

Chapter IV

Execution of Schemes

The three tiers of PRIs execute mainly centrally sponsored and state sponsored schemes, schemes referred under Finance Commission Grants and schemes suggested under MP, MLA, MLC funds. Irregularities noticed in audit during 2001-02 to 2008-09 in implementation of NREGS/ BREGS and SGRY and other schemes are discussed in the subsequent paragraphs.

4.1 SGRY Schemes

The SGRY became effective from 25th September 2001 with the primary objective to provide additional wage employment in all rural areas and thereby provide food security and improve nutrition levels and the secondary objective of creation of durable community, social and economic assets and infrastructural development in rural areas.

4.1.1 Irregularities in SGRY schemes meant for SC/ST community

➤ Ineffective monitoring by Social Justice Committee

Sections 25, 50 and 77 of the BPR Act 2006 provides for formation of Social Justice Committee at G.P., P.S. and Z.P. level for promotion of educational, economic, social, cultural and other interests of scheduled castes, scheduled tribes and other weaker sections and protection of such castes and classes from social injustice and all forms of exploitation. Due to improper functioning of Social Justice Committees in the PRIs the SC/ST communities were deprived of intended benefits under SGRY scheme. As per para 1.5 of the SGRY guidelines, 22.5 percent of the fund, received for execution of SGRY Scheme was required to be spent on works for the benefit of the SC/ST community. It was noticed that out of grant of ₹ 62.14 crore received by four ZPs and 25 PSs during the year 2002-03 to 2007-08, only ₹ 5.50 crore (8.85%) was utilised for the purpose by four ZPs and 25 PSs against an earmarked amount of ₹ 14.00 crore (22.5%). Thus the grant to the tune of ₹ 8.50 crore meant for execution of works for benefit of SC/ST community was diverted towards the execution of general schemes which resulted in violation of the guidelines and deprived the SC/ST beneficiaries from the desired benefit (**Appendix-V**).

➤ Infertuous expenditure of ₹ 12.65 lakh under SGRY 22.5% scheme

Zila Parishad Vaishali undertook construction of 59 buildings for running cottage industries at an estimated cost of ₹23.42 lakh (₹ 39,700 per

building). Against the total estimated cost of ₹ 23.42 lakh, the beneficiaries were paid merely ₹ 12.65 lakh resulting in non-completion of any building. Moreover, there was no record of measurement of the work done or any proof of commencement of work. The SGRY scheme finally was closed on 30.06.07 and no fund remained available for further payment. Thus, the entire payment of ₹ 12.65 lakh became infructuous.

➤ **Doubtful construction of dwelling houses.**

The ZP Muzaffarpur advanced ₹ 15.94 lakh (₹ 7.80 lakh to 65 beneficiaries and ₹ 8.14 lakh to 37 beneficiaries) for construction of 102 dwelling units at a cost of ₹ 25 thousand each, during the year 2005-06. But, neither any estimate of the work was prepared nor the availability of land under possession/ title of the beneficiary was ensured. The payment was directly made to beneficiaries instead of departmental execution of the work. There was no record of measurement of work done by the Junior Engineers entrusted for supervision of these 102 works. Similarly, the aforesaid procedure was not ensured in PS, Tharthari for construction of 69 dwelling houses at the cost of 20,000.00 each for which advance of 13.41 lakh was given during 2002-04.

➤ **Infructuous expenditure of ₹1.21 crore on construction of workshops**

The ZP Saran selected 51 schemes (20 schemes in 2005-06 and 31 in 2006-07) of construction of workshops for the benefit of SC/ST community and advanced ₹1.21 crore to executing agents. But all the works were remained incomplete till 24.09.2009. As the SGRY scheme has been closed on 31.08.2007, these schemes have no possibility to be completed and the expenditure made in these schemes proved unfruitful.

➤ **Doubtful distribution of Rickshaw to beneficiaries**

Panchayat Samiti Singhwara purchased and distributed Rickshaws among 72 BPL beneficiaries. But, during audit scrutiny the signatures or thumb impression of 12 beneficiaries in token of receipt of rickshaws were not found. Thus, distribution of rickshaw to these 12 beneficiaries remains doubtful.

4.1.2 Irregularities in Execution of schemes

➤ **Arbitrary execution of schemes by the Executive Officer**

The Panchayat Samiti, Bhore gave approval for execution of 59 SGRY schemes in its meeting dated 04.10.2004. Against this, only 18 schemes were executed in 2004-05. The P.S. Board in its meeting dated 21.05.2005 resolved to cancel remaining 41 works and gave approval for execution of 83 new works.

The Executive Officer, however, managed to obtain the administrative approval of the D.D.C. cum CEO of Gopalganj (01.06.05) on three schemes of earth filling and brick soling (Scheme No. 21, 22 and 23 of 2004-05) estimating ₹ 8.27 lakh by suppressing the fact that execution of these scheme has been cancelled by P.S. When this fact came to the notice of the DDC cum CEO then he called for an explanation from BDO on 25.06.05. The B.D.O., however, did not submit his reply and arbitrarily started execution of above three schemes. The P.S. Board again resolved on 15.07.05 to stop execution of these schemes and payment for above works. Despite the BDO did not stop these works and at the time of his transfer released final payment on (11.04.2007) of ₹ 8.27 lakh.

B.D.O is the Secretary of the Pramukh and he is to execute the decision taken by the P.S. Board and has got no power to select schemes for execution. But, Panchayat Samiti has no administrative tools at its disposal under Bihar Panchayat Raj Act 2006 to exercise supervision and control over Secretary, because of which the Secretary acted in disregard of the resolutions of Panchayat Samiti.

➤ **Closure of schemes midway resulting in unfruitful expenditure of ₹ 2.81 crore**

Test check of records of 4 Zila Parishads, 17 Panchayat Samitis and 5 Gram Panchayats disclosed that the works undertaken were closed midway without assigning any reasons for closure. In respect of 288 works estimated to the cost of ₹ 3.82 crore, advance was paid to the tune of ₹ 3.61 crore while the value of work done was of only ₹ 2.81 crore. Due to partial execution of works the value of work done of ₹ 2.81 crore became unfruitful. Moreover, the excess advance of ₹ 0.80 crore paid to the executing agents was not recovered. Details are given in the Table 4.1:

Table-4.1: Unfruitful expenditure due to non-completion of works

(₹ in Crore)

Sl. No.	PRIs	Projects	Amount of unfruitful expenditure	Excess Payment
1	04 ZPs	138	1.24	0.36
2	17 PSs	143	2.32	0.43
3	05 GPs	7	0.05	0.01
Grand Total		288	3.61	0.80

(Detailed in Appendix-VI)

➤ **Irregular expenditure of ₹8.80 lakh under 2% contingency funds**

As per para 4.6 and 4.7 of guidelines SGRY scheme, the expenditure from the contingency fund was to be made only for co-ordination and inspection

of the scheme and upkeep of the assets created. Zila Parishad Bhojpur and Zila Parishad Gaya spent ₹ 4.19 lakh and ₹ 4.61 lakh respectively on different items viz. telephone bills, fuel expenses, advertisement, stationery, repairing of generators and vehicles etc. during 2005-08 which was contrary to the above guidelines.

➤ **Excess payment of ₹1.52 lakh**

Scrutiny of scheme register and related records of following PRIs revealed that ₹1.52 lakh was paid in excess of value of work done to the executing agents. These schemes were closed/completed but the non-adjustment of advances resulted in excess payment as detailed in Table-4.2.

Table-4.2: Excess payment in SGRY schemes

(₹ in lakh)

Sl. No.	Name of PRI	Value of work done as per MB	Payment made	Excess payment	No. of works
1	ZP Rohtas	3.63	4.10	0.47	3
2	GP Katauna (Barhat-Jamui)	1.11	1.41	0.30	5
3	GP Sahbajpur (Mushahri)	1.88	2.03	0.15	4
4	GP Lakhai (Barhat-Jamui)	1.73	2.33	0.60	7
	Total	8.35	9.87	1.52	19

➤ **Partial execution of schemes resulting in wasteful expenditure**

Test check of records of 3 ZPs and 14 PSs disclosed that many works undertaken during 2001-02 to 2006-07 remained partially executed till the closure of the schemes. The SGRY schemes have been finally closed by 30.06.07 as new scheme NREGS was launched from 2005-06 so there is no possibility of completion of these partially executed works due to non availability of fund from this source. Thus, ₹ 4.49 crore spent on these schemes proved to be infructuous (**Appendix- VII**).

4.1.3 Irregularities related to Food Grains in SGRY

➤ **Stock of grain lying unutilized valued at ₹ 17.29 crore**

Food grain was to be issued at subsidised rate for execution of schemes under SGRY as part of wage component. The SGRY work ended in June 2006 and was replaced by new scheme NREGS in which food grains was not to be issued. During Scrutiny of records of 7 Z.Ps., 32 P.Ss. and 22 G.Ps. it was found that 1,38,342.10 quintals food grains valuing ₹ 17.29 crore was lying undisbursed with PDS dealers (**Appendix-VIII**). The guidelines of NREGA while highlighting the transition from SGRY to NREGA mentions that the SGRY programme shall stand discontinued in the districts on starting of the NREGA programme therein and the SGRY will get merged in NREGS. The entire balance funds of SGRY as on 31st March, 2008 must be transferred

immediately to a separate account created for NREGA works at the district level. The test checked PRIs, however, did not either refund it or utilize it against ongoing projects pointing to the possibility of embezzlement /loss of food grains of ₹ 17.29 crore (at double of the issue rate of ₹ 1250/- per quintal) is anticipated on this account. Reasons for non-utilization of food grain were not made available to audit by the concerned PRIs, also there was no certificate of physical verification of stock regarding quantity and quality of food grains.

➤ **Misutilization of food grain under SGRY work due to its issue after completion of work**

In one Zila Parishad, 7 Panchayat Samities¹¹ 2740.07 quintal of food grain was depicted as issued after a period ranging from 2 months to 48 months after completion of SGRY works. In SGRY works, food grain was to be issued to the labourers at subsidised rate as a part of wage component in order to improve the nutritional level of the labourers but issue of food grain after completion of work, made distribution of food grains amongst labourers doubtful and hinted at misutilization by the executing agents. The executing agents were thus given undue benefit because the cost of grain was recovered at the subsidised rate while the purchase price was more than the double issue rate. Even if calculated at double issue rate (₹ 1250/- per quintal (-) cost recovered @ ₹ 625/- per quintal) undue benefit of ₹ 17.13 lakh was provided to executing agents.

4.2 National Rural Employment Guarantee Act/BREGS

The National Rural Employment Guarantee Act, (NREGA) was notified on September 7, 2005. The objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

4.2.1 Unfruitful Expenditure

➤ **Unfruitful expenditure of ₹ 3.06 crore due to non-completion of work.**

Test check of records in respect of 2 Zila Parishads, 5 Panchayat Samities and 6 Gram Panchayat revealed that the works were undertaken but closed midway without assigning any reasons. In respect of 49 works having estimated cost of ₹ 4.11 crore advance was paid to the tune of ₹ 3.06 crore while the value of work done was ₹ 2.03 crore and the excess advance of ₹ 1.03 crore paid to the executing agents was not recovered. Moreover due to

¹¹ ZP=Begusarai, PS=Ramnagar,Sidhwalia,Amdabad,Pranpur,Bahadurpur,Benipur

partial execution of works the value of work done amounting to ₹ 3.06 crore also became unfruitful as detailed in Table-4.3:-

Table-4.3

(₹ in crore)

Sl. No.	Number of PRIs	No. of Projects	Amount of unfruitful expenditure	Excess payment
1	2 Zila Parishads	13	1.70	0.61
2	5 Panchayat Samities	47	1.26	0.40
3	6 Gram Panchayats	9	0.10	0.02
	Total	69	3.06	1.03

(Detailed in Appendix-IX)

➤ **Closure of schemes midway resulting in unfruitful expenditure of ₹0.46 crore**

Test check of records of 2 ZPs, 1 PSs and 2 GPs disclosed that 61 works undertaken during 2006-07 to 2008-09 under NAREGS were closed in midway. In respect of these works ₹0.46 crore was spent. Due to partial execution of works, the expenditure made on these works became unfruitful as details in the table below:

Table-4.4: Details of closure of works midway (SGRY)

(₹ in crore)

Sl. No.	Name of PRI	No. of schemes	Estimated cost	Expenditure made	Reason for closure
1	ZP Supaul	47	3.91	0.31	Schemes relating to Brick Soling and RCC culvert which were not maintaining 60:40 ratio
2	ZP Kaimur	3	0.15	0.05	Land dispute, non-availability of land, increase in price of material
3	PS Manihari	1	0.04	0.02	Some portion of the work fall within the municipal area
4	PS Rupauli	1	0.04	0.01	Hike in wage rate
5	GP Manika Harikesh (PS Mushahri)	5	0.05	0.01	Land dispute, non-availability of land, increase in price of material
6	GP Khurmabad (PS Chenari)	4	0.10	0.06	No any reason cited
	Total	61	4.29	0.46	

➤ **Wasteful expenditure of ₹ 22.93 lakh in BREGS schemes**

The P.S. Beldaur received ₹ 26.93 lakh under BREGS during 2005-06 and 2006-07 against which five schemes in 2006-07 estimating ₹ 38.18 lakh and 10 schemes in 2007-08 estimating ₹ 49.37 lakh were undertaken for execution but none of the 15 schemes were finally completed despite expenditure of ₹ 22.93 lakh. BREGS was launched in 2005-06 in 15 districts

of Bihar where NREGS was not running. In 2006-07 MNREGS was extended to all the districts and so no further release of funds under BREGS remained possible for completion of above 15 works. The entire expenditure of ₹ 22.93 lakh, thus, became wasteful due to undertaking large number of schemes without ensuring availability of fund.

➤ **Wasteful expenditure of ₹ 13.75 lakh on construction of water reservoir**

In the Annual Action Plan for the period 2006-07 of ZP Sheohar, execution of four projects under MNREGS of construction of Water Reservoir in old stream of Bagmati River in village Gosaipur was included and execution of these projects estimating ₹ 66.89 lakh was entrusted to Executive Engineer, Bagmati Division. Fifty percent amount i.e. ₹ 33.40 lakh was released to the division between 10.04.07 to 22.05.07.

The DDC, Sheohar however directed the Executive Engineer, Bagmati Division on 31.05.2007 to stop execution of above four projects because the construction site belonged to farmer's land for which they were already paying land revenue and in the opinion of Technical officers it would be dangerous to disturb the stream because the main stream might cause mass destruction. The works were abandoned but the Executive Engineer submitted an account of expenditure of ₹ 13.75 lakh in respect of execution of three projects and still retained ₹ 19.69 lakh in ZP fund. The above facts show that projects were undertaken without verification of site and without examining feasibility of the work which ultimately resulted in wasteful expenditure of ₹ 13.75 lakh.

4.2.2 Doubtful Expenditure

➤ **Doubtful utilization of ₹37.12 lakh in ZP Bhojpur**

Zila Parishad, Bhojpur paid ₹37.12 lakh as advance to the District Engineer for execution of 22 schemes of 'tree plantation' under MNREGS for 2006-07. An amount of ₹15.99 lakh was shown spent on 17 schemes. But, even after lapse of more than three years all the schemes were remained incomplete. No any record in support of purchase, carriage, plantation and maintenance of trees in consecutive year's viz. 2007-08, 2008-09 and 2009-10 was found. In the M.B. entries for only Gabian was found. Therefore, the execution of aforesaid works remained doubtful and possibility of misappropriation of advance of ₹37.12 lakh may not be ruled out.

➤ **Doubtful wage payment of ₹7.02 lakh**

In panchayat samiti, Punpun seal of post office on 10 advices of ₹7.02 lakh on account of wage payment was not found in four schemes, which were sent by the executing agents to the post office for payment of wages to

labours. Audit examined the daily receipt and payment register of the post office. No any entry of receipt or payment was found on the said dates of advices. Thus, the payment of wages to the labours was doubtful.

➤ **Irregularities in utilization of Bihar Rojgar Guarantee Yojna grant ₹ 10.47 Lakh in P.S., Bhore**

A total sum of ₹ 10.47 lakh was paid to 8 staff of Panchayat Samiti Bhore (Gopalganj) as advance for execution of 47 works under BREGS for 2006-07. But even after lapse of more than one year, the executing agencies neither submitted adjustment accounts nor made demand for further instalment of advance. The B.D.O. cum Executive Officer of the Panchayat Samiti transferred the scheme files to the Programme Officers of NREGS without watching progress of work. The Executing agents did not even submit MBs, vouchers and Muster Rolls in support of works executed against advance received. Therefore, the execution of aforesaid works remained doubtful and possibility of misappropriation of amount of advance of ₹ 10.47 lakh may not be ruled out.

➤ **Irregular payment of wage ₹0.65 lakh**

In Zila Parishad, Jehanabad scrutiny of records of scheme no.12/2006-07 (MNREGS) disclosed that the final measurement of work was done on 31.03.2007 but 864 labours were shown engaged during 01.04.2007 to 09.05.2007 and ₹0.65 lakh was spent irregularly on their wage.

4.2.3 Excess Payment

➤ **Excess payment of ₹21.86 lakh in 60 MNREGS works**

Scrutiny of scheme register and related records of following PRIs revealed that ₹21.86 lakh was paid in excess of value of work done to the executing agents. These schemes were closed/completed but the non-adjustment of advances resulted in excess payment. Details are as follows:-

Table:-4.5 Excess Payment in MNREGS schemes

					(₹ in lakh)
Sl. No.	Name of PRI	Value of work done as per MB	Payment made	Excess payment	No. of works
1	ZP Rohtas	5.44	7.06	1.62	4
2	PS Pandarakh	8.21	10.23	2.02	6
3	PS Giriyak	16.50	21.76	5.26	9
4	PS Sakra	0.47	0.58	0.11	2
5	PS Tharthari	25.44	35.51	10.07	26
6	GP Utarthu (PS Bind)	1.46	2.08	0.62	3
7	GP Sona Gopalpur (PS Sampatchak)	3.03	3.56	0.53	5
8	GP M.Raghurampur (PS Danapur)	5.37	6.66	1.29	3
9	GP Gauriyarpur (PS B.Kothi)	5.23	5.57	0.34	2
	Total	71.15	93.01	21.86	60

4.2.4 Other Irregularities

➤ **Execution of scheme by violation of guidelines**

Para 6.1.1 (viii) of MNREGA-2005 (operational guideline-2008) prohibits construction of cement concrete roads under MNREGS. But, the Zila Parishad, Lakhisarai executed five P.C.C. works (Scheme No.-6/06-07,90/06-07,1/07-08,21/08-09,31/08-09) and spent ₹27.82 lakh on these schemes by violating the scheme guideline.

➤ **Fraudulent withdrawal of ₹3.56 lakh by PRS**

Scrutiny of cash book of MNREGS of GP Alawalpur (PS Fatuha, District-Patna) disclosed that ₹3.56 lakh was withdrawn by Shri Ravishankar Kumar, PRS by making fake signature of Mukhia. In reply the Programme Officer stated that a case against the PRS is pending in the court.

➤ **Non-Recovery of advance of ₹ 7.92 lakh in two ZPs despite postponement of works of NREGS/ BREGS due to land dispute**

(A) Nawada Zila Parishad undertook execution of 666 projects under NREGS during 2006-07 and 2007-08 but 14 projects could not be started due to land disputes. ₹ 4.20 lakh advanced to executing agents for aforesaid projects was however not recovered resulting in loss to Zila Parishad fund.

(B) ZP, Buxar entrusted execution of 49 projects under BREGS to Executive Engineer Gramin Vikas (Special Division No.-I), but three works of de-silting of Pokhar Canal were not executed either due to non-availability of land or encroachment of land. ₹ 3.72 lakh paid during 05-06 for execution of these three projects was not refunded by the division. The ZP authorities also did not take action for recovery of above advance.

➤ **Execution of excess projects than the fund available in ZP, Aurangabad under MNREGS**

Fund available with ZP, Auragabad under MNREGS was ₹ 5.82 crore in 2006-07 but execution of 325 projects estimating ₹ 10.69 crore were undertaken. As a result 177 projects remained incomplete and three works were finally closed after partial execution. The expenditure of ₹ 3.48 crore on above 180 projects thus became infructuous as 52 new projects were further undertaken for execution during 2007-08 out of fund received in 2007-08.

4.3 Muster Rolls

Muster Rolls are the basic records in respect of implementation of any work providing evidence of payment made to engage labourers. The irregularities noticed in respect of muster rolls are as under:

4.3.1 Suspected Fraud

Muster rolls are maintained by the executing agents. Entries regarding name, father's name, address, registration number and thumb impression of labourer have to be verified by supervising/inspecting authorities, monitoring committee, and elected member of PRIs in those area the works were executed. Besides, the DDO is responsible to ensure that these checks have been exercised before making payment.

Audit examined muster rolls of some schemes and found various instances of engagement of labour more than once in the same period in same scheme as-well-as in two or more schemes. **(Appendix-X)** In these muster rolls name, father's name, registration number and period of engagement were same which is not possible. Clearly these muster rolls were fake.

In spite of the above mentioned checks by the different authorities before payment such cases of fake muster rolls happened. It indicates either involvement of every level of checking authorities or negligence on their part.

4.3.2 Doubtful Muster Roll due to fake distribution of Food Grain in Z.P. Muzaffarpur

In three SGRY scheme undertaken for execution by ZP Muzaffarpur (148, 154 and 214 of 05-06) the executing agents were issued only 100 quintals of food grain while the distribution of food grain was shown of 182.01 quintals in the Muster Roll of ₹ 1.77 lakh. Distribution of excess quantity of food grain than the amount available rendered the entire Muster Rolls doubtful.

4.3.3 Doubtful Muster Rolls in ZP, Nawada due to fake distribution of grain.

In 12 SGRY works of 2004-05, undertaken for execution by ZP, Nawada, only 550.05 quintals of food grains were issued to executing agents at the time of execution of works and further 932.50 quintals food grains were issued to them at the time of final payment which was made after 2 to 18 months of the completion of works. In the Muster Rolls, the executing agents showed distribution of 1482.55 quintal food grain to labourers while during the period of engagement of labourers only 550.05 quintals food grain was available with them. The payment shown in the Muster Rolls was, therefore, doubtful. Further, undue benefit of ₹ 5.82 lakh was given to the executing agents because the cost of grain was recovered @ ₹ 624/- per quintals while this was to be recovered at the double the issue rate because the grains were actually not distributed amongst labourers.

4.4 Implementation of XIIth Finance Commission

4.4.1 Delayed release of fund

The Zila Parishads in whose favour the total grant of the district was sanctioned were required to transfer grants to Panchayat Samitis and Gram Panchayats of the district within seven days of the receipt of funds but in the following Zila Parishads, funds were released after a gap of 16 to 145 days resulted in non/delayed completion of work. Details are given below:

Table-4.6: Delay in release of fund

Sl. No.	Name of Z.P.	Transferable amount	Date receipt of fund	Date released of lower tier	Period of delay
1	Bhojpur	4.36 crore	20.03.2008	05.05.2008	46 days
2	Gaya	6.28 crore	01.08.2006	04.10.2006	57 days
		6.26 crore	31.03.2007	11.05.2006	34 days
		6.26 crore	19.03.2008	09.05.2008	44 days
		6.26 crore	06.01.2009	28.02.2009	46 days
3	Sheikhpura	1.01 crore	31.03.2006	01.08.2006	115 days
		1.01 crore	30.03.2007	23.05.2007	46 days
4	Supaul	3.39 crore	17.08.2006	11.10.2006	55 days
		3.41 crore	12.11.2007	20.12.2007	38 days
		3.41 crore	12.08.2008	17.10.2008	65 days
5	Arwal	1.37 crore	05.04.2006	28.08.2006	145 days
6	Rohtas	4.62 crore	13.10.2008	27.11.2008	45 days
7	Darbhanga	6.23 crore	20.11.2007	20.12.2007	23 days
		6.23 crore	14.10.2008	06.11.2008	16 days

4.4.2 Non/short transfer of fund

In following ZPs, ₹ 4.40 crore was short/not transferred to the PS/GP:

Name of ZP	Transferable amount	Amount Transferred	Non/Short transfer
Arwal	1.29 crore	1.21 crore	0.08 crore
Bhojpur	4.28 crore	0.00 crore	4.28 crore
Darbhangha	52.06 crore	52.02 crore	0.04 crore
Total	57.63 crore	53.23 crore	4.40 crore

This resulted in either non-completion of work or poor quality of work.

4.4.3 Non-transfer of interest amount

Zila Parishad Gaya and Madhubani received ₹37.48 lakh and ₹ 15.61 lakh as interest on account of deposit of 12th Finance Commission grant in saving bank account. The interest accrued on the deposit became an additional fund to the grant and was to be apportioned among GPs, PSs and ZPs in the ratio of 92:6:2. But, the interest amounts were not transferred to GPs and PSs concerned. It was retained irregularly by the ZPs.

4.4.4 Utilisation certificate

As per section 117 of the Bihar Panchayat Samiti and Zila Parishad (Budget and Account) Rules, 1964, it shall be responsibility of the samiti/parishads to furnish the

utilization certificate to the authority sanctioning the grant. The Utilization certificate of Twelfth Finance Commission grants for 2007-08 showed the expenditure of ₹ 253.09 crore against the grant of ₹ 324.80 crore. Total expenditure on water supply and sanitation shown as incurred was ₹ 126.99 crore (39.10 %) against the requirement of 50 per cent on this sector. The Zila Parishads in whose favour the total grant of the district was sanctioned were required to release grants to Panchayat Samitis and Gram Panchayats of the district within seven days of the receipt of funds but the Zila Parishads Kishanganj, Begusarai and Sheohar released funds after a gap of one to five months.

Further, audit examined the utilization certificates sent by the PRIs to the state government and found that in following cases wrong utilization certificates were sent:

- Zila Parishad Bhojpur has submitted utilization certificate for full amount of grant of 12th F.C. without obtaining utilization from all PSs and GPs concerned and even without utilizing full amount of its own share.
- Utilisation certificate for second instalment of 12th F.C. grants in respect of 2006-07 was submitted by ZP Madhubani to the state government (letter no.675 dated:-01.07.2009) in which entire amount including G.P.s and P.S.s share was shown utilised. But, scrutiny of records revealed that the Zila Parishad did not disburse ₹0.04 lakh, the Share of GPs and PSs concerned.
- Zila Parishad, Lakhisarai sent utilization certificate for ₹12.26 crore (12th F.C.) received during 2005-06 to 2008-09 to the state Govt. on 13.07.2009 without obtaining details of expenditure for ₹6.13 crore from PSs and GPs. Besides, ₹0.94 lakh, share of Panchayat Samiti-Barahia was not transferred till 30.11.2009. There was also an unspent balance of ₹13.43 lakh in GPs under PS-Suryagarha till 14.08.2009. Hence, utilization certificate sent to the State Govt. was incorrect.
- Zila Parishad Saharsa sent utilization certificate for ₹23.51 crore (12th F.C.) received during 2004-05 to 2008-09 without obtaining utilization certificates from the GPs and PSs concerned. Mere transfer of fund to the GPs and PSs was considered final utilization of grant.

4.4.5 Infertuous expenditure of ₹1.84 lakh

The Gram Panchayat, Jianganj (PS Banmankhi) taken up four schemes of installation of solar lights with estimated cost of ₹1.84 lakh under 12th F.C. Quotations were invited and quotation of M/s Bhardwaj Distributors, Purnea was finalized. The GP paid an advance of ₹1.84 lakh on 25.11.2006 to the supplier vide cheque no.

2927912 and 2927917. The solar lights were to be installed within 21 days of the agreement. But, no any solar light were installed by the supplier even after getting the entire amount in advance. The agency did not reply any of the notices including a legal one sent by the Mukhia. Matter was informed to the B.D.O. on 10.09.2007 but not any FIR was lodged against the agency. Thus, expenditure of ₹1.84 lakh became infructuous.

4.4.6 Execution of ineligible works

The guidelines issued by the State Government broadly classified the items of works to be taken up by different tiers of PRIs. It was noticed that the test checked 40 PRIs¹² incurred an expenditure of ₹2.58 crore during 2006-07 to 2008-09 on execution of works (repair/renovation of Zila Parishads/Block Offices etc.) not contemplated in the TFC guidelines (Details in **Appendix-XI**). The expenditure incurred on such ineligible works deprived the beneficiaries of the intended objective of these funds.

4.5 Recommendation

- a) Higher authorities should ask for regular return in compliance of their orders. Physical verification of stores and stock at regular intervals and submission of report to higher authorities may be ensured.
- b) No projects should be abandoned mid-way even after closure of any Scheme. It may be completed under any running Scheme.
- c) Monitoring, supervision and evaluation of the works by the authorities concerned may be ensured for completion of works within the stipulated period.

Place: Patna

Date:

Countersigned

(Atul Prakash)

**DAG(SS-I)-cum-Examiner,LAD,
Bihar, Patna**

Place: Patna

Date:

(R. B. Sinha)

**Pr. Accountant General (Audit)
Bihar, Patna.**

¹² 5 ZPs and 35 PSs