

Chapter – XI

Execution of Works

(Panchayat and Rural Development Department)

11.1 Blocking of funds due to non-receipt of contribution from Gram Sabha

Funds amounting to Rs. 3.17 crore were blocked on incomplete works due to non-receipt of contribution from Gram Sabha.

As per para (4.10) of the guidelines of Eleventh Finance Commission issued by the Government of India, Ministry of Finance, the Local Bodies shall raise matching resources not less than 25 per-cent of the grant received from GOI. The Commissioner Panchayat & Social Justice, M.P. issued (March 2001) further guidelines for the works being executed by the Gram Sabha, the contribution may be made in the shape of grains, labour, material and from receipts from their own resources. Besides, the contribution from “Regional Development funds” provided by Hon’ble Members (MLA/MP) could also be treated as contribution by the Gram Sabha.

Commissioner Panchayat and Social Justice has further directed (October 2001) that proposal of works should be sanctioned by Zila Panchayat only after ascertaining the availability of 25 per-cent contribution from Gram Sabha/ Gram Panchayats.

Test check of records (July 2007) of Chief Executive Officer (CEO) Zila Panchayat Sidhi for the period of April 2002 to March 2006 revealed that 57¹ construction works amounting to Rs. 4.12 crore were sanctioned during 2001-02 to 2005-06 without ascertaining 25 per-cent contribution of Gram Sabha and released the funds amounting to Rs. 3.17 crore during same period. All the aforesaid works remained incomplete due to non-receipt of contribution from Gram Sabha resulting in blocking of funds as well as depriving beneficiaries from intended benefits.

On being pointed out, CEO stated (July 2007) that the works were taken up on the assurance of Hon’ble Members (MPs/MLA’s) that their contribution will be paid. However, the incomplete works will be completed on receipt of the contribution form MPs/MLAs.

¹
9 Works sanctioned during the year 2001-02
3 Works sanctioned during the year 2002-03
12 Works sanctioned during the year 2004-05
33 Works sanctioned during the year 2005-06

The reply of the department was not acceptable as the proposals for construction of works were to be sanctioned only on the availability of 25 per cent contribution.

The matter was reported to Government (December 2007); but despite of reminder (March 2008) reply was awaited (October 2008).

11.2 Unfruitful expenditure on the establishment of Dairy farm

Unfruitful expenditure of Rs. 3.14 crore on the establishment of Dairy farm for rural BPL families

Government of India, Ministry of Rural Development, New Delhi had approved (27.3.2002) a special project of “Establishment of Dairy Farm for rural BPL beneficiaries” under Swarnjayanti Gramin Swarajgar Yojna (SGSY) in Chhindwara District. The project cost of Rs. 563.59 lakh was to be shared between Central and State in the ratio of 75:25. The project was launched during 2001-02, the project period was expired on 15 March 2007. The target was to establish 33 units in 11 Janpad Panchayats against which construction of infrastructure work for 23 dairy units was awarded to Rural Engineering Services (RES), Chhindwara.

Test check of records (January 2008) of Chief Executive Officer, Zila Panchayat Chhindwara for the period from April 2006 to March 2007 revealed that against the receipt of Rs. 4.60 crore an expenditure of Rs. 3.45 crore (75 per cent) was incurred up to March 2007 for the establishment of 23 dairy units in the first phase including construction of infrastructure work by the RES. It was noticed from the assessment report of the project furnished to Development Commissioner, Bhopal (August 2006) that out of 23 dairies, only 12 dairies were constructed and 11 dairies were operated, of which 9 dairies were unsuccessful due to reasons shown in the **Appendix -XXXXIV** and there was no possibility of reforms. Further, it was also noticed from the minutes of meeting held during 6th June to 8th June 2007 under the chairmanship of Additional Chief Secretary, Panchayat and Rural Development Department that the financial and physical achievement against the proposed activities of the project (23 units) were not satisfactory as the selection of site by the CEO, ZP for the construction of dairy sheds was not proper. Therefore, the scheme was not considered to be fruitful. Hence it was decided to send either revised proposal to Govt. of India or proposal for the closure of the scheme. However the scheme was closed by the Government of Madhya Pradesh (December 2007) without taking 3rd instalment.

Thus, entire expenditure of Rs. 3.14² crore on the construction of infrastructure by RES remained unfruitful and the intended benefit of the project was not reached to the beneficiaries. Though the funds of Rs. 4.60

² Rs. 313.68 lakh (Rs. 180.45 lakh on 13 completed works and Rs. 133.23 lakh on 10 incomplete works)

crore was available but only Rs. 3.08 crore was allotted to the RES which resulted in non construction of remaining dairies.

On being pointed out in audit the CEO replied (January 2008) that 13³ units were completed and 10 units were incomplete, 11 units were operated of which 9 units were unsuccessful due to various reasons, hence decided for the closure of the project.

The matter was referred to government (May 2008) reply was awaited (October 2008).

11.3 Blocking of funds due to non-sanction of work/ non completion of works.

Funds of Rs. 1.15 crore were blocked in Bank due to non utilisation on sanctioned works and non-issue of administrative sanction of remaining works.

For the implementation of recommendation of 10th Finance Commission, Rs.1.25 crore were allotted by the Directorate Public Instructions and M.P. Pathya Pusthak Nigam during the year 1999-2001 to the Collector Chhattarpur for construction of additional rooms in primary and middle schools in the district along with arrangement of drinking water through digging of hand pumps, construction of toilets and residential quarters for teachers.

Test check of records (November 2007) of CEO, Zila Panchayat Chhattarpur for the period April 2004 to March 2007 revealed that the works for Rs. 73.63 lakh were sanctioned by the Collector to implementing agencies (PHE and CEOs) and paid Rs. 23.20 lakh only to these agencies. The Collector transferred (April 2003) remaining amount of Rs. 1.02 crore to the Chief Executive Officer (CEO) Zilla Panchayat, Chhattarpur for the above purpose. This amount was not spent by CEO. Instead Rs. 50.40 lakh were retained due to non receipt of utilisation certificates from the implementing agencies for amount paid by Collector and Rs.51.68 lakh were kept due to non issue of administrative sanction of remaining works.

Thus the amount of Rs.1.15 crore including interest (Rs. 0.13 lakh) was lying unspent (March 2007) in Bank since April 2003 which resulted in blocking of funds as well as depriving the benefits of the recommendation of 10th Finance Commission. The unspent balance should have been refunded to the Government.

On being pointed out, CEO Chhattarpur (November 2007) replied that the amount will be released after getting the utilisation certificates of incomplete works and the guidelines are being sought from the Government.

³

As per implementation report furnished to Dy. Commissioner, Jabalper (September 2007)

The reply of the department was not acceptable as the amount of Rs. 1.02 crore was sent to the CEO, Chhattarpur (March 2003) and it was the responsibility of the CEO to incur expenditure on the remaining works after March 2003 or to refund the unutilised funds to the Government.

The matter was reported to Government (May 2008) reply was awaited (October 2008).

11.4 Irregular purchase of cement

Irregular purchase of cement amounting to Rs. 53.62 lakh without adopting the procedure laid down by the Government.

Rule 3 (3) of the M.P. Panchayat (Material and Goods Purchase) Rules 1999 provide that any purchase exceeding Rs. 15,000 should be made by inviting open Tenders. Rule 56 (2) of M.P. Janpad Panchayat (Accounting) Rule 1999 provides that the stock entry of the material purchased should be made in the register after verifying the correctness of quality, quantity and record a certificate to that effect on the bill before passing for payment and the account of the receipts and issues should be maintained accordingly.

Test check of records (May 2007) of Chief Executive Officer (CEO) Janpad Panchayat, Jeerapur, District Rajgarh for the period from April 2001 to March 2005 revealed that 47450 bags of cement amounting to Rs. 53.62 lakh were purchased (January - December 2003) without inviting tenders. It was also noticed that neither the stock entry for purchase of cement was made in the register nor physical verification was conducted by the department for ensuring the quality and quantity of the cement purchased and a certificate to the effect was also not recorded on the bill. The verification of consumption of cement in various construction works was also not done.

On being pointed out in audit the CEO replied that works were to be completed in hurry, hence the cement was purchased on market rates.

The reply of the CEO was not acceptable as the construction works are regularly taken up by Panchayats for which cement is an essential component and as such rate contract should have been executed after observing purchase rules. Due to non-adherence of the prescribed procedure, department could not get the advantage of competitive rates. Besides, in the absence of proper accountal of receipt and consumption of cement, the possibility of misappropriation/ short receipt/excess consumption cannot be ruled out.

The matter was reported to the Government (October 2007) and reminder issued (March 2008); reply was awaited (October 2008).