

CHAPTER - 3

Implementation of Schemes

Scrutiny in Audit revealed several issues including number of cases of non-adherence of guidelines, diversion of grants, under utilisation of grants and financial irregularities detected on physical verification of different schemes executed by GPs.

INDIRA AWAS YOJANA (IAY)

3.1 Introduction

Indira Awas Yojana (IAY) aims at providing dwelling units free of cost to the poor families of the Scheduled Castes (SCs), Scheduled Tribes (STs), freed bonded labourers and also the non-SC/ST persons Below Poverty Line (BPL) in the rural areas. Funds available under the scheme in a district are earmarked for various categories as under:

- (i) At least 60% of the total IAY allocation during a financial year should be utilised for construction/upgradation of dwelling units for SC/ST BPL households.
- (ii) A maximum 40% for non SC/ST BPL rural households.
- (iii) 3% of the above categories for physically and mentally challenged persons.

The scheme is funded on a cost sharing basis of 75:25 between the Centre and the State. Since 1999-2000, 80 *per cent* of allocation has been earmarked for new construction and 20 *per cent* for up-gradation of unserviceable kutchha houses. The scale of assistance for construction/up-gradation varied from time to time and also between hilly and plain areas.

The financial and physical performance under IAY in the State during 2005-2006 are summarised below:

Total available fund	Utilisation	Per cent of utilised fund	(Rupees in crore)			
			New construction (No.)		Upgradation (No.)	
			Target	Achievement	Target	Achievement
298.07	205.86	69	83,248	66,903	20,850	33,150

(Source: Panchayat and Rural Development Department)

Audit of implementation of IAY revealed irregularities in selection of beneficiaries, non-conferment of ownership of huts on women as envisaged in the scheme, non-construction of sanitary latrines and smokeless chullahs inspite of assistance released for them as discussed in the succeeding paragraphs.

GRAM PANCHAYAT

3.1.1 Annual Action Plan not prepared

It was mandatory under the scheme of IAY that each of the Gram Panchayats shall independently prepare and approve an Annual Action Plan (AAP) before the beginning of a financial year.

It was seen that 772 Gram Panchayats out of 3,349 audited did not prepare and approve such Annual Action Plan for the year 2005-06 for selection of beneficiaries under the scheme. The Gram Panchayats spent a total amount of Rs. 15.53 crore by selection of beneficiaries outside the AAP in violation of the scheme guidelines (as detailed in **Appendix-XVIII**).

In absence of AAP, there is an increased risk of selection of ineligible beneficiaries.

3.1.2 Irregular selection of beneficiaries without following BPL criteria

The scheme envisaged selection of the beneficiaries under IAY from the BPL list prepared on the basis of certain priority criteria, such as freed bonded laboureres, SC/ST households who are victims of atrocity, SC/ST households headed by widows and unmarried women, SC/ST households affected by natural and other calamities like riots and physically and mentally challenged persons etc.

However, in 1,622 Gram Panchayats out of 3,349 audited, while Rs. 19 crore was spent during 2005-06 towards IAY assistance for construction/up-gradation of huts, none of the beneficiaries was from the BPL list (as detailed in **Appendix-XIX**).

This shows lack of internal control in selection of beneficiaries as per the guidelines of the scheme.

3.1.3 Allotment of huts not conferred on women in violation of scheme provision

The IAY envisaged that allotment of huts constructed/up-graded with the scheme assistance would be conferred on the wife or alternatively on both the wife and the husband. But in 33,017 cases in 2,484 Gram Panchayats, allotment of huts constructed/up-graded with the scheme funds at a total cost of Rs. 51.27 crore was conferred solely on the male member of the family during 2005-06 (as detailed in **Appendix-XX**).

This was not in conformity with the scheme guidelines which were designed to enhance the empowerment of women.

3.1.4 Land ownership for the beneficiaries not ensured before construction/up-gradation of huts

As per para 3.5 of the guidelines of IAY, every beneficiary should possess a valid title of the land before obtaining the assistance for construction/up-gradation of a hut. However, in 359 Gram Panchayats where Rs. 19.18 crore in 12,198 cases were disbursed during 2005-06 towards assistance for construction/up-gradation of huts, the beneficiaries had either no valid records of ownership of the land on which their huts were constructed/up-graded or records were not produced to Audit (as detailed in **Appendix-XXI**).

This was indicative of lack of effective controls to ensure that ineligible beneficiaries are not covered under the scheme. Moreover, the possibilities of dislodging the beneficiaries rendering them shelterless once again by the actual owners of the land at a subsequent stage cannot be ruled out.

3.1.5 Sanitary latrines and smokeless chullahs not constructed

As per guidelines of the scheme, every Gram Panchayat is to ensure that a sanitary latrine and a smokeless chullah are constructed alongwith the construction or up-gradation of the hut.

In case sanitary latrine and smokeless chullah were not constructed, Rs. 600 towards sanitary latrine and Rs. 100 towards smokeless chullah were to be recovered

from the consolidated amount of assistance given to the beneficiaries by way of deduction from the second instalment of assistance.

However, in 1,852 Gram Panchayats, 67,593 sanitary latrines and in 2,165 Gram Panchayats, 79,182 smokeless chullahs were not constructed although the full amount of assistance amounting to Rs. 134.38 crore (as detailed in **Appendix-XXII**) was given to the beneficiaries in two instalments by the Gram Panchayats during 2005-06. The pay orders were signed by the Gram Pradhans of the respective Gram Panchayats.

It was seen in audit that Rs. 4.06 crore for sanitary latrine and Rs. 0.79 crore for smokeless chullah[⊕] were not deducted from the assistance given to the beneficiaries.

SAMPOORNA GRAMEEN ROZGAR YOJANA (SGRY)

3.2 Introduction

Sampoorna Grameen Rozgar Yojana (SGRY) was launched in September 2001 by merging the ongoing schemes of Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS). The objective of the programme is to provide additional wage employment in all rural areas as well as food security and improve nutrition level. The secondary objective of the scheme was the creation of durable community assets and social and economic assets and infrastructure development in rural areas. The SGRY is open to all rural poor who are in need of wage employment and desire to do manual and unskilled work in and around the village / habitat. The cost of each component of the programme is shared by the Centre and the State in the ratio of 75:25.

The total available fund and foodgrains and utilisation of fund and foodgrains under SGRY in the State during 2005-06 are tabled below:

(Rupees in crore)

Total available fund	Total available lifted foodgrains ('000 MT)	Utilisation		Percentage of utilization	
		Fund	Foodgrains ('000 MT)	Fund	Foodgrains
589.81	446.709	377.79	330.453	64	74

(Source: Panchayat and Rural Development Department)

[⊕] 67,593 latrines x Rs. 600 = **Rs. 4.06 crore**; 79,182 smokeless chullahs x Rs. 100 = **Rs. 0.79 crore**.

Audit of implementation of SGRY revealed works undertaken without preparation of Annual Action Plan, inadequate employment opportunities to women, expenditure incurred on works by engagement of contractors, loss due to curtailment of central share for under utilisation etc.

GRAM PANCHAYAT AND PANCHAYAT SAMITI

3.2.1 Annual Action Plan not prepared

It was mandatory under the SGRY scheme that each Gram Panchayat and Panchayat Samiti shall independently prepare and approve an Annual Action Plan (AAP) before the beginning of the financial year. No work can be taken up unless it forms part of the AAP.

It was seen that 1,481 Gram Panchayats out of 3,349 Gram Panchayats and 16 Panchayat Samitis out of 161 Panchayat Samitis did not prepare and approve such AAP for the year 2005-06 for taking up works under the scheme. The Gram Panchayats and the Panchayat Samitis spent a total amount of Rs. 37.55 crore and Rs. 5.78 crore respectively for works taken up outside the AAP in violation of the scheme guidelines (as detailed in **Appendix-XXIII and XXIV**).

In absence of AAP, there is an increased risk of selection of ineligible beneficiaries as the requirement of enumeration, enlistment and identification of eligible beneficiaries for works outside AAP may not be properly attended to.

3.2.2 Inadequate employment opportunities to women

In order to ensure special safeguards for women, it was stipulated in the scheme that at least 30 *per cent* of employment opportunities should be provided to women. But in 1,999 Gram Panchayats and 38 Panchayat Samitis during 2004-05 to 2005-06, the percentage of employment opportunities provided to women ranged from zero to 20 only in violation of the guidelines of the scheme (as detailed in **Appendix-XXV and XXVI**).

3.2.3 Expenditure incurred, in excess of permissible limits, on maintenance of public assets in Panchayat Samiti

Every Panchayat Samiti is permitted to spend up to a maximum of 15 *per cent* of the funds provided under the scheme on maintenance of the public assets created from

time to time under any Centrally sponsored wage-employment programme within its geographical boundary.

But it was seen that during 2004-2006, 13 Panchayat Samitis spent 51 *per cent* (Rs. 5.18 crore) towards maintenance cost for such assets which was 36 *per cent* in excess of the permissible limit of Rs. 1.51 crore (as detailed in **Appendix-XXVII**).

3.2.4 Expenditure incurred on works engaging contractors

According to the guidelines of SGRY issued by the GOI in September 2002, no contractor was allowed to be engaged for any work and the works should be executed departmentally. But it was seen that 13 Panchayat Samitis spent Rs. 1.82 crore towards execution of works by engaging contractors during 2004-2006 (as detailed in **Appendix-XXVIII**) which was not in accordance with the guidelines.

OTHER IRREGULARITIES

GRAM PANCHAYAT

HARDA GRAM PANCHAYAT (BINPUR-II PANCHAYAT SAMITI)

3.3 Nil utilisation of Rs. 35.93 lakh of Centrally Sponsored Scheme funds

Centrally sponsored schemes viz. Indira Awas Yojana (IAY) and Sampoorna Grameen Rozgar Yojana (SGRY) have been launched in rural areas of the State to provide dwelling units free of cost to the poor families below poverty line and to provide additional wage employment to the people with creation of durable community assets and social and economic infrastructure in rural areas.

Harda Gram Panchayat under Binpur-II Panchayat Samiti received a total amount

of Rs. 35.93 lakh* (including foodgrains) during 2004-05 and 2005-06 for execution of IAY and SGRY schemes. The GP could neither utilise the amount nor the foodgrains during 2004-05 and 2005-06 although there was demand for work and the beneficiaries came forward to avail of the benefit. The GP admitted the fact (May 2006) and further stated (April 2008) that the work could only be taken up from September 2006 onwards*.

Thus, the rural people were deprived of the wage benefit equivalent to 20,487 mandays^x under SGRY and 89 rural people^x of housing under IAY during 2004-2006.

PANCHAYAT SAMITI

NAMKHANA PANCHAYAT SAMITI

3.4 Irregular expenditure of Rs. 10.57 lakh on Ganga Sagar Mela

According to the guidelines of SGRY^o no works were to be taken up unless it forms part of the Annual Action Plan (AAP) and works taken up under the programme should be of a durable nature.

Scrutiny of records revealed that Namkhana Panchayat Samiti (PS) in South 24 Parganas incurred an expenditure of Rs. 10.57 lakh* during 2004-05 and 2005-06 out of SGRY funds which was not included in the AAP violating the provisions of the guidelines. The expenditure was on works of temporary parking, bamboo piling work,

Scheme	Receipt				Expenditure				Balance (31.3.07)
	2004-05	2005-06	2006-07	Total receipt	2004-05	2005-06	2006-07	Total expenditure	
IAY	7.09	7.67	13.75	28.51	0	0	21.64	21.64	6.87
SGRY	12.27*	8.90*	2.70	23.87*	0	0	15.49	15.49	8.38*

*Including foodgrains of 1,16,800 kg @ Rs. 6 per kg i.e. Rs. 7.01 lakh
 • Foodgrains remained unutilised since 2004-05 and total value of foodgrains thus unutilised as of 31.3.07 was Rs. 7.01 lakh

^x Calculated on the basis of prevalent rate of wages of Rs. 62 per day per head and prescribed percentage of 60 to be spent for wages out of total funds available (Rs. 21.17 lakh x 60 per cent / Rs. 62 = **20,487 mandays**).

^x 80 per cent of total allocation may be utilised for new construction. Rs. 14.76 lakh x 80%/20,000 (cost fixed per house) = **59**.

20 per cent of total allocation may be utilised for upgradation. Rs. 14.76 lakh x 20%/10,000 (cost fixed per house) = **30**.

So, new construction 59 plus upgradation 30 = **89**.

^o Para 6.1.1 of the guidelines (effective from 1.4.04) under SGRY.

• Cash Rs. 9.73 lakh and foodgrains 13,986 kg @ Rs. 6 per kg i.e. Rs. 0.84 lakh. So, total expenditure Rs. 9.73 lakh plus Rs. 0.84 lakh = **Rs. 10.57 lakh**.

roads, towers, etc. executed on temporary basis (as against creation of durable assets prescribed by the scheme guidelines) in connection with Ganga Sagar Mela 2005, a religious festival.

Thus, expenditure of Rs. 10.57 lakh incurred by the PS stood unauthorised.

ZILLA PARISHAD

3.5 Loss of Rs. 12.87 crore due to curtailment of Central share for under-utilisation of funds

According to SGRY guidelines, the Central Government's second instalment of SGRY grant to a Zilla Parishad (ZP) should proportionately be curtailed for non-fulfilment of 60 *per cent* utilization of available funds and if carried over fund exceeds 15 *per cent* of the funds available during the previous year.

It was observed from the records that due to non-fulfilment of the said conditions, six Zilla Parishads and one Mahakuma Parishad (MP)⁺ received the Central share of funds less by Rs. 12.87 crore during 2005-2006.

3.6 Loss due to non-disposal of gunny bags worth Rs. 23.35 lakh

According to guidelines of SGRY, the gunny bags in which the foodgrains are received for distribution under the programme will be disposed of in accordance with the prescribed procedure in the State and the sale proceeds of the same can be used for making payment towards the transportation cost/ handling charges.

It was observed from records that two Zilla Parishads lifted and utilised 1,66,818.5 quintal of foodgrains under SGRY during 2005-06. But the ZPs neither disposed of the gunny bags nor realised the sale proceeds from the dealers. If the

+

Sl. No.	Zilla Parishad	Funds (Rs. in lakh)		
		Allotment	Release	Curtailment
(1)	Birbhum	1,301.15	1,212.05	89.10
(2)	Uttar Dinajpur	1,233.95	1,187.90	46.05
(3)	Bankura	1,646.52	1,455.21	191.31
(4)	Siliguri Mahakuma Parishad	799.99	589.67	210.32
(5)	South 24 Parganas	3,083.67	2,614.01	469.66
(6)	Paschim Medinipur	2,178.80	2,006.35	172.45
(7)	Howrah	753.85	645.41	108.44
	Total	10,997.93	9,710.60	1,287.33

disposal rate is taken to be Rs. 7 per gunny bags (as reported by Khandra GP in Bardhaman District in March 2005), the total selling price of the gunny bags stood at Rs. 23.35 lakh*.

In respect of Bankura ZP, transportation charges were paid from the fund allotted by the State Government. Coochbehar ZP did not furnish any specific reply regarding the payment of transportation charges.

Thus, due to non-realisation of the sale proceeds of the empty gunny bags neither from the dealers nor from their sale as per the guidelines of the scheme resulted in loss of Rs. 23.35 lakh.

3.7 Results of Joint Physical Verification of different schemes executed by Gram Panchayats

Towards facilitating transparency and accountability in the use of public funds, joint physical verification audits were carried out between August 2006 and June 2007 in a few GPs on pilot basis with the functionaries of the concerned Gram Panchayats. The joint physical verification audits revealed several instances of financial irregularity, such as misappropriation of funds, withdrawal of money by submission of fake and fraudulent bills, unauthorised retention of Panchayat funds in excess of permissible limits etc., which are detailed below:

Sl. No.	Name of GP	Controlling PS	Controlling ZP	Sl No.	Date of Joint Physical Verification	Brief of irregularities	Amount / Foodgrains recovered & date thereof (Rs. in lakh)	Amount / Foodgrains yet to be recovered (Rs. in lakh)
(1)	Bipradaspur	Gosaba	South 24 Parganas	(i)	10.05.2007	The cost of 10,000 bricks, in excess, valued at Rs. 0.31 lakh was shown to have been paid to supplier	0.31 (11.05.2007)	
(2)	Kumirmari	Gosaba	South 24 Parganas	(ii)	22.05.2007	Rs. 0.85 lakh was spent under SGRY for a work which was found to have not been done	0.85 (22.05.2007)	

•

Bankura ZP	:	1,27,569.3 quintal
Coochbehar ZP	:	39,249.2 quintal
Total	:	1,66,818.5 quintal

Therefore, 1,66,818.5 quintal x 100/50 kg (capacity of one gunny bag) = 3,33,637 bags x Rs. 7
= **Rs. 23.35 lakh.**

				(iii)	22.05.2007	Less payment of Rs. 0.01 lakh under IAY to a beneficiary	0.01 (22.05.2007)	
(3)	Chottomollakhali	Gosaba	South 24 Parganas	(iv)	18.05.2007	Irregular retention of Rs. 0.16 lakh received from an NGO for sanitation work	0.16 (19.05.2007)	
				(v)	19.05.2007	Irregular payment of Rs. 0.40 lakh to non-BPL beneficiaries under IAY	0.40 (21.05.2007)	
				(vi)	21.05.2007	Fake expenditure of Rs. 0.21 lakh for non-existent work under SGRY	0.21 (21.05.2007)	
				(vii)	18.05.2007	Unauthorised retention of cash to the tune of Rs. 0.21 lakh	0.10 (19.05.2007)	0.11
(4)	Manikchak	Manikchak	Malda	(viii)	02.08.2006	Rs. 1.09 lakh was withdrawn (June 2006) from SGRY fund and used for fraudulent payment through Muster Rolls and purchase of tubewell parts	1.09 (09.08.2006)	
(5)	Radhanagar - Taranagar	Gosaba	South 24 Parganas	(ix)	28.05.2007	Rs. 0.89 lakh was spent for non executed work	0.89 (29.05.2007)	
				(x)	28.05.2007	Rs. 0.20 lakh was spent for non executed repair work of tubewells	0.20 (30.05.2007)	
				(xi)	28.05.2007	Rs. 1.36 lakh was spent for non-existent work	1.36 (30.05.2007)	
				(xii)	29.05.2007	Rs. 0.69 lakh was given as assistance under IAY to beneficiaries not belonging to BPL category	0.69 (30.05.2007)	
(6)	Kachuakhali	Gosaba	South 24 Parganas	(xiii)	17.05.2007	Rs. 0.19 lakh was unauthorisedly given to five persons as old age pension	0.19 (17.05.2007)	
				(xiv)	16.05.2007	Less payment of Rs. 0.03 lakh to two beneficiaries under IAY	0.03 (17.05.2007)	
(7)	Satjelia	Gosaba	South 24 Parganas	(xv)	31.05.2007	Rs. 0.82 lakh was fictitiously shown as spent for already executed work	0.82 (01.06.2007)	
				(xvi)	31.05.2007	Rs. 0.50 lakh was irregularly paid to two beneficiaries belonging to non BPL category during 2005-07	0.50 (01.06.2007)	

(8)	Amtali	Gosaba	South 24 Parganas	(xvii)	25.05.2007	Rs. 1.97 lakh was spent under SGRY for non executed works	1.63 (28.05.2007)	0.34
				(xviii)	24.05.2007	Fraudulent withdrawal of Rs. 1.18 lakh during 2005-07 for upgradation of houses under IAY	1.18 (26.05.2007)	
(9)	Chandi	Bishnupur II	South 24 Parganas	(xix)	04.07.2007	60,570 Kg of rice for SGRY sold in the market	5,580 kg of rice (08.07.2007)	54,990 Kg of rice is yet to be recovered
Grand total						Cash - Rs. 11.07 lakh	Cash - Rs. 10.62 lakh	Cash - Rs. 0.45 lakh
						Rice - 60,570 kg	Rice - 5,580 kg	Rice - 54,990 kg

The above mentioned 19 cases of such fake, unauthorised and irregular nature of payments, as detected, involved Rs. 11.07 lakh in cash as well as issue of 60,570 kg of food grains (rice). GPs admitted the audit findings and recovered Rs. 10.62 lakh and 5,580 kg of food grains (rice) in the aforesaid period.

The matter was intimated (July 2007) to the Panchayat and Rural Development Department (P & RDD).

P & RDD held (August 2007) that such practices not only grossly violated all norms of sound financial management, but constituted examples of extreme irresponsibility, culpable carelessness and utter apathy to the spirit of accountability. The Department further directed District Magistrates of South 24 Parganas and Malda to cause enquiry into the matter and take necessary action under intimation to the Department.