

CHAPTER - III

PERFORMANCE AUDIT

This chapter contains Performance Audit on Implementation of National Rural Employment Guarantee Scheme (3.1), Accelerated Rural Water Supply Programme (3.2), IT Audit of Computerization of Land Records (3.3), Functioning of State Institute of Rural Development (3.4), Implementation of Tribal Welfare Schemes in Meso Areas (3.5) and Working of Jharkhand State Pollution Control Board (3.6).

DEPARTMENT OF RURAL DEVELOPMENT

3.1 Implementation of National Rural Employment Guarantee Scheme

Highlights

National Rural Employment Guarantee Act (NREGA) was promulgated (September 2005) by the Government of India with the basic objective to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in every financial year to a rural household whose adult members volunteered to do unskilled manual work. National Rural Employment Guarantee Scheme (NREGS) was launched in Jharkhand in February 2006. A performance audit on the implementation of NREGS in the State for the period February 2006 to March 2007 disclosed that the stated objectives were not achieved and the scheme suffered mainly due to non-conducting of survey, non-preparation of Annual Action Plans and District Perspective Plans, poor coverage of targeted employment generation, non-appointment of key personnel, mismanagement of scheme funds, selecting works in violation of scheme guidelines etc.

State Rural Employment Guarantee Scheme was formulated after a delay of 15 months. Broad-based committees at district and panchayat levels to ensure fair representation of all sections of the society were not formed.

[Paragraph 3.1.6]

District Perspective Plans (DPP) and Annual Action Plans were not prepared in Dhanbad, Gumla, Palamu and West Singhbhum. Although both were prepared in Ranchi and only DPP was prepared in Sahebganj, due procedures were not followed.

[Paragraphs 3.1.7.3 and 3.1.7.4]

Veracity of monthly reports sent to MoRD, GOI could not be relied upon. Job cards, muster rolls and registers for employment, assets, complaints etc. were either not maintained or maintained improperly.

[Paragraph 3.1.8]

In seven districts, Rs 306.73 crore (77 per cent) out of available funds of Rs 398.04 crore was spent. Out of 41371 works, 12443 were completed leaving 28,928 works incomplete on which Rs 192.84 crore had already been spent.

[Paragraph 3.1.9.2]

Wages paid to the labourers were less than the prescribed minimum wages. Unemployment allowances were not paid as required under NREG Act.

[Paragraphs 3.1.10.2 and 3.1.10.3]

Rupees 34.06 crore were allotted to 166 Gram panchayats without works. Rs 1.51 crore was released to the DFOs, North and Afforestation Divisions, who had no expertise to take up the works.

[Paragraphs 3.1.10.4 and 3.1.10.5]

Preparation of false MRs, purchase of materials after completion of works, payment of wages to labourers prior to commencement of NREGS etc. were noticed in 19 works involving payment of Rs 8.01 lakh.

[Paragraph 3.1.11.1]

In sampled districts only 1,429 out of 10,07,563 registered households were provided 100 days employment. Further, 5.20 crore (22.5 per cent) mandays only were generated against the projected requirement of 23.04 crore mandays.

[Paragraph 3.1.12]

3.1.1 Introduction

National Rural Employment Guarantee Scheme (NREGS), a centrally sponsored scheme, was launched (February 2006) in 20 (**out of 22**) districts in Jharkhand by merging the on going Sampoorna Gramin Rojgar Yojana (SGRY) and National Food for Work Programme (NFFWP). The main objective of the scheme was to provide 100 days employment in every financial year to all rural households whose adult members volunteered to do unskilled manual work. Employment was to be provided within 15 days of demand for job by registered adult members, failing which unemployment allowance was to be paid by the State Government as the scheme was demand driven and justiciable. Central assistance was released directly to the District Rural Development Agencies (DRDAs) in two installments. Like wise, State also released its share¹ to the DRDAs for selection of labour intensive works with wage and material components in the ratio of 60:40. The Central Government was to bear the entire cost of wages for unskilled manual workers and administrative expenses.

3.1.2 Organizational set up

The scheme was to be implemented by the Rural Development Department (RDD) headed by the Principal Secretary (PS). At the State level, an Employment Guarantee Commissioner was responsible for implementation of the scheme (from 3 January 2007) while at the district level, DRDA headed by Deputy Commissioner (DC), designated as District Programme Co-ordinator (DPC) and Deputy Development Commissioner (DDC), functioning as the Vice-Chairman were the nodal officers. The Block Development Officers (BDOs) at block level were functioning as Programme Officers (POs) while

¹ 75:25 in respect of material cost inclusive of wages for skilled and semi skilled workers.

Panchayat Sewaks/Gram Sewaks in place of Employment Guarantee Assistants (EGA) were made responsible at Gram Panchayat² (GP) level.

3.1.3 Audit objectives

The main objectives of this Performance Audit were to assess whether:

- the survey, registration, allotment of job cards and allocation of employment was in compliance with the guidelines;
- the funds released for NREGS were accounted for and utilized in compliance with the guidelines;
- NREGS works were properly planned, economically, efficiently and effectively executed, durable assets were created and properly accounted for;
- 100 days employment was provided to all registered households or unemployment allowance paid in case of failure and other aspects of the guidelines were adhered to; and
- the computerized Monitoring and Information System provided reliable data.

3.1.4 Audit criteria

The following audit criteria were adopted for the performance audit:

- NREG Act and notifications issued thereunder;
- NREGA Operational Guidelines (2006);
- Circulars and orders issued by the MoRD;
- Instructions issued by the State Government.

3.1.5 Scope and methodology of audit

The Performance Audit on the implementation of NREGS in the State for the period February 2006 to March 2007 was conducted between May 2007 and August 2007 through test check of records of RDD, seven³ out of 20 implementing Districts /DRDAs, 14 blocks in selected districts,⁴ 56 Gram Panchayats⁵ and 181⁶ works.

Entry conference was held (March 2007) with the Principal Secretary, RDD wherein the audit objectives, audit criteria and methodology were discussed. Exit Conference was held (November 2007) with the Principal Secretary, RDD and findings along with recommendations were discussed. The audit findings are brought out in the succeeding paragraphs.

² A Gram Panchayat is identified only by Gram Sewak/Panchayat Sewak in the absence of the elected body.

³ Dhanbad, Gumla, Hazaribagh, Palamu, Ranchi, Sahebganj and West Singhbhum.

⁴ Districts selected by using 'Simple Random Sampling without Replacement' method.

⁵ Panchayats selected by using 'Probability Proportion to Size with Replacement' method.

⁶ Four works were selected per GPs totaling 224. In six G.Ps no work were executed while in eight GPs, less than four works were executed. Hence, 181 works were examined in remaining 50 GPs.

Audit findings

3.1.6 Lack of preparedness

Separate machinery below the DC was not formed. Broad based committees to ensure fair representation of diverse interest from all sections of the society were not set up

NREGA was passed in September 2005 and given effect from February 2006. In the intervening six months, the State Government was required to take necessary steps to implement the Act. State Rural Employment Guarantee Scheme (SREGS), though required to be formulated by March 2006, was formulated in June 2007 after a delay of 15 months. GOI directed (February 2006) the State Government to form broad based committees at intermediate panchyat and district levels to ensure fair representation of diverse interest from all sections of the society in the absence of Panchyati Raj institutions but nothing was done. Even employment guarantee funds to be established at State, district, block and GP was not formed while State Employment Guarantee Council (SEGC) constituted (January 2007) after a delay of 11 months failed to meet even once (March 2007). Employment Guarantee Commissioner appointed was below the rank of a commissioner though an officer of the rank of commissioner was to be appointed to oversee the implementation of the Act. According to the guidelines, separate machinery was to be put in place below the DC at block and Gram Panchayat (GP) levels. Separate machinery comprising of POs, Assistants, Accountants, Engineers and EGA were not appointed while Technical Resources Support Groups were not set up.

3.1.7 Planning for implementation of the scheme

The Act required the GPs to forward proposals for State Rural Employment Guarantee Scheme (SREGS) works to the POs for scrutiny and preliminary approval, who in turn was to prepare a plan for the blocks by consolidating the proposals received from GPs. The POs were to send the consolidated plans to DPC for approval. The DPC was to prepare and forward a labour budget by anticipating the demand for unskilled manual work in the district indicating the plan for engagement of labourers in SREGS works to the District Panchayat. It was, however, noticed that planning at State, district, block and GP levels was inadequate and deficient as discussed below:

3.1.7.1 No survey conducted to identify the beneficiaries

Survey to assess and identify the members of rural households was not conducted and 46 per cent house holds remained uncovered for registration

A door to door survey was to be undertaken by a team led by the president of the GP⁷, Ward members, SC/ST and women residents and a village level Government functionary to identify persons willing to be registered under the Act.

No such survey was conducted to assess and identify those who were willing to get themselves registered. Households under NREGA were found registered and issued job cards only on the basis of applications received by the Panchayat Sewaks/Gram Sewaks. As a result, against 42.75 lakh rural households in the State (according to 2001 census), 23.04 lakh were registered in 2006-07. Thus, 19.71 lakh households (46 per cent) remained uncovered for

⁷ No elected GP exists in Jharkhand: all affairs of GPs are done by Panchayat Sewak/Gram Sewak (Government official) in the State.

registration. Of this, 13.94 lakh (61 per cent) households were reported to have demanded jobs in 2006-07.

3.1.7.2 Individual identity slips not issued

Individual identity slips were not issued in nine test checked blocks and 36 GPs

Individual identity slips were to be issued to each registered applicant. In nine sampled blocks and 36 GPs, individual identity slips were not issued. In its absence duplicity in registration of households and authentication of labourers at work site could not be checked. In districts and blocks, where identity slips were issued, details of individuals etc. were not maintained indicating lack of transparency.

3.1.7.3 Preparation of District perspective plan

DPP was not prepared in four districts to provide a development perspective for the district

The District Perspective Plan (DPP) was to facilitate advance planning for five years and to provide a development perspective for the District. It was aimed at identifying works which wedded the twin objectives of NREGA, long term adequate employment with sustained development. Out of seven sampled districts, DPP was not prepared in four districts of Dhanbad, Gumla, Palamu and West Singhbhum. In Ranchi and Sahebganj it was prepared by hiring private agencies between April 2005 and June 2006 without conducting the meeting of Gram Sabha (in Sahebganj) and in Ranchi, Gram Sabha met (August 2006) after preparation of DPP. In Hazaribagh, the prepared DPP did not indicate the year in which work would be taken up.

3.1.7.4 Preparation of Annual Action Plan

AAP for 2006-07 were not prepared in five districts

The Annual Action Plan (AAP) on the basis of DPP, was to be prepared by December of the previous year to identify the activities to be taken up in the following year. It was to spell out the existing demand for work, demand in the previous year, works taken up in the previous year, ongoing works and works proposed for the next year. In the seven tests checked districts, AAPs for 2006-07 were not prepared in Dhanbad, Gumla, Palamu, Sahebganj and West Singhbhum. In absence of AAPs, works were sanctioned/taken up in unplanned way, funds allotted without any works and inadmissible works were taken up as discussed under 'Implementation'. In two districts where AAPs were prepared, they were incomplete as mentioned below:

- In Hazaribagh, preparation of AAP for 2006-07 was not only delayed by nine months (November 2006) but it did not cover every GP. The works to be executed by the GPs were also not specified. Further, the plan failed to identify the mandays to be generated from each work, GP wise shelf of works and prioritization of works.
- In Ranchi, AAP for 2006-07 included 2,209 works against which 5,918 works were taken up.

3.1.8 Non/improper maintenance of records

Job Card, Muster Rolls and registers of employment, asset, and complaints at GP levels were not maintained

According to chapter-9 of the operational guidelines, Implementing Agencies (IAs) should maintain several records viz., application register, employment register, job card register, muster rolls register, asset register and complaint register at block/GP level. These records were either not maintained at all or maintained improperly in all the test checked units. Thus, the veracity of monthly reports sent to MoRD, GOI could not be relied upon. Further, the PO

was to collect data on labour employment and material received on a weekly basis from REGS worksites to be displayed on the notice-board. Data on labour employment and material received was not found displayed at notice-board of the PO in any of the sampled blocks. Thus, in the absence of maintenance of basic records, the data/information system of the State Government was unreliable.

In ten districts⁸, 6,10,303 individual applicants were reported to have been provided employment against 70,203 households, while in three districts⁹, 9,981 individual applicants against 90,288 households were reported to have been provided employment during March 2007. Thus, on one hand the average individuals per households were 8.7 while on the other hand a household was provided job to not even a single individual. Besides, the consolidated report of the State for March 2007 indicated that 22 households got 100 days of employment in Palamu district, where as the report submitted by DRDA Palamu showed only 13 households. Thus, data of the State and the district were not only discrepant and defective but also raised strong indication about misrepresentation of facts as mentioned elsewhere in the review.

3.1.9 Financial Management

3.1.9.1 Funding pattern and flow of funds

GOI was to bear the entire cost of wages for unskilled manual works, while the cost on material including semiskilled/skilled workers was to be shared between GOI and the State Government in the ratio of 75:25. GOI was to release fund to the State on the basis of State Annual Work Plan and Budget Proposal. The initial installment as seed money was to be released in single installment and upon utilization of 60 per cent, subsequent releases were to be made subject to release of State share¹⁰ within 15 days of release of central share and submission of utilization certificates (UCs) by the DRDAs. The funds were to be utilized on works with wage and material component in the ratio of 60:40. In Jharkhand, Central and State Shares were released to the DRDAs which in turn released 25 per cent funds to BDOs for block and 50 per cent to GPs (through BDOs/Panchayat Sewaks) for GP works. DRDAs also retained 25 per cent of total funds for execution of works by various implementing agencies at the district level.

3.1.9.2 Release of fund and expenditure

The fund available under the scheme during 2006-07 was Rs 965.52 crore (GOI: 576.26 crore, State: 63.24 crore and others¹¹: 326.02 crore). The State could utilize only Rs 711.55 crore (74 per cent) during the period. The reasons for low utilisation were non/delayed preparation of AAP, DPP and absence of

Twenty six per cent of available fund could not be utilized due to non-preparation of AAP and DPP

⁸ Bokaro, Chatra, Gumla, Godda, Hazaribagh, Lohardaga, Koderma, Ranchi, Sahebganj and West Singhbhum.

⁹ Giridih, Latehar and Pakur.

¹⁰ Under NREGS wage and material components should be in the ratio of 60:40. State Government has to bear 25 per cent of material costs i.e.10 per cent of scheme fund which works out to 11.11 per cent of central fund.

¹¹ Others include balance of previous year and closing balance of other schemes merged with NREGS.

separate machinery to monitor the implementation etc. as mentioned elsewhere in the review. Fund available and expenditure there against in the test checked districts were as under:

(Rupees in crore)

District	O.B.	Receipts	Misc. receipts	Total availability	Expenditure	Per cent
Dhanbad	4.56	22.78	0.42	27.76	23.28	84
Gumla	17.90	48.76	0.15	66.81	56.98	85
Hazaribagh	5.36	26.35	0.07	31.78	27.92	88
Palamu	16.16	40.61	0.00	56.77	46.29	82
Ranchi	15.93	49.47	0.33	65.73	62.35	95
Sahebganj	18.68	51.21	0.00	69.89	37.77	54
West Singhbhum	42.69	35.95	0.66	79.30	52.14	66
Total	121.28	275.13	1.63	398.04	306.73	

It may be seen from the above that Rs 306.73 crore (77 per cent), out of total available fund of Rs 398.04 crore could be incurred by the seven test checked districts during 2006-07. Out of 41371 works, 12443 works were completed leaving 28928 works incomplete on which Rs 192.84 crore had already been spent. Thus, RDD failed to utilize the available funds resulting in huge unspent balance. Moreover, the expenditure shown as incurred also included advances released to the implementing agencies as observed in two cases as mentioned below:

Advance of Rs 4.29 crore lying with implementing agencies was shown as final expenditure

- In two blocks of Ranchi district, Rs 95.42 lakh was released (between March 2006 and March 2007) to eight GPs by DRDA/BDOs against which Rs 61.81 lakh was spent, leaving unspent balance of Rs 33.61 lakh. However, the entire released fund was shown as final expenditure.
- In another case Rs 3.95 crore, out of Rs 5.71 crore (69 per cent) lying with five¹² implementing agencies as advance for a period ranging from one day to 11 months as of 31 March 2007, was booked as final expenditure in the accounts of DRDAs Gumla and Hazaribagh. Advance registers were not maintained showing the released amounts to GPs and further adjustments on receipt of vouchers in the DRDA/blocks.

3.1.9.3 Irregularities in fund management

State share was either not released or released after delay ranging between 10 and 268 days. Second installment was not released by GOI due to non-submission of UCs and non-placing of demand

State Government was required to release the State share within 15 days of the release of the Central funds. In Sahebganj, Central fund of Rs 18.12 crore was released (March 2006) but corresponding State share of Rs 2.01 crore was not released till March 2007. In Dhanbad, Hazaribagh, Palamu and Sahebganj, release of State share of Rs 12.22 crore against Central release of 110.70 crore for the year 2006-07 was delayed, ranging between 10 and 268 days. In Dhanbad and West Singhbhum, the second installment was not released by GOI in 2006-07 due to non-submission of UCs by West Singhbhum and failure in placing demand by Dhanbad though 80 per cent of earlier release was spent.

¹² National Rural Employment Programme, Hazaribagh, Minor Irrigation, Hazaribagh, Soil Conservation, Hazaribagh, Support, Hazaribagh, Brahmanand Farms and Research Centre, Jamshedpur.

DRDAs Gumla, Palamu and West Singhbhum released (March 2006 to March 2007) Rs 37.82 crore to the BDOs and other implementing agencies (IAs) in one installment against norms. In Gumla and Palamu, Rs 41.59 crore was though released in several installments (2 to 14) to GPs/IAs, receipt of utilization certificates against earlier release were not on record.

Executive Engineer (EE), Rural Development Special Division, Palamu deposited Rs 3.35 crore in current account in violation of scheme guideline which resulted in loss of interest of Rs 1.05 lakh.

Interest accrued was short exhibited by Rs 1.22 crore in the Monthly Progress Report

In Hazaribagh and West Singhbhum, though interest of Rs 24.63 lakh and Rs 1.71 crore respectively were accrued, Rs 7.52 lakh (less by Rs 17.11 lakh) and Rs 66 lakh (less by Rs 1.05 crore) respectively were only shown in the Monthly Progress Report (March 2007). The short exhibition of interest of Rs 1.22 crore was fraught with the risk of misappropriation and therefore, needed investigation. Bank reconciliation was also not done.

3.1.9.4 Expenditure on inadmissible items

Rupees 8.74 crore out of scheme fund was spent on inadmissible items

According to the Guidelines, two *per cent* (administrative expenses) of total expenditure was admissible on salary and allowances of Administrative Assistants, Technical Assistants in GPs and POs, Computer Assistants, Accounts Assistants, Technical Assistants in the blocks. Though necessary staff was not appointed, Rs 8.48 crore was spent by 20 DRDAs and implementing agencies towards contingencies on fuel, stationary, repairing of vehicles etc which was not admissible. Similarly, NREGS fund should not be used for any purpose other than the scheme. DRDA, Ranchi diverted Rs 5.26 lakh between December 2006 and February 2007 for payment of salary of DRDA staff not associated with NREGS and DRDA West Singhbhum, procured 13 Diesel Generator Sets at a cost of Rs 21.19 lakh in violation of the guideline.

3.1.10 Implementation of the schemes

Gram Sabha, Gram Parishad, etc. were the main agencies involved in the implementation of the schemes. The major irregularities noticed during the course of audit were as under:

3.1.10.1 Selection of works in violation of norms

As AAP was not prepared in Palamu, DC instructed BDOs (December 2006) to take up “work of irrigation well” in villages without assessing the requirement. As a result, 1,112 wells were taken up (December 2006) at a cost of Rs 9.93 crore for completion by February/March 2007, which remained incomplete (July 2007).

In Gumla irrigation wells, ponds and tree plantation were sanctioned at a cost of Rs 8.32 crore without holding meeting of Gram Sabha

In Gumla, schemes for construction of 159 irrigation wells, ponds and tree plantation were sanctioned by the DC without holding the meeting of Gram Sabha for Rs 8.32 crore for completion by September 2006 to May 2007. None of the above works were completed within May 2007

On the recommendation (between February 2006 and April 2007) of six MLAs, 71 schemes for Rs 5.14 crore were taken up (between March 2006 and

May 2007) for execution in Karra block of Ranchi, Mandro, Borio, Rajmahal and Barharwa blocks of Sahebganj and Chouparan block of Hazaribagh, but these were neither in the Annual Plan nor approved by the Gram Sabhas.

Seventy one schemes at Rs 5.14 crore were taken up though not contained in AAPs

DC, Gumla sanctioned (March 2007) 100 units of "Safed Musli" cultivation for commercial farming for Rs 1.24 crore at Rs 1.24 lakh per unit had only 12 per cent (Rs 15.30 lakh) labour component as against 60 per cent. In West Singhbhum of 4,326 works executed (2006-07) for Rs 52.13 crore 2,373 were PCC Roads where labour component was as low as 19 to 24 per cent as against the norm of 60 per cent.

3.1.10.2 Non-payment of minimum wages

State Government fixed Rs 76.68 per manday as minimum wage to be paid to labourers. It was noticed from the monthly report sent by DRDAs Gumla and Sahebganj to the State Government that 90.34 lakh manday were generated in 2006-07, spending Rs 53.18 crore on unskilled labourers. Thus, the average rate per manday worked out to Rs 58.86 which indicated that minimum wage was not paid to the unskilled labourers in these districts.

GOI was to bear the entire cost of wages for unskilled manual workers. In Hazaribagh, Palamu and Ranchi, 88.52 lakh mandays was generated during 2006-07 for which Rs 85.64 crore was shown as spent. However, calculation of wage at the rate of Rs 76.68 per manday fixed by the Government comes at Rs 67.88 crore. This resulted in short creation of 23.16 lakh mandays or fictitious expenditure of Rs 17.76 crore, which needed investigation.

3.1.10.3 Non-payment of unemployment allowance

Unemployment allowances were not paid

Employment was to be provided within 15 days of demand failing which unemployment allowance was to be paid at the rate fixed by State Government. In Palamu and Sahebganj, 1.04 lakh workers demanded employment during 2006-07 but 0.97 lakh only were provided job. Remaining 7000 workers were not paid unemployment allowance. Similarly, 91 labourers in Chainpur block (Palamu district), demanded work (June 2006) but 40 were provided (December 2006) work after six months of application without giving unemployment allowances for 165 days.

3.1.10.4 Funds allotted to Gram Panchayats without selecting works

DRDA Sahebganj released Rs 34.06 crore to 166 GPs without approved works. Funds of Rs 3.76 crore could not be utilized by BDOs, Dhanbad, Jharia, Nirsa and Tundi

DRDAs were to provide fund to GPs to take up works for creation of wage employment to job seekers after approval of selected works. In Sahebganj, Rs 34.06 crore was released (between March 2006 and 2007) by DRDA to 166 GPs (Panchayat Sewaks) without selecting any approved works. There was unspent balance (March 2007) of Rs 22.42 crore (66 per cent).

DRDA, Dhanbad allotted Rs 5.85 crore to BDOs Dhanbad (Rs 2.04 crore) and Jharia (Rs 3.81 crore) between February and May 2006 without shelf of projects/approved works. Out of the allotted fund Rs 3.56 crore was refunded between December 2006 and July 2007 by the BDOs. Similarly, BDOs, Nirsa and Tundi allotted Rs 20.36 lakh to DFO, Dhanbad in May 2006 without specifying the works to be taken up. DFO, Dhanbad could not utilize the fund and refunded the amount in January 2007.

3.1.10.5 Allotment of works to inexperienced divisions

The selection of the implementing agencies was to be based on technical expertise, reputation and resource capacity to handle work within the given time frame. DFOs, North and Afforestation Divisions, Palamu were allotted (April 2007) 279 works for Rs 3.01 crore for construction of ponds, wells, kachcha check dams, against which Rs 1.51 crore (50 per cent) was released in April 2007 but the works were not started as of July 2007 as these divisions did not have the expertise to take up the allotted works.

3.1.10.6 Incorrect reporting of mandays

Incorrect reporting of creation of 20,625 mandays

If any implementing agency was unable to execute the works within 15 days of allotment, it was to immediately inform the PO or the DPC, who were to entrust that work to another agency. DPC, Palamu (DRDA) allotted (April 2007) 128 works for construction of ponds, wells, kachcha dam for Rs 1.39 crore to DFO, North Division, Palamu against which Rs 69.32 lakh (50 per cent) was released. The works were not started till July 2007 but creation of 20,625 mandays at Rs 15.82 lakh was shown in the Monthly Report (July 2007) leading to incorrect reporting of mandays.

3.1.10.7 Diversion of fund

Statutory norms for allocation of works were violated

A minimum of 50 per cent of the works in terms of costs were to be allocated to the GPs for execution. In Hazaribagh, it was 31 per cent (Rs 10 crore out of Rs 31.78 crore), while in Palamu it was 32.08 per cent (Rs 18.21 crore out of Rs 56.77 crore). Besides, Rs 2.17 crore, earmarked for execution of panchayat works was diverted (June 2006) to NFFWP cash book in operation and allotted to seven¹³ district level implementing agencies though NFFWP and SGRY were merged into NREGS on 2 February 2006 which not only violated the guidelines but also affected the execution of works in the GPs.

3.1.11 Other topics of interest

3.1.11.1 Irregularities in Muster rolls/Job cards

Manipulation in JCs and MRs led to irregular payment

Muster Rolls (MRs), Measurement Books (MBs) and Job Cards (JCs) were the important documents under NREGA. Scrutiny of selected works in the test checked GPs and blocks disclosed the following irregularities:

- Irregularities like preparation of false MRs, difference in figures of labourers between MBs and MRs, purchase of materials after completion of works, payment of wages to labourers prior to commencement of NREGS etc. were noticed in 19 works involving payment of Rs 8.01 lakh as detailed in *Appendix-3.1*.
- Muster Roll forms were to bear unique identity number (UIN) to facilitate cross checking with job cards. In Hazaribagh, 20,995 muster rolls, without UIN, were utilized. Of this, in Ichak block, Rs 5.22 lakh was paid as wage through 5,000 Muster Rolls bearing no UIN.

¹³ EE, National Rural Employment Programme, Palamu; EE, Rural Development Special Division, Palamu; BDOs, Hariharganj, Hussainabad, Satbarba, Medininagar and Chainpur.

- Six Job cards in Chakradharpur block of West Singhbhum were issued between 13 and 23 December 2006, but days of employment provided to them were found entered in job cards from 1 November 2006 to 8 December 2006.
- Photographs of adult members were to be attached to the job cards. The same were not attached in 42 job cards, out of test checked 93 job cards, issued between March 2006 and November 2006 in six GPs of six blocks in Gumla, Hazaribagh, Ranchi and West Singhbhum.
- Signatures of applicants were not found in 31, out of 34 job cards checked in Chainpur of Chakradharpur block of West Singhbhum.
- According to guidelines of the scheme, physical verification of the works was to be conducted to verify the quality of works and to check that the expenditures incurred led to the creation of durable assets. This physical verification was not done.

3.1.12 Effectiveness

Against 23.04 crore mandays only 5.20 crore mandays (22.5 per cent) were created

For generating employment opportunities for 23.04 lakh registered households the State should have created 23.04 crore mandays during 2006-07. Against this 5.20 crore mandays (22.5 per cent) were created. Thus, the State was short in providing employment by about 18 crore mandays.

In seven test checked districts 1,429 households (0.14 per cent) out of 10,07,563 were provided 100 day's employment as shown below:

District	No. of house holds issued job cards	Cumulative number of households which have completed 100 days of employment	Per cent
Dhanbad	75,145	202	0.27
Gumla	1,27,449	556	0.44
Hazaribagh	1,61,777	57	0.03
Palamu	1,45,781	13	0.008
Ranchi	2,45,312	0	0.00
Sahebganj	95,764	53	0.05
West Singhbhum	1,56,335	548	0.35
Total	10,07,563	1,429	0.14

Further, 5.20 crore mandays were created under NREGS during 2006-07 against 8.09 crore mandays created under SGRY and NFFWP during 2005-06. Thus, performance of implementation of NREGS was even poorer in comparison to earlier employment generation schemes. Social audit, an integral part of the Act, was also not initiated by the Gram Sabha in any of the sampled district.

3.1.13 Monitoring & Evaluation

Schedules of inspections were not drawn up at any level

According to NREGS, State, district and block levels officers were to conduct 2, 10 and 100 per cent inspections of the works respectively. Schedules for inspections were not drawn up in any of the three tier levels. Records for inspections carried out were also not available. Corrective actions, if any, were also not on record. District and block-wise evaluation were not conducted at State and district levels. Performance wise ranking of districts and blocks were

not done. Grievance Redressal Forum to monitor complaints made by public in respect of implementation of the scheme was not set up.

3.1.14 Conclusion

The basic objective of guaranteed wage employment of 100 days to each rural household in a year was not fully realized. Separate machinery below the DC was not formed. Broad based committees to ensure fair representation of diverse interest from all sections of the society were not set up. During 2006-07 employment generation reported to GOI was 5.20 crore mandays, which was 77.5 per cent less than the requirement. Performance of implementation under NREGS was even poorer in comparison to mandays created under SGRY and NFFWP during 2005-06. Appointments to the key posts of separate machinery were not made. No survey was conducted. Annual Action Plans and District Perspective Plans were generally not prepared and where prepared found deficient. The guidelines on selection of works were flouted. Minimum wages were not paid. No instance of payment of unemployment allowance came to notice. Guidelines relating to Muster Rolls, Measurement Books, Job Cards, Identity Slips and various registers were not adhered to. Reporting was deficient and incorrect. Documentation and evidencing were lacking and basic records were not maintained. No mechanism for redressal of grievances was in place.

3.1.15 Recommendations

- Separate machinery below the Deputy Commissioner should be formed immediately. Broad based committees to ensure fair representation of diverse interest from all sections of the society should be set up.
- Priority to preparation of DPP/AAP maintaining the ratio of 60:40 for labour and material and payment of minimum wages should be ensured invariably.
- Financial management by ensuring monthly squaring of accounts and monthly reconciliation with Bank at all levels should be strengthened. Utilization certificates should be issued only on the basis of actual expenditure excluding advances.
- Proper maintenance of records, regular display of updated data, regular meetings of GSs and required periodical social audit should be ensured.
- Periodical evaluation of the performance of each district/block for effecting correctives and required ranking should be undertaken.

The matter was reported to the Government (September 2007); their reply had not been received (November 2007).

DRINKING WATER AND SANITATION DEPARTMENT

3.2 Accelerated Rural Water Supply Programme

Highlights

‘Accelerated Rural Water Supply Programme’ aims at providing safe and adequate drinking water to the rural population. A performance audit on implementation of the programme during 2002-07 showed that the basic objective was not achieved. More than 13.54 lakh rural people in the State had no access to adequate drinking water mainly due to delayed and faulty survey, non-preparation of Annual Action Plans, mismanagement of scheme funds, wasteful, unfruitful and extra expenditure besides slow execution of works. There was no plan for water source sustainability.

Unrealistic and delayed survey by the State Government led to non-coverage of habitations, depriving population of 13.54 lakh from any source of drinking water. As the Annual Action Plans were not prepared, need based allocation was denied under the programme.

[Paragraphs 3.2.6.1 and 3.2.6.2]

Schemes were selected without any basis ignoring the envisaged criteria. Physical achievement was also poor ranging between 13 and 87 per cent during 2002-07 under ARWSP/MNP.

[Paragraph 3.2.7.1]

State Government was deprived of Central assistance of Rs 58.40 crore due to excess carry over and less spending of fund under the programme. The State contribution towards matching share in Minimum Need Programme was less by Rs 136.94 crore. Thirty seven per cent of the expenditure was incurred in March 2007.

[Paragraphs 3.2.8.1 and 3.2.8.2]

No expenditure was incurred on operation and maintenance against the provision of 15 per cent of fund, resulting in excessive break down of DTWs.

[Paragraph 3.2.9]

Drinking water facility to 3,735 rural schools was not provided due to non-utilisation of available fund of Rs 6.79 crore. Expenditure of Rs 6.79 crore on schemes/DTWs failed due to wrong site selection, failure of borings, lack of monitoring etc. proved wasteful.

[Paragraphs 3.2.10.1 and 3.2.10.2]

Excess iron, nitrate, fluoride and arsenic were detected in all the 22 districts of the State. Remedial measures taken were negligible.

[Paragraph 3.2.12.1]

3.2.1 Introduction

Accelerated Rural Water Supply Programme (ARWSP), a Centrally sponsored scheme fully financed by the Government of India (GOI) was revamped (April 1999) to provide safe and adequate drinking water facilities to the rural population by supplementing the efforts of the State Government under Minimum Needs Programme (MNP).

ARWSP was mandated to cover all rural habitations with access to safe and specified quantity of drinking water, ensure sustainability of the system and sources, tackling water quality problems in affected habitations and institutionalise reform initiative. A participatory demand driven approach under Swajaldhara was also introduced in December 2002.

3.2.2 Organisational set up

Principal Secretary, Drinking Water and Sanitation Department (DWSD) was the head of the department. Engineer-in-Chief (EIC) cum Special Secretary was responsible for the execution of the works under the overall administrative control of the Principal Secretary. He was assisted by four Chief Engineers (CEs), two at Headquarters and two in the field, 17 Superintending Engineers (SEs) at circle levels and 51 Executive Engineers (EEs) at Headquarters and field level. The EEs at field level were responsible for implementing the scheme.

3.2.3 Audit objectives

The objectives of the performance audit were to examine and assess whether:

- proper survey of the habitations was conducted to generate authentic and reliable data;
- the financial controls were effective and adequate;
- the schemes were executed economically and efficiently;
- adequate attention was paid to operation and maintenance of existing water supply sources as opposed to taking up new water supply sources; and
- the mechanism for monitoring of water quality was adequate and effective.

3.2.4 Audit criteria

The main criteria to arrive at audit conclusions were:

- Guidelines for planning and implementation of ARWSP, August 2000;
- Guidelines on survey of drinking water supply status in rural habitations, February 2003;
- Guidelines on Swajaldhara, June 2003;
- National Water Policy, April 2002;
- Bihar Public Works Accounts (BPWA) and Bihar Public Works Department (BPWD) code.

3.2.5 Scope of audit and Methodology

The performance audit on implementation of ARWSP 2002-07 was conducted between February and July 2007. The records of DWSD, 10¹⁴ out of 17 divisions in eight¹⁵ out of 22 districts were test checked.

¹⁴ Adityapur, Dhanbad, Garhwa, Godda, Jamshedpur, Khunti, Medininagar, Ranchi (West), Saraikela and Tenughat.

¹⁵ Bokaro, Dhanbad, East Singhbhum, Garhwa, Godda, Palamu, Saraikela-Kharsawan and Ranchi.

The sample was selected through Statistical Random Sampling without Replacement (SRSWOR) method. Eight districts, out of 22 (36 per cent) were selected, which included one capital district and two districts having unsafe drinking water due to high arsenic, fluoride and iron contents.

Entry conference was held (May 2007) with the Principal Secretary, DWSD, wherein audit objectives, audit criteria and scope and methodology of audit were discussed. Exit conference was held (November 2007) with the Principal Secretary, DWSD where audit findings and recommendations were discussed. The audit findings are brought out in the succeeding paragraphs.

Audit findings

3.2.6 Identification of scheme beneficiaries

3.2.6.1 Survey and planning

According to the guidelines of ARWSP, a survey was to be undertaken at the level of Chief District Coordinators (CDC) by March 2003 to gather reliable information about the habitations having access to drinking water, habitations remaining uncovered, status of existing sources of drinking water supply and quantity and quality of water sources to facilitate planning and preparation of target for covering the uncovered habitations. Training programmes were to be organized for those who were to undertake the survey.

The State Government neither appointed CDCs nor conducted any training programme. Instead, the survey was conducted by Junior Engineers/Assistant Engineers of the divisions under the supervision of Executive Engineers. This delayed the submission of survey report by 20 months, from March 2003 to November 2004, resulting in delayed coverage of 6,345 non/partial covered (NC/PC) habitations identified in April 2003. Quantities of discharge from the sources were, though required, never surveyed while quality of water was also not tested. The department accepted (November 2007) delay in submission of survey reports and non-arrangement of training programmes.

Unrealistic and delayed survey by the State Government led to non-coverage of habitations, depriving 13.54 lakh people (NC habitation) from any source of water

Further, the results of the survey became unrealistic when the Indian Institute of Public Administration (IIPA), New Delhi reported (2005) 20,912 NC/PC habitations in April 2003 as against 6,345 earlier identified by the State. The State Government accepted the IIPA report and NC/PC habitations increased by 14,567. Of this, 5,409 NC/PC habitations were covered during 2003-06 while 15,503 NC/PC habitations remained uncovered as of March 2006 depriving 13.54 lakh people¹⁶ (NC habitations) of any source of water as detailed in *Appendix 3.2*.

The department stated (November 2007) that difference in numbers of NC/PC habitations was due to non-consideration of low discharge and quality of water of the DTWs by the State. The reply was self evident that the survey conducted by the State was not as per norms and thus unreliable.

¹⁶ Considering 115 people per habitations.

3.2.6.2 Annual Action Plan

ARWSP guidelines envisaged preparation of Annual Action Plan (AAP) by October of the previous year and revised AAP by April every year to monitor the monthly and quarterly physical and financial progress and to prioritise coverage.

AAPs were never prepared by the State. This prevented determination of need based allocation for MNP, ARWSP

AAPs were never prepared during 2002-07. The schemes were sanctioned and undertaken without any laid down criteria. Though the budget was prepared in 2006-07, it lacked information on Dual Water Policy¹⁷, expenditure to be incurred on SC/ST population, carry forward balance of 2005-06 etc. Priority for incomplete works over new works was never ensured. This denied determination of need based allocations for ARWSP and MNP schemes though matching share under MNP for ARWSP was to be provided.

3.2.7 Targets and achievement

3.2.7.1 Selection of schemes for ARWSP and MNP and achievements there under

Schemes were selected ignoring the envisaged criteria without any basis

As the number of habitations to be covered during 2002-07 was never properly arrived at, the target for coverage of NC/PC habitations with their names, blocks, districts and reference to survey list was not prepared. In its absence, no criteria were followed for selection of schemes across the districts for coverage of NC/PC habitations, SC/ST habitations, tackling water quality problems, ensuring sustainability of sources etc. Compatibility of the schemes with surface water or ground water was also never kept in mind, rendering entire selection without any basis.

An examination of targets *vis-a-vis* achievement for the period 2002-07 (*Appendix 3.3*), showed that the physical achievement was 32 to 87 *per cent* under ARWSP and 13 to 78 *per cent* under MNP. In respect of two schemes under ARWSP, the physical achievement was nil. Reason for such low achievement was delay in sanction of the schemes, delay in release of fund both by the State Government and GOI as mentioned elsewhere in the review. In six¹⁸ out of 10 test checked divisions, physical achievement of Drilled Tube Wells (DTWs) ranged between 27 and 85 *per cent* against the targets fixed during 2002-07.

3.2.8 Financial Management

GOI was to release funds to the State Government for making provisions for safe and potable drinking water for rural habitations under ARWSP. The allocation of Central assistance was subject to provision of at least an equal amount by the State Government for the programme under state sector Minimum Need Programme (MNP). The state share along with the Central share was to be released within 15 days of release of Central share. As AAP was not prepared during 2002-07, the State Government could not demand

¹⁷ Meant for rural habitations facing acute water quality problems (10 litres of safe water for drinking and cooking and 30 litres unsafe water for washing, ablution etc.)
¹⁸ Dhanbad, East Singhbhum, Garhwa, Godda, Khunti and Tenughat.

fund for ARWSP from the GOI for want of authentic data about uncovered habitations. Thus the fund released by GOI was on ad-hoc basis. Under MNP, State Government also failed to frame envisaged demand driven fund structure resulting in ad-hoc allotment of fund and inadequate release of matching share as discussed in succeeding paragraphs.

3.2.8.1 Budget and expenditure

Fund released by the Central Government under ARWSP and matching share released by the State Government from MNP for the programme with expenditure incurred during 2002-07 were as under:

ARWSP								
(Rupees in crore)								
Year	Opening Balance	Fund allocated by GOI	Fund released by GOI	Total fund available under ARWSP (Col. 2+4)	Matching share released by the State Government	Release by State Government from available fund	Expenditure	Closing Balance (Col. 5-8)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2002-03	15.73	30.63	19.50	35.23	---	34.76	33.70	1.53
2003-04	1.53	25.75	20.60	22.13	0.40	14.40	14.20	7.93
2004-05	7.93	21.78	18.60	26.53	---	18.09	8.36	18.17
2005-06	18.17	64.35	61.71	79.88	6.24	54.83	41.98	37.90
2006-07	37.90	72.61	36.31	74.21	13.14	69.72	41.15	33.06
Total		215.12	156.72		19.78	191.80	139.39	

Source: Drinking Water and Sanitation Department

Short release of Rs 58.40 crore by GOI, due to under utilisation of fund, non/delayed submission of proposals by the State

GOI released 73 per cent (Rs 156.72 crore) of its total allocation (Rs 215.12 crore) during 2002-07, while 19.18 per cent (Rs 33.06 crore) of total GOI funds available (Rs 172.45 crore) during the same period could not be utilized by the State. The short release of fund was mainly due to excess carry over of fund and non/delayed submission of proposals. As more than 15 per cent of GOI fund (Rs 15.73 crore) was carried over in 2002-03, Rs 11.13 crore was deducted from the second installment in 2002-03. During 2003-04, delayed submission of proposal (February 2004) resulted in release of fund on 26 March 2004, after deducting a penalty of 20 per cent (Rs 5.15 crore) of the earmarked amount. GOI did not release the second installment of Rs 3.18 crore in 2004-05 and Rs 38.94 crore in 2005-07 due to non-submission of proposals. Thus, the State could not avail Rs 58.40 crore of Central funds which adversely affected the programme. Though the programme envisaged quick release of Central funds with matching share within 15 days, the State Government delayed the release between one and ten months during 2002-07 adversely affecting the programme.

The State Government short released its matching share by Rs 136.94 crore

During 2002-07, the State Government released only Rs 19.78 crore, as matching share, for ARWSP against the Central share of Rs 156.72 crore, indicating a short fall of Rs 136.94 crore.

The department accepted (November 2007) the contention of audit and stated that the expenditure made out of State fund was considered as matching share of ARWSP scheme as the works were of same nature.

Under State sector MNP, the State Government released Rs 272.02 crore (74.82 per cent) out of total provision of Rs 363.59 crore as detailed in table below:

MNP		(Rupees in crore)	
Year	Provision by the State Government	Fund released by the State	Expenditure
2002-03	80.00	75.31	39.42
2003-04	70.76	54.49	50.20
2004-05	34.75	33.61	32.31
2005-06	77.08	62.83	60.47
2006-07	101.00	45.78	37.08
Total	363.59	272.02	219.48

Source: Drinking Water and Sanitation Department

The State Government could not utilise Rs 52.54 crore under MNP during 2002-07

Thus, Rs 52.54 crore (19.31 per cent) of the released funds (Rs 272.02 crore) were not utilized indicating lack of commitment of the State Government for providing potable water to the rural areas.

3.2.8.2 Rush of expenditure in March

Average 37.40 per cent of total expenditure was incurred in the month of March during 2002 to 2007

According to note 3 under Rule 69 of General Financial Rules, rush of expenditure particularly in the closing months of the financial year is a breach of financial regularity and was to be avoided. In ten test checked divisions¹⁹, Rs 176.14 crore was spent by the executing agencies between 2002 and 2007 during March as detailed below:

(Rupees in crore)			
Year	Total expenditure	Expenditure in March	Per cent
2002-03	57.79	25.02	43
2003-04	44.89	20.13	45
2004-05	85.48	41.65	49
2005-06	173.43	57.84	33
2006-07	109.41	31.51	29
Total	471.00	176.15	

The department stated (November 2007) that delayed procurement of materials was key reason for rush of expenditure. The reply only confirms inefficiency and lack of financial prudence in procurement of materials.

3.2.9 Operation and Maintenance

No expenditure was incurred on operation and maintenance against the provision of 15 per cent of fund, resulting in excessive break down of DTWs

According to guidelines, up to 15 per cent of the fund under ARWSP was to be spent on Operation and Maintenance (O&M) to ensure sustained availability of water on long-term basis. However, no expenditure was incurred on O&M during 2002-07. This resulted in frequent and large scale break downs of Drilled Tube Wells (DTWs) and also entailed avoidable expenditure on repair and maintenance (R&M) of non-functional DTWs.

As per scheme guidelines, priority was to be given for repair of existing DTWs over sinking of the new ones. During 2002-07, 70,203 DTWs were repaired against the total breakdown of 1,16,923 resulting in non-repair of 46,720 DTWs. Despite that, 48,355 DTWs afresh were taken up for sinking in deviation of the guideline.

Excess breakdown than new sinking of DTWs negated the impact of additional coverage

The department had 1,80,750 functional and 48,482 non-functional DTWs as of April 2002. The department sunk 48,355 new DTWs and repaired 70,203 DTWs during 2002-07. However, actual increase in functional DTWs was

¹⁹ Adityapur, Dhanbad, Garhwa, Godda, Jamshedpur, Khunti, Medininagar, Ranchi (West), Saraikela and Tenughat.

only 50,117 as shown in **Appendix 3.4**. Non-functioning of 46720 DTWs as on 31 March 2007 deprived 46²⁰ lakh people of potable water.

Rupees 2 crore, available for O & M, was diverted towards purchase of pipes

On the pretext of 24,650 DTWs being non-functional due to rotten riser pipe in April 2006, the Secretary ordered (May 2006) purchase of 1.09 lakh metres of pipes at Rs 3.44 crore by diverting Rs 2 crore available for O&M without sanctioning any work. To regularize the purchase, repair works were sanctioned (December 2006) and Rs 2 crore utilised irregularly. Thus, priority was accorded to purchase of pipes over O&M and repair of non-functional DTWs against the guidelines.

The department accepted (November 2007) that expenditure on O&M was less than required as per the guidelines and directed (November 2007) all field offices to do regular preventive maintenance (O&M) to avoid break down of DTWs.

3.2.10 Execution and implementation of Schemes

The divisions were the main agencies which undertake execution and implementation of the schemes in the districts. Several deficiencies were noticed at the execution and implementation levels as discussed below:

3.2.10.1 Coverage of primary and middle school

Drinking water facility to 3,735 rural schools was not provided though available fund of Rs 6.79 crore could not be utilised

Under the ARWSP guidelines the State Government was required to compile district-wise data on rural schools in existence and number of schools having drinking water facilities. The rural schools, not having drinking water facility, were to be covered by 2002. The expenditure was to be shared between GOI and State Government in the ratio of 50:50. The State Government could not provide drinking water facility to 9527 (45 *per cent*) schools up to December 2002 as detailed below:

Number of schools		School with drinking water facility	School without drinking water facility	Percentage
Primary	17,251	9,015	8236	48
Upper Primary	4,055	2,764	1291	32
Total	21,306	11,779	9527	45

State Government spent Rs 19.80 crore out of total fund of Rs 26.59 crore meant for the purpose. During 2002-07, 9,713 schools (ARWSP: 9,036 and MNP: 677) were selected for coverage through DTWs. Of these, though 6718 schools (ARWSP: 6060 and MNP: 658) were covered, in 926 cases it was unsuccessful. As such drinking water facility in 3735 schools could not be provided. The year wise target and achievement is shown in **Appendix 3.5**. In six²¹ test checked divisions the coverage was only 954 schools, against the target of 1,915 schools. Reasons for shortfall in achievement were not on record.

²⁰ Considering 100 persons per DTW.

²¹ Dhanbad, Garhwa, Godda, Jamshedpur, Ranchi (West) and Tenughat.

3.2.10.2 Wasteful expenditure

Expenditure of Rs 6.79 crore on DTWs/schemes proved wasteful due to wrong site selection, failure of borings, lack of monitoring etc.

In six²² test checked divisions (where ratio of failure was more than 10 per cent), 1,916 out of 12,195 DTWs, sunk at a cost of Rs 3.20 crore under ARWSP and MNP during 2002-07, failed due to selection of wrong sites by the divisions at the instance of MLAs/MPs, without any geo-hydrological data. No responsibility was fixed for such serious failure. The department accepted (November 2007) the audit observation and stated that village level Geo-hydrological map would be obtained from Jharkhand Space Application Centre for reducing the failure of DTW in future.

Four rural piped water supply schemes, constructed during 2001-07 in four divisions²³ at a cost of Rs 1.99 crore failed during 2002-07 due to unsuccessful boring and lack of monitoring (two), failure of intake well (one) and abandoning work by the contractor (one). The department accepted (November 2007) the contention of audit.

Rural piped water supply scheme for Ghorabanda village and its adjoining areas taken up by the Department during 2002-03, was handed over in February 2006 to Jal Upbhokta Sammittee (JUS) without completing it in all respects. Within six months, leakages in pipes appeared at several joints, and were not repaired. The Government closed (July 2006) the scheme after spending Rs 1.60 crore. Thus sanctioning the scheme without ensuring the maintenance rendered the expenditure wasteful.

The department replied (November 2007) that the scheme was being operated successfully by JUS. The reply was not tenable as the incomplete scheme was handed over to JUS and due to appearance of leakages in pipes at several joints, the scheme failed to supply potable drinking water. Moreover, no documentary evidence was produced in support of the contention that the scheme is now operational.

3.2.10.3 Unfruitful expenditure

Unfruitful expenditure of Rs 12.42 crore on incomplete/non-functional schemes

A scheme for conversion of existing DTWs into Force and Lift (F&L) pump was undertaken (2005-06) for providing sanitation facilities in those rural schools where sanitary complex was available. The F&L pump was to be connected with water tank of sanitary complex. In five test checked divisions²⁴, Rs 2.37 crore was spent on conversion of 1,407 DTWs into F&L pump in schools where either sanitary complex was not available or available without water tank.

In five divisions²⁵, 8 rural piped water supply schemes, sanctioned during 2001-06 for Rs 14.27 crore for completion between September 2003 and June 2007. The schemes were incomplete (July 2007) after spending Rs 7.36 crore due to slow progress (4), land dispute (1), non-availability of pipes (2), non-acquisition of land (1) and rendered the expenditure unfruitful. The department accepted and stated (November 2007) that schemes were under progress and likely to be completed in near future.

²² Dhanbad, Jamshedpur, Khunti, Medininagar, Ranchi (West) and Tenughat.

²³ Medininagar, Ranchi (West), Tenughat and Jamshedpur.

²⁴ Godda, Khunti, Tenughat & Ranchi (West), Garhwa.

²⁵ Dhanbad, Godda, Garhwa, Ranchi (West) and Tenughat

Similarly on 9 rural piped water supply schemes in five divisions²⁶, Rs 1.13 crore was spent till July 2007. These schemes remained non-functional for two to five years on account of electric connection (3), unsuccessful high yield bore (4), theft of materials (1) and weak ground water potential (1). The lapses were not rectified as of July 2007. In Ranchi, Dhanbad and Godda districts under Swajaldhara, 168 schemes estimated at Rs 5.44 crore taken up between March 2006 and March 2007 for completion between May 2006 and May 2007. The schemes were incomplete till July 2007 after spending Rs 1.56 crore, due to lack of monitoring and short release of fund. The department replied (November 2007) that out of 168 schemes only 9 had been completed. Details of completion of the schemes were however, not furnished.

3.2.10.4 Premature failure of DTWs

Additional burden of Rs 2.51 crore on replacement of DTWs, which brokedown within its life

According to norms, the life of a DTW is ten years. In five test checked divisions²⁷ 789 DTWs became non-functional prematurely within one to nine years from the date of construction during 2002-07. To substitute these by new ones, the department incurred Rs 2.51 crore during the same period which proved an additional burden on the State exchequer.

3.2.10.5 Irregular payment due to excess execution of work

Irregular expenditure of Rs 8.82 crore without getting approval of competent authority

In three divisions²⁸, excess quantities of items, beyond the agreement, were executed in nine schemes under ARWSP ranging between 12.66 and 162 per cent on which payment of Rs 35.76 lakh was made during 2002-07 to the contractors without approval of competent authorities (Government) (*Appendix 3.6*).

In five test checked divisions²⁹, R&M works on different water supply schemes and DTWs were executed by the Executive Engineer during 2002-07 without approval of the estimate by the Chief Engineer in violation of the codal provision which resulted in irregular expenditure of Rs 8.46 crore. This was not regularized as of July 2007.

3.2.11 Material Management

3.2.11.1 Loss to Government due to theft of materials

Loss due to theft of material worth Rs 27.23 lakh

Materials (CI pipes, sluice valve etc) worth Rs 27.23 lakh, purchased for Tamar Rural Water Supply Scheme executed by Khunti division, were stolen (2005-06) rendering the scheme non-functional and depriving a population of 10,000 of potable water. No action was taken departmentally either to fix responsibility or to order fresh purchase for completing the scheme. FIR had been lodged. The loss was also not made good.

²⁶ Dhanbad, Khunti, Medininagar, Ranchi (West) and Saraikela

²⁷ Garhwa, Khunti, and Ranchi (West), Saraikela and Adityapur

²⁸ Jamshedpur, Khunti and Garhwa

²⁹ Adityapur, Garhwa, Khunti, Ranchi (West) and Saraikela.

3.2.11.2 *Blockage of Government money in shape of materials*

Purchase of material in excess of requirement resulted in blocking of Rs 2.29 crore

According to Rule 257 of Jharkhand Public Works Account Code Vol-I, purchase of material in advance or in excess of requirement results in both direct and indirect losses to the Government and should be avoided. In four test checked divisions³⁰, excess materials worth Rs 2.29 crore were purchased during 2001-07. The material remained unutilized for one to six years as detailed in *Appendix- 3.7*.

The department stated (November 2007) that the material was purchased on the basis of target, and due to non-achievement of target in the same year balance materials were used in the next year. The reply was not tenable as the material was lying unutilised for more than 1 to 5 years which showed that purchases were made in excess of the requirement.

3.2.11.3 *Diversion of materials*

Material worth Rs 89.63 lakh diverted against codal provision

As per codal provision, diversion of materials from one head to another was prohibited. In six test checked divisions³¹, materials valued at Rs 89.63 lakh, procured for works under ARWSP, were diverted between November 2001 and September 2006 to works under MNP and *vice versa* in violation of the codal provision. Neither the materials were recouped nor was the diversion regularized.

3.2.12 Water Quality, sustainability and impact assessment

3.2.12.1 *Supply of unsafe water*

Excess iron, nitrate, fluoride and arsenic were detected in water from DTWs in all districts

According to Bureau of Indian Standards, the permissible limit of fluoride in water should be less than 1.5 mg/litre, arsenic: less than 0.05 mg/litre, iron: less than 1 mg/litre and nitrate: less than 100 mg/litre. Though excess iron, nitrate and fluoride were detected in all the 22 districts, no action was taken during 2002-05. Only 148 DTWs were attached with fluoride removal units in Sahebganj, Pakur, Medinagar and Garhwa by spending Rs 61.54 lakh till 2006-07, which was insignificant.

In 2006-07, State Government allotted Rs 11.79 crore for mitigating water quality problems in all the 22 districts by attaching fluoride/arsenic removal units and for 27 piped water supply schemes in three districts (Sahebganj, Garhwa and Palamu). Of this, Rs 83.60 lakh was utilised for water treatment in Palamu district and Rs 1.91 crore was spent on four piped water schemes in three districts. No quality improvement test report was on record. Thus, Rs 2.75 crore out of Rs 11.79 crore could only be utilised by the department and Rs 9.04 crore was surrendered.

The department accepted the contention of audit and stated (November 2007) that necessary action would be taken against the official concerned for delay in execution of the scheme.

In April 2007 the department test checked 32,566 sources (DTWs) in all the 22 districts of the State. Of these, 5,780 were found contaminated with Iron,

³⁰ Godda, Garhwa, Tenughat and Ranchi (West)

³¹ Garhwa, Godda, Jamshedpur, Khunti, Ranchi (West) and Saraikela

Nitrate, Fluoride and Arsenic beyond permissible limit. Thus, had the sources of water been tested prior to installation of DTWs, supply of contaminated water to 5.78 lakh population³² through 5,780 DTWs incurring infructuous expenditure of Rs 9.90 crore³³ could have been avoided.

Field testing kits were lying unutilised

In Tenughat and Jamshedpur divisions, 3,200 out of 9,076 water testing kits (procured between 1998 and 2004) were issued during the same period and 5,876 kits worth Rs one lakh were lying unused. No kits were procured in other test checked divisions during 2002-07. Thus, efforts made for tackling water quality problem was largely lacking.

3.2.12.2 *Unfruitful expenditure on establishment of new laboratories*

Expenditure of Rs 12.44 lakh on non-functional water testing laboratories proved unfruitful

Three water testing laboratories established at Dhanbad, Godda and Garhwa, at Rs 12.44 lakh during 2005-06, had no technical staff (chemist/lab assistant) and instruments to carry out the tests. The laboratories remained non-functional as of August 2007, resulting in unfruitful expenditure of Rs 12.44 lakh on construction of the buildings besides defeating the basic objective of providing safe drinking water.

3.2.12.3 *Sustainability of Water*

Out of Rs 139.39 crore only Rs 99.76 lakh were spent on sustainability of water sources against provision

Establishing sustainability of water sources through rain water harvesting, artificial recharging etc. was important for ensuring supply of safe drinking water to rural population in the wake of depleting ground water level. According to guidelines, five *per cent* of ARWSP funds were to be earmarked and utilized for sustainability of sources. All the schemes executed till 2004-05 under ARWSP relied only on ground water. During 2002-07, only Rs 99.76 lakh against Rs 6.97 crore (five *per cent* of Rs 139.39 crore) was utilized on 1,394 schemes on rain water harvesting. The State is yet to enunciate its water policy.

3.2.12.4 *Impact assessment*

After spending Rs 207.51 crore on coverage of NC/PC habitations during 2003-07, population of about 13.54 lakh (5.50 *per cent*) still did not have access to any source of drinking water

According to a survey conducted by IIPA, the State had a rural population of 2.29 crore. Of this 17.54 lakh (7.66 *per cent*) population did not have access to potable water. To extend coverage to the uncovered habitations the Government invested Rs 207.51 crore (ARWSP Rs 64.54 crore and MNP Rs 142.97 crore) during 2003-07. Despite that the NC/PC habitations could not be fully covered and about 13.54 lakh (5.50 *per cent*) populations still did not have any access to any source of drinking water. Further, the failure to remove excess fluoride/arsenic/iron from the water led the people of 12,752 villages in 22 districts to drink contaminated water.

3.2.13 Monitoring and Evaluation

The vigilance and monitoring committees though constituted (October 2005) not met (March 2007). Though some random inspections were carried out by State Water Sanitation Mission (SWSM) and reports submitted, no follow up action was on record. Thus the programmes suffered from several deficiencies in their implementation and the intended objective of providing safe and

³² Considering 100 persons per DTW

³³ Rupees 17,133 per DTW (estimate excluding cost of drilling) x 5,780

sustainable drinking water facility was not achieved. The State Government did not undertake any evaluation studies to assess the extent to which the programmes had been successful in ensuring adequate and safe drinking water to the people in sustained manner and also whether the achievements and performance were commensurate with the investments made.

3.2.14 Conclusion

Unrealistic and delayed survey by the State Government led to non-coverage of habitations. Annual Action Plans were not prepared by the State. As a result need based allocation was denied for coverage of NC/PC habitations and the State Government also failed to demand fund under ARWSP from GOI and it was released on ad-hoc basis. The State Government was deprived of central assistance of Rs 58.40 crore due to excess carry over and less spending of fund under the programme. The State contribution towards matching share in minimum need programme was also very poor. Excess iron, nitrate, fluoride and arsenic were detected in all the 22 districts of the State and efforts made for tackling water quality problem was largely lacking. Drinking water facility to 3735 schools could not be provided. After spending Rs 207.51 crore on coverage of NC/PC habitations during 2002-07, population of about 13.54 lakh (5.50 per cent) still did not have access to any source of drinking water.

3.2.15 Recommendations

- Annual Action Plans should be drawn focusing on incomplete projects, priority for covering of NC/PC habitations, water source sustainability. Water policy should be enunciated immediately.
- Government should improve financial management to avoid diversion of funds and depriving the State of Central assistance. Excess expenditure requiring sanction at Government level may be regularized or avoided.
- Urgent steps need to be taken to provide adequate fund for O&M, tackling water quality problems, to prioritize schemes for rainwater harvesting and ground water recharging, developing new sources etc.
- Impact assessment of the scheme on intended beneficiaries should be carried out.
- Monitoring should be intensified to derive the desired objective by reducing the frequent breakdown of functional DTWs.

The matter was reported to the Government (September 2007); their reply had been received (November 2007) and incorporated with suitable comments wherever necessary.

DEPARTMENT OF REVENUE AND LAND REFORMS
3.3 IT Audit of 'Computerization of Land Records'***Highlights***

Computerization of Land Records (CLR), a 100 per cent Centrally Sponsored Scheme of Government of India (GOI), was initiated (1988-89) with a view to overcome the inherent problems in the manual system of maintenance and updation of land records. A performance audit of Computerization of Land Records disclosed that objectives of the scheme could not be achieved due to reasons like development of non-compatible software, non- synchronisation among various components, incomplete data entry work, lack of time frame and monitoring. Financial propriety was also not observed during the implementation of the scheme. There was lack of ownership of the project at the State level.

Rupees 14.08 crore remained unutilised (November 2007) against the allotment of Rs 24.07 crore made during May 1999 to March 2007.

[Paragraph 3.3.6.1 & 3.3.6.2]

Rupees 7.26 crore was spent on purchase of computers (630) and peripherals for 210 *anchals* of 22 districts between 2002-03 and 2003-04 for CLR scheme. Of these, 21 were stolen and rest 609 computers and peripherals remained idle.

[Paragraph 3.3.6.3]

In 7 districts, Rs 36.48 lakh was withdrawn in March 2007 and parked in civil deposit and banks unauthorisedly.

[Paragraph 3.3.6.5]

In addition to the software provided by CMC, two new softwares were developed by NIC and JSAC on different platforms. The data fed on any one of the software could not be converted, correlated or used together and all the data fed on the old software had been rendered useless.

[Paragraph 3.3.7.2]

The digitized cadastral/revenue map of Lohardaga district could not be linked with the incomplete data entry work which indicates lack of synchronization of various components of GIS.

[Paragraph 3.3.7.4]

In 2005-06, Rs 13.52 crore was provided to JSAC for geo-referencing and digitization of village cadastral/revenue maps for the entire State in a year. Only Rs 29.70 lakh had been spent and work had not even started for areas outside Lohardaga district.

[Paragraph 3.3.7.4]

3.3.1 Introduction

Computerization of Land Records (CLR), a 100 per cent Centrally Sponsored Scheme of Government of India (GOI), was initiated (1988-89) with a view to overcome the inherent problems in the manual system of maintenance and updation of land records and to provide computerized copies of Record of Rights (ROR) to the land owners at the rate of Rs 10 per copy. For completion

of CLR, GOI had set a time frame of three years from the release of first installment. Initially, in 1992, Computer Maintenance Corporation (CMC) handed over software and the related manuals to National Informatics Centre (NIC), Bihar. Government of Bihar (GOB) launched a **Pilot Project** at Jamshedpur in East Singhbhum district in 1995. Later, the scope was enlarged³⁴ and Government of Jharkhand (GOJ) decided to start Geographical Information System (GIS) work at Lohardaga as a **Pilot District** in 2003, with the help of Indian Space Research Organisation (ISRO), unit at Kharagpur. Data entry in Lohardaga was started with the help of Jharkhand Space Application Centre (JSAC), Department of Information Technology (DIT) in 2006. The Scheme was to be implemented through district headquarters in 210 *Anchals* of 22 districts of the Jharkhand State. Further, GOJ decided to start the work of the geo-referencing and digitization of village cadastral/revenue maps using the techniques based on GIS by JSAC for all districts of the State in 2006.

3.3.2 Implementation framework

The Commissioner cum Secretary, Department of Revenue and Land Reforms (DR&LR) was the nodal officer. The scheme was to be executed through the Deputy Commissioner (DC) of each district with the help of Additional Collector (AC). At Sub-divisional level, Sub-divisional officer (SDO) was assisted by the Deputy Collector, Land Reforms (DCLR). Circle Officer at the *Anchal* level and the *Karamchari* in *Halka*, were primarily responsible for the implementation of the scheme.

3.3.3 Objectives of the scheme

The main objectives of the scheme were:

- to facilitate easy maintenance and updating of changes in the land database due to subsequent creation of irrigation facilities, natural calamities, consolidation of land holding or on account of legal changes like transfer of ownership, partition, land acquisition, lease, mortgage etc;
- to computerise ownership and plot wise details, for issue of timely and accurate copy of ROR to the land owners;
- to create land information systems and database for effective land reforms, revenue administration and development planning at the grass root levels;
- to preserve land records and to facilitate fast and effective retrieval of information, both graphical and textual; and
- to provide comprehensive security to make the survey records tamper proof.

³⁴ Land Record Information System (LRIS) which envisaged GIS, based on computerized land records and digitized cadastral maps.

3.3.4 Audit Objectives

Audit objectives of the IT audit were to assess:

- the extent of computerization of land records in the State;
- the economy and efficiency in procurement of computers and peripherals, its utilization and training of personnel;
- the efficiency in data capture, updation, maintenance, security and validation;
- the effective utilization of computerized database/information (both graphical and textual) for land reforms, administration and development works; and
- the accuracy and timeliness in issuance of ROR to land owners.

3.3.5 Audit Scope and Methodology

The review of records of 7³⁵ out of 22 districts (33 *per cent*) for 1999-2000 to 2006-07 was conducted between April 2007 and July 2007. Besides, the records of the DR&LR were also test checked. Questionnaires were issued to the Department, JSAC and the districts to elicit information. The review was restricted to pre-operation stage of Computerization of Land Records. The audit findings and recommendations were discussed with the secretaries, DIT and DR&LR. The audit findings are discussed in the succeeding paragraphs.

Audit findings

3.3.6 Funding and Financial Management

3.3.6.1 Funding of the scheme

The CLR scheme was to be carried out with 100 *per cent* financial assistance from GOI. After completion of the CLR in a district, the State Government was to provide requisite funds for future maintenance and operation of the scheme.

- The scheme was launched in 1988-89. In 1992, CMC handed over the software and related manuals on CLR to NIC, Bihar. Though asked for, no records were produced to audit to ascertain the fund released/financial support to the scheme by GOI between 1988-89 and April 1999.
- In May 1999, Rs 1.98 crore was allotted by GOI to 18 districts (East Singhbhum: Rs 20 lakh, Dumka: Rs 50 lakh, Lohardaga: Rs 15 lakh and other 15 districts: Rs 7.50 lakh each).
- In 2002-04, Rs 8.28 crore was allotted by GOI for purchase of computers and peripherals for all 210 *anchals* in 22 districts, which included four new districts.

³⁵ Dhanbad, Dumka, East Singhbhum, Gumla, Hazaribagh, Lohardaga and Ranchi.

- In 2005-06, Rs 13.52 crore was allotted by GOJ to JSAC, for geo-referencing and digitization of village cadastral map/revenue map for all the districts.
- In 2005-06, Rs 28.75 lakh was allotted by GOJ to JSAC for Lohardaga, to digitize and integrate land records and cadastral/revenue map.

Thus, in all, Rs 24.07 crore was allotted to the scheme since 1999. However, only Rs 9.99 crore (42 *per cent*) were spent till July 2007, 19 years since inception of the scheme. Further, no claim for reimbursement of Rs 13.81 crore, although admissible as per guideline of the scheme, was made by GOJ from GOI.

3.3.6.2 *Blockade of Government money*

Non-utilisation of Rs 14.08 crore resulted in blockage of Government money

Scrutiny of records of DR&LR, revealed that Rs 1.98 crore was allotted to 18 districts for CLR but only Rs 1.26 crore was utilized (May 1999 - March 2007). Further, Rs 13.81 crore was allotted to JSAC (for digitization and geo-referencing of cadastral/revenue map for entire Jharkhand and CLR of Lohardaga district) in 2005-06 but only Rs 0.45 crore was utilized till June 2007. Thus, Rs 14.08 crore remained unutilized, resulting in blockade of Government money besides non-implementation of the scheme.

3.3.6.3 *Infructuous expenditure on purchases*

Scrutiny of records revealed:

Of 630 computers and peripherals worth Rs 7.26 crore, 21 computers were stolen and 609 computers were lying idle

- In DR&LR, Rs 2.76 crore was spent in 2002-03 for purchase of computers and peripherals for four newly created district headquarters³⁶ and 66 *anchals* (three *anchals* in each of the 22 districts). Further, in 2003-04, Rs 4.50 crore was spent for the remaining 144 *anchals* of the State. Thus, Rs 7.26 crore was spent on purchase of computers and peripherals for 210 *anchals* of 22 districts of State. The records relating to *Khatiyans* and Register II were to be entered at the district headquarters and then the *anchals* were to be connected through a network for issue of RORs to the landowners. Since, the work at district headquarters was far from complete, 630 computers purchased for 210 *anchals* were lying idle for over three years. Of 630, 21 computers were stolen; and 286 were not working due to technical defects, non-availability of electricity (34 *anchals*) and operator (73 *anchals*). Hence, the purchase of computer and peripherals, without assessing the requirement at the *anchals*, indicated inadequate planning which rendered expenditure of Rs 7.26 crore infructuous. Further, the risk of the purchased computers and peripherals, not being put to use for over four years now, becoming obsolete and useless, could not be ruled out.
- For the CLR scheme, Rs 1.98 crore was provided to 18 districts for purchase of computers and peripherals, data entry work and initial civil works (May 1999). Scrutiny of records of 7 districts revealed that

³⁶ Latehar, Simdega, Saraikela-Kharsawan and Jamtara

Computers worth Rs 30.49 lakh for CLR were not utilised for the intended purpose

Rs 30.49 lakh³⁷ was spent on purchase of computers between 1999 and 2002 for the CLR but data entry work was being done by a private agency with its own computers. Hence, computers purchased for CLR were not utilized for the intended purpose; rather these were being utilized for 'other official purposes'. On this being pointed out, no satisfactory reply could be given by the district authorities. For Dhanbad, it was stated that the computers were outdated and obsolete and these could not be used as it was located at the NIC office. Thus, expenditure of Rs 30.49 lakh was rendered infructuous. The fate of similar expenditure in other districts during the same period should not be difficult to construe.

These instances exhibit lack of synchronization among various components of the CLR scheme. More instances are discussed at *paragraph 3.3.7.4*.

3.3.6.4 Wasteful /unfruitful expenditure

Instances of wasteful/unfruitful expenditure of Rs 19.35 lakh were noticed as under:

Expenditure of Rs 19.35 lakh was incurred without data entry work rendering the entire expenditure wasteful/unfruitful

- In Dhanbad district, Rs 7.50 lakh was allotted for purchase of computer and peripherals including data entry work. The entire amount was spent on purchase of hardware, advertisements, photocopies and training of staff. Even after lapse of more than eight years from the release of first installment in May 1999, data entry could not start (July 2007) as the CLR software was not provided to it and Rs 7.50 lakh was spent without any data entry. Thus, the expenditure of Rs 7.50 lakh was unfruitful as the intended purpose was not served.
- In Hazaribagh district, Rs 4.66 lakh was spent, against the allotment of Rs 7.50 lakh between March 2000 and January 2001, on construction of air conditioned room, purchase of generator, furniture and UPS. Neither the hardware was purchased nor the CLR software was provided (July 2007) to the district. Thus, intended purpose was not served and the expenditure of Rs 4.66 lakh was rendered unfruitful.
- In Gumla district, data pertaining to *Khatiyans* of 694 out of 953 villages was entered till August 2005 using the old software but it was not verified by the concerned *Karamchari*. Data entry work of Register-II had not even started. Thus, payment of Rs 3.54 lakh for incomplete data entry work using the old software was rendered wasteful.
- In Dumka district, data entry of 1,015 out of 2,944 villages was entered (October 2004), using the old software, and though data of 689 villages were verified, no data had been updated till July 2007. Thus, payment of Rs 2.74 lakh, made for data entry using the old software, was rendered wasteful.

³⁷ Dhanbad–Rs 5.81 lakh, Dumka–Rs 2.72 lakh, East Singhbhum–Rs 10.73 lakh, Gumla–Rs 2.27 lakh, Hazaribagh–Nil, Lohardaga–Rs 6.26 lakh and Ranchi–Rs 2.70 lakh

- In Dhanbad district, Rs 3.84 lakh was drawn at the end of March 2007 for purchase of computer and peripherals. Of this, only Rs 0.91 lakh was utilized (July 2007), that too, for purchase of cartridges of laser printers which were yet to be supplied. Further, the guidelines for the CLR did not provide for a laser printer. Thus, the purchase was not only wasteful but also irregular.

3.3.6.5 *Unauthorized withdrawal to avoid lapse of budget grant*

Funds of Rs 36.48 lakh was withdrawn from the treasury but not utilised

According to Rule 300 of Jharkhand Treasury Code, Volume-I, 'No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants'.

In Dumka, Rs 3.84 lakh was allotted for the purchase of computers and peripherals. Allotment letter mentioned that in case of non-utilization in 2006-07, the amount should be surrendered. But, against the direction of the DR&LR, it was irregularly parked in 'civil deposit' to show expenditure. On this being pointed out, it was stated (July 2007) that the amount was deposited by the order of Deputy Commissioner, Dumka. Further, in Hazaribagh and Ranchi (Rs 7.68 lakh each), in East Singhbhum (Rs 5.76 lakh) and in Dhanbad, Gumla and Lohardaga (Rs 3.84 lakh each) were withdrawn in March 2007, but not yet utilized except partially in Dhanbad, Rs 0.91 lakh (July 2007). Thus, Rs 36.48 lakh was withdrawn unauthorisedly and parked in civil deposit and banks.

3.3.7 Implementation of the scheme

3.3.7.1 *Lack of definite time frame*

Target date for completion of CLR scheme was not fixed. Its scope was enlarged by inclusion of GIS without completing CLR

According to the guidelines issued by GOI, CLR was to be completed within a period of three years from the date of release of first installment. Further, operationalisation of the scheme was incumbent upon State Government sending detailed annual proposals for *anchals* for approval of GOI. Thus, the scheme, *ab initio*, was open ended, without any schedule of completion. GOB, and later GOJ, also did not set any specific target date for completion of the scheme. Further, the scope of the scheme was enlarged by inclusion of GIS, without completing CLR. It was noticed that:

- A meeting was held in August 2006, under the chairmanship of Deputy Commissioner (DC), East Singhbhum, in which it was decided that the work of data entry of all the nine *Anchals* should be completed by December 2006, and verified by January 2007.
- At a meeting held in January 2007, under the Chairmanship of Commissioner cum Secretary, DIT, GOJ, it was decided that the data entry should be completed by 31 March 2007, so that the districts of East Singhbhum and Lohardaga would be ready to issue ROR in the first week of April 2007.

However, data entry work in East Singhbhum and Lohardaga, was far from being complete (June 2007) resulting in further delay in the implementation of the scheme. Thus, the initiatives taken by GOJ were not time bound.

3.3.7.2 *Development of non-compatible Software*

In addition to the software developed by CMC, two new independent software were developed. Due to non-compatibility of software data fed on any one of the software could not be converted, correlated, combined or used together with data fed on another software

The software for CLR was developed by Computer Maintenance Corporation (CMC) and handed over (June 1992) with user manuals to NIC, Bihar State Unit. The Pilot Project was started in 1995 at Jamshedpur in East Singhbhum district but stopped abruptly in 1998 after partial data entry of 62 out of 410 villages of two *Anchals* (Potka and Jamshedpur Sadar). The software used was FOXbase (database) on UNIX Operating System.

The new software, LRIS (Land Record Information System), developed (partially) by NIC, Jharkhand in December 2005, used SQL as database and Visualbasic.NET as the front end tool under Windows Operating System. No detailed User Requirement Specification (URS) was prepared before developing the software; only copies of *Khatiyans* and Register-II were provided to NIC.

Further, in Lohardaga district, another software of CLR (Vasudha) was developed (partially) by JSAC, in April 2006. No URS was provided by DR&LR but System Requirement Specification (SRS) was prepared by JSAC. This software uses MS Access 2003 as database and Visualbasic 6.0 as the front end tool under Windows Operating System. It uses Crystal Report 9.0 for generation of reports.

Thus, in addition to the software developed by CMC, two new independent software were being developed for CLR. It was stated in the meeting held in August 2007 under the chairmanship of Commissioner cum Secretary, DIT, GOJ that both NIC and JSAC have good software for data entry and web-based delivery of services. The best features of both the software should be combined for best user interface.

Audit observed that, these software, have different Operating systems, front end and back end (database) tools. The modules being developed are also different. Mutation module had not yet been included in any of these software. Due to non-compatibility of the software the data fed on any one of the software could not be converted, correlated, combined or used together. Further, it was also observed that, all the data fed on the old UNIX based software had been rendered useless. DIT stated that there was no incompatibility and efforts were being made to bring out single software adopting best features of both the software. The reply was self indicative that need was felt to develop single software and as such the statement of DIT that there was no incompatibility was not acceptable.

3.3.7.3 *Incomplete data entry work*

Out of 1810 villages in East Singhbhum data entry of only 286 villages were updated after verification

The data entry of nine *Anchals* of East Singhbhum district was given to a private agency in March 2006. The data entry of 1211 out of 1810 villages in respect of *Khatiyans* was completed but data entry of only 286 villages was updated after verification. Thus, records pertaining to *Khatiyans* of only

15 per cent of the villages of East Singhbhum district have been captured on computer (April 2007). Similarly, in respect of Register-II, data entry of only 127 out of 1810 villages was made, however, no entry was updated after verification (April 2007).

The data entry work of Lohardaga district was also given to a private agency in June 2006. The data entry of 351 out of 354 villages in respect of *Khatiyani* was completed but data entries of only 127 villages were updated after verification. Thus, data of only 36 per cent of the villages in respect of *Khatiyani* was updated (May 2007).

Only 18 per cent of the villages in respect of Register-II were updated though 53 per cent of allotment had been spent

Similarly, data of only 18 per cent of the villages in respect of Register-II were updated (May 2007). Though, 53 per cent of allotment (Rs 15.17 lakh out of Rs 28.75 lakh) provided to JSAC for computerized data entry had already been spent (June 2007).

The pilot projects at Jamshedpur (East Singhbhum) and Lohardaga, were to go online from 1 April 2007, but till June 2007, only a small percentage of data entry could be made. DIT stated that project were already completed which was not acceptable as the project was yet to be started in 20 districts of the State.

3.3.7.4 *Non-synchronization of components of Geographical Information System*

The digitization and geo-referencing of cadastral map of Lohardaga district for GIS was completed by ISRO, Kharagpur and submitted to DR&LR, GOJ in March 2006. Once the data entry of *Khatiyani* and Register-II was complete, data would be linked to the digitized map for creating Land Record Information System (LRIS). Lack of synchronization of various components of work however, hampered smooth implementation of the CLR scheme, and the incomplete data entry work could not be linked with the digitized cadastral map. As a result, the utility or importance of GIS could not be examined.

Against funds Rs 13.52 crore provided for Geo-referencing and digitization of village cadastral/revenue maps only Rs 29.70 lakh could be spent

JSAC was provided Rs 13.52 crore for geo-referencing and digitization of village cadastral/revenue maps for the entire state by GOJ in 2005-06. Director, JSAC stated (January 2006) that if the total amount was released in one go, JSAC would try to complete the work in a year. The entire amount was released in March 2006 but only Rs 29.70 lakh had been spent even after lapse of more than 15 months and work was not even started for areas outside Lohardaga district. DIT accepted the audit observation and stated that action would be taken soon to start the project after canceling the earlier tender.

3.3.8 Monitoring

There was no established mechanism for monitoring of the whole project of CLR at the state level. At Jamshedpur (East Singhbhum), however, a Project Monitoring Committee under the Chairmanship of the Commissioner-cum-Secretary, Department of Revenue and Land Reforms, GOJ was constituted (October 2004) for implementation of the *Pilot Project*. The said committee met twice in December 2005 and August 2006, although, not much progress

could be made. The project in Jamshedpur (East Singhbhum) and Lohardaga was to go online from 01 April 2007 but it failed as the data entry was yet to be completed.

Even after eight years of release of first installment, the scheme which was to be completed in three years was far short of achieving its objectives and the people in the State had been deprived of the intended benefits of computerization.

DIT stated that Lohardaga project was online, however, supportive document regarding date on which it was made online was not furnished during discussion.

3.3.9 Conclusion

The scheme of computerization of land records was conceived in 1988-1989 by GOI to create/update the database relating to ownership, transfer, acquisition and consolidation of land as well as irrigation facilities and natural calamities throughout the country. This would have helped in issue of ROR, preserve the land records, made it tamper proof and facilitate fast and effective retrieval of information leading to creation of land information system and better planning for land reforms /revenue administration.

After spending Rs 9.99 crore none of the objectives of the scheme could be achieved due to reasons like development of non-compatible software, non-synchronisation among various components, incomplete data entry work, lack of strict time frame and monitoring. Financial propriety was also not observed during the implementation of the scheme. There was lack of ownership of the project at the State level. Even though the scheme was conceived in 1988, not a single ROR could be issued in Jharkhand, till July 2007 thereby defeating all the objectives of the scheme and denying the benefits of computerization to the people of the State.

3.3.10 Recommendations

- Definite time frames and required synchronisation should be ensured for implementation of each stage of the scheme and strictly adhered to.
- Competent authorities should monitor the achievements of the scheme regularly and remove bottlenecks, if any.
- Compatible software and hardware should be used for the whole State.
- Codal provisions should be adhered to.

The matter was reported to the Government (September 2007); their reply had been received (November 2007) and incorporated with suitable comments wherever necessary.

RURAL DEVELOPMENT DEPARTMENT

3.4 Functioning of State Institute of Rural Development

3.4.1 Introduction

Government of India (GOI) set up three “Development officers Training Institutes” (1954) at Ranchi, Hyderabad and Nilokheri (Haryana). The administrative control of the Institute at Ranchi was transferred in 1967 to Government of Bihar by GOI. After creation of Jharkhand the Institute was renamed (2002) as ‘State Institute of Rural Development (SIRD)’. The Institute, under the administrative control of Rural Development Department, imparts training to Government officials and Non-Government Organisations (NGOs) and undertakes research and consultancy assignments in the field of rural development. It works under a Director who is assisted by four Joint Directors, five Lecturers (one among them is Drawing and Disbursing Officer), one Administrative Officer and one Office Superintendent.

A performance audit of SIRD for the period 2002-07 was conducted (February 2007 to April 2007) to examine the achievement of its objectives relating to training, research etc and also financial management in the Institute.

Audit findings

3.4.2 Financial Management

Unadmitted vouchers, advances and amount lying in bank were treated as final expenditure and false utilisation certificate for Rs 3.32 crore was furnished

SIRD spent Rs 7.24 crore against RDD’s allotment of Rs 7.82 crore during 2002-07, surrendering Rs 58.14 lakh. Further, the Government provided Rs 3.32 crore during 2005-06 for strengthening and augmentation of SIRD under Plan head. Of this, expenditure of Rs 1.62 crore was shown as incurred (Rs 80.14 lakh as unadmitted vouchers and Rs 81.95 lakh as advances) while Rs 1.70 crore was lying unspent in the bank account as of March 2007. The Director sent a false utilisation certificate for the entire amount, of Rs 3.32 crore to the Government. Submission of UC without incurring expenditure was not only in contravention of rules but also fraught with the risk of fraud/defalcation.

3.4.2.1 *Defalcation, Fraudulent payment and Misappropriation of Government Money*

According to Rule 86 (ii) of Jharkhand Treasury Code (Vol-I), all monetary transactions should be entered in the Cash Book as soon as they occur and be attested by head of office. Cash Book should be balanced, closed and checked daily by the Drawing and Disbursing Officer (DDO). Further, rules provide that advances be made for specified purposes. Advances are to be duly accounted for and promptly adjusted. Audit scrutiny disclosed serious irregularities in the cash books, vouchers, advance registers etc. leading to defalcation of Rs 27.63 lakh, fraudulent payments of Rs 25.73 lakh of salary as advance, TA & GPF advances and suspected misappropriation of advances of Rs 7.75 lakh for medical treatment, miscellaneous works etc. as discussed below:

Defalcation:

- Cash book showed advances as Rs 119.87 lakh on 31 January 2007 whereas the detailed list of such advances showed the amount as Rs 117.72 lakh. DDO failed to furnish the details and reasons for difference of Rs 2.15 lakh.
- An advance of Rs 8.82 lakh for unspecified purpose was shown against an assistant since December 2006. There was, however, no acknowledgement of receipt of such an advance by him or by any one else.
- Analysis of closing balance during May 2006 revealed cash shortage of Rs 29.29 lakh which was shown as unsanctioned vouchers. Thereafter, upto January 2007, vouchers for Rs 17.78 lakh were passed by the DDO. These vouchers were neither supported by the sanction orders of the Director, SIRD nor were found to be entered in vouchers register. For the balance, Rs 11.51 lakh, either there were no vouchers or vouchers were not passed. The matter needs investigation.
- A Subsidiary Cash Book, opened for a special course in 1994, showed a receipt of Rs 4.94 lakh in August 1994. The amount was shown to be deposited in bank on the same day. However, the said receipt, neither increased the closing balance by Rs 4.94 lakh in the Cash Book nor the bank balance. Vouchers in support of payment of Rs 4.94 lakh, though called for, were not produced.
- Against the amount of Rs 82,447 (five vouchers), pertaining to the period from November 2005 to March 2006, the voucher register showed the amount as Rs 1,03,062. The cash balance was also reduced by Rs 1,03,062 against vouchers for Rs 82,447 in the Cash Book. The reduction of cash balance of Rs 20,615 was not supported by any proof of payment.

Fraudulent payments:

- Twenty three officials (twenty serving and three transferred) received their pay and allowances of Rs 9.30 lakh as advance between January 1999 and December 2006. These advances were outstanding as of January 2007. Scrutiny revealed that these officials had additionally received regular pay and allowances also without adjustment of the advances outstanding against them.
- Director, SIRD sanctioned TA advance of Rs 16.18 lakh to 20 officials between May 1998 and November 2006 without approval of tour programmes. Adjustment bills for TA advances as per codal provisions are to be submitted within 15 days of completion of the journey. However, adjustment of Rs 8.68 lakh was outstanding as of January 2007 and Rs 7.50 lakh were adjusted without submission of any bill. In one case three TA advances of Rs 2.79 lakh were paid to an individual who was not on the payrolls of SIRD in February and May 2005 and September 2006 for journey by air. As some of the advances were very old and monitoring of advances was poor, the chances of recovery or adjustment were remote.

- DDO sanctioned General Provident Fund (GPF) advance of Rs 25,000 in April 2006 to a peon from the funds of SIRD instead of his GPF account.

Suspected misappropriation:

- Director, Officer on Special Duty, Joint Director, four Assistants and one private individual were paid advances of Rs 3.50 lakh for unspecified personal and miscellaneous works between September 2004 and August 2006. The advances were outstanding as of March 2007 although four (having advance of Rs 2.69 lakh) out of seven officials had been transferred between May 2005 and December 2006.
- Medical advances of Rs 4.25 lakh were paid between March 2005 and September 2006 to six officials without the required recommendations of a Medical Board. The advances were unrecovered/unadjusted as of March 2007. Two officers, against whom advance of Rs 3.45 lakh was outstanding, were transferred in September and November 2006 without mentioning about the advances in their last pay certificates.

3.4.2.2 Expenditure without budget provision

According to Rule 10 and 11 of Jharkhand Financial Rules (Vol-I), strict economy should be maintained and expenditure be kept within the limits of authorised appropriation. An expenditure of Rs 2.27 crore was incurred for purposes like vehicle, telephone, stationery, repair and maintenance, etc. during 2006-07 in anticipation of future allotment, which was awaited (April 2007).

3.4.2.3 Outstanding temporary advances

Temporary advance of Rs 1.18 crore was outstanding up to 66 months

Temporary advances of Rs 1.18 crore, made between July 2001 and January 2007 to officers, staff and private persons for construction of new hostel, training programme etc. from available cash balance in the chest, remained outstanding as of January 2007. Of this, Rs 12.27 lakh was outstanding against officials who had been transferred between November 2000 and December 2006. Chances of recovery of such advances were remote. The delay in submission of vouchers/adjustment bills was up to 66 months. Not only did the expenditure remain unaccounted for long but it was fraught with the risk of fraud/defalcation. Further, the adjustment/recovery of advances was not being monitored by the Director or any other officer of the Institute.

3.4.2.4 Expenditure incurred out of departmental receipt

Interest of Rs 45.48 lakh earned on unspent funds was spent on civil works, on payment of TA bills and purchase of vehicles etc.

Interest of Rs 67.47 lakh was earned during 1997-2007 on unspent funds. Of this, Rs 45.48 lakh was irregularly utilised on civil works, electrification, payment of T.A. bills, purchase of vehicles etc between October 1997 and April 2005. This was in contravention of Rule 7 of Jharkhand Treasury Code (Vol-I), which stipulates that the revenue earned should be remitted promptly into the treasury. This led to misutilisation of Government revenue.

3.4.2.5 Irregular expenditure

Test check of records of the Institute disclosed the following cases of irregular expenditure:

Expenditure of Rs 2.40 lakh was incurred on providing mobile facility to non-entitled officials

- Seven mobile sets worth Rs 0.46 lakh were purchased during 2001-06 for different non-entitled officials of SIRD. Besides, Rs 1.94 lakh was spent on purchase of recharge coupons during 2004-07. Thus, Rs 2.40 lakh was irregularly spent on providing mobile facility to non-entitled officials.

Expenditure of Rs 16.50 lakh was incurred without assessing requirement and approval of estimate by competent authority

- Electrification work was undertaken in six spells during 2004-07 by incurring expenditure of Rs 16.50 lakh without assessing requirements and approval of estimates by the competent authority. Measurement of works done was also not taken before payment.

An expenditure of Rs 62.98 lakh was incurred on construction works without obtaining administrative approval and technical sanction

- An expenditure of Rs 62.98 lakh was incurred during 2006-07 in South campus on construction of boundary wall, false roofing of the dinning hall, decoration of hostel and guest house and civil works under Eduset³⁸ without required estimates, administrative approval and technical sanction. Vouchers, measurement books, muster rolls, date of commencement and stipulated date of completion of works, value of work done etc were not made available for audit to ascertain the necessity, quality and veracity of the expenditure. The possibility of misappropriation/defalcation, unjustified or extravagant expenditure, therefore, could not be ruled out.

3.4.3 Training, Research and Consultancy

SIRD was established to impart training to government officials and NGOs and undertake research and consultancy assignments in the area of rural development. It has five halls with sitting capacity of 320 trainees. With 284 working days in a year (excluding 52 Sundays and 29 gazetted holidays) for training in five halls the number of trainee-days works out to 90,880.

3.4.3.1 Under utilisation of training capacity

The number of training programmes proposed, training programmes conducted, trainees imparted training and trainee days utilised during 2002-07 were as under:

Year	Proposed training programmes	Training programmes conducted	Shortfall (Per cent)	Trainees imparted training	Trainees per programme	Training days utilised	Total Trainees days utilised	Shortfall in Per cent
1	2	3	4	5	6	7	8	9
2002-03	28	27	1 (4)	728	26	174	4524	95
2003-04	35	13	22 (63)	197	15	76	1140	99
2004-05	17	16	1 (6)	433	27	77	2079	98
2005-06	57	51	6 (11)	1730	34	178	6052	93
2006-07	81	37	44 (54)	1823	49	120	5880	94

It can be seen from the above that the Institute did not utilise its available training capacity. The shortfall in utilisation of trainee days ranged between 93 and 99 per cent during 2002-07. The Institute failed to conduct even the

³⁸ Eduset is a set of equipments provided by Indian Space Research Organisation under distant learning programme

proposed programmes. The shortfall ranged between 4 and 63 *per cent* during 2002-07. Against the available 284 working days the Institute had held classes only for period ranging between 76 and 178 days. Available infrastructure of the Institute for training remained idle for 106 to 208 days in a year between 2002 and 2007. Further, in the absence of records of attendance and room occupancy the actual number of participants attending each course could not be verified.

3.4.3.2 Misutilisation of training fund

Of total reported expenditure on training 85 *per cent* was spent on items not related to training

During 2002-07, Rs 94.49 lakh was shown to be spent on training in SIRD. However, Rs 14.28 lakh was actually spent on training purposes and Rs 80.21 lakh (85 *per cent*) was incurred on purchase of equipment and other inadmissible items such as wages, hire charges of vehicles, payment for photography, expenses shown on diet of trainees, video, entertainment etc.

3.4.3.3 Unfruitful payment to lecturers

The services of faculty advisors was under utilised leading to unfruitful expenditure of Rs 4.13 lakh on their pay and allowances

Director SIRD appointed (2006-07) four faculty advisors for delivering lectures on subjects of their expertise on contract basis. The faculty advisors delivered lectures only for 7 to 24 days as against 284 available working days. Thus, services of faculty advisors were underutilised leading to unfruitful expenditure of Rs 4.13 lakh on their pay and allowances.

3.4.3.4 Research and consultancy

Insignificant efforts were made to achieve the objective of research and consultancy in the field of rural development

During 2002-07, SIRD undertook only two research projects. The reports of these projects and their outcome, though called for, were not made available to audit. Further, there was only one post of Research Assistant which was lying vacant since December 2000, after the retirement of the then Research Assistant.

3.4.3.5 Evaluation of training courses, research and consultancy

Impact of training courses, research and consultancy was not evaluated

The impact of training courses, research and consultancy can not be evaluated unless a procedure of feedback is in place. During 2002-07, 144 training sessions of five days each and only two research projects were conducted but feedback was never taken from the participants and concerned departments responsible for implementation of the programmes of rural development. In the absence of a mechanism for feedback, audit could not ascertain the impact of training courses, research and consultancy and also the achievement of the objectives behind establishing SIRD.

3.4.3.6 Unfruitful expenditure on computerisation

After incurring Rs 16.64 lakh computer centre could not be made functional

A grant of Rs 20.90 lakh was received from GOI during 1996-97 for establishing a computer centre for training related activities. Of this, Rs 14.93 lakh was released to NIC during 1997-98 for supply of hardware, software and networking. Against Rs 14.93 lakh, NIC supplied equipments worth Rs 12.91 lakh in July 1998 retaining the balance amount of Rs 2.02 lakh. However, the computer centre could not be made functional (January 2007) due to non-completion of networking by NIC, poor maintenance of computer

hardware and software, non-supply of power and water seepage. Besides Rs 1.71 lakh was also incurred towards maintenance of computers.

3.4.3.7 Unfruitful expenditure on idle equipment received form ISRO, Ahmedabad under Distant Education and Training Programme

Equipment worth Rs 1.04 crore received form ISRO for distant education and training programme were not operationalised

Equipment worth Rs 1.04 crore was received from Indian Space Research Organisation (ISRO), Ahmedabad in September 2005 under distant education and training programme for setting up a studio and telecasting the programme in ten districts of Jharkhand. Though equipment were stated to be installed in SIRD campus and selected district headquarters, the studio could not be operationalised for want of power supply, lighting arrangements, crane, furniture, trained manpower etc rendering the entire expenditure unfruitful. Out of the funds provided for strengthening and augmentation of SIRD, Rs 24.66 lakh was diverted for construction of studio for installation of the equipment. Advance of Rs 20.20 lakh was made (between March 2006 and November 2006) to the two temporary faculty members who left (March 2007) the Institute. No adjustment bill was submitted. Instead, a demand of Rs 10 lakh was raised by them. In reply it was stated that action would be taken against them after investigation.

3.4.4 Fraudulent payment on purchase of lifts

Loss of Rs 9.51 lakh due to making payment to fake supplier of OTIS Lift

Two lifts were proposed to be installed in three storied (G+2)³⁹ building at a cost of Rs 31.70 lakh during 2006-07. The supply order was placed in September 2006 without ascertaining the credentials of the agency and Rs 9.51 lakh was paid by draft on 24 November 2006 as advance for supply of OTIS make lifts. Audit found that the agency was not a supplier for OTIS lifts. The agency neither supplied the lift nor refunded the advance paid. Meanwhile, on 5 December 2006, DDO lodged an FIR stating that the draft was misplaced. However, it was seen in audit that the draft had already been encashed by the supplier. No instruction was given to the bank to stop payment. Thus, the FIR lodged by the DDO was just an eyewash. The amount was shown as lost bank draft in the closing balance of cash book as of January 2007. No responsibility was fixed as of March 2007.

3.4.5 Misutilisation of fund in creation of assets on disputed land

Expenditure of Rs 29 lakh was incurred on construction, repair maintenance, gardening and herbal garden in north campus without acquisition of land

SIRD has North and South Campus. North Campus is situated on a private plot of 16.89 acres. Acquisition of land in North Campus was pending as the matter was sub-judice since 1976 under Urban Ceiling Act. An expenditure of Rs 29 lakh was incurred during 2006-07 on construction, repair, maintenance and gardening without having legal title of land in North Campus. Thus, Rs 29 lakh was irregularly utilised by incurring expenditure on disputed land as the institute does not have ownership rights of the assets created on such land.

³⁹ Ground plus two floors.

3.4.6 Purchase of Air Conditioners (ACs)

Twelve ACs costing Rs 10.39 lakh were purchased in excess of requirement and that too without approval

Expenditure of Rs 1.40 lakh incurred on four ACs were lying uncommissioned

Under the programme for strengthening and augmentation of SIRD, requirement of 39 ACs of 1.5 ton each was worked out. Against the requirement of 39 ACs, 51 ACs (1.5 ton AC-45 nos., 7.5 ton AC-3 nos. and 8.5 ton AC-3 nos.) were purchased between May 2005 and May 2006. Thus, 12 ACs costing Rs 10.39 lakh (including six of higher capacity) were purchased in excess of requirement without the approval of Secretary, RDD.

Further, 29 ACs costing Rs 9.26 lakh were installed in 22 hostel rooms and studio respectively. Hostel rooms (where group B and C officers of the State Government stay during training) and the studio were not identified for installation while working out the requirement. ACs were also installed in the chambers of Joint Director and Deputy Director, room of the PA to the Director and the residence of the Deputy Director for which there were no provisions. Expenditure of Rs 1.40 lakh incurred on 4 ACs proved to be unfruitful as they were lying uncommissioned (July 2007) for over a year.

3.4.7 Purchase of Diesel Generator set (DG set)

The SIRD created a liability of Rs 10.88 lakh against purchase of DG set without approval and budget provision

An order for purchase of 160 KVA DG set for Rs 10.88 lakh was placed in November 2006. The set, received in the same month, was lying (July 2007) in open space in South Campus. The payment could not be made against the supply for want of approval and budget provision. No entry of receipt of the set was made in the stock register. It was noticed that Electrical Executive Engineer, Mechanical division, Ranchi was requested in December 2006 to verify the load capacity of the set to be installed. Thus, SIRD incurred a liability of Rs 10.88 lakh, without approval of the competent authority, budget provision and ascertaining the load capacity of the set which was lying uncommissioned in the open for last eight months (July 2007).

3.4.8 Conclusion

The objectives behind setting up the institute were not achieved. Training infrastructure was grossly underutilized. Fund shown to have been incurred on training was actually spent on unrelated and inadmissible items. Only two research projects were undertaken while no consultancy projects were assigned to it in last five years. Services of lecturers were underutilized. Expenditure on computer centre and equipment from ISRO proved infructuous. Financial Management in the institute was very weak leading to serious financial irregularities.

3.4.9 Recommendations

- The institute may consider strategising specific measures, rolled into annual, mid-term and long term plans to achieve the objectives of training, research and consultancy in the field of rural development.
- Analysis of closing balance and physical verification of cash may be done at regular intervals. Besides advance and voucher registers may be maintained properly.

- Training infrastructure, faculty etc should be utilised optimally.
- Computer centre and studio with equipment form ISRO for distant education and training should be operationalised early.
- Financial rules and principles of financial propriety should be adhered to strictly. Responsibility needs to be fixed in cases of financial irregularities. Appointment of a Finance Officer may help the institute to strengthen its financial management.

The matter was reported to the Government (July 2007); their reply had not been received (November 2007).

WELFARE DEPARTMENT

3.5 Implementation of Tribal Welfare Schemes in Meso Areas

3.5.1 Introduction

During the Fifth Five Year Plan (1972-77) Tribal sub-plan (TSP) strategy was evolved for socio economic upliftment and protection against exploitation of tribals. In Jharkhand, Tribal Sub-plan (TSP) was grouped in 1976 into 14 Integrated Tribal Development Projects (ITDPs) covering 112 blocks, locally known as “Meso Area”.

Welfare Department is the administrative department for Meso Areas and its Directorate is the office of the Tribal Welfare Commissioner (TWC). At Meso Area level there is a committee, namely, Project Implementation Committee (PIC), consisting of the Deputy Commissioner (DC) as ex-officio Chairman, district technical heads and public representatives as members. PIC is responsible for identification of beneficiaries and implementation of the schemes. The Project Officer (PO) functions as ex-officio member secretary of the committee.

The objectives of the Audit were to assess whether Special Central Assistance (SCA) and Centrally Sponsored Schemes (CSS) guidelines were followed while implementing the schemes. Besides, the implementation of schemes through Non-Government Organizations was also assessed.

Implementation of schemes by Meso Areas during 2003-07 was reviewed (between February and March 2007) through test check of records of the implementing agencies, viz., Tribal Welfare Commissioner and five⁴⁰ out of 14 Project Offices covering 44 blocks.

The audit observations and recommendations were discussed with the Secretary, Welfare and Social Welfare Department in November 2007. The audit findings are discussed in the succeeding paragraphs.

Audit findings

3.5.2 Allotment and Expenditure

GOI provides 100 per cent grant under SCA funds to the State Government and also provides funds on cost sharing basis in 50:50 ratio for construction of hostel buildings for ST under CSS. Programmes under SCA and CSS are mainly implemented through Meso Areas.

Allotments made under SCA and CSS by the Department and expenditure incurred there against during 2003-07 were as under:

⁴⁰ Chaibasa, Chakradharpur, Jamshedpur, Khunti and Ranchi

(Rupees in crore)

Year	Allotment			Expenditure			Unspent Balance			
	SCA	CSS	Total	SCA	CSS	Total	SCA	CSS	Total	Per cent
2003-04	7.59	12.36	19.95	4.14	10.70	14.84	3.45	1.66	5.11	25.61
2004-05	53.97	0.69	54.66	37.16	0.17	37.33	16.81	0.52	17.33	31.71
2005-06	52.83	11.29	64.12	16.70	7.08	23.78	36.13	4.21	40.34	62.91
2006-07	45.11	NIL	45.11	9.60	NIL	9.60	35.51	NIL	35.51	78.72
Total	159.50	24.34	183.84	67.60	17.95	85.55	91.90	6.39	98.29	53.46

Source: Tribal Welfare Commissioner

Note:- CSS funds include both GOI and State share on 50:50 basis.

Expenditure declined from 74.39 per cent of total allotment in 2003-04 to 21.28 per cent in 2006-07 reflecting slower implementation of the schemes

Against the total allotment of Rs 183.84 crore during 2003-07, Rs 85.55 crore (47 per cent) was spent leaving a balance of Rs 98.29 crore (53 per cent) lying in bank accounts of POs as of March 2007. The Secretary accepted the audit observation and stated that efforts were being made to spend the money.

It may be seen that the expenditure declined from 74.39 per cent of total allotment in 2003-04 to 21.28 per cent in 2006-07 reflecting slower implementation of the schemes and expenditure not being commensurate to financial commitments.

Interest earned on SCA and CSS funds was to be utilised for taking up additional work under the schemes. PO, Meso area, Ranchi irregularly remitted Rs 36.24 lakh into treasury (July 2006) and PO, Meso Area, Khunti, irregularly spent Rs 4.23 lakh from the interest earned on repair of SDO's office by the order of Deputy Commissioner. The department stated (November 2007) that interest earned was deposited in to treasury as per direction of the Government considering it as a part of the Government fund. The reply was not acceptable as the interest earned on GOI fund for scheme was part of the scheme fund itself and could not be classified as departmental receipts. Thus, here accrued interest did not form the part of the consolidated fund of the State. Regarding expenditure out of interest, the department instructed all DCs not to spend out of interest earned.

Advances were reflected as final expenditure

It was further observed that advances made were reflected as final expenditure in reports submitted by MESO areas to TWC. Meso Area, Khunti advanced Rs 3.55 crore to different executing agencies during December 2006 and booked the same as final expenditure in the cash book. Similar practice was prevalent in other Meso areas also and no separate advance register for schemes was maintained to watch the adjustment of advances. Details about actual expenditure incurred on implementation of various schemes were thus not available at the level of the Directorate and the Department to exercise administrative and financial controls. The department accepted the audit observation and stated that instructions were being issued for not showing advances as final expenditure in the accounts.

Programme implementation

3.5.3 Schemes under Special Central Assistance

Under SCA guidelines, 70 per cent of the SCA funds were earmarked for income generation activities for BPL tribal beneficiaries and 30 per cent for infrastructure development. Under income generation activities, individual BPL tribal beneficiaries were either to be provided with assets on cent per cent

subsidy to generate income for themselves or fund were to be given for self employment to the beneficiaries for taking up any activity of their own choice. The PIC was to finalise the list of eligible BPL tribal beneficiaries and also to finalise infrastructure development schemes on the basis of locally felt needs of the tribal people.

3.5.3.1 *Misutilisation of Government fund*

Records of five test checked Project Officers disclosed misutilization of Rs 2.38 crore as detailed below:

Assets worth Rs.1.63 crore were distributed among non-BPL tribal beneficiaries

- During 2004-05, TWC purchased income generating assets like tractors, diesel auto, sprinkler sets, pump sets, hauler machines etc. and disbursed grants for digging of ponds and construction of wells for BPL tribal beneficiaries. Test check of list of beneficiaries in Meso Areas, Chaibasa, Jamshedpur, Khunti and Ranchi showed that assets worth Rs 1.63 crore were distributed among non-BPL tribal beneficiaries. The possibilities of misutilisation of the SCA fund could not be ruled out.

Rupees 53.55 lakh was distributed as income generation grant among 119 tribals who did not belong to BPL category

- In Meso Areas Chaibasa and Chakradharpur, Rs 53.55 lakh was distributed in 2004-05 to 119 tribal Fair Price Shop (FPS) dealers at Rs 45,000 each as income generation grant who were not falling under BPL category. Thus, PIC misutilised Rs 53.55 lakh by giving income generation grant to tribals not belonging to BPL category.

Assets worth Rs 21.49 lakh were irregularly given to nine ineligible beneficiaries by tampering the list

- In Meso Area, Khunti PIC approved the list of beneficiaries for grant of income generating assets for 2004-05. Afterward the names of nine beneficiaries were irregularly added by tampering the list and assets (five tractors and four pump sets) worth Rs 21.49 lakh were given to these beneficiaries. There were no records regarding eligibility of the change beneficiaries and also the reasons for change in the list was not on record. Thus, misutilisation of assets worth Rs 21.49 lakh could not be ruled out.

3.5.3.2 *Doubtful execution of work*

Suspected defalcation of Rs 2.19 crore by three NGOs

An amount of Rs 2.19 crore was given to three NGOs, namely, Srijan Mahila Vikash Munch (Rs 1.01 crore), Indira Adivasi Mahila Vikas Sanstha (Rs 0.43 crore) and "Pradan" (Rs 0.75 crore) for execution of water harvesting, horticulture schemes and micro lift irrigation projects during 2004-06 in Chakradharpur, Chaibasa and Khunti. The First two NGOs were unregistered and had no experience of executing such works. They were also deficient in staff and infrastructural support. All these three NGOs did not submit vouchers, measurement books, muster rolls etc. in support of works executed by them though required as per agreement. Even POs did not carry out any required physical verification of the executed work. Thus, the absence of mandatory documents, not undertaking physical verification, non fulfilling the criteria of registration, lack of experienced staff and infrastructure raised doubts about the actual execution of works and, therefore, possibility of defalcation of Rs 2.19 crore by three NGOs could not be ruled out. The matter needs further investigation.

3.5.3.3 *Unfruitful expenditure on undistributed assets*

Assets worth Rs 59.71 lakh were purchased but not distributed among BPL tribal beneficiaries due to non-finalisation of list of beneficiaries by PIC

Assets (eight diesel auto goods carriers, 80 hauler machines, 168 pump sets and four sprinkler sets) worth Rs 59.71 lakh could not be distributed as of March 2007 among BPL tribal beneficiaries due to non-finalisation of list of beneficiaries in Meso Area, Chaibasa, Chakardharpur and Khunti. These assets were purchased during 2004-06 by TWC and were lying idle in Project Offices for more than one year. The condition of idle assets was not on record and, therefore, the possibility of deterioration with passage of time could not be ruled out. The department accepted the point and stated that instructions were being issued for timely distribution of assets and assured that assets would be distributed very soon.

3.5.3.4 *Denial of benefits to BPL tribal beneficiaries*

Grants of Rs 1.95 crore for purchase and distribution of assets was not utilised due to non-finalisation of beneficiaries list

During 2004-05, TWC allotted Rs 1.95 crore for purchase of income generating assets like rickshaw, mini dairy of 10 cows, oxen pair etc. as financial help for self employment in Meso Areas- Chakardharpur, Chaibasa, Jamshedpur, Khunti and Ranchi. Even after two years (March 2007) Rs 1.95 crore remained unutilised and was lying in the bank accounts for stated reasons of non-finalisation of the lists of beneficiaries by respective PICs denying the intended benefits to the beneficiaries. The department stated that delay was due to various Government procedures, however, matter was being sorted out and assets would be distributed soon.

3.5.3.5 *Wasteful expenditure on abandoned schemes*

Schemes were abandoned midway after incurring expenditure of Rs 86.08 lakh due to improper planning in selection of site and executing agencies

In Meso Areas Chaibasa and Jamshedpur, 126 schemes for construction of ponds and irrigation wells at a sanctioned amount of Rs 2.80 crore under infrastructure development and income generating component, were found to be abandoned midway (2001-05) after doing less than 50 *per cent* earth-work and incurring expenditure of Rs 86.08 lakh. Besides, excess payment of advance of Rs 15.96 lakh was not recovered from the executing agents. Reasons for abandonment of schemes were found to be land disputes (in case of 15 schemes involving expenditure of Rs 5.32 lakh), reluctance of executing agencies, slow progress of work and hard rocks. It needs to be mentioned that expenditure of Rs 86.08 lakh, incurred on earth-work, was totally wasted after two to three monsoons. The department stated that the Tribal Welfare Commissioner was being instructed to pursue the matter and get the works completed.

3.5.3.6 *Doubtful construction of check dams*

Perfunctory schemes were prepared by the Executive Engineer, NREP-I without assessing the actual feasibility which led to doubtful expenditure of Rs 90 lakh

Before construction of a check dam, a Detailed Project Report (DPR) was to be prepared after site survey. Command and catchments areas were to be assessed with the help of toposheet of the area. Accordingly, specific design and estimate of the work, based on prevailing schedule of rate, were to be prepared.

During 2004-05, Welfare Department allotted Rs 90 lakh to Meso Area, Khunti for construction of nine check dams (eight at Rs 10.54 lakh and one at Rs 5.62 lakh) at different sites in Meso Area, Khunti. The allotment was diverted to National Rural Employment Programme-I Division (NREP),

Ranchi by the order of DC, though he was not competent. The power for selecting agencies for execution of works vested with PIC which had not selected NREP-I as the executing agency. Executive Engineer (EE), NREP-I prepared DPRs of the check dams and approved identical estimates for eight different river sites while according technical sanction. The schemes were executed departmentally by the EE, NREP-I incurring expenditure of Rs 90 lakh.

While preparing the DPRs for check dams, EE, NREP-I neither consulted the toposheet nor assessed the command area for the said check dams. The designs of the dams were not found on records. Catchment areas were not specified. Neither designs nor inspection/site visit reports were on record. Besides, completion certificate was also not found on record. Thus, the expenditure of Rs 90 lakh incurred in an unplanned and technically deficient manner raised doubt about actual execution of work. The department accepted the point and stated that necessary instruction would be issued to all concerned.

3.5.3.7 *Unfruitful expenditure on incomplete schemes*

199 schemes
remained
incomplete after
incurring
expenditure of
Rs 1.15 crore

In Meso Areas, Chakradharpur, Chaibasa, Jamshedpur, Khunti and Ranchi, 199 out of 529 schemes for construction of wells and ponds remained incomplete as of March 2007 after incurring expenditure of Rs 1.15 crore. Stipulated period for completion of work was three months from the date of placing the work order. It was noticed that 122 schemes remained incomplete for 36 months while 46 and 31 schemes remained incomplete for 24 and 12 months respectively, beyond the schedule date of completion. Only earth-work, which washed away in two to three monsoons, was found to be executed. Reason for non-completion of schemes in due time was attributed to reluctance of the executing agents to complete the work. PO did not take any action against the defaulting agents and thus, rendered the expenditure of Rs 1.15 crore unfruitful. The department stated that in all cases beneficiaries themselves were executing agents and were being motivated to finish the work. In 40 cases, certificates had been filed to recover the advance where there were no chances of completion of work.

3.5.4 **Prototype Schemes prepared by 'Pradan' under income generation component of SCA**

Prototype schemes under 10 broad categories were prepared by "Pradan", an NGO, for upliftment of tribal people from SCA funds. The prototype schemes were to be implemented in phased manner during 2004-07. The schemes were to be approved by PICs and executed through registered NGOs having adequate infrastructure, staff support and past experience in implementation of such schemes. Deficiencies noticed in implementation of prototype schemes were as under:

3.5.4.1 *Unfruitful expenditure on construction of Micro-lift irrigation schemes*

In Meso Area, Khunti nine prototype schemes for construction of micro-lift irrigation projects were executed through "Pradan" for Rs 22.48 lakh during

Unfruitful expenditure on construction of Micro-lift irrigation schemes without provision of perennial source of water

2004-05. Provision for perennial source of water like intake well, dug well or check dam etc. was not made. Only distributory and pumping systems were put in place by “Pradan”. In the absence of perennial source of water the said schemes could not provide irrigation and, therefore, expenditure of Rs 22.48 lakh was rendered unfruitful.

3.5.4.2 Creation of community assets on private land

In 104 schemes community assets for Rs 74.84 lakh were created on raiyati/private land

“Pradan” prepared prototype schemes for water harvesting, irrigation and land development under six categories through micro lift irrigation system from SCA funds. Under these schemes community assets were to be created on Government lands and managed by the Self Help Groups. In Meso Areas, Chakradharpur and Jamshedpur, out of 186 such schemes executed by “Pradan”, in 104 schemes, assets worth Rs 74.84 lakh were created during 2005-06 on raiyati/private land. Thus, undue benefit of Rs 74.84 lakh was extended to individuals by creating these assets on their land. This was also fraught with the risk of these assets becoming private assets leading to denial of intended benefit to the community.

3.5.4.3 Non-execution of prototype schemes

Despite availability of funds, 45 schemes for Rs 9.18 crore were not executed

During 2004-05 and 2005-06, Rs 1.41 crore and Rs 7.77 crore respectively were released for execution of 45 schemes under Meso Areas, Khunti and Ranchi (14 for Ranchi and 31 for Khunti). Secretary, Department of Welfare ordered that these schemes would be executed through “Pradan”. But, PICs Khunti and Ranchi Areas did not agree to get these schemes executed through “Pradan”. Consequently, schemes for Rs 9.18 crore were not executed (March 2007) despite availability of funds leading to denial of intended benefit to the tribal beneficiaries and blocking of funds for one to two years.

3.5.5 Centrally Sponsored Scheme

Nine hostel building for ST students were constructed at a cost of Rs 3.97 crore on the land of private institutions giving them undue benefit

For construction of hostel buildings for ST students, the State Government had to provide land free of cost so that the maintenance and regulation of the asset, so created, may vest with the State Government. However, nine hostel buildings⁴¹ for ST students were constructed at a cost of Rs 3.97 crore from CSS funds as of March 2007 on the land of private institutions. Thus, title, maintenance and regulation of hostel building so constructed did not vest with the State Government.

In Meso Area, Khunti construction of a hostel for ST students at Sonahatu High School was sanctioned for Rs 34.49 lakh in 2003-04. This fund was diverted from the PO, Meso Area, Khunti to NREP-I, Ranchi by Deputy Commissioner, Ranchi without the consent of PIC, which was empowered to select the executing agency. The work was allotted (August 2004) to the Assistant Engineer of Meso Area, Khunti by EE, NREP-I. The work was started on a raiyati plot outside the campus of the school. This was brought to the notice of the administration by the aggrieved party in December 2004. The Hon’ble High Court passed a stay order (May 2005) against the construction

⁴¹ Bundu Womens College, Bundu, Cambridge Institute of Technology, Tatisilway, Ranchi, Mission School, Vijaygiri ST, Tamar, St. Baranbas Hospital, Ranchi, St. John Boys High School, Nawatanr, St. Xavier College, Ranchi, St. Joseph High School, Torpa, Ursuline Convent Girls High School, Simdega and XISS, Ranchi.

on *raiyati* plot. Despite the stay order, the work was executed and final measurements were taken in January 2006 showing the value of work done as Rs 39.08 lakh. Thus, the hostel building, illegally constructed on *raiyati* land incurring expenditure of Rs 39.08 lakh ignoring the stay orders of Hon'ble High Court, could not be handed over to the department.

The construction of hostels on private land was in violation of the scheme guidelines for which responsibility may be fixed. Moreover, as the ownership of these hostels did not vest in the Government, it could not maintain and regulate them and, therefore, could not ensure the achievement of objectives of the scheme even after incurring an expenditure of Rs 4.36 crore.

3.5.6 Asset register not maintained

A register of assets, created under the schemes, was required to be maintained by the TWC and the PO. However, no such asset register was maintained in any of the test checked POs. In the absence of the register of assets no provisions could be made for the maintenance and physical verification of assets.

The department accepted the point and stated that instructions were being issued to open asset register containing all assets since creation of the State.

3.5.7 Monitoring and Evaluations

Field inspections by the supervisory level of functionaries and the evaluation were not done

Welfare Department and TWC were to draw schedules for inspection by functionaries at supervisory level. Neither such schedules were drawn nor any inspections undertaken were on record. Thus, monitoring was deficient. Audit findings relating to some cases of failure of monitoring have been discussed in preceding paragraphs. Further, the department did not undertake any evaluation, internal or external, to ascertain the extent to which the intended benefits had accrued to the targeted beneficiaries under the various schemes. In the absence of a monitoring system and any evaluation, the department was unaware of deficiencies and weaknesses, if any, in the implementation of the schemes and as such could not effect correctives, if required. The department stated that Tribal Welfare Commissioner was being instructed for monitoring and evaluation.

3.5.8 Conclusion

Implementation of SCA and CSS schemes through Meso Areas was far from satisfactory. The pace of implementation of schemes was getting increasingly slower in terms of percentage of expenditure to total allocation due to non-finalisation of schemes by PIC. Non-BPL tribal beneficiaries were extended benefits. Assets remained undistributed due to non-finalisation of list of beneficiaries. Schemes were abandoned mid way and some of other schemes were incomplete even after three years from the scheduled date of completion. Neither monitoring nor evaluation of the schemes were undertaken to ascertain whether the intended benefits were accruing to the targeted beneficiaries in efficient, economical and effective manner. Asset and advance registers for schemes were not being maintained and advances were

taken to be final/actual expenditure. The works executed by some of the NGOs were doubtful as payments were being made without adequate proof in support of the works having been executed.

3.5.9 Recommendations

- Pace of expenditure should be increased in tune with size of allotments.
- Steps may be taken to finalise the list of beneficiaries and schemes through PIC well in advance to avoid under utilisation of funds.
- Care should be taken in finalization of list of beneficiaries to avoid any extension of benefits to Non-BPL tribal beneficiaries.
- Follow up action to assess the impact of the schemes should be undertaken regularly.
- Proper system of monitoring of the progress of works should be developed and register for assets be maintained for effective implementation of the schemes.

The matter was reported to the Government (July 2007); their reply had been received (November 2007) and incorporated with suitable comments wherever necessary.

FOREST AND ENVIRONMENT DEPARTMENT

3.6 Working of Jharkhand State Pollution Control Board

3.6.1 Introduction

On creation of the new State, Jharkhand State Pollution Control Board (Board) was set up in September 2001. The main objective of the Board was to plan and execute programmes for prevention, control and abatement of water and air pollution and pollution from solid wastes including bio-medical and plastics wastes. The Board was to inspect the Pollution Control System (PCS) adopted by industries, hospitals, nursing homes and municipal bodies; analyze stack samples and prescribe standards for control of pollution according to various Acts enacted by Government of India (GOI) and Rules and policies framed thereunder by the State Government. The Forest and Environment Department, the nodal department, was responsible for formulation of policies relating to all environmental issues and exercising its control through the Board.

At the State level, the Principal Secretary, Forest and Environment Department (F&ED) was the nodal officer. The Board comprised of Chairman, the Chief Executive of the Board, and 16 members including a Member Secretary appointed by the State Government. The Board was assisted by five Regional Officers at Deoghar, Dhanbad, Hazaribagh, Jamshedpur and Ranchi, one central laboratory at Ranchi, headed by the Board Analyst and four regional laboratories each under the regional officers. A Research and Development (R&D) Cell was also formed in August 2003.

A Performance Audit on the working of the Board since its inception up to March 2007 was carried out during April to August 2007 through test check of records of the Board, the Principal Secretary, F&ED, all the five regional offices, central laboratory, R&D Cell and three Municipal bodies (Ranchi, Dhanbad and Hazaribagh) during April to August 2007. The audit findings and recommendations were discussed (November 2007) with the Principal Secretary, F&ED.

Audit findings

3.6.2 Financial Management

Financial resources of the Board comprised of assistance from Central Pollution Control Board (CPCB)/Government of India (GOI) and reimbursement of water cess by GOI under section 8 of Water Cess Act. No objection certificate fee, consent fee under sections 21 and 25 of the Air and Water Acts respectively, R&D fee, authorisation fee under Rule 8 of the Bio Medical Waste Rules, grants from the State Government etc also comprised the financial resources.

Under section 38 of the Water Act and section 34 of the Air Act, The Board is to prepare Budget Estimates (BEs) and send it to the nodal department. The Board however, never sent BEs to the Department and BEs were prepared on *ad-hoc* basis. The Board failed to receive any grant from the State

Government during 2001-07. The Government accepted non-submission of budget and asked the Board to submit it regularly in future. Regarding resources of Board, the Government assured to increase them by taking appropriate steps. Financial Resources and its utilization by the Board were as under:

(Rupees in lakh)

Year	Opening Balance	Assistance from CPCB/GOI	Internal resources including water cess	Total	Expenditure	Excess(+) Surplus(-)
2001-02	4.54	49.35	57.19	111.08	80.77	(-) 30.31
2002-03	30.31	--	204.76	235.07	175.90	(-) 59.17
2003-04	59.17	42.59	252.91	354.67	334.26	(-) 20.41
2004-05	20.41	127.70	305.94	454.05	442.14	(-) 11.91
2005-06	11.91	--	304.39	316.30	306.55	(-) 9.75
2006-07	9.75	--	411.53	421.28	271.90	(-) 149.38
Total	136.09	219.64	1536.72	1892.45	1611.52	

Source: State Pollution Control Board, Jharkhand

The Board only received Rs 2.20 crore as assistance from CPCB/GOI as against the sanctioned amount of Rs 3.48 crore during 2001-05 for different schemes such as preparation of environment status reports, strengthening of laboratories, computerization of offices, National Green Corps (NGC) programmes etc. GOI did not release Rs 1.28 crore due to diversion of fund (Rs 19.89 lakh), non-submission of UCs (Rs 94.26 lakh), etc. by the Board.

The Board replied that the funds were inadvertently utilized on unspecified purposes which would be recouped after getting approval of the competent authority.

3.6.3 Institution of SPCB

The functioning of the board was affected due to non-appointment of regular Chairman

The Board was created with twelve members (increased to 17 from 2006) including the Chairman. As per recommendation of Ministry of Environment and Forest (MoEF), GOI, the Chairperson appointed should have special knowledge or practical experience in respect of matters related to environmental protection. Though six Chairpersons were appointed (two with regular charge and four with additional charge) as of August 2007, there was nothing on record to ascertain the special knowledge and practical experience of the Chairpersons. This affected the functioning of the Board. As per sections 8 and 10 of the Water and Air Act respectively, the Board is to meet quarterly to observe rules or procedures in regard to the transaction of its business. However, only 13 against 23 Board meetings were held during September 2001 to July 2007 and it failed to prescribe rules and procedures to be observed during such meetings. The Government stated (November 2007) that the Board had been asked to hold regular meetings.

3.6.3.1 Building

The offer of central assistance for expansion/renovation of the building could not be availed for want of Detailed Project Report

In 2002, the Board sent a proposal of Rs 1.26 crore to GOI for its own office building. In 2005 GOI agreed to provide financial assistance limited to 50 per cent of the cost of expansion or Rs one crore which ever was less subject to the condition that land would be provided by the State and the remaining expenditure would be borne by the Board. For this, the Board was to submit a

proposal according to the norms of State Public Works Department (PWD). The Board failed to submit required proposal and was deprived of financial assistance. It continues to be housed in a rental building for last six years. The Government replied (November 2007) that district administration had been requested to provide land.

3.6.3.2 Central Laboratory

Delay in functioning of Central Laboratory and excess expenditure of Rs 10.79 lakh on purchase of equipment

Under the provisions of the Water and Air Acts, the Board notified the laboratory at Ranchi as the Central Laboratory in July 2003 but it became functional only in June 2006. The Laboratory was located in a dilapidated building of the Regional Office, Ranchi. Central PWD also suggested a new construction. Government replied (November 2007) that funds would be provided for Laboratory building.

To test the various parameters of water/air pollutants, MoEF sanctioned Rs 1.57 crore and released Rs 94.26 lakh during 2003-05 for purchase of instruments/equipment to strengthen the Central and Regional Laboratories. Provision, list and rates of instruments/equipment were also provided by MoEF. The Board purchased three Electronic Analytical Balances and three Chemical Oxygen Demand Digesters at the rate of Rs five lakh and Rs 52,750 each against the specified rate of Rs 1.75 lakh and Rs 40,000 respectively. Besides, two Bio-Chemical Oxygen Demand Incubators were purchased in excess of provision at the rate of Rs 33,000 each. This resulted in excess expenditure of Rs 10.79 lakh for which no reason was on record. Further Ion Chromatograph, procured for Rs 13.02 lakh in March 2007, was not installed till August 2007 for want of an air conditioner, UPS and a working table. This resulted in inability to test heavy metals, cyanides, arsenics, chromium phenolic, etc.

3.6.3.3 Research and Development (R&D) Cell

Research and Development Cell established in August 2003 did not undertake even a single research work as of March 2007

According to section 17 (d),(h),(i),(j) of Water Act, the Board is to research and investigate on water pollution to evolve economical and viable methods of treatment and utilisation of sewage and trade effluents in agriculture and their disposal on land. Board though established a R&D cell in August 2003, no research work was undertaken as of August 2007. The services of the personnel posted to the cell were being utilised for works other than research. Government stated that ambient air and water quality were monitored and documented in the cell. The reply was not acceptable as the Cell was established for research and investigation work on water pollution only.

3.6.3.4 Man Power Management

One hundred thirty three posts of various cadres were lying vacant. This affected the functioning of Board

No posts were sanctioned for the Board headquarters as of August 2007. In regional offices 135 personnel were posted against the sanctioned strength of 268 as indicated in *Appendix-3.8*. Large vacancies in the regional/field offices were compounded by diverting officials to the Board headquarters. Acute shortage of manpower led to poor maintenance and upkeep of records, large number of pending applications for consent for discharge of effluent and emission, inspection of industrial units, sampling, R&D works. The Board did not take any effective steps to sanction new posts and fill the existing vacancies. The Government assured to fill-up the vacancies.

3.6.3.5 Training

Training programme was not organised

According to the sections 17(e) of Water Act and 17(d) of Air Act, the Board is to organise training programmes for persons engaged or to be engaged in prevention, control and abatement of water and air pollution. However, no such training programme was ever organised by the Board for upgrading the skills of its personnel engaged in R&D works, laboratories, inspection of pollution control systems, sewerage treatment plants of trade and domestic effluent, etc.

3.6.3.6 Annual Reports

Annual reports were never prepared

According to sections 39(2) of the Water Act and 35(2) of the Air Act, the Board is required to furnish annual reports giving full account of its activities on control of water, air and other pollutions to the State Government which was to be laid before the State legislature. The Board never furnished any annual reports to the State Government since its inception in 2001. Similarly, under rule 8(1) of the Municipal Solid Wastes (Management and Handling) Rules, 2000, the Board is required to send an annual report with regard to the implementation of these rules by 15 September every year to CPCB. However, no such report was ever sent.

3.6.4 Water and Air Acts

Lack of coordination between Board and State Government resulted in failure in implementing the Pollution Control Acts

The Water (Prevention and Control of Pollution) Act 1974 and Air (Prevention and Control of Pollution) Act 1981 are designed to maintain the wholesomeness of water, to prevent and control natural water from being polluted and control air pollution by preservation of the quality of air.

State Government is to monitor compliance of these Acts through the Board established under the Act. The State Government did not formulate any scheme for prevention, control and abatement of pollution as there was lack of co-ordination between the Board and the Government.

3.6.4.1 Industries running without consent

Board had no information of the industrial units running without consent

According to the Sections 25 and 21 of the Water and Air Acts respectively, without previous consent of Board, it is not permissible to establish or take any step to establish any industry, operation or process or any treatment and disposal system or any extension or addition thereto, which is likely to discharge sewage or trade effluent into stream, well or on land and to pollute the air by emission.

As per the nature and level of pollution, all industries have been categorized into red, orange or green industries, based on their capacity to damage environment. It was noticed that 3218 out of 3660 applications were pending with the Board as of March 2007. The Board did not maintain a consolidated consent register as required under Act. In the absence of such register, the Board had no consolidated information of the industrial units running without consent and thus could not monitor these units centrally. The Government stated (November 2007) that in pending cases, show cause notices and directions were issued. The reply was not acceptable because the Board failed to take any action on show cause notices.

3.6.4.2 *Inspection*

Regular inspection of industries was not done by the Board

The Water and Air Acts required compulsory and regular monitoring through field inspection for prevention, control and abatement of pollution. Without drawing up of any schedule/norms, the Board inspected the industrial units and plants only for issue of consent order. It did not maintain any records showing the dates of inspection, names of unit and results of inspection. Thus, there was no systematic monitoring of follow up of inspections and its compliance.

3.6.4.3 *Non formulation of comprehensive programme*

Comprehensive programme was not prepared by the Board

According to the Sections 17(a), (b), (c) of both, the Water and Air Acts, the Board is to plan a comprehensive programme for prevention, control and abatement of pollution of streams, wells and air in the State, collect and disseminate information and advise the State Government to execute these through a suitable mechanism. However, the Board did not formulate any comprehensive programme during 2002-07.

3.6.4.4 *Pollution of water through effluents*

TSS in the stream of Damodar river was far above the prescribed limit

According to the Sections 17(g), (h) and (i) of the Water Act, the Board is required to evolve economical and viable methods for treatment of sewage, trade effluents, their utilisation in agriculture and disposal of sewage and trade effluents on land or into stream taking into account the tolerance limits of pollution permissible in water of the stream. The Board however, did not perform any of these functions satisfactorily. It was seen that Total Suspended Solids (TSS) in the effluents discharged from ash ponds of Bokaro Thermal Power Station (BTPS) and Tenughat Vidyut Nigam Ltd. (TVNL) was 5,164 microgram (mcg)/litre and 9,876 mcg/litre respectively against the prescribed limit of 100 mcg/litre during October 2006 causing severe water pollution in the Damodar River.

3.6.4.5 *Enforcement of Air Pollution measures*

Provisions of the Air Act 1981 were not enforced effectively

According to the Section 21(5) of the Air Act, industries are to undertake necessary pollution control measures including installation of Pollution Control System (PCS) for treatment of emission before its discharge into air. Report of stack monitoring of thermal power stations at Bokaro and Tenughat, during 2005-06, showed dust concentration in emissions (278.26 mcg/m³ and 181.70 mcg/m³) beyond the prescribed limit (150 mcg/m³). Similarly, the Suspended Particulate Matter (SPM) in Thermal Power Stations (Chandrapura- 513.51 mcg/m³ and Bokaro-577.65 mcg/m³) and collieries (Dhori-519.92 mcg/ m³ and Swang-592.47 mcg/m³) was above the norm of 500 mcg/m³ per 24 hours. No action was taken against the units for installation of PCS to bring down the emission level.

3.6.4.6 National Ambient Air Quality Monitoring (NAAQM) Programme

CPCB identified Dhanbad as a critically polluting zone and Jharia and Jamshedpur as high polluting zones based on NAAQM programme. In Dhanbad, the annual average concentration of respirable SPM in ambient air during 2004 and 2005 were 129 and 121 mcg/m³ respectively against the permissible limit of 60 microgram/m³ for residential areas.

During 2004, in Jharia and Jamshedpur, the annual average concentration of SPM in ambient air was 508 microgram/m³ and 434 microgram/m³ respectively against permissible limit of 360 microgram/m³ for industrial area. The Board neither undertook any study nor did it initiate any special action for Dhanbad, Jharia and Jamshedpur zones to combat the serious damage to environment.

The Government stated that action plan had been forwarded to MoEF, GOI. Supporting documents however, were not shown to Audit.

3.6.4.7 Unauthorised collection of fee

The Board unauthorisedly collected fee for granting NOC against the provision

There is no provision in the Water Act for issuance of No Objection Certificate (NOC) for establishment of industries and charging any fee for the same. The Act only provides for collection of fee for giving consent regarding discharge of trade and domestic effluents. Scrutiny disclosed that during 2002-07, the Board unauthorisedly collected Rs 1.59 crore as fee for grant of NOC in addition to consent fee.

In reply it was stated that the procedure was followed on the lines prevailing in the State of Bihar. The reply was not tenable as the irregularity was already pointed out in Audit Report (Civil) for the year ended 31 March 2001, Government of Bihar.

3.6.5 Water cess

According to section 3(1), (2) & (3) of the Water cess Act and Rule 4 & 5 of the Water cess Rules, 1978, the Board is to levy and collect water cess from the users on the basis of returns submitted by them.

The Board however did not maintain any consolidated records and was not in a position to assess the amount of cess to be paid by the consumers and also could not invoke penal clauses under Section 14 (2) of the Act for delayed payment of water cess. In absence of the consolidated records, water cess could not be assessed during 2002-07 and proved to be a financial loss to the Board.

Shortfall in collection of water cess was Rs 11.35 crore

Though the Board identified 396 industrial water consumers, it did not maintain any consolidate record indicating the assessment, demand and collection of water cess. Water cess of Rs 11.99 crore was collected from industrial water consumers against the assessment of Rs 23.34 crore during 2002-07 leaving out Rs 11.35 crore. Of this, Rs 7.95 crore was outstanding with TVNL. The Board did not take any effective steps to realize the outstanding amount. The Board stated that in some cases over assessment was done which was being rectified.

Water cess of Rs 40.50 lakh was not levied

Test check of the records of eight industrial water users disclosed that the Board failed to levy water cess of Rs 40.50 lakh (*Appendix 3.9*) under Ranchi Regional Office. For want of proper documentation, audit could not ascertain the loss resulting from delayed payment.

3.6.6 Waste Management

Municipal waste is generated by households and consists of paper, organic waste, metals etc. Increasing use of plastic and packaged products also contribute significantly to municipal waste. The industrial production processes and commercial activities also generate wastes of hazardous category. Bio-medical waste is generated by hospitals and other health service providers and consists of discarded drugs, waste sharps, microbiological and biotechnological waste, human anatomical waste, animal waste etc.

3.6.6.1 Hazardous waste

Hazardous wastes were dumped in premises of industries and in low areas causing serious environmental problems

The Board intimated MoEF, GOI that the State generated 189252.83 MT of hazardous wastes every year (recyclable: 13424.36 MT, incinerable: 8021.90 MT and disposable: 167806.57 MT). According to the Hazardous Waste (Management and Handling) Rules, 1989, the Board is to identify and notify the sites for disposal of hazardous waste but this was not done. Thus, hazardous wastes were stored in the premises of the industries and dumped in low areas causing grave environmental problems, particularly to flora and fauna of the area.

The Board prepared an inventory of units generating hazardous wastes only for the Jamshedpur region upto August 2006. Out of 192 units covered in this region, 17 units were found 'non-complying'. No action was taken against the defaulting units. The Board was unaware about the other hazardous waste generating units in the State. Government accepting (November 2007) the fact stated that the matter for providing land for disposal of waste would be looked into.

3.6.6.2 Bio-medical waste

There was no system of collection and disposal of Bio-medical waste in the State

According to the Bio-medical waste (Management and Handling) Rules, 1988, authorisation of the Board is mandatory for each medical service provider including research laboratories, handling Bio-medical wastes. The Board did not have any centralised records of medical service providers (pathological laboratories, nursing homes, hospitals etc.) in the State. The Board neither undertook any survey nor sought information on the quantity of bio-medical wastes being generated in the State. In the absence of an assessment, the Board could not devise adequate plans and programmes for combating such waste.

A test check of records of regional office, Dhanbad showed that the Board identified 250 medical service providers in Dhanbad and Bokaro districts. Of these, 101 were granted authorisation under the rules, 79 did not apply and 70 applications were under process. Of 101 authorisations, in 54 cases, although the conditions imposed by the Board were not fulfilled, no action was taken against the defaulting units.

3.6.6.3 *Municipal Solid Waste*

State Government had not formulated any policy for management of municipal solid waste

According to the Municipal Solid Waste (Management and Handling) Rules, 2000, Municipalities are responsible for disposal of municipal solid waste. Under the rules, the Board is responsible for monitoring the compliance of standards regarding groundwater, ambient air, leachate and compost quality including prescribed incineration standards. The Board is also responsible for issue of authorisation to the municipal authority or an operator of a facility, within 45 days, stipulating compliance criteria and standards as specified. Though indiscriminate disposal of solid waste was causing environmental degradation, State Government did not formulate any policy for management of municipal solid waste. No designated sites were identified by the municipal authorities for disposal of waste. The Government stated (November 2007) that the matter had been taken up with the Urban Development Department.

3.6.7 Other topics of Interest

MoEF, GOI launched the National Green Corps (NGC) programme in all the districts of the country to create awareness about keeping our surroundings clean and conserving natural resources by reusing and recycling wastes. The programme was to be implemented in 100 selected schools in each district, which were to form an eco-club to organize seminars, debates, rallies, street theatres, human chain etc. For this, Rs 1000 was to be provided to each such school every year. GOI released Rs 81.95 lakh to the Board during 2001-05 against sanction of Rs 109.91 lakh. The Board disbursed Rs 81.75 lakh to the Deputy Commissioners (DCs) for distribution to schools. Utilisation certificates were not obtained from the concerned DCs for onward transmission to GOI as a proof of the fact that Rs 81.75 lakh was spent on the activities envisaged under NGC. The Board stated that the UCs would be collected from DCs.

3.6.8 Audit of accounts

Accounts of the Board was not finalized as State Government did not appoint an auditor

Sections 36 and 40 of the Air and Water Acts respectively envisaged that an auditor shall be appointed by the State Government on the advice of the Comptroller and Auditor General of India. The auditor shall send a copy of his or her report together with an audited copy of the accounts to the State Government. The latter shall lay it before the State Legislature as soon as possible. However, the State Government did not appoint any auditor and as a result the accounts were never finalised. The Government stated that the auditor would be appointed on the advice of Comptroller and Auditor General of India.

3.6.9 Conclusion

There was lack of co-ordination between the Board and State Government. The nodal department seems to be content with issue of reminders instead of taking effective steps. It never sent its BEs, required under the statutes, to the State Government. The State Government never gave any grants to the Board. The Board failed to augment its own financial resources by due implementation of the various Acts and schemes. It continues to be housed in

a rental building. The laboratories were ill equipped. Due to huge shortage of staff, maintenance and upkeep of records was very poor. There was large number of pending applications for consent for discharge of effluent and emission, inspection of industrial units, sampling, R&D works. The implementation of the various Acts was lax. Auditor was never appointed, as required under the statutes, to look into the affairs of the Board.

3.6.10 Recommendations

- The Board should ensure a workable coordination with the State Government, Forest and Environment Department and other departments/agencies for effective implementation of statutory provisions relating to pollution.
- The Board should maintain a consolidated consent register, water cess collection register to keep a watch over industrial units running without consent and for realisation of water cess.
- The Board should strictly adhere to the financial rules and procedures.
- The Board should evolve a system for collection and disposal of hazardous and Bio-medical waste and formulate a policy for solid waste management immediately.
- Proper mechanism should be put into place to ensure that the environmental pollution is kept under the permissible limits and mass awareness programme, training etc. should be organised regularly.

The matter was reported to the Government (September 2007); their reply had been received (November 2007) and incorporated with suitable comments wherever necessary.