

CHAPTER-II

IMPLEMENTATION OF SCHEME IN PANCHAYATI RAJ INSTITUTIONS

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2.1 Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

The objective of the MGNREG scheme is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work. The major audit findings on implementation of the Scheme are as follows:

2.1.1 Non-transfer of unutilized fund of SGRY fund

As per Government order (May 2009), Sampoorna Gramin Rozgar Yojana (SGRY) scheme was merged with MGNREGS in 2008-09. Any unutilised fund of SGRY Scheme was to be transferred to the Bank accounts operated for MGNREGS. However, audit noticed that the 28 test checked GPs had not transferred funds pertaining to SGRY Scheme to MGNREGS as of March 2012. The balance amount in the account of the SGRY in case of 22 GPs also could not be ascertained in audit as the records were not made available. 19 GPs stated that the records were with the predecessor Panchayat Secretaries and three GPs stated that these could not be readily furnished to audit.

Reply is not acceptable as the records should have been handed over by the predecessors to the successor Panchayat Secretaries. If not done so, the matter should have been brought to the notice of the Administrative Department so that timely action could have been initiated against the defaulting officials.

Thus, audit concludes that there is no system in place for upkeep and maintenance of records in majority of the test checked PRIs. Also, the PRIs did not observe any financial discipline.

2.1.2 Adherence to the guidelines

Rule 6.2 of the MGNREGS operational guidelines states that the ratio of wage costs to material costs should not be less than the minimum norm of 60:40. This ratio should be applied preferably at the GP, Block and District levels. However, the ratio as envisaged in the guidelines was not maintained by the test checked ZPs and GPs as depicted in table as follows:

Table 2.1

Sl. No.	Name of the GP/ZP	Name of the work	Amount Sanctioned (₹ in lakh)	Ratio of wages cost and material cost
1.	Patsoi GP	Remodelling of pond at Patsoi Part-II Irom Pukhri (Phase II)	5.00	40:60
2.	Sagolband Sapam Leikai	Retaining wall at road side connecting tanks/ponds at Sapam Leirak Maning Lambi with Khaidem Iboyaima Maning Pukhri serial 8 of 2011-12	6.97	35:65
3.	Yarou Bamdiar GP	Construction of fencing and stairs at Heikrujam Keithel Makha public pond	3.00	45:55
4.	Takyel GP	Retaining wall of public pond near TAPAYA club at Takyel Khongbal W/No. 11	12.80	20:80
5.	Lamjaotongba GP	Construction of pucca drain at Yengkhom Leirak to Naorem Taba, both sides	12.00	34:66
6.	Maklang GP	Connecting earthwork with singling from Kachikhul to Polangsoi Lambi along with sanitary drain Phase II, Construction of RCC wooden bridge and railing SI No. 28 of 2010-11	7.35	40:60
7.	Potsangbam GP	Remodeling and widening of Inter Village Road with pucca drain construction i/c 12 nos. of ring culvert at Awang Potsangbam Khullen for the year 2011-12.	6.89	37:63
8.	Phumlou GP	Retaining wall at Senjam Khunou Primary School Nakal Shahirok river	12.22	38:62

In all the cases expenditure on material was more than that of the wages. This indicates that the PRIs took up material intensive works rather than labour intensive. This has defeated the main objective of providing employment to the rural poor under the scheme.

As per Rule 3.3 of the MGNREGS guidelines all key agencies are to be trained in discharging their responsibilities under the Act. This includes Gram Panchayats, other PRIs, District and State-level Department personnel involved in implementing MGNREGS, as well as local committees, groups formed for the purpose of vigilance, monitoring and social audit. Basic training on core issues pertinent to the Act and guidelines must be arranged by the State Government with priority accorded to its key functionaries, especially the District Programme Coordinator, the Programme Officer and PRIs. A Training calendar should be made and training modules should be calibrated in content and process according to different stakeholders.

However, Audit observed that no trainings were imparted to all the key agencies to discharge their responsibilities effectively in violation of the Act.

The matter was referred (June 2013) to the concerned authorities; their reply had not been received (January 2014).

2.2 Second State Finance Commission (SSFC)

2.2.1 Execution of Work without observing Technical Specification

The Bishnupur ZP undertook (June 2011) “Construction of community hall at Ngangkhalawai” at a cost of ₹ 4 lakh under SSFC. The estimated cost of Corrugated Galvanized Iron (CGI) sheet and cement concrete flooring were ₹ 2.36 lakh and ₹ 1.40 lakh respectively. On scrutiny of actual expenditure, audit noticed that the ZP utilized ₹ 0.84 lakh on procurement of CGI sheet and cement though it was recorded in the Measurement Book (MB) that ₹ 2.36 lakh was spent in procurement of 347.90 square metre of CGI sheets. The work was completed in June 2011. It transpired that no proper measurement of the work was done by the ZP. The record entry made in the MB was not reliable as there was disagreement between the actual expenditure and that recorded in the MB. Further, as per records Audit noticed that major chunk of the expenditure was on wages and transportation charges. The ZP spent ₹ 1.55 lakh for wages and ₹ 1.65 lakh for transportation charges.

Similarly, the ZP also took up (November 2011) the work of improvement of community hall at Thanga through Development Secretary of Thanga. The estimated cost of CGI sheet and cement concrete flooring of the community hall was ₹ 1.30 lakh and ₹ 2.36 lakh respectively. The work was completed in November 2011. From the verification of relevant documents such as bills *etc.*, it was noticed in audit that the ZP spent ₹ 1 lakh on procurement of CGI sheet and ₹ 0.23 lakh on bricks and cement. However, the ZP recorded expenditure of ₹ 2.36 lakh on CGI sheets and ₹ 1.30 lakh on cement and brick in the MB. As such, record entry in the MB was not as per the actual execution.

Thus, the Bishnupur ZP had executed the work in a casual manner without following any technical specification. Also, records for execution of the works were not properly entered in the MB. Instead the ZP had copied the exact estimates of the works in the MB which tantamount to dereliction of duty by the personnel who were responsible for looking after the execution of the works.

The matter was referred (May 2013) to the concerned authorities; their reply had not been received (January 2014).

2.2.2 Observance of Financial Rules

As per Rule 290 of Central Treasury Rules no money should be drawn unless it is immediately disbursement. The Bishnupur ZP paid (May 2011) ₹ 3 lakh as 75 *per cent* advance to the Development Secretary of Thanga for the work mentioned above at paragraph 2.2.1. The work was commenced on 1.11.2011 and completed on 30.11.2011. Thus, there was a gap of more than five months between the drawal of advance and actual start of the work without any recorded reason. This shows that money was drawn well in advance before it was required in violation of the rule *ibid*.

2.2.3 Drawal of Money without Presentation of Bills

As per Rule 130 of Central Treasury Rules, no withdrawal of money shall be made from the bank/treasury except by presentation of bills in support of relevant claim for the purpose. A Government Official entrusted with the payment of money shall obtain for every payment he makes, a voucher setting forth full and clear particular of claim. Test check of Cash Books of SSFC (2008-12) pertaining to the three GPs namely Maklang, Sagolband Sapam Leirak and Takyel revealed that payment of ₹ 74.81 lakh was made by the Panchayat Secretaries (**Appendix-V**). However, while making payments, bills/vouchers for the payment of the stated amount were not prepared by the Panchayat Secretaries in violation of Central Treasury Rules.

This is indicative of weak internal control mechanism in the stated 3 GPs to adhere to the provision of the Rules *ibid*. Thus, due to non-availability of payment details, misappropriation of funds of ₹ 74.81 lakh could not be ruled out.

The matter was referred to the concerned authorities (June 2013); their reply had not been received (January 2014).

2.2.4 Unfruitful Expenditure

It was noticed from the scrutiny of relevant records and concerned work programme of Imphal East ZP that one market shed was constructed (February 2010) in Sawombung GP at a cost of ₹ 3 lakh at an isolated place at Sekta area under Sawombung constituency. A joint site visit was also conducted along with the authority of the PRIs. It was observed that the market shed was completely shielded with fencing of barbed wires without leaving any provision for entry into the market shed. There was no evidence of vendors in the market shed. Thus, expenditure incurred *i.e.* ₹ 3 lakh on construction of Market Shed is unfruitful.

2.3 Twelfth and Thirteenth Finance Commissions

2.3.1 Non-maintenance of Database

Twelfth Finance Commission (XII-FC) and Thirteenth Finance Commission (XIII-FC) recommended for allocation of fund to PRIs for maintenance of accounts records/database. However, test check of records in 2 ZPs and 28

GPs revealed that the 2 ZPs and 12 GPs have not created any database despite utilization of the sanctioned fund as discussed in the succeeding paragraphs.

- Bishnupur ZP engaged an Office Assistant and a Computer Assistant (15.11.2010) on contract basis at ₹ 7,100 per month each, for a period of 12 months for maintenance of accounts and database respectively from the funds of XIII-FC Award. The ZP incurred an expenditure of ₹ 1.70 lakh. However, no database was created in the ZP as of March 2012.
- Imphal East ZP engaged an Office Assistant for eight months and a Computer Assistant for one year respectively on contract basis with a monthly remuneration of ₹ 7,100 for maintenance of accounts and database from the funds of XIII-FC Award. The ZP spent ₹ 1.42 lakh on remuneration to the officials. However, no database was created in the ZP as of March 2012.
- Similarly, during test check of records of 12 GPs Audit observed that the GPs incurred total expenditure of ₹ 10 lakh from the funds of XII-FC and XIII-FC Awards. GP-wise break-up of expenditures were as shown in table below:

Table 2.2

Sl. No.	Name of the ZP/GP	₹ in lakh)	
		XII-FC	XIII-FC
1	Phayeng GP	0.50	-
2	Thounaojam Leikai GP	1.00	-
3	Toribari GP	0.50	-
4	Kanglatombi GP	0.50	-
5	Langjing GP	1.00	-
6	Yarou Bamdiar GP	1.00	-
7	Takyel GP	0.50	-
8	Maklang GP	1.00	-
9	Potsangbam GP	1.00	-
10	Kalapahar GP	0.50	-
11	Mayang Langjing GP	0.50	0.50
12	Patsoi GP	1.50	-
Total		9.50	0.50

- However, there was no database in place in the respective GPs.

Thus, incurrence of ₹ 13.12 lakh out of XII-FC & XIII-FC grants by the ZPs and GPs for the purpose of creation of database and accounts records did not yield any fruitful result as of March 2012.

The matter was referred to the concerned authorities (May–June 2013); their reply had not been received (January 2014).

2.4 Conclusion

The Audit brings out that the PRIs are deficient in adhering to the guidelines of the MGNREGS which led to non-maintenance of proper ratio of materials and wages cost. This has defeated the main objective of providing employment to rural poor. No training was imparted to the key agencies so as to enable them to discharge their responsibilities effectively. The PRIs did not maintain proper records for execution of works under State Finance Commission Award which resulted in disagreement between the records entered in the MBs and actual expenditure. Improper planning for construction of infrastructure such as market shed was also noticed which led to the market shed remaining idle. Though substantial fund was utilized from the XII-FC and XIII-FC Awards for maintenance of accounts records/database, the PRIs are yet to create any database and accounts records.

2.5 Recommendation

- There should be zero tolerance towards non-maintenance/improper maintenance of records.
- Administrative Department should take up stringent action so that the records are properly maintained in the PRIs and the Panchayat Secretaries discharge their duties and responsibilities as per the MPR Act, 1994. Appropriate and timely action should be initiated against the officials for dereliction of duties. This would lead to transparency in spending public money.
- Adherence to the guidelines of the Schemes in letter and spirit should be ensured.
- There should be proper planning keeping in purview parameters such as selection of site, type of community assets *etc.* so that these assets are fruitfully utilized by the general public of the PRIs.