

Chapter-5

Audit of Transactions

5.1 Fraudulent drawal/ Misappropriation/ Embezzlement/ Losses

SATALI AND LATABARI GRAM PANCHAYATS

5.1.1 Misappropriation of Ambulances purchased from MPLAD

Ambulance purchased by Satali GP for ` 2.95 lakh appears to have been misappropriated and ambulance purchased by Latabari GP for same price was not in the GP's possession for a long time

Satali & Latabari GPs in the district of Jalpaiguri received ` 2.95 lakh each from Member of Parliament Local Area Development (MPLAD) scheme for purchase of ambulances during 2004-05. Both the GPs purchased the ambulances during 2004-05 at ` 2.95 lakh per ambulance.

Scrutiny of records of Satali GP during 2008-09 revealed that the GP had purchased the ambulance during September 2004 but there was nothing on record to show that the ambulance was considered as the asset of the GP. Though a bank account in the *Uttarbanga Kshetriya Gramin* Bank was opened on 6 June 2005 for depositing the earnings from the service of the ambulance, no amount was deposited in the bank till September 2008. Further, the GP also failed to provide any information regarding the existence of the said ambulance. The present Pradhan of Satali GP stated (July 2009) that only the Pass Book was handed over to him from the date of his taking over charge of the GP and he was not aware of the existence of the ambulance.

Similarly, Latabari GP purchased an ambulance during 2004-05 but could not provide any information regarding the existence of the ambulance to the audit team in 2005-06 and 2006-07. The GP stated (September 2008) that the ambulance was not traceable and the position would be intimated after investigation. During subsequent audit in July 2009, the GP replied that the ambulance had now been brought to its own custody but it was not in working condition. The GP decided (May 2009) to repair the Ambulance.

The Satali GP's ambulance thus appears to have been misappropriated while in Latabari the ambulance was not in the GP's possession for a significantly long time.

The people of the GPs were deprived of the facility of having an ambulance at their disposal due to the failure of the concerned GPs to safeguard public property. The GPs also could not earn any revenue from the ambulances.

**ZILLA PARISHAD, PANCHAYAT SAMITIS AND
GRAM PANCHAYATS**

5.1.2 Loss of foodgrain of ` 3.12 crore

Prolonged storage, laxity in monitoring, negligence and undue favour to Modified Ration Dealers by nine PRIs resulted in wastage, misappropriation and shortage of foodgrains of 20,193.19 qtl. valuing ` 3.12 crore

Distribution of foodgrain as part of wages under NFFWP and SGRY was based on the principle of protecting the real wages of the workers and improving the nutritional standards of the rural poor. GOI stipulated the procedure for lifting, storage and distribution of foodgrain allocated to the State Government. The State Government was responsible for safeguarding against leakage and pilferage of foodgrain. On launching of NREGS, GOI had stipulated (August 2007) that the unutilised funds and foodgrains of SGRY would be transferred to the NREGS Account. Despite elaborate mechanism for appropriate handling and utilisation of foodgrain, the following irregularities were noticed during test check in Audit:

(i) Wastage of foodgrain valuing ` 2.85 lakh and shortage of foodgrain leading to loss of ` 79.27 lakh

Scrutiny of records (September 2008) of Beldanga-I PS revealed that 184.45 qtl. of foodgrain under NFFWP and SGRY had remained unutilised in dealer's godown since 2002-03. The PS stated that the foodgrain was unfit for consumption and as per *Purta Karya O Paribahan* and *Artha, Sanstha, Unnayan O Parikalpana Sthayee Samitis* (Standing Committees of PSs dealing with public works, transportation, finance, development and planning) resolution of March 2007, those were destroyed.

Scrutiny of Stock Register of foodgrain of Dinhata-I PS revealed that the PS had 4039.63 qtl. of rice as per the monthly progress report of August 2007. The distributor stated in January 2008 that the closing balance of rice was 4.29 qtl. at the end of August 2007. The PS had no information about the shortage of 4035.34 qtl. of rice.

Similarly, the closing balance of Stock Register (2006-07) of foodgrain of Hariharpara PS was shown as nil though actual balance as per allotment and utilisation during the year should have been 203.79 qtl.

Joint physical verification in audit (September, November and December 2008) revealed shortage of 891.45 qtl. of foodgrain in Nazat-II (179.78 qtl.), Boyermari-II (395.41 qtl.) and Jambad (316.26 qtl.) GPs.

All the PSs and GPs admitted the facts (between September 2008 and March 2009).

Thus, prolonged storage of 184.45 qtl. of foodgrain since 2002-03, led to wastage valuing ` 2.85 lakh¹. Besides, there was a total shortage of 5,130.58 qtl. of foodgrain valuing ` 79.27 lakh² due to the PRI's failure to monitor the stock of foodgrain and non-reconciliation of balances with Modified Ration dealers.

(ii) Avoidable misappropriation of rice valuing ` 66.69 lakh

Sitai PS engaged (February 2004) the Modified Ration (MR) dealer of Sitai, as a storing agent of SGRY rice. As per the agreement, the dealer should provide all facilities for inspection of stock and books of accounts at all reasonable times. There is no evidence that the PS had inspected the stock of rice until October 2006. In October 2006, the dealer failed to show the existence of **704.27 qtl. rice in the store and confessed that he had sold the foodgrain in open market.**

The PS cancelled (October 2006) the dealership and blacklisted the dealer immediately. However, the PS did not take any action to withdraw the balance foodgrain from the dealer and recovered only 211.43 qtl. of rice in December 2006. The MR dealer was allowed to continue as storing and distributing agent of foodgrains till March 2007. The dealer therefore further misappropriated 3,611.98 qtl. of rice remaining with him. The dealer in May 2007 requested one month's time for depositing the value of rice at the rate of ` 6 per kg (issue rate of SGRY). No recovery has been effected till March 2009.

The reasons for non-withdrawal of foodgrain from the dealer and for giving him the opportunity to continue to defraud the PRI were not on record. When this was pointed out (March 2009), the PS stated that FIR was lodged (June 2007) against the dealer for alleged misappropriation of rice.

Laxity in monitoring, negligence and undue favour shown to the dealer resulted in misappropriation of 4,316.25 qtl. foodgrain worth ` 66.69 lakh (at the rate of ` 1,545 per qtl.), which was avoidable.

(iii) Misappropriation and damage of foodgrain valuing ` 1.64 crore

Physical verification conducted between February 2007 and February 2008 by the Regional Accounts and Audit Officer, along with the authorities of Cooch Behar ZP under instruction of the Commissioner, Jalpaiguri Division, revealed shortage of 1,077.23 qtl. foodgrain valuing ` 16.64 lakh³ with four distributors/dealers of Haldibari and Tufanganj-I PSs. Cooch Behar ZP filed FIRs for alleged misappropriation against the dealers between June 2007 and April 2008.

In case of one dealer, at the time of seizure of stock, the stock shortage and wastage had increased to 2,390.44 qtl. valuing ` 36.93 lakh.

¹ 184.45 qtl. x ` 1545 per qtl. = ` **2.85 lakh** (calculated on the basis of consideration of market value of foodgrains of ` 1545 per qtl.).

² (4035.335 qtl. plus 203.79 qtl. plus 891.45 qtl.) x ` 1545 per qtl. = ` **79.27 lakh.**

³ At the rate of ` 1545 per qtl.

Similarly, shortage of 7,094.24 qtl. foodgrain valuing ` 1.10 crore⁴ from SGRY, Mid Day Meal programme and Antyodaya Anna Yojana was noticed by the BDO, Bongaon (ex-officio Executive Officer of the Bongaon PS) at the godown of Bongaon Central Co-operative Marketing Society Ltd. The SDO, Bongaon lodged FIR against the distributor alleging misappropriation of foodgrain.

These indicated that the PRIs had failed to ensure proper safeguards to avoid losses and did not exercise proper internal control while executing schemes.

BANKURA AND COOCH BEHAR ZILLA PARISHADS

5.1.3 Loss of Indira Awas Yojana (IAY) grant of ` 2.22 crore

Bankura and Cooch Behar ZPs failed to utilise stipulated IAY funds and suffered a loss of ` 2.22 crore during 2007-08. 710 rural poor could not be benefited by new construction of houses and 355 by upgradation of their houses under IAY due to lack of earnest initiative in timely utilisation by two ZPs

Indira Awas Yojana (IAY) is a Centrally Sponsored Scheme funded on cost sharing basis between GOI and the State Government in the ratio of 75:25. Para 4.2 of the IAY guideline envisaged that in case the opening balance of the district exceeds 10 *per cent* of the funds available during the previous year, the Central share of the excess would be deducted at the time of release of the second instalment.

Scrutiny of records revealed that Ministry of Rural Development, GOI, released (April 2007) first instalment of Central Assistance (i.e. 50 *per cent* of Central allocation) of ` 6.85 crore in favour of Bankura ZP against total Central allocation of ` 13.70 crore during 2007-08. But at the time of releasing the second instalment (December 2007), GOI released ` 5.23 crore as Central share in lieu of ` 6.85 crore and deducted ` 1.62 crore due to excess carry over of funds. Similarly, Cooch Behar ZP failed to receive full Central share of ` 14.43 crore during 2007-08 and ` 0.04 crore was deducted due to excess carry over of funds under IAY. It was also noticed that the State Government was to release matching shares (25 *per cent*) of ` 4.57 crore and ` 4.81 crore in favour of Bankura and Cooch Behar ZPs respectively during 2007-08. But only ` 4.02 crore and ` 4.80 crore were released against the said allocations. The ZPs were deprived of ` 0.56 crore (` 0.55 crore *plus* ` 0.01 crore) due to short release of the State share also. Thus, poor utilisation of funds by the two ZPs resulted in loss of IAY funds of ` 2.22 crore.

In reply, Cooch Behar ZP (November 2008) admitted the fact of delayed release of funds to GPs during the year 2007-08 but failed to cite any reason for under-utilisation of funds during 2006-07 that led to excess carry-over of funds during 2007-08. Bankura ZP did not furnish any reply.

⁴ 7094.24 qtl. x ` 1545 = ` 1,0960,600.00, say ` 1.10 crore.

This shows non-observance of scheme guidelines by two ZPs while streamlining the utilisation of IAY funds and lack of initiative for providing houses to the rural people within a specified time frame.

Had the two ZPs taken earnest initiative in timely utilisation of the IAY funds, 710 rural poor⁵ could have benefited by new construction of houses and 355⁶ by up-gradation of their houses under IAY.

5.2 Wasteful expenditure and overpayment

PASCHIM MEDINIPUR ZILLA PARISHAD

5.2.1 Wasteful expenditure of ₹ 2.58 crore on wooden bridges

Since 2002-03, flash floods annually washed away two fair weather bridges over Subarnarekha and Kangsaboti rivers within five months of construction. Paschim Medinipur ZP and Nayagram PS expended ₹ 2.58 crore during 2004-09 on those two wooden bridges without fulfilling the requirement of permanent bridges

Fair weather wooden bridges over Subarnarekha River at Bhasraghat constructed by Nayagram PS used to be washed away by flash floods every year. The PS had incurred infructuous expenditure of ₹ 49.09 lakh during 2002-04 on that bridge. The matter was pointed out in the Audit Report for the year ending 31 March 2005. Subsequent audit of the PS revealed that the PS had further spent ₹ 51.48 lakh for construction of the bridge during 2004-06. Thereafter, in 2006-07, Paschim Medinipur ZP constructed two fair weather wooden bridges including approach roads at Kankabotighat over Kangsaboti River and at Bhasraghat over Subarnarekha River at a cost of ₹ 51.63 lakh out of Paschimanchal Unnayan Parishad (PUP) and 11th FC Grant.

Scrutiny of records revealed that the bridges, along with their approach roads, were demolished and washed away in July 2007 by flash flood within five months of construction. Again, during 2007-08, the ZP constructed both the bridges along with approach roads and incurred an expenditure of ₹ 74.21 lakh out of the grant "**Compensation and Assignments to Local Bodies and Panchayati Raj Institutions**". Both the bridges including the approach roads, were again washed away in June 2008 (three to five months) after being put to use. The ZP, while admitting (November 2008) the fact, stated that the bridges were demolished due to the torrential rainfall during consecutive years. The ZP also made no efforts to salvage the scrap (like Eucalyptus bullah and Arjun plank) for subsequent re-utilisation. It replied (September 2009) that the scrap items could not be collected due to theft by local miscreants. The ZP has again constructed fair weather bridges incurring an expenditure of ₹ 80.40 lakh in 2008-09.

⁵ 80 per cent of total allocation may be utilised for new construction. So, ₹ 2.22 crore x 80 per cent / ₹ 25,000 (allocation for each new construction) = **710**.

⁶ 20 per cent of total allocation may be utilised for upgradation. So, ₹ 2.22 crore x 20 per cent / ₹ 12,500 (allocation for each upgradation) = **355**.

The ZP in its reply stated that the high cost of permanent bridge was beyond its capacity and did not come under the jurisdiction of Panchayat set up. The reply is not tenable as the ZP had not even approached the State Government for construction of permanent bridges.

Thus, it is evident that the ZP and PS constructed fair weather bridges every year knowing fully well that these would not last beyond five months. This annual exercise which cost the public exchequer ` 2.58 crore in the last five years failed to fulfil the requirements of the local populace because of the ZPs indifferent attitude.

**CHALOON AND NANDANPUR GRAM PANCHAYATS
(DAKSHIN DINAJPUR ZILLA PARISHAD)**

5.2.2 Wasteful expenditure of ` 57.75 lakh under National Rural Employment Guarantee Scheme (NREGS)

Plants of ` 43.24 lakh could not be identified in Audit in Chaloon GP whereas plants of ` 14.51 lakh did not survive in Nandanpur GP due to absence of adequate monitoring

Chaloon GP incurred an expenditure of ` 46.63 lakh during 2006-07 and 2007-08 towards purchase and wages for afforestation of 2,42,626 plants under NREGS. Scrutiny of records revealed that:

- (i) no measurement of the work was taken,
- (ii) date of receipt of the plants and date of the distribution of the plants were not recorded,
- (iii) the total area of plantation and type of plantation was not measured and recorded,
- (iv) period of plantation was not mentioned in 55 muster rolls (out of 68 muster rolls).

Moreover, physical verification (August 2008) of the worksite further revealed that only 16,619 plants costing ` 3.39 lakh were found at site (out of 2,42,626 plants) and remaining 2,26,007 plants for which an expenditure of ` 43.24 lakh was incurred could not be identified.

Similarly, Nandanpur GP incurred an expenditure of ` 14.51 lakh during 2005-06 to 2007-08 for afforestation of 1,04,309 plants under NREGS. Scrutiny of records revealed that the GP did not monitor the works and had no information about allotment and plantation of plants. Payment of wages was made without measurement. Moreover, all the plants did not survive due to insufficient care as well as lack of protection and non-fencing of the plants.

Both the GPs admitted the fact (September 2008 and August 2009).

This highlighted that both the GPs did not have adequate monitoring mechanism for execution of works, thereby turning the expenditure of ` 57.75 lakh⁷ wasteful. Besides, the objective of protecting the environment was also not achieved.

5.3 Violation of contractual obligations/undue favour to contractors

PURULIA ZILLA PARISHAD

5.3.1 Undue benefit to contractor led to avoidable expenditure of ` 55.51 lakh

Granting of repeated extensions to the contractor without justification and choosing not to impose the penalty of recovery of excess cost of work, led to avoidable expenditure of ` 55.51 lakh

Purulia ZP awarded (January 2003) the work 'Improvement of road from Raghampur to Chalunia' to the lowest tenderer at ` 1.03 crore. The work was scheduled for completion within January 2004.

The contract stipulated that the contractor should pay as compensation an amount equal to $\frac{1}{2}$ per cent on the estimated cost of the whole work for every day that the work remained uncommenced or unfinished after the proposed dates. The ZP did not monitor the execution of work. The contractor did not start the work even in May 2004, six months after the scheduled date of completion. The ZP, however instead of recovering compensation as per contract, merely issued (June 2004) a show cause notice to the contractor.

The contractor started the work in June 2004 but stopped immediately (July 2004) after executing only 15 per cent (1.5 KM) of the work. Thereafter, extensions of time were repeatedly granted till August 2006 without any recorded justification. In August 2006, the ZP finally sought compensation for the delay. It was seen in audit that the ZP paid ` 24.52 lakh to the contractor till September 2006 without withholding any amount for recovery of the compensation.

The ZP terminated the contract in October 2006 by forfeiting only the security deposit and earnest money of ` 4.01 lakh and chose not to impose the penalty of recovery of excess cost for completing the balance work.

The residual portion of the work was completed in December 2007 at a cost of ` 1.38 crore through re-tendering. The ZP, thus, incurred an excess expenditure of ` 55.51 lakh⁸.

⁷ Chaloon: ` 43.24 lakh plus Nandanpur: ` 14.51 lakh.

⁸ Excess avoidable expenditure = Revised estimate for remaining work (` 138.00 lakh) minus {Cost of first estimate (` 103.00 lakh) minus cost of work done by the contractor (` 24.52 lakh)} minus forfeited security deposit (` 4.01 lakh) = ` 55.51 lakh.

While accepting the contractor's responsibility for the delay, the ZP stated that he was allowed extensions in the interest of the work. The reply is not tenable in view of the contractor's failure to take up the work despite repeated extensions.

It is evident that the ZP did not adhere to the contractual clauses and thus allowed undue benefit to the contractor. This resulted in avoidable expenditure of ` 55.51 lakh.

5.4 Idle investment / Blockage of funds

MALDA ZILLA PARISHAD

5.4.1 Idle expenditure of ` 1.52 crore on minor irrigation scheme

Installation of 53 deep tube wells remained incomplete since 2001-02 due to non-energisation for want of funds leading to idle expenditure of ` 1.52 crore

The State Government sanctioned and allotted the entire project cost of ` 4.05 crore in 2001-02 to the Malda ZP for installation of 92 deep tube wells under the scheme Rural Infrastructure Development Fund (RIDF-V) to provide minor irrigation facilities to agricultural land. The projected completion date of the work was not available on record. Audit observed that till November 2009, the ZP had spent ` 4.07 crore on execution of 91 tube wells and work of the remaining one tube well had been abandoned. Out of 91 tube wells taken up for execution, 38 deep tube wells were completed in all respects and 53 tube wells were incomplete as of November 2009.

Physical Progress Reports (October 2008 and November 2009) of the scheme revealed that these 53 deep tube wells remained incomplete for want of energisation. Audit observed that the ZP had disbursed the cost of energisation of 55 tube wells (` 1.24 crore) to the West Bengal State Electricity Board (WBSEB) during 2005-07. However, the energisation of only 38 tube wells was completed by the WBSEB till November 2009. Reasons for this were not available on record. The ZP appears not to have taken up the issue with WBSEB. Energisation of the remaining 36 tube wells was held up as funds were not available to meet the enhanced energisation cost.

The State Government had decided in March 2007 that the ZP would try to arrange own funds for completion of the scheme. In case that was not possible they could approach the State Government for energisation of remaining 36 tube wells. The ZP was silent regarding the action taken to raise the funds and complete the balance work.

The ZP's lackadaisical attitude towards project monitoring and execution resulted in idle expenditure of ` 1.52 crore⁹ on incomplete tube wells and deprived 396 hectare of land of irrigation.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

5.4.2 Idle expenditure of ` 19.58 crore on incomplete works

49 PRIs undertook various developmental works without ascertaining the source of funds beforehand, conducting proper survey, preparing project estimates and fixing an implementation schedule. As a result, these works remained incomplete upto 12 years after commencement after incurring an expenditure of ` 19.58 crore

Project implementation involves a set of activities which are required to be completed in order to complete a programme in time. Such activities as envisaged in the West Bengal Panchayat (ZP & PS) Accounts and Financial Rules, 2003, include preparation of project reports and estimates and ascertaining availability of funds, clear site and necessary infrastructural facilities. In order to achieve the desired objectives of a work, proper supervision over execution is vital to ensure completion of a work in time.

Audit scrutiny in 2008-09 in 16 districts of the state revealed that 49 PRIs undertook various developmental works without ascertaining the source of funds beforehand, conducting proper survey, preparing project estimates and fixing an implementation schedule. The PRIs started construction without ensuring availability of clear site and infrastructural facilities. The works were carried out in phases as and when funds were available. These could not therefore adhere to any time schedule and evidently there was no monitoring by the competent authority. As a result, these works remained incomplete upto 12 years after commencement after incurring an expenditure of ` 19.58 crore (**Appendix-XXVIII**).

The idle expenditure of ` 19.58 crore on incomplete works blocked up scarce resources and denied the intended benefit to the rural population. The possibility of completion of these works is remote and abandonment due to deterioration of the structures already constructed due to passage of time cannot be ruled out.

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(Rupees in lakh)							
Type of tube well	Total unit	Cost for civil work	Cost for energisation	Cost per unit	Completed	No. of incomplete unit	Unfruitful Expenditure
LDTW	71	91.48	75.00 (for 35 units)	Civil - ` 1.29 (91.48/71)	23	48 (of which energisation cost for 12 units were paid)	61.92 (1.29 x 48)
				Energisation - ` 2.14 (75.00/35)			25.68 (2.14 x 12)
HDTW	15	158.62	34.32 (for 15)	Civil - ` 10.57 (158.62/15)	10	5	52.85 (10.57 x 5)
				Energisation - ` 2.29 (34.32/15)			11.45 (2.29 x 5)
MDTW	5	32.94	14.52 (for 5)	-	5	Nil	-
Total	91	283.04	123.84				151.90

ZILLA PARISHADS AND PANCHAYAT SAMITIS

5.4.3 Idle grants of ` 7.74 crore

Five ZPs and 30 PSs kept grants / funds amounting to ` 7.74 crore, meant for various infrastructural development works, idle for three to seven years and deprived the common people of intended benefits from these grants

In terms of Rules 36(4) and 116(5) of the W. B. (ZP & PS) Accounts and Financial Rules, 2003, the funds received for implementation of schemes and for developmental works / assigned schemes from the State Government should be utilised without any delay, preferably within a period of six months and utilisation certificate should be furnished within six months from the date of receipt of grant.

Audit scrutiny of five ZPs and 30 PSs¹⁰ revealed that these PRIs kept grants/funds amounting to ` 7.74 crore, meant for various social assistance programmes for poor households, creation of durable community assets, infrastructural development, relief funds and finance commission grants idle for three to seven years. The PRIs did not take any initiative to either utilise the funds for development works or surrender these funds to the grant sanctioning authority.

When pointed out, Purulia ZP and Deshpran PS failed to furnish any reply while the remaining PRIs admitted the fact. Keshiary, Jhalda-I and Kaliganj PSs replied (between August 2008 and February 2009) that the grants could not be utilised due to land dispute. Others stated that attempts would be made to utilise or surrender the grants but could not clarify the reasons for non-utilisation for so long.

By failing to utilise grants amounting to ` 7.74 crore for years the PRIs deprived the common people of intended benefits from these grants. This also indicates that the Government's monitoring mechanism in respect of utilisation of specific grants after their release to PRIs is inadequate.

¹⁰ **Zilla Parishads (5 ZPs)** : Paschim Medinipur : ` 165.53 lakh; Purulia : ` 172.07 lakh; Uttar Dinajpur: ` 76.53 lakh; Nadia : ` 47.70 lakh; Malda : ` 71.46 lakh; **Panchayat Samitis (30 PSs)** : Farakka : ` 24.33 lakh; Thakurpukur-Maheshtala: ` 5.46 lakh; Narayangarh: ` 18.13 lakh; Medinipur Sadar : ` 1.49 lakh; Sabang: ` 4.33 lakh; Tamluk : ` 1.71 lakh; Raghunathpur-I : ` 1.54 lakh; Arsha: ` 29.75 lakh; Tapan: ` 15.36 lakh; Hura : ` 21.91 lakh; Pancha: ` 19.69 lakh; Egra-I : ` 13.78 lakh; Keshiary : ` 13.18 lakh; Haldia : ` 0.88 lakh; Haringhata : ` 1.46 lakh; Nakashipara : ` 10.54 lakh; Raghunathganj-I : ` 2.93 lakh; Galsi-II : ` 3.33 lakh; Kumargram: ` 7.42 lakh; Jhalda-I : ` 4.91 lakh; Patrasayer: ` 1.30 lakh; Suti-I : ` 1.27 lakh; Deshpran: ` 2.91 lakh; Kaliganj : ` 4.28 lakh; Memari-I: ` 2.98 lakh; Udaynarayanpur: ` 5.98 lakh; Amta-I : ` 1.65 lakh; Para: ` 8.26 lakh; Raina-I: ` 2.99 lakh and Bagdah: ` 6.49 lakh.

BARDHAMAN ZILLA PARISHAD

5.4.4 Idle expenditure of ` 36.74 lakh and blockade of grant of ` 1.03 crore

Construction of a cold storage remained incomplete as of July 2010 due to non-availability of land and failure to prepare revised plan which led to idle expenditure of ` 36.74 lakh and blockade of government grant of ` 1.03 crore for seven years and four months

The state government sanctioned (February 2001) ` 1.40 crore in favour of Bardhaman ZP for construction of a cold storage for vegetable and frozen products at Durgapur. The estimated cost of the project was ` 1.80 crore. It was to be financed partly by government grants of ` 1.40 crore, ZP's contribution of ` 11.48 lakh and bank loan of ` 20 lakh. The project was ill-conceived. This is evident from the fact that the ZP had not identified the source of the balance fund required or ensured availability of land beforehand. The commercial viability report and the target date of completion of the project were not on record.

Scrutiny revealed that as the ZP had not finalised the site and the Asansol-Durgapur Development Authority (ADDA) ultimately provided the project site in December 2003, work on the project started in January 2004, i.e. after three years from the date of sanction of the project. The ZP has spent ` 36.74 lakh on civil and structural fabrication work till March 2009. Since then, no progress in work was found except completion of construction of boundary wall as of July 2010.

Further scrutiny revealed that the ZP was unwilling to continue the project as they were not sure about the technical viability of the cold storage. The ZP then decided (April 2007) to utilise the project for some other purpose and simultaneously instructed the concerned engineer to prepare revised estimates. When this was pointed out (August 2008, September 2009 and December 2009) in Audit, the ZP stated (July 2010) that the work had been restarted in full swing after reassessing the technical viability with minor modification of the work and the balance amount would be utilised towards payment of bills for the construction of works. But the ZP failed to enlighten about source of funds to meet up the revised cost as well as feasible period of completion of the work.

Thus, delayed finalisation of project site, non-monitoring of works and inability to ascertain source of funds resulted in non-completion of the construction of the cold storage leading to expenditure of ` 36.74 lakh remaining idle, besides blocking of unspent government grant of ` 1.03 crore for seven years and four months.

ZILLA PARISHAD AND PANCHAYAT SAMITIS

5.4.5 Locking up of specific developmental grants worth ` 1.25 crore

Government sanctioned ` 1.80 crore as specific development grants in respect of ten PRIs but in absence of appropriate initiatives by the PRIs, ` 1.25 crore remained blocked depriving rural people of the intended benefits

Government releases specific developmental grants for infrastructural development of rural areas as well as for strengthening the rural economy.

Malda ZP and nine PSs received ` 1.80 crore¹¹ during 2000-01 to 2007-08 for different developmental works viz. construction of market complexes, kitchen sheds, broiler shed, bridges, roads, drains, buildings etc. Scrutiny in audit revealed that Malda ZP got administrative approval for construction of two market complexes at Tulshihata and Chanchal during June 2007 and invited tender (October 2007) against allotment of ` 21.24 lakh under RIDF-XII with the stipulation that the work for two complexes should be completed within six and nine months. The works could not be started (as of November 2008) due to reasons like non-possession of land; opposition by local people and price hike of materials.

Similarly, Raghunathpur-II PS failed to construct 132 kitchen sheds under Mid-day Meal Scheme by October 2007 and ` 24.20 lakh was locked up, out of total allotment of ` 79.20 lakh, for more than 15 months from the date of sanction. Bongaon and Sagar PSs could not spend allotment of ` 27.46 lakh for construction of guard wall, drain and road due to land and labour problems. Out of total allotment of ` 11.25 lakh for construction of broiler shed, Keshiary PS failed to utilise ` 11.25 lakh due to non-finalisation of estimate. Joypur PS received ` 20.40 lakh under District Primary School Education Programme for construction of additional class rooms and sub-allotted 50 per cent fund to the schools concerned for the purpose. But the schools returned the amount expressing their inability to execute the scheme and the total fund of ` 20.40 lakh remained unutilised with the PS. Medinipur Sadar PS received ` 5 lakh for construction of Kankaboti community hall. But the PS could not utilise the fund as it was not sufficient against the estimated value of ` 58.10 lakh for the community hall. Kharagpur-I PS failed to utilise ` 10.06 lakh, received in 2005-06, for improvement of tank, construction of shed and plantation, as the local people demanded changes in the scheme. Reason for non-utilisation of ` 5.33 lakh by Bharatpur-I and Dantan-I PSs, received for development of farming land and construction of bridge, could not be made available to Audit.

When this was pointed out, Malda ZP, Bharatpur-I and Dantan-I PSs did not furnish any reply. Remaining PRIs admitted the facts (between August 2008 and March 2009).

¹¹ ZP: Malda: ` 21.24 lakh; PSs: Raghunathpur-II: ` 79.20 lakh; Bharatpur-I: ` 2.33 lakh; Bongaon: ` 2.50 lakh; Sagar: ` 24.96 lakh; Dantan-I: ` 3 lakh; Keshiary: ` 11.25 lakh; Joypur: ` 20.40 lakh; Medinipur Sadar: ` 5 lakh and Kharagpur-I: ` 10.06 lakh.

Thus, the absence of appropriate initiatives to fulfil the objectives of specific grants resulted in locking up of developmental funds amounting to ` 1.25 crore¹².

ZILLA PARISHADS AND PANCHAYAT SAMITIS

5.4.6 Unproductive remunerative assets and failure to augment own source revenue

Remunerative assets valuing ` 8.90 crore remained unproductive in 27 PRIs due to failure of PRIs in putting their assets to use and eight PRIs failed to generate non-tax revenue to the tune of ` 1.10 crore due to lack of proper planning and non-assessment of demand before execution

Special emphasis is being given by successive FCs on augmentation of own source revenues of PRIs. According to the recommendations of the 10th and 11th FCs, grants had been provided to PRIs for creating remunerative assets. The 12th FC recommended incentive grants to PRIs based on performance for augmentation of own source revenue. In spite of these efforts, performance of the PRIs in this regard was not satisfactory. This was due to their failure in timely creation and utilisation of assets, in realising dues and in imposing taxes and tolls.

(i) Unproductive remunerative assets of ` 8.90 crore

Three ZPs and 24 PSs constructed market complexes, bus terminus, community halls and hatcheries from development funds for improvement of rural infrastructure and creation of remunerative assets.

Scrutiny of records during 2007-08 revealed that Birbhum ZP spent ` 3.35 crore during 2005-06 for construction of market complexes at Suri and Murarai but failed to lease out the stalls (December 2008). Reason for non leasing out of stalls could not be made available on records of the ZP.

Nadia ZP, Keshpur, Raina-II, Mahishadal and Haldia PSs did not prepare any project report before undertaking construction and incurred an expenditure of ` 1.09 crore. The assets however could not be put to use.

Market complexes, sale centres of SHGs and bus terminus valuing ` 1.10 crore, constructed by Binpur-II, Gopiballavpur-I, Karimpur-II, Amta-II, Jhalda-I, Tehatta-I and Raghunathpur-II PSs remained unutilised due to site problems, lack of demand and lack of infrastructure.

Sankrail and Garhbeta-II PSs expended ` 1.05 crore towards construction of hatchery projects but the same could not be started as the experts engaged for training of SHGs failed to train the SHGs and supply the chicks in time.

¹² Malda ZP: ` 21.24 lakh; Raghunathpur-II: ` 24.20 lakh; Bharatpur-I: ` 2.33 lakh; Bongaon: ` 2.50 lakh; Sagar: ` 24.96 lakh; Dantan-I: ` 3 lakh; Keshiary: ` 11.25 lakh; Joypur: ` 20.40 lakh; Medinipur Sadar: ` 5 lakh and Kharagpur-I: ` 10.06 lakh.

North 24 Parganas ZP and eleven PSs failed to take any step to lease out market complexes and staff quarters constructed at a cost of ` 2.31 crore. North 24 Parganas ZP could allot only one stall out of 33 stalls and received advance of ` 0.15 lakh.

When pointed out, all the ZPs and PSs admitted the facts in their replies except Birbhum ZP who failed to furnish any reply.

Thus, expenditure of ` 8.90 crore (**Appendix-XXIX**) incurred for construction works by these PRIs between 2001 and December 2007, remained unproductive for periods ranging from one to seven years due to improper planning, non-assessment of demand, lack of availability of infrastructural facilities and inertia of the PRIs to take adequate steps to make the assets productive quickly.

(ii) Failure in generation of non-tax revenue of ` 1.10 crore

Test check in audit during 2007-08 revealed that eight PRIs had failed to lease/rent out stalls and ferry service for periods ranging from one year to 15 years. This led to loss of earnings of ` 1.10 crore in the shape of rent from stalls and lease money from ferry services as narrated below:

(Rupees in lakh)

Sl No.	Name of PRI	Particulars	Amount	Position as of
(1)	Nadia ZP	Non allotment of market stalls	19.94	September 2008
(2)	North 24 Parganas ZP	Non leasing of ferry <i>ghats</i>	16.77	July 2008
(3)	Paschim Medinipur ZP	Non allotment of market stalls	29.12	October 2008
(4)	South 24 Parganas ZP	Non allotment of market stalls	32.22	September 2008
(5)	Bardhaman-I PS	Non allotment of market stalls	2.87	August 2008
(6)	Mangalkote PS	Non allotment of market stalls	2.66	August 2008
(7)	Puncha PS	Non allotment of market stalls	5.44	November 2008
(8)	Tamluk PS	Non allotment of market stalls	1.18	January 2009
Total			110.20	

Nadia ZP failed to foresee the site problem before construction of Chapra market complex and hence the work was completed during March 2008 after a delay of five years. Delay in completion resulted in non-allotment of stalls in time and the ZP failed to earn ` 19.94 lakh on rent between August 2003 and March 2008. The ZP while admitting (September 2008) the fact stated that distribution process was going on but public response was not encouraging.

North 24 Parganas ZP could not lease out ferry services in five Ferry *Ghats* after expiry of lease term for periods ranging from six months to 29 months and ` 16.77 lakh could not be generated as lease money from those *Ghats*. The ZP accepted (July 2008) the audit point.

Paschim Medinipur ZP could allot (July 2007) only 30 stalls out of 62 stalls. The remaining 32 stalls remained unallotted till October 2008 as there was no response from public. Delay in allotment of 30 stalls and non-allotment of 32 stalls led to non-generation of rent amounting to ` 29.12 lakh as of October 2008.

South 24 Parganas ZP failed to earn ` 32.22 lakh due to non-leasing of shops of Jhalkura market complex from October 1992 to August 2007 despite

demand for shops and order of the Sabhadhipati in November 1995. Reasons for non-allotment of shops to those who applied in response to advertisement (August 1992) were not on record. On this being pointed out, the ZP did not furnish any reply.

Bardhaman-I PS could not allot eight shops from April 1996 to March 2008 and could not generate rent of ` 2.87 lakh during that period. The PS stated (August 2008) that one shop has been used for office purpose and remaining shops would be leased out very shortly. But they did not specify the action taken for leasing out those shops.

Mangalkote PS constructed (April 2002) a market complex at a cost of ` 7.86 lakh but the electrification and plumbing works remained incomplete. As a result, the PS could not allot the shops and earn revenue amounting to ` 2.66 lakh as rent. In reply, the PS stated (August 2008) that 49 applications for allotment of shops had been received by them but shops could not be completed for want of fund.

Puncha PS could not allot 30 shops of a market complex since March 2003 due to unauthorised encroachment. Had those stalls been allotted, the PS could have earned rent of ` 5.44 lakh during April 2003 to October 2008. The PS stated (November 2008) that action had been taken to vacate the market through discussion, failing which legal action would be taken.

Tamluk PS could not allot shops from September 2004 to August 2005 due to their inability to provide infrastructural facilities at Nimtouri Market. As a result, the PS could not impose rent and earn ` 1.18 lakh from those shops.

Thus, the objective of strengthening revenue generation in PRIs by putting their remunerative assets to use was not achieved thereby blocking up funds amounting to ` 8.90 crore and eight PRIs failed to generate non-tax revenue to the tune of ` 1.10 crore due to lack of proper planning and non-assessment of demand before execution.

PURULIA AND UTTAR DINAJPUR ZILLA PARISHADS

5.4.7 Failure to derive benefit of Swajaldhara scheme

Failure in execution of water supply works not only deprived the beneficiaries of safe drinking water but also led to blockade of funds of ` 1.19 crore and lapse of committed grants of ` 2.14 crore

GOI launched in 2002-03 a community based participatory rural drinking water supply project called 'Swajaldhara'. Ten *per cent* of capital cost of the project was to be borne by the water user committee. The project was to be implemented by District Water & Sanitation Committee (DWSC) under the aegis of ZP as District Implementing Agency (DIA) through the Village Water Shed Committee (VWSC) /Beneficiary Group (BG). The DIA was to ensure

implementation and management of the project. Second installment of the project would be released after utilisation of 60 *per cent* of first installment.

Audit analysis revealed that the scheme did not make any significant progress in Purulia and Uttar Dinajpur districts since its introduction, as shown in the table below.

Name of ZP	GOI share	Released by GOI	Period of release	Fund sub allotted by ZP	Purpose	Status	
						Utilisation of funds	Completion of works
Purulia	1.80	0.73	2003-07	0.34	10 schemes	0.17	Nil
				0.03	For training	Nil	Nil
Uttar Dinajpur	1.80	0.73	2003-07	0.10	2 schemes	0.10	2 unapproved schemes completed
Total	3.60	1.46				0.27	

Audit scrutiny revealed that Purulia ZP sub-allotted (October 2006-April 2008) ` 34.28 lakh for execution of 10 schemes. None of the schemes could be completed even after spending ` 16.77 lakh as of September 2008. The ZP failed to utilise any amount for training programme and could spend only ` 0.37 lakh out of ` 1.00 lakh received for sensitisation programme on community/social activities in the district.

Uttar Dinajpur ZP undertook two unapproved schemes for ` 9.46 lakh but could not finalise execution of five approved works of ` 75.24 lakh from balance funds (` 68.94 lakh) as late as in March 2008 for want of a mere ` 6.00 lakh. As a result, all the five works remained incomplete and the balance funds remained idle as of January 2009.

Further scrutiny revealed that GOI had decided to discontinue the Swajaldhara scheme since financial year 2006-07 but was committed to extending financial assistance to complete all ongoing projects. Neither ZPs could expedite implementation of the project despite being requested repeatedly by the State Government (May 2004, June and November 2007). They also failed to submit demand of funds for ongoing projects by evaluating need. Uttar Dinajpur ZP could not even trace out (July 2007) the Detailed Project Reports (DPR) of the schemes. However, the ZP decided to execute five works only in March 2008 through the Public Health Engineering Department (PHED), instead of BG/VWSC, violating guidelines of the Swajaldhara.

Non-registration of BGs, non-execution of tri-partite agreement, non-ensuring of beneficiary contribution towards capital cost and failure to build capacity through training and sensitisation programme were also the reasons for failure in implementation of the schemes by the ZPs. ` 1.19 crore¹³ thereby remained blocked in the hands of the ZPs.

When this was pointed out, Purulia ZP admitted (September 2008) the facts but neither adduced any reason for such lapse nor indicated utilisation of remaining funds. Uttar Dinajpur ZP stated (January 2009) that as they lacked

¹³ ` 1.46 crore (release by GOI) minus ` 0.27 crore (utilised) = ` **1.19 crore**.

the necessary expertise the works were being executed through the PHED and balance funds would be utilised for completion of schemes.

Thus, the ZPs not only failed to provide much-needed safe drinking water to the target population but also failed to avail of central assistance of ` 2.14 crore¹⁴ due to non-assessment of requirement and submission of the same to the government in time.

BARDHAMAN ZILLA PARISHAD

5.4.8 Mismanagement in procurement of paddy scheme

Bardhaman ZP received loan of ` 10 crore for providing advance to SHGs for initiating purchase of paddy. But only 12 per cent of projected production could be produced due to lack of planning and preparedness before obtaining loan. Moreover, non-assessment of the capacity of PSs and poor monitoring by the ZP resulted in refund of ` 2.38 crore by the PSs and retention of ` 6.65 crore without any utilisation

Bardhaman ZP proposed (November 2006) to the State Government to provide assistance to prevent distress sale of paddy by the farmers and procurement of paddy by SHGs, under different PSs, involved in the economic activity of conversion of paddy into rice. The rice so produced would be sold to Food Corporation of India and the State Government or in the open market, whichever was profitable.

Scrutiny in Audit revealed that the P&RDD had sanctioned ` 10 crore as loan to Bardhaman ZP in January 2007 for providing advance to SHGs for initiating purchase of paddy. But the ZP, through the PSs, could not make proper assessment of the number of SHGs, actual requirement of paddy and infrastructure required for processing of paddy into rice. The ZP could therefore disburse only ` 8.35 crore to eight PSs¹⁵ between February 2007 and April 2007 and retained ` 1.65 crore till August 2008 as no further requisition was received. Out of eight PSs, Jamalpur and Galsi-II PSs refunded the entire amounts of ` 10 lakh and ` 25 lakh respectively, after one year, in March 2008. Kanksa and Ausgram-II PSs refunded (March 2008) ` 90 lakh and ` 113 lakh respectively against receipt of ` 1 crore and 1.50 crore while Raina-I & II PSs produced meagre quantity of rice of 8,777 qtl. and 360.27 qtl. respectively. Further, Ausgram-I and Khandaghosh PSs neither submitted adjustments against the receipt nor refunded the amount till August 2008.

¹⁴ ` 3.60 crore (sanctioned by GOI) minus ` 1.46 crore (released by GOI) = ` **2.14 crore.**

¹⁵ **PSs :** Kanksa, Ausgram-I, Ausgram-II, Raina-I, Raina-II, Khandaghosh, Jamalpur and Galsi-II.

The ZP did not enquire into the reasons for the low production of rice and allowed the PSs to retain ` 5 crore¹⁶ in Savings Bank Accounts for more than one year.

The ZP stated (August 2008) that several attempts had been made to realise the outstanding amounts from the PSs and that the loan would be refunded to the Department on receipt of realisation.

Thus, due to lack of planning and preparedness before obtaining loan, only 9,137.27 qtl. (12 per cent) rice could be produced against the projected production of 78,852.44 qtl. of rice. Moreover, non-assessment of the capacity of PSs and poor monitoring by the ZP resulted in refund of ` 2.38 crore by the PSs and retention of ` 6.65 crore¹⁷ without any utilisation.

5.5 Regularity issues and other points

SILIGURI MAHAKUMA PARISHAD AND 32 PANCHAYAT SAMITIS

5.5.1 Avoidable payment of honorarium of ` 1.24 crore

PRIs engaged *Sahayaks /Sahayikas* in *Sishu Siksha Kendras* in excess of sanctioned strength involving avoidable payment of honorarium of ` 1.24 crore during 2004-08

Government of West Bengal introduced (1997-98) the *Sishu Siksha Karmasuchi* (an alternative para-teacher scheme) with the objective of providing primary education to children in the age group of five to nine years. Under the scheme *Sishu Siksha Kendras* (SSKs) are established in areas where formal educational facilities are not available. The State Government decided in February 2004 that 3rd and 4th *Sahayak/Sahayikas* could be engaged in the SSKs only when the number of learners exceeded 80 and 120 respectively. The government would not bear the cost of excess *Sahayak/Sahayikas*.

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Sl. No.	Name of the PS	Fund released	Status of production of rice			Amount refunded	Amount not realised
			Quantity of rice to be produced	Rice produced & supplied to FCI	Value of rice		
(a)	(b)	(c)	(d)	(e)	(f)=(e) x ` 1,058.94	(g)	(h)=(c)-(f)-(g)
(1)	Kanksa	100	9,443.41	0	0	90	10
(2)	Ausgram-I	20	1,888.68	0	0	0	20
(3)	Ausgram-II	150	14,165.11	0	0	113	37
(4)	Raina-I	200	18,886.81	8777	92.94	0	107.06
(5)	Raina-II	300	28,330.22	360.27	3.82	0	296.18
(6)	Khandaghosh	30	2,833.02	0	0	0	30
(7)	Jamalpur	10	944.34	0	0	10	0
(8)	Galsi-II	25	2,360.85	0	0	25	0
	Total	835	78,852.44 qtl.	9,137.27 qtl. (12%)	96.76	238	500.24

¹⁷ Retention of ` 1.65 crore by the ZP plus ` 5.00 crore by the PSs.

Audit scrutiny during 2007-08 revealed that Siliguri Mahakuma Parishad (SMP) and 32 PSs engaged 497 *Sahayaks/Sahayikas* in excess of sanctioned limit in 364 SSKs during the period from 2004-05 to 2007-08 in contravention of the aforesaid Government Order (GO). An amount of ` 1.24 crore¹⁸ was expended on payment of honorarium to these *Sahayaks/Sahayikas* during 2004-08.

When pointed out, 12PSs¹⁹ did not offer any comment in response to audit. Ausgram-II, Dhupguri, Hariharpara, Karimpur-II & Kushmandi PSs stated that henceforth guidelines would be followed. Ausgram-I, Monteswar and Udaynarayanpur PSs stated that *Sahayikas* were engaged as per resolution of the *Shiksha- Sanskriti- Tathya- O-Krira Sthayee Samiti* of the PSs.

SMP and nine PSs²⁰ stated that the prescribed ratio between students and *Sahayikas* could not be maintained due to decrease in student enrolment after engagement of *Sahayikas*. But no institution could furnish documentary evidence in support of the reply.

Suti-II PS stated (December 2008) that the guidelines for engagement of *Sahayikas* remained unknown due to non-posting of regular nodal officer. Suti-I PS stated (December 2008) that a large number of under-aged children attending SSKs who could not be shown as enrolled students. Mahishadal PS stated (February 2009) that the matter would be taken up with the higher authorities. Haringhata PS stated (August 2008) that higher authorities were releasing funds for excess *Sahayikas*.

Had the administrative authorities ensured compliance with the provisions of the GO regarding engagement of *Sahayikas* in SSKs by PRIs, the excess payment of honorarium to *Sahayikas* amounting to ` 1.24 crore could have been avoided.

¹⁸ **Expenditure on excess Sahayak/Sahayikas**

Siliguri Mahakuma Parishad (` 6.48 lakh); Ausgram-I PS (` 1.08 lakh); Ausgram-II PS (` 6.12 lakh); Bally Jagachha PS (` 1.80 lakh); Barabani PS (` 3.58 lakh); Budge Budge-I PS (` 2.26 lakh); Bardhaman-II PS (` 5.82 lakh); Debra PS (` 11.85 lakh); Dhupguri PS (` 1.08 lakh); Hariharpara PS (` 3.24 lakh); Haringhata PS (` 2.16 lakh); Kalna-I PS (` 4.44 lakh); Kalna-II PS (` 5.78 lakh); Karimpur-I PS (` 0.72 lakh); Karimpur-II PS (` 1.62 lakh); Ketugram-I PS (` 1.08 lakh); Kharagpur-I PS (` 6.51 lakh); Krishnaganj PS (` 2.16 lakh); Kumarganj PS (` 2.94 lakh); Kushmandi PS (` 1.80 lakh); Mahishadal PS (` 3.24 lakh); Memari-II PS (` 3.24 lakh); Mohanpur PS (` 0.72 lakh); Monteswar PS (` 9.00 lakh); Nowda PS (` 8.58 lakh); Raina-I PS (` 2.64 lakh); Raina-II PS (` 2.76 lakh); Suti-I PS (` 4.68 lakh); Suti-II PS (` 3.24 lakh); Tapan PS (` 10.02 lakh); Tehatta-I PS (` 0.72 lakh); Udaynarayanpur PS (` 1.80 lakh); and Uluberia-II PS (` 0.72 lakh).

¹⁹ Bally Jagachha, Kalna-I, Kalna-II, Memari-II, Bardhaman-II, Barabani, Debra, Raina-I, Raina-II, Budge Budge-I, Kumarganj and Mohanpur PSs.

²⁰ Ausgram-I, Karimpur-I, Ketugram-I, Kharagpur-I, Krishnaganj, Monteswar, Nowda, Tapan and Tehatta-I PSs.

GRAM PANCHAYATS AND PANCHAYAT SAMITIS

5.5.2 Excess expenditure of ` 19.50 lakh for failing to adhere to applicable rules

Six GPs and two PSs incurred excess expenditure of ` 19.50 lakh due to failure to adhere to prescribed rules, schedule of rate for earth work and government order related to employment generation programmes

The relevant Rules²¹ for ZP, PS and GP lay down a set of guidelines relating to estimate, measurement, adjustment of advance and applicability of rates of works. Moreover, P&RDD to the Government of West Bengal stipulated (October 2006 and June 2007) the schedule of rate of works to be allowed for different lead and lift under Rural Employment Programmes.

Scrutiny of records revealed that Dwipkhanda and Damdama GPs under Dakshin Dinajpur ZP did not consider the Departmental directives and allowed extra lift for re-excavation of Bejahaar *khari* and Kajaldighi respectively and incurred an excess expenditure of ` 8.68 lakh between July 2007 and July 2008. Similarly, Bhowridh GP under Purulia ZP did not consider the schedule of rate for earth work and made an excess payment of ` 0.34 lakh towards 490 excess mandays.

Karimpur-I GP under Nadia ZP excavated a pond at Karimpur Regulated Market (KRM) and the KRM Committee made payment for carrying and depositing excavated earth. But the GP did not take into account the payment made on this account by KRM Committee while calculating generation of mandays and thereby incurred an excess expenditure of ` 2.34 lakh on deployment of labourers during 2007-08.

Hetia GP under Bankura ZP expended ` 6.58 lakh for execution of three road repairing works during 2007-08. But no estimate and measurement was found in respect of the works valuing ` 1.82 lakh and materials valuing ` 0.86 lakh. Thus, in absence of estimate and measurement, expenditure of ` 2.68 lakh on three road works could not be accepted in audit.

Narrah GP under Bankura ZP paid an advance of ` 0.20 lakh to the paymaster engaged for construction of Agra Literacy Centre. Scrutiny revealed that the paymaster actually paid wages of ` 0.06 lakh to the labourers but submitted adjustment of ` 0.20 lakh. The GP accepted that and paid excess amount of ` 0.14 lakh to the paymaster.

²¹ Rules 21(4) & 5 and 17 of West Bengal Panchayat (GP Miscellaneous Accounts & Audit) Rules, 1990; Rule 63 of West Bengal Panchayat (ZP & PS) Accounts & Financial Rules, 2003.

Ausgram-I and Berhampore PSs did not consider the rate of moorum and coarse aggregates of nearest quarry. As a result, the PSs incurred an extra avoidable expenditure of ` 4.97 lakh²² and ` 0.35 lakh respectively during 2006-08.

All the GPs and PSs admitted the facts (between June and December 2008). Thus, failure to adhere to prescribed rules, schedule of rate for earth work and GO related to employment generation programmes resulted in excess expenditure of ` 19.50 lakh.

ZILLA PARISHADS

5.5.3 Excess expenditure of ` 1.59 crore on small vehicles

Six ZPs incurred excess expenditure of ` 1.59 crore towards deployment of small vehicles beyond the prescribed quota and monetary limit and also for purchase of car without the approval of the State Government

The P&RDD of the Government of West Bengal had fixed (1997) the quota of small vehicles for each ZP and concurrently prescribed the limit of expenditure of ` 1.00 lakh per year per vehicle. In order to cut down all avoidable expenditure, the P&RDD while reiterating (October 2003) the aforesaid scale of admissibility of small vehicles, directed that no new vehicle should be purchased or hired without prior approval of the Government even if the expenditure on this account was met from project account or from Local Fund etc.

Audit scrutiny during 2007-08 revealed that six ZPs not only deployed small vehicles beyond the prescribed quota but also incurred expenditure more than the permissible limit of ` 1.00 lakh per vehicle as detailed below without

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Name of work	Supply of moorum (in m ³)	Distances from Borjora quarry (in km)	Tendered rate allowed as per Borjora quarry (in Rupees)	Distance from Bhalki quarry (in km)	Rate as per Bhalki quarry (in Rupees)	Difference in rate (in Rupees)	Excess amount paid (in lakh)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)=(2)x(7)
Improvement of road from Bannabagram to Bahamanpur	1352.25	60	616.67	32	413.87	202.80	2.74
Improvement of road from Ausgram bus stoppage to Tambuli pukur par	503.86	65	454.00	24	248.50	205.50	1.04
Improvement of road from upper danga to warrishpur	504.73	62	616.67	26	381.63	235.04	1.19
Total							4.97

obtaining the approval of the Government.

Name of ZP	Period	Prescribed quota of engagement of small vehicles		No. of vehicle actually engaged	Actual expenditure on vehicles	Excess expenditure over permissible amount
		No.	Amount			
		Bardhaman	2004-08			
Purulia	2006-07	5	5.00	8	14.37	9.37
Dakshin Dinajpur	2007-08	4	4.00	11	22.43	18.43
Hooghly	Do	5	5.00	8	9.75	4.75
Uttar Dinajpur	Do	4	4.00	9	13.75	9.75
Purba Medinipur	Do	6	6.00	15	25.89	19.89
Total						151.05

Thus, excess engagement of vehicles, coupled with excess expenditure per vehicle resulted in huge excess expenditure of ` 1.51 crore during the period from 2004-05 to 2007-08 by the six ZPs.

Besides, Purba Medinipur ZP spent ` 3.26 lakh during 2007-08 for engagement of temporary vehicles. Dakshin Dinajpur ZP purchased (2007) one new car at a cost of ` 4.38 lakh without approval of the P&RDD.

Further, scrutiny in audit revealed that arbitrary fixation of rate of consumption of fuel, use of cars on holidays, excessive average run per day, non-mentioning of purpose of journeys in log books etc. were the reasons for such excess expenditure beyond permissible limits.

Purba Medinipur, Uttar Dinajpur and Bardhaman ZPs stated that excess vehicles had to be deployed for supervision and monitoring of projects/schemes. Hooghly ZP stated (August 2008) that the order prescribing the admissibility being too old had become immaterial and added that expenditure was met from scheme contingency. Dakshin Dinajpur ZP stated (December 2008) that the P&RDD would be requested to reconsider the admissibility of the number of vehicles and also the consumption of fuel. Bardhaman ZP stated (August 2008) that sharp increase in fuel cost caused excess expenditure per vehicle per year and also added that efforts would be taken to minimise expenditure towards vehicles to the extent possible. Purulia ZP did not furnish any reply.

The replies of the ZPs were not acceptable because as per the aforesaid GO, excess vehicle should not be deployed without prior approval of the Government even if the expenditure on this account was met from project account. Moreover, none of the ZPs had approached the Government for prior approval of additional deployment of vehicles except Purba Medinipur ZP who moved before the P&RDD for post facto approval of two hired vehicles.

Thus, the entire excess expenditure of ` 1.59 crore²³ showed that the ZPs had failed to cut down avoidable expenditure on maintenance of vehicles.

²³ ` 151.05 lakh plus ` 3.26 lakh plus ` 4.38 lakh = ` 158.69 lakh, say ` 1.59 crore.

SEVEN ZILLA PARISHADS AND SEVEN PANCHAYAT SAMITIS

5.5.4 Lapsed cheques for ` 3.95 crore not taken back into account

14 PRIs did not write back 582 lapsed cheques valuing ` 3.95 crore in contravention of the accounts rules rendering that money idle

Rule 27 of the West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003, states that if a cheque is not encashed within three months of its issue, without intimation, such cheque shall be cancelled and the amount taken back to the account.

Audit scrutiny during 2008-09 revealed that 14 PRIs did not write back to account the value of 582 lapsed cheques amounting to ` 3.95 crore (**Appendix-XXX**) in contravention of the aforesaid rule. As a result, the actual fund balance of those PRIs remained understated. Cheques issued as far back as September 1989 and January 1984 were still unencashed in Siliguri MP and Patrasayer PS respectively. This indicated a lapse in monitoring on the part of the PRIs over their finances. The PRIs could not furnish any reasons for such irregularity.

Until and unless the amount of the lapsed cheques are taken back to account, these moneys would remain idle, being outside the scope of utilisation. Besides cancellation of cheques would become more difficult as obtaining of non-payment certificates from Bank/Treasury becomes more difficult with the passage of time.

Thus, by failing to observe financial discipline 14 PRIs were responsible for idling of public money amounting to ` 3.95 crore for years together.

ZILLA PARISHAD AND PANCHAYAT SAMITIS

5.5.5 Diversion of funds of ` 2.24 crore

North 24 Parganas ZP and six PSs irregularly diverted specific plan funds of ` 2.24 crore leading to frustration of objectives of those specific purposes

The Central and State Governments chalk out plans to prioritise sector-wise, area-wise development and formulate schemes with a target to achieve that development. Accordingly, on the basis of priority sectors, funds are allocated from plan heads with an objective to achieve the targeted development. Diversion from these plan grants thus frustrates the development process through a particular scheme.

Audit scrutiny between April 2008 and March 2009 revealed that North 24 Parganas ZP and five PSs had diverted ` 2.19 crore²⁴ from specific purposes from various grants like SGRY, 10th, 11th and 12th Finance Commission (FC) Grants, Total Sanitation Campaign (TSC) grants, PUP grants for carrying out Mid Day Meal Programme, works relating to Rural Water Supply (RWS), purchase of text books, bus passenger shed, tube wells, various construction works, etc.

Besides, Kalna-II PS had transferred ` 4.90 lakh from SGRY head to 'Own Fund' head during 2006-07 without any approval of the grantor. Such transfer of funds was irregular and may lead to unauthorised expenditure due to closure of SGRY scheme from the year 2007-08.

When pointed out, North 24 Parganas ZP and Purulia-II, Raghunathganj and Kalna-II PSs admitted the facts but did not adduce any justification for diversion/transfer of funds. Joypur PS stated (August 2008) that due to insufficient balance of funds under RWS schemes, SGRY funds were diverted under order of Purulia ZP. The letter dated 3 March 2005 of Purulia ZP revealed that the ZP directed to withdraw funds primarily from 10th /11th FC/District Plan Funds for installation of tube wells. Scrutiny in audit further revealed that there was sufficient balance of funds under those heads to meet up the expenditure.

Deshpran PS stated (January 2009) that bus passenger shed was advised to be constructed and tube wells were sunk as a part of TSC scheme. But the PS could not produce any document in support of the reply including guidelines allowing construction of bus passenger shed and sinking of tube wells etc. from the funds which are earmarked for subsidy in installation of low cost latrines and for meeting Information, Education & Communication (IEC) activities. Barabani PS did not furnish any reply.

Thus, diversion of plan funds of ` 2.24 crore not only frustrated the very objective of those grants but also adversely affected planned development of the nation. Controlling authorities should take appropriate measures to prevent such diversions.

BARDHAMAN ZILLA PARISHAD

5.5.6 Unrealised lease amount of ` 20.03 lakh

Bardhaman ZP did not collect lease amount of ` 20.03 lakh from the lessee of 'Harekrishna Koner Setu' at Karalaghat and allowed him to retain unused toll ticket books and registers with him without taking any penal action

Bardhaman ZP leased out (December 2006) the operation and maintenance of toll points on 'Harekrishna Koner Setu' at Karalaghat for ` 27.78 lakh from January 2007 to December 2007. Lease amount was to be paid in advance in

²⁴ North 24 Parganas ZP (` 190.43 lakh); Barabani PS (` 7.01 lakh); Deshpran PS (` 2.99 lakh); Joypur PS (` 6.11 lakh); Purulia-II PS (` 9.84 lakh) & Raghunathganj-II PS (` 2.92 lakh)= ` 219.30 lakh say ` 2.19 crore.

four equal installments of ₹ 6.95 lakh each within seven days of the 1st month of each quarter. Accordingly, the lessee paid the first installment of ₹ 6.95 lakh and security deposit of ₹ 0.80 lakh in January 2007.

The lessee did not pay the second installment in April 2007 and the ZP adjudged him a defaulter. The lessee then applied (8 May 2007) for conversion of the mode of payment from quarterly to monthly on the ground of lesser flow of vehicles. Subsequently, the agency wanted (June 2007) to give up the lease of toll collection. However, the lessee did not hand over the unused toll ticket books and register in June 2007 nor did the ZP take any action to terminate the lease and take over the responsibility of toll collection.

Though the lessee had stopped payment since April 2007 the executive body of the ZP decided only in October 2007 to initiate legal action against the lessee and simultaneously assigned the duty of toll collection from the bridge to Jamalpur-I GP with effect from January 2008. Since then, the ZP has taken no further action to recover the dues amounting to ₹ 20.03 lakh for the period from April to December 2007 from the lessee. This was pointed out in Audit in August 2008 and September 2009. The ZP has not replied.

Thus, the ZP's inaction and undue favour resulted in non-recovery of dues of ₹ 20.03 lakh²⁵ from the lessee.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

5.5.7 Works executed/materials procured without tenders- ₹ 1.71 crore

Jalpaiguri ZP and five PSs purchased material worth ₹ 1.02 crore during 2004-08 without floating tenders and Purulia ZP unauthorisedly postponed tender procedure and awarded the work valuing ₹ 0.69 crore to Mackintosh Burn Limited without ensuring competitive rate through open tender

Rule 91 of the West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003 envisaged that the ZP and PS should invite sealed tenders when the estimated amount for the materials to be procured or works to be executed exceeds Rupees twenty thousand.

Test check in audit revealed that Jalpaiguri ZP and five PSs purchased material worth ₹ 1.02 crore during the period from 2004-08 without floating tenders in contravention of the aforesaid rules.

Jalpaiguri ZP procured pipes and pumpset worth ₹ 67.30 lakh for the work of installation of 139 shallow tube wells, repair and maintenance of tube wells for restoration of minor irrigation structure and repair, maintenance and restoration of field channel of Teesta command area under drought fund. Scrutiny revealed that supply orders were issued to the West Bengal Agro Industries Corporation Limited, a State Government undertaking, without

²⁵ Un-realised lease amount = ₹ 27.78 lakh minus (₹ 6.95 lakh plus ₹ 0.80 lakh)= ₹ 20.03 lakh.

obtaining competitive rates through tendering. Consequently, the basis for fixation of rates could not be ascertained in audit. The ZP could not provide any justification for not inviting tenders in violation of the rules.

In Hura PS, purchases of building material like cement, rod, stone chips and brick worth ` 19.15 lakh were made from different suppliers on spot quotations instead of inviting tenders/open quotations. Similarly, Namkhana, Shyampur-II, Sutahata and Mohanpur PSs had procured material like GI pipes, strainers, electrical materials, tiffin carriers, photocopier machine and stabilizer worth ` 15.62²⁶ lakh without open tender. When this was pointed out, Namkhana, Mohanpur and Hura PSs admitted the facts but did not provide any justification of such violation of rules. Shyampur-II and Sutahata PSs did not furnish any reply.

Further to the above, Purulia ZP floated (February 2007) tender notice for construction of hostels for girls from Other Backward Classes (OBC). The notice was not widely circulated in at least two leading newspapers as required under Rule 91(4) of the aforesaid rules. Out of 18 participants, four were found eligible but the tender procedure was postponed (February 2007) without assigning any reason and the entire work was irregularly awarded (October 2007) to Mackintosh Burn Limited, a State Government undertaking, without ensuring competitive rate through open tender. The ZP expended ` 68.93 lakh during 2007-08 for this work. The ZP did not furnish any reply to justify flouting of financial rules.

It may be stated in this context that though Rule 91(9) of the West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003, allows that registered small scale industrial units of the state and industrial undertakings of the State Government shall be given 15 and 10 *per cent* price preference respectively, it does not prevent the PRIs from inviting open tender for getting most competitive rates.

By failing to float tenders, these PRIs could not get the benefit of competitive and the most economical rate while spending public money, besides violating rules and rendering the process non-transparent.

KASHIPUR AND PARA PANCHAYAT SAMITIS

5.5.8 Non-maintenance of stock of materials worth ` 1.14 crore

Para and Kashipur PSs purchased cement, bitumen and steel worth ` 1.14 crore out of different developmental funds but failed to produce records in support of receipts and issue of those materials

As per Rule 182 of the West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003, stores purchased should be entered in the Stock Register as soon as they are received and acknowledged by any authorised employee. Issue of stores should be made only on receipt of a stores indent.

²⁶ Namkhana PS (pipes & strainers for ` 5.17 lakh); Shyampur-II PS (photocopier and stabiliser for ` 0.74 lakh) Sutahata PS (electrical materials for ` 7.53 lakh) and Mohanpur PS (tiffin carriers for ` 2.18 lakh).

Para PS purchased Cement and Bitumen worth ` 65.49 lakh and Kashipur PS purchased Cement and Steel worth ` 48.76 lakh between April 2005 and March 2008 out of different developmental funds viz. 12th FC grants, SFC grants, *Bidhayak Elaka Unnayan Prakalpa* (BEUP), SGRY etc. But both the PSs failed to produce records in support of receipts and issue of those materials in any shape. There was neither any indent slip and nor any issue slip in support of utilisation of these materials.

On this being pointed out, Para PS replied (October 2008) the Stock Register was not maintained due to shortage of staff and Kashipur PS stated (November 2008) that the stock for these materials was not maintained as the materials were directly delivered at the work site.

In terms of Rule 163(2) of the rule *ibid*, materials obtained by purchase were to be entered in a Measurement Book and also incorporated in the store account. But Para PS failed to trace out the record of utilisation of the materials and Kashipur PS did not furnish documents in support of consumption of materials.

Thus, due to non-maintenance of vital control registers/records in contravention of applicable rules, the purchase, receipt and utilisation of materials worth ` 1.14²⁷ crore remained unaudited and possibility of mis-utilisation, excess consumption, misappropriation etc. could not be ruled out. Besides, such occurrences also indicate a disregard of applicable rules and weak supervision.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

5.5.9 Mismanagement in augmentation of revenue of ` 5.81 crore

46 PRIs failed to augment of revenue of ` 5.81 crore due to inertia in collection, unauthorised exemption of outstanding and absence of formal agreement

Rule 29 of the West Bengal Panchayat (ZP&PS) Accounts & Financial Rules, 2003, envisages that sources of revenue from ponds, buildings and lands, tolls on bridges, roads and ferries or any other assets or property owned, vested or under the control of the Panchayat Body concerned are usually leased out for fixed revenue. The recoveries for such leased out properties are to be considered as fixed demand and should be maintained in the Demand and Collection Register.

Scrutiny of records of 10 ZPs and 36 PSs during 2008-2009 revealed that the ZPs and PSs could not collect ` 5.52 crore (March 2009) on account of rent, licence fees, tolls etc. from market complexes, ferry *ghats*, *Atithi Abas*, Stalls etc., constructed for the purpose of augmentation of own resources. It was also revealed that these PRIs failed to (i) maintain Demand and Collection

²⁷ ` 65.49 lakh (Para PS) plus ` 48.76 lakh (Kashipur PS) = ` **114.25 lakh** say ` **1.14 crore**.

Register, (ii) take appropriate action in collection of lease/rent, (iii) execute the terms and conditions of agreement with the tenants, (iv) implement by-laws properly, and (v) improve infrastructural facilities to collect dues. In some cases, rent had remained unrealised for 14-16 years. Further, Birbhum ZP unauthorisedly exempted outstanding lease of ` 20.55 lakh without any valid reason. Malda ZP (` 1.06 lakh), Nakashipara (` 3.59 lakh) and Tehatta-I PSs (` 3.41 lakh), failed to realise the lease amount after expiry of the lease term and suffered a loss of ` 8.06 lakh either due to absence of any formal agreement with the lessee or due to non-execution of the terms and conditions of the lease agreement (**Appendix-XXXI**).

When pointed out, all the ZPs and PSs admitted the fact. Three ZPs (Birbhum, Cooch Behar and Jalpaiguri) and two PSs (Sutahata and Tapan) did not furnish any reply.

Generation of revenue is essential to finance the developmental activities planned by the PRIs themselves and assure the benefits of economic progress to the rural poor. Thus, irregular collection of own revenue widened the resource gap and reduced the scope for taking up developmental activities.

ZILLA PARISHADS

5.5.10 Unauthorised sanction of loan of ` 69.55 lakh and non-realisation thereof

In absence of any provision in the West Bengal Panchayat Act, 1973 and West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003, framed thereunder, Birbhum and Jalpaiguri ZPs unauthorisedly sanctioned ` 69.55 lakh as loan and out of these, ` 19.55 lakh remain unrealised

The West Bengal Panchayat Act, 1973 and West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003 framed thereunder, have no provision for granting of loan or providing assistance to any organisation or government department.

Birbhum ZP gave an interest-free loan of ` 50 lakh in March, 1999 to Birbhum Institute of Engineering & Technology (BIET), a private engineering college, for setting up a private engineering college.

Scrutiny of records revealed that the loan was paid (March 1999) before executing any agreement and without seeking approval of the State Government. BIET placed (March 1999) the loan amount of ` 50 lakh in a fixed deposit for 10 years with maturity value of ` 1.48 crore. A non-registered agreement (December 1999) was executed between the ZP and BIET wherein it was mentioned that the ZP would get refund of the principal amount of ` 50 lakh on maturity of the fixed deposit after 10 years. Accordingly, BIET returned ` 50 lakh to the ZP in July 2009.

The ZP stated (September 2009) that the loan was paid on the basis of resolution. The reply is not tenable as disbursement of loan in contravention of extant rules and without approval of the State Government was unauthorised. Thus, granting of loan without safeguarding the interest of the ZP and diversion of ` 50 lakh deprived the rural people of the benefit which would have accrued from proper utilisation of the fund.

It was further observed that the ZP provided a loan of ` 7 lakh in July 2005 to the District Youth Officer (DYO), Birbhum for *Yuba Utsab*. The ZP again paid ` 7 lakh in November 2006 to the DYO. Both the loans remained unadjusted as of December 2008. The DYO was not under the jurisdiction of the ZP. When the non-realisation of ` 14 lakh was pointed out during December 2008, the ZP did not furnish any reply.

Similarly, Jalpaiguri ZP paid (November 1996) ` 5.55 lakh as loan out of its own fund to the Chief Medical Officer of Health (CMOH), Jalpaiguri to combat acute malaria problem in the District. The CMOH assured the ZP regarding repayment of loan in March 1998 but the same remained unrealised, as of August 2008, even after 12 years. When this was pointed out, Jalpaiguri ZP issued a reminder to the CMOH (July 2008) for repayment of loan and stated (August 2008) that the matter would be placed before the meeting of the *Artha Sthayee Samiti* (ASS).

Thus, the ZPs sanctioned loans of ` 69.55 lakh²⁸ beyond their jurisdiction and ` 19.55 lakh remain unrealised as of August / December 2008. Unauthorised loans of ` 69.55 lakh to private organisations and government departments indicate absence of internal controls in the PRIs and deprive the rural people of facilities supposed to be provided by the fund.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

5.5.11 Financial indiscipline in ensuring adjustment of advance of ` 11.21 crore

Seven ZPs and 44 PSs failed to adjust advance of ` 11.21 crore in cash and 2772.49 qtl. of rice paid during 2001-08 mainly due to non-observance of procedure prescribed to control adjustment of advance

Rule 38 of the West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003, (hereinafter referred to as “Rules”) requires that adjustment of advance shall be realised within a reasonable time not exceeding 30 days from the date of drawal of advance and no fresh advance can be provided to any person pending adjustment of the previous advance. The rule further provided that quarterly statement of outstanding advances against each individual should be prepared and the Executive Officer should place the matter to the ASS for instruction.

²⁸ Birbhum ZP: ` 50 lakh plus ` 14 lakh plus Jalpaiguri ZP: ` 5.55 lakh.

Audit scrutiny during 2007-08 revealed that seven ZPs and 44 PSs paid advance of ` 12.82 crore in cash and 2,772.49 qtl. of rice during 2001-02 to 2007-08 for execution of schemes including NREGS, BEUP, MPLAD, SGRY etc. Such advances were paid mainly to the staff of the PRIs concerned. Out of total advance of ` 12.82 crore, only ` 1.61 crore was adjusted in five PRIs and ` 11.21 crore remained outstanding (**Appendix-XXXII**) after expiry of the stipulated 30 days in contravention of the aforesaid Rules. In Paschim Medinipur ZP some advances remained outstanding since 1969. Further, Nadia ZP and Bagnan-I PS booked the advances as final expenditure in the Cash Book /final accounts.

In reply, 36²⁹ ZPs/PSs did not highlight any constraint in adjustment of advances. Instead, they either confirmed audit findings without any comment or noted the fact for future guidance or stated that action for adjustment of advances would be taken. Some also stated that adjustment of outstanding advance would be shown to next audit.

Hooghly ZP stated (August 2008) that recovery of advances was discussed in every meeting of the ASS. Paschim Medinipur ZP stated (November 2008) that adjustment of outstanding advance had become difficult because defaulters had either expired or were not traceable. The Executive Officer of Ausgram-I PS stated (June 2008) that they met with the defaulter SHGs for adjustment of advance paid for procurement of rice. But, the ZP and/or PSs concerned failed to justify such non-adjustment of advance. Remaining PRIs failed to furnish any reply for non-adjustment of advances.

It was further revealed in audit that six³⁰ PSs either did not maintain Advance Register at all or did not maintain it in proper form. Non-maintenance of Advance Register adversely affected the monitoring of outstanding advances. Nadia ZP and nine³¹ PSs did not prepare quarterly Statement of Outstanding Advance for placement to the ASS and the executive authorities were unaware about the non-adjustment of advances. Dakshin Dinajpur ZP and five³² PSs allowed second advance before adjustment of first advance in contravention of the Rules.

In the absence of Advance Register and proper review by the executive authorities, huge advance amounting to ` 11.21 crore in cash and 2,772.49 qtl. of rice remained outstanding for a period ranging from one month to 40 years. Non-observance of prescribed Rules indicated absence of internal controls which also increased the risk of defalcation/misappropriation of funds. Procedure regarding advance should be strictly adhered to in order to ensure timely adjustment of advance.

²⁹ **ZPs** :Howrah; Nadia; Siliguri Mahakuma Parishad; **PSs** : Alipurduar-II; Amta-I; Baghmundi; Barabani; Beldanga-I; Bhatar; Budge Budge-I; Burdwan-I; Debra; Deshpuran; Gaighata; Gangajalghati; Illambazar; Jamboni; Jhalda-II; Kanksa; Karimpur-II; Katwa-I; Khandaghosh; Kharagpur-II; Krishnanagar-I; Kumarganj; Memari-I; Nabagram; Nalhati-I; Nayagram; Nowda; Purbasthali-I; Raghunathpur-I; Raina-II; Samserganj; Suti-I and Tapan.

³⁰ Raghunathpur-I; Purbasthali-I; Kanksa; Joypur; Ausgram-I and Alipurduar-II.

³¹ Tapan; Raghunathpur-I; Purbasthali-I ; Nowda; Memari-I; Kanksa; Joypur ; Gangajalghati and Bagnan-I.

³² Uluberia-I; Debra ; Tapan; Nowda and Jamboni.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

5.5.12 Lapses in monitoring of utilisation of grants amounting to ` 102.18 crore

35 PRIs failed to submit utilisation of grants of ` 125.69 crore to the grantor in time as PSs, GPs, Village Education Committees, Schools and Water Shed Committees did not furnish UCs amounting to ` 102.18 crore, to whom sub-allotment was made by the PRIs in between 2002-03 and 2007-08

Regular monitoring of both physical and financial progress of schemes, projects, works, etc. by the supervising bodies and authorities are essential for efficient and effective implementation of schemes. One of the main instruments of such monitoring is obtaining Utilisation Certificates (UCs) from the grantee(s). In view of this, guidelines for utilisation of grants of major schemes specifically give emphasis on obtaining of UCs. Rule 36 of the West Bengal Panchayat (ZP&PS) Accounts and Financial Rules, 2003, require furnishing of UCs to grantor within six months. Similarly, Rule 15 of the West Bengal Panchayat (GP Miscellaneous Accounts and Audit) Rules, 1990 requires that UCs regarding grants-in-aid received by a GP in a financial year should be submitted by June of the subsequent year.

Test check in audit between April 2008 and March 2009 revealed that 35 PRIs sub-allotted grants amounting to ` 125.69 crore in between 2002-03 and 2007-08 to PSs, GPs, Village Education Committees, Schools and Water Shed Committees who did not furnish UCs amounting to ` 102.18 crore³³. Consequently, these 35 PRIs failed to submit UCs to the grantor in time. The grants were released for implementation of various schemes viz., SGRY, TSC, IAY, BRGF, RWS, Swajaldhara etc. and programmes outlined under Eleventh and Twelfth FC Grants. In absence of UCs, these PRIs remained unaware about the status of utilisation of grants sub-allotted and could not provide assurance to the grantor that the grants had been utilised for the intended purpose.

Bankura (for IAY) and Malda ZPs and Salboni PS did not furnish any reply. Paschim Medinipur and Howrah (for TSC) ZPs and Raghunathganj- II PS remained silent, in their reply, about non collection of UCs. Five³⁴ ZPs, one

UCs outstanding

³³ **ZPs** :Purba Medinipur (` 5261.75 lakh); Paschim Medinipur (` 101.60 lakh); Siliguri Mahakuma Parishad (` 326.00 lakh); Nadia (` 873.74 lakh); Jalpaiguri (` 80.34 lakh); Howrah (` 527.38 lakh); Bankura (` 1187.67 lakh); Malda (` 229.43 lakh); North 24 Parganas (` 189.16 lakh); Hooghly (` 315.77 lakh); **PSs** : Contai-II (` 2.30 lakh); Egra-I (` 14.35 lakh); Contai-III (` 5.60 lakh); Egra-II (` 3.61 lakh); Karimpur-II (` 1.90 lakh); Pingla (` 48.30 lakh); Salboni (` 22.10 lakh); Keshiary (` 72.72 lakh); Kharagpur-II (` 107.46 lakh); Shyampur-I (` 63.01 lakh) Raghunathganj-II (` 15.81 lakh); Arsha (` 76.74 lakh); Balarampur (` 195.40 lakh); Baghmundi (` 129.69 lakh); Jhalda-II (` 6.45 lakh); Raghunathpur-II (` 16.10 lakh); Pancha (` 79.38 lakh); Budge Budge-I (` 12.32 lakh); Budge Budge-II (` 71.69 lakh); Bardhaman-II (` 49.60 lakh); Kalna-II (` 48.38 lakh); Kanksa (` 11.50 lakh); Khandaghoosh (` 43.59 lakh); Purbasthali-I (` 19.40 lakh) and Katwa-I (` 8.16 lakh).

³⁴ Nadia, Jalpaiguri, Bankura (for TSC), North 24 Parganas and Hooghly.

Mahakuma Parishad and 20 PSs³⁵ stated that steps either would be taken to collect UCs or had been taken to collect UCs. Purba Medinipur and Howrah (for other schemes) ZPs stated that UCs were being collected and would be shown to next audit.

Contai-III PS stated that completion certificate as well as UC was furnished in the Measurement Book (MB), but the PS did not produce the MB before audit for verification. Similarly, Egra-II PS stated that UCs were collected but these were not produced to audit. Katwa-I PS stated that UCs were pending due to non completion of works.

Audit observed that UCs were not obtained mainly due to lack of awareness.

Thus, there were gross lapses on the part of the ZPs and PSs in discharging the important role of monitoring of implementation of schemes. An absence of monitoring can lead to misutilisation and potential misappropriation of funds, to safeguard against which the PRIs should take immediate and adequate steps.

5.6 Conclusion and Recommendations

Conclusion

PRIs undertook the works in haste without proper planning and preparedness to complete the works in scheduled time. They had also failed to ensure proper safeguards to avoid losses and to exercise proper internal control while executing schemes. Diversion of plan funds had frustrated the objective of the schemes. Failure to utilise grants for years indicate lackadaisical attitude and inadequate monitoring mechanism of the Government and PRIs. In absence of key components like assessment of demand and infrastructural facilities, expenditure incurred on construction of assets remained unproductive. Absence of internal controls and non-adherence to prescribed rules regarding payment of advance increased the risk of defalcation/misappropriation of funds.

Recommendation

Following measures are recommended to ensure financial discipline in PRIs and improve efficiency of execution of various development programmes and schemes:

- Internal control mechanism of the Department and PRIs needs to be strengthened to deliver services to rural people by completing the schemes/works in time.
- Action to adjust the advances to individuals needs to be initiated and monitoring mechanism should be strengthened to ensure speedy and timely recovery/adjustment.
- Bottlenecks in execution of works should be minimized through advance planning.

³⁵ Contai-II, Karimpur-II, Pingla, Shyampur-I, Arsha, Balarampur, Baghmundi, Jhalda-II, Budge Budge-I, Budge Budge-II, Burdwan-I, Kalna-II, Khandaghosh, Purbasthali-I, Egra-I, Keshiary, Kharagpur-II, Raghunathpur-II, Kanksa and Pancha.

- Incomplete works should be given priority for completion before commencing any new work.
- Proper attention should be given to write back lapsed cheques.
- Controlling authorities should take appropriate measures to prevent diversions.
- Rule provisions need to be complied with to avoid irregular tendering and also to avail of the most competitive rates.

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