

CHAPTER VI

AUDIT OF TRANSACTIONS (PANCHAYAT RAJ INSTITUTIONS)

Audit of transactions in Madurai West Panchayat Union brought an instance of unfruitful expenditure towards construction of a training centre for Self Help Groups.

RURAL DEVELOPMENT AND PANCHAYAT RAJ DEPARTMENT

6.1 Unfruitful expenditure

MADURAI WEST PANCHAYAT UNION

6.1.1 Unfruitful expenditure on Training Centre for Self Help Groups

Failure of the District Collector to follow the guidelines of Swarnajayanti Grama Swarojgar Yojana and poor monitoring resulted in unfruitful expenditure and blocking of funds to the tune of ₹ 95.85 lakh in construction of a Training Centre.

Under Infrastructure component of Swarnajayanti Grama Swarojgar Yojana (SGSY), a Government of India scheme, the District Rural Development Agency (DRDA), Madurai proposed (November 2003) construction of a Training Centre at a cost of ₹ 1.22 crore for imparting training to Self Help Groups. Based on the administrative approval of the District Collector, Madurai, the work was entrusted (February 2004) to District Building Centre (DBC), Madurai and an amount of ₹ 34 lakh was released by DRDA in March 2004. As of December 2004, the DBC had incurred an expenditure of ₹ 18.98 lakh towards construction of Training Centre.

In December 2004, the District Collector cancelled the work order to DBC due to slow progress of work as it was not capable of executing works involving higher technicalities. The District Collector entrusted (December 2004) the work to Block Development Officer, Madurai West Panchayat Union (PU) and released a sum of ₹ 73.57¹ lakh to PU during 2004-07 towards construction of Training Centre. As of November 2008, the PU had completed the civil works at a cost of ₹ 45.16 lakh except conference hall, restaurant, provision of generator set etc. Thereafter, the PU stopped the work citing cost escalation as the work was entrusted to it based on 2004-05 rates, even though it had a balance of ₹ 31.71 lakh as of May 2010 including interest earned.

Scrutiny of the records revealed the following:

(i) Director of Rural Development (DRD) had instructed in January 2003 itself not to entrust works involving higher technicalities to DBC. The District Collector while awarding the work to DBC in February 2004 failed to take

¹ ₹ 12.09 lakh (September 2004), ₹ 8.72 lakh (December 2004), ₹ 39 lakh (February 2005) and ₹ 13.76 lakh (October 2006).

notice of it. Further, the District Collector also failed to fix a specific time frame to complete the work, as provided in the guidelines of SGSY, while awarding the work to the DBC and PU.

(ii) The SGSY guidelines provided for monitoring the progress of work on quarterly basis. The District Collector as a monitoring authority should have instructed the PU to continue the work to the extent of funds available and co-ordinated with DRDA, the implementing agency, to get necessary funds to complete the work. Audit observed that monitoring authority had failed in this regard which was evident from the fact that the work remained incomplete for more than two years after incurring an expenditure of ₹ 64.14 lakh.

(iii) The Training Centre at Madurai was a new infrastructure constructed utilising SGSY funds, while the SGSY guidelines clearly stipulates that responsibility of providing such an infrastructure lies with the State Government and SGSY funds should be primarily utilized only to bridge small gaps in infrastructure and not for creation of an altogether non-existent infrastructure in the area.

Thus, the failure of the District Collector to follow SGSY guidelines/instructions of DRD scrupulously and lapses in monitoring the progress of work resulted in unfruitful expenditure of ₹ 64.14 lakh and blocking up of ₹ 31.71 lakh for more than two years. Further, the objective of imparting training to the Self Help Groups in a conducive environment proposed as early as November 2003 was not achieved. When the matter was referred (December 2010), Government stated (February 2011) that revised estimate has been prepared to complete the balance works.



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