

CHAPTER III

IMPLEMENTATION OF SCHEMES UNDER Xth and XIth FINANCE COMMISSION

3.1 XI Finance Commission

As per the guidelines issued by the XIth Finance Commission (F.C.) schemes which are not funded by the Central/ State Government or other agencies shall be taken up by the Panchayati Raj Institutions's from the grant from the FC. The grant should not be utilized for pay and allowances of the staff, office expenses or maintenance and repairs .No expenditure should be incurred on items which are not permitted by the State/Central Government. Preference should be given to tribal and backward areas. The grant should be utilized within one year from the date of disbursement, after which utilization certificate in the prescribed form should be submitted to the State Government within the time prescribed by the State Government. Failure to utilise the grant would result in its recovery from the Panchayati Raj Institutions.

3.1.1 Non-utilisation of grant

As per the recommendations of the XIth Finance Commission, the central Government approved financial assistance of Rs. 131.25 crore per annum during 2000-01 to 2004-05, which was required to be utilized by the Zilla Parishads within a year from the date of release of grant and utilization certificates (UCs) were to be furnished, failing which the amount was to be recovered from PRIs.

Zilla Parishad Nashik had received grant of Rs. 0.80 crore during 2002-03 for construction of 65 one room school buildings, but due to cancellation of 9 works an amount of Rs 0.11 crore remained unutilized at the end of March 2005.

**Rs 0.11 crore
remained unutilised
in Nasik.**

Zilla Parishad Nashik did not furnish any reason for non utilization of the remaining grant.

As UCs in respect of grants utilized were not submitted to the Government by the Zilla Parishads, it shows inadequate coordination and improper planning by the administrative departments and failure to monitor the utilization of the XIth FC grant, thereby depriving the beneficiaries of the intended benefits.

3.1.2 Irregular utilisation of Xth/XIth Finance Commission grants

As per guidelines issued by the GOI (October 1997), in order to avoid duplication in the sources of funding and executive agencies in other areas such as education, health and rural development, projects qualifying for grants under the scheme should normally be those not covered under any other scheme. The guidelines further stipulate that local bodies should provide matching contribution of not less than 50 and 25 percent of the grants received under the Tenth Finance Commission and Eleventh Finance Commission respectively. In case Local Body is unable to provide the matching contribution, the State Government shall provide the balance within three months or earlier, to the concerned Local Body.

Matching contribution of Rs.2.92 crore was not made by the ZP

ZP, Nandurbar had received the grant amounting Rs 285.94 lakhs under Xth Finance Commission during the period 1997-1998 to 1999-2000 and Rs.594.72 lakh under XIth Finance Commission during 2001-02 to 2002-03. Though the grants were fully utilized, the matching contribution at the prescribed rate amounting Rs.291.65 lakh was not provided by the ZP. Further the State Government also had not provided the matching contribution within 3 months to the Zilla Parishad Nandurbar. This shows failure of the State Government to provide matching contribution

which would have affected the implementation of the schemes and amounted to irregular utilisation of Finance Commission grants

Further, as per Government of Maharashtra resolution (September 1998), 15 percent from Xth FC grant of Rs.6.54 lakh was sanctioned for carrying out repairs to Primary Health Centre and Sub-centre Buildings etc.. However the ZP, Nandurbar utilised the grant for carrying out special repairs to the medical officer's quarters, staff quarters etc. which was not admissible under Xth FC

The ZP replied that the matter had been referred to Government (May 2004) for obtaining expost-facto sanction.

The reply is not tenable, as the expenditure was incurred on items of work which were not provided in the Government resolution.

3.1.3 Irregular diversion of Grants of XIth Finance Commission

Scrutiny of records of ZP Gadchiroli and Jalna revealed that grants of Rs.173 crore and Rs.56.83 lakh respectively released (between January 2003 and March 2003) out of XIth Finance Commission grant were diverted for Yashwant Gram Samrudhi Yojana, Public Works and Women and Child Development Department works which were already taken up from the funds made available by other agencies.

ZP, Jalna replied that funds were allocated in accordance with the circular issued in October 2002 and February 2003 by the PWD & Water Conservation Department. ZP Gadchiroli replied that the scheme selected was approved by the State Government.

The replies are not tenable, as the above works were already funded by the World Bank and the Special Component Plan of the

**Irregular diversion
of central grant of
Rs 2.30 crore**

State Government and hence were not eligible for funding out of XIth FC grants.

3.2 Yashwant Gram Samridhi Yojana (YGSY)

With a view to taking up development works in villages with peoples participation, the scheme of Yashwant Gram Samridhi Yojana was introduced by the State Government from 2002-03.

3.2.1 Non release of grant to Gram Panchayat's(GPs)

ZP Thane had received grant of Rs36.14 lakh for the year 2003-04, which was deposited in Z.P fund without being released (September 2004) to the GPs

The ZP replied that the unutilized amount would be released during the year 2004-05.The reply is not tenable, as release of funds at the fag end of the year is against the norms of financial propriety defeating the very purpose of the scheme, besides delaying the implementation.

3.2.2 Irregular release of grant to G.P's

Para 10 of the guidelines of the scheme stipulated that, out of the grants made available, one percent should be kept reserved for publicity and propaganda of the scheme Out of the one percent amount, ZP could incur expenditure of 0.5 percent amount on publicity and propaganda with the approval of Government and the balance 0.5 percent amount was to be spent at Government level.

ZPs, Thane and Jalgaon received grant of Rs.661.80 lakh and Rs. 1737.64 lakh (Total Rs.2399.44 lakh) during 2002-03 and 2003-04 respectively. However, they had released grant to GPs without withholding Rs.11.99 lakh for publicity and propaganda (i.e. 0.5% of Rs.2399.44 lakh) to be spent by the ZP.

ZPs, Thane and Jalgaon replied that the matter would be referred to Government for guidance regarding actual amount of grant to be released to the GPs after adjustment of the 1 percent amount to be reserved. (0.5% with approval of Government and 0.5% at Government level.)

The reply is not tenable, as the guidelines clearly prescribed the percentage of grant to be reserved for publicity and propaganda which was not observed by the ZPs.

3.3 Development of women and children in rural area (DWACRA)

3.3.1 Non recovery of revolving fund from defunct working groups

GOI launched the scheme of Development of Women and Children in Rural Areas (DWACRA) in 1982-83. As per the scheme, 10-15 rural women come together to form a group with a view to taking up business ventures for generating income for the group as a whole. Financial assistance in the form of working capital/revolving fund is to be given by Government through the BDO's to these groups for commencing business activities. In case the groups cease to function or they do not carry on the business or are declared defunct, the financial assistance paid to them as revolving fund stands recoverable from them.

Scrutiny of records of 7 PSs²⁹ revealed that 220 groups formed during the years 1989-90 to 1998-99 had become defunct. However, the financial assistance of Rs 45.13 lakh paid as

Rs 45.13 lakh were not recovered from 220 groups declared defunct.

²⁹ Akola, Amravati, Daund, Dindori, Jalna, Kalvan and Surgana

Government contribution towards the revolving fund to these groups was not recovered.

The scheme (DWACRA) was closed with effect from 1.4.99. Hence groups were not in existence. However a new scheme Swarna Jayanti Gramin Swarajgar Yojana was started in 2000 and the DWACRA was merged with this scheme from 2000-01. In most of the PSs no efforts were made by them to sustain the interest of the beneficiaries in keeping their groups. Block Development Officer, Dindori stated that though the scheme was closed, the groups would be given benefit under SGSY scheme.

Further the PSs concerned stated that action to recover the amount from the defunct groups would be taken. (March 2005).

3.4 Sarva Shiksha Abhiyan

Sarva Shiksha Abhiyan (SSA) is a comprehensive and integrated programme of the Government of India for children attaining Universal Elementary Education in the country in a mission mode. The scheme was launched in the year 2001-2002 in partnership with the State Government .The SSA aims to provide useful and relevant education to all children in the age group of 6 to 14 by the year 2010.

3.4.1 Non receipt of Utilisation Certificates

The ZP Jalgaon had sanctioned and paid in March-2003 repairs grant of Rs.12.30 lakh to the concerned school committees for repairing 246 school rooms. As per the terms and conditions of the sanction order, the committee was required to furnish utilisation certificates, duly attested by the engineer of the PS. It was however seen that no such utilisation certificates were obtained by the Block Education Officer, Amalner.

The PS stated that necessary certificates would be obtained and kept on record for verification.

The reply is not acceptable, as in the absence of the UCs it could not be verified whether the grant was utilised for the purpose for which it was sanctioned.

3.5 Scheme of supply of uniforms to students

3.5.1 Irregularities in supply of uniforms to students.

Irregularities in supply of school uniforms were noticed. Penalty of Rs. 1.19 crore was not recovered from suppliers.

The State Government scheme for free supply of school uniforms to BPL students of standards I to IV was implemented through the ZPs. Under the scheme, the cloth for the uniforms was to be procured from the Maharashtra State Powerloom Corporation (MSPC) and Maharashtra State Textile Corporation (MSTC) as per the specifications and at rates fixed by Government for ZPs other than Pune and Solapur during the year 2002-03. The Chief Executive Officer, ZP was to place work order on the Corporations after the demand was assessed. The cloth was to be supplied within two months from the date of issue of work order, failing which a penalty was leviable at the prescribed rates. The cloth was to be inspected by the committee formed by the ZP and after the inspection report was obtained the payment was to be made. The stitching agencies were to be decided by the ZP thereafter and uniforms were to be distributed at the beginning of the academic year.

Irregularities in supply of school uniforms were noticed. Penalty of Rs 119.00 lakh was not recovered from suppliers.

In respect of supply of ready made uniforms the penalty at the prescribed rate was leviable for failure to supply them within two months of the work order.

Audit scrutiny revealed that:

- In ZP Pune, grant of Rs. 34.42 lakh was received on 15 March 2003 for implementation of the scheme for the academic year 2002-03. An order for supply of 42001 uniforms at the cost of Rs.29.82 lakh was placed on 2 April 2004 with the Yervada Central Prison, Pune to be supplied by 2 June 2004. The prison had failed to supply the uniforms as of March 2005. Penalty at the rate of 10 percent per week for delay, on the cost of uniforms not supplied was leviable. The ZP had not initiated any action for levy and recovery of the penalty of Rs.1.19 crore for the period of delay of 40 weeks up to March 2005.
- For the year 2003-04, as per Government Resolution of October 2003, ZP Pune, purchased cloth worth Rs.12.80 lakh for uniforms, which was distributed to Mahila groups of the district for stitching. However, in the absence of relevant records it was not known whether all the stitched uniforms were received by the ZP and distributed to the beneficiaries. It was also noticed that grant of Rs.2.08 lakh received as stitching charges of uniforms was kept in ZP fund without being utilized.
- ZP Gadchiroli purchased cloth worth Rs.19.32 lakh in August 2003 for distribution to students during 2003-04. However, stitching agency was not fixed till January 2004, thereby not fulfilling the aim of the scheme.
- ZP Jalgaon was sanctioned Rs.10.12 lakh for purchase of cloth and stitching of uniforms. The order for purchase of cloth of Rs.7.75 lakh was placed in December 2003 with MSPC Ltd. and the consignment was received on 29.2.2004. The tender for stitching of uniforms was not

finalized and the stitching charges of Rs.2.35 lakh were kept in ZP fund as on October 2004. Failure to finalise the tender for stitching the uniforms resulted in the beneficiaries being deprived of the benefits of the scheme during the academic year 2003-04.

The ZPs replied that they had approached Government for clarification regarding finalization of the tendering process for such work.

3.6 Pradhan Mantri Gramodaya Yojana

3.6.1 Un due benefit to the supplier

**Security deposit of
Rs.11.50 lakh
recovered short from
supplier**

Under the nutrition component of Pradhan Mantri Gramodaya Yojana (PMGY), the children in age group of 0-3 years in the Rural Tribal Blocks were given supplementary nutrition for 120 days and food was supplied to the anganwadies directly by the supplier selected by the Commissioner, ICDS. Under the scheme an expenditure of Re. 1 per day per beneficiary was to be incurred and the bills forwarded by the Dy.CEO,ICDS to the Commissioner through CAFO,ZP for payment.

Scrutiny of records of ZP, Thane revealed that the Commissioner ICDS, Mumbai had fixed two agencies A & B for supply of nutritious food to 13 talukas in Thane District. Agreement was executed with the suppliers by the Commissioner, ICDS, in February 2003 for a period of one year. As per condition of the agreement, the suppliers were required to pay security deposit of Rs.11.50 lakh each being half of 3 percent of the combined agreement price of Rs.7.66 crore. Due to disqualification of one of the agencies "A" the entire order was placed with the other agency

in April 2003. However, the supplier was not asked to pay the remaining security deposit of Rs.11.50 lakh.

The ZP replied that the supply from the first Agency was temporarily suspended, hence the second agency was not required to pay the entire security deposit of Rs.23 lakh. The reply is not tenable, as the supplier was asked to supply the food for the entire district during the period of agreement.

3.7 Balika Samrudhi Yojana (BSY)

With a view to improve the condition of the girl child, increase enrolment and retention of girls in schools, raise the age of marriage and assist them to undertake income generating activities, a 100 percent centrally sponsored scheme called Balika Samrudhi Yojana (BSY) was introduced from 1997-98 onwards. The scheme covered children born on or after 15 August 1997 in BPL families in rural as well as urban areas and the benefits were restricted to two girl children in each household.

3.7.1 Non Utilization of Grants

As per the scheme each girl child is entitled to a post birth grant of Rs.500 and an annual scholarship at the rate of Rs.300 to Rs.1000 per annum from Std.I to X for each successfully completed academic year in school. After utilising grant/annual scholarship on payment of premium for an insurance policy and purchase of books and uniforms, the unutilised grant is to be deposited by the beneficiaries in interest bearing accounts in Banks/Post Offices in joint account in the name of the girl child and the designated Government officer. The amount is payable to the beneficiaries after attaining the age of 18 years.

The Government of India releases funds to the State Government for disbursement to the implementing agencies through Commissioner, Integrated Child Development Scheme, who is

required to monitor the implementation and send a periodical report to the Governments. The selection of beneficiaries is to be done by VPs for submission to BDOs/CDPO for sanction of assistance payable.

Further as per Commissioner, Integrated Child Development Scheme letter dated 28.3.2003 the UCs are required to be produced in respect of amount utilized and unutilized amount is to be remitted by 15 September to the Commissioner, Integrated Child Development Scheme by cheque.

Scrutiny of records of Child Development Project Officer (CDPO), Dahanu revealed that grant of Rs.7.54 lakh received during 2003-04 for implementation of the scheme was not utilized, depriving the beneficiaries of the benefits of the scheme.

Final reply from the Child Development Project Officer, Dahanu was awaited (November 2005).

Scrutiny of the records of CDPO, Palghar revealed that out of a grant of Rs.6.22 lakh received in May 2004, expenditure of Rs.0.79 lakh was incurred leaving an unspent balance of Rs.5.43 lakh which was neither utilized nor surrendered, resulting in denial of benefits to the beneficiaries.

CDPO, Palghar replied that delayed implementation was owing to the delayed receipt of grants and that the unspent grants would be utilised.

The reply is not tenable, as the guidelines stipulated that the utilisation certificates should be produced to the Commissioner and unutilized amount should be returned to the Commissioner, Integrated child Development Scheme. However the necessary action was not taken by the Child Development Project Officer and the amount was kept idle thereby depriving the beneficiaries of the benefits of the scheme.

3.8 Irregular/Excess Expenditure on Supplementary Food Scheme

As per Govt. of Maharashtra Department of Women & Child Welfare Resolution (May 1999), expenditure on supplementary food at the rate of Rs. 1.40 per day per child was allowed to be incurred by the department (except fuel & contingent expenditure) considering 25 working days in a month. The expenditure on the transportation of the supplementary food to be supplied to the Anganwadies was admissible to the supplier. However this did not include the cleaning charges.

Scrutiny of records of Child Development Project Officer, Kalyan under ZP, Thane revealed that expenditure of Rs.5.35 lakh was incurred on 5622 beneficiaries during March 2004 as against the permissible expenditure of Rs.1.97 lakh (Rs. 1.40 X25X5622). Thus against permissible expenditure of Rs. 1.97 lakhs actual expenditure incurred Rs. 5.35 lakh resulted in excess expenditure of Rs. 3.38 lakh. The ZP stated that the matter would be examined and remarks intimated to audit.

In ZP, Jalgaon it was noticed that cleaning charges of Rs.11.65 lakh were paid to the transporter in addition to transport charges for the transport of food grains from the Government godown to the anganwadies during 2002-03 and 2003-04 though it was not admissible.

The ZP replied that the payment was made as per agreement. The reply is not tenable, as the term “transportation” in the agreement was inclusive of cleaning charges and no separate cleaning charges were payable.

3.9 Matrutva Anudan Yojana

Under Matrutva Anudan Yojana, financial assistance of Rs.800 for nutritious food was given to pregnant women belonging to tribal

population to prevent malnutrition. Scrutiny of records revealed that:

In ZP, Pune an amount of Rs.3.80 lakh was received during 2003-04 for distribution to the beneficiaries, out of which an amount of Rs.1.73 lakh was distributed to 217 beneficiaries. However details of the number of beneficiaries selected and individual payments made were not available on record .Consequently the correctness of the assistance given to the beneficiaries could not be verified from the records.

In ZP Nasik, an amount of Rs.18.61 lakh during 2002-03 and Rs.10.16 lakh during 2003-04 remained unutilized and was not refunded to Government. The ZP replied that the beneficiaries migrated to other places for work and returned to their homes only at the time of delivery when they got registered. The delay in registration resulted in grants remaining undisbursed.

The reply is not tenable, in the absence of corresponding evidence on record.

3.10 Uneconomic running of Regional Rural Water Supply Scheme (RWSS) due to poor recovery of water charges

The RRWSS were initially taken up by the MJP and after they were completed they were handed over to the ZPs for maintenance & repairs. As per the Government GR No. 1098/ 211/ 07 dt. 14.12.1998, The District Maintenance Repairs Fund (DMR Fund) was to be created for the smooth running of the scheme and proper, timely and effective maintenance and repairs of the scheme after it was handed over to Zilla Parishad by MJP. The DMR Fund was to be created by crediting 20% of the total revenue collected on specific items by the ZPs but was to exclude

the water taxes and related revenue. Further the water taxes collected on drinking water and related revenue and also the amount realized by VPs on account of maintenance and repair on Borewells were to be created to the fund.

As per the revised guidelines issued by Government in Rural Development Departments in July 2000 for Rural Water Supply Scheme in the State 10% of the capital cost of the scheme is to be recovered from the beneficiaries by way of people/community contribution. Further 100% of the expenditure towards operation and maintenance is also to be borne by the beneficiaries by payment of appropriate water charges.

The water charges at the prescribed rates are to be collected from the GPs for the supply of water. However in ZP Pune it was noticed that recovery of water charges amounting Rs.2.85 crores were outstanding from various GPs as on 31 March 2004.

In ZP, Pune it was noticed that during the period 2002-03 and 2003-04 expenditure incurred on maintenance of schemes was in excess of the amount of water taxes recovered as shown below:-

(Amount in crore of rupees)

Year	Expenditure Incurred on maintenance & repairs.(Rs.)	Recovery of water taxes to be made (Rs.)	Actual recovery effected (Rs)
(1)	(2)	(3)	(4)
2002-03	5.75	0.98	0.36

2003-04	7.48	3.22	0.38
Total	13.23	4.20	0.74

The table indicates that as against the expenditure of Rs.5.75 crore and Rs. 7.48 crore incurred during 2002-03 and 2003-04 respectively the recovery effected was only Rs.0.36 crore and Rs.0.38 crore respectively. The scheme was therefore uneconomical.

The ZP,Pune replied that the recovery during the current year was higher than in the earlier years. The water rates were revised with effect from 30.6.2005.

The cost of repairs and maintenance of Hand Pumps and Electric pumps installed on bore wells of GPs was required to be recovered from the beneficiaries by the GPs and paid to the ZPs. The rate of recovery towards maintenance charges was Rs.500 per Hand Pump and Rs.2500 per Electric Pump per month.

ZP,Pune had employed staff for the maintenance and repairs of the hand pumps and electric pumps in the GPs. Expenditure on the staff and on spares and vehicles was borne by the Zilla Parishad.

It was observed that expenditure on establishment for maintenance and repairs was in excess of the revenue recovered on account of maintenance charges as shown below:-

(Amount in lakh of rupees)

Particulars of Expenditure	Year 2002-03	Year 2003-04
Expdr. on maint. of staff	49.35	61.65

Expdr. On spares	22.44	22.34
Expdr. On vehicles	8.40	10.36
Other Expenditure	2.26	0.13
Total	82.44	94.48
Receipts realised	51.13	59.11
Deficit	31.31	35.37

It is also noticed that the deficit had increased by 12.97 percent. The ZP replied that proposal had been submitted (December 2004) for increasing the rates of maintenance & repairs charges and final decision is awaited.

3.11 Non release of Grant under Sampoorna Gramin Rojgar Yojana

The centrally sponsored scheme of Sampoorna Gramin Rojgar Yojana (SGRY) is intended to bring poor families above the poverty line by providing them income generating assets through Government subsidy and loan from banks. The beneficiaries are expected to take up income generating projects. After determining the viability of the projects, the PSs are required to deposit the subsidy amount with banks. Subsidy is to be released by banks after sanction of the loan component for the project submitted by the beneficiaries.

In 2 PSs³⁰ under ZP, Washim, subsidy amount of Rs.24.76 lakh deposited with the bank during 2001-02 to 2002-03 was not released to the beneficiaries, since the bank did not sanction the loan component of the project. The amount of subsidy deposited with the bank was required to be withdrawn. Further there were no reasons on records for non release of loan by the banks.

³⁰ Mangrul and Risod

3.12 Unfruitful expenditure under National Bio-gas Development Programme

8837 biogas plants out of 30704 installed were not functioning

Under National Biogas Development programme 30704 biogas plants were installed in ZPs Dhule & Nashik during the period 1982-83 to 2003-04, of which 8837 plants were not functioning after incurring expenditure of Rs.941.87 lakh.

As per Government of Maharashtra, Rural Development and Water Conservation Department circular (February 1999), expenditure on repairs of plants during guarantee period shall be made out of turnkey fees and service charges.

The ZP stated that due to non filling of dung and water regularly, technical problems, and carelessness in maintenance by the beneficiaries, the plants were non functional. Further due to drought, many beneficiaries had migrated with their cattle to other places. The ZP did not state the action proposed to be taken to repair the non functional plants

The reply is not acceptable, as Government was sanctioning grants for repairs and maintenance of the plants each year.