

CHAPTER-II
COMPLIANCE AUDIT OF TRANSACTION
OF PANCHAYATI RAJ INSTITUTIONS

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AUDIT ON TRANSACTIONS OF PANCHAYATI RAJ INSTITUTIONS

2.1 Avoidable expenditure of ₹ 2.90 crore on construction of three Community Recreation Centres

Three CRCs were not utilised for the purposes for which constructed and thus intended benefits were not achieved. While one CRC (Pabong) was lying idle for more than three years; two CRCs (Ben Namprik and Bermoik Tokel) were used for running Panchayat office and SHGs office, respectively.

The Ministry of *Panchayat Raj*, GoI vide para 10.38 of 13th FC report classified the requirements of PRIs into two categories. The first category included improving the operational infrastructure of the *panchayats* from the four *per cent* of the divisible pool allotted to local bodies for the purpose of construction of *Panchayat Ghars*, providing skeleton staff for each *Panchayat* as well as honoraria and sitting fees for elected representatives and office expenses and e-governance.

The State Government decided to construct Community Recreation Centre (CRC) from 13th FC grants with the objective of providing a common space for people in villages to come together during occasions and related engagements based on the demand raised by public during village tour of the Chief Minister in 2011.

Scrutiny of records revealed that five CRCs were proposed to be constructed in South district through ZP (South) at an estimated aggregated cost of ₹ 4.78 crore. Out of five CRCs, three CRCs were completed between 2014-15 and 2017-18 by incurring ₹ 2.90 crore and handed over to *Panchayats* between 2014-15 and 2017-18 for use for the purpose for which they were constructed.

Audit observed that these CRCs were not utilised for the purposes for which constructed as shown below:

Table 2.1: Utilisation of CRCs

(₹ in lakh)

Sl	Name of CRC	Sanctioned cost	Date of completion	Expenditure	Date of handing over to Panchayats	Utilised for
1	Ben-Namprik	96.35	22.08.2016	96.32	29.09.2016	Panchayat office
2	Bermiok-Tokel	97.77	15.03.2015	97.76	21.03.2015	Used by Tokdey SHG
3	Pabong	95.61	20.06.2017	95.56	25.06.2017	Utilised by committee and GPU concerned since 2021
Total		289.73		289.94		

As would be seen that CRC at *Pabong* was idle for more than three years (upto 2021)⁹. The CRC at *Ben Nampruk* and *Bermoik Tokel* was used for running *Panchayat* office and SHG office, respectively. *Panchayats* of respective GPs allowed use of CRCs for purposes other than that specified in the DPR.

Physical verification of three CRCs (at *Ben Nampruk*, *Pabong* and *Bermoik Tokel*) along with *Panchayat* members confirmed (July 2022) that CRCs were not utilised for the purposes for which these CRCs were constructed as shown in photographs below:



The ZP (South) stated (May 2023) that the CRCs at *Ben Nampruk* was used by Gram *Panchayat* and the *Bermoik-Tokal* as SHG office of *Todey* and added that *Pabong* CRC was utilised by committee and GPU concerned since 2021 (against completion in June 2017).

Thus, after spending ₹ 2.90 crore to construct three CRCs, intended benefit of providing a common space for people in the villages to come together during occasions and related engagement as demanded by the public by construction of CRCs were not obtained as the CRCs were utilised as *Panchayat* Office and SHG office.

2.2 Avoidable expenditure on water supply at Ben Sanku Village- ₹ 8.48 lakh

The ZP incurred avoidable and irregular expenditure of ₹ 8.48 lakh in execution of ‘Augmentation of Rural Water Supply Scheme from Rinkhim river source to Ben Sanku village’ towards head load of additional 800 meter (₹ 5.31 lakh), construction of distribution tank (₹ 2.13 lakh) and sedimentation tank (₹ 1.04 lakh)

The State Government sanctioned (August 2017) ‘Augmentation of Rural Water Supply Scheme from Rinkhim River source to Ben Sanku village under Ben Nampruk GPU’ at an estimate cost of ₹ 47 lakh based on SOR-2012. The work consisted of

⁹ Exact date not available with ZP.

civil work (₹ 34.29 lakh) and material (₹ 12.57 lakh). The work was tendered (September 2017) and awarded (November 2017) to contractor by ZP (South) with stipulation to complete within 12 months (*i.e.*, December 2018). The work was completed (August 2018) and payment of ₹ 45.67 lakh was released to contractor between January 2018 and September 2018.

Audit scrutiny revealed (February 2020) the following:

- The estimate included cost of pipes (₹ 10.88 lakh), cost of fittings (₹ 1.09 lakh), fitting/ fixing of pipes (₹ 3.17 lakh), construction of one distribution tank, five reservoirs, one sedimentation tank, one 'N' type head work, 35 hydrants (₹ 9.42 lakh), protective works (₹ 5.82 lakh) and carriage cost (₹ 13.05 lakh). During execution, provision for fitting was reduced to ₹ 0.75 lakh (from ₹ 1.09 lakh) without any analysis and without citing any reason. The pipes were laid by bending which might compromise the workmanship and quality of works.
- The work executed was different from technically sanctioned estimate. Instead of five reservoirs, only one reservoir was constructed. Similarly, against the sanction of one distribution tank, four distribution tanks were constructed, leading to unwarranted expenditure of ₹ 2.13 lakh on three tanks.
- According to Rural Development Department, Government of Sikkim, if the 'N' type trap is constructed to tap the water, sedimentation tank is not required as 'N' type trap works as sedimentation tank. In spite of this, the ZP (South) incurred expenditure of ₹1.04 lakh towards construction of sedimentation tank which was avoidable.
- The contractor was paid ₹ 9.18 lakh towards head load of a distance of 1,900 meters for carrying materials from road to work site as against the distance of 1,100 meters, leading to payment of extra head load of ₹ 5.31 lakh for 800 meters.

Thus, the expenditure of ₹ 8.48 lakh incurred towards head load of additional 800 meter (₹ 5.31 lakh), construction of distribution tank (₹ 2.13 lakh) and construction of sedimentation tank (₹ 1.04 lakh) was avoidable and irregular. Besides, execution of work different from technically sanctioned estimate also indicated that the estimate was tailor made to accommodate the sanctioned fund of ₹ 47 lakh without any analysis.

2.3 Non-permissible expenditure of ₹ 72.28 lakh

The Rural Development Department (RDD) irregularly incurred expenditure of ₹ 72.28 lakh towards defraying salary of 21 officials who were appointed as State Panchayat Co-ordinators (11) and Office Assistants (10) prior to launching of Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA).

In order to strengthen the Panchayati Raj system across India, Ministry of Panchayati Raj, Government of India (GoI), launched (March 2013) Rajiv Gandhi Panchayat

Sashaktikaran Abhiyan (RGPSA) with the fund sharing ratio of 90:10 between GoI and the State Government. The scheme was intended to enhance capacities and effectiveness of Panchayats and Gram Sabhas to enable democratic decision making and promote accountability, peoples' participation, strengthen the institutional structure for knowledge creation and capacity building of the Panchayats, *etc.* The State Institute of Rural Development (SIRD), Karfectar was the implementing agency for RGPSA in the State of Sikkim.

RGPSA guidelines (Para- 4.1.3) envisaged that the State Government prepare Action Plan detailing various activities to be undertaken with estimated budget, targets, *etc.* as per the requirements of the State from menu of activities permissible in the scheme. The guidelines (Para- 5.15), however, prohibited defraying salaries and other expenditure that were already funded by the State Government before launching of RGPSA.

Ministry of Panchayati Raj, GoI sanctioned (September 2016) ₹ 4.83 crore to SIRD based on the Action Plan submitted (July 2016) by the State Government. The sanction intimation *inter-alia* stipulated that the funds should not be utilised for payment of salaries to the functionaries of the Panchayats. SIRD transferred ₹ 1.02 crore¹⁰ (out of ₹ 4.83 crore) to Rural Development Department (RDD) towards implementation of RGPSA (except capacity building component).

Audit scrutiny revealed (February 2018) that RDD incurred ₹ 72.28 lakh (out of ₹ 1.02 crore) towards salary of 21 officials {Panchayat Coordinators (11) and Office Assistants (10)} of the Department who are working for RGPSA in addition to their regular duty for the period from April 2016 to June 2018.

These officials were appointed by the State Government during August 2012 under Programme Management Unit (PMU) for ePanchayat under RDD. As these officials were borne in the cadre of the State Government prior to launching of RGPSA and primarily involved in discharging responsibilities of data entry, compilation of report, *etc.* expenditure towards their salary was not permissible under RGPSA.

Thus, incurring of expenditure of ₹ 72.28 lakh towards meeting salary of 21 officials by RDD was irregular and against the guidelines of RGPSA as they were appointed prior to launching of RGPSA and were working for RGPSA in addition to their regular duty as Panchayat Coordinators/ Office Assistants.

2.4 Retention of laptop by ZP Members

The laptops provided to ZP members by ZPs (North and South) at a cost of ₹ 14.70 lakh were retained by the ZP members after completion of their tenure.

Rural Development Department transferred (September 2014) ₹ 58.95 lakh to ZP (North) with stipulation to distribute the fund equally to all the GPs (₹ 2.68 lakh per GP) for development works.

¹⁰May 2016 ₹ 0.52 crore + June 2017 ₹ 0.50 crore = ₹ 1.02 crore

The ZP (North) decided (November 2014) to allocate ₹ 2.20 lakh per Gram Panchayat for developmental works of respective GPs and ₹ 6.30 lakh towards buying laptops for issuing to the ZP members.

Accordingly, ZP (North) procured (February 2015) 21 laptops at a cost of ₹ 6.30 lakh and issued (February 2015) them to ZP Members.

The tenure of all the 21 ZP Members ended in October 2017 however, the laptops were not returned by the former ZP Members.

Similarly, ZP (South) also procured and issued 28 laptops (February 2015) at a cost of ₹8.40 lakh) to ZP members and none of the ZP members returned the laptops after completion of their tenure in October 2017. Further, information relating to number of laptops issued to ZP Members was not furnished by ZP (East) and ZP (West) despite specifically called for (March 2018 and May 2018 respectively) by Audit.

Thus, the ZPs failed to ensure that the laptops are returned by the outgoing ZP members.

Recommendation:- The Rural Development Department may create laptop policy to ensure that the laptops are returned by the recipient after completion of their tenure.