

Chapter-5 Release and Utilisation of fund

5.1 Non/short release of Central share

(i) In Cachar district, Central Share amounting to ₹57.57 crore was released during the period between March 2007 and November 2007 for implementation of MGNREGS for the year 2007-08. But the district authority utilised only ₹17.88 crore during the year leaving a balance of ₹39.69 crore un-utilised and as a result, GoI did not release any fund for the next year (2008-09) under the scheme. This not only affected generation of employment for 49.48 lakh mandays¹ but also affected implementation of MGNREGS for the year 2008-09 badly due to non-utilisation of funds during the previous year (2007-08) in the district.

(ii) In Karbi Anglong district, Central Share of ₹139.82 crore for the year 2009-10 was released during the period between 31.03.09 and 03.02.10 but the district authority did not utilise ₹80.12 crore during the year and as a result, GoI after deducting ₹135.31 crore (against Labour Budget of ₹161.41 crore) released only ₹26.10 crore under the scheme in the next year (2010-11). Full utilisation of the fund received in 2009-10 would have helped the district authority to generate a minimum employment of 104.08 lakh mandays² during the year 2009-10 and 2010-11.

5.2 Short Release of State Share

(a) The NREGA Act, 2005 provides that 25 per cent of the cost of material and wages for semi-skilled/skilled workers will be borne by the State as its share. The Finance Department, Government of Assam observed that as the material cost is to be maintained at 40 per cent of the total cost of NREGA schemes, the State share should be 25 per cent of 40 per cent material component.

As per the said provision, the matching share of the State due for the years 2007-08 to 2011-12 was ₹33,686.75 lakh. Scrutiny of records, however, revealed that the State Government released a total amount of matching share of ₹30,751.57 lakh against the due amount. Thus, there was a short release of State's matching share of ₹2935.18 lakh, the details of which are given in the Table-7.

¹ ₹38.10 crore (₹39.69 crore minus 4 per cent Administrative Expenditure) ÷ ₹77 per mandays.

² (₹135.31 crore ÷ ₹130).

Table-7
Position of short release of State Share

Year of implementation	Expenditure on material including Semi Skilled/ Skilled labour	State share due (taking 25% of material cost)	State share released	(₹ in lakh)
				Balance yet to be released Excess release (+) Short release (-)
2007-08	19,313.34	4,828.34	6,064.09	(+)1,235.75
2008-09	30,103.56	7,525.89	11,174.56	(+)3,648.67
2009-10	26,509.37	6,627.34	2,453.49	(-)4,173.85
2010-11	36,994.87	9,248.72	6,787.04	(-)2,461.68
2011-12	21,825.82	5,456.46	4,272.39	(-)1,184.07
Total	1,34,746.96	33,686.75	30,751.57	(-)2,935.18

Source: Records and information furnished by State Government.

Thus, short release of State matching share affected smooth and effective implementation of the scheme.

(b) Further scrutiny revealed that in Hailakandi district, the State Government released ₹15.66 crore as against the due matching share of ₹10.23 crore (on the same pattern) during 2007-08 to 2011-12 resulting in an excess release of ₹5.43 crore. This had led to short release of funds to other districts compromising effective implementation of the scheme in those districts.

The reasons for short release for the State as a whole and excess release in Hailakandi district towards matching share of the State Government were neither on record, nor produced, though called for in audit.

5.3 Delay in release of State Share

The Act envisaged that State share is to be released within 15 days from the date of release of Central share.

(a) In Dibrugarh and Jorhat districts, the release of State share for the years from 2008-09 to 2010-11 was delayed by 215 to 342 days and 140 to 354 days respectively as shown in **Appendix-5**.

(b) In Goalpara district, release of State share of ₹592.56 lakh for the years from 2007-08 to 2011-12 was delayed by 47 to 340 days (details are shown in **Appendix-6**). It was observed that due to delay in release of State share, Central share of ₹6.42 lakh was utilised towards procurement of materials and for making payment of wages to semi-skilled and skilled workers irregularly.

5.4 Delay in transfer of funds from Pool Account to NREGA Account

As per the provision of Accounting Procedure for District Rural Development Agencies/Societies (as amended in 2001), the Ministry of Rural Development will telegraphically transfer funds/grants relating to all the schemes in a Common Bank Account opened by the DRDA/ZP in SBI or its associate banks. The Telegraphic

Transfer message would contain the name of the scheme under which the funds have been remitted. The DRDA/ZP should transfer the amount so received immediately to the respective Scheme Accounts so maintained for the purpose. The interest earned on funds of each scheme should be added in the scheme fund.

Again, National Rural Employment Guarantee Financial Rules, 2009 provides that funds shall be released by districts to the Programme Officers, Gram Panchayats and other implementing agencies within fifteen days of receipt of funds.

Scrutiny of records revealed that the MoRD, GoI remitted ₹99.56 crore during 2007-08 to 2011-12 (in 11 instalments) to the Pool Account (No.1076292574 with SBI, Mangaldai) under MGNREGA maintained by PD, DRDA, Darrang. Scrutiny of records disclosed that there were delays in transfer of said GoI funds to the NREGA Account ranging from 15 to 187 days by the PD, DRDA. It is further mentioned that the interest earned in the Pool Account out of the deposits of the NREGA fund had not been transferred to NREGA Account.

Thus, the act of the authority was not in consonance with the provisions of the Accounting Procedures/Financial Rules mentioned above. This not only resulted in delay in transfer of funds to the implementing agencies but also resulted in non-transfer of interest of ₹58.09 lakh (as worked out in **Appendix-7**) to NREGA Account.

5.5 Diversion/unauthorised utilisation of MGNREGS fund

(i) As per provision of NREGA Act, 2005, until any Scheme is notified by the State Government, the Annual Action Plan or Perspective Plan for the Sampoorna Grameen Rozgar Yojana (SGRY) or the National Food for Work Programme (NFFWP) whichever is in force in the concerned area immediately before such notification, shall be deemed to be the action plan for the Scheme for the purposes of NREGA Act., 2005. Therefore, the savings under SGRY/NFFWP needs to be transferred to NREGA account. In Assam, Lakhimpur district was brought under the scheme from 2006-07 (1st Phase) and hence needed to transfer all the unutilised balance of SGRY/NFFWP to NREGA Account *w.e.f.* 1st April 2006.

Scrutiny of records of PD, DRDA, North Lakhimpur, however, disclosed that an amount of ₹120.11 lakh diverted from SGRY and NFFWP to other schemes like Mid-day-Meal (₹27.54 lakh) at DRDA level, IAY/PMGY (₹90.02 lakh) and MLALAD/Fishery Department (₹2.55 lakh) at Block level (Narayanpur) prior to and after commencement of the scheme (MGNREGS), remained unrecouped as of March 2012. This resulted in deprivation of NREGA workers from getting job for a minimum of 1,81,984 [₹ 1,20,11,000 ÷ wage rate ₹66] mandays in 2006-07.

(ii) The MoRD in March 2006³ informed the State Government that the works started under SGRY and NFFWP and spilling over to the financial year 2006-07 must be completed by June 2006. All willing workers should be issued job cards in March 2006 and employment of unregistered labour on spillover SGRY/NFFWP works after 31 March 2006 will not be permissible.

Records of PD, DRDA, North Lakhimpur disclosed that in Lakhimpur district NREGA Account was opened *w.e.f.* 1st April 2006 with the transfer of SGRY and NFFWP unspent balance of ₹10,45,37,346 and ₹35,05,74,526 respectively. But the district authority instead of utilising the said fund in NREGA works released an amount of ₹8,98,61,022 and ₹3,11,11,000 again to the Blocks/Zilla Parishad for utilisation in the closed scheme SGRY and NFFWP respectively during 2006-07. Release of the said fund was not reflected in the Annual Accounts for 2006-07.

Thus, the act of the district authority was not in consonance with the provision of the NREG Act, 2005 and Ministry's instructions and thus, the above releases were unauthorised. This not only resulted in unauthorised utilisation of NREGA fund to the extent of ₹12.10 crore but also led to non-generation of job for 18,33,333 [₹12,10,00,000 ÷ ₹66] mandays for the NREGA workers.

Further, records of the CEO, Zilla Parishad (ZP), North Lakhimpur and two test-checked Blocks⁴ revealed that the funds amounting to ₹515.33 lakh⁵ received from PD, DRDA though taken into NREGA account but was utilised in SGRY/NFFWP works during 2006-07 and onwards without following the provision of the Act and also without engaging NREGA workers/Job Card holders.

(iii) The MoRD, GoI while forwarding the list of districts brought under NREGA in 2nd Phase informed the State Government in March 2007⁶ that the SGRY works which could not be completed due to unavoidable circumstances by 31st March, 2007 may be completed at the earliest with the balance fund available under SGRY as on 01.04.07 as the SGRY programme stands discontinued after commencement of NREGP. The Ministry also reiterated that no new works shall be taken from the date of issue of the instruction (March 2007) and all out efforts would be made by the implementing agencies at different levels to ensure that all works undertaken under SGRY are completed by 31st March, 2007. The Ministry also asked to furnish the full details of the incomplete works in a format with basic information of each project by 7 April 2007 for developing the strategies for completing the works. Darrang district was brought under the scheme from 2007-08 (2nd Phase) and hence needed to transfer all the unutilised balance of SGRY/NFFWP to NREGA Account from April 2007.

³ MoRD letter no.V-24011/46/2005-NFFWP/NREGA dt.20.03.2006.

⁴ Boginadi and Narayanpur Development Block.

⁵ CEO, ZP (₹206.73 lakh); BDO, Boginadi Block (₹158.09 lakh); and BDO, Narayanpur Block (₹150.51 lakh).

⁶ MoRD, GoI DO letter no. V-24011/34/2001-SGRY I dtd.23.3.2007.

Records of PD, DRDA, Darrang, Mangaldai, however, disclosed that there was an unspent balance of ₹3,01,967.95 under SGRY⁷ at the end of March 2007. The account was not closed and found as continued to be in operation. A separate NREGA account⁸ was opened in May 2007 with the receipt of NREGA fund for the year 2007-08. In the mean time, the PD, DRDA, Darrang received ₹6,10,88,000 (being 2nd instalment of SGRY Central share for 2006-07) and ₹5,25,83,000 (being third and additional instalment of SGRY Central share for 2006-07) on 3 and 13 April 2007 respectively. The entire amount was accounted for in the SGRY account of which ₹1,054.65 lakh was released to all the Blocks and ₹82.82 lakh to the CEO, Zilla Parishad during the period between 3 and 27 April 2007. The balance amount of ₹1,80,693 was transferred to NREGA account on 15 September 2007 retaining ₹45,274.

It needs to be mentioned that the releases were made on the basis of admissible percentage of allocation and not against any incomplete work. No list of incomplete SGRY works was also found prepared and furnished to the State Government for onward submission to MoRD though called for. The Ministry in August 2007⁹ reiterated and informed the State Government that in cases, where SGRY works were still incomplete, the same must be completed by August 2007 and any expenditure incurred from SGRY funds after 31 August 2007 shall be on State account.

Thus, release of the amounts to the implementing agencies without ascertaining the position of incomplete works was not in consonance with the provision of the NREGA Act as well as instructions of MoRD and resulted in diversion of NREGA fund to the tune of ₹11.37 crore (₹1,054.65 lakh + ₹82.82 lakh).

It may further be mentioned that it was revealed from the records of the CEO, Zilla Parishad (ZP), Darrang, Mangaldai that the authority concerned, approved 57 new works/schemes beyond April 2007 for a total amount of ₹77.50 lakh under SGRY and the ZP, accordingly spent ₹26.91 lakh (out of ₹77.76 lakh received during April 2007) against the said works.

It was further revealed from the records that an amount of ₹27.46 lakh was released to the BDO/PO, Paschim Mngaldai Dev Block during the period between 10 April 2007 and 31 May 2007, of which the block spent ₹24.95 lakh upto August 2007 which includes expenditure of ₹3.51 lakh spent during the period between 1 September 2007 to 5 December 2007 instead of transferring the fund to NREGA account in violation of the Ministry's instruction.

⁷ Saving account no.10762906966 with SBI, Mangaldai.

⁸ Saving account no.30172733164 with SBI, Mangaldai.

⁹ MoRD DO letter no. V-24011/34/2001-NFFWP/NREGA dt.2nd August, 2007.

Thus, there was a diversion/unauthorised utilisation of NREGA fund to the tune of ₹2,467.58¹⁰ lakh which deprived the Job Card holders from their intended benefits.

5.6 Irregular expenditure to avoid transfer of fund to new scheme (MGNREGS)

(a) In Chamaria Development Block under Kamrup (R) district, an amount of ₹3.87 lakh was spent by BDO out of SGRY fund unauthorisedly at the end of the year (2007-08) for the purposes of repairing of hand tube well, repairing of Guest house/Office Building and construction of Computer room at Block Headquarter.

(b) The PD, DRDA, Kamrup (R), sanctioned ₹16.58 lakh¹¹ on the basis of a request made by the BDO, Hajo Development Block in January 2008 for execution of the following 2 works under SGRY.

(i) Construction of Slab Culvert over Hadlajaan - ₹12.70 lakh.

(ii) Approach road to Slab Culvert & Improvement of Gerua Hadla Road - ₹3.88 lakh.

The amount (₹16.58 lakh) was released (January 2008) from the unutilised SGRY fund available with the PD and the works were completed at the Block level within March 2008. The works, as revealed, were neither approved by Gram Sabha nor included in the Annual Action Plan. The works were executed unauthorisedly avoiding transfer of funds to NREGS. The BDO, in reply, stated that the works were taken up on public demands.

(c) In Karbi Anglong district, the PD, DRDA, Karbi Anglong utilised ₹3 lakh for extension of staff quarters and remitted ₹0.50 lakh to Chinthong Block during 2007-08 out of the unutilised balance of ₹3.57 lakh under SGRY as of March, 2007 instead of transferring the amount to MGNREGS account. The balance of ₹0.07 lakh including accrued interest was, however, transferred to MGNREGS account. Similarly, the BDO/PO, Longsomepi Development Block under Karbi Anglong did not transfer unutilised balance (as of 2006-07) of SGRY fund of ₹14.45 lakh to MGNREGS account but utilised ₹7.62 lakh towards lifting Mid-Day Meal rice, Godown rent and purchase of RCC Spun Pipe which were not covered under MGNREGS.

This resulted in non-generation of employment under MGNREGS for 47,075 mandays¹².

¹⁰ DRDA, Lakhimpur ₹120.11 lakh + Blocks & Zilla Parishad, Lakhimpur ₹1,210.00 lakh + Blocks, Darrang ₹1,054.65 lakh + Zilla Parishad, Darrang ₹82.82 lakh = ₹2,467.58 lakh

¹¹ PD's letter No. KRS-13/2006-07 dated 21.01.2008.

¹² {(a)₹3,87,000 +(b) ₹16,58,000 +(c)₹10,62,000} ÷ prevailing wage rate of ₹66.

5.7 Release of fund by Central and State Government at the fag end of the year

Central fund under MGNREGS in a financial year needs to be released in time so that sanctioned schemes can be completed within the same financial year and the corresponding State share should be released within 15 days from the date of release of Central share.

In Karbi Anglong district, GoI released its share of ₹14.63 crore for the year 2008-09 and ₹63.59 crore for the year 2009-10 in March 2009 and February 2010 respectively. Similarly, the State Government also released ₹8.40 crore and ₹13.66 crore in March 2009 and February 2010 respectively. Release of fund at the fag end of the year resulted in non-completion of the sanctioned (1,023 and 1,149) works during 2008-09 and 2009-10 respectively besides less generation of targeted mandays.

5.8 Unadjusted loans and advances

As per records of the CEO, Zilla Parishad, North Lakhimpur, there were unadjusted advances of ₹1,71,65,377 granted to one Assistant Project Officer (APO) and eight Junior Engineers (JEs) for implementation of the schemes and loan of ₹1,83,000 granted to the GP President/Members out of SGRY/NFFWP/NREGS fund as of 1st April 2007. During the period upto 2009-10, another amount of advance of ₹2,53,12,698 was granted to the APOs/JEs raising the advance to ₹4,24,78,075 (₹1,71,65,377 + ₹2,53,12,698) and of which, ₹3,61,14,165 was adjusted during the period upto 31 March 2012 on receipt of the adjustment vouchers from the concerned APOs/JEs. The balance amount of advance of ₹63,63,910 could not be adjusted even after a lapse of more than four years due to non-receipt of adjustment vouchers from the concerned Officers/Officials. Similarly, though no more loans were granted to the Ex-GP Presidents/Members, only an amount of ₹53,400 could be adjusted during the period upto 31 March 2012 leaving the unadjusted balance of ₹1,29,600.

The above position indicates that financial management system for the transfer and use of funds in a transparent and efficient manner as required under the guidelines was not observed at ZP level. Besides, loans and advances remaining unadjusted for indefinite period denotes absence of accountability mechanism by the implementing agency and thus, the same were susceptible to misuse/misutilisation and even misappropriation.

5.9 Opening of accounts of NREGA workers with Mini Bank

As per the provision of the Operational Guidelines, 2008, the job card holders should be allowed to open account in the rural banks, cooperatives banks, nationalized banks, post offices and mobile banks for inaccessible areas (depending on the local conditions) with a view to ensure smooth and timely payments. The guidelines also provides that bank accounts of the labourers should preferably be

opened in the same bank in which Gram Panchayat accounts are kept as inter-bank transfers involve delay in payments.

Records of the BDO/PO, Narayanpur Development Block disclosed that an amount of ₹14.62 lakh being wages of labourers against execution of three AP level works was released to Samabai Samiti Mini Bank Ltd., Rajgarh established in 2005 under Mini Bank Rules despite availability of other banks and post office in the area. The cheques of Allahabad Bank and AGVB Bank were released to the aforesaid Mini Bank for collection and payments to the NREGA workers, while the fact that no AP/GP level accounts were opened with the said Bank by the Block was well known.

Cross verification of records of the Mini Bank disclosed that it took a long time for the collection of the amounts. Besides, the bank was releasing wages of the workers after deducting the collection charges (ranging from ₹10 to ₹20 from each). Thus, opening of accounts of NREGA workers with the said bank which did not pay full amount to the workers when other banks/post office were available in the area, was irregular under NREG Act, 2005.

5.10	Irregular utilisation of fund released under ‘administrative expenses’
-------------	---

As per the Operational Guidelines, 2008, fund released under ‘administrative expenses (AE)’ is to be utilised towards payment of remuneration/salaries of the contractual staff etc. A few instances of misuse of AE noticed, have been discussed below:

(i) In Karbi Anglong district, the BDO, Howraghat and Longsomepi and the PD, DRDA, Karbi Anglong spent an amount of ₹25.09 lakh to meet the expenditure on account of visits of National Level Monitor (NLM), godown rent, Independence Day celebration, construction of office room and repairing of vehicles instead of engaging supportive staff like GRS and Accredited Engineers for smooth implementation of MGNREGS.

(ii) In Lakhimpur district, the PD, DRDA, in violation of the provision of the scheme, spent ₹12.24 lakh on items not at all related to NREGS from the available funds under AE instead of utilizing the same for the engagement of sufficient supportive staff.

(iii) Similarly, the BDO-cum-PO, Bechimari Development Block in violation of the provision mentioned above, utilised Administrative and Contingency fund of ₹2.99 lakh towards painting of office building, construction of eight foot bridges for eight GPs and electrification at defence camp. Again, an amount of ₹4.29 lakh was utilized by the BDO, Paschim Mangaldoi Development Block for renovation of BDO’s quarter; repairing of polling stations/installation of HTW/construction of foot bridge in connection with Parliamentary Elections, 2009; hire charges of vehicle for

AP President and transportation cost of SHG and PRI members for participation in meetings etc., in violation of norms.

5.11 Irregular expenditure out of contingency fund

Contingency fund under MGNREGS are meant for providing worksite facilities like construction of sheds/creche, supply of drinking water, tools/implements, medicines etc., and the fund for the purpose should reach the implementing agencies.

The PD, DRDA, North Lakhimpur sanctioned and released (June 2008) ₹ 13.92 lakh to BDO, Boginadi Development Block out of contingency fund for executing the following item of works as given in Table-8.

Table-8
Details of item of works sanctioned out of Contingency Fund

Sl. no.	Proposed item of works	Estimated amount (₹)
1	Block Office painting and repairing	1,50,000
2	Purchase of chair/table for AP members	72,000
3	Purchase of accessories and repairing of computers	75,000
4	Stationeries for office use	80,000
5	Maintenance of assets created during last 3 years	7,50,000
6	13 numbers of sign board	65,000
7	Erosion protection work by bamboo during flood	2,00,000
Total		13,92,000

Source: Departmental records.

Scrutiny of records, however, disclosed that the BDO spent ₹13.72 lakh during the period between 26 June 2008 and 2nd February 2009 of the said amount for various purposes which includes expenditure of ₹12.04 lakh (shown in the **Appendix-8**) not related to MGNREGS and hence, was not a legitimate expenditure under the scheme. Specially, an amount of ₹ 4.56 lakh¹³ was spent for execution of schemes which were neither approved by the DPC nor included in the AAP. Job Card holders were also not engaged for execution of those works. As a result of unauthorised expenditure, purpose of providing worksite facilities under the scheme was affected.

5.12 Suspected misappropriation/doubtful expenditure

(i) During scrutiny of the Administrative Expenses (AE)-(Block) Ledger and other relevant records maintained in the Office of PD, DRDA, Kamrup, it was found that an amount of ₹2.78 lakh being re-imburement of hire charges of vehicle was paid to the BDO, Hajo Development Block from the funds available under AE of MGNREGS through four bearer cheques¹⁴ amounting to ₹2.78 lakh. The amount was, however, not accounted for in the cashbook of the BDO, Hajo. Further scrutiny of Bank Pass Book¹⁵ maintained in PD's office disclosed that the amounts in cheques were

¹³ 13 works on which ₹4.56 lakh was spent are indicated in italics in the Appendix-8.

¹⁴ Cheque No.175406 (₹77,236), 175410 (₹1,00,000), 179547 (₹40,999) and 205955 (₹60,000).

¹⁵ Assam Gramin Vikash Bank A/C No.112790.

actually drawn in cash and not transferred to the BDO's account. The whereabouts of the drawn amount could also not be ascertained from records.

Similarly, ₹63,488 was drawn for the same purpose in cash (on the basis of bills received from BDO, Hajo Development Block) from the bank at PD's level against two cheques¹⁶ out of funds available under AE and shown as paid to M/s Triveni Travels, Hajo instead of issuing account payee cheques to the party. In this case also whereabouts of the fund after drawal could not be ascertained as the documentary evidence in support of payment made in cash, if any, was not produced.

Thus, misappropriation of funds available under AE to the extent of ₹3.41 lakh cannot be ruled out considering the manner in which the same was drawn and shown as having been disbursed.

(ii) Administrative approval and expenditure sanction for ₹4.86 lakh was accorded by the DPC in December 2008¹⁷ for execution of the Anchalik Panchayat (AP) level work "Land Development of FA Ahmed College under MGNREGS for the year 2008-09" through Tukrapara GP of Kamrup (R) district. The entire amount was released to the GP/PO in three instalments between December 2008 and April 2009. As per cash book entry and the information furnished, an amount of ₹4.90 lakh was spent against the work (excess amount was shown as having been utilized from the available fund of other ongoing schemes of rural connectivity under MGNREGS) but muster roll (MR) Voucher for only ₹2.20 lakh was made available to audit. Thus, in the absence of MR voucher, the bonafides of the expenditure of balance amount of ₹2.70 lakh (₹4.90 lakh - ₹2.20 lakh) remained doubtful.

(iii) The Utilisation Certificate submitted by DC-cum-DPC, Cachar district for utilisation of funds relating to 2007-08 indicated embezzlement of ₹1.93 crore in Kalain Development Block. Of ₹1.93 crore, ₹1.59 crore was earmarked against 15 schemes to be executed at AP level and ₹0.34 crore earmarked against 11 schemes to be executed by the Lakhipur Gaon Panchayat.

Scrutiny of departmental enquiry report disclosed that the BDO in connivance with the Senior Assistant cum Accountant alongwith the JE had misappropriated fund of ₹1.59 crore. Again, the district team engaged for verification of muster roll also stated that the BDO, JE and GP Secretary of Lakhipur GP misappropriated another amount of ₹0.34 crore. An FIR was lodged against these officials on 19 August 2008 with Katigorah Police Station. The case is pending with Hon'ble Gauhati High Court.

Although the officials involved in the case were placed under suspension, the GP Secretary of Lakhipur GP was reinstated as per enquiry report of the Chief Executive Officer, Cachar Zilla Parishad.

¹⁶ Cheques No.179548 (₹40,914) and 177402 (₹22,574).

¹⁷ DPC letter No. KR/MGNREGS/21/2008-09/Pt.-4/11 dated 13.12.08.

Further scrutiny revealed that the BDO and the GP Secretary drew the amount and handed over the entire amount to JE. No supporting records such as measurement book, muster roll, vouchers for purchase of materials etc., were submitted by the JE. As a result, execution of MGNREGS works for ₹1.93 crore and employment generation to the extent of 1,50,316 mandays¹⁸ remained unachieved.

(iv) Paragraph 5.3.3 of the Operational Guidelines, 2008 envisaged attachment of photographs of applicant adult members to the job cards and expenditure in this respect would be part of the programme cost.

PD, DRDA Darrang, Mangaldoi against requisition disbursed between January and September 2009, ₹3.51 lakh and ₹2.98 lakh to BDOs of Bechimari and Paschim Mangaldoi respectively being the cost of photographs.

Scrutiny of the cash book of BDO, Bechimari disclosed that out of ₹3.51 lakh received (January 2009), BDO disbursed ₹2.78 lakh to eight GPs and ₹0.65 lakh to the JE of the Block between January to April 2009 leaving a balance of ₹0.08 lakh in the cash book. Cross checking with the cash books of the GPs and information furnished by them disclosed that ₹2.78 lakh shown as disbursed to eight GPs and also the amount of ₹0.65 lakh shown disbursed to block JE for photographs of works undertaken (₹0.36 lakh) and photographs of job card holders (₹0.29 lakh) were not actually received by them. It was, however, intimated by the GP secretaries that affixing of photographs to the job cards and Job Card Register was done by the job card holders themselves at their own cost. Thus, ₹3.07 lakh (₹2.78 lakh + ₹0.29 lakh) shown as spent for photographs of job card holders appeared to be misappropriated.

Similarly, ₹2.98 lakh shown as disbursed by BDO, Paschim Mangaldoi in his/her cash book to 10 GPs between January and October 2009 were not received by the GPs and not accounted for in their cash books. As the amounts were drawn from bank and shown as paid to the GPs in cash, the possibility of misappropriation of the amounts could not be ruled out.

Non-accountal of the amounts, thus, pointed to suspected misappropriation of funds to the tune of ₹6,04,430 [₹3,42,562-₹36,000 (utilised for photograph of schemes)+ ₹2,97,868]. The fact of incurring expenditure on photographs by the beneficiaries themselves was also corroborated by the beneficiary survey.

Thus, a total of ₹2.05¹⁹ crore was suspected to be misappropriated by the implementing agencies at various level while implementing the scheme/projects.

¹⁸ [60 per cent mandatory wage ratio of (1,58,99,272 + 33,91,276)] ÷ 77 (wage rate).

¹⁹ ₹3.41 lakh + ₹2.70 lakh + ₹193.00 lakh + ₹3.07 lakh + ₹2.98 lakh = ₹205.16 lakh.

5.13 Irregular payment in cash to firms/parties for procurement of material

As per Assam Financial Rules and Executive orders thereto, no payment should be made in cash to parties/firms except contingent payments.

(i) Scrutiny revealed that the Zilla Parishad, Hailakandi during the period between 2008-09 and 2011-12 paid an amount of ₹3.78 crore in cash to parties/firms through Junior Engineer for procurement of materials while executing the works under MGNREGS in violation of the provision of the rule mentioned above.

(ii) The BDOs under Howraghat and Longsomepi Development Block of Karbi Anglong district procured materials like hume pipe, cement, rod, sand gravel etc., for ₹27.06 crore and ₹16.22 crore respectively during 2007-08 to 2011-12. The entire cost of materials was drawn through self cheques and paid to the supplier(s) in cash in contravention to the rule.

(iii) Scrutiny also revealed that nine test-checked GPs under two Blocks of Jorhat district, procured materials like hume pipe, cement, rod, sand gravel etc., for ₹41.97 lakh during 2008-09 to 2011-12. The entire cost of materials was drawn through self cheques and paid to the suppliers in cash, in contravention to the provision of the rule.

(iv) The PD, DRDA, North Lakhimpur (as approved by DPC, Lakhimpur) vide WT message dated 4 July 2008 instructed all the BDOs under Lakhimpur district not to make any payment in cash under NREGA Schemes.

Scrutiny of records of the BDO/PO, Boginadi Development Block and BDO/PO, Narayanpur Development Block under Lakhimpur district disclosed that payment of material bills for a total amount of ₹129.18 lakh and ₹18.22 lakh respectively were made in cash (withdrawing the amounts by issuing self cheques) for execution of AP level works during 2008-09 to 2011-12 in disregard to the instruction of the DPC.

5.14 Irregular deduction from GPs share and utilization of the same at PO's level

(a) In the test-checked Chamaria Development Block in Kamrup (R) district, the BDO while releasing fund of ₹ 34.82 lakh (material component) sanctioned against 22 works for the year 2009-10, irregularly deducted an amount of ₹2.34 lakh and shown utilised at Block/PO's level against those works (from which deducted). But the Secretaries of the GPs were not aware of utilisation of such amount against the works and had exhibited expenditure to the extent of fund received by them only. This led to violation of scheme guidelines of execution of works by single agency apart from doubtful expenditure of ₹2.34 lakh.

(b) In the test-checked Hailakandi Development Block, ₹26.21 lakh was deducted at PO's level from the fund of ₹661.84 lakh released to the GPs for the works to be

executed at GP level during March 2008 to December 2009. Of this, ₹20.37 lakh was spent towards contingency expenditure like repairing of block godown, repairing of vehicles and polling expenses etc., which were not permissible as per the guidelines.

5.15 Non-utilisation of funds against sanctioned works.

As per provision of the Act, the works sanctioned should be completed promptly for generation of employment to sustain the livelihood of the rural poor in a timely manner. The Government of Assam, P&RD department instructed all concerned in July 2011²⁰ to ensure timely completion of all works, within a period of three to six months.

Scrutiny of records revealed that as per direction of the PD, DRDA, Kamrup (R), the BDO-cum-PO, Chamaria refunded unutilised amount of ₹50.51 lakh during August 2011 and March 2012, without completing 14 ongoing works sanctioned for the years 2008-09 to 2010-11. Similarly, the BDO-cum-PO, Hajo Development Block, refunded (August 2011) the entire amount of ₹8.95 lakh released against two sanctioned works for 2010-11. The amounts were not released again to the executing agencies for execution/completion of the incomplete works at block levels.

This not only resulted in non-completion of the sanctioned works but also resulted in idle investment of ₹65.06 lakh incurred on the incomplete works as well as short generation of employment to the extent of 0.38 lakh mandays. The PD, DRDA, Kamrup in reply stated (June 2012) that the funds were received back as the works could not be taken up or completed due to onset of rainy season and the funds would shortly be released against the 13 (out of 16) new schemes taken up and three incomplete schemes but remained silent about the fate of the 11 incomplete works in Chamaria Development Block.

5.16 Non-reconciliation of post office accounts

As per MIS, a total amount of ₹9.83 lakh being wages were paid to 83 (₹3.95 lakh) and 110 (₹5.88 lakh) job card holders under Saniadi GP of Hajo Development Block and Jorsimulu GP of Goroimari Development Block respectively of Kamrup district during 2008-09 to 2011-2012. Verification of Post Office ledger/Pass Book of the concerned job card holders, however, disclosed that the amounts of ₹2.45 lakh (against ₹3.95 lakh) and ₹2.64 lakh (against ₹5.88 lakh) only were paid respectively resulting in non-payment of wages of ₹4.74 lakh to MGNREGS workers (Details are shown in **Appendix-9**).

The concerned POs/Secretaries of the GP had not conducted any reconciliation in this regard and hence were not aware of the matter of non-payment of wages to workers. This also indicated that the workers were neither informed nor issued any wage slip as

²⁰ Order No. RDD.6/2010/16 dated 26.07.2011

per scheme Guidelines for collection of their dues. This is fraught with the risk of pilferage of fund and lack of transparency in fund management of the scheme.

5.17 Format of accounts

As per provision of Section-24(2) of the NREG Act, 2005, the accounts of the scheme shall be maintained in such form and in such a manner as may be prescribed by the State Government.

The State Government had not prescribed any format for maintenance of MGNREGS accounts at GP/PO/DPC level.

5.18 Other Points

Utilisation of Interest Fund

In accordance with the provisions of the Guidelines, interest accrued out of the deposits of the scheme fund should be utilised in schemes/works for generation of additional employment.

(a) In the 13 test-checked GPs and three Development Blocks under Dibrugarh and Jorhat districts it was seen that interest for an amount of ₹27.75 lakh was earned, of which ₹17.61 lakh was utilised unauthorisedly on non-permissible items viz., procurement of office stationery, payment of telephone bill, construction of boundary wall, earth filling at office campus and procurement of Xerox machine etc., instead of generating additional employment. Another amount of ₹7.97 lakh was utilised for scheme purpose leaving a balance of ₹2.17 lakh in hand.

(b) Test-check of records of Project Director, DRDA, Karbi Anglong and three selected development blocks revealed that bank interest of ₹2.77 crore had accrued on MGNREGS fund at district level and three selected blocks as shown in Table-9.

Table-9
Position of interest earned in Karbi Anglong District

		(₹ in lakh)
Year	Name of office	Interest earned
2007-12	DRDA, Karbi Anglong	191.91
2007-12	Howraghat Development Block	49.52
2007-12	Nilip Development Block	24.25
2007-12	Longsomepi Development Block	11.32
Total		277.00

Source: Information furnished by PD, DRDA, Karbi Anglong and three selected Blocks.

No separate accounts were maintained for utilisation of interest fund. It was, however, stated that interest earned was utilised for implementation of additional schemes under MGNREGS sanctioned by DPC.

The above position indicates that a substantial amount of unspent balance of the annual labour budget sanctioned under MGNREGS remained unutilised on which

huge interest had accrued. Inability to spend the annual allocation in the year of its sanction, entails non-generation of employment opportunity in the lean season of the year for the rural poor apart from non-creation of durable assets for community use. This also indicates serious lapses in the planning and formulation of work strategy.

Conclusion

There were instances of non/short as well as delayed release of both Central and State share in addition to cases of gross financial irregularities. Funds were also not utilised optimally, properly and promptly affecting the implementation of the scheme.

Recommendation

The State Government should streamline and regulate the process of release of funds as per norms and should undertake periodical reviews to ensure utilisation of funds in compliance with the provisions of MGNREG Act/Rules.