized in rural link roads sanctioned under Twelfth Finance Commission and State Finance Commission.

Scrutiny of records of *ZP*, Shrawasti revealed (November 2009) that the Government sanctioned construction of 49 and 18 rural link roads during 2007-09 under State Finance Commission and Twelfth Finance Commission respectively at a total estimated cost of ₹ 2.30 crore. In the estimates, ₹ 4.36 lakh were provided for payment of royalty for use of earths in construction of these roads. The sanction of the estimates incorporating component of royalty was irregular as the aforesaid Government order clearly prohibited it. The construction of the roads was taken up during respective years of their sanctions and completed during the same year making irregular payment of ₹ 4.36 lakh on account of royalty.

The *Apar Mukhya Adhikari, ZP,* Shrawasti, in reply, stated (November 2009) that the payment of royalty was made under the orders of District Magistrate. The reply was not tenable as the Government Order was not observed in construction of the roads leading to irregular payment of ₹ 4.36 lakh, which could, otherwise, have been utilised in other developmental works. Besides, the District Magistrate was not competent to supersede the orders of Government.

[17] No. 1100/33-cell/2006-113/ 05 dated 17 January 2006

Proper circulation of Govt. orders issued time to time and its compliance should be ensured at District level.

The matter was brought to the notice of Government (March, 2011); the reply was awaited (May 2011).

### 3.2 Unfruitful expenditure on sub-standard work

**Due to non-observance of specifications of Public Works Department for construction of roads, unfruitful expenditure of ₹ 7.01 lakh was incurred on substandard work.**

The ZPs execute road construction works as per the specifications/ norms prescribed by Public Works Department. As per specification[18], Premix Carpeting and Seal Coat (PC and SC) was to be done after laying a bituminous layer of Prime Coat over Water Bound Macadam.

Scrutiny of records of ZP, Jyotiba Phoole Nagar revealed (July, 2010) that the construction of the painted road from Karmallipur to Kaserwa (three meter wide road of 1.92 kilometers) during 2009-10 was approved at a cost of ₹ 30.03 lakh. The expenditure on the road was to be met out of the grant received under the Twelfth Finance Commission. However, in the estimate no provision was made for Prime Coat before laying Premix Carpeting and Seal Coat over Water Bound Macadam in contravention to the prescribed specification. The work was executed during 2009-10 and an expenditure of ₹ 7.01 lakh was incurred on PC with SC. As such, the construction of painted road against the specification led to sub-standard work and the sustainability of road in the long run was suspect. Thus, the expenditure of ₹ 7.01 lakh on PC with SC was unfruitful.

On this being pointed out in audit, the Apar Mukhya Adhikari stated that the Prime Coat was done though no provision for it was made in the estimate and no payment on this account was made to the contractor. The reply is not tenable as

[18] PWD circular Letter No. 3583 dated 13/06/2007

the execution of work with Prime Coat without its provision in the estimate and no payment to the contractor for it, is hypothetical.

Specifications prescribed by PWD for the construction of road should be observed by ZP and be kept on record by the executing agency.

The matter was referred to Government (November, 2010) reply was awaited (May 2011).

### 3.3 Avoidable expenditure

**Avoidable expenditure of ₹ 17.26 lakh was incurred on construction of rural link roads due to non-observance of prescribed specifications.**

As per specifications prescribed by the Public Works Department for construction of rural link roads, any of the following modes may be adopted after tack coat/prime coat on Water Bound Macadam/ top coat:

- Surface dressing [Painting 1 ( $P_1$ ) & Painting 2 ($P_2$ )]
- Premix Carpet with Seal Coat (PC & SC)

Scrutiny of records of ZP, Kushinagar and Mirzapur revealed (between July 09 & January 2010) that three rural link roads in ZP Kushinagar and six rural link roads in ZP Mirzapur at total estimated cost of ₹ 121.00 lakh and ₹ 51 lakh respectively under Twelfth Finance Commission grant were sanctioned by the Government in 2008-09 & 2009-10. However all the work were completed between March 2008 and March 2010 violating the specification prescribed by PWD for construction of rural link roads resulting in extra/excess expenditure of ₹ 7.87 lakh and ₹9.39 lakh respectively. In reply the Appar Mukhya Adhikari, Kushinagar stated that they were unaware of the circular issued by PWD, where as AMA ZP, Mirzapur stated that roads were constructed as per requirement of the site. The reply is not tenable as the fact remains that the prescribed specifications were not followed, as a result of which an avoidable expenditure of ₹ 17.26 lakh was incurred in the year March 2008 to March 2010.

Specification prescribed by PWD for construction of rural link roads should be observed/ followed in ZP.

The matters were referred to Government (January to December, 2010); reply was awaited (May 2011).

### 3.4 Revenue Loss

**Revenue loss of ₹ 1.20 lakh due to non-deduction of Income Tax by the DDO on account of payment made to contractors.**

As per Income Tax rules, the DDOs should deduct the Income Tax at source on account of payment made to contractors/ suppliers from their bills @ 2.24 *per cent* (including 0.24 *per cent* cess). Failing to such deduction, the person shall be liable to pay, by way of penalty, a sum equal to the amount of tax.

Scrutiny of records of Khsetra Panchayats Baghauli, Khalilabad and Santha district Sant Kabir Nagar (January-February, 2010), revealed that a payment of ₹ 53.70[19] lakh made to contractors by the Drawing and Disbursing Officers (DDOs) for supply of materials, required for construction works, but the Income Tax @ 2.24 *per cent* worth ₹ 1.20 lakh was not deducted at source by the DDOs from the contractors bills resulting in loss of revenue to that extent.

In reply, the Block Development Officer of aforesaid KPs stated that Income Tax will be levied in future. The reply was not tenable as non deduction of Income Tax by the DDOs was violation of rules.

Thus, Non deduction of Income Tax at source from the contractors at the time of payment of bills resulted in loss of revenue amounting to ₹ 1.20 lakh ***(Appendix-3.1)***. Besides, the penalty equivalent to above amount was yet not imposed upon the DDOs under the rules.

[19] KP Baghauli ₹ 5.14 lakh, KP Khalilabad ₹ 16.76 lakh, KP Santha ₹ 31.80 lakh.

DDO should ensure compliance of IT rules before payment made.

The matter was brought to the notice of Government (October, 2010) the reply was awaited (May 2011).

**ALLAHABAD**
**THE**

**U P SINGH SISODIA**
**Deputy Accountant General (LB A & A)**
**Uttar Pradesh**

**COUNTERSIGNED**

**ALLAHABAD**
**THE**

**MUKESH P SINGH**
**Principal Accountant General (Civil Audit)**
**Uttar Pradesh**

## Appendix-1.1

*(Reference; Paragraph no: 1.5.4 page no: 9 )*

**Arrear in tax collections in *Zila Panchayats* (2008-09)**

**(₹ In Lakh)**

| Sl No. | Name of Zila Panchayat | Opening Balance | Demand during the year | Total | Recovery during the year | Balance on 31.3.2009 |
|---|---|---|---|---|---|---|
| 1 | Jaunpur | 46.22 | 69.10 | 115.32 | 52.16 | 63.16 |
| 2 | Behraich | 169.90 | 124.07 | 293.97 | 122.74 | 171.23 |
| 3 | Kanpur Nagar | 721.23 | 395.40 | 1116.63 | 621.72 | 494.91 |
| 4 | Bagpat | 215.91 | 101.05 | 316.96 | 58.14 | 258.82 |
| 5 | Rampur | 0 | 69.45 | 69.45 | 57.55 | 11.90 |
| 6 | Agra | 33.94 | 152.97 | 186.91 | 100.63 | 86.28 |
| 7 | Mahoba | 0 | 88.600 | 88.60 | 15.30 | 73.30 |
| 8 | Badaun | 0 | 1.58 | 1.58 | 0.58 | 1.00 |
| 9 | Farrukhabad | 145.56 | 103.36 | 248.92 | 76.28 | 172.64 |
| 10 | Banda | 0 | 94.00 | 94.00 | 53.53 | 40.47 |
| 11 | Fatehpur | 92.80 | 167.17 | 259.97 | 124.31 | 135.66 |
| 12 | Raibareilly | 195.21 | 58.43 | 253.64 | 72.20 | 181.44 |
| 13 | Bareilly | 207.05 | 218.23 | 425.28 | 109.32 | 315.96 |
| 14 | Jyotibafulenagar | 123.17 | 84.15 | 207.32 | 166.01 | 41.31 |
| 15 | Sultanpur | 59.07 | 90.95 | 150.02 | 71.10 | 78.92 |
| 16 | Mirzapur | 167.65 | 114.98 | 282.63 | 91.73 | 190.90 |
| 17 | Balia | 56.13 | 126.40 | 182.53 | 129.07 | 53.46 |
| 18 | Azamgarh | 67.16 | 149.84 | 217.00 | 141.29 | 75.71 |
| 19 | Lucknow | 186.89 | 4.25 | 191.14 | 134.66 | 56.48 |
| 20 | Meerut | 230.60 | 200.59 | 431.19 | 69.80 | 361.39 |
| 21 | Allahabad | 133.12 | 256.80 | 389.92 | 250.59 | 139.33 |
| 22 | Bhadohi | 50.07 | 46.80 | 96.87 | 40.69 | 56.18 |
| 23 | Urai, Jalaun | 15.60 | 108.86 | 124.46 | 120.57 | 3.89 |
| 24 | Muzzafarnagar | 323.52 | 227.43 | 550.95 | 224.03 | 326.92 |
| 25 | Sonbhadra | 157.67 | 547.36 | 705.03 | 557.50 | 147.53 |
| 26 | Pratapgarh | 90.67 | 121.53 | 212.20 | 129.24 | 82.96 |
| 27 | Shrawasti | 26.00 | 71.71 | 97.71 | 43.34 | 54.37 |
| 28 | Chandauli | 50.10 | 69.50 | 119.60 | 32.35 | 87.25 |
| 29 | Ambedkarnagar | 51.30 | 14.90 | 66.20 | 58.85 | 7.35 |
| **Total** | | **3616.54** | **3879.46** | **7496.00** | **3725.28** | **3770.72** |

***(Source: Audit Inspection Reports for 2009-10)***

## Appendix-1.2

***(Reference: Paragraph no. 1.9; page no:11 )***

## Non-reconciliation of Cash Balances

**(₹ in lakh)**

| SI NO. | Name of Units | Period of Audit | Balance as on 31.3.2009 | | Difference |
|---|---|---|---|---|---|
| | | | As per Cash book | As per Pass book | |
| **Zila Panchayats** | | | | | |
| 1. | Jaunpur | 2008-09 | 1081.44 | 1197.08 | 115.64 |
| 2. | Gazipur | 2008-09 | 456.35 | 434.44 | 21.91 |
| 3. | Mirzapur | 2008-09 | 729.04 | 873.06 | 144.02 |
| 4. | Chandauli | 2008-09 | 473.38 | 557.90 | 84.52 |
| 5. | Bagpat | 2008-09 | 213.61 | 241.00 | 27.39 |
| 6. | Jalaun (Urai) | 2008-09 | 691.55 | 584.10 | 107.45 |
| 7. | Balrampur | 2008-09 | 892.63 | 959.00 | 66.37 |
| 8. | Mahamayanagar (Hathras) | 2008-09 | 224.96 | 330.40 | 105.44 |
| 9. | Balia | 2008-09 | 409.21 | 284.77 | 124.44 |
| 10. | Banda | 2008-09 | 1991.01 | 2165.46 | 174.45 |
| | | | | **Total** | **971.63** |
| **Kshetra Panchayats** | | | | | |
| 1. | Hujurpur | 2008-09 | 78.59 | 80.53 | 1.94 |
| 2. | Manda | 2008-09 | 65.79 | 66.51 | 0.72 |
| 3. | Kalakankar | 2008-09 | 68.35 | 62.66 | 5.69 |
| 4. | Mandhata` | 2008-09 | 105.89 | 110.27 | 4.38 |
| 5. | Haldaur | 2008-09 | 8.25 | 8.44 | 0.19 |
| 6. | Shamli | 2008-09 | 2.48 | 8.38 | 5.90 |
| 7. | Dhanupur | 2008-09 | 12.06 | 20.36 | 8.30 |
| 8. | Vidhanu | 2008-09 | 46.07 | 52.08 | 6.01 |
| 9. | Maal | 2008-09 | 60.07 | 117.56 | 57.49 |
| 10. | Chajlat | 2008-09 | 51.78 | 56.03 | 4.25 |
| 11. | Kalyanpur | 2008-09 | 42.13 | 42.99 | 0.86 |
| 12. | Khutar | 2008-09 | 7.94 | 8.79 | 0.85 |
| 13. | Nanauta | 2008-09 | 9.69 | 13.87 | 4.18 |
| 14. | Kurara | 2008-09 | 24.77 | 28.41 | 3.64 |
| 15. | Kashi Vidyapeeth | 2008-09 | 9.06 | 8.83 | 0.23 |
| 16. | Khekhara | 2008-09 | 23.40 | 23.83 | 0.43 |
| 17. | Katehara | 2008-09 | 46.40 | 56.83 | 10.43 |
| | | | | **Total** | **115.49** |

***(Source: Audit Inspection Reports for 2009-10)***

## Appendix-2.1

*(Reference: Paragraph no. 2.6.2; Page no: 22)*

**Details of Sanction and Release in ZPs, KPs and GPs (2009-10)**

**(₹ in crore)**

| Sl. No. | Name of Districts | ZPs | | | GPs | | | KPs | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Sanction | Release | Excess(+) /short (-) release | Sanction | Release | Excess(+)/ Short(-) release | Sanction | Release | Excess(+)/ Short(-) release |
| 1. | Ambedkar Nagar | 1.00 | 2.41 | 1.41 | 3.51 | 3.86 | 0.35 | 0.50 | 0.11 | (-)0.39 |
| 2. | Azamgarh | 3.44 | 12.26 | 8.82 | 12.05 | 5.87 | (-)6.18 | 1.72 | 0.00 | (-)1.72 |
| 3. | Badaun | 3.27 | 3.21 | (-)0.06 | 11.44 | 15.65 | 4.21 | 1.63 | 0.65 | (-)0.98 |
| 4. | Bahraich | 2.93 | 7.47 | 4.54 | 10.25 | 5.01 | (-)5.24 | 1.46 | 0.00 | (-)1.46 |
| 5. | Balrampur | 2.57 | 5.14 | 2.57 | 8.99 | 5.73 | (-)3.26 | 1.28 | 0.00 | (-)1.28 |
| 6. | Banda | 1.82 | 5.29 | 3.47 | 6.36 | 3.94 | (-)2.42 | 0.91 | 0.00 | (-)0.91 |
| 7. | Barabanki | 2.19 | 6.08 | 3.89 | 7.65 | 3.46 | (-)4.19 | 1.09 | 0.00 | (-)1.09 |
| 8. | Basti | 2.65 | 5.23 | 2.58 | 9.28 | 9.15 | (-)0.13 | 1.33 | 1.33 | 0.00 |
| 9. | Chandauli | 2.47 | 4.50 | 2.03 | 8.64 | 6.52 | (-)2.12 | 1.23 | 0.00 | (-)1.23 |
| 10. | Chitrakoot | 1.77 | 8.26 | 6.49 | 6.19 | 2.75 | (-)3.44 | 0.88 | 0.00 | (-)0.88 |
| 11. | Etah | 3.09 | 5.38 | 2.29 | 10.80 | 11.90 | 1.10 | 1.54 | 0.58 | (-)0.96 |
| 12. | Farrukhabad | 2.40 | 1.49 | (-)0.91 | 8.41 | 11.29 | 2.88 | 1.20 | 0.00 | (-)1.20 |
| 13. | Fatehpur | 2.88 | 5.72 | 2.84 | 10.08 | 8.10 | (-)1.98 | 1.44 | 1.65 | 0.21 |
| 14. | Gonda | 3.03 | 6.06 | 3.03 | 10.61 | 9.34 | (-)1.27 | 1.52 | 1.21 | (-)0.31 |
| 15. | Gorakhpur | 3.32 | 6.25 | 2.93 | 11.62 | 13.02 | 1.40 | 1.66 | 0.90 | (-)0.76 |
| 16. | Hamirpur | 2.44 | 3.07 | 0.63 | 8.53 | 12.16 | 3.63 | 1.22 | 0.00 | (-)1.22 |
| 17. | Hardoi | 2.05 | 1.72 | (-)0.33 | 7.17 | 7.84 | 0.67 | 1.02 | 0.00 | (-)1.02 |
| 18. | Jalaun | 1.85 | 2.62 | 0.77 | 6.49 | 8.97 | 2.48 | 0.93 | 0.00 | (-)0.93 |
| 19. | Jaunpur | 3.45 | 15.06 | 11.61 | 12.06 | 5.61 | (-)6.45 | 1.72 | 0.25 | (-)1.47 |
| 20. | Kaushambi | 2.28 | 3.85 | 1.57 | 7.99 | 8.41 | 0.42 | 1.14 | 0.28 | (-)0.86 |
| 21. | Kushinagar | 2.96 | 2.96 | 0.00 | 10.34 | 12.56 | 2.22 | 1.48 | 1.65 | 0.17 |
| 22. | Lakhimpur-Kheri | 3.59 | 7.28 | 3.69 | 12.56 | 10.65 | (-)1.91 | 1.79 | 0.22 | (-)1.57 |
| 23. | Lalitpur | 2.22 | 9.32 | 7.10 | 7.77 | 1.07 | (-)6.70 | 1.11 | 3.07 | 1.96 |
| 24. | Maharajganj | 2.70 | 11.10 | 8.40 | 9.45 | 5.44 | (-)4.01 | 1.35 | 0.98 | (-)0.37 |
| 25. | Mahoba | 1.53 | 3.87 | 2.34 | 5.36 | 5.24 | (-)0.12 | 0.77 | 0.44 | (-)0.33 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 26. | Mirzapur | 2.85 | 5.63 | 2.78 | 9.97 | 11.44 | 1.47 | 1.42 | 0.59 | (-)0.83 |
| 27. | Pratapgarh | 2.99 | 2.73 | (-)0.26 | 10.45 | 15.89 | 5.44 | 1.49 | 0.00 | (-)1.49 |
| 28. | Raibareilly | 3.13 | 0.00 | (-)3.13 | 10.97 | 17.95 | 6.98 | 1.57 | 0.00 | (-)1.57 |
| 29. | Sant Kabir Nagar | 2.29 | 3.97 | 1.68 | 8.00 | 8.22 | 0.22 | 1.14 | 0.53 | (-)0.61 |
| 30. | Shrawasti | 2.29 | 4.16 | 1.87 | 8.03 | 6.55 | (-)1.48 | 1.15 | 0.00 | (-)1.15 |
| 31. | Siddharth Nagar | 2.64 | 6.78 | 4.14 | 9.25 | 8.24 | (-)1.01 | 1.32 | 0.00 | (-)1.32 |
| 32. | Sitapur | 3.53 | 5.78 | 2.25 | 12.36 | 11.66 | (-)0.70 | 1.77 | 0.90 | (-)0.87 |
| 33. | Sonebhadra | 2.86 | 12.51 | 9.65 | 10.01 | 5.37 | (-)4.64 | 1.43 | 0.00 | (-)1.43 |
| 34. | Unnao | 3.07 | 6.14 | 3.07 | 10.74 | 5.56 | (-)5.18 | 1.53 | 1.33 | (-)0.20 |
| **Total** | | **89.55** | **193.30** | **103.75** | **313.38** | **284.42** | **(-)28.96** | **44.74** | **16.67** | **(-)28.07** |

## Appendix-2.2

*(Reference: Paragraph no.2.7.1; Page no: 24)*

**Delay (in excess of 15 days) and amount of penal interest @ 11.75 *per cent* per annum**

| | 2008-09 | | | | | 2009-10 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Name of District** | **Amount (₹ in lakh)** | **Date of release from MoPR** | **Date of release to PRIs/ Executing Agencies** | **Delay in days** | **Amount of penal interest @ 11.75 *per cent* (₹ in lakh)** | **Amount (₹ in lakh)** | **Date of release from MoPR** | **Date of release to PRIs/ Executing Agencies** | **Delay in days** | **Amount of penal interest @11.75 *per cent* (₹ in lakh)** | **Total Amount of penal interest (₹ in lakh)** |
| Lakhimpur | 2018.7 | 21/10/2008 | 29/12/2008 | 54 | 35.09 | 1654 | 5/11/2009 | 30/1/2010 | 71 | 37.80 | 72.90 |
| | | | | | 0 | 589 | 26/2/2010 | 31/3/2010 | 18 | 3.413 | 3.41 |
| Gorakhpur | 1867 | 10/9/2008 | 11/12/2008 | 77 | 46.28 | 1435 | 22/9/2009 | 24/11/2009 | 48 | 22.17 | 68.45 |
| | | | | | 0 | 640 | 25/2/2010 | 25/3/2010 | 13 | 2.68 | 2.68 |
| Sitapur | 1986 | 21/10/2008 | 11/12/2008 | 36 | 23.02 | 1498 | 18/12/2009 | 23/3/2010 | 80 | 38.58 | 61.59 |
| | | | | | 0 | 709 | 25/3/2010 | 31/3/2010 | 0 | 0 | 0 |
| Kushinagar | 1662 | 10/9/2008 | 11/12/2008 | 77 | 41.20 | 1434 | 18/9/2009 | 24/11/2009 | 52 | 24.00 | 65.20 |
| | | | | | 0 | 413 | 25/2/2010 | 25/3/2010 | 13 | 1.73 | 1.73 |
| Jaunpur | 1938 | 19/11/2008 | 30/1/2009 | 57 | 35.56 | 1634 | 21/10/2009 | 24/11/2009 | 19 | 9.99 | 45.56 |
| | | | | | 0 | 520 | 5/3/2010 | 31/3/2010 | 11 | 1.84 | 1.84 |
| Pratapgarh | 1679 | 5/11/2008 | 30/1/2009 | 71 | 38.38 | 1490 | 15/9/2009 | 24/11/2009 | 55 | 26.38 | 64.76 |
| | | | | | 0 | 376 | 25/2/2010 | 25/3/2010 | 13 | 1.57 | 1.57 |
| Hardoi | 1954 | 21/10/2008 | 11/12/2008 | 36 | 22.64 | 1281 | 5/11/2009 | 31/3/2010 | 131 | 54.02 | 76.67 |
| Shrawasti | 1290 | 10/9/2008 | 11/12/2008 | 77 | 31.98 | 1029 | 6/10/2009 | 24/11/2009 | 34 | 11.26 | 43.24 |
| | | | | | 0 | 405 | 26/2/2010 | 25/3/2010 | 12 | 1.56 | 1.56 |
| Sonebhadra | 1608 | 9/9/2008 | 11/12/2008 | 78 | 40.37 | 1367 | 21/10/2009 | 13/1/2010 | 69 | 30.36 | 70.74 |
| | | | | | 0 | 420 | 26/2/2010 | 31/3/2010 | 18 | 2.43 | 2.43 |
| **Total** | | | | | **314.52** | | | | | **269.82** | **584.34** |

**Appendix-3.1**

***(Reference: paragraph no: 3.4 page no: 36)***

**Details of payment to suppliers without deduction of Income Tax**

| Sl. No. | Name of unit | Name of work | Purpose of payment | Cash payment without TDS (In ₹) | Deductible amount of IT @ 2.24% |
|---|---|---|---|---|---|
| 1 | Kshetra Pnachayat Baghauli distrct Sant Kabir Nagar | Construction of culvert in Bhojpur Godown | Supplies of materials | 148037 | 3316 |
| 2 | Kshetra Pnachayat Baghauli distrct Sant Kabir Nagar | Construction of khandanja in gram Bhainshath | Supplies of materials | 97310 | 2180 |
| 3 | Kshetra Pnachayat Baghauli distrct Sant Kabir Nagar | Earth work and brick work in Bakhira shahjanwa marg | Supplies of materials | 111000 | 2486 |
| 4 | Kshetra Pnachayat Baghauli distrct Sant Kabir Nagar | EW and BW in Sikoharwa to Sihorwa link marg | Supplies of materials | 157479 | 3528 |
| 5 | Kshetra Pnachayat Khalilabad distrct Sant Kabir Nagar | Construction of CC road in Dihuliya | Supplies of materials | 309059 | 6923 |
| 6 | Kshetra Pnachayat Khalilabad distrct Sant Kabir Nagar | Construction of RCC culvert in gram Rukma | Supplies of materials | 124357 | 2786 |
| 7 | Kshetra Pnachayat Khalilabad distrct Sant Kabir Nagar | Construction of RCC culvert in Payalpur near boring | Supplies of materials | 103615 | 2321 |
| 8 | Kshetra Pnachayat Khalilabad distrct Sant Kabir Nagar | Construction of drain in Shivshara | Supplies of materials | 248633 | 5569 |
| 9 | Kshetra Pnachayat Khalilabad distrct Sant Kabir Nagar | Construction of RCC culvert in Dudhara | Supplies of materials | 203172 | 4551 |
| 10 | Kshetra Pnachayat Khalilabad distrct Sant Kabir Nagar | Construction of RCC slab khandanja in Jajgaiwa | Supplies of materials | 201373 | 4511 |
| 11 | Kshetra Pnachayat Khalilabad distrct Sant Kabir Nagar | Construction of RCC culvert in Bisraspar | Supplies of materials | 153634 | 3441 |
| 12 | Kshetra Pnachayat Khalilabad distrct Sant Kabir Nagar | Construction of RCC culvert in Urdhawa | Supplies of materials | 182252 | 4082 |
| 13 | Kshetra Pnachayat Khalilabad distrct Sant Kabir Nagar | Construction khandanja in Umari Dihuliya marg | Supplies of materials | 149944 | 3359 |
| 14 | Kshetra Pnachayat Santha distrct Sant Kabir Nagar | Construction of RCC culvert in Phulwariya Banauli marg | Supplies of materials | 372225 | 8338 |
| 15 | Kshetra Pnachayat Santha distrct Sant Kabir Nagar | Construction of RCC culvert in Pratappur marg | Supplies of materials | 290634 | 6510 |
| 16 | Kshetra Pnachayat Santha distrct Sant Kabir Nagar | Construction of RCC culvert in Rajedheeha marg | Supplies of materials | 171079 | 3832 |
| 17 | Kshetra Pnachayat Santha distrct Sant Kabir Nagar | Construction of RCC culvert in Haraiyya marg | Supplies of materials | 271014 | 6071 |

| | | | | | |
|---|---|---|---|---|---|
| 18 | Kshetra Pnachayat Santha distrct Sant Kabir Nagar | Construction of RCC culvert in link road from Khajuri to Pakhapar | Supplies of materials | 661319 | 14814 |
| 19 | Kshetra Pnachayat Santha distrct Sant Kabir Nagar | Construction of RCC culvert in Rasoolpur | Supplies of materials | 315135 | 7059 |
| 20 | Kshetra Pnachayat Santha distrct Sant Kabir Nagar | Construction of RCC culvert in Khajuri kok to Khajuri marg | Supplies of materials | 371078 | 8312 |
| 21 | Kshetra Pnachayat Santha distrct Sant Kabir Nagar | Construction of RCC culvert in Haqimpur link marg | Supplies of materials | 392944 | 8802 |
| 22 | Kshetra Pnachayat Santha distrct Sant Kabir Nagar | Construction of RCC culvert in link road from Pargadwa to Idgah marg | Supplies of materials | 334455 | 7492 |
| | | | **Total** | **5369748** | **120282** |