

# OVERVIEW

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This report contains five chapters. Chapter 1 provides an overview of Panchayati Raj Institutions detailing organisational structure, powers and functions, flow of fund, budget allocation, Finance Commission Grants etc. Chapters 2 and 3 present findings/observations on Financial Management and Implementation of Schemes respectively. Performance review has been conducted to evaluate the economy, efficiency and effectiveness of 'Total Sanitation Campaign' scheme. Outcome of review has been included in Chapter 4. Chapter - 5 includes audit of transactions relates to examination of transactions relating to receipts and expenditure of the audited institutions to ascertain whether the provisions of guidelines, applicable rules, regulations and various orders and instructions issued by the competent authorities are being complied with. A synopsis of the chapters is presented in the overview.

### 1. An Overview of PRIs

Out of grants received under the recommendations of Thirteenth Finance Commission, PRIs utilised only *57 per cent* of available fund under General Basic Grants (₹ 192.93 crore) and nil under Special Area Basic Grants (₹ 0.80 crore). Second installment was due during 2010-11 but Government of India (GOI) did not release due to poor utilisation of funds by PRIs. Besides, PRIs spent ₹ 1.65 crore during 2010-11 towards maintenance of assets which were not owned by PRIs. Moreover, no user charges were collected from beneficiaries by PRIs during the period.

*(Paragraph 1.6)*

There was a short release of ₹ 1,314.29 crore to PRIs from the P&RDD's Budget allocation during 2006-11 and shortfall was *13 per cent* of its budget allocation.

Expenditure out of the grants released from the P&RDD's budget during 2010-11 was not furnished by the department but total expenditure was ₹ 5,063.36 crore against a total Central and State allocation of ₹ 5,736.03 crore during that period.

*(Paragraph 1.7.1)*

Expenditure under Plan head during 2010-11 was decreased by one *per cent* though receipt under Plan head was increased by *11 per cent* in comparison to previous year. Total receipts under schematic fund were increased by *248 per cent* while expenditure was increased by *219 per cent* during 2010-11 in

comparison to 2006-07. Own Source Revenue (OSR) constituted only three to five *per cent* of total receipts of PRIs during 2006-07 to 2009-10.

*(Paragraph 1.7.2)*

During 2009-11 State Government released only 37 *per cent* of stipulated amount recommended by Third State Finance Commission. Only 45 *per cent* of the actual release could be utilised by PRIs which was also 17 *per cent* of grants as recommended by SFC.

*(Paragraph 1.10)*

## **2. Financial management**

Audit of 17 ZPs, one MP, 166 PSs and 3,197 GPs showed that the general precepts of financial management and the Rules framed for PRIs were not adhered to. Due to non-compliance of the rules, Annual Accounts were not prepared, lapsed cheques were not taken back into account, balances were not reconciled, cash was retained for more than the permissible limit, funds were diverted, government deposit was made in short, huge amount of advances remained unadjusted and collection of revenue became poor, as detailed below:

Three hundred PRIs expended ₹ 386.36 crore against total available fund of ₹ 469.27 crore during 2007-10 without preparing annual accounts. Forty PRIs spent ₹ 82.57 crore without preparing any budget estimate during 2007-10 and 1,153 PRIs expended ₹ 557.65 crore in excess of budget provision during 2007-10.

*(Paragraphs 2.1 and 2.3)*

During 2009-10, 54 GPs directly spent ₹ 0.16 crore for miscellaneous payments out of the revenues collected from time to time before depositing those revenues into their respective GP fund accounts.

*(Paragraph 2.4)*

One hundred and fifty three PRIs did not reconcile difference of ₹ 34.25 crore between Cash Book and Pass Book balances of Banks and Treasuries as on 31 March 2010.

*(Paragraph 2.5)*

Cash ranging from ₹ 0.02 to ₹ 6.84 lakh was retained by 91 GPs during 2009-10.

*(Paragraph 2.6)*

Three thousand and thirty eight GPs failed to collect 76 per cent of total demand from immovable assets amounting to ₹ 90.80 crore during 2009-10.

*(Paragraph 2.7)*

In 43 PRIs, cases of theft of fund and materials, missing assets and official documents were noticed during 2009-10 due to inadequate controls and safeguard the properties of the PRIs.

*(Paragraph 2.10)*

Nanoor and Nabagram PSs diverted ₹ 2.98 lakh from scheme funds while Krishnagar-I PS did not replenish ₹ 1.67 lakh spent towards pay and allowances from own fund.

*(Paragraph 2.12)*

Income Tax and Sales Tax of ₹ 4.87 lakh were not deposited by the consultants unauthorisedly engaged by six GPs.

*(Paragraph 2.13)*

Sixty PRIs did not write back value of 1,259 cheques amounting to ₹ 4.73 crore into their accounts and public money remained idle for years together being outside the scope of utilisation.

*(Paragraph 2.14)*

Advance of ₹ 17.68 crore remained unadjusted due to non-observance of rules prescribed for adjustment of advances and financial indiscipline, laxity in getting adjustment of advance and allowing subsequent advances to same individual before adjustment of previous advance.

*(Paragraph 2.16)*

### **3. Implementation of Schemes**

Several centrally sponsored schemes are being implemented by PRIs in pursuance of guidelines issued in this behalf. In 2010-11, PRIs expended ₹ 2,532.46 crore on NREGS and ₹ 779.61 crore on IAY but failed to prepare AAP, to provide 100 days of guaranteed employment, to issue job card and affixing photographs,

to pay wages to labourers in time, to create durable assets and also not conducting social audit. There were also irregularities in selection of IAY beneficiaries and in monitoring over construction of sanitary latrines and smokeless chullahs, as mentioned below:

Three thousand one hundred and thirty nine GPs could not provide at least 100 days of employment to the members of any household in FY 2009-10. One thousand and eleven GPs could not create any durable asset even after expending ₹ 561.17 crore under NREGS during 2009-10.

*(Paragraphs 3.1.3.1 and 3.1.3.2)*

Five hundred and sixty one GPs did not issue job cards to 1,33,005 registered families though they had applied for the same. Photographs of adult members were not affixed on any job cards in 886 GPs.

*(Paragraph 3.1.3.4)*

One hundred and forty seven GPs could not provide employment to 1,30,072 families during 2009-10 and no unemployment allowance was also paid to them in contravention of the provisions of scheme guideline.

*(Paragraph 3.1.3.5)*

In violation of NREGS guidelines, 385 GPs expended ₹ 229.02 crore during 2009-10 without preparing any Annual Action Plan under NREGS and 2,731 GPs could generate only 11 per cent of estimated mandays.

*(Paragraphs 3.1.3.6 and 3.1.3.7)*

₹ 2.53 crore was given to 1,110 beneficiaries outside PW list in 72 GPs during 2009-10 and 65 GPs allotted ₹ 2.06 crore to 872 beneficiaries who were not identified as P<sub>2</sub> =1 or P<sub>2</sub> =2.

*(Paragraphs 3.2.2 and 3.2.3)*

In 30,442 cases, 2,223 GPs allotted ₹ 73.15 crore during 2009-10 solely to male members of family, in violation of IAY guidelines.

*(Paragraph 3.2.4)*

## 4. Performance Review

### 4.1 Total Sanitation Campaign (TSC)

With a view to promoting sanitation facilities in rural houses, schools and Aganwadis etc., GOI introduced a programme of “Total Sanitation Campaign” (TSC) in April 1999. Some important findings of the review are given below:

Delays in releasing state share ranging from 26 days to 524 days were noticed in selected Bankura, Murshidabad and Jalpaiguri districts.

*(Paragraph 4.1.8.1)*

In respect of Bankura, Murshidabad and Jalpaiguri districts, utilisation ranged between 16 and 89, 11 and 91, 21 and 64 *per cent* respectively.

*(Paragraph 4.1.8.3)*

Since inception, three selected districts spent only ₹ 3.51 crore towards IEC against receipts under the project of ₹ 154.44 crore and receipt under IEC of ₹ 23.16 crore which bears a very insignificant percentage of only 2 *per cent* and 15 *per cent* respectively. Expenditure towards IEC also constituted a meager percentage (3 *per cent*) of total expenditure under the project.

*(Paragraph 4.1.9.2)*

Since inception, three selected districts could construct IHHL for BPL and APL for 62 and 45 *per cent* respectively. Against target of 24,382 school toilets, selected districts constructed only 14,788 toilets (61 *per cent*) during 1999-2011. Selected districts completed 13 *per cent* Anganwadi toilets during 1999-2011. Against 150 sanctioned community sanitary complexes, three districts constructed 89 units which constitute 59 *per cent* of sanctioned units.

*(Paragraphs 4.1.10.1 to 4.1.10.4)*

Test check revealed that none of the selected districts took initiative to put in place mechanisms for garbage collection and disposal and for preventing water logging in order to bringing out an improvement in general quality of life in rural areas.

*(Paragraph 4.1.10.5)*

## 5. Audit of transactions

South 24 Parganas ZP executed structural thickness of sub-base course of 300 mm for upgradation of three roads in lieu of warranted 200 mm without any

justification. As a result, the ZP incurred an injudicious expenditure of ₹ 39.18 lakh by disregarding IRC manual.

*(Paragraph 5.1.2)*

Bankura ZP made avoidable extra expenditure of ₹ 21.96 lakh due to consideration of excess carriage of stone metal from quarry to worksite. South 24 Parganas ZP also made extra expenditure of ₹ 7.81 lakh on carriage of stone metal to work site by non-considering the shortest distance.

*(Paragraph 5.1.3)*

Murshidabad ZP failed to obtain documents from the contractors in support of royalty payment and made excess payment of ₹ 11.50 lakh. Dakshin Dinajpur ZP paid ₹ 6.82 lakh excess to the contractors due to short realisation of cost of materials supplied departmentally. Bardhaman-I and Bagdah PSs made excess payment of ₹ 7.22 lakh for non-adhering to the prescribed schedule of rates.

*(Paragraph 5.1.4)*

South 24 Parganas and Bankura ZPs did not adhere to the specific percentage of bituminous emulsion prescribed by Indian Road Congress and Public Works Department for laying on Water Bound Macadam surface and incurred excess expenditure of ₹ 18.30 lakh during 2008-10.

*(Paragraph 5.1.5)*

Four RLI schemes undertaken by Purulia ZP remained unexecuted even after incurring expenditure of ₹ 1.21 crore with committed liability of ₹ 0.67 crore due to the ZP's lackadaisical attitude towards execution of schemes, which also rendered the investment infructuous.

*(Paragraph 5.2.1)*

Different developmental works undertaken in 22 PRIs remained incomplete even after expending ₹ 12.11 crore due to not ascertaining availability of fund, proper execution site, preparing exhaustive estimate and planning.

*(Paragraph 5.3.2)*

South 24 Parganas and Bankura ZPs had undertaken construction of bridge without ascertaining availability of land. The bridges were completed after incurring expenditure of ₹ 4.71 crore but construction of approach roads could not be commenced for want of land. Besides, ₹ 0.61 crore was refunded by Bankura ZP to the State Government.

*(Paragraph 5.3.3)*

Birbhum and North 24 Parganas ZPs waived ₹ 39.40 lakh receivable from lessees of roads and office premises without taking approval from the Directorate of Panchayats and Rural Development Department. The ZPs also refunded ₹ 49.59 lakh to the lessees in violation of terms and conditions as set in agreements.

*(Paragraph 5.3.5)*

Seventy four PRIs failed to augment revenue of ₹ 12.29 crore due to inertia in collection, non-implementation of bye-laws framed and absence of any formal agreement.

*(Paragraph 5.4.1)*