

## CHAPTER – II

### AUDIT OF TRANSACTIONS

#### PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

#### PANCHAYATI RAJ INSTITUTIONS

##### 2.1 Revenue Receipts

###### 2.1.1 Loss of revenue of ₹ 27.31 lakh due to settlement of market with the bidders with less value

Sub-Rule (1) of the Rule 47 of the Assam Panchayat (Financial) Rules 2002, provides for settlement of Markets, Ferries, Fisheries and Ponds by inviting sealed tenders. Sub Rule 10 of the Rule *ibid* stipulates that tender of the highest bidder shall be accepted. Acceptance of tender other than the highest bid shall require the prior and formal approval of the Government.

Test check of records relating to settlement of markets under Tinsukia ZP revealed that markets were not leased out to highest bidders. In eight cases during 2007-08 and 2008-09 the highest bids were rejected without assigning any reason and other bidders who quoted lower bid value were allowed lease right of markets in violation of rules. Thus, the ZP incurred a loss of revenue of ₹27.31 lakh as detailed in **Appendix-9** during the period 2007-09 due to settlement of markets with lower bid value. No prior and formal approval in accepting the tenders other than the highest bid was obtained by the PRI from the State Government.

###### 2.1.2 Loss of Government revenue of ₹63.05 lakh due to awarding of lease without stamp duty and registration

As per Rule 47, sub-rule 11 and 16 of Assam Panchayat (Financial) Rules, 2002, the successful bidder within 7 days of acceptance of the bid for settlement of markets, Ferries, Fisheries Ponds *etc*, shall deposit with the Panchayat concerned not less than thirty *per cent* of his quoted amount as security and accept a duly stamped lease. The Panchayat shall provide the form of lease and stamp paper (@ three *per cent* of quoted amount) at the concerned lessees cost. The Panchayat concerned shall also take steps to register every lease.

Test-check of records of nine PRIs revealed that despite provisions made in rules, markets/ fisheries *etc.*, were leased out during 2002-10, without utilizing stamp papers and without registration of lease. Thus the State Government suffered a loss of revenue of ₹63.05 lakh (Registration Fee ₹44.11 lakh and cost of stamp papers ₹18.94 lakh) as indicated in **Appendix-10**.

### **2.1.3 Short realization of settlement amount (Kist money)**

As per provision of Sub-Rules 11(i), 14 and 15 under Rule 47 of the Assam Panchayat (Financial) Rules, 2002 the successful bidder within 7 days acceptance of his bid for settlement of lease, shall deposit with the panchyat not less than 30 *per cent* of his quoted amount as security deposit and in case of non payment of kist money (installment of lease rent), the panchyat concerned shall appropriate the amount of deposit towards realization of sums due on lease. In case such deposit does not cover the sums due, the lease is liable to be terminated and resold by inviting fresh tender. In case price fetched at such re-sale does not cover the balance amount payable by the defaulting lessee, the panchyat concerned shall request the Deputy Commissioner (DC) of the district to take action for recovery of the amount from the defaulting lessees as arrears of land revenue.

Test-check of records of 7 PRIs revealed that Kist money amounting to ₹2.06 crore were yet to be realized from the lessees as of March 2010 as detailed in **Appendix-11**. However the panchyats concerned did not comply with the provisions of the rules and accepted the deposit money as advance payment to be adjusted against subsequent rents. Periodical demand notices, on the lessees, were also not served and the PRIs neither took any action for terminating the lease nor approached the DCs concerned for recovery of lease amount, as arrears of land revenue from the defaulting lessees.

Thus due to non compliance of provision of Rules, there were accumulation of huge outstanding kist money thereby widening the resources gap of the panchyats.

### **2.1.4 Non-Distribution of Sale proceeds of Hat-Ghats among ZPs, APs and GPs**

As per Sub-Section 6 of Section 105 of APA, 1994, out of sale proceeds of hat/ghat in any ZP/AP, 20 *per cent* is to be devolved to the ZP, and 40 *per cent* shall be equally distributed to all GPs under the AP and balance 40 *per cent* is to be retained by AP.

Test check of records of two ZPs and seven APs revealed that the above ratio of devolution was not adhered to and deprived the concerned PRIs of their due share of

revenue. Thus, ZPs retained ₹86.31 lakh and APs retained ₹39.10 lakh in excess of their due share during 2002-10 as detailed in **Appendix-12**.

The matter of non distribution of above revenue was regularly intimated to the Government of Assam, P&RD Department through inspection reports of the PRIs, but irregularity still persists.

In the absence of any monitoring by the State Government on the distribution of shares of above revenue as defined in the APA, 1994, the Gram Panchayats were deprived of their due shares.

#### **2.1.5. Unauthorized utilization and retention of departmental receipts**

Article 266 of the Constitution of India lays down that all revenues received by the State Government shall be credited to the Consolidated Fund of the State and no money out of the said fund shall be appropriated except in accordance with law and the manner provided under the Constitution. Rule 7 (1) of the Assam Treasury Rules also reiterates the same.

Test check (June 2010) of records of BDO/EO Dimoria Development Block/AP revealed that the Deputy Commissioner cum Executive Director (ED), DRDA, Kamrup (Metro) administratively approved (June 2010) the work of Training cum Facilitation Center at Block HQ for ₹63.78 lakh with a direction to meet the expenditure out of the fund under SGRY (Infrastructure). The ED, DRDA, Kamrup (Metro) allocated ₹20.00 lakh to the BDO, Dimoria in June 2010 for execution of the work under SGRY (Infrastructure) during 2009-10. As of March 2010, a total expenditure of ₹23.89 lakh was incurred on the work. However, only ₹4.10 lakh was incurred out of SGRY fund and balance of ₹19.79 lakh was met from the compensation award of ₹58.19 lakh received between December 2008 and April 2010 from the Deputy Commissioner, Kamrup (Metro) being the compensation for acquisition of land and building of the Block by National Highway Authority of India (NHAI) for widening of National Highway. Balance award of ₹38.40 lakh (₹58.19 lakh – ₹19.79 lakh) was retained in bank account without credit to the revenue of the Government.

Thus the BDO/EO, Dimoria Development Block/AP not only failed to deposit the amount of compensation to Government account violating provision of the Constitution and

Assam Treasury Rules but also unauthorisedly spent ₹19.79 lakh towards execution of construction work.

## 2.2 Twelfth Finance Commission (TFC) Grants

### 2.2.1 Utilisation of Finance Commission grants

The share of grants recommended by Twelfth Finance Commission (TFC) to PRIs in the State was ₹526 crore (including six schedule areas) for release during 2005-10. The average annual share of PRIs was ₹105.20 crore to be released in two installments of ₹52.60 crore each. The PRIs were to improve the service delivery in respect of Water Supply and Sanitation (WSS) by taking over assets relating to WSS created under Swajaldhara Programme and were to utilize the funds for maintaining them, apart from creating other income generating sources. The State was to assess the funds required for building database and maintenance of accounts of Local Self Government Institutions (LSGIs) and to earmark funds accordingly from the grants. State High Level Committee (HLC) was to monitor the proper utilization of the grants. Information obtained (March 2010) from the State government regarding funds released under TFC grant revealed the following:

#### ➤ Short release and Delay in release of TFC grants

According to Para 6.1 of the TFC guidelines, grants to Local Bodies are to be released by GOI to the States in two equal installments in July and January every year and the States have to mandatorily transfer the grants to different tiers of PRIs within 15 days of receipt, failing which interest at the rate prescribed by Reserve Bank of India is to be paid for the delayed period.

GOI as of March 2010 released a total amount of ₹ 520.92 crore as TFC grants for the period from 2005-06 to 2009-10. However, the State Government not only delayed the release of grants by 7 to 549 days beyond the stipulated period but short released an amount of ₹5.08 (₹526.00 – ₹520.92) crore also as detailed in **Table 2.1** below:

Table 2.1: Statement showing Short release and Delay in release of TFC grants

(₹ in crore)

| Year of grant | Installment | Amount of grant awarded by TFC | Amount of grant released by GOI | Date of receipt by the State Govt. | Amount of grants released to PRIs | Date of release of grants to PRIs | Days Delayed in release of grants | Interest payable 5.5 per cent |
|---------------|-------------|--------------------------------|---------------------------------|------------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-------------------------------|
| 2005-06       | 1st         | 52.60                          | 52.60                           | 28-12-05                           | 42.36                             | 8-12-06                           | 330                               | 2.11                          |
|               |             |                                |                                 |                                    | 6.41                              | 16-12-06                          | 338                               | 0.33                          |
|               |             |                                |                                 |                                    | 1.27                              | 21-3-07                           | 433                               | 0.08                          |
|               |             |                                |                                 |                                    | 2.58                              | 26-6-07                           | 438                               | 0.17                          |
|               | 2nd         | 52.60                          | 52.60                           | 22-6-07                            | 42.36                             | 15-10-07                          | 100                               | 0.64                          |
|               |             |                                |                                 |                                    | 6.41                              | 28-9-07                           | 83                                | 0.08                          |
|               |             |                                |                                 |                                    | 3.82                              | 14-11-07                          | 130                               | 0.07                          |
| 2006-07       | 1st         | 52.60                          | 52.60                           | 22-6-07                            | 52.60                             | 07-01-09                          | 549                               | 4.35                          |
|               | 2nd         | 52.60                          | 52.60                           | 10-7-09                            | 50.04                             | 8-9-09                            | 45                                | 0.34                          |
| 2007-08       | 1st         | 52.60                          | 52.60                           | 10-7-09                            | 102.67                            | 4-12-09                           | 132                               | 2.04                          |
|               | 2nd         | 52.60                          | 52.60                           |                                    |                                   |                                   |                                   |                               |
| 2008-09       | 1st         | 52.60                          | 52.60                           | 10.3.10                            | 52.60                             | 31.3.10                           | 7                                 | 0.05                          |
|               | 2nd         | 52.60                          | 52.60                           | 10.3.10                            | 52.60                             | 31.3.10                           | 7                                 | 0.05                          |
| 2009-10       | 1st         | 105.20                         | 105.20                          | 10.3.10                            | 105.20                            | 31.3.10                           | 7                                 | 0.11                          |
| <b>Total</b>  |             | <b>526.00</b>                  | <b>526.00</b>                   |                                    | <b>520.92</b>                     |                                   |                                   | <b>10.42</b>                  |

Source: Panchayat & Rural Development Department Government of Assam

As there were delays ranging 7 to 549 days in actual credit of allocated grants to individual account of PRIs, interest of ₹10.42 crore (as worked out by audit at the rate of 5.5 per cent) was due for payment to the PRIs. However, the State Government has so far released ₹ 3.23 crore only as interest to PRIs.

Allocation of balance grant of ₹ 5.08 crore (₹ 526.00 crore – ₹ 520.92 crore) had not been made nor was the grant released to the PRIs for execution of schemes.

#### ➤ Parking of TFC grants in civil deposit

Government of India (GOI) in March 2010 released TFC grants for the years 2008-09 and 2009-10 for a total amount of ₹210.40 crore (@ ₹52.60 crore in each in two installments per year). The State Government while releasing the grants on 31 March 2010 directed the CEOs of the ZPs to keep an amount of ₹157.80 crore being the second installment of 2008-09 and 1<sup>st</sup> and 2<sup>nd</sup> installments of 2009-10 of the grant in Civil Deposit under the head "8443 – Civil Deposit; 800 – Other Deposit"

The Principal Secretary, Finance Department, Government of Assam in his release order advised the CEOs to keep the amount in the Civil Deposit until further order to avoid any undue haste in physical transfer of the amount to various PRIs on the last day of financial year. Accordingly, the CEOs drew the same and deposited the entire amount in Civil Deposit. The entire amount is lying in Civil Deposit awaiting withdrawal order from the State Government (April 2011).

Test check (November 2010) of records of the Sivasagar ZP revealed that though the CEO Sivasagar ZP requested (May 2010) for withdrawal of fund from Civil Deposit, the State Government did not permit the same and the amounts were still lying in Civil Deposit.

The order of the State Government is not tenable in audit as the amount is still lying in Civil Deposit for the last 13 months. Audit observe that by keeping the amount in Civil Deposit, on release from the State exchequer, the State Government avoided the liability of payment of interest on delay in release of grant.

#### ➤ **Execution of ineligible works out of TFC grants**

Guidelines for utilization of local bodies grants recommended by TFC stipulated that grants should be utilized for Water Supply and Sanitation (WSS), creation of other income generating sources, creation of database, maintenance of accounts and O&M. Scrutiny of records of 5 PRIs test-checked in audit revealed that the PRIs in contravention of the above guidelines, spent ₹66.08 lakh on ineligible items. Details of such expenditure incurred are indicated in **Appendix 13**.

Thus, in violation of the guidelines, the expenditure of ₹66.08 lakh was incurred on ineligible items and defeated the purpose for which funds were provided.

The State HLC constituted to monitor proper utilisation of the grants also failed to control the expenditure incurred on ineligible works.

### **2.3 Short release of BRGF grants**

Government of India, during the period from 2007-08 to 2009-10 released ₹134.86 crore to the backward districts in general areas. The Government of Assam (GOA), however, released only ₹106.31 crore during the same period, keeping the balance fund of ₹28.55 crore without any stated reason. Details of releases are indicated below in **Table-2.2**

Table-2.2

(₹ in crore)

| Year    | Opening balance | Fund released by GOI to GOA | Total fund with GOA during the year | Fund released by GOA to PRIs | Balance fund with GOA at the end of the year |
|---------|-----------------|-----------------------------|-------------------------------------|------------------------------|--|
| 2007-08 | --              | 46.90                       | 46.90                               | 46.90                        | Nil  |
| 2008-09 | --              | 46.90                       | 46.90                               | Nil                          | 46.90  |
| 2009-10 | 46.90           | 41.06                       | 87.96                               | 59.41                        | 28.55  |
|         |                 | <b>134.86</b>               |                                     | <b>106.31</b>                | <b>28.55</b>                                 |

#### 2.4 Over payment of ₹1.00 lakh

The CEO, Darrang ZP withdrew ₹11.23 Lakh through two self cheques from TFC grant fund and paid in advance to a firm<sup>7</sup> for supply of 370 sets of Hand Tube Wells (HTWs) in March 2007. No tender or quotation was invited to obtain the lowest and reasonable rate for HTWs prevailing in the market and the advance was paid to the firm without ascertaining the rate of per set of HTW.

Test check of records (July 2010) revealed that the firm submitted three bills/Cash memos for ₹10.23 lakh for 370 sets of HTWs but the balance of ₹1.00 lakh had not been recovered from the supplying firm. Thus payment of advance by the CEO without ascertaining the rate of HTW set resulted in an overpayment of ₹1.00 lakh.

#### 2.5 Unproductive expenditure of ₹13.69 lakh

The CEO Sivasagar ZP purchased eight community based water purification system having capacity of 600 LPH-1000 LPH (Madhutara) at ₹15.64 lakh(@ ₹1,95,525 each) from a supplier<sup>8</sup> in April 2008 from TFC grants 2005-06.

During test check (November 2010) the CEO failed to produce records in support of receipt, installation and functioning of the water purification systems. However, in reply to audit query 8 Anchalik Panchayats of Sivasagar district (out of eight) stated that they had received one item each from the ZP, but due to non availability of running water for functioning of the system, seven of these purifiers could not be installed since the date of receipt. Thus, due to lack of infrastructural facility required for installation, the expenditure of ₹13.69 lakh (₹1,95,525×7) incurred on procurement of 7 water purifiers

<sup>7</sup> Kallash Trading, Guwahati

<sup>8</sup> M/s. Supreme Enterprise, Guwahati

was rendered unproductive. This also frustrated the purpose of providing pure drinking water to the people of those Anchalik Panchayats.

## 2.6 Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS)

### 2.6.1 Utilization of fund and provision of employment under MNREGA

The position of utilization of fund under the social sector scheme, MNREGA in general areas of the State during 2006-07 to 2009-10 as per progress report were as under in **Table 2.3.**

**Table: 2.3: Utilization of fund under MNREGA**

(₹ in crore)

| Year         | Total fund available | Expenditure    | Closing balance | Percentage of utilization |
|--------------|----------------------|----------------|-----------------|---------------------------|
| 2006-07      | 357.57               | 269.04         | 88.53           | 75.24                     |
| 2007-08      | 570.84               | 320.77         | 250.07          | 56.19                     |
| 2008-09      | 718.07               | 455.19         | 262.88          | 63.39                     |
| 2009-10      | 1361.45              | 1033.90        | 327.55          | 75.95                     |
| <b>Total</b> | <b>3007.93</b>       | <b>2078.90</b> | <b>929.03</b>   | <b>69.11</b>              |

Though the investment increased about four fold since 2006-07, unspent balance under MNREGA stood at ₹929.03 crore as of March 2010. This indicated that 31 *per cent* of the available fund remains unutilized and in consequence the state could not create enough job opportunities for the employment seekers. The reason for non-utilisation of fund was not found on record.

The position of employment provided to the households during 2006-10 as shown in **Table 2.4** below:

**Table: 2.4: Provision of employment under MNREGA**

(Figure in lakh)

| Year    | Job card issued | Employment details |          | Employment generated in mandays | Household provided with 100 days employment | Percentage of household provided with 100 days employment | Average employment provided to each household (days) |
|---------|-----------------|--------------------|----------|---------------------------------|---|---|--|
|         |                 | Demanded           | Provided |                                 |   |   |  |
| 2006-07 | 4.99            | 3.88               | 3.83     | NA                              | 0.36  | 9.40  | -  |
| 2007-08 | 11.69           | 9.55               | 8.98     | 206.79                          | 1.02  | 11.35   | 23   |
| 2008-09 | 22.44           | 14.71              | 13.20    | 386.96                          | 1.60  | 12.12   | 29   |
| 2009-10 | 36.12           | 21.39              | 21.00    | 416.56                          | 1.30  | 6.19  | 20   |



Despite increase in investment in 2009-10 only 6.19 *per cent* of households were provided 100 days employment and average employment provided to each household during 2009-10 also decreased to 20 days only. Thus, the state also failed to utilize the fund optimally provided under the scheme and the objective of providing 100 days employment to every household demanding work, remain unfulfilled.

### 2.6.2 Non transfer of amounts unspent on closed schemes

As per guidelines of MNREGA, with the introduction of the scheme in a district, SGRY would cease to exist and unspent balances under SGRY would form part of fund under MNREGA. Test check of records of 15 PRIs as detailed in **Appendix-14**, revealed that unspent balances of ₹1.88 lakh under SGRY had not been transferred to MNREGS account.

### 2.6.3 Execution of work through construction committee without engaging job card holders under MNREGA

Para 5.4 of the guidelines of MNREGA provides that the ratio of wage costs to material costs should not be less than the minimum norm of 60:40 and wages of skilled labourers and mates should be included in the material cost. Para 5.2.5 of the guidelines further provides that contractors cannot be engaged in any manner in the execution of works. Execution of any work by construction committees had also not been prescribed in the guidelines.

Test check (July 2010) revealed that Darrang ZP could manage to maintain only 29.39 *per cent* wage ratio overall against the norms of 60 *per cent* during the year 2008-09.

Further, the ZP executed two schemes, *viz* (i) River protection of Kulsik river at hallow chowk near MLD Kalai Gram Rd. and (ii) Erosion protection at Salaipara Kalpani river near Ukhapathar under MNREGS 2008-09 through construction committees and paid ₹42.40 lakh to the committees on submission of bills by them. It was seen that the entire expenditure was incurred on materials by the committees without spending any amount towards wages. Although the provision for unskilled labour charge was made in the estimate, it was not quantified in terms of mandays with financial involvement.

As the works were executed through construction committees, the opportunities for employment of job card holders had been lost frustrating the objective of the scheme which intended to provide guaranteed wage employment to rural people.

Thus, the CEO/Darrang ZP failed to ensure wage employment to the employment seekers of the rural areas for which the scheme was envisaged. The matter was reported (August 2010) through inspection reports issued to the CEO/Darrang ZP and the Government of Assam, Panchayat & Rural Development department. Their reply is awaited (April 2011).

## **2.7 Sampurna Gramin Rojgar Yojana (SGRY)**

### **2.7.1 Irregular utilization of SGRY fund of ₹31.27 lakh**

Para 6.7.1 of SGRY scheme guidelines specifically provides that expenditure on buildings for religious purposes such as mosques, gurudwaras, churches, monuments, memorial statues, idol gate/welcome gate, bridges, building for HS Schools and Colleges, Black Topping of road *etc.*, are not permissible under the scheme.

Test check of records of Dhubri ZP revealed that ₹31.27 lakh were spent during the period 2006-07 to 2009-10 on construction of religious institutions like Mandir, Idgah field, college *etc* in contravention of the guidelines as detailed in **Appendix 15**. Thus, ₹31.27 lakh were spent out of SGRY scheme fund beyond the scope of the scheme.

### **2.7.2 Unauthorised expenditure of ₹1.30 lakh after closure of the programme**

As per the instruction of the Government of India the unspent balance of SGRY as on 31 March 2008 because of closure of the scheme should be merged /transferred to MNREGS fund. But the Dhubri ZP incurred expenditure of ₹1.30 lakh between April 2008 to March 2009 *i.e.* after the closure of SGRY and introduction of MNREGS *w.e.f* 1<sup>st</sup> April 2008 without submitting the details of such expenditure.

## **2.8 District Development Programme (DDP)**

District Development Programme (DDP) is a state sector scheme introduced in the year 2006-07. The fund for District Development Programme is provided under Grant No.56 Rural Development (Panchayat) in the State Budget and contains sectoral programmes of line departments executed at the district level. However, it is not a consolidation of all development plans of the district.

### **2.8.1 Doubtful expenditure of ₹20 Lakh under DDP**

Rule 20 of Assam Panchayat (Financial) Rules provides that every payment should be supported by a voucher setting forth full and clear particulars on the claims and all information necessary for its proper clarification and identification of Payment.

Test check (July 2010) of records of the CEO, Darrang ZP revealed that the CEO accorded administrative approval in December 2008 for the scheme 'Distribution of cross breed cows with calf, construction of cowshed, utensils and training *etc.*, to 50 selected individual beneficiaries under DDP @ ₹40,000 as subsidy and ₹20,000 as Bank loan".

An implementation committee was constituted (December 2008) with President of the ZP as President of the committee and APO (T)<sup>9</sup> of the ZP as Member, Secretary. A list of 50 beneficiaries was prepared by the President of the ZP without indicating the address and occupation of the people selected as beneficiary. As a result bonafides of the people selected could not be verified in audit. The procedure and basis of selection of beneficiaries by ZP were also not found on record.

Though, the total project cost approved for one unit was ₹60,000 (₹40,000 subsidy and ₹20,000 loan from bank), the APO (T) prepared an estimate of ₹40,000 which was technically sanctioned by the EE/DRDA, Darrang, ignoring the bank loan component.

Scrutiny revealed that the President of the implementation committee was paid ₹20.00 lakh (January 2009) against submission of 50 bills for ₹19,54,650 (@ ₹39,093 each showing supply of construction materials *viz* cement, brick, GCI sheet, utensils and one pair cross breed cows with calf) and ₹5,350 for carrying charge of cows from Guwahati to Mangaldai. No labour charges were claimed for construction of cow sheds.

However, the bills were submitted on plain paper and not supported with cash memos/delivery challans towards purchases of livestock, materials for construction of cow shed, utensils, road permit for transportation of livestock and acknowledgements from beneficiaries in support of receipt and utilization of materials.

Thus the failure of the CEO to ensure the bonafides of the beneficiaries, actual procurement of materials and livestock led to doubtful expenditure of ₹20.00 lakh on fraudulent payment against fictitious bills.

### 2.8.2 Unauthorized release of subsidy

Barpeta ZP took up a programme of Margin Money Assistance under the Commerce and Industries Sector which is one of the components under DDP 2007-08 involving

<sup>9</sup> Assistant Project Officer (Technical)

₹1.00 lakh per beneficiary comprising 60 per cent Bank loan, 30 per cent Subsidy and 10 per cent Beneficiary contribution.

A list of beneficiaries furnished to audit (June 2010) revealed that 91 beneficiaries were selected under the programme with 70 per cent bank loan and 30 per cent subsidy, to be released by Barpeta ZP. There was no contribution from the beneficiaries concerned. Moreover, no record relating to arrangement with banks for provision of loans could be produced to audit. Commerce and Industries Department, Government of Assam, which is the administrative department for drawing up and implementation of the programme, was not approached at any stage right from the approval of the scheme upto the disbursement of the subsidy amount to the beneficiaries.

Scrutiny of records (June 2010) revealed that against the allocation of ₹30.00 lakh for 100 beneficiaries, an amount of ₹30.60 lakh in 102 cheques @ ₹0.30 lakh- each was disbursed to 101 beneficiaries (September 2008 to March 2009) without sanction of bank loan. One beneficiary<sup>10</sup> was paid twice @ ₹0.30 lakh each. Details of payment are indicated in the **Appendix-16**.

Further, against the 91 selected beneficiaries, cheques (₹0.30 lakh each) were issued to 101 beneficiaries without any recorded reason. No additional list of 10 beneficiaries was also made available to audit.

Thus, the CEO Barpeta ZP in violation of the approved plan unauthorisedly released subsidy of ₹30.60 lakh without provision of loan and without obtaining beneficiary contribution. This included double payment of ₹0.30 lakh to one beneficiary and ₹3.00 lakh released to 10 persons not selected as beneficiaries.

## **2.9 Wasteful expenditure of ₹17.12 lakh on construction of hanging Pipe Bridge**

As per para 2.32 of CPWD Manual Volume II, the authority competent to accord technical sanction of a work should satisfy that proper survey for the work has been conducted, technical and financial feasibility assessed, estimates are accurately calculated and based on adequate data and the work as a whole is structurally sound and sustainable.

Test check (August 2010) of records of the CEO, Tinsukia ZP disclosed that on demand from local people, who were isolated by Tirap river, well known for recurring flood,

<sup>10</sup> *Shri Kamaleswar Baruah, S/o Shri Rampati Baruah of Ahompathar Village*

breach and erosion for several years, the Deputy Commissioner (DC), Tinsukia accorded (February 2005) administrative approval (A/A) for ₹12.95 lakh for construction of a hanging Pipe Bridge over river Tirap on Udoipur Phaneng Road. A fund of ₹12.12 lakh was mobilized from different sources viz, MLA-LAD scheme, IOC Ltd and Oil India Ltd. during the period from February 2005 to November 2006.

Again for construction of super structure of the bridge the DC accorded another administrative approval for ₹25.00 lakh in November 2006 and allocated ₹12.50 lakh from DDP fund. The entire fund of ₹24.62 lakh (₹12.50 lakh + ₹12.12 lakh) was paid by CEO, Tinsukia ZP to the Executive Engineer (EE) PWD, State Road Division, Tinsukia between March 2005 and March 2008 for execution of the work. The work started from March 2005 and as intimated (April 2008) by the EE, an expenditure of ₹17.12 lakh was incurred upto May 2007 towards driving of steel pipes, completion of substructure, fitting of bearing beams and Rolled Steel Joist (RSJ) superstructure.

From the outset the work was taken up in adhoc manner by preparation of different estimates for different stages of the work over a period of time, without consolidating into a detailed project report and without fixing a timeframe for completion of the work. Technical sanction from higher authority competent to sanction the work of such magnitude was also not obtained.

Scrutiny revealed that the steel bridge under construction was damaged by flood in July 2007 which washed away the substructure, bearing beams and RSJ of five of spans of the bridge. No restoration and repairing work was done. The EE, PWD, State Road Division stated (April 2008) that the length of the bridge was more than 90 metres and hence hanging bridge would not be feasible. Reason for taking up the work without assessing the feasibility of construction of a hanging bridge of that length was not stated.

It was noticed that load testing of superstructure and initial load test on the pile of the bridge were not conducted. Thus, due to injudicious decision of the PWD to take up construction of a hanging bridge without assessing the feasibility and sustainability led to wasteful expenditure of ₹17.12 lakh besides non fulfillment of objective of the work.

## 2.10 Irregular selection of beneficiaries under Indira Awas Yojana

The scheme envisaged selection of beneficiaries under Indira Awas Yojana (IAY) from the BPL list prepared on the basis of certain priority criteria fixed by the GOI, such as free bonded labour, Schedule Cast/Schedule Tribes (SC/ST) households who are victims of atrocities, SC/ST households having widows and un-married women, SC/ST households affected by natural and other calamities like riots and physically and mentally challenged persons *etc.*

Test check of records of approved BPL list with financial assistance provided to beneficiaries of 2 APs revealed that an amount of ₹19.13 lakh was spent for construction of houses for non-BPL beneficiaries during 2007-08 under IAY shown in table below:

**Table 2.5: IAY assistance provided for construction of houses for non-BPL beneficiaries**

| Sl. No.      | Name of AP | No of beneficiaries provided assistances beyond the purview of BPL lists. | Year    | Amount Spent (₹ in lakh) |
|--------------|------------|---|---------|--------------------------|
| 1            | Gobardhana | 69  | 2007-08 | 17.38                    |
| 2            | Hajo       | 7   | 2007-08 | 1.75                     |
| <b>Total</b> |            | <b>76</b>   |         | <b>19.13</b>             |

It was seen from records that names of 69 beneficiaries selected under Gobardhana AP were not found in the BPL list and they were selected by the concerned Gram Panchayats without involving the Gram Sabhas. Seven beneficiaries selected under Hajo AP did not have BPL identification number and approval of Gram Sabhas in their selection was not obtained.

This shows lack of internal control in selection of beneficiaries in contravention of the guidelines of the scheme.

## 2.11 Unfruitful expenditure on creation of infrastructure under Swarnjayati Gram Swarozgar Yojana (SGSY) – ₹15.00 lakh

Project Director, DRDA, Kamrup sanctioned ₹15.00 lakh during 2002-03 under SGSY for construction of market shed at Goroimari for providing infrastructure support to Self Help Groups (SHGs). The construction of market shed was taken up by the Goroimari Development Block in January 2004 and was completed in May 2005 at a cost of ₹15.00 lakh. It was seen in audit (May 2010) that the entire created infrastructure could not be

put to use since completion in May 2005 due to illegal occupancy of the rooms of the market by a section of people. However the BDO served notice to vacate the rooms to illegal occupants only in March 2010 *i.e.* after a lapse of about 5 years. Thus, the BDO failed to initiate any action for utilization of assets created under SGSY for more than four years except serving one notice.

Due to non-utilization of assets created under SGRY for providing infrastructural support, the intended benefit of the scheme is frustrated and the expenditure turned to be fruitless.

### **2.12 Assam Value Added Tax (AVAT)**

Assam Value Added Tax (AVAT) Act requires statutory deductions out of payments to contractors/suppliers. These statutory deductions should be credited to respective government account within specified period.

Test check of records in 13 PRIs revealed that they failed to deduct AVAT amounting to ₹12.11 lakh from contractors/suppliers bills during the period from April 2007 to November 2010.

Test check further revealed that 3 PRIs between February 2008 and March 2010 deducted AVAT ₹7.50 lakh from contractors/suppliers bills, but the same had not been deposited to government account as of December 2010.

Details of non deduction of AVAT as well as non deposit of AVAT are indicated in **Appendix-17 (A) & (B)**.

### **2.13 Retention of GPF and GIS money in the Civil Deposit and bank account**

Test check of records of CEOs of Tinsukia ZP and Sonitpur ZP (June and August 2010) disclosed that the Government of Assam, P&RDD, Dispur in March 2007 sanctioned ₹73.35 lakh and ₹87.28 lakh to the two ZPs respectively for payment of arrear pay and allowances to in service, provincialised Panchayat employees for the period from January 1996 to April 2001. Sanctions were accorded with the condition that arrear pay for the period from August 1998 to April 2001 would be drawn in cash and that for the period from January 1996 to July 1998 would be deposited under the Head 8443 Civil Deposit – 101 Revenue Deposit. The amount would be subsequently withdrawn from civil deposit with prior approval of Finance Department for depositing into GPF accounts of respective

panchayat employees on allotment of GPF account number from Accountant General. Details of amounts sanctioned, drawn and credited to civil deposit are shown in table below:

**Table 2.6**

(₹ in lakh)

| Name of ZP                                    | Total amount sanctioned | Amount sanctioned for 1.8.98 to 30.4.2001 for payment in cash | Amount sanctioned for 1.1.96 to 31.7.98 for credit to civil deposit | Amount credited to civil deposit |
|---|-------------------------|---|---|----------------------------------|
| Tinsukia                                      | 73.35                   | 51.58   | 21.77   | 21.77                            |
| Sonitpur                                      | 87.28                   | 65.94   | 21.34   | 20.93                            |
| <b>Total amount credited to civil deposit</b> |                         |   |   | <b>42.70</b>                     |

Reason for less deposit of ₹0.41 lakh by the CEO, Sonitpur ZP was due to less release by the department.

Although the AG (A&E), Assam allotted GPF Account numbers to all the provincialised employees of these two ZPs by June 2008, the amount of ₹42.70 lakh had not been deposited in their respective GPF account and locked up in civil deposit for more than two years.

Test check further revealed that Tinsukia ZP deducted ₹13.06 lakh and ₹0.59 lakh from salary of 96 provincialised panchayat employees during June 2008 to February 2010 in respect of General Provident Fund (GPF) account and Group Insurance Scheme (GIS) respectively. The amounts were not credited to individual GPF and GIS accounts of employees till June 2010 and the total deducted amount of ₹13.65 lakh was unauthorisedly kept in current bank account without any recorded reason. Retention of money in current bank account without credit to concerned GPF and GIS accounts put the Government in avoidable financial liability of ₹13.65 lakh along with interest accrued thereon.

The matter was intimated to the Panchayat & Rural Development Department and the Finance Department through inspection report of Tinsukia ZP in July 2010 and that of Sonitpur ZP in August 2010. No reply received from their end till date (April 2011).



#### 2.14 Conclusion

- Non adherence to standing rules and instructions and laxity in collection resulted in loss of revenue both to PRIs and Government.
- Execution of works in contravention to schematic guidelines and without ascertaining the feasibility of works resulted in unauthorized, unproductive, wasteful and unfruitful expenditure.
- Implementation of schemes disregarding the prime objectives and instructions as laid down by government diluted the very purpose of the scheme, poor monitoring and supervision by higher authority impeded the transparency in the implementation.
- Despite increase in investments, under MNREGA the State could not create enough job opportunities for rural people and 31 per cent of available fund remained unutilized. Provision of employment declined in 2009-10 in comparison to previous year.

#### 2.15 Recommendations

- Awareness and adherence to the standing rules and regulation as well as regular monitoring will help to augment collection of revenue.
- Works should be properly planned ensuring the feasibility and in accordance to the guidelines to derive out the intended results.
- Regular monitoring, supervision and evaluation are required by higher authorities to bring the transparency in execution of schemes. Guidelines and instructions issued by government should strictly be adhered to.