

Chapter-2

Welfare Department

2.1 Tribal Welfare Programmes in Meso Areas

Executive Summary

For socio-economic upliftment and protection of tribals in the State, the Central scheme, “Special Central Assistance (SCA) to Tribal Sub-Plan (TSP)”, was grouped into 15 Integrated Tribal Development Projects (ITDPs) covering 13 districts fully and two districts partially which are locally known as Meso areas.

The Tribal Welfare Programmes implemented by ITDAs are funded by the Government of India (GoI) in order to generate income with sustainable livelihood through “Prototype Schemes” under SCA to TSP and for filling up of infrastructural gaps through grants under Article 275 (1) of the Constitution.

We conducted a Performance Audit of the implementation of ‘Tribal Welfare Programmes in Meso Areas’ covering the period from 2007-08 to 2011-12. Significant audit findings are narrated below:

- In February 2009, the State Government decided to strengthen and re-organise the ITDPs into Integrated Tribal Development Agencies (ITDAs) for comprehensive planning and integration of TSP at district level. The ITDAs were registered only in February 2011 and the proposed re-organisation had not been completed as of December 2012. As a result, Perspective Plans for the Meso Areas were not prepared. Further, the State Government prepared annual plan proposals for Central grants without obtaining inputs from the ITDAs. We observed that a database of economic and social conditions of villages was prepared in 2005 through an NGO ‘PRADAN’, but the same has not been updated during last seven years. Thus, the actual need of the Meso Areas was not ascertained while preparing the Annual Plans by the Government.

Government should complete the proposed re-organisation of ITDPs and integration of TSP for comprehensive planning in Meso Areas. The database prepared by PRADAN should be updated and Plans finalised only after inputs from the targeted areas to be benefited under the schemes.

- The GoI provides 100 per cent financial assistance for SCA to TSP and grants under Article 275 (1) of the Constitution. During 2007-12, GoI released ₹ 559 crore, against which ₹ 557 crore was disbursed to the Tribal Welfare Commissioner (TWC). We observed that utilisation certificates (UCs) were submitted to GoI without ascertaining the end-use of funds in the ITDAs and implementing agencies, as reflected from large amount of unspent balances lying with the TWC, Sampled ITDAs and implementing agencies. As a result, large number of schemes remained incomplete.

- While Central funds of ₹ 19.47 crore could not be drawn during 2011-12 due to non-submission of DC bills against funds already drawn on abstract contingent bills, the TWC had drawn (March 2012) Central funds of ₹ 91.81 crore for depositing in Personal Ledger account.

Government should ensure timely utilisation of funds and the UCs should be submitted based on end-use of funds.

- As of December 2012, there were instances of 271 incomplete schemes (77 per cent) out of 353 schemes sanctioned (2006-12) in the Meso Areas. In the sampled ITDAs, 167 schemes (92 per cent) were incomplete out of 181 sanctioned under Prototype schemes. We also observed instances of expenditure on schemes which proved infructuous, unfruitful, wasteful and also beyond the scope of the schemes.
- We noticed instances of construction works for infrastructure creation remaining incomplete. In the sampled ITDAs, out of 193 Anganwadi Centres (AWCs) sanctioned, 96 AWCs remained incomplete while 46 were not taken up. Four hostels sanctioned in 2005 for ST Residential Schools were not completed as of January 2013. Further, construction of 14 Meso Rural Hospitals proposed in 2003 to function as First Referral Unit was delayed and five of them are yet to be made functional.

Government should expedite implementation of the schemes and ensure completion of the projects within the time schedule fixed.

- Shortage of manpower was a constraint in implementation of the schemes under the sampled ITDAs. Against 90 sanctioned posts of various categories, persons in position (as on 1st July 2012) were 45 i.e. 50 per cent. The posts of Additional Project Director and Assistant Project Manager were vacant since creation ITDAs in February 2009.

Government should ensure providing adequate manpower for implementation of the programmes.

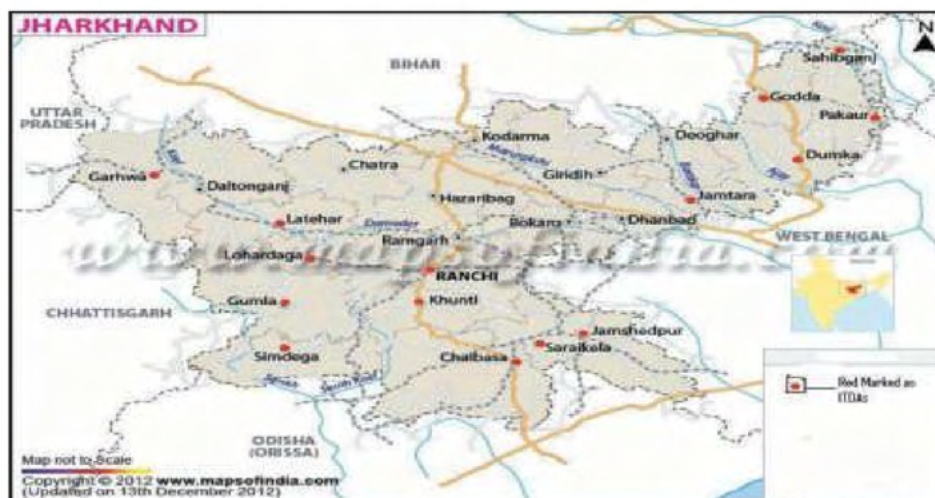
- Monitoring and Evaluation Cell at the State Level in the Department was not functional though it was reconstituted in February 2011. Similarly, review of the progress of schemes by Project Implementation Committees (PIC) and Project Directors (PDs) was not done at regular interval. Government did not prescribe any schedule of inspections for site visits by the PDs. Absence of an effective monitoring mechanism affected proper implementation of the schemes.

Monitoring of implementation of the schemes at all level should be prescribed and ensured.

2.1.1 Introduction

Jharkhand has the sixth largest population of Scheduled Tribes in the country. In Jharkhand, the population of Scheduled Tribes (STs) was 70.87 lakh constituting 26 per cent of the total population of 2.69 crore according to the 2001 census. Literacy rate among the STs was only 40.7 per cent (2001), which was much lower than the National average for ST population (47.1 per cent). In order to supplement the efforts of the State Government for tribal development, Government of India (GoI) had launched (1977-78) Special

Central Assistance (SCA) to Tribal Sub-Plan (TSP). Accordingly, the TSP in the State was grouped (February 2009) into 15 Integrated Tribal Development Projects (ITDPs) covering 13 districts¹ fully and two² districts partially. The area covered by these ITDPs was declared as Scheduled Areas, locally known as Meso (Micro Economic Social Organisation) Areas, for taking up comprehensive development programmes for the ST population. The Meso areas are depicted below in the map of Jharkhand.



The Welfare Department (Department) is responsible for implementing various schemes³ funded by the Government of India (GoI) and the State Government for socio-economic upliftment and protection of tribals against exploitation as well as for the welfare of Scheduled Castes, Other Backward Classes and minorities. The State Government receives SCA from the GoI as a 100 per cent grant for income generating schemes and infrastructure development. Based on recommendations of the Tribal Advisory Council of the State, the Government resolved (February 2009) to re-organise and strengthen the Meso areas each headed by a Project Officer, who implements the schemes under SCA to TSP and under Article 275(1) of the Constitution by creating Integrated Tribal Development Agency (ITDA) to be registered as a Society under the Societies Registration Act, 1860, headed by a Project Director in order to ensure better utilisation of funds for tribal development. The ITDAs were registered under the Societies Registration Act only in February 2011 and the proposed re-organisation has not been completed as of December 2012, as the merging of District Welfare Officers with ITDA for integration of TSP was not done.

2.1.2 Organisational set-up

The Welfare Department is the administrative department for implementation of tribal welfare programmes in Meso Areas and is headed by the Principal Secretary, assisted by a Special Secretary, a Joint Secretary and three Deputy

¹ Dumka, East Singhbhum, Gumla, Jamtara, Khunti, Latehar, Lohardaga, Pakur, Ranchi, Sahibganj, Saraikela, Simdega and West Singhbhum (Chaibasa and Chakradharpur)

² One block in Garhwa District and two blocks in Godda District.

³ Special Central Assistance to Tribal Sub-Plan and Schemes under Article 275 (1) of the Constitution (i.e. Eklavya Model Residential Schools and Meso Rural Hospitals etc.) are funded by the Government of India.

Secretaries. The Tribal Welfare Commissioner (TWC) is the Implementing Agency at State level. At the Meso area level, there is a Project Implementation Committee (PIC), consisting of the Deputy Commissioner as the ex-officio Chairman, Project Director, ITDA as Vice Chairman-cum-Member Secretary, District Planning Officer, Deputy Development Commissioner of District Rural Development Agency, District level officers of Technical Departments and people's representatives⁴ as members. The PIC is responsible for identification of beneficiaries and getting administrative approval from the Governing Body of ITDA for implementation of the schemes. At block level, the schemes are implemented through line departments and Non-Government Organisations (NGOs). Under the re-organised structure, District Welfare Officer (DWO) was to be brought under the umbrella of ITDA. However, the proposed merger has not materialised as of December 2012.

2.1.3 Audit objectives

The objectives of the Performance Audit were to assess whether:

- planning for identification of welfare schemes was adequate and based on reliable data;
- allocation, release and utilisation of funds was economic, efficient and effective;
- implementation of various programmes/ schemes in Meso areas was efficient and effective;
- human resources available for the ITDAs were adequate;
- the objectives of various programmes/schemes implemented in Meso areas were achieved and
- the monitoring system was effective.

2.1.4 Audit criteria

The audit criteria adopted for arriving at the audit conclusions were drawn from the following sources:

- Guidelines on utilisation of Special Central Assistance (SCA) and grants under Article 275 (1) of the Constitution;
- Guidelines for execution of Prototype Schemes⁵;
- Conditions of agreement of Public Private Partnership projects and
- Prescribed monitoring system of the Department.

⁴ Members of Parliament and Members of State Legislative Assembly of respective Meso Areas

⁵ Prototype scheme envisaged sustainable income generation activity for ST population. It was introduced in 2005-06 and was based on geographical parameters, human and natural resources, occupation/business, market etc. of the locality. Ten types of Prototype schemes were identified by the State Government

2.1.5 Scope and methodology of Audit

We conducted the Performance Audit of 'Tribal Welfare Programmes in Meso Areas' during April to July 2012 through test check of records of the Secretariat, Welfare Department and Tribal Welfare Commissioner's office at the State level, six⁶ out of 15 ITDAs/Meso offices consisting of 54 blocks. In the selected ITDAs, three⁷ out of six Eklavya Model Residential Schools (EMRS)/Ashram Schools and two⁸ out of nine Meso Rural Hospitals were examined covering the period 2007-12. Joint physical inspection of the irrigation schemes and horticulture schemes were carried out. We discussed the audit objectives, criteria and methodology with the Secretary, Welfare Department in an entry conference held on 20 April 2012. An exit conference was held on 12 December 2012 with the Secretary, Welfare Department to discuss the significant audit findings. Replies of the Government have been incorporated in appropriate places.

Audit findings

2.1.6 Planning

The Project Officers in Meso areas were responsible for preparation of comprehensive plans involving identification of economic activities for sustainable income generation and assessment of gaps in infrastructure incidental to such activities at the village level for submission to the Department/TWC.

The Department issued (November 2005) guidelines for identification and sanction of the schemes under SCA to TSP. The guidelines were based on the Report of 'PRADAN', a Non-Government Organisation (NGO), which surveyed various economic and social aspects⁹ of the STs in all villages of the Meso areas in the State. Based on the Report, the State Government identified 10 types¹⁰ of activities namely 'Prototype' schemes for implementing under SCA.

The Report also included a model estimate for each Prototype scheme including its activities and economic benefits to be accrued (*Appendix-2.1*). The Report also suggested the type of Prototype scheme to be implemented in each village. Therefore, the report was to be the basis for assessing the need of the Meso areas for preparation of Annual Plans.

Further, the State Government was to send the plan proposals separately for each ITDA for implementation of schemes under SCA to TSP and under

⁶ Gumla, Ranchi, Sahibganj, Simdega and West Singhbhum (Chaibasa and Chakradharpur)

⁷ Bhognadih (Sahibganj), Tamar (Ranchi) and Torsinduri (Chaibasa)

⁸ Jonha (Ranchi) and Kendua (Sahibganj)

⁹ Human resources, natural resources, traditional occupations, topography of land, existing infrastructure, nearest urban commercial centres, etc.

¹⁰ 1. Water harvesting, Irrigation and Land Development; 2. Homestead Poultry; 3. Dairy Development; 4. Horticulture (Mango) and Timber (Multi tier Cropping) on uplands; 5. Rangini Lac on Existing Trees; 6. Package for improved Agriculture with Rain Water harvesting; 7. Goat rearing; 8. Mulberry Plantation and Silk Worm Rearing; 9. Tassar Pre-Cocoon; 10. Tassar Post Cocoon.

Perspective Plans of ITDAs were not prepared. Government prepared Annual Plans without obtaining inputs from the ITDAs

Article 275(1) of the Constitution to the GoI in March every year for the next year's Plan expenditure. We observed that the State Government delayed submission of the plan proposals to the GoI during 2007-12¹¹. The GoI allocated the funds earmarked for the State of Jharkhand under SCA to TSP and Grants under Article 275 (1) of the Constitution and the State Government prepared the Plan within the allocated funds.

During 2007-12, the Government prepared the annual plan proposals¹² without obtaining proposals from the ITDAs and allocated funds to them. We observed that the PRADAN report, which was the only source for assessing the need of the Meso areas, was also not updated during the last seven years. It was noticed that the ITDAs prepared the estimates of the prototype schemes and beneficiaries to be covered based on the old 'PRADAN' database. Test-check of the records of two ITDAs (Gumla and Simdega) revealed that two schemes viz. Water harvesting and Mulberry plantation & Worm rearing respectively were sanctioned and funds (₹ 83.23 lakh) released to the ITDAs during batch III (2007-10) and batch IV (2010-13) respectively. The schemes were not executed and the funds lapsed (₹ 54.14 lakh) as the concerned PICs opined that the schemes were non-viable/unsuitable for the localities. Thus, the Annual Plan proposal/ Action Plans were prepared without ascertaining the need of the Meso areas.

Further, as per the proposed reorganisation of ITDAs, the Project Directors were to update the database of villages for integration of TSP and to prepare Perspective Plans for the respective ITDAs.

Scrutiny revealed that the proposed integration of TSP and preparation of the Perspective Plan for the ITDA were not done as of December 2012 in any of the test-checked ITDAs.

The Government stated (December 2012) that efforts were being made to strengthen the ITDAs and make them functional so that planning becomes need based.

2.1.7 Financial management

The GoI provides 100 *per cent* financial assistance to the State through SCA to TSP and grants under Article 275 (1) of the Constitution for implementation of income generation activities and infrastructure development programmes for ST population. Grant-wise receipt of funds from GoI and releases to TWC during the years 2007-08 to 2011-12 are detailed in **Table-1**:

¹¹ 2007-08: October 2007, 2008-09: December 2008, 2009-10: October 2009, 2010-11: July 2010 and 2011-12: July 2011

¹² ITDAs wise and scheme wise proposals for funds

Table-1: Statement showing receipts and disbursements of Central fund

(₹ in crore)

Year	SCA to TSP				Grants under Article 275(1)			
	Opening balance	Receipts	Allotment to TWC	Closing balance	Opening balance	Receipts	Allotment to TWC	Closing balance
2007-08	Nil	77.11	77.11	Nil	Nil	30.60	30.60	Nil
2008-09	Nil	21.98	21.98	Nil	Nil	18.52	18.52	Nil
2009-10	Nil	NIL	Nil	Nil	Nil	37.30	2.53	34.77
2010-11	Nil	94.82	85.92	8.90	34.77	80.04	78.72	36.09
2011-12	8.9	107.04	115.94	Nil	36.09	91.81	125.40	2.50
Total		300.95	300.95			258.27	255.77	

(Source: Department of Welfare, Government of Jharkhand)

Central funds for 2009-10 was not released by GoI for want of Utilisation Certificates and Statement of Expenditure

During 2007-12, the GoI released ₹ 300.95 crore and ₹ 258.27 crore under SCA to TSP and Article 275(1) respectively to the State Government for implementation of Prototype schemes and schemes under Article 275(1). Of these, ₹ 300.95 crore under SCA and ₹ 255.77 crore under Article 275(1) were disbursed to the TWC. We observed that the Government submitted the utilisation certificates (UCs) to GoI based on amounts released to the TWC, without ascertaining actual utilisation of scheme funds. We also observed that there were unspent balances of ₹ 57.75 crore with the TWC as of 31 March 2012. Besides, the test-checked ITDAs were having unspent balance of ₹ 57.14 crore as of 31 July 2012. As per the GoI instructions, the State Government was to submit the proposals for SCA to GoI in the prescribed format accompanied by all outstanding UCs, Statement of Expenditure of the funds received in the previous year and Physical and Financial Progress Reports of the previous years for which proposals for activities were made. Scrutiny revealed that though the GoI had earmarked (June 2009) ₹ 74.61 crore for the State during 2009-10, the Department did not submit the UCs/Expenditure Statements for the funds received during 2008-09 along with the progress reports for the SCA, resulting in non-release of funds by GoI under SCA during 2009-10. Grant-wise receipt of funds from TWC and their utilisation by the sampled ITDAs for Prototype schemes of Batch I (2005-08), Batch II (2006-08), Batch III (2007-10) and Batch IV (2010-13) under SCA, and Article 275(1) for the period 2007-12 are as detailed in **Table-2**:

Table-2: Statement of receipts and utilisation of funds by sampled ITDAs

(₹ in crore)

Name of ITDA	Funds available		Released to Implementing Agencies		Expenditure		Balance with ITDA as on 31 July 2012	
	SCA	275(1)	SCA	275(1)	SCA	275(1)	SCA	275(1)
Chaibasa	19.59	9.48	14.56	6.60	14.08	2.66	5.03	2.88
Chakradharpur	13.33	7.89	10.64	5.41	9.9	5.18	2.69	2.48
Gumla	25.10	9.36	18.31	6.07	17.18	3.21	6.79	3.29
Simdega	16.04	2.83	8.65	1.70	6.57	1.45	7.39	1.13
Ranchi	30.69	14.43	23.89	3.21	20.55	3.97	6.8	8.97 ¹³
Sahebganj	14.85	15.49	11.12	11.78	8.28	10.65	3.73	3.71
Total	119.60	59.48	87.17	34.77	76.56	27.12	32.43	24.71

(Source: Tribal Welfare Commissioner, Welfare Department, Government of Jharkhand)

Sampled ITDAs could spend only 64 per cent and 46 per cent against total receipt of allotment under SCA and Article 275 (1) respectively

It was evident from **Table-2** that the sampled ITDAs could spend only 64 per cent and 46 per cent against receipt of allotment under SCA and Article 275 (1) respectively. Further, it was observed that there were delays in release of SCA funds by ITDAs to the Implementing Agencies for periods ranging between 12 and 36 months (**Appendix-2.2**). As a result, a large number of

¹³ A sum of ₹ 2.25 crore could not be drawn by ITDA, Ranchi during 2011-12

SCA schemes remained incomplete as of December 2012 as discussed in paragraphs 2.1.8, 2.1.8.1, 2.1.8.3, 2.1.8.4 and 2.1.8.5. Delays in completion of schemes/works under 275(1) of Constitution were due to delays in selection of implementing agencies, site changes, delays in selection of contractor and lack of electricity, as discussed in paragraphs 2.1.9.1 and 2.1.9.2.

The Government has accepted (December 2012) the audit observations.

2.1.7.1 *Non-accountal of funds*

In the cash book of the office of the Tribal Welfare Commissioner ₹ 11.14 crore was not accounted for

According to Rule 86 of the Jharkhand Treasury Code, each Government servant receiving money on behalf of the Government should maintain a cash book in Treasury Challan Form 6. We noticed that no cash book for the period prior to 1 July 2009 was available with the TWC. A fresh cash book was opened from 1 July 2009 by the TWC with opening balance of ₹ 50,48,05,407.02. The cash analysis showed bank balance of ₹ 39,36,29,610.40, uncleared cheques amounting to ₹ 2,70,000 and ₹ 11,14,45,796.62 due from a retired Cashier. Further scrutiny revealed that closing balance as of 31 March 2012 was ₹ 57,75,49,194.02, of which ₹ 11,14,45,796.62 continued to be in the name of the then Cashier. The TWC instructed (September 2010) the retired cashier to submit the cash book, failing which a criminal case would be lodged and stopped his entitlement due on superannuation. However, no criminal case has been lodged against him (December 2012). Thus, non-accountal of a sum of ₹ 11.14 crore for a period of more than three years is fraught with the risk of misappropriation of Government money.

2.1.7.2 *Irregular deposit in Personal Ledger Account*

According to Rule 300 of the Jharkhand Treasury Code Volume- I, no money should be withdrawn from the treasury unless it is required for immediate payment. It is not permissible to draw advances in anticipation of demand either for execution of the works or to prevent lapse of appropriations.

Scheme funds of ₹ 91.81 crore were deposited in Personal Ledger Account

The GoI released (September 2011) ₹ 91.81 crore to the Welfare Department for the schemes under Article 275(1). The State Government permitted (March 2012) drawal of the scheme funds in advance. The amount was drawn in March 2012 and deposited in the Personal Ledger (PL) Account of the Scheduled Caste Development Corporation (SCDC), Ranchi to avoid reduction in the subsequent year's allotment.

The Government stated (December 2012) that UCs of the said amount had not been issued to GoI.

Drawal of funds without immediate requirement and keeping it in the PL account of SCDC was a violation of the financial rules.

2.1.7.3 *Surrender of scheme funds*

Central funds of ₹ 19.47 crore could not be drawn due to non-submission of DC bills for AC bills already drawn

During 2011-12, the Government permitted four¹⁴ ITDAs to draw scheme funds in advance on Abstract Contingent (AC) bills. We observed that due to non-submission of detailed bills against the AC bills drawn earlier (₹ 48.06 crore) during 2001-12 by them, the Treasury Officers stopped further drawal

¹⁴ Chaibasa, Chakradharpur, Gumla and Ranchi

of AC bills. As a result, scheme funds of ₹ 19.47 crore¹⁵ could not be drawn by them and were surrendered.

Due to non-submission of DC bills in respect of funds already drawn, the Government could not draw and utilise the scheme funds thus depriving the ST population of these four districts of the benefits under the scheme.

The Government stated (December 2012) that efforts were being made to submit the DC bills by March 2013.

2.1.7.4 *Irregularities in adjustment of advances given for works expenditure*

The final expenditure booked against any work executed departmentally must be supported by muster rolls (MRs), vouchers and measurement books (MBs). In the ITDAs, Chaibasa and Sahibganj construction of hostels, Anganwadi Centres (AWCs), *pucca* check dams and boundary walls of *sarna sthal* were taken up departmentally during 2005-10 for completion within 12 months. We observed that 42 construction works taken up departmentally remained incomplete as of July 2012 even after lapse of 3 to 4 years from the date of commencement of the works. For execution of these works the ITDAs advanced ₹ 9.30 crore¹⁶ during (2005-11) (*Appendices 2.3 and 2.4*) to the departmental engineers and exhibited the same as final expenditure. We observed (June- July 2012) that expenditure of ₹ 2.96 crore was adjusted (July 2012) on the basis of Running Account bills. However, the related MBs, MRs and vouchers by the engineers were not made available to audit. On our further query, the PDs stated that the required documents would be collected from the engineers. Thus, the veracity of the expenditure could not be ascertained in audit. Besides, ₹ 6.34 crore was not adjusted as of December 2012 against the advances given to the concerned engineers.

The Government stated (December 2012) that the schemes were likely to be completed and MRs and vouchers were to be submitted by the JE. The reply was not acceptable as MBs, MRs and vouchers for the works executed should have been submitted by the engineers along with the work bill.

In ITDAs Chaibasa and Sahibganj, work bills of ₹ 2.96 crore were adjusted against advances paid to AEs/JEs without MBs, MRs and vouchers

Major schemes implemented in Meso Areas

2.1.8 Special Central Assistance (SCA)

Special Central Assistance (SCA) is being extended by GoI to the States as a 100 *per cent* grant for family-oriented income generating schemes and supporting infrastructure development with focus on tribal population below the poverty line. The Department issued (November 2005) guidelines for implementation of Prototype schemes for sustainable livelihood which cover 10 activities. The Prototype schemes are to be implemented either through Self Help Groups (SHGs) of beneficiaries viz. *Labhuk Samitis* (LS) in clusters of villages formed by the NGO or through line departments. The funds are to be released to the SHGs through their bank accounts. The costs of the projects are

¹⁵ Chaibasa: ₹ 3.60 crore; Chakradharpur: ₹ 1.64 crore; Gumla: ₹ 6.22 crore and Ranchi: ₹ 8.01 crore

¹⁶ Chaibasa: ₹ 4.10 crore (*Appendix 2.3*) and Sahibganj: ₹ 5.20 crore (*Appendix 2.4*)

to be fixed based on the estimates of model projects prepared by PRADAN¹⁷. The prototype schemes are to be taken up in batches¹⁸ (of three years for batches I, III and IV and two years for batch II) and to be completed in the second year. The project facilitator would, however, continue through the third year for capacity building and networking.

The details of Prototype units¹⁹ undertaken and completed in the State during 2005-12 as of December 2012 are furnished below in **Table-3**. These units were implemented by the selected NGOs/line departments in the Meso areas/ITDA.

Table-3: Prototype units taken up and their completion in the State (December 2012)
(₹ in crore)

Sl. No	Prototype units	Batch I (2005-08), Batch II (2006-08), Batch III (2007-10) and Batch IV (2010-13)						
		Units taken-up	No. of PIAs involved	Amount sanctioned	Amount released to PIAs	Expenditure	No. of units completed	No. of units incomplete
1	Water harvesting, Irrigation and land development	182	139	151.26	116.64	107.05	45	137
2	Horticulture (Mango) and Timber (Multi-tier Cropping) on uplands	56	56	35.51	25.38	24.39	17	39
3	Dairy Development	10	10	9.42	6.04	5.47	1	9
4	Rangini Lac on Existing Trees	25	17	5.85	3.78	3.56	7	18
5	Goat rearing	21	23	8.17	6.74	6.08	3	18
6	Package for improved Agriculture with Rain Water harvesting	26	25	17.07	13.18	11.31	6	20
7	Homestead Poultry	9	9	8.93	6.39	6.01	3	6
8	Mulberry Plantation and Silk Work rearing	4	2	2.69	1.73	1.73	0	4
9	Tassar Pre Cocoon	18	15	11.72	5.45	5.18	0	18
10	Tassar Post Cocoon	2	2	4.38	2.45	2.45	0	2
Total		353	298	255.00	187.78	173.23	82	271

(Source: Tribal Welfare Commissioner, Welfare Department, Government of Jharkhand)

Only 82 units out of 353 sanctioned were completed

From the **Table-3** it was evident that the Department sanctioned ₹ 255 crore for execution of 353 Prototype units in all ITDAs. The ITDAs released ₹ 187.78 crore to the Implementing Agencies, out of which ₹ 173.23 crore was spent. Thus, due to short release of ₹ 67.22 crore coupled with delays in taking up the Prototype schemes by the ITDAs, only 82 units (23 per cent) of 353 sanctioned units were completed.

The details of prototype units taken up and completed during 2005-12 in the test-checked ITDAs are given in **Table-4**.

¹⁷ The rates of various items of work have been revised according to the current SoR, but the total cost of each project shown in PRADAN Report has not been changed. The volume of work and number of beneficiaries has been reduced to adjust the total cost of project

¹⁸ Batch I (2005-08):146 units; Batch II (2006- 08):70units, Batch III (2007-10):183units and Batch IV (2010-13): 83units were sanctioned

¹⁹ A cluster of scheme/works in one prototype activity

Table-4: Prototype units taken up and their completion in the sampled ITDAs (December 2012)

Sl. No	Prototype Unit	Schemes taken and completion under Prototype for sampled ITDAs in Batch I (2005-08), Batch II (2006-08), Batch III (2007-10) and Batch IV (2010-13)											
		Chaibasa		Chakradhar pur		Gumla		Ranchi		Sahibganj		Simdega	
		No. of units taken up	Completed	No. of units taken up	Completed	No. of units taken up	Completed	No. of units taken up	Completed	No. of units taken up	Completed	No. of units taken up	Completed
1	Water harvesting, Irrigation and land development	15	0	9	5	20	0	23	0	11	0	15	0
2	Horticulture (Mango) and Timber (Multi tier Cropping) on uplands	04	0	04	0	08	0	11	6	01	0	02	0
3	Dairy Development	0	0	0	0	0	0	03	0	0	0	0	0
4	Rangini Lac on Existing Trees	04	0	04	0	0	0	06	0	0	0	03	0
5	Goat rearing	01	0	0	0	05	0	0	0	01	0	04	01
6	Package for improved Agriculture with Rain Water harvesting	03	0	01	0	0	0	04	2	0	0	0	0
7	Homestead Poultry	0	0	0	0	01	0	01	0	0	0	01	0
8	Mulberry Plantation and Silk Work rearing	0	0	0	0	03	0	0	0	0	0	01	0
9	Tassar Pre Cocoon	06	0	05	0	0	0	0	0	0	0	0	0
10	Tassar Post Cocoon	0	0	0	0	0	0	0	0	01	0	0	0
Total		33	0	23	5	37	0	48	8	14	0	26	1

(Source: Tribal Welfare Commissioner, Welfare Department, Government of Jharkhand)

Only 14 units out of 181 units were completed

From Table-4, it would be seen that in the sampled ITDAs, only 14 (8 per cent) out of 181 units were completed as of December 2012 at a cost of ₹10.54 crore.

Audit findings on implementation of Prototype schemes in the six sampled ITDAs are discussed below:

2.1.8.1 Water Harvesting, Irrigation and Land Development Schemes

Only 24 per cent Water Harvesting schemes were completed in Meso Area

According to the guidelines for Water Harvesting, Irrigation and Land Development schemes six type of activities²⁰ were prescribed as cluster of schemes. The cluster of schemes incorporates components which were to be carried out such as creation of water infrastructure, construction of pump houses, installation of pumps, laying of distribution pipes to the fields of beneficiaries, development of command area (providing field channels, fencing, application of farmyard manure, lime application, seeds and fertilisers). As shown in Table-3, only 45 units of Water Harvesting, Irrigation and Land Development as cluster of schemes (24 per cent) were completed out of 182 taken up during the four batch periods in the State. However, in the sampled ITDAs, 5 out of 93 units taken up were completed (Table-4) after having incurred an expenditure of ₹ 48.25 crore.

Shortcomings in the implementation of the test-checked schemes are discussed below:

²⁰ (1) Surface Water Micro Lift Irrigation from Streams (2) Homestead Well (3) Lowland Well (4) Earthen Dam (5) Water harvesting Tank (6) Land Levelling.

113 schemes remained incomplete after incurring ₹ 4.71 crore

- We observed that two NGOs, viz. AROUSE and Social Welfare Education and Development Organisation, in Simdega and Chakradharpur respectively were entrusted (July 2006 to October 2008) with the construction work of 116 Micro Lift Irrigation Systems, 104 Lowland Wells and 23 Water Harvesting Tanks pertaining to Batches I & II (four units in Simdega and one unit in Chakradharpur) at an agreed cost of ₹ 5.16 crore to benefit 3,590 tribal families whose cultivable land was spread over an area of 5,122 acres. The stipulated period of setting up the water infrastructure was two years from the date of commencement of the work.

We observed that as of December 2012, an expenditure of ₹ 4.71 crore was incurred on execution of the schemes. As per report of the NGOs, which verified by the Meso Officers, 91 Micro Lift Irrigations, 20 Low land Wells and two Water Harvesting Tanks remained incomplete as 31 pump houses and 7 parapets of wells were not constructed, 27 pumps had not been supplied, distribution pipes were not laid to the fields of beneficiaries and command areas (spread over 1,599 acres) had not been developed. The ITDAs had, however, submitted the completion reports of the schemes to the Department in their monthly progress report.

As the schemes had not been completed, intended irrigation potential in 3,365 acres was not created, depriving 2,040 tribal families. The Government accepted (December 2012) the audit observation and stated that the pending schemes would be completed.

- In Sahibganj, *Samaj Kalyan Vikas Seva Sadan* (an NGO) was entrusted (May 2007) with construction of 38 schemes²¹ covering 590.50 acres of 475 families (one unit) at a cost of ₹ 87.60 lakh, against which ₹ 74.30 lakh was advanced (between May 2007 and September 2011) to the NGO.

18 schemes remained incomplete and ₹ 19.46 lakh was lying unadjusted with NGO for more than four years

We observed that the NGO reported (September 2011) completion of 30 schemes and submitted the accounts for ₹ 54.84 lakh leaving eight schemes incomplete (December 2012) for which ₹ 19.46 lakh was lying unadjusted with the NGO even after a lapse of four years of release of the amount. Further, we observed that 20 schemes having coverage area of 289.50 acres of irrigated land for 245 families were actually completed. Our scrutiny of measurement books, vouchers etc. revealed that the outlets were not constructed in 10 Water Harvesting tanks and command areas were also not developed though shown as completed by ITDA, Sahibganj. Thus, due to non-completion of 18 schemes²², irrigation potential of 301 acres of land for 220 families could not be created.

Further, it was seen that in Sahibganj, seven units of Water Harvesting, Irrigation and Land Development were taken up during 2008-12 pertaining to batches III & IV. However, none of these were completed despite incurring an expenditure of ₹ 3.05 crore against the released amount of ₹ 5.38 crore.

²¹ One Homestead Well, 10 Lift Irrigations, 16 Low land Wells and 11 Water Harvesting Tanks

²² Five Lift Irrigations, two Lowland wells and 11 Water Harvesting Tanks.

49 schemes remained incomplete for want of purchase of PVC pipes

- Soil Conservation Officer (SCO), Simdega was entrusted (August 2009) with execution of 257 Water Harvesting and Irrigation schemes for Batch III (2007-10) at a cost of ₹ 2.60 crore. These works were to be completed by March 2011 for 1,680 tribal families covering 1,632 acres of land. We observed that ITDA, Simdega released the money to the SCO during March 2010 to January 2012. The entire amount was shown (June 2012) as spent by the ITDA to the Department. We observed that 208 schemes (three units) were completed leaving 49 schemes incomplete up to October 2012 i.e. 20 months after the scheduled date of completion. Thus, due to delay in release of fund by the ITDA the intended irrigation benefits covering 306 acres of land could not be provided to 234 targeted tribal families.

In reply, the Department stated (December 2012) that due to non-finalisation of purchase of PVC pipes by the ITDA, Simdega, micro lift schemes were not completed. The reply was not in order as timely purchase of pipes should have been ensured by the implementing agency.

- Minor Irrigation (MI) Division, Ranchi was entrusted (December 2006) by ITDA, Ranchi with the execution of works of 65 Micro Lift Irrigation Schemes, 19 Water Harvesting Tanks, 93 Lowland Wells and 192 Homestead Wells duly approved by the PIC at an agreed cost of ₹ 6.96 crore. The amount was released during December 2006 and June 2012, against which expenditure incurred was ₹ 5.32 crore as of December 2012. These works were executed in nine blocks²³ of Ranchi.

As per the scheme estimates, irrigation potential for 3,689 acres was to be created to benefit 2,380 tribal families. These schemes were to be completed by the end of the second year (December 2008) from the date of commencement and the project facilitating unit (MI Division) was to continue the work with the community, viz. *Labhuk Samities* through the third year for capacity building and networking.

20 Micro Lift Irrigation scheme shown as completed were found incomplete during physical verification

Scrutiny of records of ITDA, Ranchi revealed that as per reports of MI Division, Ranchi 318 out of 369 schemes were completed while 39 remained incomplete and 12 could not be started due to non-execution of agreement by the contractors as of December 2012. We observed from the monthly reports that 20 schemes pertained to batches I & II reported by MI Division as completed were actually not completed. We also noticed that based on beneficiaries' complaints physical inspections of these works were carried out by the Block Development Officer (BDO), Bero. The BDO reported that these 20 works were not actually executed. The MI Division, Ranchi refunded ₹ 17.28 lakh on account of the irregularities detected by the BDO.

Thus, the intended benefits could not be extended to the tribal families as the 59 irrigation schemes were not completed as of December 2012. During joint field visit (February 2013) along with the Sub-divisional Officer, MI Division, Ranchi at Chanho block, we observed that three Micro Lift Irrigation (MLIs) schemes and one Homestead Well (HSW)

²³ Bero, Burmu, Chanho, Kanke, Lapung, Mander, Ormanjhi, Ratu and Silli.

Unfruitful
expenditure of
₹ 25.28 lakh was
incurred on 11
Micro Lift
Irrigation schemes

scheme remained incomplete²⁴ due to non-execution of civil works in MLIs and pump set was not supplied for HSW though MI, Division reported completion of these four schemes to ITDA, Ranchi. Thus, there was incorrect reporting of execution of schemes by MI Division, Ranchi. Possibility of misappropriation of funds by the executing agencies cannot be ruled out.

The Government stated (December 2012) that the schemes are under execution.

- Construction of 11 MLIs was entrusted (February 2010) to MI Division, Gumla by ITDA, Gumla at a cost of ₹ 30.25 lakh (at ₹ 2.75 lakh each) and the amount was released between April and August 2010. The Division incurred an expenditure of ₹ 25.28 lakh as of May 2012. The works were to be executed through *Labhuk Samitis* with the MI Division as the Project facilitator.

Our scrutiny of records of ITDA, Gumla revealed that the works were shown as completed (May 2012) in the monthly progress report of MI Division, Gumla (December 2012) without any development of the command areas including field channels, fencing, application of farmyard manure, lime application, seeds and fertilisers by the MI Division, Gumla. No action was taken by the ITDA, Gumla to get these works completed as of May 2012. Besides, the MI Division did not carry out capacity building and training of beneficiaries in the third year as envisaged in the scheme guidelines.

Thus, expenditure incurred for construction of 11 Micro Lift Irrigation schemes amounting to ₹ 25.28 lakh proved unfruitful due to non-development of command areas.

- According to the prototype scheme guidelines, creation of water infrastructure includes components viz, laying of pipelines, installation of pumps and development of command areas so that the water from the sources could be channeled to the fields of the beneficiaries to be utilised for irrigation purposes. The works were to be executed through *Labhuk Samities* (LS) with the support of the implementing agency (IA).

ITDA, Gumla entrusted and issued (February 2007) work orders for 128 schemes (two units) of Water Harvesting, Irrigation and Land Development Schemes to Jharkhand Hill Area Lift Irrigation Corporation (JHALCO) at an agreed cost of ₹ 1.75 crore with coverage of total command area of 809 hectares for 1,412 farmers in Kamdara and Chainpur Blocks in Gumla. Funds were released during February-September 2007. The works were to be completed within three years from the date of commencement (February 2007).

Expenditure of
₹ 1.36 crore was
incurred towards
inadmissible
works

Our scrutiny of records of ITDA, Gumla revealed that JHALCO utilised (February 2010) ₹ 1.36 crore for construction of 18 “*pucca*” check dams which was beyond the scope of the scheme guidelines. Reasons for the deviation were not on record. Scrutiny also revealed that the PO, ITDA, Gumla had already instructed (June 2007) the Regional Manager,

²⁴ Three MLIs (Patuk Sarna Toli, Sarna Toli and Oppa II) and one HSW (Hutar)

JHALCO not to construct check dams. Thus, due to non-completion of essential infrastructure, viz. pipelines, installation of pumps etc and construction of check dams in violation of guidelines, work order and instructions, the beneficiaries were deprived of the benefits of irrigation facilities on their lands.

PD, ITDA Gumla accepted the audit observation and stated (August 2012) that explanation from the IA had been called for.

2.1.8.2 Schemes for Horticulture (Mango) and Timber (Multi-tier crops) on uplands

Schemes for Horticulture (Mango) and Timber (Multi-tier crops) on uplands envisaged plantation of fruit crops on upland farms with reasonable top soil and potential water sources and their execution was envisaged to be spread over a period of three years. Under this scheme, Mango plants surrounded by timber plants, viz. gamhar, sisam, teak etc were to be planted.

Shortcomings in implementation of the scheme in three²⁵ out of five test-checked ITDAs²⁶ where the scheme was executed are discussed below:

- Execution of four schemes of Horticulture (Mango) and Timber (Multi-tier crops including 1,05,999 plants) on uplands at Chaibasa and Chakradharpur were entrusted (2005-08) to four²⁷ NGOs for benefiting 642 tribal families of seven blocks²⁸ on 267 acres of land at an agreed cost of ₹ 2.44 crore.

We observed that an expenditure of ₹ 1.94 crore was incurred (December 2009) on plantation work. However, plants on 126 acres in Chaibasa Meso Area did not survive due to drought and plants on 38 acres in Chakradharpur Meso area were burnt down by unidentified persons as reported by the beneficiaries. The concerned ITDAs did not release ₹ 50 lakh for the third year's activities viz. manuring and pruning of branches to NGOs due to mortality of plants after the second year. A joint field visit (February 2013) conducted along with the Assistant Engineer, Meso Area, Chaibasa at Tuibana village in Tantt Nagar Block revealed that the plantations done by Disha (NGO) failed as there was no water body in that area as depicted in the following photographs.

²⁵ Chaibasa, Chakradharpur and Simdega.

²⁶ Chaibasa, Chakradharpur, Gumla, Ranchi and Simdega

²⁷ (1) Disha, (2) Samekit Jan Vikas Kendra (SJVK), (3) Singhbhum Gramodyog Vikas Sansthan (SGVS) and (4) Srijan Mahila Vikash Manch

²⁸ Tonto, Jhikpani, Tantt Nagar, Majgaon, Khuntpani and Jagannathpur in Chaibasa Meso area and Chakradharpur Sadar in Chakradharpur Meso area



Photographs of plantations failed due to drought at Tuibana village in Tantanagar block at Chaibasa

Wasteful expenditure of ₹ 1.48 crore was incurred on horticulture scheme due to non-survival of plantation

The ITDA/Meso Area officials did not ensure the creation of water body for survival of plants as required under the scheme guidelines. This resulted in failure of plantations. Thus, an expenditure of ₹ 1.48 crore²⁹ on failed plantations proved wasteful, depriving 541 beneficiaries of the envisaged economic benefits.

The Project Director, ITDA Chaibasa and the Project Officer Meso Area, Chakradharpur stated (June 2012) that remedial steps would be taken to prevent failure of plantations.

The Government stated (December 2012) that directions had been given to the concerned NGOs for fresh plantation of trees.

Wasteful expenditure of ₹ 8.80 lakh was incurred due to wrong selection of sites

- ITDA, Simdega released (January 2008) ₹ 18.23 lakh to BDO, Thethai Tanger for the execution of Horticulture plantation with the help of an NGO (*Parwatiya Durgam Shiksha Vikas Sanshtan*) as the project facilitator. The scheme was to be executed through *Labhuk Samiti*. Accordingly, the BDO transferred ₹ 8.80 lakh to the bank accounts of eight *Labhuk Samitis* at ₹ 1.10 lakh each as first installment. The ITDA, Simdega intimated (June 2009) DC, Simdega (the Chairman of PIC) that plantation carried out by *Labhuk Samitis* could not survive due to wrong selection of sites by the PIC and lack of direction by the concerned NGO. This resulted in wasteful expenditure of ₹ 8.80 lakh.

The Project Director stated (June 2012) that the matter would be examined.

2.1.8.3 Goat Rearing Scheme

The scheme envisaged income generation for ST population through rearing of goats. The scheme included supply of goats (four does and a buck), provision of medicines, insurance cover for stock, cost of sheds, training cost of beneficiaries and promotional cost (remuneration of field worker and veterinary doctor, their travel cost and administrative cost of facilitating agency). Out of six ITDAs, the Goat rearing scheme was implemented in three

²⁹ ₹1.30 crore in Chaibasa where no plantation survived and ₹ 0.18 crore in Chakradharpur where plantation (15,086 plants) survived partially.

ITDAs³⁰. Irregularities found in implementation of the scheme are discussed below:

- ITDA, Sahibganj entrusted (March 2010) execution of the scheme for 240 beneficiaries to *Sona Santhal Samaj* (NGO) at an agreed cost of ₹ 45.29 lakh. Scrutiny of records of ITDA revealed that as of December 2012, 388 goats were distributed to 80 beneficiaries. However, construction of sheds was not taken up, goats were not insured and visits of veterinary doctors were not arranged by the agency, resulting in the death of 54 goats after being afflicted by disease.

The Government stated (December 2012) that instructions had been issued to the NGO to ensure prompt medical assistance to the beneficiaries. The reply was not in order as this should have been ensured during implementation of the scheme.

- In Simdega, ₹ 1.27 crore was released to two NGOs (AROUSE and NIDAN) between 2005-06 and 2007-08 for distribution of 3,425 goats among 685 STs, construction of sheds, arrangement of training etc. Scrutiny of the reports submitted by the NGOs to the ITDA, Simdega revealed that out of 1,575 goats to be distributed by AROUSE among 315 STs, the NGO did not distribute 625 goats among 125 STs. Similarly, out of 1,850 goats to be distributed among 370 STs, NIDAN did not distribute 270 goats among 161 STs (seven STs got none). However, the entire funds were shown as spent for implementation of the scheme for 370 STs by the NGOs. Besides, 125 sheds were constructed for sheltering goats and training for goat rearing was imparted by AROUSE at a cost of ₹ 14.12 lakh to those STs to whom no goats were distributed. The expenditure remained unfruitful as of June 2012 and 132 beneficiaries were deprived of the benefits of the scheme.

The Government accepted (December 2012) the audit observation and stated that the scheme would be implemented in totality.

- In Gumla District, five units of Goat rearing were taken up during Batch I (2005-08) and Batch III (2007-10). However, none of these schemes were completed as of June 2012 as only ₹ 1.82 crore was released against ₹ 2.27 crore sanctioned; against which expenditure incurred was ₹ 1.74 crore. Scrutiny revealed that the PO assigned (March 2006) two goat rearing units to two NGOs (NIDAN, Gumla and Gramin Utthan Sansthan, Sisai) and released (March 2006 to April 2007) ₹ 40 lakh. However, the PIC terminated (October 2008) the work order due to unsatisfactory work. The benefits under the scheme were thus not provided to proposed targeted tribals.

2.1.8.4 Mulberry Plantation and Silk Worm Rearing Scheme

The scheme envisaged income generation for tribal people through Mulberry Plantation and Silk Worm Rearing. The scheme included setting up of plantations and their maintenance, purchase of rearing equipment, rearing house, and provision of working capital, training costs and promotional costs. The programme was implemented only in one selected ITDA, Gumla.

³⁰ Gumla, Sahibganj and Simdega

**Mulberry plants
in 120 acres out
of 180 acres were
not survived**

AROUSE, an NGO, was entrusted with the work of Mulberry Plantation and Silk Worm rearing on an area of 180 acres to benefit 360 beneficiaries and ₹ 1.73 crore was released during March 2006 to March 2008. We observed that ITDA Gumla released funds at regular intervals despite poor survival rate³¹ (20 per cent to 50 per cent) of mulberry plantation during 2005-08. Plantations had survived on 60 acres out of total plantation of 180 acres during 2008-09.

Further, the scheme guidelines did not make provision for creation of water bodies for irrigation of plants as the mulberry plantations were rain-fed. The NGO attributed the shortfall in survival of plantations to scanty rainfall and lack of irrigation facilities. Sixty two out of 360 beneficiaries requested (2007) the Deputy Development Commissioner, Gumla for provision of irrigation facilities to improve the survival of plantations. Thus, lack of planning and follow up action by the PO resulted in mortality of mulberry plantations.

2.1.8.5 Dairy Development Scheme

The scheme envisaged distribution of two cows to each tribal, provision of training, insurance cover, medicines, construction of cow sheds and setting up of milk production centre. The programme was implemented only in one selected ITDA, Ranchi. District Dairy Development Officer (DDDO), Ranchi was entrusted (March 2007) with the execution of one unit of Dairy Development Scheme to benefit 100 tribals at an agreed cost of ₹ 98.82 lakh against which ₹ 76.36 lakh was released by ITDA in October 2007 (₹ 49.82 lakh) and in January 2008 (₹ 26.54 lakh) along with the list of beneficiaries duly approved by the PIC to the Implementing Agency (DDDO). The DDDO was required to maintain documents viz. measurement books, vouchers etc. and submit the same when called for. The scheme was to be completed in two years and the progress of implementation was to be submitted on a monthly basis.

Our scrutiny of records of the DDDO, Ranchi revealed that the implementing agency spent (up to January 2012) ₹ 49.36 lakh on construction of two Milk Collection Centres, construction of 100 cow sheds, provision of minerals, feed supplement, purchase of milk analyser, purchase of cows and provision of insurance cover for cows.

However, further scrutiny of the inspection notes of PD, ITDA, Ranchi (August 2011) and physical verification report (March 2012) of the District Animal Husbandry Officer, Ranchi, revealed that the DDDO had distributed one cow each against the provision of two cows to 88 beneficiaries out of 97 proposed beneficiaries. Out of 88 cows distributed, 46 had died, cow sheds were not constructed and Milk Collection Centres were not in use. Though insurance coverage was provided to the cows the claims for insurance of dead cows could not be made due to lack of follow-up action by the DDDO and ITDA, Ranchi. This indicated improper monitoring by the PD, ITDA and deficient implementation of the scheme by the DDDO.

In view of the failure of the DDDO in implementation of the scheme, on the recommendations of PIC, the ITDA re-allotted (May 2012) the scheme to

³¹ Plantation during 2005-06: 60 Acres, 2006-07: 60 Acres, 2007-08:60 Acres (Total plantation: 180 acres) and actual survival in 2008-09 was 60 Acres only

Expenditure of ₹ 11.50 lakh was rendered wasteful due to non-survival of cattle

District Animal Husbandry Officer (DAHO), Ranchi. The ITDA also released ₹ 27.35 lakh to the DAHO for completion of the scheme. However, the scheme was still incomplete as of November 2012.

Thus, the scheme failed to generate intended income for the beneficiaries. Besides, the expenditure of ₹ 11.50 lakh was rendered wasteful as 46 cows did not survive.

The Secretary, Welfare stated (December 2012) that the prototype schemes shall be completed at the earliest.

2.1.9 Schemes under Article 275 (1) of the Constitution of India

Article 275(1) of the Constitution of India provides for grants from the Consolidated Fund of India each year for promoting the welfare of Scheduled Tribes. Accordingly, the Ministry of Tribal Affairs provides funds to the State. The objective of the Scheme is promotion of the welfare of Scheduled Tribes and infrastructure development in tribal areas.

Grants under Article 275 (1) of the Constitution were utilised in the State for schemes such as construction of Anganwadi Centres (AWCs), construction of hostels and provision of electric connections therein, construction of additional class rooms in residential schools, setting up of rural hospitals, meeting recurring expenditure, costs of Eklavya Model Residential Schools, etc. Shortcomings noticed in implementation of the schemes are discussed below:

2.1.9.1 Construction of Anganwadi Centres

Despite availability of funds construction of 150 Anganwadi Centres were incomplete

Secretary, Welfare Department sanctioned (May, 2010) 387 AWCs at an agreed cost of ₹ 16.72 crore for 12 Meso areas at a unit cost of ₹ 4.32 lakh each. The construction works were to be completed within 12 months. The status of construction of AWCs in five test-checked ITDAs as of December 2012 is as given in Table-5.

Table-5: Status of construction of AWCs in sampled ITDAs (December 2012)
(₹ in lakh)

Selected ITDAs	AWCs Sanctioned	Amount released	AWC completed	AWC not taken up	AWC remained incomplete	Funds utilised	Unspent balances with the Agencies
Chaibasa	50	216.00	10	32	08	60.83	155.17
Gumla	30	129.60	0	05	25	48.48	nil
Ranchi	50	216.00	12	0	38	183.94	32.06
Sahebganj	40	129.60	0	17	23	70.13	59.47
Simdega	23	99.36	21	0	2	88.64	10.72
Total	193	790.56	43	54	96	452.02	257.42

(Status as of December 2012)

Deficiencies noticed in implementation of the scheme are discussed below:

- In Chaibasa, out of 50 AWCs sanctioned, construction of 16 AWCs was entrusted (March 2011) to the Executive Engineer (EE), National Rural Employment Programme (NREP), Chaibasa by the PD, ITDA Chaibasa and construction of 34 AWCs was entrusted to the EE, Rural Development Special Division, Chaibasa (RDSD). The PD advanced (March 2011) ₹ 69.12 lakh and ₹ 1.47 crore to EE, NREP and RDSD respectively with the stipulated date of completion as March 2012.

Out of 193 AWCs sanctioned, only 43 were completed; ₹ 2.57 crore remained unspent

During scrutiny of records of ITDA, Chaibasa we observed that out of 16 AWCs entrusted to NREP, work of 12 AWCs did not commence as the contractors did not respond to the tenders invited by the EE, NREP. Out of four AWCs taken up only two were completed as of December 2012. Out of 34 AWCs entrusted to RDSD, construction of 20 AWCs could not be started as of December 2012 due to non-execution of agreement with the contractors (10 AWCs) and non-availability of land (10 AWCs). Only eight out of 14 AWCs taken up were completed as of December 2012.

The Government accepted (December 2012) the facts and stated that efforts were being made to retender the work and make the land available.

- In Gumla, ₹ 1.30 crore was sanctioned and allotted (May 2010) for construction of 30 AWCs in 12 months which was to be executed by the ITDA. However, work order was entrusted to the Junior Engineer, ITDA in January 2011 after a delay of seven months for completion within two months, i.e. by March 2011. Scrutiny revealed that five AWCs were taken up as of December 2012 due to delay in selection of sites by ITDA Gumla. Expenditure incurred on the remaining 25 incomplete AWCs was ₹ 48.48 lakh as of June 2012 and the balance fund of ₹ 81.12 lakh lapsed. There was lack of synchronisation in arranging funds and sites for AWC buildings. The Government accepted (December 2012) the facts and stated that fund allotment would be made for commencement of the work.
- In Sahibganj, ₹ 1.30 crore was sanctioned (May 2010) to the Project Director, ITDA, Sahibganj for construction of 40 AWCs. The work was to be executed through the Junior Engineer, ITDA. Scrutiny revealed that construction of 23 out of 40 AWCs was taken up (November 2010) for completion within 12 months. All the 23 AWCs were incomplete as of June 2012, though the progress report of June 2012 showed utilisation of ₹ 70.13 lakh towards construction of these AWCs. However, it was noticed from the progress report of January 2013 of ITDA, Sahibganj that against advance of ₹ 43.50 lakh paid (July 2011) to the JE, ₹ 20.66 lakh was lying unadjusted (January 2013).

The Government stated (December 2012) that the agencies had been directed to submit the respective MBs/vouchers/bills.

- ITDA, Simdega had taken up all 23 AWCs sanctioned (August 2010) of which 21 were completed through *Jan Sewaks* (Village Level Workers) as of December 2012.
- Construction of 50 AWCs was entrusted (November 2010) to the Zila Parishad, Ranchi at an agreed cost of ₹ 2.16 crore by ITDA, Ranchi. Scrutiny revealed that only 12 AWCs (24 *per cent*) were completed and the remaining 38 AWCs remained incomplete (August 2012) even though an expenditure of ₹ 1.84 crore (85 *per cent*) was shown as utilised in the progress report.

Thus, even after a lapse of 17 months from issue of the work orders construction works were yet to be completed despite availability of fund with the implementing agency.

2.1.9.2 Provision of infrastructure facilities in ST Residential School

There are 89 ST Residential Schools (SRS) (35 High Schools, 45 Middle Schools and nine Primary Schools) being run by the Department. Deficiencies noticed in construction of hostels and provisions of electricity in the hostels are discussed below:

There was cost escalation of ₹ 11.61 lakh due to delay in construction

- **Delay in construction of hostels in ST Residential Schools** Construction of four³² 50-bedded hostels in SRSs at an estimated cost of ₹ 34.49 lakh each was allotted (September 2005) by TWC to Meso Office, Sahibganj. Three works were allotted (January 2006) to the departmental Junior Engineer (JE) and one work to the Junior Statistical Assistant (JSA). Due to slow progress in execution, the works were reallocated (July 2006) to the Executive Engineer, NREP, Sahibganj and RDSD, Godda and ₹ 99.65 lakh was released to them. The agencies expressed their inability to execute the work due to non-availability of land and inadequate fund and refunded (May 2007) the amount. The works were again assigned (July 2007) to the departmental JE and JSA for completion in one year from the date of commencement of work. Due to delays in commencement/completion of the hostels, the estimated cost of each hostel was revised twice to ₹ 39.08 lakh in September 2007 and ₹ 46.10 lakh in March 2010 by the Department. Construction of these hostels was not completed as of January 2013.

Excess payment of ₹ 14.40 lakh was made to the JE/JSA

- **Excess payment of ₹ 14.40 lakh**

Scrutiny of records revealed that ITDA, Sahibganj issued work order of six³³ works (cost ₹ 1.63 crore) between January 2006 and June 2008 to the JE and JSA. The works were to be completed within one year from the date of their commencement. As the construction was delayed, all the estimates were revised (March 2010). It was noticed that the works (ranging between 84 and 90 *per cent*) were completed (June 2008 and September 2009) prior to revision of rates of various items of work and the payments made (June 2008 and September 2009) in Running Account (RA) bills. However, after the rates were revised (March 2010), the JE and JSA, in the subsequent RA bills, claimed the difference between the old and new rates in respect of the works already executed, measured and paid for. These RA bills were also were passed for payment (June 2011).

The Project Director, ITDA stated (July 2012) that the matter would be examined

Thus, ITDA made excess payment of ₹ 14.40 lakh to the JE and JSA by accepting RA bills on revised rates and adjustment of advances thereagainst for those items which were executed prior to revision.

³² Dhamdhamia, Kartik Bhitha, Kurtika and Ratanpur

³³ ST Residential Schools at Dhamdhamia, Kartik Bhitha and Ratanpur (three schemes); Five Additional Class Rooms at Primitive Tribe Groups (PTG) Residential School, Adro (one scheme); Eight Additional Class Rooms at PTG, Residential School, Banjhi (one scheme) and Doctor's quarters in Meso Rural Hospital, Pathna (one scheme)

• Provision of electricity in ST Residential School

During 2007-08, 15 transformers were sanctioned for installation in SRSs of six sampled ITDAs. Scrutiny of records of ITDA, Gumla revealed that TWC allocated (2007-08) ₹ 1.54 lakh for installation of 63 KVA transformers in two SRSs (Chapa Toli: ₹ 0.77 lakh and Ghagra: ₹ 0.77 lakh) and ₹ 5.94 lakh for installation of 63 KVA transformer and 1 KVA HT line for SRS, Sakhuapani. However, it was seen that a transformer was installed (2011-12) only at SRS, Chapa Toli after incurring an expenditure of ₹ 8.79 lakh. Scrutiny of records of the school revealed that the school had no internal electric wiring. Therefore, even after incurring an expenditure of ₹ 8.79 lakh, the school was running without electricity.

As against a sanctioned cost of ₹ 0.77 lakh for the installation of a transformer at SRS, Chapa Toli, ITDA incurred an expenditure of ₹ 8.79 lakh which indicated that the expenditure was not correctly estimated. No transformers were installed in the two other schools for which funds had been allocated.

2.1.10 Eklavya Model Residential School

During the Ninth Five Year Plan, the GoI sanctioned (March 2004) six Eklavya Model Residential Schools (EMRS)³⁴ for the State, for ST students studying in classes VI to XII out of the grants under Article 275 (1) on the pattern of Navodaya Vidyalayas. The objectives of EMRS was to provide quality education to ST students of remote areas to enable them to avail the best opportunities in education at par with the non-ST population.

A Registered Society³⁵ was to be constituted for construction, maintenance and management of these schools. However, no Society was constituted as of December 2012.

Scrutiny revealed that six EMRSs were set up by the Welfare Department in January 2006 for 300 to 420 tribal students in each school (60 students in each class).

The EMRS guidelines envisaged providing higher pay scales to the Principal and teaching staff as compared to their counterparts in Government schools, residences for all teaching staff, fixing time table to give sufficient time for teaching, vocational training, sports, cultural and extra-curricular activities.

Shortcomings noticed during audit scrutiny of records of three³⁶ out of six EMRSs are discussed below:

- Schools were being run by private parties/NGOs instead of establishing a Registered Society, as envisaged in the guidelines.
- As per the MoUs with the NGOs, a Local Management Committee consisting of representatives of GoJ, Deputy Commissioner, educationists, parents and teachers' representatives and the Principal as Member

³⁴ Bhognadih, Kuchai, Kathijoria, Salgadih, Sisai and Torsunderi

³⁵ Consist of departmental representatives, eminent educationists, selected representatives and tribal community leaders

³⁶ Bhognadih (Sahibganj), Salgadih (Ranchi) and Torsundri (West Singhbhum).

Secretary was to be constituted for efficient running of the school. This was not done.

- Medium of education in the EMRSs was Hindi whereas as per the MoU signed by the Welfare Department with the NGOs in October 2007, medium of education should be English. Moreover, the schools should have been affiliated with Central Board of Secondary Education (CBSE) which has not yet been complied with. However, the EMRSs were affiliated with the Jharkhand Academic Council.
- We observed that 125 students (43 *per cent*) out of 291 failed to clear the Jharkhand Academic Council Examination for class XII under Science stream during 2010-12. The results were not commensurate with the stated aims.

2.1.11 Meso Rural Hospitals

In order to improve the accessibility and availability of good health care facilities in the Scheduled Areas of the State, Government decided (July 2003) to set up 14 fifty-bedded Meso Rural Hospitals (MRHs) on Public Private Partnership (PPP) mode. Out of these, nine became functional (February 2009) and the remaining five are yet to be functional (December 2012). The scheme is being implemented out of Central funds under Article 275(1) of the Constitution.

The hospitals would function as a First Referral Unit (FRU) to reach the most underprivileged and to cater to the poorest of the poor.

Scrutiny of the records of the MRH in TWC, Ranchi revealed the following:

- NPCC had completed construction of nine out of 14 hospitals and handed them over between December 2004 and March 2008. Expression of interest was invited (March 2006) by the Department from reputed NGOs, corporate houses and faith based organisations for running of these hospitals. Four³⁷ NGOs were selected by the Selection Committee³⁸ headed by TWC and MoUs were signed (February 2009) with them for running these nine MRHs. It was noticed that at the time of taking over (February 2009), the buildings of eight³⁹ hospitals were in a dilapidated condition and the NGOs spend ₹ 47.76 lakh on repairing of the buildings.
- We observed that construction of the remaining five MRHs were completed and allocated to three⁴⁰ NGOs in August 2012. However, the MRHs were not functional as the MoUs with the NGOs were not signed as of February 2013.

Expenditure incurred ₹ 47.76 lakh on repairing of the buildings due to delayed establishment of MRHs

³⁷ (1) Institute of Continuing Education, Research and Training (ICERT) (i) Kuchai (ii) Parasdihi (2) Research Institute for Civil Health Integration (RINCHI) Trust Hospital (i) Johna (ii) Arki (iii) Littipara (iv) Kathikund (3) Vikash Bharti- Bahragora. (4) Dynamic Tarang (i) Kendua and (ii) Nala

³⁸ TWC as Chairman, Representative of Health Department, Director RINPAS, Chief Medical Superintendent of HEC Hospital, Dr. Sudhir Kumar, Associate Professor of Orthopedics and Representative of CARE

³⁹ MRHs at Dumka, Khunti, Pakur and Ranchi, Lohardaga, Saraikela, Sahibganj and Jamtara

⁴⁰ Barachiru West Singhbhum and Mananchutang, Latehar to ICERT, Bano, Simdega and Lodhodih, Chakradharpur to Dynamic Tarang and Nagpheni, Gumla to Vikash Bharti

2.1.12 Human Resource Management

Adequacy of staff is paramount in implementation and monitoring of the schemes. For successful implementation of Tribal Welfare schemes in the State, GoJ (February 2009) sanctioned 18 posts ⁴¹ of various categories for each ITDA. We observed that there were large vacancies in the key posts in the five test-checked ITDAs⁴².

- Against the 90 sanctioned posts of various categories, actual persons in position (as on 1st July 2012) were only 45 i.e. 50 *per cent* in sampled test-checked districts (*Appendix 2.5*).
- The posts of Additional Project Director and Assistant Project Manager in sampled districts were vacant since creation of the ITDAs in February 2009.
- Project Officers were functioning in place of Project Directors in four⁴³ test-checked ITDAs.

Thus, 50 *per cent* shortage of manpower adversely affected the implementation of the schemes and their monitoring in the Meso Areas as discussed in the preceding paragraphs.

The Secretary of the Department stated (December 2012) that shortages of manpower would be minimised.

2.1.13 Monitoring

A State Level Monitoring and Evaluation Cell⁴⁴ was constituted in February 2008 in TWC office to facilitate the implementation process; monitor and evaluate the schemes/projects, build capacity of implementing partners and other stakeholders and create and manage the database of all ITDAs. The cell was responsible for creation of a Management Information System (MIS) for ongoing project planning, budgeting, implementation and review.

The Monitoring and Evaluation Cell was, however, not functional as the officer-in-charge of the Cell was never appointed. There was one Training Officer and two Assistants appointed on contractual basis since July 2008, who only managed the database of the Department. Even the post of MIS Officer, which was vacant since May 2009, was not filled up till February 2011. As, the Cell did not start functioning even in three years it was reconstituted (February 2011) with Secretary, Welfare Department as Chairman, TWC as Chief Executive Officer and Deputy Secretary/Under Secretary, Welfare Department as Members including five Technical Consultants and five Office Executives. It was, however, noticed that the consultants and office executives were not appointed as of December 2012.

At the Meso area level, the PIC was to monitor the progress in the implementation of the schemes by conducting review meetings at an interval

⁴¹ One Project Director, two Additional Project Directors, two Assistant Project Managers, One Assistant Engineer, one Office Superintendent, one Accountant, two Clerks, one Personal assistant, four Peons and three Drivers.

⁴² Manpower of Chakradharpur included in ITDA Chaibasa

⁴³ Chakradharpur, Gumla, Simdega and Sahibganj.

⁴⁴ Comprising of an Officer In-charge, Training Officer, MIS Officer and two assistants

of 60 days (i.e. six times in a year) as required under the State Government orders (November 2005).

Scrutiny of records relating to monitoring by three PICs revealed that during 2007-12 only 24 review meetings⁴⁵ were conducted to monitor progress of the schemes against 30 meetings due by each PIC. Besides, the Government did not prescribe the schedule of inspections for site visits by the PD level functionaries.

Absence of an effective monitoring mechanism was one of the reasons for deficiencies in the implementation of the schemes.

The Government stated (December 2012) that vigorous monitoring and inspection of the scheme would be done and to this end the Monitoring Cell is being reconstituted, which has started functioning from the office of the Tribal Cooperative Development Corporation (TCDC), Ranchi.

2.1.14 Impact evaluation of the scheme

Jharkhand Tribal Welfare Research Institute, Ranchi conducted (June 2008) an evaluation study to assess the impact of the schemes implemented under SCA and Article 275 (1) in Meso Areas. The study concluded that income generation for STs and filling up gaps in infrastructure in Meso areas was far from satisfactory as the tribals did not have their own agricultural land, irrigation facilities were inadequate, there were shortcomings in the implementation of the schemes, lack of awareness among beneficiaries and the intended benefits did not reach the tribals in the remote areas. The study also depicted that only 46 *per cent* of tribal people were getting the benefit of tribal welfare programmes.

The Secretary of the Department stated (December 2012) that impact assessment of income generation schemes by NABARD Consultancy Services (P) Ltd (NABCONS) was under way and on the basis of their study and observations corrective measures would be taken.

2.1.15 Conclusion

While State Government took up several schemes under SCA to TSP and Article 275 (1) of the Constitution in order to improve the implementation of the Tribal Welfare Programmes in Meso areas during 2007-12 suffered due to deficiencies in planning, financial management, execution of the schemes and monitoring:

- In February 2009, the State Government decided to strengthen and re-organise the ITDPs into ITDAs, to be registered as a society for comprehensive planning and integration of TSP at the district level. The ITDAs were registered only in February 2011 and the proposed re-organisation has not been completed as of December 2012. As a result, Perspective Plans for the Meso areas were not prepared. Further, the Government prepared annual plan proposals for Central grants without obtaining inputs from the ITDAs. We observed that a database of economic and social conditions of the villages was prepared in 2005

⁴⁵ PIC, Ranchi: 7 meetings; PIC, Simdega: 11 meetings and PIC, Sahibganj: 6 meetings during 2007-12

through an NGO 'PRADAN', but the same has not been updated during the last seven years. Thus, the actual need of the Meso areas was not ascertained by the Government while preparing the Annual Plans.

- GoI provides 100 *per cent* financial assistance for SCA to TSP and grants under Article 275 (1) of the Constitution. During 2007-12, GoI released ₹ 559 crore, against which ₹ 557 crore was disbursed to the TWC. We observed that utilisation certificates (UCs) were submitted to GoI without ascertaining the end-use of funds in the ITDAs and implementing agencies, as reflected from the large amount of unspent balances lying with the TWC, sampled ITDAs and implementing agencies. As a result, a large number of schemes remained incomplete.
- While Central funds of ₹ 19.47 crore could not be drawn during 2011-12 due to non-submission of DC bills against funds already drawn on abstract contingent bills, the TWC had drawn (March 2012) Central funds of ₹ 91.81 crore for depositing in Personal Ledger account.
- As of December 2012, there were instances of 271 incomplete schemes (77 *per cent*) out of 353 schemes sanctioned (2006-12) in the Meso areas. In the sampled ITDAs, 167 schemes (92 *per cent*) were incomplete out of 181 schemes sanctioned under Prototype schemes. We also observed instances of expenditure on schemes which proved infructuous, unfruitful, and wasteful and were also beyond the scope of the schemes.
- We noticed instances of construction works for infrastructure creation remaining incomplete. In the sampled ITDAs, out of 193 AWCs sanctioned, 96 AWCs remained incomplete while 54 were not taken up. Further, construction of 14 Meso Rural Hospitals proposed in 2003 to function as First Referral Unit was delayed and five of them are yet to be made functional. Four hostels sanctioned in 2005 for ST Residential Schools were not completed as of January 2013.
- Shortage of manpower was a constraint in implementation of the schemes under the sampled ITDAs. Against 90 sanctioned posts of various categories, persons in position (as on July 2012) were 45 i.e. 50 *per cent*. The posts of Additional Project Director and Assistant Project Manager were vacant since creation of ITDAs in February 2009.
- Monitoring and Evaluation Cell at the State Level in the Department was not functional though it was reconstituted in February 2011. Similarly, review of the progress of schemes by Project Implementation Committee (PICs) and Project Director (PDs) was not done at regular interval. No schedule of inspections was prescribed /drawn up by the PDs for site visits. Absence of an effective monitoring mechanism affected proper implementation of the schemes.

2.1.16 Recommendations

We recommend the following:

- *Government should complete the proposed re-organisation of ITDPs and integration of TSP for comprehensive planning in Meso areas. The database prepared by PRADAN should be updated.*

- *Government should ensure timely utilisation of funds and the utilisation certificates should be submitted based on end-use of funds.*
- *Government should expedite implementation of the schemes and completion of the projects within the time schedule fixed.*
- *Government should ensure providing adequate manpower for implementation of the programmes.*
- *Monitoring of implementation of the schemes at all level should be prescribed and ensured.*

The Government accepted (December 2012) the recommendations.

Urban Development Department

2.2 Performance audit of implementation of Jawaharlal Nehru National Urban Renewal Mission

Executive Summary

Government of India (GoI) launched the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) on 3 December 2005, to be implemented over a period of seven years (2005-12) with the aim to provide an enabling environment for the growth of the cities. Under the Mission, 27 projects were approved in Jharkhand from January 2008 to March 2011 by the GoI. This was to be achieved by enhancing effective urban service delivery and civic infrastructure through improvements in urban management, land management, financial management and stakeholder participation in local governance in the State of Jharkhand.

Performance Audit of the implementation of 'JNNURM' covering the period from 2005-06 to 2011-12 was conducted in respect of 12 out of the 15 projects being implemented by seven Urban Local Bodies (ULBs). Significant audit findings are stated below:

- The status of implementation of reforms in respect of the State furnished by the State Level Nodal Agency revealed that out of a total of 31 reforms to be implemented, as committed in the MoA executed (December 2007 to July 2011) with the GoI by the State/ ULBs, only 22 reforms were implemented in full, whereas seven reforms were partially implemented and two reforms were yet to be implemented
- We noticed in DPRs of the 12 selected projects that tenders were finalised or the projects were undertaken without availability of clear and unencumbered land, which resulted in delayed execution of projects.

Government should ensure that encumbrance free land may be identified and acquired before initiation of a project to avoid delay in completion of the projects and blocking of government money to that extent.

- Against the available funds of ₹ 589.20 crore, only ₹ 326.51 crore (55.42 per cent) could be utilised leaving an unutilised balance of ₹ 262.69 crore. The position was particularly alarming in the case of BSUP where only 6.13 per cent of the available funds could be utilised.

Government should ensure to take necessary steps to utilise the funds in a time bound manner for the earmarked projects to extend the infrastructural services for the urban population and basic services to the urban poor.

- JNNURM funds received by State Level Nodal Agency (SLNA) from Central/State Government were meant for disbursement to the implementing agencies and interest earned on these funds/deposits was not the income of the GRDA Ltd. However, scrutiny revealed that a total sum of ₹ 8.00 crore was earned as interest on these funds/deposited up to March 2012, out of which ₹ 4.02 crore was utilised for incurring administrative expenses (₹ 85.50 lakh) and for payment of income tax (₹ 3.17 crore).

- In Ranchi water supply project, it was seen that as per BoQ the requirement of 900 mm dia pipes, by Headworks division Ranchi, was for only 100 metres but excise exemption certificate was issued for 7,550 metres against which 7,050 metres DI pipes was procured/supplied. The procurement/supply of 900 mm dia pipes in excess of the requirement as per BoQ entailed excess/unauthorised payment to the tune of ₹ 8.21 crore to the contractor.

Government should ensure execution of works in an economic, efficient and effective manner to prevent extra cost and also to ensure timely completion of the project along with quality of work.

- As per DPRs of three ULBs, proposed beneficiaries were identified through Ration Card, BPL Card and Primary survey of the pockets. Widows, single women and old aged persons were to be given special attention during the preparation of the beneficiaries list. However, scrutiny of the lists prepared by the committee prescribed by the UDD (October 2009), after verification of the lists contained in the DPR, revealed that the DPRs lacked correct information as they included deceased, untraceable, landless, doubtful beneficiaries as well as beneficiaries with “Pucca” houses, ineligible beneficiary being Government servant or beneficiaries already allotted houses under VAMBAY etc.
- Rupees 22.48 lakh was defalcated in Gumla under IHSDP on account of purchase of street lighting materials against fake invoices.
- As per the provision of IHSDP guidelines, the SLCC was required to meet at least quarterly for reviewing the progress of ongoing projects and for sanctioning new projects. But it met only thrice after its constitution (June 2006) against the requirement of 23 meetings (March 2012). Similarly, the State Level Sanctioning Committee was required as per UIDSSMT guidelines, to meet at least thrice in a year for reviewing the progress of ongoing projects and for sanctioning new projects. But it met only twice after its constitution in June 2006 when it should have actually met at least 18 times till March 2012.
- MoHUPA has also evolved a mechanism to appoint Third Party Inspection and Monitoring Agencies for reviewing and monitoring BSUP and IHSDP projects. M/s Shristi Urban Infrastructure Development Limited, New Delhi was selected (May 2011) as Third Party Inspection and Monitoring Agency (TPIMA) by the Tender committee constituted for the purpose. Though approval to the agency selected was accorded (February 2012) by the CSMC, however, the MoA with the firm selected had not been executed.

Government should ensure strengthening monitoring mechanism for implementation of schemes in an effective and time bound manner.

2.2.1 Introduction

The GoI launched the Jawaharlal Nehru National Urban Renewal Mission (JNNURM) on 3 December 2005 with the objectives of focused attention to integrated development of infrastructural services in the cities covered under the Mission; securing effective linkages between asset creation and asset management so that the infrastructural services created in the cities are

not only maintained efficiently but also become self-sustaining over time; ensuring adequate investment of funds to fulfill deficiencies in the urban infrastructural services; planned development of identified cities including peri-urban areas, outgrowths and urban corridors, so that urbanisation takes place in a dispersed manner, scaling up delivery of civic amenities and provision of utilities with emphasis on universal access to urban poor; taking up urban renewal programme, i.e., re-development of inner (old) cities area to reduce congestion. The Mission period was spread over seven years, i.e. 2005-12.

The Mission comprised of four components viz. (i) Urban Infrastructure and Governance (UIG), (ii) Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT), (iii) Basic Services to the Urban Poor (BSUP) and (iv) Integrated Housing and Slum Development Programme (IHSDP). The GoI approved 27 projects (11 projects in three Mission cities – Ranchi, Dhanbad and Jamshedpur- and 16 projects in 12 non-mission cities) in the State of Jharkhand during January 2008 to March 2011 under these four components of the Mission valuing ₹ 1691.88 crore. A total sum of ₹ 590.20 crore was received by State Level Nodal Agency upto March 2012. Of this, ₹ 589.20 crore was released to the executing agencies and the expenditure incurred thereagainst was ₹ 326.51 crore (March 2012). As far as the projects are concerned, all 27 projects remained incomplete as on 31 March 2012.

2.2.2 Organisational set-up

The JNNURM guidelines provide for constitution of a State Level Steering Committee (SLSC), headed by the Chief Minister along with members from the concerned departments/authorities¹, to be set up by each state for deciding and prioritising the projects under the Mission, at the State level. The SLSC was to be assisted by the nodal agency identified by the State Government for implementation of JNNURM. The State Level Nodal Agency (SLNA) for Jharkhand was Greater Ranchi Development Agency (GRDA) Limited. To strengthen the capacity of SLNA to manage and implement the tasks associated with JNNURM, a Programme Management Unit (PMU) was to be established at the SLNA. To enhance their capability to effectively implement projects and reforms under JNNURM, Project Implementation Units (PIUs) were to be established in the ULBs of mission cities,

2.2.3 Audit objectives

The objectives of the Performance Audit were to assess whether:-

- the planning was adequate at State and ULB level;
- financial management controls were adequately exercised;
- projects were executed economically, efficiently and effectively to achieve integrated development of infrastructural services and ensured basic services to urban poor; and
- a mechanism for adequate and effective monitoring and evaluation

¹ Urban Development Department, Housing Department, Member of Parliament/Member of Legislative Assembly, Finance Department, Drinking Water & Sanitation Department, Mayor/Administrator/Special Officer.

existed.

2.2.4 Audit criteria

The audit criteria adopted for arriving at the audit conclusions were drawn from the following sources:-

- Guidelines, instructions/circulars/orders issued by Ministry of Urban Development (MoUD), Ministry of Housing and Urban Poverty Alleviation (MoHUPA), Ministry of Finance (MoF) and Urban Development Department (UDD), Government of Jharkhand;
- Memorandum of Agreement and Detailed Project Reports of selected projects;
- Toolkits issued by MoUD/MoHUPA for various issues under JNNURM; and
- Minutes of the meetings of the Central Sanctioning and Monitoring Committee (CSMC).

2.2.5 Scope of audit and methodology

Out of 27 projects (*Appendix-2.6*) approved upto March 2012 under JNNURM in Jharkhand, we selected 12 projects² being implemented in seven³ districts, on a random basis, for the purpose of the Performance audit. The audit was conducted between April 2012 to June 2012, for the period 2005-12 by test-check of records and files in SLNA, UDD and Drinking Water & Sanitation Department (DW&SD), GoJ, implementing agencies⁴ and also through joint physical verification of the projects.

An Entry Conference was held with the Secretary, UDD on 20 April 2012 to discuss the audit objectives, criteria, scope and methodology of the performance audit.

The findings of the audit were discussed with the Secretary, UDD in the exit conference held on 15 November 2012. The outcome of the discussion has been suitably incorporated in the performance audit report.

Audit findings

2.2.6 Planning

2.2.6.1 Preparatory Framework at State and ULB level

SLNA

The Greater Ranchi Development Agency Ltd.(GRDA) was nominated as the SLNA by the State Government (April 2006⁵ and June 2006⁶) for prioritising and implementing the projects under JNNURM. The main functions of the SLNA were appraisal of projects submitted by different agencies, obtaining

² Ranchi-Water Supply and BSUP (Phase II), Dhanbad- Water Supply and BSUP (Phase II), Deoghar-Water Supply, Hazaribag- Solid Waste Management (SWM) and IHSDP, Lohardaga-SWM and IHSDP, Gumla-IHSDP, Chas (SWM and Water Supply)

³ Ranchi and Dhanbad-Mission cities, Deoghar, Hazaribag, Lohardaga, Gumla, Chas (Bokaro)-Non-mission cities

⁴ ULBs

⁵ For UIG and BSUP projects

⁶ For UIDSSMT and IHSDP projects

sanction of the SLSC for seeking assistance from the Central Government under JNNURM, management of State and Central grants, release of funds to the executing agencies, monitoring of physical and financial progress of the projects, etc. The physical and financial progress of the projects was to be watched through the Quarterly Progress Reports (QPRs) furnished by the ULBs. It was however intimated by the SLNA (June 2012) that against 266 QPRs required to be sent to the GoI during the period April 2008 to March 2012, only 201 reports had been sent.

PMU

There was delay in constitution of PMU. It was also understaffed

The SLNA was to be assisted by the PMU at the State level in managing and implementing the tasks associated with JNNURM by recruitments from the open market with Fixed Term Contracts and as far as possible under a single contract, to ensure that the PMU team is well coordinated and remains accountable as a whole to the SLNA. It was noticed that the Administrative Staff College of India (ASCI), Hyderabad was nominated (August 2009) as the consultant for constituting PMU in the SLNA. However, the nomination was cancelled in February 2010 by the State Government as no work was done by ASCI in this regard. Thereafter, interviews were conducted for 11 identified posts of experts. Only six experts were found fit for appointment out of which five persons joined the PMU (March/April 2010).

Although the PMU actually came into existence (March 2010) with five⁷ experts nearly four years after the constitution of the SLNA, two of them resigned subsequently (July 2010 and April 2011) and only three⁸ were exclusively working (March 2012) for the PMU against the total requirement of 11 experts⁹. Clearly the PMU was understaffed to lend much needed engineering/technical support to the ULBs.

It was assured by the Secretary, UDD during the exit conference that necessary steps would be taken to strengthen the PMU.

PIU

PIU was to be constituted as an operational unit to supplement and enhance the skill of the ULBs. Rather than a supervisory body, it was expected to work in tandem with the existing staff to focus on strengthening implementation of JNNURM. The focus of the PIU was to enhance the pace and quality of implementation of the Mission activities. Selection and recruitment of the PIU personnel was to be undertaken by the ULBs as per their respective procurement practices.

⁷ MIS Expert, Social Development Expert, Specialist (Social and Development), Specialist/Community Mobilisation and MIS, Urban Poverty Management Specialist, Research and Training Co-ordinator

⁸ Social Development Expert (UIG/MoUD), Urban Poverty Management Specialist (BSUP/MoHUPA) and Research & Training Co-ordinator (BSUP/MoHUPA)

⁹ Social Development Expert, Urban Poverty Management Specialist, Research and Training Coordinator, Project Management and Procurement Specialist, Project Specialist (Housing & Slum Development), Program Manager/Team Leader, Public Works & Public Health Engineer, Municipal Finance Expert, MIS Expert, Specialist/Community Mobilisation and MIS and Specialist (Social and Development)

Against the requirement of 13¹⁰ PIU personnel (eight for UIG/Sub-mission I and five for BSUP/sub-mission II), an equal number was appointed (between May 2009 and February 2010) by Ranchi Municipal Corporation (RMC) while only seven PIU personnel could be appointed (September 2009) by Dhanbad Municipal Corporation (DMC), through the open recruitment process. However, gradually four officers resigned from PIU at RMC and an equal number of officers resigned from PIU at DMC (between December 2009 and May 2012) leaving only nine and three at RMC and DMC respectively. It was further noticed that on the requisition of the UDD, the Information Technology Officer of the PIU/RMC and the Research & Training Coordinator of the PIU/DMC were deputed (December 2010) to the UDD. Thus, only eight PIU personnel in RMC and only two PIU personnel were working in DMC since December 2010 against the initial appointment of 13 and seven respectively. It would be evident from the above that the situation was graver in the PIU of DMC where only two UIG personnel were actually working in the PIU and there was no person to look after the BSUP sub-component as the person appointed for the purpose was on deputation to the UDD as on June 2012.

The PIU personnel were also engaged by RMC in assignments/tasks, other than those stipulated in their defined scope of work, such as works related to *Valmiki Ambedkar Malin Basti Aawas Yojana* (VAMBAY), Census 2011 and Below Poverty Line (BPL) survey.

The PIU constituted in RMC and DMC was understaffed which affected the functioning of PIU as a whole

Thus, PIU in RMC was understaffed from December 2009 onwards while in DMC it was understaffed from the very beginning. Thus, the work of 13 persons had to be managed by the existing eight and two personnel at RMC and DMC respectively thereby affecting the efficient functioning of the PIUs as a whole.

It was assured by the Secretary, UDD during the exit conference that necessary steps would be taken to strengthen the PIU.

2.2.6.2 Implementation of Reforms

For achieving the objectives of improving urban governance, so that ULBs became financially sound and the assets created were maintained properly, the State Government and ULBs were required under the JNNURM scheme to accept implementation of an agenda of reforms¹¹ and to execute a Memorandum of Agreement¹² (MoA) with the GoI, indicating their commitment to implement identified reforms within the Mission period (2005-12). Signing of the MoA was a necessary pre-condition to access Additional Central Assistance (ACA).

¹⁰ Project co-ordinator (Housing and Slum Development), Social Development Officer, Livelihood Development Specialist, Research officer, Research and Training co-ordinator, Information Technical Officer, Municipal Finance Officer, Public Health Engineer, Social Development Officer, Urban Planning Officer, Procurement Officer, Environment Officer, Human Resource Development Officer

¹¹ 21 mandatory reforms (13 State level and eight ULB level) and 10 ULB level optional reforms. Any two reforms to be implemented together by State & ULBs in each year.

¹² Between State Government/SLNA and the GoI. In case of UIDSSMT and IHSDP projects subsidiary agreement was to be executed between the SLNA and the ULB.

Out of 31 reforms committed, only 22 were totally implemented

Perusal of the status of implementation of reforms in respect of the State furnished by the SLNA revealed that out of a total of 31 reforms to be implemented, as committed in the MoA executed (December 2007 to July 2011) with the GoI by the State/ ULBs, only 22 reforms were implemented in full, whereas seven reforms were partially implemented and two reforms were yet to be implemented (*Appendix-2.7*)

While all the State level mandatory reforms were implemented except holding of elections in Jamshedpur, Jugsalai and Mango ULBs due to Hon'ble Supreme Court's stay order (June 2006), important ULB level mandatory reforms such as E-governance set up, drawing up of Accounting Manual and full recovery of Solid Waste Management (SWM) charges from beneficiaries/households were still under process. Thus, the State/ULBs did not achieve the milestones agreed upon, for the implementation of reforms within the Mission period i.e., by March 2012.

Non-implementation/part implementation of reforms affected release of the second installment of ACA, amounting to ₹ 39.39 crore, by GoI thereby denying the benefits of the scheme to the people of the area.

It was intimated by the Secretary, UDD during the exit conference that necessary steps are being taken to implement the remaining reforms.

2.2.6.3 *Preparation of Detailed Project Reports (DPR)*

As per DPR Preparation Toolkit issued by MoUD, the DPR was an essential building block for JNNURM in creating infrastructure and enabling sustainable quality service delivery. It was to be prepared carefully and with sufficient details to ensure appraisal, approval and subsequent project implementation in a timely and efficient manner. It, *inter alia*, needed to provide information with regard to total quantum of land required and provided thereagainst for the project and a confirmation that the required land was owned or already been purchased by the ULB. In other words, the title of land was to be clear and unencumbered. Jharkhand Public Works Accounts (JPWA) Code also provides that tender process should be initiated only after acquisition of land required for the purpose.

We, however, noticed on scrutiny of DPRs of the 12 selected projects¹³ that tenders¹⁴ were finalised or the projects¹⁵ were undertaken without availability of clear and unencumbered land, which resulted in delayed execution of projects which have been mentioned in Paragraph 2.2.8.

The Secretary, UDD accepted the fact that the DPRs were defective and lacked correct information.

¹³ Ranchi-Water supply and BSUP (Phase II), Dhanbad- Water supply and BSUP (Phase II), Deoghar- Water Supply, Hazaribag- SWM and IHSDP, Lohardaga-SWM and IHSDP, Gumla- IHSDP, Chas (SWM and Water Supply)

¹⁴ Ranchi and Dhanbad Water Supply projects

¹⁵ BSUP projects at Ranchi and Dhanbad, SWM projects at Chas and Hazaribag

2.2.7 Financial Management

2.2.7.1 Allotment and expenditure

The funding pattern applicable to the cities where projects under JNNURM were being implemented in Jharkhand has been detailed in **Appendix-2.8**.

Additional Central Assistance (Central Grant) was released by the Central Government to the State Government. The State Government passed on the Central funds along, with their matching share and ULBs share to the SLNA which thereafter passed it on to the implementing agencies.

The abstract of total funds received by the ULBs from Central and State Government for the execution of schemes under the Mission and the expenditure incurred there against, as on March 2012, is indicated in **Table-1**.

Table-1: Statement showing allotment and expenditure in respect of JNNURM projects

Sub-component	Approved Project Cost	Receipts				Expenditure	Receipts utilised (Per cent)
		Central Share	State share	ULB share	Total		
BSUP	504.44	40.26 (30.15)	27.42 (20.53)	65.89 (49.3)	133.57	8.19	6.13
UIG	832.15	132.62 (48.96)	47.33 (21.52)	90.91 (41.33)	270.86	219.97	81.21
IHSDP	225.64	56.35 (71.79)	19.86 (25.30)	2.29 (2.92)	78.50	31.94	40.69
UIDSSMT	129.65	71.34 (67.13)	30.93 (29.10)	4.00 (3.76)	106.27	66.41	62.49
TOTAL	1691.88	300.57 (51.02)	125.54 (21.31)	163.09 (27.68)	589.20	326.51	55.42

Source: Data compiled from Cash Books and as per figures supplied by SLNA. Figures in bracket show percentage.

It would be evident from **Table-1** that:-

(i) while in case of UIDSSMT the receipt was 81.96 *per cent*, in case of BSUP, UIG and IHSDP projects, 26.48 *per cent*, 32.55 *per cent* and 34.79 *per cent* of the approved project costs were only received respectively.

(ii) against the available funds of ₹ 589.20 crore, only ₹ 326.51 crore (55.41 *per cent*) could be utilised leaving an unutilised balance of ₹ 262.69 crore.

The position was particularly alarming in the case of BSUP where only 6.13 *per cent* of the available funds could be utilised.

The meager receipt and expenditure of funds was attributed by the State Government to delayed implementation of reforms and delayed initiation of projects respectively.

2.2.7.2 *Irregular utilisation of funds vis-à-vis furnishing of Utilisation Certificates to the GoI*

UIDSSMT Guidelines provided for release of 50 *per cent* of the Central share, on signing of MoA¹⁶, to the SLNA after ascertaining availability of state share, balance 50 *per cent* of the central share was to be released on submission of Utilisation Certificates by the nodal agency for 70 *per cent* of funds (Central and State grants) released earlier. The SLNA was to release 25 *per cent* of Central grant on ascertaining availability of State share and the balance Central grant after release of State grant and after assessment of progress of implementation of reforms.

We observed that UCs in respect of five¹⁷ (three SWM and two water supply) projects of four ULBs were furnished to GoI and request for release of second and final installment of ACA to these ULBs was made by SLNA (April 2011). The request was not entertained as reforms were overdue at various stages of implementation and Financial Closure Certificates (FCCs)/ULB resolutions/Copy of State Budgetary allocation for 2011-12 under UIDSSMT were also not submitted with the UCs.

In case of SWM projects¹⁸, the request was categorically rejected as the expenditure reported was less than 70 *per cent* of the Central and State share taken together. It was, however, noticed that the expenditure in case of SWM Lohardaga was more than 72 *per cent* but as the figures furnished by SLNA to GoI, while requesting for release of second installment of ACA, included the amounts of ULB share which had not been released to the ULB till then (April 2011), the percentage utilisation was assessed below 70 *per cent* by the GoI and resultantly the second installment of ACA was not released.

The status with regard to utilisation of funds and furnishing of UCs to GoI, as on March 2012, has been detailed in *Appendices-2.9 and 2.10* respectively.

Thus, inadequate utilisation of funds, non-submission of requisite documents alongwith the UCs and incomplete implementation of the reforms agenda together with furnishing of incorrect information by SLNA affected the release of the second installment of ACA to the tune of ₹ 39.39 crore¹⁹ out of which ₹ 31.83 crore was released (January 2012) by GoJ for Chas and Deoghar Water Supply projects from the State Budget as paucity of funds was hampering the execution of projects.

¹⁶ Between State Government/SLNA and the GoI

¹⁷ Chas (for Water Supply and SWM projects), Deoghar (for Water Supply project), Hazaribag (for SWM project) and Lohardaga (for SWM project)

¹⁸ Chas Municipal Council, Hazaribag Municipal Council, Lohardaga Municipal Council

¹⁹ Chas Municipal Council:-Water Supply project (ACA due ₹ 14.09 crore)SWM project (ACA due ₹ 2.27 crore) Deoghar Municipal Corporation-Water Supply Project (ACA due ₹ 18.95 crore) Hazaribag Municipal Council-SWM project (ACA due ₹ 2.29 crore), Lohardaga Municipal Council-SWM project(ACA due ₹ 1.79 crore)

2.2.7.3 Irregular utilisation of interest earned on deposit

Interest earned on JNNURM funds were utilised for incurring of administrative expenses and for payment of Income Tax by SLNA

The GRDA Ltd., an undertaking of GoJ, registered under Indian Companies Act 1956, was designated as SLNA *inter alia* for transferring JNNURM funds to ULBs received from the Central/State Government and for monitoring the effective implementation of JNNURM projects and mandated reforms. As per section 10(20) of the Income Tax Act, 1961 income of ULBs is exempted from income tax. JNNURM guideline is silent about the utilisation of interest earned on the JNNURM deposits.

JNNURM funds received by SLNA from Central/State Government were meant for disbursement to the implementing agencies and interest earned on these funds/deposits was not the income of the GRDA Ltd. Scrutiny revealed that a total sum of ₹ eight crore (**Appendix-2.11**) was earned as interest on these funds deposited up to March 2012, out of which ₹ 4.02 crore was utilised for incurring administrative expenses (₹ 85.50 lakh) and for payment of income tax (₹ 3.17 crore), vide details indicated in **Table-2**.

Table-2: Statement showing payment of income tax by GRDA Ltd.

Assessment Year	Income Tax Paid(₹)					Total (₹)
	TDS	Self-assessment	Date	Advance Tax	Date	
2010-11	37,71,584	36,94,705	30.10.2010	-	-	74,66,289
2011-12	27,48,000	-	-	1,00,00,000	15.03.2011	1,27,48,000
2012-13	34,84,426	-	-	80,00,000	12.12.2011	1,14,84,426
TOTAL						3,16,98,715

Source: Data supplied by SLNA

On this being pointed out, the SLNA replied (July 2012) that GRDA Ltd. is a GoJ owned agency registered under the Companies Act and the interest earned on the deposits, formed part of the income of the GRDA Ltd., by virtue of which, it was liable to pay taxes.

The reply was not acceptable as the GRDA Ltd., and not the SLNA, was liable for payment of income tax on its own income and the interest earned on JNNURM funds/deposits should have not been treated as the income of the GRDA Ltd. as it was only the custodian of the fund.

The Secretary, UDD however stated during the exit conference (November 2012) that the Income Tax authorities would be pursued to refund the Tax paid. Administrative expenses incurred by GRDA Ltd. would be refunded when four *per cent* allocations are received for Administrative & Other Expenses (A &OE) from the Centre.

2.2.8 Execution of projects

Water Supply Projects

The Drinking Water & Sanitation Department (DW&SD), Jharkhand was made executing agency by the UDD, GoJ for all the Water Supply projects being implemented in the selected cities. The status with regard to execution of the projects is summarised below in **Table-3**.

Table-3: Statement showing details in respect of Water Supply projects

(₹ in crore)

Name of Projects	Approved Project Cost	Date of approval by CSMC/SLSC	Date of award of contract	Contract Value	Date of starting of execution	Target date of completion	Physical status as on 31.03.12	Name of Contractors
Ranchi Water Supply project	288.39	13.08.2008	12.03.2010	234.71	12.03.2010	12.09.2012	In progress	M/s IVRCL Infrastructure and Projects Ltd. Hyderabad
Dhanbad Water Supply project	365.85	21.11.2008	30.04.2011	298.00	07.05.2011	29.05.2013	In progress	M/S L&T Ltd., Chennai
Deoghar Water Supply Scheme	47.38 ²⁰	14.02.2008	14.12.2007	49.56	14.12.2007	13.12.2009	In progress	M/s IVRCL Infrastructure and Projects Ltd. Hyderabad
Chas Water Supply Scheme	34.24 ²¹	14.02.2008	22.12.2008	50.02	22.12.2008	21.06.2010	In progress	M/s Vishwa Infrastructure and Service Pvt. Ltd, Hyderabad

Source : Information collected from Divisions

It would be evident from the above that the projects at Chas and Deoghar were incomplete, despite lapse of 21 and 27 months of the stipulated date of completion respectively, as on March 2012. The Physical Progress Reports prepared by the concerned DWSD Divisions indicate that the pace of execution of projects at Ranchi and Dhanbad was tardy. The reasons for delays and non-completion are detailed in the succeeding paragraphs.

2.2.8.1 Delayed and incomplete projects

• Ranchi Water Supply Project

The project was approved (August 2008) by the Central Sanctioning and Monitoring Committee²². Initially the work was to be executed by Ranchi Municipal Corporation and accordingly tenders were invited (November 2008). But according to the decision (February 2009) of UDD, DW&SD was made the executing agency and fresh tenders were invited in October 2009 by DW&SD which was finalised in February 2010.

Pace of work was affected due to non-availability of land and RoU clearances

There was no acquisition of land prior to the issuance of work order for construction of ESR at Kusai to M/s IVRCL Infrastructure and Projects Ltd., Hyderabad. Moreover, due to non-furnishing of Right of Use (RoU) clearance by different departments²³ the work of pipeline alignment (rising/distribution mains) from Water Treatment Plant (WTP) at Rukka to the Under Ground Reservoir (UGR)-3, from UGR-1 at Kanke to UGR-2 at Lalgutwa, UGR-2 to 6 ESRs²⁴ and in the distribution networks as well as construction of Under Ground Reservoir (UGR)-3 at Rampur remained uninitiated.

²⁰ Revised Sanctioned Project Cost- ₹ 48.07 crore

²¹ Revised Sanctioned Project Cost- ₹ 50.26 crore

²² CSMC was established in MoUD and MoHUPA for sanctioning projects relating to UIG and BSUP projects respectively

²³ National/State Highways, Railways, Ring Road etc.

²⁴ Harmu, Kusai, Dibdihi, Pundag, Hatia and Tupudana

Pending finalisation of the issues stated above, the deadline (September 2012) has already passed which may result in cost overrun and delay in providing intended benefits to the people.

- **Dhanbad Water Supply Project**

The project was sanctioned by CSMC (November 2008) for ₹ 365.85 crore. At the time of technical appraisal of the DPR, the base year was suggested to be changed from 2009 to 2011 by the Central Public Health and Engineering Environmental Organisation (CPHEEO), due to change in the provisional population figures, which entailed subsequent change in the structural design of the project components. The consultant²⁵ was directed to comply accordingly for which it demanded an extra sum of ₹ 30 lakh. After several correspondences/queries the final updated DPR was submitted (November 2010) by the consultant and technical sanction was accorded (November 2010). The work was awarded to M/s L&T Ltd. (May 2011) and was under progress (June 2012).

Pace of work affected due to non-finalisation of sites for 16 ESRs, CWR, etc.

However, due to non finalisation of sites, the work of 16 out of 36 Elevated Service Reservoirs (ESRs) could not be started (May 2012). Further, construction of Clear Water Reservoir (CWR)-1, at Kirkand and of Pump House and Control room therein could also not be started because the selected site was situated in the fire zone area belonging to Bharat Coking Coal Ltd. (BCCL) which was reluctant to transfer possession of the site to Dhanbad Municipal Corporation (DMC). Similarly, the construction of ESR-1 at Sindri and pipe laying work in 19.6 km was held up by the Fertiliser Corporation of India Ltd. (FCIL) as there was a proposal to set up a steel plant by Steel Authority of India Limited (SAIL) and a Fertiliser Plant by National Fertilisers Limited on the sites identified for construction of ESR-1 and laying of pipe lines.

Thus, the time lag in submission of the revised DPR by the consultant and the award of contract without finalisation of sites for ESRs, CWR and pump house resulted in delayed commencement of the project and slow pace of implementation.

It was intimated by the Secretary, UDD during the exit conference that at present, (November 2012) all issues relating to land/sites have been cleared and the progress of the project was good.

- **Deoghar Water Supply Scheme**

The project (cost: ₹ 47.38 crore) was incomplete (June 2012) even after lapse of more than two years of the stipulated date of completion (December 2009). We observed that a total sum of ₹ 30.36 crore initially released to Deoghar Municipal Corporation till April 2008, was eventually transferred to DW&S Division, Deoghar by February 2010 and the entire sum was spent by March 2010. No further funds were, thereafter, received till March 2012. Due to the delay in release/receipt of funds, the work was stopped (April 2010) by the contractor for two years. As on 31 March 2012, ₹ 3.35 crore was payable to the contractor which could only be released in June 2012 when further

Execution was delayed due to paucity of funds

²⁵ Infrastructure Development Corporation Limited-IIDC (IL&FS), New Delhi

allotment of ₹ 17.71 crore²⁶ was received in March 2012. Thus, inordinate delay in release of funds resulted in delay in completion of the project.

• **Chas Water Supply Scheme**

According to the directions (December 2008) of the Engineer-in-Chief, DW&SD to the Executive Engineer, DW&S Division, Chas at the time of issue of work order to the contractor, the project (cost ₹ 34.24 crore) was to be implemented in such a manner that all the major components²⁷ were constructed first. Scrutiny revealed that the entire allotment of ₹ 20.64 crore²⁸ made available to the division till June 2010 was utilised on payment towards procurement of pipes only. No amount was available for execution of other components of the project as the second and final instalment of ACA amounting to ₹ 13.60 crore was not released by GoI due to non-implementation of reforms. A sum of ₹ 6.40 crore was outstanding for payment to the contractor which could be released only when further allotment of ₹ 29.62 crore was received (March 2012) from the State Government. The project remained incomplete (June 2012) even after lapse of more than two years of the stipulated date of completion due to the disproportionate and imprudent expenditure on a single component only and also due to delay in release of funds.

2.2.8.2 Incorrect provision in DPR of Ranchi Water Supply Project resulted in increase in the estimated cost of the project to the tune of ₹ 60.33 crore.

According to the technical comments made in August 2008 by Central Public Health and Environmental Engineering Organisation (CPHEEO) in the Appraisal note for consideration of the Ranchi Water Supply project, no cost escalation was admissible during the implementation period and if at all there was any cost escalation the same was to be met by the GoJ/RMC.

The DPR of Ranchi Water Supply Project, prepared by Nano System Consultants Pvt. Ltd, was technically approved by the Chief Engineer, Technical Cell, UDD and was sanctioned (August 2008) by the CSMC for ₹ 288.39 crore. RMC, being the implementing agency, invited tenders (November 2008) and spent ₹ 18.01 lakh on publication of Notice Inviting Tender (NIT). However, UDD designated (February 2009) DW&SD as the executing agency for execution of the work instead of RMC. This rendered the expenditure of ₹ 18.01 lakh incurred on the publication of NIT by RMC infructuous. No reason was on record for change of executing agency. Technical sanction was accorded (May 2009) by the Engineer-in-Chief, DW&SD for the same amount for which technical approval had been accorded by the Chief Engineer, Technical Cell, UDD. The contract was awarded (March 2010) to M/s IVRCL Infrastructures and Projects Ltd. Hyderabad for ₹ 234.71 crore.

During the course of execution of the scheme, it was brought to the notice of the UDD/RMC by the Engineer-in-Chief, DW&SD (August 2010) that as per

²⁶ Central share released by State Government along with the difference in revised cost

²⁷ Intake Well, Infiltration Gallery, Approach Bridge, Water Treatment Plant, Elevated and Ground Service Reservoirs

²⁸ Central share(1st instalment)- ₹ 13.80 crore, State share- ₹ 3.42 crore, ULB share- ₹ 3.42 crore

the Report submitted by the contractor after detailed survey, there were the following deficiencies in the DPR:-

- there was no provision for pump house in any of the three UGRs and boundary walls in the three UGRs and eight ESRs;
- length of rising mains pipes from Water Treatment Plant to UGRs I and III and length of distribution mains pipes were wrongly assessed²⁹;
- the location of Intake Well was not proper;
- there was no provision of High Tension connection from the existing feeder to the proposed three UGR stations;
- it was not clear that from which UGR water would be fed to the ESR at Kusai Colony;
- provision for river crossing/NH crossing/Railway crossing was not clearly made and
- the land proposed for ESRs and UGRs was not as per field conditions.

It was the technical and administrative responsibility of UDD and DW&SD to scrutinise all the practical aspects related to the project execution prior to award of work, which was not done and the work was started/awarded without examining the scope of work and without correct estimation of the expenditure involved in the project.

Cost escalation to the tune of ₹ 60.33 crore was anticipated due to incorrect preparation of DPR

Due to the deficiencies in DPR, escalation to the tune of ₹ 60.33 crore was anticipated by the DW&SD (February 2011). Had the correctness of the estimates been verified by the Technical Cell of UDD prior to according technical approval or even by DW&SD prior to according technical sanction and invitation of tenders, the deficiencies would have been rectified in time and the cost escalation over and above the approved project cost would not have to be borne by the State Government.

Besides, late decision by UDD with regard to execution of the work by the DW&SD instead of RMC, rendered the expenditure of ₹ 18.01 lakh incurred on the publication of NIT by RMC infructuous.

The audit observation was accepted by the Secretary, UDD during the exit conference. It was stated that responsibility would be fixed on the persons who failed to look into the aspects at the time of Technical approval/Technical sanction.

2.2.8.3 Short realisation of mobilisation advance

As per Standard Bid Document (SBD), the recovery for interest free mobilisation advance was to commence in the next interim payment certificate following that in which the total of all such payments to the contractor reached not less than 20 *per cent* of the contract price or six months from the date of payment of first installment of advance, whichever period concluded earlier, and was to be made at the rate of 20 *per cent* of the amounts of all interim

²⁹ Length of Rising Main from Water Treatment Plant (WTP) to UGR-1 increased from 13.1 Km to 23.5 Km and length of Rising Main from WTP to UGR-3 increased from 23.81 Km to 34.20 Km

payment certificates until such time as the advance was repaid, provided that advances were to be completely repaid prior to the expiry of the original time for completion.

Scrutiny of the records of the DW&SD at Ranchi and Dhanbad revealed that interest free mobilisation advance amounting to ₹ 53.27 crore, which was equal to 10 per cent of the agreement value³⁰ was paid to the contractors³¹ from April 2010 to June 2011, against unconditional Bank Guarantee submitted for 10 per cent of the agreed value.

There was short realisation of mobilisation advance to the tune of ₹ 13.09 crore

Of ₹ 53.27 crore³² paid as mobilisation advance, only ₹ 15.85 crore was recovered (March 2012) (*Appendix-2.12*). Scrutiny further revealed that the contractors were paid ₹ 144.70 crore (Ranchi: ₹ 79.93 crore and Dhanbad: ₹ 64.77 crore) and according to the provision ₹ 28.94 crore (20 per cent of ₹ 144.70 crore) should have been recovered i.e., ₹ 13.09 crore was short realised.

It was stated during the exit conference by the DW&SD that necessary steps would be taken to recover the mobilisation advance early.

2.2.8.4 *Unauthorised payment on excess procurement/supply of DI pipes*

As per Notification No. 26/2009-Central excise dated 4 December 2009 issued by Ministry of Finance, Department of Revenue, Government of India, all types of DI pipes, rising as well as distribution, of all diameters were exempted from excise duty. To enable the supplier to supply the DI pipes without excise duty, Excise exemption certificate was to be issued by the concerned Deputy Commissioner (DC).

Table-4 below indicates the quantity of DI pipes required for the Ranchi Water Supply project by Headworks Division, Ranchi as per Bill of Quantity (BoQ), quantity for which Excise exemption certificate was issued by the DC and quantity accounted and paid for till March 2012.

Table-4: Statement showing requirement and procurement of 900 mm dia DI pipes

Diameter of pipes	Quantity required as per BoQ	Quantity for which Excise exemption certificate was issued by the DC	(Quantity in metres)
			Quantity supplied/paid for till 31.03.2012
900 mm	100	7550	7050

Source: Information collected from Division

Procurement of DI pipes in excess of requirement led to excess/ unauthorised payment to the tune of ₹ 8.21 crore

As per BoQ the requirement of 900 mm dia pipes was of only 100 metres but excise exemption certificate was issued for 7,550 metres against which 7,050 metres DI pipes was procured/supplied. The procurement/supply of 900 mm

³⁰ Ranchi-₹ 234.71 crore, Dhanbad-₹ 298 crore

³¹ Ranchi Water Supply-IVRCL Infrastructure and Projects Ltd, Hyderabad, Dhanbad Water Supply-L & T Ltd. Chennai

³² Ranchi-₹ 23.47 crore during April 2010 to February 2011 and Dhanbad ₹ 29.80 crore in June 2011

dia pipes in excess of the requirement as per BoQ entailed excess/unauthorised payment to the tune of ₹ 8.21 crore to the contractor given in **Table-5**.

Table-5 Statement showing excess payment of DI pipes

Diameter of pipes	Quantity accounted for till 31.03.12	Payment made (₹)			Quantity Required as per BoQ	Value of pipe required as per BoQ	Payment admissible(₹) (75% of pipe supplied + 15% of pipe laid)	Excess/ unauthorised payment (₹) (6-9)
		for supply of pipes (At the rate of 75 per cent of value of pipe supplied)	for laying of pipes (At the rate 15 per cent of value of pipe laid)	Total payment made for supplying and laying (4+5)				
1	2	3	4	5	6	7	8	9
900 mm	7,050 mts.	75 per cent of 9,76,91,850= 7,32,68,888	15 per cent of the value of 4856 metres =1,00,93,439	8,33,62,327	100 mts	13,85,700 (at the rate of ₹13,857/mtr)	90 per cent of 13,85,700= 12,47,130/-	8,21,15,197

Source: Information collected from Division

DW&SD stated during the exit conference that the excess pipes had to be procured due to change in design as the length of rising mains pipeline actually required as per the survey by the contractor was more than the length assessed in the DPR. The Secretary, UDD accepted that the payment should not have been made without prior approval of CPHEEO of the change in the scope/ design of the project.

2.2.8.5 Loss of ₹43.51 lakh due to non-auctioning of excavated rock

On scrutiny of the measurement books of Deoghar Water Supply project, it was observed that 82,878.75 M³ of hard rock was excavated³³ during the execution of the scheme at Nandan Pahar. However, the above quantity was neither taken into material at site account nor was any record available showing the utilisation of the excavated hard rock. Further, it was noticed that out of net quantity of rock excavated, only 1,417.23 M³ was auctioned by the District Mining Officer (DMO), Deoghar for a sum of ₹ 75,700/-. However, the remaining quantity of 81,461.52 M³ was not auctioned by the DMO, Deoghar since the date of last measurement (September 2010). During the exit conference (November 2012), the State Government stated that due to non-stacking of the excavated rock the measurement could not be recorded and auction could not be arranged. The stacking was in progress and the auction shall be arranged after this is done. Moreover, the fact remains that the possibility of pilferage or loss of rocks to the tune of ₹ 43.51 lakh³⁴ at least cannot be ruled out.

2.2.8.6 Excess payment for DI pipes in contravention of agreement

As per Clause 2.32 contained in Notes to Tenderers forming part of the agreement executed with the contractor, payment for the supply of plant and equipment and accessories, supply of pipes, specials³⁵ and valves was to be made at the rate of 80 per cent on receipt of material in good condition at site

³³ After taking into account loss of 10 per cent during blasting and carriage

³⁴ 75700/1417.23=53.41, 81,461.52 X 53.41=43.51 lakh

³⁵ Pipe fitting accessory

after proper certification by the Engineer-in-charge and the balance on satisfactory erection and running.

On scrutiny of MBs/R.A Bills/BoQ of DW&S Division, Chas revealed that against total provision of 92,227 mts. pipes of various diameters in the BoQ, 91,958 mts. pipes valuing ₹ 24.17 crore were supplied against which 93 *per cent* payment amounting to ₹ 22.48 crore was made whereas payment of ₹ 19.34 crore (80 *per cent*) should have been made in accordance with the tender documents. This was rendered possible because Clause 10 contained in the Letter of Acceptance (LoA) issued (December 2008) to the contractor provided for payment at the rate of 93 *per cent* of the value of DI pipes after receipt of material in good condition at site and proper certification by the Engineer-in-charge.

LoA issued in contravention of agreement led to undue favour to the contractor the tune of ₹ 3.14 crore

The Division replied (July 2012) that against provision of 2,450 mts. of K-9 pipes of 500 mm dia, 2,447.50 mts. pipes were actually supplied and 93 *per cent* payment was made and denied that any excess payment was made to the contractor. The reply was not in accordance with the provisions made in the tender documents as the terms included in the LoA were in contravention of the agreement and undue favour was extended to the contractor to the tune of ₹ 3.14³⁶ crore.

The State Government, however, accepted the audit observation during the exit conference.

BSUP/IHSDP Projects

The Mission objectives of BSUP, as per Paragraph 4.1 of the BSUP guidelines, was focussed attention to the integrated development of Basic Services to the Urban Poor (security of tenure at affordable prices, improved housing, water supply, sanitation etc.) in the cities covered under the mission. Paragraph 2 of IHSDP guidelines provided for holistic slum development with a healthy and enabling urban environment by providing adequate shelter and basic infrastructure facilities to the slum dwellers of the identified urban areas. As per minutes of the 26th Central Sanctioning and Monitoring Committee (CSMC) meeting the aim was to cover the poorest among the poor under housing who were not in a position to build houses on their own. The ultimate objective was to cover first the needy people who require shelter so that the poor get the maximum benefit out of JNNURM. Utmost importance was to be accorded to identification of beneficiaries.

The status with regard to execution of the BSUP/IHSDP projects selected for detailed scrutiny in audit is given in **Table-6**.

³⁶ ₹ 22.46 crore - ₹ 19.32 crore = ₹ 3.14 crore

Table-6: Statement showing details execution of BSUP/IHSDP projects

Sl. No.	Name of ULB	Stipulated time of completion as per DPR	Date of start of project ³⁷	No. of DUs to be constructed	Status as on March 2012		
					Installments released to no. of beneficiaries	No. of DUs constructed	Development of infrastructure
1	Ranchi	15 months	17.03.2008	2358	276 ³⁸	NIL	Not started
2	Dhanbad	15 months	17.03.2008	1090	31	NIL	Not started
3	Hazaribag	15 months	06.03.2009	1230	738 ³⁹	NIL	Not started
4	Lohardaga	18 months	06.03.2009	1623	1014	48	In progress
5	Gumla	18 months	05.03.2008	1292	NIL	NIL(list of beneficiaries not finalised)	In progress

Source: Information collected from ULBs

2.2.8.7 Delay in execution of BSUP (Phase-II) projects⁴⁰

The DPRs proposed for construction of DUs in G+1/G+3 structures on slums situated on Government/Municipal as well as private lands. Initially, the construction of DUs and development of infrastructure in the slums was to be done through open competitive bidding. However, the tenders invited⁴¹ for the purpose could not be finalised as the beneficiaries of slums situated in private lands were unwilling to accept such mode of construction of DUs on their private lands. It was, therefore, directed by the UDD (February 2011) to get single-storeyed DUs constructed in slums situated on private lands by the beneficiaries themselves, after verification of the beneficiaries identified as per the DPR, in light of directions issued in the 85th CSMC meeting. During the course of verification by the municipal authorities, it was noticed that many beneficiaries identified by the consultant earlier were landless/tenants/deceased/traceless, and were excluded during the verification. Against 2,358 proposed beneficiaries identified as per DPR for Ranchi BSUP project (Phase-II), only 1,259 targeted beneficiaries could be finally selected after verification, till March 2012, and funds amounting to ₹ 132.37 lakh was released to 276 beneficiaries in four instalments (March 2012). Against 1,090 beneficiaries identified as per DPR for Dhanbad BSUP project (Phase-II), only two instalments amounting to a total of ₹ 30.14 lakh were released to 31 beneficiaries; verification of land of the other beneficiaries was under progress(June 2012).

Though the project was to be completed in 15 months time, however, not a single unit could be constructed and infrastructure could not be developed mainly due to non-finalisation of tenders on account of reluctance of the beneficiaries for construction of DUs in G+1/G+3 structures/development of infrastructure on their land, time lost (February 2009 to December 2009) on account of cancellation of tenders finalised earlier (in case of RMC) and time consumed in the verification of beneficiaries lists. Had the willingness of the beneficiaries been taken at the time of preparation of the DPR for the proposed mode of construction, time would have been saved.

³⁷ Date of release of 1st installment of ACA

³⁸ Out of 1,259 finally selected

³⁹ Out of 1,096 finally selected

⁴⁰ Ranchi and Dhanbad

⁴¹ Ranchi-July and October 2010, Dhanbad-October 2009

Thus, the proposed mode of construction of DUs in the DPR, which was not agreed to by the proposed beneficiaries later on, was the main cause for the delay of implementation of the BSUP project at Ranchi and Dhanbad.

During the exit conference the State Government accepted the fact that the willingness of the beneficiaries for the proposed mode of construction of DUs (G+1/G+3) was not taken initially due to which the tenders could not be finalised which delayed the initiation/implementation of the project.

2.2.8.8 Delay in execution of IHSDP projects⁴²

• Incorrect selection of proposed beneficiaries

As per DPRs of three⁴³ ULBs, proposed beneficiaries were identified through Ration Card, BPL Card and Primary survey of the pockets. Widows, single women and old aged persons were to be given special attention during the preparation of the beneficiaries list. However, scrutiny of the lists prepared by the committee⁴⁴ prescribed by the UDD (October 2009), after verification of the lists contained in the DPR, revealed that the DPRs lacked correct information as they included deceased, untraceable, landless, doubtful beneficiaries as well as beneficiaries with “Pucca” houses, ineligible beneficiary being Government servant or beneficiaries already allotted houses under VAMBAY etc., vide details indicated in Table-7.

Table-7: Statement showing details with regard to incorrect selection of beneficiaries

Name of ULB	No. of beneficiaries included in DPR	No. of beneficiaries residing in Pucca/asbestos roofed houses	No. of cases of duplicity of names	No. of deceased beneficiaries	No. of tenants/outsiders	No. of beneficiaries who had no land/sufficient land /resided in tribal land/un-traceable and either self or member of a Government servant/pensioner	No. of VAMBAY allottees	Doubtful
Lohardaga	1623	38	52	12	16	169	3	3
Hazaribag	1230	37	-	12	-	68	11	44
Gumla	1282	-	-	-	-	666	-	-
Total		75	52	24	16	903	14	47

Source: Lists supplied by ULBs

The State Government stated during the exit conference that the construction of DUs was initially to be done through bidding but in light of the practice being followed in Kerala and Tamil Nadu, it was decided to get the DUs constructed by the beneficiaries themselves. The beneficiaries lists prepared initially by the consultant was, therefore, got verified by the committee constituted for the purpose by the UDD, which noticed that some ineligible beneficiaries had been included under the scheme. Such beneficiaries have since been excluded from the final list of beneficiaries.

Thus, the improper identification of beneficiaries by the ULBs delayed the execution of the project.

⁴² Gumla, Hazaribag and Lohardaga

⁴³ Gumla, Hazaribag and Lohardaga

⁴⁴ Composition of the Committee:-Ward councillor of the concerned Ward, Officer/official authorised by the Executive Officer of the Council and an Officer authorised by the Deputy Commissioner

• *Delay in construction of DUs*

In case of IHSDP projects, construction of DUs and development of infrastructure in the slums was to be done initially through open competitive bidding. Accordingly, tenders were floated by Gumla Nagar Panchayat thrice⁴⁵ but while the tenders for development of infrastructure were finalised (October 2008 and January 2009), tenders for the construction of DUs could not be finalised, due to the non-approval of the revised estimates of ₹ 1.49 lakh per DU⁴⁶ by UDD. Meanwhile, the UDD directed (September/October 2009) construction of single storied DUs for and by the beneficiaries themselves in case of all IHSDP projects after verification of the beneficiaries list contained in the DPRs, by the committee⁴⁷ prescribed for the purpose. Release of instalments to the beneficiaries started in Hazaribag from October 2009 prior to verification while in Lohardaga release to the beneficiaries was started from January 2011 after due verification⁴⁸ by the said committee. Till March 2012, ₹ 8.13 crore was released to beneficiaries in Hazaribag, out of which three instalments⁴⁹ had been released to 544 beneficiaries only. However, not a single DU was complete, while in Lohardaga only 48 units had been completed against the release (₹ 9.17 crore) of upto four instalments (against norms prescribed by UDD, Ranchi for three installments) to 1,014 beneficiaries.

The initiation of construction of DUs at Hazaribag and Lohardaga was delayed by two years due to time consumed in verification of beneficiaries' lists and also due to slow execution of work by the beneficiaries. Shortage of funds due to non-release of subsequent funds by the Central/State Government was also one of the reasons in case of Lohardaga Municipal Council where the entire allotment made available had been exhausted (March 2012). The construction of DUs could not be initiated at Gumla because tenders were not finalised due to non-approval of the revised estimates of ₹ 1.49 lakh per DU by UDD and also because of non-finalisation/non-approval of the list of beneficiaries (March 2012).

The State Government accepted the audit observation during the exit conference and stated that the estimated cost of DU for Gumla shall be finalised shortly.

• *Delay in infrastructure works*

As per Paragraph 4.1 of IHSDP Guidelines, infrastructure facilities like water supply and sewerage were also to be provided in the slums. The infrastructure projects in Hazaribag could not be initiated till March 2012 due to delay in submission of BoQ (July 2010) by the Municipal Council to UDD and its

⁴⁵ July 2008 for construction of DUs, October 2008 for development of infrastructure, November 2008 for construction of DUs alongwith development of infrastructure

⁴⁶ The DPR approved by the CSC provided for in situ construction of 1,292 DUs at the rate of ₹ 80,000 per DU

⁴⁷ Constitution of the Committee:- Concerned Ward Councillor, officer/staff authorised by the Executive Officer and an Officer authorised by the Deputy Commissioner

⁴⁸ Hazaribag-May 2010 and August 2010, Lohardaga-February 2010

⁴⁹ On execution of agreement-25 per cent, on execution of work upto foundation level-40 per cent and on execution of work upto roof level- 35 per cent (1st installment – 737 beneficiaries – ₹ 2.72 crore IInd installment -587 beneficiaries – 2.89 crore and IIIrd installment – 544 beneficiaries – ₹ 2.52 crore

approval⁵⁰ and also due to shortage of funds. Shortage/non-receipt of further allotment of funds was stated to be the reason for non-completion of the infrastructure works by Lohardaga Municipal Council.

It was stated by the State Government during the exit conference that in Hazaribag the infrastructure works were delayed due to delay in finalisation of BoQ. Now all the formalities have been completed, subsequent funds have been allotted by the State Government and the work would start shortly. As regards shortage/non-release of subsequent funds, it was stated that funds were not received from the Centre due to non-implementation of reforms and non/delayed submission of UCs.

Therefore, due to deficiencies in the implementation of BSUP/IHSDP projects, the objective of holistic slum development with a healthy and enabling urban environment by providing adequate shelter and basic infrastructure facilities to the slum dwellers of the identified urban areas remained to be fulfilled even after incurring an expenditure of ₹ 27.86 crore.⁵¹

2.2.8.9 *Inflated estimates of DUs due to non-deduction of contractor's profit (CP)*

Initially construction of the DUs under BSUP/IHSDP was to be done through tender. However, as per instructions/decision of the UDD (September 2009/February 2011), the DUs were to be constructed by the beneficiaries themselves. As per BSUP/IHSDP Guidelines, housing was not to be provided free to the beneficiaries by the State Government. A minimum of 12 per cent beneficiary contribution was to be stipulated, which in the case of SC/ST/BC/OBC/PH and any other weaker section was 10 per cent. Accordingly, agreements were executed with the selected beneficiaries at the estimated cost which was inclusive of 9.1 per cent contractor's profit resulting in creation of liability to the tune of ₹ 2.97 crore, as detailed in Table-8 below:-

Estimates of DUs inflated due to non-deduction of CP leading to creation of liability to the tune of ₹ 2.97 crore

Table-8:Statement showing excess liability

Name of ULBs	BSUP/ IHSDP	Number of beneficiaries with whom agreements have been executed	Agreed Cost per DU (₹ in lakh)	Total expenditure involved (₹in crore)	Estimated cost per DU after deduction of C.P (₹ in lakh)	Total expenditure after deduction of C.P (₹in crore)	Excess liability created (₹in crore)
Ranchi	BSUP (Ph-II)	276	1.72	4.75	1.57	4.32	0.43
Dhanbad	BSUP (Ph-II)	31	1.70	0.53	1.64	0.51	0.02
Hazaribag	IHSDP	738	1.48	10.92	1.34	9.89	1.03
Lohardaga	IHSDP	992	1.64	16.27	1.49	14.78	1.49
TOTAL		2037		32.47		29.50	2.97

Source: Estimates and Agreements executed with beneficiaries

⁵⁰ Technically sanctioned in December 2010 and administratively approved in June 2011

⁵¹ Ranchi BSUP-₹ 132.37 lakh paid to beneficiaries, Dhanbad BSUP -₹ 30.14 lakh paid to beneficiaries, Lohardaga IHSDP-₹ 1,186.94 lakh, Gumla IHSDP-₹ 622.60 lakh, Hazaribag IHSDP-₹ 251.95 lakh

The audit observation was accepted by the State Government and it was stated that the C.P. would be deducted from the payment of last installment to the beneficiaries.

2.2.8.10 Irregular execution of works without approval of BoQ

Paragraph 126 of the JPWD Code stipulates that for every work, a proper detailed estimate must be prepared and sanctioned by the competent authority before execution of the work starts.

Works were executed on the basis of Model estimates and without approval of BoQ

Our scrutiny of records of Gumla Nagar Panchayat revealed that infrastructure works (Road, Drains etc.) under IHSDP worth ₹ 6.23 crore (*Appendix-2.13*) were awarded to the successful tenderers without the approval of the BoQ by the competent authority. The works were executed on the basis of model estimates, sanction of which was not on record. Moreover, full description of the works (viz., exact location and length/area) to be undertaken was not available in the NIT, tender documents, work order(s) and agreements executed with the contractors. As such the works executed as per Measurement Books could not be authenticated and necessary audit checks could not be exercised.

Physical verification of the works executed was difficult due to lack of details in the records regarding the exact location where these works had been undertaken. However, the audit team visited a few localities with the staff of the Nagar Panchayat where works were stated to be executed under IHSDP. The quality of construction is evident from the images below:-



Photographs taken on 18 May 2012 showing poor quality of PCC road and Culvert constructed at Tuku Toli, Gumla



Photographs taken on 18 May 2012 showing construction of road and drain at Pandit and Baraik Muhalla, Gumla

On this being pointed out, the Executive Officer replied that the works were allotted to the tenderers according to the decision of the Tender Committee and any clarification offered by him against the decision would be improper. The reply was evasive as the works were undertaken without adherence to the codal provisions and the genuineness of the expenditure and assessment of the performance could not be ascertained without the requisite details in NIT, tender documents and work order.

During the exit conference the State Government accepted the fact that the process was wrong and the matter would be investigated and action taken against the persons responsible,

2.2.8.11 Suspected defalcation of Government money to the tune of ₹22.48 lakh against the purchase of street lighting materials

The DPR, prepared by Ketki Engineering and Consultancy Services, for IHSDP for Gumla Nagar Panchayat was approved (January 2008) for ₹ 19.67 crore by Central Sanctioning Committee(CSC), *inter alia*, included ₹ 73.91 lakh for the provision of electrification (street lighting) in the slums.

On the basis of quotations received (June/July 2008) from six firms⁵², M/s Super Sales Corporation⁵³, Ranchi, who quoted the lowest rates, was selected for supplying the requisite items as per the decision (August 2008) of the Tender Committee.

Scrutiny (May 2012) revealed that payment amounting to ₹ 22.48 lakh was made to M/s Super Sales Corporation against the supply of street lighting materials, vide details indicated in **Table-9**.

₹ 22.48 lakh was defalcated on account of purchase of street lighting materials against fake invoices

Table-9: Statement showing details of payments made against purchase of street lighting materials

Purchase Order No./Date	Particulars	Challan No./Date	Invoice No./Date	Gross amount of Invoice	Deductions (in ₹)	Amount paid (₹ in lakh)	Cheque ⁵⁴ No./Date
August 2008	500 nos. CFL lamps (85 watt) with complete fittings	03/08-09/102 dated 06.09.2008	120 dated 08.09. 2008	14,76,562	I.T.-33,075 Keep Back ⁵⁵ - 2,95,312 ⁵⁶	11.48	44526 dated 12.09. 2008
N.A	Aluminium Cable, Copper Wire, 5 ampere switches including labour cost	03/08-09/102 dated 15.09.2008	121 dated 17.09.2008	2,69,800	I.T.-4,252	2.66	44530 dated 01.10.2008
September 2008	200 nos. 85 watt CFL lamps alongwith wire, switches, Board etc	03/08-09/102 dated 31.09.2008	125 dated 02.10.2008	6,50,175	I.T.-12,981, 15 per cent Performance Guarantee, Recovery of excess payment-1,125	5.39	18602 dated 12.12. 2008
Total amount paid (including keep back amount of ₹ 2.95 lakh)						22.48	

Source: Data compiled from concerned purchase file

It would be evident from **Table-9** that all the supplies were made vide the same Challan No 03/08-09/102. The supply of materials vide Challan dated 31.09.2008 was also questionable. Scrutiny revealed that Gumla Nagar Panchayat had its account at Bank of India, Gumla. As all the cheques were drawn on the said Bank, the Chief Manager of the Bank was contacted (May

⁵² Ranchi Cable, Ranchi, Super Sales Corporation, Ranchi, Intech Systems, Ranchi, Sri Santosh Kumar Singh, Sri Deepak Kumar, and Sri Sunil Kumar Gupta

⁵³ Proprietor - Shri Umesh Chandra Mishra

⁵⁴ Drawn on Bank of India, Gumla

⁵⁵ Amount withheld

⁵⁶ Released vide Cheque No.44531 dated 01 October 2008

2012) by the audit team to intimate the details with regard to the payments made to M/s Super Sales Corporation through the said cheques. The Chief Manager intimated that all the cheques had been received for clearance from Gumla Simdega Central Co-operative Bank (GSCCB), Gumla. The Managing Director, GSCCB was, therefore, requested to intimate the details (viz., name of the proprietor/account holder in whose favour the amount had been transferred/payments had been made) with regard to the payments made to M/s Super Sales Corporation Ltd/amount transferred to GSCCB. From the records made available by GSCCB, following facts came to light:-

- A fictitious account in the name of M/s Super Sales Corporation was opened on 09 September 2008 at GSCCB (Current Account No. 381) which was being operated by Sri Manoj Kumar Singh, who was the proprietor of the firm. The address was mentioned as DTPO Gumla on the relevant page No. 204 of the Current Account Ledger.
- After the cheques were cleared by Bank of India (between September and December 2008), Sri Manoj Kumar Singh, who had his account at GSCCB, issued four⁵⁷ cheques of GSCCB in the name of one Sanjay Sinha and one cheque in his own name. GSCCB was also having its account at Bank of India, Gumla (Current Account No. CD-49). As such it issued cheques⁵⁸ of Bank of India against the cheques received from Sri Manoj Kumar Singh.

The vouchers in respect of two cheques were not made available by GSCCB. As such relevant details, as to whether cheques of BoI were issued by GSCCB in favour of Sri Sanjay Sinha like the other three cheques or payment was made in cash against the cheques issued by Sri Manoj Kumar Singh, could not be furnished.

- M/s Super Sales Corporation, owned by Sri Mishra which had been selected for supplying the articles, did not receive any written Purchase Order from Gumla Nagar Panchayat.

It supplied 500 Nos. of 85 Watt CFL and acrylic cover on the basis of orders taken over telephone and accordingly raised the invoice for ₹ 7.28 lakh. It may be mentioned that payment amounting to ₹ 11.48 lakh was made to the firm, whose proprietor was Sri Manoj Kumar Singh, against the same invoice number, as has been detailed in the preceding paragraphs.

Comparison of the invoices, against which payments were made by Gumla Nagar Panchayat to the firm owned by Sri Manoj Kumar Singh, with the invoices raised by the firm owned by Sri Mishra revealed that the contents

⁵⁷ (a) Cheque No. 52452 dated 12.09.08 for ₹11,45,000/- in the name of Sri Sanjay Sinha
 (b) Cheque No. 52451 dated 03.10.08 for ₹ 5,50,000/- in the name of Sri Sanjay Sinha.
 (c) Cheque No. 52455 dated 13.12.08 for ₹ 5,40,000/- in his own name
 (d) Cheque No. 52457 dated 12.05.09 for ₹ 2,00,000/- in the name of Sri Sanjay Sinha
 (e) Cheque No. 52456 dated 27.05.09 for ₹ 5,000/- in the name of Sri Sanjay Sinha

⁵⁸ (a) Cheque No. 011459/ dated 13.09.08 for ₹ 11,45,000/- in favour of Sri Sanjay Sinha, against Cheque No. 52452 dated 12.09.08 for the same amount,
 (b) Cheque No. 011466 dated 03.10.08 for ₹ 5,50,000/- in favour of Sri Sanjay Sinha, against Cheque No. 52451 dated 03.10.08 for the same amount,
 (c) Cheque No. 011499 dated 13.12.08 for ₹ 5,40,000/- in favour of Sri Sanjay Sinha, against Cheque No. 52455 dated 13.12.08 for the same amount.

of the invoices raised by the latter were typewritten whereas those against which the payments had been made had the contents filled in by computer. Further, the invoice numbers against which payments had been made to the firm owned by Sri Manoj Kumar Singh, were found issued to other institutions/ organisations by the firm whose proprietor was Sri Mishra.

- On our enquiry, M/s Super Sales Corporation, owned by Sri Mishra, stated that they did not receive any money for the supplies made by them, either in cash or through cheque/bank draft and the invoices against which the payments had been made did not belong to their firm and were counterfeits. It was also stated that neither their firm nor the proprietor ever had any bank account at Gumla. The transactions carried out by the firm of which Sri Manoj Kumar Singh was the Proprietor also indicate that payment was not received by the firm which had been selected as the L1 firm and which had Sri Umesh Chandra Mishra as its proprietor.

Further, stock entry of the articles purchased and the list showing slums/locations where the CFL or lights were installed were not shown to Audit. It was stated by the ULB that the stock register was untraceable.

From the facts stated above, it can be construed that payments towards purchase of street lighting materials have been made to a fictitious firm and Government money to the tune of ₹ 22.48 lakh has been defalcated. The matter requires detailed investigation at the Government level.

The audit observation was accepted by the State Government in the Exit Conference and it was stated that action would be taken against the persons responsible.

2.2.8.12 Irregular selection/approval of schemes under IHSDP-Lohardaga

As per Paragraph 2 of IHSDP guidelines, the basic objective of the IHSDP was to strive for holistic slum development with a healthy and enabling urban environment by providing adequate shelter and basic infrastructure facilities to slum dwellers of the identified urban areas.

Scrutiny revealed that the ULB, Lohardaga *inter alia* proposed (September 2010) for construction of PCC roads and drains valuing ₹ 2.13 crore (PCC road: ₹ 1.08 crore and drains: ₹ 1.05 crore) in non slum areas within the Municipal Council area in addition to the infrastructural works to be executed in the identified slums, for which Technical Sanction was accorded (July 2010) and BoQ was approved (October 2010) by UDD. A total amount of ₹ 38.57 lakh (PCC roads - ₹ 10.59 lakh, Drains - ₹ 27.98 lakh) was spent on these works till March 2012.

As the project was meant for integrated development of slums and not for non-slum areas of the Municipal Council, the expenditure on infrastructure works relating to construction of PCC roads and drains in non-slum areas of the Municipal Council Area was not justified.

Schemes worth ₹ 2.13 crore were taken up/ technically sanctioned by the UDD against the spirit of the guidelines

Thus, the schemes were taken up/technically sanctioned by the UDD against the spirit of the guidelines.

The audit observation was accepted by the State Government during the exit conference and it was stated that expenditure should not have been incurred on schemes outside slum areas. However, the matter shall be investigated and appropriate action would be taken.

Solid Waste Management

The components of the project as mentioned in DPR preparation Toolkit issued by MoUD were as shown in **Table-10**.

Table-10: Statement showing components of the SWM Project

Sl. No.	Major Components	Sub-components
1.	Primary Collection of waste	(i) System of collection (Door-to-door collection, segregation of waste) (ii) Waste Storage and collection Bins (Household bins, Community Bins) (iii) Primary Collection vehicles (for collection and transfer to Transfer stations)
2.	Transfer Station	(i) Development of Transfer Stations (ii) Equipment
3.	Transportation	(i) Vehicles (for transfer from Transfer stations to disposal site)
4.	Disposal of waste	(i) Development of disposal site(Landfill site, Compost Plant, Vehicle Depot) (ii) Equipment at disposal Site

Source: DPR preparation Toolkit issued by MoUD

The observations on implementation of SWM projects are as follows:-

2.2.8.13 Delay in execution of SWM projects

The DPRs of SWM projects were approved by the State Level Sanctioning Committee (SLSC) in February 2008 constituted by the State Government.

Our scrutiny revealed that the approved DPRs of three⁵⁹ ULBs neither indicated the quantum nor the availability of land required for construction of Land Fill site/Transfer Station/Compost Plant. The status with regard to acquisition/transfer/identification of land for construction of landfill site/compost plant/transfer station by the concerned ULBs was as under:-

- **Chas Municipal Council:-** As per orders of the Hon'ble Supreme Court dated 12 December 1996, approval of the Forest Department was to be obtained for non-forest use of the land identified at Village Sumta, for construction of landfill since the nature of the land was "*Jungle-jhari*". However, no action was taken by the Municipal Council and the land selected could not be transferred/acquired (April 2012).
- **Lohardaga Municipal Council:-** The District Land Acquisition Officer, Lohardaga was requested (December 2010) for acquisition of land at Village Chitri (Thana- Senha) for construction of landfill. In response, the DLAO requested (February 2011) the ULB to send the proposal for land acquisition through the UDD for facilitating early action. Accordingly, UDD was requested (May 2011) to send the acquisition proposal to the

⁵⁹ Chas, Hazaribag and Lohardaga

SWM projects were delayed due to non-availability of land for Landfill site/Compost Plant etc.

DLAO. The UDD forwarded the acquisition proposal (August 2011) to the DLAO for necessary action. No further development was seen on record (May 2012).

- **Hazaribag Municipal Council:-** The requisite land had been identified (June 2010) at Mandai Khurd Village. However, the land could not be acquired though the process was continuing (May 2012).

Due to non-acquisition of land for the construction of the landfill site/Compost Plant/Transfer Station even after more than four years of approval (February 2008) of the projects, sanitary equipment/vehicles purchased under the project were either lying unutilised or were not being utilised as envisaged in the DPR and resultantly the solid waste generated by the cities continued to be disposed of in a non-scientific manner.

The audit observation was accepted by the State Government during the exit conference and it was stated that as of now, land has been identified at Lohardaga (for Landfill) and Hazaribag (for Landfill/Transfer stations/Compost Plant). The land issue at Chas, however, remained unsolved.

2.2.8.14 *Infructuous expenditure on construction of Compost Plant and Transfer station at Khadgarha under SWM at Lohardaga*

Paragraph 126 of JPWD Code stipulates that for every work, a properly detailed estimate must be prepared and sanctioned by the competent authority before the execution of the work starts.

Scrutiny revealed that the works of construction of Compost Plant and Transfer station at Khadgarha were taken up/awarded without TS/approval of the BoQ by the competent authority. Further, the tender papers and agreement executed with the contractors were not available on record.

Expenditure of ₹ 30.49 lakh was incurred on construction of Transfer Station, Compost Plant etc without TS to the estimates and without approval of the BoQ by the competent authority

The work of construction of Compost Plant was awarded to Shri Balbir Kumar Deo (July 2008) for ₹ 33.89 lakh and a total sum of ₹ 27.14 lakh was paid to the contractor till October 2009, which was abandoned due to local hindrance. The work of construction of Transfer station awarded to Shri Umar Shah, contractor was at the initial stage although more than three and a half years had elapsed since payment of ₹ 3.35 lakh (November 2008) was made to the contractor.

On this being pointed out, it was stated that as TS to the DPR/project was not accorded by the UDD, approval of the competent authority to the BoQ could not be obtained and the works were taken up as per need. The reply was not acceptable as the decision was against the codal provisions and the entire expenditure was rendered infructuous due to non-completion of the works.

The State Government stated during the exit conference that the matter shall be investigated and action taken against the persons responsible.



Photograph taken on 3 May 2012 showing incomplete compost plant at Khadgarha



Photograph taken on 9 May 2012 showing the incomplete Transfer station at Khadgarha

2.2.8.15 Excess expenditure to the tune of ₹ 68.91 lakh on purchase of sanitary equipment/vehicles

As per Rule 11 of Jharkhand Financial Rules, a Controlling Officer must see not only that the total expenditure is kept within the limits of the authorised appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

Sanitary equipment/ vehicles were purchased at rates, in excess of the rates approved by the SLSC, resulting in excess expenditure of ₹ 68.91 lakh

Scrutiny revealed that sanitary equipment/ vehicles⁶⁰, as detailed in *Appendix-2.14* were purchased by three⁶¹ ULBs under SWM project at rates in excess of the rates approved by the SLSC, ranging from 5.06 per cent to 200 per cent, resulting in excess expenditure of ₹ 68.91 lakh. Decision of the Purchase Committee was neither communicated to the Department⁶² nor was post facto approval of the Department obtained for purchasing the equipments/vehicles at rates higher than those approved.

The State Government accepted the audit observation during the exit conference and stated that a vigilance case was already going on against the then Deputy Commissioner of Hazaribag and the Executive Officer of Lohardaga. It was also stated that the sanitary equipments/vehicles should have been purchased after the construction of Landfill/Transfer station/Compost Plant.

2.2.8.16 Blocking of funds of ₹ 1.06 crore due to Domestic Bins and Twin Bins lying unutilised

A total number of 50,013 domestic bins and 50 twin bins valuing ₹ 1.64 crore and ₹ 6.80 lakh respectively were purchased during September 2008 to September 2010, by three⁶³ ULBs under the SWM Project. The domestic bins were to be distributed to the households for segregation of dry and wet waste at source for their further treatment at the Compost Plant. The twin bins were meant for installation at convenient nooks and corners in the municipal area for segregation of bio-degradable and non-biodegradable waste at source.

Domestic Bins/Twin Bins worth ₹ 1.06 crore were lying unutilised

Scrutiny of the Stock/Issue registers revealed that out of 50,013 domestic bins purchased by the Municipal Councils, only 22,243 Nos. had been distributed (April 2012) and 27,770 Nos. valuing ₹ 98.90 lakh were lying idle in store. Twin bins (50 Nos.) worth ₹ 6.80 lakh purchased by Lohardaga Municipal

⁶⁰ Containerised Rickshaw Trolley, Seamless Hand Cart, Community Dust Bins, Twin Bins, Dumper Placer, Dumper Placer, Hydraulic Trailer etc.

⁶¹ Chas Municipal Council, Lohardaga Municipal Council, Hazaribag Municipal Council

⁶² Urban Development Department

⁶³ Chas, Hazaribag and Lohardaga

Council had not been installed and were lying idle in store. Thus, in total, bins worth ₹ 1.06 crore were lying unutilised as detailed in Table-11.

Table-11 Statement showing Domestic/ Twin bins lying unutilised

Item	Date of purchase	Quantity	Value (₹in lakh)	Issued till April/May 2012	Balance lying in store	Value (₹in lakh)
Lohardaga Municipal Council						
Domestic Bins	September 2008	10000	38.50	NIL	10000	38.50
Twin Bins	September 2008	50	6.80	NIL	50	6.80
Chas Municipal Council						
Domestic Bins	September 2008	10080	71.64	5563	14617	51.89
	December 2009 and September 2010	10100				
Hazaribag Municipal Council						
Domestic Bins	January 2010	19833	53.55	16680	3153	8.51
TOTAL			170.49			105.70

Source: Data compiled from ULBs

Moreover distribution of the bins to the households by Chas and Hazaribag Municipal Councils was practically not serving any purpose as the Compost Plants where the wastes are to be treated have not been constructed. The sanitary vehicles purchased at a cost of ₹ 2.03 crore⁶⁴ by all the three ULBs could also not be adequately utilised due to non-construction of Landfill site/Transfer Station/Compost Plant and due to shortage of drivers and sanitation staff, as would be evident vide details in *Appendix-2.15*.

Thus, the sanitary equipment and vehicles were purchased without assessing the immediate need and manpower which resulted in blocking of funds besides their improper/inadequate utilisation.

The State Government stated during the exit conference that a vigilance case was already going on against the then Deputy Commissioner of Hazaribag and the Executive Officer of Lohardaga. It was also stated that the sanitary equipment/vehicles should have been purchased after the construction of Landfill/Transfer station/Compost Plant.



Photographs taken on 4 May 2012 showing Domestic Bins and Twin Bins lying in the store of Lohardaga Municipal Council

⁶⁴ Chas Municipal Council- ₹ 0.62 crore, Hazaribag Municipal Council- ₹ 0.83 crore, Lohardaga Municipal Council- ₹ 0.58 crore



Photograph taken on 31 May 2012 showing Domestic Bins lying in the store of Hazaribag Municipal Council



Photograph taken on 26 April 2012 showing Domestic Bins lying in the store of Chas Municipal Council

2.2.9 Monitoring and evaluation

Monitoring at State Level

2.2.9.1 Role of the State Level Steering Committee (SLSC) or any other State level Committee for monitoring

- As per Paragraph 16 of JNNURM guidelines, the primary role of SLSC was deciding and prioritising the projects under JNNURM. It was also to monitor the implementation of the projects and review the progress of urban reforms in the State. We noticed that the SLSC met only four times (January 2008, April 2008, October 2009 and July 2010) for approval of UIG/BSUP projects.
- As per Paragraph 10.2 of IHSDP Guidelines and as per Paragraph 12.2 of UIDSSMT Guidelines, State Level Coordination Committee (SLCC) and State Level Sanctioning Committee were constituted for examining, approving and periodical monitoring of IHSDP and UIDSSMT projects respectively.

As per Paragraph 10.3 of IHSDP guidelines, the SLCC was required to meet at least quarterly for reviewing the progress of ongoing projects and for sanctioning new projects. But it met only thrice⁶⁵ after its constitution (June 2006) against the requirement of 23 meetings (March 2012).

Again as per Paragraph 12.3 of UIDSSMT guidelines, the State Level Sanctioning Committee was required to meet at least thrice in a year for reviewing the progress of ongoing projects and for sanctioning new projects. But it met only twice⁶⁶ after its constitution in June 2006 when it should have actually met at least 18 times till March 2012.

Moreover, the two State Level Committees (SLCC & SLSC) met only for examining and approving the IHSDP/UIDSSMT projects. No meetings were held for monitoring of the projects. Thus, the Committees failed to effectively fulfill the objectives for which these were constituted.

- For monitoring of Water supply projects being implemented in Ranchi and Dhanbad, a High-level Committee had been constituted (February 2009)

⁶⁵ August 2007, March 2009 and February 2010

⁶⁶ February 2008 and March 2011

by UDD under the Chairmanship of Principal Secretary, DW&SD/UDD. The said Committee met six⁶⁷ times since its constitution.

Review meetings were also held (January 2011 and December 2011) under the Chairmanship of Engineer-in-Chief/Chief Engineer, DW&SD.

Thus, though monitoring of Water Supply projects was being done at the State/Department level yet the progress of the projects was delayed/ slowed due to constraints related to land acquisition/RoU clearances and funds.

2.2.9.2 Role of SLNA in monitoring

As per Paragraph 17 of JNNURM guidelines, the SLNA i.e., GRDA Ltd. was required to monitor physical and financial progress of the sanctioned projects and also to monitor implementation of reforms as committed in the MoA.

The web enabled Project Monitoring and Evaluation System (PMES), implemented by the Mission Directorate designed to capture the physical and financial progress aspects of JNNURM projects as reported by the Project Executing Agency (PEA) and the Independent Review & Monitoring Agency (IRMA), are non-operational as the crucial post of MIS expert was vacant (since July 2010) in the PMU.

2.2.9.3 Monitoring and evaluation arrangements at the ULB level

The PIUs established in ULBs of Mission Cities were to assist the ULBs in monitoring project progress in co-ordination with other departments for projects being implemented by the ULB, besides performing other functions. However, due to shortage of staff in the PIUs, the works to be performed by specified experts, had to be managed by the existing personnel, affecting the efficient functioning of the PIU as a whole.

The execution of the projects in the Mission and Non-mission cities was being supervised by the departmental Junior/Assistant/Executive Engineer who failed to ensure time bound and effective execution of projects.

2.2.9.4 Third Party Monitoring

The Ministry of Urban Development had instituted a state level mechanism for third party monitoring and review in respect of UIG and UIDSSMT projects by Independent Review and Monitoring Agencies (IRMAs). Similarly, MoHUPA has also evolved a similar mechanism to appoint Third Party Inspection and Monitoring Agencies for reviewing and monitoring BSUP and IHSDP projects. The release of further instalments of ACA, *inter-alia*, depended upon the reports of the Third Party Inspection and Monitoring Agency (TPIMA)/IRMA.

⁶⁷ January 2011, February 2011, April 2011, September 2011, February 2012 and June 2012

- **Third Party Inspection and Monitoring Agency**

M/s Shristi Urban Infrastructure Development Limited, New Delhi was selected (May 2011) as TPIMA by the Tender committee⁶⁸ constituted for the purpose. Though approval to the agency selected was accorded (February 2012) by the CSMC, however, the MoA with the firm selected had not been executed. The firm was intimated (December 2012) to sign the MoA and to commence the work immediately after signing it.

Thus, TPIMA was yet to become operational due to which the review and monitoring of BSUP and IHSDP projects in Jharkhand could not be carried out.

- **Independent Review and Monitoring Agency**

CSMC approved the appointment of National Consultancy for Planning and Engineering (NCPE), Hyderabad (October 2009) as IRMA for monitoring the physical and financial progress of UIG and UIDSSMT projects being implemented in the State of Jharkhand. An agreement between the SLNA and NCPE was executed in May 2011 after lapse of 19 months of its approval by CSMC due to delay in approval of the Contract Agreement by the Department of Finance, GoJ.

In the initial phase, requisite documents were not made available to the IRMA by ULBs, thereby hampering its functioning. As on June 2012, Pre-construction reports and Construction Stage Report I in respect of Ranchi and Dhanbad Water Supply projects and Construction Stage report II in respect of Ranchi Water Supply project had been submitted by the Agency. The reports after being appraised by SLNA were forwarded to GoI (December 2011) alongwith its recommendations to release further installments. Accordingly, second installment of ACA in respect of Ranchi and Dhanbad Water Supply Projects was received in January 2012. However, non-submission of reports in respect of other UIG and UIDSSMT projects *inter alia* affected the release of second installment of ACA.

2.2.9.5 Outsourcing of monitoring of implementation of reforms

Monitoring of progress of the implementation of reforms was to be outsourced to specialised/technical agencies. CRISIL Risk and Infrastructure Solutions Limited (CRIS) was appointed by MoUD, GoI as the agency for appraisal of reforms of the states of Bihar, Jharkhand and Orissa. The agency conducted six field visits⁶⁹ for the appraisal of reforms in Jharkhand during July 2010 to August 2012.

As per the last (sixth) appraisal report submitted (September 2012) by the agency, the overall progress in the implementation of reforms proposed under JNNURM in the State of Jharkhand was slow since the start of the programme, but good progress has been made in the last two years.

⁶⁸ Tender committee: Chairman -Officer on Special Duty, GRDA Ltd., Members: Engineer-in-chief, technical cell, UDD, General Manager, GRDA Ltd., Superintending Engineer, Technical Cell, UDD, Smt. Rita Singh, PMU GRDA Ltd., Sri Vinay Kumar, PUM, GRDA Ltd.

⁶⁹ July 2010, December 2010, May 2011, November 2011, February 2012, August 2012

2.2.10 Conclusion

Though the Mission period was 2005-12, implementation of projects under JNNURM actually started in the State of Jharkhand from March 2008.

However, the objective of JNNURM-reforms driven and fast track development of cities across the country, with focus on bringing about efficiency in urban infrastructure, service delivery mechanisms, community participation and accountability of Urban Local Bodies towards citizens could not be achieved within the stipulated Mission period (2005-12). This was largely due to defective DPRs, award of works without earmarking/finalising land sites and delay in release of funds. Further, the monitoring of JNNURM projects could also not be effectively carried out as the, PMU in the SLNA and the PIUs in the ULBs were understaffed, IRMA had just started functioning while TPIMA was yet to start functioning.

The Mission coverage has been extended for two more years beyond the mandated Mission period (2005-12) for completion of projects sanctioned during the Mission period 2005-12. However, considering deficiencies and the pace at which the projects are being executed, completion of the projects needs to be closely monitored. Only 55.42 *per cent* of the total funds made available could be utilised and none of the 27 projects taken up during the last four years was completed till March 2012. The position was particularly alarming in the case of BSUP where only 6.13 *per cent* of the funds could be utilised (**Appendix-2.16**). ULBs have therefore failed to achieve enhanced effective urban service delivery and civic infrastructure through improvements in urban management, land management and financial management. It is, therefore, imperative that all the agencies involved take committed and concrete steps for early completion of the projects and for the implementation of reforms, failing which the objectives of the mission would be defeated.

2.2.11 Recommendations

- *Necessary steps may be taken to utilise the funds in a time bound manner for the earmarked projects to extend the infrastructural services for the urban population and basic services to the urban poor.*
- *Encumbrance free land may be identified and acquired before initiation of a project to avoid delay in completion of the projects and blocking of government money to that extent.*
- *Works may be executed in an economic, efficient and effective manner to prevent extra cost and also to ensure timely completion of the project along with quality of work.*
- *The monitoring mechanism should be strengthened to ensure that the scheme is implemented in an effective and time bound manner.*

Water Resources Department

2.3 Creation of Irrigation potential under Accelerated Irrigation Benefit Programme (AIBP)

2.3.1 Introduction

Agriculture is the main source of livelihood of more than 60 *per cent* of the population of Jharkhand. Irrigation is the critical factor for increasing agricultural production and productivity. Jharkhand has a total cultivable area of about 29.74 lakh hectare (ha) of which irrigation potential can be created for 24.25 lakh ha. However, at the end of March 2012, irrigation potential created in the State was only 7.46 lakh ha¹ i.e. 31 *per cent* of the cultivable land. This included an irrigation potential of 0.45 lakh ha (6 *per cent*) created under Accelerated Irrigation Benefit Programme (AIBP).

In order to expedite completion of the ongoing irrigation projects, AIBP was conceived in the year 1996 by the Government of India (GoI) so that the envisaged irrigation potential could be created and thereby irrigation extended to more areas.

In Jharkhand, two major², eight medium³ and 456 minor irrigation projects⁴ were included under AIBP between 1997-98 and 2011-12 for creation of irrigation potential of 4.07 lakh ha. The details are given in **Appendix-2.17**. Of these, two medium projects were completed in 2002-03 and one was kept in abeyance since 1999-2000. One major project (Subernarekha Multipurpose Project) and 171 minor irrigation projects were included under AIBP during 2011-12 and are scheduled to be completed between 2012-13 and 2014-15.

Out of the ongoing projects scheduled for completion by 2011-12, one major project (Gumani Barrage) and two medium projects (Panchkhero and Uppershankh Reservoir Schemes) were selected for audit through random sampling without replacement method. The five districts⁵ covered by these selected major and medium irrigation projects were also selected for audit of 62 minor irrigation projects⁶ being executed in these districts. Additionally, two districts (East Singhbhum and Ramgarh) were selected for audit of 30 more minor irrigation projects⁷ in these districts.

Water Resources Department (WRD), Government of Jharkhand, is responsible for implementation and monitoring of the projects taken up under AIBP. Audit was conducted between April 2012 and January 2013 through test-check of records of the Water Resources Department (WRD), two Chief

¹ Annual Report for 2012-13 of the Water Resources Department.

² Gumani Barrage Project and Subernarekha Multipurpose Project.

³ Kansjore, Latratu, Panchkhero, Sonua, Surangi, Tapkara, Torai and Uppershankh Reservoir Schemes.

⁴ Sukari Reservoir Scheme and 455 check dams/series of check dams (Series means more than one check dams in a project at a regular interval based on slope gradient and soil type)

⁵ Gumla, Hazaribag, Koderma, Pakur and Sahebganj.

⁶ Gumla-26, Hazaribag-06, Koderma-18, Pakur-04 and Sahebganj-08.

⁷ East Singhbhum-16 and Ramgarh-14.

Engineers⁸, two Superintending Engineers⁹ and 14 Executive Engineers¹⁰ and information was also collected from the Director, Monitoring and Appraisal, Central Water Commission (CWC), Ranchi. In the selected projects, irrigation potential of 11,053 ha was created against the target of 44,079 ha during 2007-12. The overall performance of the Department in execution of the selected projects was assessed in audit with thrust on the performance during 2007-12. Besides, deficiencies in execution of projects which impacted creation of irrigation potential were also examined.

Audit findings

2.3.2 Financial management

2.3.2.1 Adequacy of funds

Funding under AIBP was started (1996-97) as Central Loan Assistance (CLA). From April 2005, GoI is providing grant of 90 *per cent* of the project cost to the projects benefiting drought-prone and tribal areas.

Except Panchkhero Reservoir Scheme, all projects in Jharkhand, approved under AIBP, were to benefit tribal and drought prone areas and as such were eligible for grant of 90 *per cent*. Panchkhero Reservoir Scheme was to provide irrigation facility partially in drought prone areas and was therefore approved for grant of 38 *per cent*.

We observed that though the State Government (WRD) submitted proposals to the Ministry of Water Resources (MoWR), GoI for release of grant in the prescribed format showing physical and financial progress of the projects, GoI did not release the due Central share of grants to the State. However, there was no recorded reason for short release of grant by GoI. Against the estimated cost of ₹ 1,029.31 crore of the sanctioned projects (between 1997-98 and 2010-11), MoWR released loan/grants of only ₹ 444.11 crore (43 *per cent*) up to March 2012 for the projects¹¹ scheduled to be completed by March 2012. As of March 2012, ₹ 326.07 crore was utilised. However, the total expenditure on these projects including State fund was ₹ 783.37 crore (*Appendix-2.18*).

2.3.2.2 Utilisation of funds

Details of releases made by the GoI and State Government and expenditure incurred on the AIBP projects in the State during the period 2007-12 were as given in **Table-1**.

⁸ Chief Engineer, Waterways, Hazaribag and Chief Engineer (Monitoring), Ranchi.

⁹ Superintending Engineers, Waterways Circles, Hazaribag and Gumla.

¹⁰ Irrigation Divisions, Barhait, Barharwa and Pakur; Waterways Divisions, Gumla, No. I Chainpur, No. II Chainpur and Barhi and Minor irrigation Divisions, East Singhbhum, Gumla, Hazaribag, Koderma, Pakur, Ramgarh and Sahebganj.

¹¹ Excluding Latratu, Tapkara and Torai Reservoir Schemes (completed/kept in abeyance).

Table-1: Statement of allotment and expenditure during 2007-12

(₹ in crore)

Year	Central share	State share	Total	Expenditure	Balance
2007-08	9.22	42.19	51.41	49.64	1.77
2008-09	3.72	51.63	55.35	42.97	12.38
2009-10	0.00	30.46	30.46	20.64	9.82
2010-11	231.64	35.65	267.29	72.22	195.07
2011-12	114.15	29.93	144.08	200.97*	(-) 56.89
Total	358.73	189.86	548.59	386.44	162.15

*Source: Water Resources Department) * Excess expenditure than allotment was because of utilisation of Central grant remaining unspent during 2010-11.*

Total grant of ₹ 358.73 crore included ₹ 334.55 crore released for minor irrigation projects sanctioned under AIBP during 2010-12. The Department could not utilise ₹ 162.16 crore (30 per cent) of the total allotted fund.

Allotment and expenditure in respect of the test-checked projects during the period 2007-12 are given in Table-2.

Table-2: Allotment and expenditure on selected projects during 2007-12

(₹ in crore)

Sl. No.	Name of the selected projects	Allotment	Expenditure	Savings	
				Amount	Per cent
1	Gumani Barrage	69.57	46.53	23.04	33
2	Panchkhero Reservoir	34.65	23.27	11.38	33
3	Uppershankh Reservoir	64.51	37.87	26.64	41
4	92 series (304 check dams)	76.22	56.79	19.43	25
Total		244.95	164.46	80.49	33

Source: Concerned divisions

As given in Table-2, the test-checked divisions could not utilise 33 per cent (₹ 80.49 crore) of the allotted fund. Short utilisation was mainly due to slow progress of works because there was commencement of works without land acquisition, delay in finalisation of tender, slow/non-execution of works by contractors and non-execution of micro lifts in minor projects (check dams), as discussed in paragraph 2.3.4.

2.3.3 Deficiencies in execution of projects

Completion/progress of the projects

According to the AIBP guidelines, major and medium projects were to be completed within four years and minor irrigation projects within two years of their inclusion in AIBP. Further, the project should be completed in a phased manner so that the envisaged benefits could start flowing early.

Major and medium irrigation projects mainly comprise of two components, namely storage¹² and distribution¹³ system. Completion of all components of

¹² Storage system includes dam, barrage, reservoir, spillway, spill channel and outlet. Dam, barrage and reservoir store water; spillway and spill channel allow flow of excess water from the reservoir and outlet feeds the water to the canals.

¹³ Distribution system includes main canals, branch canals and distributaries to carry water from the reservoir to the command area. Minors and water courses are subsidiaries of canals and distributaries carry water to the agricultural fields.

a project is necessary to create the envisaged irrigation potential. In minor irrigation projects, check dams to store water and micro lifts¹⁴ provide irrigation to the fields.

2.3.3.1 Status of AIBP projects in the State

- According to the detailed project reports, creation of irrigation potential of 1.08 lakh¹⁵ ha was targeted during 2007-12 by completing one major, six medium and 285¹⁶ minor irrigation projects. However, the State could create irrigation potential of only 27,344 ha (25 per cent) during 2007-12 in one medium (Uppershankh) and 148 out of 284 series check dams (*Appendix-2.17*).
- We observed that six¹⁷ ongoing major and medium irrigation projects (excluding one kept in abeyance), sanctioned under AIBP in 1997-98 and 2004-05, targeted to create irrigation potential of 0.43 lakh ha, could not be completed by March 2012 even after incurring an expenditure of ₹ 533.24 crore against the original estimated cost of only ₹ 44.76 crore (*Appendix-2.18*). The State Government periodically revised the tentative dates of completion of these projects and they are now scheduled to be completed in 2012-13.
- Out of 284 series of check dams, sanctioned during 2010-11 and scheduled to be completed by 2011-12, only 148 series of check dams were completed as of March 2012 and irrigation potential of 26,944 ha created. The remaining 136 series of check dams aimed to create irrigation potential of 29,291 ha were incomplete as of March 2012. The Sukari Minor Project, started in 2008 (targeted irrigation potential: 440 ha) was included under AIBP during 2010-11. The project remained incomplete and no irrigation potential was created as of March 2012 (*Appendices-2.17 and 2.18*). Further, for providing irrigation to agricultural fields from completed minor irrigation projects (check dams), micro lifts were sanctioned with each check dam. However, in September 2011 the WRD decided not to construct micro lifts owing to their doubtful utility based on their present design. An alternative arrangement to lift the water was not decided as of December 2012. In absence of micro lifts, completed series of check dams were not providing envisaged irrigation as discussed in paragraph 2.3.5.

2.3.3.2 Progress of selected AIBP projects

Against the targeted irrigation potential (IP) of 0.44 lakh ha, only 0.11 lakh ha IP was created by the test-checked projects during the period 2007-12, as given in **Table-3**.

¹⁴ The system comprises of a pump house to lift the water from the reservoir and a network of pipes to irrigate fields.

¹⁵ Excluding irrigation potential of 0.12 lakh ha created by Latratu and Tapkara in 2002-03.

¹⁶ 284 series check dams and Sukari Reservoir Scheme (Minor Irrigation)

¹⁷ Gumani, Kansjore, Panchkhero, Sonua, Surangi and Uppershankh excluding Torai (kept in abeyance).

Table-3: Physical status and IP creation by selected projects*(Figures in ha)*

Name of the Project	IP to be created by March 2012	IP created during 2007-12	Physical status
Gumani Barrage Project	16190	Nil	The project was included in AIBP in 1997-98 and was to be completed in four years. As of November 2012, storage system of the project was complete but due to absence of required submergence area the project was not in a position to store water. Distribution network of the project was not complete.
Panchkhero Reservoir Scheme	3085	Nil	The project was included in AIBP in 2004-05 for completion by 2005-06. Storage as well as distribution system of the project were incomplete as of November 2012.
Uppershankh Reservoir Scheme	7070	400	The project was included in AIBP in 2004-05 for completion by 2005-06. Storage system was complete but distribution system was incomplete as of November 2012.
92 series of 304 check dams	17734	10653	Series of check dams were included in AIBP in 2010-11 and were to be completed by March 2012. Against 92 series (304 check dams), only 63 series (220 check dams) were completed. Further, micro lifts were installed only in 2 series ¹⁸ (8 check dams) and the remaining 61 series (212 check dams) were without micro lifts (December 2012).
Total	44079	11053	

(Source: WRD and concerned divisions)

As detailed in Table-3, except for the check dams on Senegarha and Maramgarha *nalas* none of the projects were complete. Non-completion of projects was due to non-availability of land, non-payment of compensation, slow/non-execution of works by the contractors etc. as discussed in paragraph 2.3.4.

2.3.4 Non-completion of works

According to Rule 146 of the Jharkhand Public Works Department Code and instructions issued (July 1986) thereunder, no work should be technically sanctioned and tendered for without acquisition of required land. Further, contract documents stipulated initiation of penal action against defaulting contractors who failed to complete the allotted work.

Eighty agreements were incomplete after incurring an expenditure of ₹ 26.18 crore due to awarding of work without acquiring land and paying compensation

For completing storage and distribution network of the three selected major and medium projects, 53 agreements¹⁹ were executed during 2007-12 at an agreed cost of ₹ 27.58 crore. These works were to be completed between October 2007 and April 2012 (*Appendix-2.19*). However, these works remained incomplete (November 2012) even after lapse of seven to 61 months from the scheduled date of completion after incurring an expenditure of ₹ 17.72 crore²⁰ (64 per cent of agreed value). Further scrutiny revealed that 27 agreements valuing ₹ 10.94 crore were entered between 2002-03 and 2006-07 and the works were incomplete for more than five to nine years after incurring an expenditure of ₹ 8.46 crore (77 per cent of agreed value) (*Appendix-2.20*).

¹⁸ Series check dams on Senegarha and Maramgarha *nalas* in Ramgarh district.

¹⁹ Gumani Barrage Project: 13 agreements for ₹ 8.79 crore; Uppershankh Reservoir Scheme: 32 agreements for ₹ 8.36 crore and Panchkhero Reservoir Scheme: 8 agreements for ₹ 10.43 crore.

²⁰ Gumani: ₹ 7.15 crore, Uppershankh: ₹ 5.77 crore and Panchkhero: ₹ 4.80 crore.

We observed that these works were incomplete mainly due to awarding of work without acquiring land and paying compensation²¹ resulting in objection to execution of works by the land owners, obstruction by displaced persons²² as they had not been properly rehabilitated and slow/non-execution of works²³ by contractors. Further, 27 agreements entered into prior to 2007-08 were still in force and there was nothing on record to show that the divisions were initiating penal action against the defaulting contractors or were closing these agreements so that the residual work could be resumed. The concerned EEs accepted the audit observations.

Thus, the deficiencies as mentioned above affected completion of the projects and creation of irrigation potential as discussed in the succeeding paragraphs.

2.3.4.1 *Gumani Barrage Project*

The project, started in 1976, comprised of a barrage with eight gates on the river Gumani near village Petkhasa of Barhait Block, an afflux bundh, an ungated spillway, a spill channel and one outlet to feed Gumani main canal. In addition, one branch canal (Barharwa), 10 distributaries²⁴ and a network of minors and water courses were to be constructed for providing irrigation to an area of 16,190 ha in three blocks (Barhait, Barharwa and Pathna) of Sahebganj District and three blocks (Littipara, Hiranpur and Pakur) of Pakur District. As per information furnished (August 2012) by WRD, 99 per cent of head works, 100 per cent of canal works and 80 per cent of distributaries were completed as on March 2012. However, the reported progress did not match the physical status of the project as on November 2012, as discussed below:

Storage system

- As per the latest Detailed Project Report (DPR) (2009), there was requirement of 16.19 ha of land for submergence area which had already been acquired. However, during trial run (August 2011) of the project, when water was stored up to 50 meters (full supply level of the canal), required for creating targeted irrigation potential, land of six more villages got submerged beyond the assessed submergence area. The CE, WRD, Deoghar instructed (August 2011) the SE, Irrigation Circle, Sahebganj to initiate the process for acquisition of the required land. For this purpose, the Division tried (February and May 2012) to conduct survey but had to postpone it due to strong opposition from villagers who did not want their land to be acquired. Thus, due to submergence area of the project not being properly assessed initially, there was a need to acquire the additionally proposed submerged land for creating envisaged irrigation potential leading to delay.

Due to non-assessment of submergence area, land of six more villages was submerged

²¹ Branch canal of Gumani barrage, main canal of Panchkhero reservoir and distributaries of Gumani barrage and Uppersankh reservoir.

²² Head work of Panchkhero reservoir.

²³ Head work of Panchkhero, canal network of Uppershankh, Panchkhero and Gumani.

²⁴ Barmasia, Bishunpur, Chutia, Dariapur, Fatehpur, Jhikatia, Mayurkola, Pathna, Sahridompara and Satyagachhi.

Distribution system

Due to absence of required clearance from NH and Railway, Barharwa branch canal was not constructed at three points

- The total length of the Gumani main canal is 33 km (1083 chain). The main canal was complete except construction of a bridge at 14.93 km (490 chain) since 1989-90. Further, during physical inspections in the year 2010, the EE, Irrigation Division, Pakur observed that there was need of complete restoration of the main canal beyond 19.17 km for carrying water as it was constructed prior to 2005 and there was erosion in canal banks, siltation in canal beds and structures were damaged. Though survey of this portion was approved in the Annual Plans of 2010-13, it could not be conducted by the EE as of November 2012. Thus, the main canal beyond 19.17 km was in dilapidated condition and needed survey for taking up restoration work.
- Barharwa branch canal was complete (as of November 2012) only in 16.66 km out of 24.63 km. The canal was complete from 1.83 km to 18.49 km. However, the branch canal was not constructed as of November 2012 at three points²⁵ in the 17th and 19th km where Railway tracks and National Highway No. 80 were crossing. Three bridges at these points had not been constructed due to failure of the Department in getting required clearances/approval from the CE, National Highway Wing of Jharkhand and Eastern Railway since 2007-08. As such flow of water in the branch canal beyond these points was not possible.
- Out of ten distributaries (85.25 km) of Gumani main canal and Barharwa branch canal, four distributaries²⁶ (45.38 km) were complete as of November 2012. Three distributaries²⁷ were complete in a length of only 3.96 km (as of November 2012) out of 25.02 km mainly due to delays in payment of compensation to affected land owners. Work on the remaining three²⁸ (14.85 km) distributaries was yet to begin due to non-preparation of investigation reports of two distributaries (Jhikatia and Satyaghachhi) by the concerned division and non-acquisition of 18.21 ha of land (for all three distributaries). Thus, six out of ten distributaries were incomplete in a length of 35.90 km and were not creating any irrigation potential.
- In addition, minors and water courses branching off from the Gumani main canal, Barharwa branch canal and eight²⁹ distributaries, required for carrying water to fields, were yet to be constructed as the Divisions (Barhait and Pakur) did not initiate surveys for assessing actual requirement of land as of November 2012. Out of three, only one Division (Barharwa) had worked out requirement of 100.04 ha of land for constructing minors and water courses³⁰ in a length of 94.03 km from Gumani main canal, Barharwa branch canal and four distributaries. The remaining two Divisions (Barhait and Pakur) failed to assess requirement

²⁵ At chains 554 (16.88 km), 606 (18.47 km) and 618 (18.84 km).

²⁶ Barmasia- 19.87 km, Dariapur-10.36 km, Fatehpur-10.06 km and Pathna-5.09 km.

²⁷ Bishunpur-6.40 km, Chutia-12.22 km and Sahridompara-6.40 km.

²⁸ Jhikatia, Mayurkola and Satyagachhi.

²⁹ Bishunpur, Chutia, Dariapur, Jhikatia, Mayurkola, Pathna, Sahridompara and Satyagachhi.

³⁰ GMC: 14.16 ha (33.35 km); BBC: 33.14 ha (22.65 km); Bishunpur: 8.70 ha (6.80 km); Chutia 24.54 ha (15.69 km); Pathna: 10.01 ha (7.31 km) and Saharidompara: 9.49 ha (8.23 km).

of land for construction of minors and water courses from Gumani main canal and Dariyapur distributary.

Further, construction of water courses of two distributaries (Barmasia and Fatehpur under Pakur Division), originating beyond 19.17 km of the main canal, were started between December 2004 and March 2006 and remained incomplete as of November 2012. The EE, Irrigation Division, Pakur stated (May 2012) that these water courses had been completely damaged and needed fresh survey for assessing and completing the balance works. Thus, most of the minors and water courses were yet to be constructed for carrying water to agricultural fields so that irrigation potential could be created.

Thus, the project which was started in 1976 was not in a position to store water to give full supply to the canal until the additional submergence area was acquired. The main canal was not yet ready to carry water beyond 14.93 km and in the lower reaches. Even though the main canal upto 14.93 km was completed, water could not be taken to the fields due to non-laying of minors and water courses. This resulted in non-creation of targeted irrigation potential by phased implementation even after incurring an expenditure of ₹ 150.84 crore on the project till November 2012.

2.3.4.2 Uppershankh Reservoir Scheme

The Scheme included construction of an earthen dam on the river Shankh near village Nawgain of Chainpur Block, an ungated spillway, a spill channel including energy dissipater, two outlets feeding two main canals (right and left), eight distributaries and six minors. The Scheme was started in 1987 with the aim to provide irrigation in an area of 7,070 ha of Chainpur block of Gumla District. Physical status of the scheme as on November 2012 was as under:

Storage system

- Storage system of the Scheme was complete. However, the Central Water Commission in its monitoring report of 2011-12 observed that the gates of the head regulator were defective and inoperative and there was leakage from the gates. Thus, though the storage system of the reservoir was completed in 2006-07, it needed rectification of gates for supply of water to the canals.

Distribution system

- Left Main Canal (LMC) of the reservoir was complete only in 9 km out of the total length of 14.04 km. The canal was not complete in a regular stretch starting from its origin and remained incomplete in the 2nd to 6th km. The canal was also incomplete in some stretches in the 7th to 14th km due to slow/non-execution of agreed work by the contractors. The Division had reminded (November 2011) the contractors for completion of the works but the works remained incomplete as of November 2012. Thus, due to piecemeal construction, the canal could not be utilised for irrigation purpose.

Siphon at the mouth of LMC was filled with silt and was not able to pass the water to the canal

- Construction of a 150 metre long hume pipe siphon³¹ at the mouth of LMC was started in November 2002 based on the design approved by the CE, Design, Advance Planning and Hydrology, WRD, Ranchi. During execution the contractor intimated (June 2005) the Division that the level of siphon was nine metres below the bed level of the canal and would result in silting and choking of the siphon in future. However, no corrective measure was taken by the Department as of November 2012 and the siphon ultimately got filled up with silt as observed by the EE and the CWC. Thus, the siphon was not able to pass the water to the canal.
- An agreement for executing earth work and structures³² in LMC was executed (April 2005) for ₹ 88.36 lakh³³ to be completed by April 2006. The contractor did not complete the work and requested (July 2008) for closure of the agreement as land for the structures had not been acquired.

The CE, WRD, Ranchi initially ordered (August 2008) for closure of the agreement without imposing any penalty on the contractor on the ground of non-acquisition of land. Later on, the CE revoked (December 2008) his earlier order regarding closure of the agreement because land acquisition was not the real problem as intimated (November 2008) by the EE, Water Ways Division (WWD) II, Chainpur. The CE asked the EE, to submit actual reasons for stoppage of the work. However, the EE did not submit the reasons and took (May 2009) final measurement of the work. In the final measurement, inflated measurement of ₹ 4.47 lakh, recorded by the AE/EE, in respect of the canal work was detected for recovery which the EE intimated (April 2010) to the contractor. However, the amount was not recovered from the contractor by the EE in 7th and the final bill³⁴. The final bill was also passed (August 2011) without levying any compensation as initially ordered (August 2008) by the CE regarding closure of the agreement. Up to the final bill, ₹ 83.65 lakh had been paid to the contractor. The EE also refunded (September 2011) security of ₹ 8.38 lakh to the contractor. Thus, closure of the agreement by the EE without levying penalty ignoring the order (December 2008) of the CE resulted in loss of ₹ 8.84 lakh on account of compensation. Besides ₹ 4.47 lakh was paid in excess to the contractor.

- Similarly, Right Main Canal (RMC) was completed in 10.92 km out of a total length of 13.11 km. However, it remained incomplete in different stretches of 1st to 11th km due to non-completion of works by the contractors. For earth work, cross drainages and bridges in RMC, seven agreements for ₹ 3.43 crore were executed between January 2004 and April 2010 by the EE, WWD II, Chainpur, Gumla. These works were to be completed between July 2004 and July 2010. However, the contractors did not complete the works despite several reminders issued by the EE. The contractors had been paid ₹ 3.07 crore by the Division through Running Account (RA) bills. All agreements were rescinded (June 2011) by the EE

³¹ A structure to carry water beneath the spill channel in the canal.

³² Earth work from 5.22 to 5.31 km, Single Lane Road Bridge at 6.53 km, Cross Drainage at 5.225 km and Foot Bridge at 6.13/6.21 km.

³³ Canal: ₹ 18.45 lakh and structures: ₹ 69.91 lakh.

³⁴ Work value was ₹ 83.65 lakh (canal: ₹ 17.95 lakh and structures: ₹ 65.70 lakh).

and final measurements of works valuing ₹ 2.59 crore was taken. Thus, the contractors were already paid excess amount of ₹ 47.69 lakh through RA bills due to recording and admitting inflated measurements by the JEs/AEs/EEs. Additionally, compensation of ₹ 34.28 lakh was imposed by the EE on the contractors for non-completion of works within the scheduled time. However, against recoverable amount of ₹ 81.97 lakh (₹ 47.69 lakh + ₹ 34.28 lakh), the Division could recover only ₹ 17.26 lakh by withholding Security Deposit and compensation from RA bills resulting in non-recovery of ₹ 64.71 lakh (April 2012) from the defaulting contractors (*Appendix - 2.21*). Besides the RMC remained incomplete.

- All eight major distributaries of main canals (proposed length of 30.04 km) were not constructed as acquisition of the required 80.98 ha of land was under progress as of November 2012. Out of eight distributaries, work on five distributaries (12.54 km) was started between March 2008 and September 2010 for completion between July 2008 and June 2011. However, the works remained incomplete for want of the required land because of non-payment of compensation and objections raised by the land owners. Physical progress of various components of the works ranged between 3 and 87 per cent (November 2012). Work on remaining three distributaries could not be started as of November 2012.
- Construction of six minors of LMC having length of 9.88 km was not complete for which acquisition of 33.02 ha of land was under progress as of November 2012. Out of six, work on one minor (length 3.50 km) was started in March 2009, for completion by September 2009, without acquiring land. The work was in progress and work on remaining five distributaries was not started as of November 2012.

Thus, due to non-completion of canals, distributaries and minors in a synchronised manner, phased implementation of targeted irrigation was not achieved in spite of completion of storage system and incurring an expenditure of ₹ 136.82 crore as of November 2012.

2.3.4.3 Panchkhero Reservoir Scheme

The Scheme, started in 1986, included construction of an earthen dam (including left dyke³⁵) on the river Panchkhero near village Arkosa of Markaccho block in Koderma District and village Gorhan of Raj Dhanwar Block in Giridih District, an ungated spillway, a spill channel, two outlets feeding two main canals (right and left), two branch canals and five distributaries. Total proposed annual irrigation of the scheme is 3,085 ha of Hazaribag, Giridih and Koderma districts. The physical status of the scheme as of December 2012 is discussed as under:

Storage system

- The earthen dam (proposed length 2,310 metres including spillway) was almost complete except river closure of 170 metres which was essential for storing water. The work of river closure was started in April 2011 for

Work of the river closure was not completed due to less deployment of required plant and machinery and manpower by the contractor

³⁵ Small dam with less height constructed by the side of the main dam to check spreading of water.

completion by June 2012. However, the work was incomplete due to less deployment of required plant and machinery and manpower by the contractor as observed (February and March 2012) by the SE and the EE. As of December 2012, physical progress of the river closure was only 40 per cent. Further, construction of the spill channel, left outlet and slope/berm drains on the dam was started between April 2005 and May 2007 for completion between January 2006 and February 2008. These works were not completed by the contractors. Out of three, two agreements (left outlet and slop/berm drains) were rescinded in February 2012 by the EE, Waterways Division, Barhi but the residual works were not started as of December 2012. For completing the spill channel (third agreement) a revised estimate has been submitted (January 2013) by the EE to the SE.

Non-completion of the storage system hampered the creation of irrigation potential.

Distribution system

- Seven agreements were executed between February 2006 and July 2009 at an agreed cost of ₹ 1.18 crore for earth work in the left main canal (LMC). The work of these agreements was to be completed between August 2006 and October 2009. However, the work remained incomplete after incurring an expenditure of ₹ 1.02 crore due to non-execution by the contractors, non-payment of compensation to the land owners resulting in hindrance in execution of work (from chain 141 to chain 241) and need of earth work in excess of the agreed quantities (chain 172 to chain 185) for which revised estimates were to be sanctioned. Two agreements (chain 109 to chain 138 and chain 185 to chain 241) were rescinded (December 2010) by the EE due to non-execution of work by the contractors but the balance work was not retendered as of December 2012. The remaining five agreements were still in force. However, the Department could not sort out the problem of land compensation and revision of estimate as of December 2012. Thus, LMC was not complete in its entire length of 7.35 km (chain 0 to chain 241).
- Construction of an aquaduct³⁶ over spill channel at the mouth of LMC was started in February 2008 to be completed by November 2008 at an agreed cost of ₹ 67.93 lakh. The contractor stopped (March 2011) the work and the agreement was rescinded in February 2012 after incurring expenditure of ₹ 18.07 lakh. The work was re-allotted in January 2013 at an agreed cost of ₹ 71.96 lakh for completion within nine months. Flow of water in the canal was not possible in the absence of the aquaduct.
- Right Main Canal (RMC) was not complete in its total length of 3.25 km as of December 2012. For constructing the canal (chain 0 to chain 20.5 and chain 45 to chain 106.5), two agreements were executed in February 2008 at an agreed cost of ₹ 19.83 lakh to be completed by August 2008. However, the work remained incomplete as of December 2012 due to non-execution of work by the contractors. Further, there was need of revision of estimates as per site condition. For residual work, the Division

³⁶ A structure to carry water over the spill channel to the canal.

submitted (January 2013) a revised estimate (chain 0 to chain 20.5) to the SE and for the stretch chain 45 to 106.5 revision of estimate was pending.

- Construction of two branch canals and five minors of main canals having proposed length of 19.33 km were not started as of December 2012. The proposal for acquisition of 58.15 ha of land for this purpose was submitted in September 2010 by the Division to the Special Land Acquisition Officer, Tenughat Project, Hazaribag. The land acquisition process was in progress as of December 2012.

Rehabilitation and Resettlement

- According to the instructions of the Planning Commission (July 2010), GoI, rehabilitation and resettlement work of the Panchkhero Reservoir Scheme is required to be completed before submergence begins.

The Department assessed (between 1989 and 2008) that 107 families were to be rehabilitated under the Panchkhero project. However, the displaced persons regularly demanded (since 2006) reassessment of the number of families, compensation³⁷ for Government land which had been settled in their name and complete rehabilitation. The Secretary, WRD assured (February 2011) to fulfil these demands and directed (February 2011) the Deputy Commissioners, Koderma and Giridih to sort out the problem of settled Government land and the Chief Engineer, WRD, Hazaribag for completing rehabilitation. However, the problems were not sorted out as of December 2012 and displaced persons were objecting to the execution of the river closure work.

Basic infrastructure facilities to the rehabilitated persons were not provided by the RO, Panchkhero

Further, to provide basic infrastructure facilities like roads, health sub-centre, schools, drinking water facilities, training centre etc. 22 agreements valued at ₹ 2.64 crore were executed during 2007-10 by the Rehabilitation Officer (RO), Panchkhero. The works were scheduled to be completed between April 2007 and November 2010. Out of 22 agreements, 11 agreements (₹ 92.04 lakh) executed for construction of school, drinking water facility, training centre, temple, children's park etc. could not be completed due to slow execution of work by contractors. The RO issued notice in November 2011 to the contractors for completing works. However, the contractor did not complete the works and in September 2012 the RO rescinded five out of 11 agreements. All these works remained incomplete as of December 2012 despite incurring an expenditure of ₹ 67.27 lakh though land and funds were available with the Division.

Thus, the project started in 1986 was not in a position to store water in its reservoir since the river closure and the balance works of the dam were not completed. Main canals were also not complete and construction of the branch canal, distributaries and minors was yet to be started. Rehabilitation of displaced persons was also still to be completed for ensuring obstruction free work of the dam. The envisaged benefits of the scheme of providing irrigation have not been met in spite of incurring an expenditure of ₹ 71.66 crore as of December 2012.

³⁷ Through change of title of *Gair Majrua* (Government) land to the *Raiyati* (private) land.

2.3.4.4 Minor irrigation schemes (check dams)

Ninety two schemes of series of check dams were sanctioned (2010-11) for ₹ 130.64 crore under Phase I to III of AIBP in the test-checked seven districts. These schemes were planned to be completed by March 2012. Under these schemes, 92 series (304 check dams) were to be constructed for creating irrigation potential of 17,734 ha (*Appendix-2.22*).

Scrutiny (April 2012 to January 2013) revealed the following:

- Out of 92 series (304 check dams), only 63 series (220 check dams) were completed after incurring expenditure of ₹ 62.31 crore as of December 2012 and creating irrigation potential of 10,653 ha. One scheme (Gauri Nala check dam, Koderma) was dropped due to public objection. The remaining 28 schemes were under progress after having incurred an expenditure of ₹ 8.78 crore. These could not be completed by December 2012 due to delayed commencement of work because of delay in finalising tenders and slow progress of work by the contractors.
- To utilise the created irrigation potential there was a need to install two micro lifts in each check dam. Out of 440 micro lifts to be installed in 220 completed check dams, only 12 micro lifts were installed in eight check dams (two series) of Ramgarh District. Micro lifts could not be installed in the remaining check dams as ordered (September 2011) by the Department, though micro lifts were included in the DPRs sanctioned under AIBP.

2.3.5 Under utilisation of created irrigation potential

Under AIBP, 45,344 ha of irrigation potential had been created between 2002-03 and 2011-12 through completed and ongoing projects. The utilisation of irrigation potential created as compiled by the Department is given in **Table-4**.

Table-4 Statement showing irrigation potential created

Name of the project	IP to be created	IP created	Irrigation potential (IP) in hectares
			IP utilised (annual average during 2007-12)
Tapkara	1860	1840	294 (16 per cent)
Latratu	9900	9900	1057 (11 per cent)
Kansjore	6260	6260	875 (14 per cent)
Uppershankh	7070	400	20 (5 per cent)
Sub total	25090	18400	2246
148 minor irrigation projects	26944	26944	NA ³⁸
Total	52034	45344	2246

Source: Water Resources Department

From **Table-4** it can be seen that the average annual irrigation from four medium projects was merely 2,246 ha which was ranging between five and sixteen *per cent* of created irrigation potential. The reasons behind less utilisation of created irrigation potential are discussed below:

- After completion of Tapkara (2002) and phase I of Kansjore project (2006), the Department did not make allotment for regular maintenance of the distribution system which was constructed prior to 1988. As a result,

³⁸ The projects were completed during 2011-12 and utilisation will be assessed after providing irrigation in 2012-13.

these were severely damaged and were not able to carry water for providing envisaged irrigation. The EE, Waterways Division No. 1, Simdega, stated (September 2012) that there was need for renovation of these projects for utilising created potential and a proposal for renovation of the projects was to be submitted to the Department.

- In Uppershankh project the created irrigation potential (400 ha) was not being utilised because water was not discharged in the canal due to non-completion of the distribution system.
- State level data regarding irrigation from minor irrigation projects (check dams) was not compiled by the Department as of December 2012. However, in the selected districts, the position regarding utilisation of created irrigation potential as of December 2012 is given in **Table-5**.

Table-5 Statement showing irrigation potential utilised

Sl. No.	Name of district	No. of completed check dams	Irrigation potential (IP) in hectares	
			IP created	IP utilized (percentage)
1	Koderma	47	1564	553
2	Hazaribag	19	855	445
3	Pakur	17	905	9
4	Ramgarh	51	2012	384
5	Gumla	25	1442	95
6	Sahebganj	22	634	482
7	East Singhbhum	39	3241	444
Total		220	10653	2412 (23)

Source: Progress reports of Divisions

As detailed in **Table-5**, only 23 *per cent* of created irrigation potential was utilised. Completed check dams included 154 check dams which were constructed between April 2011 and April 2012 but were not providing envisaged irrigation due to non-construction of micro lifts with them.

2.3.6 Monitoring of the projects

As per AIBP guidelines, a comprehensive physical and financial monitoring of major/medium projects was to be carried out by Central Water Commission (CWC). Monitoring of the minor irrigation schemes was to be done by the State Government themselves through agencies independent of construction agencies. CWC was also to monitor these schemes on a sample basis against predetermined targets set by MoWR.

Our scrutiny revealed the following:

- The CWC was not satisfied with the implementation of major and medium irrigation projects. The CWC observed (October 2011 and March 2012) that water courses were still to be constructed in Gumani project, storage and distribution system of Panchkhero reservoir was incomplete, distribution system of Uppershankh project was incomplete and there was erosion and breaches in the constructed canals. CWC also observed delays in land acquisition and survey of distributaries, minors and water courses. CWC suggested that phase-wise work should be taken up so that farmers

start getting irrigation water. Minor irrigation schemes were, however, not inspected by CWC as of December 2012.

- A State Level Monitoring Committee³⁹ was formed (February 2011) for monitoring of all irrigation projects. The Committee was to review physical and financial progress of the projects and to frame policies for completion of the projects within the time schedule. The Committee monitored progress of projects through review meetings (held in March 2011 and December 2012) but their monitoring was mainly confined to review of minor irrigation projects sanctioned during 2010-12. It was decided (December 2012) to complete the ongoing minor irrigation projects by January 2013.
- For monitoring of minor irrigation schemes, a third party agency, Water and Power Consultancy Services (WAPCOS) Ltd., was engaged (May 2012) by the Department. The WAPCOS was to submit its report by October 2012. However, the agency had not submitted monitoring reports as of December 2012.
- At the field level, though the Chief Engineers and the Superintending Engineers monitored the schemes (major and medium) through field visits and review meetings. However, there was absence of corrective measures like timely survey and acquisition of land, closure of agreements, revision of estimates etc. as annual plans periodically included those works in which contractors had stopped the works due to land acquisition problem, deviation in agreed quantity, rates being old and the works where revision of estimates was required.

Thus, the monitoring of the projects was inadequate and works were not executed in a synchronised manner. Absence of concrete action in reaching water to the fields resulted in huge funds invested in these projects remaining idle without deriving any benefit.

2.3.7 Conclusion

AIBP had failed to achieve its targeted objective of accelerating completion of ongoing irrigation projects and delivery of the benefits of irrigation water to the farmers after lapse of more than five to twelve years since its inception. Against the target of creating irrigation potential of 1.20 lakh ha, irrigation potential of only 0.45 lakh ha could be created by the State as of March 2012. All the three test-checked major and medium irrigation projects suffered heavily due to slow pace of implementation. Submergence area of Gumani Barrage Project, storage system of Panchkhero Reservoir and distribution system of all three projects were incomplete due to delay in land acquisition and required survey. Progress of minor irrigation projects were also disrupted due to delay in tendering process and slow pace of work. Project execution was also deficient, with lack of synchronised execution of different

³⁹ Headed by the Special Secretary, Water Resources Department; other members are Engineers in Chief I and II, Chief Engineer, Planning, Monitoring and Evaluation, Superintending Engineers, Planning and Monitoring Circles 1, 2 and 3 and Director, Monitoring and Appraisal, Central Water Commission.

components of the project (dam and head work, main and branch canals, distributaries and water courses) and starting of work without land acquisition. The selected divisions could not utilise 33 *per cent* of the allotted funds. Even the irrigation potential created under AIBP projects was not being fully utilised due to non-maintenance of completed medium irrigation projects and non-installation of micro lifts in minor irrigation projects. Monitoring of the projects was not so effective so as to resolve the bottlenecks like land acquisition, slow progress, survey etc.

2.3.8 Recommendations

- *Process of land acquisition should be expedited and survey of distributaries, minors and water courses should be ensured in order to speed up execution of the projects;*
- *Major and medium irrigation projects should be completed in a phased manner so that benefits of irrigation could be accrued at the earliest. Annual plans should be prepared after assessing condition of site and actual work progress;*
- *Utilisation of allotted fund should be ensured;*
- *Decision regarding construction of micro lifts with check dam should be taken on priority basis so that the envisaged irrigation potential can be utilised from the completed check dams;*
- *Progress of the projects should be monitored regularly so that the projects can be completed at the earliest.*

The matter was reported to the Government (between September 2012 and January 2013). Their reply had not been received (February 2013).

Panchayati Raj Department

2.4 Construction of Panchayat Bhawans

2.4.1 Introduction

The 73rd Constitutional Amendment Act, 1992 envisaged a three-tier Panchayati Raj system at the village, intermediate and district level to ensure a more participative governance structure in the country. The Panchayati Raj Institutions (PRIs) are entrusted with the responsibility of preparing micro-plans for economic development, implementing schemes aimed at socio-economic development and exercising powers delegated in respect of 29 development items as prescribed in the 11th Schedule of the Constitution of India. The State in turn was required to entrust Panchayats with such funds, functions and functionaries so as to enable them to function as institutions of self-government.

Viewed against this objective, the State Government decided (March 2002) to construct Panchayat Bhawans (PBs) in all the Gram Panchayats in the State. Accordingly, funds were made available for construction of PBs from State funds (2004-08), *Rastriya Sam Vikas Yojana* (RSVY) (2007-09), Backward Region Grant Fund (BRGF) (2008-12) and *Bharat Nirman Rajiv Gandhi Sewa Kendra* (BNRGSK) cum *Panchayat Sachivalaya* under Convergence of Mahatma Gandhi National Rural Guarantee Scheme (MGNREGS) with BRGF (2010-12).

The PBs were constructed with the following objectives:

- to be used as a Panchayat office in every *Gram Panchayat* for implementation of socio-economic schemes;
- for conducting *Gram Sabha* meetings, assemblies and meetings for selection and execution of rural development schemes and proposing labour budget;
- to be used as citizen access centres for imparting information of MGNREGS at the village level;
- to operate Information and Communication Technology (ICT) facilities to support Gram Panchayat and block offices and for entering Management Information System (MIS) data at the Panchayat level; and
- to be used as a venue for meetings for redressal of grievances of the rural public.

Thus, PBs were planned to be facilitation centres for local self-governance.

2.4.2 Audit scope and methodology

We conducted an audit of the construction of PBs covering the period 2007-12 to see whether the PBs were constructed timely as per the approved target and were being utilised for the purposes for which they were envisaged, funds released for the purposes were managed efficiently and monitoring of the project execution was done properly. The audit was conducted between April and July 2012 through test check of records of the offices of the Panchayati

Raj Department (PRD) and the executing agencies¹ in 175 panchayats (**Appendix-2.23**) of 18² blocks under eight³ districts. We also conducted joint physical inspection with the executing agencies of 31 PBs.

Audit findings

2.4.3. Planning

Proper planning is imperative to achieve the objectives of a programme in a cost effective and timely manner. The Government of Jharkhand (GoJ) decided (March 2002) to construct PBs in all the Gram Panchayats so that after elections to Panchayati Raj Institutions (PRIs), the elected bodies may perform their duties efficiently. Accordingly, the Chief Secretary, Jharkhand issued instructions (August 2002) for the construction of PBs in all 4,423 GPs so that the State Government employees posted at the Gram Panchayat level could discharge their duties under one roof for the benefit of the rural people.

The PRD, GoJ initially prepared a model estimate (March 2003) for construction of each PB at a cost of ₹ 17.48 lakh. However, the estimate was revised (July 2005) to ₹ 19 lakh as per Schedule of Rates (SoR), 2005. Construction of 188 PBs was sanctioned out of State Plan funds from 2003-04 to 2006-07.

The model estimate was again modified (May 2007) to ₹ 16.24 lakh and 479 PBs were sanctioned from the State Plan. Further, the Panchayati Raj Department (PRD), GoJ issued (June 2007) instructions to the Deputy Commissioners (DCs)/District Development Commissioners (DDCs) to incorporate construction of PBs under from BRGF in their annual action plans.

Based on the data obtained from the PRD, we observed that 4,072 PBs were planned to be constructed from State Fund, RSVY, BRGF and Convergence of MGNREGS with BRGF funds up to March 2012 as detailed in **Table-1**.

Table-1: Scheme-wise construction of Panchayat Bhawans

Sl. No.	Year	State Plan	RSVY	BRGF	Convergence of MGNREGS & BRGF	Total	No. of PBs	
							Complete	Incomplete
1.	Prior to 2007-08	188	-	--	--	188	1729	2343
2.	2007-08	479	135	--	--	614		
3.	2008-09	--	71-	1023	--	1094		
4.	2009-10	--	-	507	73	580		
5.	2010-11	--	-	323	1273	1596		
6.	2011-12	--	-	--	--	0		
Total		667	206	1853	1346	4072	1729	2343

Source: Panchayati Raj Department

¹ Block Development Officer (BDO), District Rural Development Agency (DRDA), District Planning Office (DPO), National Rural Employment Programme (NREP), Rural Development Special. Division, Rural Works Divisions and Zila Parishads.

² Chandwa, Chatra, Deoghar, Dhanbad, East Singhbhum, Ghatsila, Govindpur, Itkhor, Jamtara, Kara, Kalebira, Kuru, Latehar, Lohardaga, Madhupur, Narayanpur, Palojori and Simdega.

³ Chatra, Deoghar, Dhanbad, East Singhbhum, Jamtara, Latehar, Lohardaga and Simdega.

Thus, against the decision of the GoJ in August 2002 for construction of 4,423 PBs in all Gram Panchayats, only 4,072 PBs were sanctioned and taken up for construction while 351 PBs were not planned for construction (March 2012). Thus, the target to construct PBs in all the GPs could not be achieved even after 10 years of taking the decision to construct PBs in all the Gram Panchayats.

- Out of 4,072 GPs, PBs in 1,729 (42.46 *per cent*) GPs only were completed (March 2012) and 2,343 (57.54 *per cent*) were still under construction (July 2012). The scheme wise list of completed PBs was not available with the PRD.
- Our detailed examination of the records of 169⁴ PBs in the eight districts selected for test-check revealed that only 61 PBs were completed after incurring expenditure of ₹ 12.13 crore (*Appendix-2.24*) and with delays ranging between two and 40 months while 108 Panchayat Bhawans were incomplete even after incurring expenditure of ₹11.63 crore (*Appendix-2.25*).

Moreover, out of the 61 completed PBs, only 27 were handed over to the GPs during 2010-11, after delays ranging up to 14 months from the date of their completion. These PBs were utilised for activities like holding assemblies and meetings and selection and execution of schemes but in absence of electric connections, data entry of records and MIS entry was not done. At present, this work is being done in the block offices. The remaining 34 PBs were not handed over to the Panchayat Authorities in spite of having been completed upto 42 months before (March 2012) as reflected in the progress reports of the executing agencies. Though it was the responsibility of the BDO/Block Programme Officer to hand over the completed PBs to the GPs, neither was there any reason on record for not doing so nor was any reply given to audit by the BDOs in this regard.

Thus, even after incurring an expenditure of ₹ 11.63 crore, 108 PBs remained incomplete. Further, even the completed PBs are not fully operational due to non-initiation of action by the GPs to get the electricity and water connection etc. Since these are not fully operational, the expenditure of ₹ 12.13 crore on these PBs was only partially fruitful.

2.4.4. Financial Management

2.4.4.1 Release of funds and expenditure

The districts received funds from State Plan fund, RSVY, BRGF and MGNREGS. Thereafter, funds were released to the executing agencies for construction of PBs. Details of release and utilisation of fund during 2007-12 in the eight selected districts are given in **Table-2**.

⁴ Construction of four panchayat bhawans was not started under any scheme

Table-2: Release and expenditure on construction of Panchayat Bhawans in the selected eight districts during 2007-12

(₹ in crore)

Name of District	Number of PBs to be constructed	Estimated cost	Release	Expenditure	Unutilised balance	Status of Panchayat Bhawans		
						Complete	Incomplete	Abandoned/Suspended
Chatra	156	30.34	21.32	14.91	6.41	27	129	0
Latehar	115	24.21	16.89	15.65	1.24	34	81	0
Simdega	94	17.21	14.41	13.76	0.65	71	22	1
Dhanbad	263	40.48	36.38	27.83	8.55	89	174	0
Jamtara	113	23.75	45.42	19.61	25.81	71	41	1
Lohardaga	59	11.60	10.56	8.98	1.58	28	29	2
Deoghar	201	27.79	27.75	24.20	3.55	95	106	0
East Singhbhum	199	43.63	28.36	26.84	1.52	57	142	0
TOTAL	1200	219.01	201.09	151.78	49.31	472	724	4

Source: Information furnished by PRD

Against allocation of ₹ 201.09 crore only ₹ 151.78 crore (75.48 per cent) was spent in the selected districts

As evident from **Table-2**, against the estimate of ₹ 219.01 crore, ₹ 201.09 crore (91.84 per cent) was released for construction of 1200 PBs out of which ₹ 151.78 crore (75.48 per cent) was spent leaving an unutilised balance of ₹ 49.31 crore during 2007-12. Out of 1200 PBs, 472 PBs were completed, 724 PBs were incomplete while four PBs were abandoned/suspended.

Thus, while on one hand the fund remained unutilised, on the other hand the non-completion of PBs defeated the intended objectives of the scheme.

2.4.4.2 Irregular retention of fund

Rule 611 of the Jharkhand Treasury Code (JTC), Vol. I stipulate that advances granted under special orders of the competent authority to government servants for departmental or allied purposes may be drawn on the responsibility and receipt of the government servants for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary. Further, Rule 100 of Public Works Accounts Code (PWAC) prescribes that advances are granted to government servants against the passed vouchers and government servants are required to submit adjustment bills for advances drawn as soon as possible. No further advance can be granted to the government servant without adjustment/recovery of the previous advances. Advance register was also required to be maintained to monitor the adjustment of advances.

Our scrutiny of the records of Zila Parishad, Chatra revealed that a sum of ₹ 16 lakh was advanced by the District Engineer (August 2007 and April 2008), to the Assistant Engineer, out of State Funds for construction of Moktama Panchayat Bhawan at an estimated cost of ₹ 19 lakh. The scheme file, measurement book, vouchers and other allied records were not produced to Audit. As a result, we could not ascertain whether the construction of the PB had been completed or had even started. The advance remained unadjusted (June 2012).

On this being pointed out, the District Engineer, Zila Parishad, Chatra stated (September 2012) that a letter has been sent to the Certificate Officer, Chatra for filing a certificate case against the defaulter.

2.4.4.3 *Defalcation from Backward Region Grant Fund*

There was defalcation from Backward Region Grant Fund amounting to ₹ 1.70 crore

Construction of 17 PBs⁵ at an estimated cost of ₹ 3.38 crore at the rate of ₹ 19.91 lakh for each PB was allotted (December 2008) to Zila Parishad by the DC, Chatra under BRGF scheme. Out of this, ₹ 1.70 crore was made available (January 2009) to the District Engineer for execution of the schemes. The entire amount was subsequently advanced (January 2009) to Sri Lalan Chaudhary, Assistant Engineer for construction of the PBs though he had neither submitted the adjustment bills and vouchers for the previous advance nor refunded the money provided for construction of Moktama Panchayat Bhawan (advanced to him in July 2007 and April 2008), violating the codal provision. The adjustment vouchers for 17 PBs were not submitted even after lapse of 42 months (June 2012).

Scrutiny of records revealed that the First Information Report (FIR) had been lodged on 17 June 2009 (FIR no.134/09) by the Sub-Divisional Officer, Chatra against the Assistant Engineer and others (six retired District Engineers (DE), one retired JE and one DE) for defalcation of government money, but the advance of ₹ 1.70 crore still remained to be adjusted/recovered (June 2012).

The advance was not adjusted as the advance ledger was not maintained to watch recovery of unadjusted advances and initiate action against the defaulters. Thus, there was complete laxity in discharge of duties by the DDC regarding adjustment/ recovery of advances given to the executing agencies as the concerned AE was given subsequent advances in spite of non-adjustment of the previous one.

2.4.4.4 *Payment on fake vouchers*

Payment of ₹ 7.38 lakh was made on vouchers having fake TIN

Rule 12 read with Rule 34 of the Jharkhand Financial Rules envisages that every controlling officer must satisfy himself that the prescribed checks against loss of public money have been effectively applied and government servants should be held responsible for any losses to the Government through fraud or negligence on their part.

During scrutiny of the records of PBs at Baghuria, Maghulia and Ulda in Ghatsila block of East Singhbhum we noticed that ₹ 7.38 lakh was paid by BDO, Ghatsila to M/s Amla Materials, Ghatsila against the purchase of building materials (bricks, steel, cement, chips and sand) between August 2011 and February 2012. According to the bills, the Tax Identification Number (TIN) of the dealer was 20562405243. The details of the vouchers are given in **Table-3**.

⁵ Koyad, Kalyanpur, Benti Churi (North) in Tandwa Block, Margada in Kunda Block, Babhne, Rampur, Sidki in Pratappur Block, Giddhaur in Giddhaur Block, Tarwagada, Kataiya, Tilhet, Karailibar, Jabda, Urauli in Hunterganj Block and Jamribuxpura, Damdoiya in Chatra Block.

Table-3: Statement showing payment on fake vouchers

Sl. No.	Bill No/Date	Amount (in ₹)
1.	8/3.9.11	39446
2.	48/8.2.12	93250
3.	66/14.9.11	33448
4.	69/11.8.11	81295
5.	70/12.8.11	84154
6.	71/17.10.11	109505
7.	87/2.12.11	165742
8.	88/23.11.11	64190
9.	89/22.11.11	57966
10.	156/28.1.12	9302
Total		738298

Source: Scheme files of the block

As evident from **Table-3** bill nos. 69 and 70 were issued in August 2011 while bill number 8 and 66 were issued in September 2011, 88 and 89 issued in November 2011, 87 in December 2011, 156 in January 2012 and 48 in February 2012 which was irregular keeping in view the chronological order of the bills. Further, on verification of the TIN of the shop on the website of the Department of Commercial Taxes it was found that the aforesaid TIN was not issued to any such firm by the Department, which was also confirmed by the Commercial Tax Department.

As such the genuineness of the said bills could not be confirmed and payment of ₹ 7.38 lakh on fake bills cannot be ruled out.

On this being pointed out in audit, the BDO did not give any proof regarding the genuineness of the bills.

2.4.4.5 Unadjusted advance

Scrutiny of the records relating to the construction of the PB at Salgi panchayat in district Lohardaga revealed that against the estimated cost of ₹ 16.24 lakh, ₹ 13.72 lakh was advanced by BDO, Kuru (between October 2007 and May 2009) to Member Secretary, KAIRO Larger Area Multipurpose Society (LAMPS) for construction of the PB. The stipulated date of completion was March 2008. Work valued at ₹ 10.68 lakh was measured (March 2009) up to the fourth Running Account (RA) bill. The fifth RA bill was submitted after a lapse of nine months (December 2009) by the executing agency for ₹ 14.29 lakh, without supporting vouchers and muster rolls amounting to ₹ 3.61 lakh (₹14.29 lakh - ₹ 10.68 lakh). Though a period of four years has passed since the due date of completion, the work still remained incomplete (April 2012).

Thus, due to the fifth and subsequent advances made between September 2008 and May 2009 after the scheduled date of completion and non-submission of the adjustment vouchers by the executing agency, the advance of ₹ 3.04 lakh (₹ 13.72 lakh-₹ 10.68 lakh) remained unadjusted which is fraught with the risk of misappropriation of government money.

On this being pointed out, BDO, Kuru stated (April 2012) that Member Secretary, KAIRO Larger Area Multipurpose Society (LAMPS) has been asked to submit the Muster Rolls and vouchers for adjustment of advance.

The fact remains that even after lapse of more than three years, the BDO, Kuru did not take any action against the defaulter for adjustment of the advance or for completion of the work.

2.4.4.6 *Blocking of funds*

As per the directions issued (July 2007) by the PRD, the Deputy Development Commissioners (Administrative Head of Zila Parishad) will transfer the grants obtained from the PR Department for construction of PBs to the BDOs. The DDCs will ensure completion of the PBs within six to seven months from the date of issue of the sanction order and submit monthly physical and financial progress reports to the Department.

Scrutiny of records in three⁶ out of eight test-checked districts revealed that:

- Rupees 6.50 crore was released between 2007 and 2011 by the PR Department to the DDCs of the three districts⁷ for construction of 40 PBs, against which ₹ 4.62 crore was released to the BDOs⁸ and the executing agencies and the balance ₹ 1.88 crore remained with the DDCs since March 2011 in violation of the orders of the Department where it was clearly instructed that the allotted fund would be transferred to the BDOs.

On this being pointed out (April to July 2012) by us it was stated by the District Engineer, Chatra that the BDOs were asked to furnish the latest position of the schemes so that after evaluation of the work, the remaining allotment could be released.

The reply of the District Engineer, Chatra confirms that the DDCs were not monitoring the progress of work.

- PRD, Government of Jharkhand released ₹ 1.11 crore to Zila Parishad, Chatra for construction of six⁹ PBs during 2004-07. The work was required to be completed within six months.

Scrutiny of records revealed that in spite of expenditure of ₹ 90 lakh (March 2012) against release of ₹ 1.11 crore, all six PBs were incomplete and the balance grant of ₹ 21 lakh remained unutilised/unspent.

Rupees 69.50 lakh released to seven executing agencies remained unutilised

- A total sum of ₹ 69.50 lakh released (2010-11) to seven executing agencies¹⁰ for construction of 22 PBs/ *Bharat Nirman Rajiv Gandhi Seva Kendras* (BNRGSKs) in Deoghar (21 BNRGSK) and Lohardaga (one PB)

⁶ Chatra, East Singhbhum and Latehar

⁷ Chatra (18), East Singhbhum (13) and Latehar (9)

⁸ **CHATRA**- Block Chatra, Giddhaur, Hunterganj, Itkhori, Lawalong, Mayurhand, Pathalgada, Pratappur, Simaria and Tandwa. **LATEHAR**- Block Barwadih, Balumath, Chandwa, Latehar and Mahuatar and **EAST SINGHBHUM** Block Bahragoda, Dhalbhumgarh, Ghatshila, Jamshedpur, Musabani and Patmada.

⁹ Bagra, Garilong, Jori, Kanhachatti, Muktama, Pitiz (west), in Chatra District.

¹⁰ Zila Parishad, Deoghar(13), RD Special Division(2), BDOs Deoghar(1), Mohanpur (2), Sarwan (2), Sarath (1) and Zila Parishad, Lohardaga (1)

remained unutilised since February 2011 and was lying with the executing agencies.

On this being pointed out, DDC, Zila Parishad, Deoghar furnished a copy of an order in which it was mentioned that construction of 21 BNRGSKs was cancelled (December 2011) on the basis of the report of the District Engineer/Executive Engineer, RD Special Division and BDOs that construction was not possible. The reasons for this were, however, not on record. Regarding cancellation of the PB in Lohardaga it was stated by BDO, Senha that construction could not be started as the site was in a hilly and remote location.

This implies that the sites for the PBs were not being selected after due process and as such the construction of PBs in those Panchayats was not taken up/completed. Thus, the objective of using these bhawans as panchayat offices remained unfulfilled.

2.4.4.7 Construction of Panchayat Bhawans without title to the land

As per the order issued by DC (March 2009), PBs were to be constructed on government land and in case of non availability of government land, the PBs could be constructed on Raiyati¹¹ land after donation of the land by the owner in the name of the Hon'ble Governor through registered deed before construction of PBs by the executing agencies. Otherwise, the executing agencies would be held responsible for any litigation/dispute regarding land arising after commencement of work.

Scrutiny of the records in three districts¹² revealed that contrary to the provision mentioned above, construction of 11¹³ PBs was taken up during the period 2007-08 to 2010-11 on Raiyati land at a cost of ₹ 1.97 crore without transfer of ownership of land. Instead, the plots of land were obtained from the owners through notarised affidavits, which was irregular and a deviation from the rules rendering the expenditure of ₹ 1.33 crore irregular.

On this being pointed out (between April 2012 and July 2012) by us no reasons were assigned by the executing agencies as to why the title was not transferred to the Government of Jharkhand and why the construction was taken up without transfer of title.

2.4.4.8 Irregular expenditure out of MGNREGS fund

According to paragraph 6 of the guidelines of Government of India for construction of *Bharat Nirman Rajiv Gandhi Sewa Kendra cum Panchayat Sachivalaya* (BNRGSK), the maximum expenditure permissible to be incurred on each BNRGSK from MGNREGS funds is ₹ 10 lakh. We noticed that this ceiling of ₹ 10 lakh was violated during construction of 33 PBs in district Latehar and three PBs in district Jamtara.

- Construction of 33 numbers of PBs was administratively approved by DC, Latehar in 2010-11 under convergence schemes. The estimated cost of

Construction of 11 PBs was taken up on Raiyati land without transfer of ownership

¹¹ Land belongs to private person (Raiyat)

¹² Chatra, Simdega and Latehar

¹³ Chandwa East P/B (Chandwa), Karni, Malakpur (Itkhor), Bangru, Kulukera, Adharma, Domtoli (Kolebira), Nawatoli, Raisia, Shahpur, Bendi (Latehar)

**Rupees 1.16 crore
was irregularly
diverted from
MGNREGS fund**

each building was ₹ 24.50 lakh. Out of ₹ 24.50 lakh, ₹ 13.50 lakh was allocated from MGNREGS against the permissible limit of ₹ 10 lakh only and ₹ 11 lakh was allocated from BRGF. This resulted in excess allocation of ₹ 3.50 lakh from MGNREGS in each scheme.

Therefore, for the construction of these 33 PBs, ₹ 1.16 crore was irregularly diverted from MGNREGS fund.

- Scrutiny of records of three PBs¹⁴ constructed (2010-11) under the convergence schemes in Jamtara revealed that the entire expenditure of ₹ 59.80 lakh was incurred out of MGNREGS fund resulting in excess expenditure of ₹ 29.80 lakh (₹ 59.80 lakh- ₹ 30 lakh) beyond the ceiling fixed for expenditure from MGNREGS.

BDO, Jamtara stated (July 2012) that MGNREGS funds were utilised in anticipation of allotment of fund from BRGF.

The reply is not acceptable as the expenditure was incurred against the provisions of BNRGSK guidelines.

2.4.4.9 Irregular use of Panchayat Bhawans

As per State and BNRGSK guidelines, the purpose of construction of PBs was to use them as panchayat offices at Gram Panchayat level for conducting Gram Sabha meetings/assemblies for selection and execution of rural development schemes, as citizen access centres for imparting information relating to MGNREGS and to operate ICT facilities at village level.

However, scrutiny of the scheme files and physical verification of 31 PBs in the selected districts revealed that six completed PBs (only one i.e., Sonebad PB handed over) were being irregularly used by ineligible occupants as detailed below:

- Two PBs¹⁵ constructed at Narayanpur (Jamtara District) and Chandwa (Latehar District) were occupied by the Police Department since January 2011 and June 2011 respectively.



**Deolbari Panchayat Bhawans occupied by Police Department
(Photographs taken on 04 July 2012)**

- One PB at Udalbani (Jamtara District) was occupied by the Fire Services Department since July 2010.
- Two PBs in Ghatsila (East Singhbhum District) and Chatra Blocks (Chatra District) were being utilised as Block offices.

¹⁴ Beva, Ladhna and Supaidih in Jamtara

¹⁵ Deolbari, PB in Narayanpur and Boda PB in Chandwa Block.

- One PB (Sonbad, which was handed over to GP) in Jamtara was converted into a godown wherein foodgrains were being stocked by State Food Corporation (SFC) as depicted in the picture given below:



Sonbad Panchayat Bhawan in Jamtara

On this being pointed out, the DDC, Jamtara stated (July 2012) that the Deolbari PB was constructed at a very remote place i.e., on the border of Jamtara and Giridih districts and due to law and order problems a police camp was temporarily stationed there. However, a request had been made to the Superintendent of Police (SP) to remove the camp. As for the Udalbani PB the DDC stated (July 2012) that a new building of the Fire Services Department has already been constructed and a request to vacate the PB had been made to DC, Jamtara but it was not vacated till June 2012.

In Ghatshila, as the PB constructed for Dharambahal Panchayat was being used as a block office, the Mukhiya had requested (April 2011) the BDO, Ghatshila for construction of the PB at another location but this had not materialised till June 2012. The BDO, Ghatshila replied (September 2012) that as the existing building was in a dilapidated condition the Block office had been shifted to the Panchayat Bhawan.

Thus, due to unauthorised occupation of the six PBs, the purpose of construction of PBs was defeated.

2.4.5 Monitoring

As per the directions (September 2007) of the PRD, there should be an Inspection Committee constituted by the Gram Sabha for inspection and monitoring of the construction in each gram panchayat. Zila Parishad/DRDAs also issued guidelines (June 2007) for constitution of such Inspection Committees. The purpose of the inspections was to offer guidance and to improve efficiency in execution and timely completion of the schemes.

We noticed that though such committees were constituted in all the test checked Gram Panchayat, no report with regard to inspection being conducted, if any, by the committees was on record.

The Department also issued directions (July 2007) to the DDCs for furnishing monthly progress reports showing the status of the work to the Department. Further, as per the guidelines of BNRGSK issued by Government of India (January 2010), it was the responsibility of the District Programme Co-ordinator (DPC) i.e., Deputy Commissioner to ensure the quality of construction and timely completion of BNRGSK-cum-Panchayat Sachivalaya buildings.

Monitoring and supervision of work was not effective

We noticed that while the progress report in respect of PBs being constructed out of funds made available under BRGF/Convergence of BRGF with MGNREGS were prepared by the executing agencies and submitted to the DCs, those in respect of PBs being constructed out of State Plan were not furnished to the DDCs by the executing agencies i.e., BDOs. This implied that PRD was unaware of the status of the construction of the PBs out of State Plan funds.

In response to our query regarding the monitoring mechanism in place to ensure qualitative and timely completion of the PBs, only DDC, Jamtara replied (July 2012) that site inspection was done from time to time and verbal instructions were issued while the Executive Engineer, RD (Special Division), Chatra stated (September 2012) that inspection of the work was conducted by the Assistant Engineer and Executive Engineer from time to time.

Thus, it would be evident that the monitoring mechanism was not effective, as 108 PBs remained incomplete much after (3 to 58 months) the stipulated date of completion.

2.4.6 Conclusion

The objective to provide PBs in all the *Gram Panchayats* of the State remained unfulfilled as against 4,423 PBs, 2,694 PBs were not yet completed/taken up as on June 2012. We noticed instances of ineffective planning, financial mismanagement and absence of regular supervision and monitoring of the schemes at various levels. Moreover, some PBs, though already constructed were either not handed over or were not being used for the purposes for which they were constructed. Resultantly, the aim to make PBs as facilitation centers to aid local governance remained unfulfilled.

2.4.7 Recommendations

- *Regular inspection and monitoring should be carried out to ensure timely implementation of the works and utilisation of released fund according to the orders and guidelines of the scheme.*
- *Due diligence in site selection and transfer of title of private land before construction need to be ensured to avoid future litigation.*
- *PBs should be handed over to the Gram Panchayats immediately on completion, so that objectives underlying their construction can be achieved.*

The matter was reported to the Government (September 2012). Their reply had not been received (February 2013).