

P R E F A C E

- 1 The cases mentioned in the Report are those which came to notice in the course of audit of transactions/inspection of accounts relating to periods between 1996-97 and 2002-03. The accounts and records of 15 Zilla Parishads, 130 Panchayat Samitis and 402 Gram Panchayats were inspected between April 2003 and March 2004.**
- 2 Chapter I of this Report contains a brief introduction on the functioning of various levels of Panchayati Raj Institutions (PRIs) in the State. Chapter II deals with observations and comments on the accounts of the PRIs.**
- 3 Chapter III of the report deals with audit comments with regard to implementation of various schemes. Chapter IV with execution of works, Chapter V includes other points of interest and Chapter VI consists of recommendations.**
- 4 This report has been prepared for submission to the Government of Maharashtra in accordance with terms of Technical Guidance and Supervision over the audit of Panchayati Raj Accounts by the Comptroller and Auditor General of India as envisaged by the Eleventh Finance Commission.**

OVERVIEW

A synopsis of audit findings contained in the Report is presented in this overview.

In violation of the provisions of the Account Code and Treasury Rules reconciliation of drawals from and remittances into the treasury has not been carried out. Reconciliation of cash book with bank pass book was overdue in six Zilla Parishads¹ and Rs 18.50 crore drawn from treasury remained unreconciled. In two Zilla Parishads² Rs 3.48 crore drawn was not accounted for in the cash books.

(Paragraph 2.1 and 2.2)

In all the 15 Zilla Parishads³ unspent grants of Rs 218.78 crore were not credited to Government account as of months between April 2003 and March 2004.

(Paragraph 2.5)

In six Zilla Parishads⁴ lapsed deposits of Rs 12.21 crore were not credited to revenue head even though the stipulated time limit of three years had elapsed.

(Paragraph 2.7)

In Zilla Parishad Wardha, ways and means advances of Rs 6.30 crore remained unadjusted.

(Paragraph 2.8.1)

In 9 Zilla Parishads⁵ excess expenditure of Rs 60.13 crore over sanction was incurred

(Paragraph 2.15)

In eight Zilla Parishads⁶ Rs 4.03 crore paid to departmental heads and employees between 1961-62 and 2001-02 remained unadjusted.

(Paragraph 2.16)

Thane and Sangli Zilla Parishads had not utilised grants of Rs 7.53 crore released under XI th Finance Commission during 2001-02 and 2002-03.

(Paragraph 3.1.1)

In four Zilla Parishads⁷ there were irregularities in release of grants of Rs 2.52 crore received under Yashwant Gram Samridhi Yojana to Gram Panchayats.

(Paragraph 3.3.1)

¹ Buldana, Chandrapur, Nagpur, Osmanabad, Parbhani, Wardha.

² Sangli, Solapur.

³ Ahmednagar, Buldana, Chandrapur, ,Kolhapur, Nagpur, Osmanabad, Parbhani, Raigad, Ratnagiri, Sangli, Satara, Sindhudurg, Solapur, Thane, Wardha.

⁴ Buldana, Nagpur, Parbhani, Ratnagiri, Thane, Wardha.

⁵ Ahmednagar, Nagpur, Osmanabad , Parbhani, Raigad, Ratnagiri, Satara, Sindhudurg, Thane.

⁶ Buldana, Chandrapur, Kolhapur, Nagpur, Osmanabad, Parbhani, Thane, Wardha.

⁷ Ahmednagar, Satara, Solapur, Thane.

In six Zilla Parishads⁸ financial assistance of Rs 1.22 crore paid to 704 groups formed under the scheme for Development of Women and Children in Rural Area during the years 1984-85 to 1999-2000 was not recovered after they became defunct.

(Paragraph 3.4)

In Ahmednagar and Kolhapur Zilla Parishads, construction of 1159 houses out of 2561 houses taken up for construction between 1982-83 and 1998-99 for which total subsidy of Rs 1.07 crore was paid, remained incomplete.

(Paragraph 3.5)

In 15 Zilla Parishads test checked 16,096 works were abandoned/lying incomplete after incurring expenditure of Rs 113.57 crore.

(Paragraphs 3.3.2 and 4.1)

Investments of Rs 3.23 crore between the years 1999-2000 and 2002-2003 in hand and electric pumps were lying idle.

(Paragraph 4.2)

Despite establishment of Rural Hospitals avoidable expenditure of Rs 1.24 crore was incurred on primary health centres and civil dispensaries.

(Paragraph 4.3.3)

Irrigation potential of 6783 hectares was not created even though expenditure of Rs 5.06 crore was incurred on 203 Kolhapur type weirs.

(Paragraph 4.5)

Assigned revenues aggregating to Rs 18.34 crore were due to Satara and Solapur Zilla Parishads from various departments of Government

(Paragraph 5.1)

Zilla Parishad Ahmednagar incurred expenditure of Rs 2.84 crore on payment of salaries and allowances to teachers due to failure to hand over 21 primary schools to Ahmednagar Municipal Corporation as per Government notification.

(Paragraph 5.2)

Electricity charges of Rs 1.56 crore were not paid by 4 Panchayat Samitis⁹ to 416 gram panchayats. MSEB levied penalty of Rs 30.34 lakh for delay in payment.

(Paragraph 5.3)

Recovery of rent in Ulhasnagar and Murbad blocks at pre-revised rates resulted in loss of revenue of Rs 3.59 crore.

⁸ Buldana, Chandrapur, Nagpur, Osmanabad, Parbhani, Wardha.

⁹ Bhudargad, Chandgad, Gaganbavada, Panhala.

(Paragraph 5.4)

In five Zilla Parishads¹⁰, District Village Development Fund loans aggregating to Rs 3.13 crore and subscriptions of Rs 0.69 crore remained to be recovered from the Gram Panchayats under six Zilla Parishads¹¹.

(Paragraph 5.7)

In nine Zilla Parishads¹², Rs 4.36 crore remained to be recovered in 1359 cases of misappropriation.

(Paragraph 5.9)

In three Zilla Parishads¹³ and 87 Gram Panchayats, arrears of taxes of Rs 3.83 crore were pending recovery from the beneficiaries as of March 2003.

(Paragraph 5.10)

In 6 Zilla Parishads¹⁴, Rs 2.78 crore was outstanding against 56 Panchayat Samitis on account of recovery of cost of repairs and maintenance of hand pumps and electric pumps.

(Paragraph 5.11)

Zilla Parishad Buldana withdrew Rs 1.59 crore from treasury despite cancellation of grant and incurred expenditure of Rs 86.25 lakh therefrom.

(Paragraph 5.12)

In 5 Panchayat Samitis under Zilla Parishad Nagpur and in Zilla Parishad Ahmednagar, nugatory expenditure of Rs 1.79 crore was incurred on surplus teaching and non-teaching staff.

(Paragraph 5.14)

¹⁰ Nagpur, Chandrapur, Parbhani, Buldana, Osmanabad.

¹¹ Buldana, Chandrapur, Nagpur, Parbhani, Osmanabad, Wardha.

¹² Buldana, Chandrapur, Nagpur, Osmanabad, Parbhani, Raigad, Ratnagiri, Thane, Wardha.

¹³ Buldana, Chandrapur, Nagpur.

¹⁴ Buldana, Chandrapur, Nagpur, Osmanabad, Parbhani, Wardha.

CHAPTER I

1.1 Introduction

The Eleventh Finance Commission (EFC) recommended that the Comptroller and Auditor General of India shall be responsible for exercising control and supervision over the proper maintenance of the accounts and their audit for all the three tiers/levels of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs).

The State Government has placed the work of Local Fund Audit under the Technical Guidance and Supervision (TGS) of the Comptroller and Auditor General of India. During 2003-04, the transactions of 15 Zilla Parishads (ZPs), 130 Panchayat Samitis (PSs) and 402 Gram Panchayats (GPs) were test checked. A supplementary test check of the accounts of the ZPs was also done.

1.2 Organisational set up

Zilla Parishads and Panchayat Samitis in Maharashtra function under the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961. Accounting transactions are regulated as per the Maharashtra Zilla Parishads and Panchayat Samitis Account Code, 1968. The Chief Executive Officer of the ZP is the administrative head appointed by the Government.

For administrative convenience, the ZPs are divided into blocks. These blocks are under the control of Block Development Officers (BDOs) who work under an elected body headed by the President of the PS.

Blocks are further divided into Panchayats consisting of a few villages depending upon the population. A Gram Sevak

CHAPTER-II

2.1 Non-accounting of drawals from treasury

Monthly reconciliation of drawals from treasury and remittances into treasury is required to be carried out by the Chief Accounts and Finance Officer (CAFO) and certificate obtained from the Treasury Officer.

Rs 3.48 crore not accounted for in cash book.

In ZP Sangli Rs 0.08 crore drawn from the treasury in March 2001 and March 2002 and Rs 3.40 crore drawn from the treasury by ZP Solapur in March 2003 were not accounted for in the cash book.

The ZPs replied that the records would be verified with the treasury and the correct position intimated.

2.2 Non-reconciliation of balances of cash book and bank pass book

No reconciliation for an amount of Rs 18.50 crore.

In six ZPs¹ and 20 PSs, reconciliation was not completed as of March 2003 due to which a difference of Rs 18.50 crore was noticed.

Cheques amounting to Rs 88.35 lakh issued between April 1980 and March 2003 not cashed.

In Wardha and Buldana ZPs, 549 cheques involving an amount of Rs 58.59 lakh, issued between April 1980 and March 2002, were not encashed (October 2003). In ZP Kolhapur, cheques for amounts aggregating to Rs 29.76 lakh issued upto March 2003 remained to be encashed (February 2004).

The ZPs stated that necessary action would be taken.

2.3 Delay in publication of annual accounts

Annual accounts of ZPs should be published in the Government gazette by 15 November of each year after certification by the Chief Auditor of Local Fund Accounts and approval by the respective ZPs.

Records of Osmanabad and Wardha ZPs revealed that there was a delay ranging from 3 to 15 months in preparation of annual accounts for the years 2000-01 and 2001-02. Further, in ZP Buldana the accounts for the years 2001-02 and 2002-03 had not been

¹ Buldana, Chandrapur, Nagpur, Osmanabad, Parbhani, Wardha.

finalised as of October 2003 resulting in delay in publication of Accounts in the Government Gazette.

2.4 Incorrect exhibition of accounts

Closing balances of the previous year are required to be shown and accounted for as opening balances in the accounts of the following year as per accounting procedure.

Annual accounts of ZP Osmanabad for the years 1999-2000 to 2001-2002 revealed that the opening balances in respect of transferred and agency schemes were not shown in the accounts as under:

Opening balances not shown in the accounts.

(Rupees in lakh)

Year	Amount of opening balance		Total
	Transferred schemes	Agency schemes	
1999-2000	520.72	10.91	531.63
2000-2001	769.96	43.02	812.98
2001-2002	409.74	9.60	419.34

Thus, the accounts did not reflect a true and fair picture of the financial position of the ZP. The ZP accepted the omission and agreed to show the opening balances in future.

2.5 Unspent balances not credited to Government account

Unspent grants are required to be credited to Government account by the end of August of the following year without waiting for completion of assessment.

Unspent grants of Rs 218.78 crore not credited to Government account.

In all the 15 ZPs² test checked unspent grants amounting to Rs 218.78 crore relating to the periods between 1990-91 and 2002-03 were not credited to Government account as of months between April 2003 and March 2004 (Appendix-II).

2.6 Multiple bank accounts opened for District Rural Development Agency (DRDA) schemes

As per Government instructions, only one bank account should be opened in a scheduled bank, for one scheme.

² Ahmednagar, Buldana, Chandrapur, Kolhapur, Nagpur, Osmanabad, Parbhani, Raigad, Ratnagiri, Sangli, Satara, Sindhudurg, Solapur, Thane, Wardha.

It was however, noticed in five PSs of ZP Chandrapur and three PSs of ZP Parbhani that the funds received from DRDA under Indira Awas Yojna (IAY), Jawahar Rojgar Yojna (JRY) and Ashwashit Rojgar Yojna (ARY) were parked in more than one bank account under each scheme.

The BDOs replied that in future all the accounts falling under a single scheme would be merged into a single account.

2.7 Lapsed deposits not credited to revenue head

Scrutiny of records of 6 ZPs³ revealed that lapsed deposits of Rs 12.21 crore were not credited to revenue head even though the stipulated time limit of three years had elapsed.

Lapsed deposits of Rs 12.21 crore not credited to revenue account

2.8 Non adjustment of ways and means advances

2.8.1 Out of an amount of Rs 23.05 crore received by ZP Wardha during the period 1999 to 2002, as ways and means advances, Rs 16.75 crore was adjusted as grants and the balance of Rs 6.30 crore remained to be adjusted. The assessments of grants received for the periods upto 1999-2000 were completed as of October 2003.

Ways and means advance of Rs 6.30 crore not adjusted.

2.8.2 In November 2002, the Additional Director, Public Health and Family Welfare had assessed the grants released to ZP Sindhudurg for the period 1996-97 to 2001-02 and earlier years and disallowed expenditure of Rs 42.95 lakh. The disallowed amount was, however, not credited to Government account (September 2003) by the ZP.

Disallowed expenditure of Rs 42.95 lakh not credited to Government Account.

2.9 Irregular retention of amounts under deposit head

The amounts relating to contractors' deposits, earnest money deposits, security deposits and matured investments only are to be kept in deposit account.

Scrutiny of records revealed that:

- In ZP Nagpur, the unspent salary and non-salary grant of Rs 58.96 lakh was credited to deposit account on 17 April 1996.

Rs 1.85 crore irregularly held under deposit account.

³ Buldana, Nagpur, Parbhani, Ratnagiri, Thane, Wardha

- The BDO Kalmeshwar credited the unspent balance of grant of Rs 24.15 lakh received under Dalit Wasti Sudharna Scheme to deposit account on 26 April 2000.
- In ZP Thane, amounts aggregating to Rs 10.16 lakh were lying in XI-Miscellaneous deposit account since 1993-94. The amounts pertained to Chief Minister's Relief fund, *vangaon* (forest villages) and Training for Rural Youth in Self Employment (TRYSEM) scheme.
- In ZP Satara, receipts from sale of agricultural implements during the period 1997-98 to 2001-02 and in earlier years, amounting to Rs 91.94 lakh was retained in deposit account.

2.10 Not crediting receipts to Government account

2.10.1 Fees on account of veterinary services were required to be credited to Government account. The Kolhapur and Sangli ZPs, had collected fees of Rs 1.02 crore on account of veterinary services during the period 2000-01 to 2002-03. However only Rs 13.40 lakh was credited to Government account and Rs 88.47 lakh remained to be credited.

2.10.2 Fees collected in Primary Health Centres (PHC) for services rendered to patients are required to be credited to Government account. In ZP Parbhani, receipts of Rs 3.12 lakh collected during 1996-97 and 1998-99 from patients were not credited to Government account.

The ZP stated that the hospital fees would be deposited into Government account as early as possible.

2.11 Inadequate contribution towards District Maintenance and Repairs Fund (DMRF)

The State Government created a DMRF in ZPs for undertaking repairs and maintenance of water supply schemes. The Fund is sourced by (i) grants received from the Government (ii) 20 per cent share of ZPs' own income and (iii) part of water charges collected by GPs'.

Receipts of Rs 91.59 lakh not credited to Government account

Short contributions to District Maintenance Repairs Fund.

Audit scrutiny revealed that,

- As against Rs 3.39 crore to be contributed for periods between 2000-01 and 2002-03, only Rs 0.85 crore was contributed by Ahmednagar and Kolhapur ZPs to the Fund.
- In ZP Satara, contribution to the Fund for the years 1999-2000 to 2001-02 amounting to Rs 45.00 lakh was paid in subsequent years with delays ranging from 7 to 19 months.
- In ZP Sangli, 20 *per cent* of water charges collected by the GPs for the year 2002-03 amounting to Rs 3.96 crore was not credited to the fund.
- In ZP Ratnagiri, the contribution from GPs of seven⁴ blocks amounting to Rs 28.95 lakh, was outstanding for the years 1996-97 to 2002-03.

2.12 Inadequate contribution towards Depreciation Fund

The Zilla Parishad should maintain a depreciation fund and the amount of depreciation on all assets at the prescribed rate should be credited annually to this fund. A summary of assets is required to be disclosed in the annual report showing original cost of the assets, assets acquired during the year and assets on which no depreciation was provided with reasons etc. Further, any accumulated balance in the funds shall be invested in securities and the amount on maturity along with interest credited to the fund.

Audit scrutiny revealed that,

- ZP Sangli credited a fixed sum of Rs 2.00 lakh in cash as against the prescribed rates of 2.5 to 9 *per cent*. The ZP did not carry out valuation of the assets.
- ZP Sindhudurg credited Rs 46.76 lakh against the payable contribution of Rs 81.09 lakh during 2002-03.
- During the period from 1990-91 to 2001-02, ZP Thane had credited Rs 1.54 crore against its payable contribution of Rs 2.08 crore.

⁴ Dapoli, Khed,, Lanza, Mandangad, Rajapur, Ratnagiri, Sangameshwar

- ZP Ratnagiri had not made any contribution to the Fund for the period 2001-02 and 2002-03 though an amount of Rs 5.42 lakh was payable.

2.13 Irregular credit of interest earned on amount invested from transferred and agency schemes to ZP Fund

Interest earned on investment of grants received from Government on account of transferred schemes and agency schemes should be treated as a part of grant receivable from Government.

ZP Sindhudurg had invested grants of transferred schemes and agency schemes in short term deposits and interest of Rs 29.54 lakh earned for the period 2001-02 and 2002-03 therefrom was credited to ZP fund account instead of being taken as grant received under transferred and agency schemes.

2.14 Non crediting to General Provident Fund (GPF) from Public Provident Fund (PPF) and other investments.

Provident fund balances of all the teaching and non-teaching staff of aided schools for the physically handicapped, blind and mutually deficient children as on 31 March 2003 was to be credited to Government account under the head “8336-Civil Deposits 800 Other Deposits-PF of employees for special schools for handicapped”.

- In ZP Sangli, contribution of Rs 50.66 lakh made by 126 employees working in aided schools for the handicapped was lying in PPF/postal deposit account/fixed deposits without being credited to Government account.

2.15 Excess expenditure over sanction

Scrutiny of annual accounts and connected records of budget estimates of 9 ZPs⁵ revealed that an amount of Rs 60.13 crore was spent in excess over the sanctioned grants (Appendix III).

2.16 Outstanding advances

The CAFO and the BDO should ensure that the amount pending under ‘Advances’ is kept at minimum and all pending items of advances are adjusted in time.

⁵ Ahmednagar, Nagpur, Osmanabad, Parbhani, Raigad, Ratnagiri, Satara, Sindhudurg, Thane.

Interest of Rs 29.54 lakh incorrectly credited to ZP Fund account.

Contribution of Rs 50.66 lakh towards Provident Fund not credited to Government account.

Rs 60.13 crore incurred in excess of sanctioned grants.

Advances of Rs 4.03 crore paid to staff were outstanding for one to 42 years.

Scrutiny of records of eight ZPs⁶ revealed that advances amounting to Rs 4.03 crore paid to officials for execution of works and as personal advances were outstanding as of March 2003. These amounts were outstanding for periods ranging from one year to 42 years.

2.17 Non crediting of interest to DRDA

For implementing various centrally sponsored development schemes, GOI releases funds through DRDAs to the PSs. These funds are to be kept in nationalised banks by opening separate savings bank account for each scheme. Instructions issued by DRDA stipulate that the interest earned in respect of these savings bank accounts should be credited to DRDA for use as additional resource for the implementation of GOI schemes.

Scrutiny of records of 12 BDOs under 4 ZPs⁷ revealed that Rs 49.86 lakh earned as interest on the amounts kept in the savings bank accounts at PS level were not credited to DRDA as of March 2003.

The PSs agreed to credit the interest amount to the respective DRDAs.

2.18 Non distribution of grants

Grants received on account of stamp duty, land revenue, land equalisation etc., from the revenue authorities, are required to be distributed by the BDOs to the concerned GPs within the same financial year.

Scrutiny of records of Purna and Gangakhed PSs under ZP Parbhani revealed that grants of Rs.16.52 lakh received during the period 1997-98 to 1999-2000 were lying undisbursed with

the PSs as of 31 March 2003.

⁶ Buldana, Chandrapur, Kolhapur, Nagpur, Osmanabad, Parbhani, Thane Wardha.

⁷ Chandrapur, Nagpur, Parbhani, Wardha.

Rs 49.86 lakh earned as interest not credited to DRDA.

Grant of Rs 16.52 lakh remained undisbursed in ZP Parbhani.

CHAPTER III

IMPLEMENTATION OF SCHEMES

3.1 X and XIth Finance Commissions

3.1.1 Non-utilization of grant

Grant released by Government under XIth Finance Commission during a year is required to be spent during that particular year.

Rs 7.53 crore remained unutilised in Thane and Sangli.

Thane and Sangli ZPs did not utilise grants of Rs 7.53 crore released during 2001-02 and 2002-03 and the amount remained unspent at the end of March 2003.

3.1.2 Irregular use of Tenth Finance Commission grants as “State Grant”

Irregular diversion of central grant of Rs 13.07 lakh as State share.

As per guidelines issued by the GOI (October 1997), projects qualifying for grants under the scheme should normally be those not covered under any other scheme. The guidelines further stipulate that local bodies should provide matching contribution not less than the grants received under the Tenth Finance Commission.

Scrutiny of records of two PSs¹ under ZP Chandrapur revealed that the Central Grant released under Tenth Finance Commission amounting to Rs 13.07 lakh during 1999-2000 to 2001-02 for construction of individual latrines under rural sanitation programme was diverted as “State Share”.

¹ Gondpipri, Mul

In reply, the ZP stated that the funds were diverted as per orders of the Chief Executive Officer. The reply is not tenable as Government guidelines prohibit such diversion.

3.2 Pradhan Mantri Gram Sadak Yojana (PMGSY)

3.2.1 Unfruitful expenditure

Commencement of road work without approval of the Forests Department resulted in unfruitful expenditure of Rs 61.33 lakh.

Under the Maharashtra Zilla Parishads and Panchayat Samitis Account Code, 1968, no work should be taken up unless the land required for execution is in possession of the work executing agency. Similarly, the Forest Conservation Act, 1980, stipulates that prior permission of the Forest Department should be obtained for execution of work on forest land.

Scrutiny of records of ZP Wardha² revealed that the work of construction of black topping surface road from Navargaon to Garamsur from Km 0/0 to 10/00 was awarded to a contractor at a cost of Rs 186.91 lakh for completion within nine months from the date of issue of work order (01/08/02).

The contractor had executed work from Km 0/0 to 4/200 and Km 6/200 to 10/00 leaving the patch from Km 4/200 to 6/200 incomplete for which Rs 61.33 lakh was paid in March 2003. As the patch of land passed through forest area, execution of work was objected to by the Forest Department.

Failure to obtain prior approval of the Forest Department for construction of road on the patch of land falling in forest area resulted in postponement of communication facility to the villagers.

² Public Works Department

3.3 Yashwant Gram Samridhi Yojana (YGSY)

3.3.1 Irregular release of grant to GPs

Irregularities in release of grants.

With a view to taking up development works in villages with peoples participation, the scheme of Yashwant Gram Samridhi Yojana was introduced by the State Government. Under the scheme, development works are taken up by the ZP with 90 *per cent* financial assistance from the Government and 10 *per cent* share is contributed by the concerned GPs. As per scheme guidelines construction of public meeting hall are not to be taken up under the scheme. Further, grant is required to be released by the BDO only after obtaining the budget prepared by the GPs and on confirmation of collection of 10 *per cent* share from the villagers. Progress report of work done and expenditure incurred is required to be watched by the BDO and grants released in instalments of 40:40:20 with reference to work done by the GP.

- ZP Satara released grant of Rs 74.41 lakh without obtaining budget estimates from GPs.
- Ahmednagar and Thane ZPs released grants of Rs 1.17 crore without watching progress reports of works.
- ZP Solapur had incurred expenditure of Rs 61.09 lakh on construction of 19 public meeting halls during 2002-03 which was inadmissible.

3.3.2 Incomplete works

109 works undertaken, at an expenditure of Rs 2.84 crore were incomplete.

In two ZPs³, 109 works taken up under YGSY were lying incomplete on which expenditure of Rs 2.84 crore was incurred.

³ Buldana, Ratnagiri.

Development of women and children in rural area (DWACRA)

3.4 Non recovery of revolving fund from defunct working groups

GOI launched the scheme of Development of Women and Children in Rural Areas (DWACRA) in 1987-88. As per the scheme, 10-15 rural women come together to form a group with a view to taking up business ventures for generating income for the group as a whole. Financial assistance in the form of working capital/revolving fund is to be given to these groups for commencing business activities. In case the groups cease to function or they do not carry on the business and are declared defunct, the financial assistance paid to them as revolving fund stands recoverable from them.

Rs 1.22 crore was not recovered from 704 groups declared defunct.

Scrutiny of records of 22 PSs under the 6 ZPs⁴ revealed that 704 groups formed during the years 1984-85 to 1999-00 had become defunct. The financial assistance of Rs 1.22 crore paid as Government contribution towards the revolving fund to these groups was, however, not recovered.

The PSs concerned stated that action to recover the amount from the defunct groups would be taken. (March 2004).

Scheme of financial assistance to Backward Class Co-operative Housing Societies

3.5 Unfruitful expenditure on payment of subsidy

In order to provide shelter to people belonging to the backward classes, the State Government had launched (1989) the revised

⁴Buldana, Chandrapur, Nagpur, Osmanabad, Parbhani, Wardha,

Construction of 1159 houses out of 2561 houses undertaken were incomplete.

backward class scheme of financial assistance to Backward class Co-operative Housing Societies.

Ahmednagar and Kolhapur ZPs had made payment of subsidy amounting to Rs 1.07 crore during the period 1982-83 to 1998-99 to the Backward Class Co-operative Housing Societies for purchase of land/construction of houses. Out of construction of 1894 houses undertaken by 40 societies in Kolhapur District, 631 houses remained incomplete and in respect of 256 houses construction had not commenced. In ZP Ahmednagar out of construction of 667 houses undertaken by 25 societies, 528 remained incomplete.

In reply, the ZPs stated that the beneficiaries would be instructed to complete the construction of the houses.

Social welfare schemes

3.6 Irregularity in distribution of articles

Eligibility of beneficiaries either not verified or beneficiaries not got approved.

- ZP Ahmednagar had purchased articles (G.I Sheets, oil engines, electric pumps etc.) at a cost of Rs 33.84 lakh during 2001-02 and 2002-03 for distribution to individual beneficiaries belonging to the backward classes. It was revealed in audit that the articles were purchased and distributed without verification of eligibility of the beneficiaries.
- ZP Solapur had purchased articles such as sewing machines, G.I. sheets, bicycles, electric pumps, at a cost of Rs 26.83 lakh during the year 2002-03 without finalisation of the list of beneficiaries and in anticipation of approval of proposals.

Scheme of credit cum subsidy for housing

3.7 Non utilization of grant

Under the Credit Cum Subsidy scheme for construction of houses introduced in the year 1999-2000, subsidy of Rs 10,000 is payable to the individual beneficiary whose annual income is below Rs 32,000 and the remaining amount is to be contributed by the beneficiary as loan.

Grant of Rs 49.68 lakh remained unutilised.

ZP Thane received an amount of Rs 52.52 lakh from GOI during the year 2000-01 for payment of subsidy for construction of houses. Out of this, only an amount of Rs 2.84 lakh was utilised and the balance of Rs 49.68 lakh remained unutilised.

It was replied that the response to the scheme was poor as there were other housing schemes where the amount of subsidy given was more e.g. Indira Awas Yojana and Pradhan Mantri Gramoday Yojana.

Scheme of supply of mid day meal to students

3.8 Non supply of cooked food to students

Mid day meals not supplied to students in 1184 schools. Rs 37.36 lakh remained unspent.

As per Supreme Court order No. 116/06 read with GOM in Education Department's decision dated 16 May 2002, mid day meal (cooked food) is to be provided to school students of standards I to V. Out of a total of 2884 schools in ZP Ratnagiri, cooked food was supplied to students in only 1700 schools between January 2003 and March 2003. As such, students of 1184 schools were deprived of the benefit of the scheme. Due to inadequate coverage, only an amount of Rs 11.87 lakh could be spent by the ZP out of the total grant of

Rs 49.23 lakh released by the Government, leaving Rs 37.36 lakh (76 per cent) of the grant unspent.

In reply, the ZP stated that the unspent amount would be utilised before the end of the year and balance, if any, refunded to Government.

Swarnjayanti Gram Samridhi Yojana (SGSY)

3.9 Misutilisation of subsidy paid

Subsidy of Rs 48.74 lakh misutilised by 486 beneficiaries.

Under SGSY, subsidy was payable to below poverty line (BPL) families to acquire income-generating assets so that families can be brought above BPL within a period of three years.

In PS Malkapur under ZP Buldana and PS Nagbhid under ZP Chandrapur physical verification of assets provided to beneficiaries was carried out during the years 1999-2000 to 2002-03 when it was found that 486 beneficiaries did not have any assets. Thus, 486 beneficiaries misutilised the subsidy amounting to Rs 48.74 lakh, which needs to be recovered.

In reply, the BDOs stated that necessary action against the defaulters would be taken.

Operation Black Board

3.10 Failure to raise public contribution

Non-collection of public contribution of Rs 45.60 lakh.

Operation black board scheme was introduced (1987) by the Central Government for improving teaching conditions in upper primary schools. The assistance provided by the Central Government is distributed to ZPs/PSs. Under the scheme, each

school was required to collect Rs 10,000 in cash or its equivalent in the form of educational material from the public to be eligible for grant.

Scrutiny of records in Education Department of Buldana and Nagpur ZPs revealed that the ZPs had paid grant in aid of Rs 1.41 crore to 456 schools during 2000-2002 without ensuring collection of contribution equivalent to Rs 45.60 lakh from the public. Thus, the objective of involving the local public in the implementation of the scheme was defeated.

In reply, the ZPs stated that detailed information would be called for from the PSs and compliance reported.

Accelerated Rural Water Supply

3.11 Irregular utilisation of funds

The State Government sanctioned and released (January 2002) grant of Rs 1.00 crore to ZP Osmanabad for Rural Water Supply Scheme under Accelerated Rural Water Supply Programme during 2001-2002 with the condition that 25 *per cent* and 10 *per cent* of the amount should be spent in Scheduled Castes and Scheduled Tribes areas respectively and a separate account thereof should be maintained.

Rs 35.00 lakh spent on works in areas inhabited by other than Scheduled Castes and Scheduled Tribes.

Scrutiny of records of ZP Osmanabad revealed that the work of Water Supply was not taken up in the areas of Scheduled Castes and Scheduled Tribes in accordance with the norms and percentage prescribed by Government during 2001-2002. Thus, the share of Rs 35.00 lakh meant for development of Scheduled Castes and Scheduled Tribes was diverted for other purposes.

In reply the ZPs stated that the entire funds were utilised on ongoing works and no new works were taken up. As such, spending of 25 *per cent* and 10 *per cent* of funds on areas of Scheduled Castes and Scheduled Tribes was not observed. The reply of the department is not tenable as the funds were not utilised as per the norms fixed by Government on the specified areas.

Scheme of supply of uniforms to students

3.12 Irregularities in supply of uniform to students.

Irregularities in supply of school uniform. Penalty of Rs 23.15 lakh not recovered from suppliers.

The Government implemented through the ZPs, the scheme of supply of uniforms to the students of standards I to IV. Under this scheme, the cloth required for uniforms was to be procured from Maharashtra State Powerloom Corporation (MSPC) and Maharashtra State Textile Corporation (MSTC) by ZPs at the rates fixed by Government. The stitching agencies were to be decided by the ZP after adhering to the prescribed procedure and uniforms were to be distributed at the beginning of the academic year.

Audit scrutiny revealed that:

- In ZP Nagpur, order for supply of cloth was placed with the MSTC on 31 March 2001 with the condition to supply the cloth within two months. MSTC had delayed the supply by seven weeks. Penalty of Rs 20.58 lakh was however not recovered. Similarly, penalty for delay in supply of stitched uniforms amounting to Rs 0.26 lakh was not recovered from two

agencies. Thus the uniforms to be supplied to students in June 2001 were actually supplied between December 2001 and January 2002.

- In Parbhani District as against penalty of Rs 2.83 lakh recoverable from MSPC for substandard supply of cloth, penalty of Rs 0.87 lakh only was levied. Similarly, penalty of Rs 0.35 lakh was not recovered from three agencies for delay in supply of stitched uniforms.
- In Wardha for students of standard IV, 2295 uniforms for the year 2000-01 were distributed in July 2002 and 2286 uniforms for the year 2001-02 were distributed in July 2003. By then, these students were in Vth standard in the respective years rendering them ineligible for uniforms. The proportionate expenditure incurred on uniforms for these students amounted to Rs 5.40 lakh.

Jawahar Gram Samriddhi Yojna (JGSY)

3.13 Diversion of fund

Government of India introduced the scheme of JGSY with effect from April 1999 in which expenditure on establishment and staff was not allowed.

Irregular expenditure of Rs 21.93 lakh incurred on pay and allowances of staff.

Scrutiny of records of two BDOs⁵ in ZP Wardha revealed that expenditure of Rs 21.93 lakh on pay and allowances of the staff was incurred from the funds of JGSY during the period April 1999 to March 2003. As a result, funds to that extent were not available for expenditure under the scheme.

Savitribai Phule Dattak Palak Yojana

3.14 Irregularity in payment of financial aid to students

Funds of Rs 39.68 lakh received not invested in bank/post office.

The Education Department modified the scheme of Savitribai Phule Dattak Palak Yojana in April 1993. Under the scheme, Financial assistance of Rs 30 per month was payable to girl children studying in standards I to VIII for educational purpose in order to help them continue their school education. The funds received from the sponsors was required to be invested in District Central Co-operative Bank/Bank of Maharashtra/Post office accounts and interest income earned therefrom distributed to the beneficiaries. The financial transactions were to be controlled by the Education Officer (Primary) of the ZP. The list of beneficiaries was to be prepared by the Village Education Committee and the same was to be approved by the Education Officer.

It was noticed from the records of ZP Satara that funds received from sponsors amounting to Rs 39.68 lakh was not deposited in bank or post office account but was paid in cash to the students defeating the purpose of the scheme.

Swajaldhara Scheme

⁵ Deoli, Karanja.

Cost of schemes over estimated by Rs 1.76 crore.

3.15 Excess estimation of cost

Ministry of Rural Development GOI introduced the scheme of Swajaldhara from the year 2002-03 for providing drinking water to villagers with local participation in the process of planning, execution and maintenance of the water supply scheme. 10 *per cent* cost of the scheme was to be borne by the villagers. As per guidelines issued by the Water Supply and Rural Sanitation Department dated 14 February 2003, a consultant appointed by the GP, should prepare the technical estimates of the water supply scheme after ascertaining the local rates. The rates prescribed in the District Schedule of Rates (DSR) are not to be considered while preparing the estimates as the rates in the DSR are inclusive of 10 per cent profit element.

Scrutiny of records of ZP Kolhapur revealed that estimates of 122 water supply schemes were prepared at an estimated cost of Rs 17.59 crore in accordance with the rates prescribed in the DSR and not on the basis of the local rates. This resulted in avoidable excess estimation of cost of the schemes of Rs 1.76 crore on account of profit element.

Dalit Vasti Sudhar Yojana

3.16 Irregularities in implementation of scheme

Under Dalit Vasti Sudhar Yojana, various works such as construction of samaj mandir, community halls, road, toilets and gutter repairs, were undertaken. The funds under this scheme were placed with the Panchayat Samitis for release to

GPs for incurring expenditure on these works. As per guidelines, priority should be given in the order of works on water supply schemes, samaj mandirs, toilets for women, electrification of residential area, linking road, gutter, protection wall and miscellaneous works. Periodical inspections are required to be carried out by the ZP and in case of non-completion of work, the amount paid to the GP should be recovered.

Irregularity in prioritization of works.

ZP Raigad had given priority to works of roads, samaj mandir, compound wall, gutters, public toilet and water supply schemes which was contrary to the guidelines. Expenditure incurred on works of link road was 83 *per cent* as against only 5 *per cent* incurred on water supply schemes which is contrary to the priorities prescribed under the scheme.

Unspent amount of Rs 24.17 lakh not refunded to Government.

In ZP Satara, it was noticed that, although works were taken up and completed between 1995-96 and 2001-02, an amount of Rs 24.17 lakh was lying with three PSs⁶ and the respective GPs thereunder. The unspent amount of Rs 24.17 lakh was not refunded to Government.

Sampurna Gramin Rojgar Yojna (SGRY)

3.17 Irregular utilisation of coupons for food grains

Irregular diversion of food grain coupons to another scheme.

According to the guidelines issued for implementation of SGRY, the daily wages to the rural population on works taken up under SGRY should be paid partly in cash and partly in the form of food-grains so as to provide food security to the beneficiaries. The Indira Awas Yojna (IAY) contemplates

⁶ Koregaon, Patan, Satara,

construction of the house by the beneficiary himself for which wages in cash upto the ceiling of Rs 28,500 were payable.

It was observed in the PSs Deulgaon Raja, Lonar, Malkapur and Motala under ZP Buldana that during 2002-03, Rs 26,500 was paid in cash and coupons for food-grains worth Rs 2,000 were issued to each of the 466 beneficiaries under IAY. Since these coupons were received under SGRY, the same should not have been used for works under IAY. This resulted in diversion of funds of Rs 9.32 lakh (466 x Rs 2000) from SGRY to IAY, which was irregular. This not only deprived the rural poor of food from works under SGRY but also reduced the financial assistance to IAY beneficiaries in the form of cash wage.

It was replied that coupons were provided to the IAY beneficiaries as per directions of the Chief Executive Officer (CEO) ZP Buldana. The action of the CEO was contrary to the directions of the GOI.

CHAPTER IV

EXECUTION AND PROCUREMENT

4.1 Blocking of funds due to incomplete works

Blocking of funds of Rs 110.73 crore due to 15987 incomplete works.

In 15 ZPs¹ in respect of 15987 works taken up under various schemes during periods between 1995-96 and 2002-03 were incomplete (March 2003). The expenditure incurred on these incomplete works was Rs 110.73 crore (Appendix IV).

4.2 Idle investments

Idle investment of Rs 3.23 crore in hand and electric pumps.

4.2.1 Scrutiny of records of three ZPs² revealed that subsidy of Rs 1.01 crore paid to farmers for purchase of electric pumps during the year 2002-03 had resulted into idle investment due to non supply of electric connection.

4.2.2 In order to make available drinking water to villagers ZPs installed hand pumps and electric pumps on wells in villages. In Kolhapur and Chandrapur ZPs, 688 hand pumps and 125 electric pumps installed at a cost of Rs 2.22 crore between 1999-2000 and 2001-2002 were not functioning.

The ZPs stated that collapse of soil into bores resulted in loss of yield of bores, however, action for their rejuvenation was being initiated to re-use the bore wells.

4.3 Avoidable Expenditure

4.3.1 ZP Sangli incurred an expenditure of Rs 4.50 lakh on purchase of 16 tanker tyres though there were no tankers with the ZP. The tyres have remained unutilized since 2002-03.

¹ Ahmednagar, Buldana, Chandrapur, Kolhapur, Nagpur, Osmanabad, Parbhani, Raigad, Ratnagiri, Sangli, Satara, Sindhurdurg, Solapur, Thane, Wardha.

² Ahmednagar, Kolhapur, Sangli.

Non-transfer of Major District Roads to Public Works Department resulted in avoidable expenditure of Rs 64.50 lakh on repairs.

4.3.2 The State Government had instructed in June 1992, ZP Sindhudurg to transfer Major District Roads (MDRs) to the Public Works Department (PWD). ZP Sindhudurg had not transferred the MDRs to the PWD and incurred avoidable expenditure of Rs 64.50 lakh on repairs of these roads.

4.3.3 Government had prescribed norms that there should be one Primary Health Centre (PHC) for a population of 30,000 and 20,000 in general area and tribal/hilly area respectively based on 1991 census. The norms prohibit continuation of PHCs at places where Rural Hospitals (RH) are established to avoid duplication of services. In such circumstances the PHC should be shifted to needy places.

Expenditure of Rs 1.24 crore incurred on PHCs/ dispensaries was avoidable.

It was, however, noticed from the records of ZP Osmanabad that three Civil dispensaries at Tuljapur, Omerga and Bhoom and two PHCs at Sastur and Ter continued to function even though RHs were established in those areas in 1996. Thus avoidable expenditure of Rs 1.24 crore was incurred on the pay and allowances of staff and contingency on these PHCs/civil dispensaries during the period between July 1998 and June 2003

While admitting that the expenditure was avoidable, the ZP Osmanabad stated that proposals for the shifting of the PHCs and dispensaries had already been submitted to the Government and orders thereon were awaited.

4.4 Unfruitful expenditure

4.4.1 The Maharashtra Zilla Parishad and Panchayat Samitis Account Code, 1968, stipulate that no work should be taken up unless the land required for execution is in the possession of the work executing agency. GOI had issued orders that prior

approval was necessary before taking up any work in forest area and no *ex post facto* sanction would be given for such works.

Blocking of fund of Rs 14.87 lakh due to stoppage of work of percolation tank.

- In ZP Buldana, work of construction of Percolation Tank (PT) at Rohinkhed was taken up in September 1998 at a cost of Rs 19.00 lakh to be completed by September 2000. An expenditure of Rs 14.87 lakh was incurred till May 1999. However gorge filling of the PT could not be executed as project affected people (PAP) did not allow it. The ZP had not completed land acquisition formalities for the PT and had not paid compensation to the PAP. This resulted in unfruitful expenditure of Rs 14.87 lakh.

The ZP Buldana stated that the compensation for acquired lands was not paid due to shortage of funds.

Unfruitful expenditure of Rs 11.28 lakh due to non-obtaining of prior approval.

- ZP Sangli incurred expenditure of Rs 11.28 lakh during 1995-96 and 2002-03 on acquisition of private land and construction of percolation tank at Siddhewadi. As a portion of the percolation tank covered forest land and prior sanction was not obtained, the work was stopped by the Forests Department. This resulted in unfruitful expenditure of Rs 11.28 lakh.

4.4.2 The Government had released (May 1998) Rs 1.05 crore as loan to ZP Nagpur for construction of administrative building, which was to be repaid in 15 instalments.

Unfruitful expenditure of Rs 18.70 lakh on construction of administrative building.

Scrutiny of records revealed that the Nagpur Municipal Corporation (NMC) granted sanction for construction of the administrative building in February 1999 and the work was awarded to the contractor in February 2000 at an estimated cost of Rs 1.08 crore. The ZP had incurred an expenditure of

Rs 18.70 lakh till May 2000. Thereafter, the work was stopped as NMC objected to the construction of the building on the grounds that the construction might cause damage to a heritage building in the vicinity.

4.5 Non utilisation of irrigation potential created

Irrigation potential not created after incurring expenditure of Rs 5.06 crore. Poor utilisation of created potential.

Scrutiny of records in ZP Chandrapur revealed that for providing irrigation facilities, 203 KT weirs were constructed at a total cost of Rs 5.06 crore during the period between 1984-85 and 1999-2000 in the district. These KT weirs were reported to be in damaged condition due to various reasons. Consequently, irrigation potential of 6783 hectares could not be created as envisaged. The percentage of irrigation potential utilised during the period from 1998-99 to 2001-2002 ranged between 4 - 7 *per cent*.

The ZP stated that the KT weirs could not be repaired due to paucity of funds.

4.6 Blocking of funds due to excess procurement of steel

Rs 5.30 lakh remained blocked due to non utilization of steel.

In the year 1998-99, Irrigation Department of ZP Osmanabad had received 66.405 MT steel against the demand of 72.365 MT from the Works Department of the ZP. The Irrigation Department consumed 37.014 MT steel during the year and the balance of 29.391 MT steel at a cost of Rs 5.30 lakh had remained unutilised for nearly 6 years. Thus, steel was procured without assessment of requirement, leading to blockage of funds of Rs 5.30 lakh. No specific reply was furnished by the ZP.

CHAPTER V

5.1 Dues outstanding from Government

Cess on land, irrigation, water and stamp duty levied by the respective departments of Government are transferred to the ZPs for onward disbursement to GPs in the form of assigned revenue.

Grant in Aid in the form of land equalization and stamp duty to the extent of Rs 18.34 crore was not received by Satara and Solapur ZPs from Government.

In reply it was stated that the matter had been referred to Government for release of grants.

5.2 Non transfer of school to municipal corporation

Twenty one primary schools under the control of ZP Ahmednagar were to be transferred to Ahmednagar Municipal Corporation (AMC) in June 1999. Despite lapse of a period of three years ZP Ahmednagar had not transferred these schools to the AMC (March 2003). Further, under Section 42 (i) of the Bombay Primary Education Act, 1947, 50 *per cent* expenditure was recoverable from the AMC. As schools were not handed over to AMC, ZP Ahmednagar had to bear the additional burden of 50 per cent amounting to Rs 2.84 crore on pay and allowances of primary teachers for the period from July 1999 to March 2003.

In reply the ZP stated that the proposal to transfer the schools to AMC would be got approved by the General Body and necessary action taken for recovery of 50 *per cent* cost.

Non-transfer of 21 primary schools to the municipal corporation resulted in ZP Ahmednagar incurring additional expenditure of Rs 2.84 crore.

5.3 Non payment of electricity bills

As per orders of Government, electricity bills of street lights of GPs were to be paid by the PSs under 100 *per cent* Government grant.

Delay in payment of electric bills resulted in levy of Rs 30.34 lakh towards penalty.

In four PSs¹ in ZP Kolhapur, outstanding electricity bills of street lights of 416 GPs to the tune of Rs 1.56 crore were not paid as of March 2003. The MSEB had levied Rs 30.34 lakh on account of delayed payment charges.

It was replied that payment of grant to the GPs was not made in time as grants were not received by the PSs in time.

5.4 Loss of revenue due to non-revision of rent

Loss of revenue of Rs 3.59 crore due to recovery of rent at pre-revised rates.

ZP Thane allotted 133 plots situated in five blocks on rental basis to various private parties in 1977. According to Government instructions of January 1992 rent was to be revised periodically. The standing committee of ZP Thane in its meeting held on 13 March 2002 approved the revised rates of rent. However rent was continued to be recovered at old rates in Ulhasnagar and Murbad blocks resulting in loss of revenue of Rs 3.59 crore for periods between March 1980 and March 2003.

5.5 Non recovery of rent

Recovery of rent of Rs 17.56 lakh remained outstanding.

A shopping complex consisting of 24 shops constructed by the ZP Osmanabad from ZP Cess Fund was let out on rent during the period between May 1991 and March 2002 by obtaining requisite security deposits. The rent of Rs 17.56 lakh due from the tenants was, however, not recovered for periods falling between May 1991 and July 2003.

¹ Bhudargad, Chandgad, Gaganbavada, Panhala.

In reply it was stated that the matter was taken up with the revenue authority for recovery. Reports on further progress in the matter was awaited (March 2004).

5.6 Inoperative vehicle insurance fund.

An amount of Rs 20.93 lakh under Insurance Fund remained unutilised.

In accordance with Section 94 of the Motor Vehicles Act, 1939, ZP Sangli created Vehicle Insurance Fund in June 1989 for meeting liability arising out of use of motor vehicles of the authority towards third parties including liability under Workmans Compensation Act. The fund was established with an initial amount of Rs 1.00 lakh and the ZP made contribution to the fund at the rate of Rs 100 per vehicle per year. The annual contribution was discontinued from 1995-96 after depositing Rs 12.00 lakh in the fund. The fund with an accumulated balance of Rs 20.93 lakh had not been operated till 31 March 2003. From the year 1996-97 onwards, third party insurance was taken for all the vehicles in the ZP with the Director of Insurance, GOM. As such, the utility of the fund was required to be reviewed and closed if not required under the orders of Government.

5.7 Outstanding loan recovery under District Village Development Fund (DVDF)

DVDF loan of Rs 3.13 crore and contributions of Rs 0.69 crore to the fund were recoverable from GPs in five ZPs.

According to Section 133 of the Bombay Village Panchayat Act, 1958, District Village Development Fund (DVDF) was to be created with contribution from every GP at 5 *per cent* of their total receipts. The proceeds of the fund were to be utilised for advancing loans to the GPs for development activities in the village. The loan was recoverable in 10 annual instalments, along with interest at the rate of 5 *per cent* per annum. In addition, penal interest at the rate of 2 *per cent* per annum was leviable in case of default. Recovery of loan was to commence after a moratorium period of one year.

Scrutiny of records relating to DVDF in 5 ZPs² revealed that loan of Rs 3.13 crore was outstanding from GPs as on September 2004. Audit scrutiny further revealed that contribution of Rs 68.80 lakh as per the Act towards DVDF was outstanding from GPs under the 6 ZPs³ as of 31 March 2003.

5.8 Non-disposal of unserviceable cars

Unserviceable vehicles were not sold.

Commissioner, Amravati Division had accorded (October 2002) permission to ZP Buldana to purchase 5 new cars against the 13 old unserviceable cars provided they were disposed of within 3 months from the date of purchase of the new cars. It was, however, seen that, no action was taken (October 2003) by the ZP for disposing of the old cars despite five new cars having been purchased at a cost of Rs 19.76 lakh in November 2002.

On being pointed out it was stated that action to dispose of the unserviceable vehicles by auction would be taken.

5.9 Misappropriation of Government money

Recovery of misappropriated funds of Rs 4.36 crore was

Scrutiny of records of 9 ZPs⁴ revealed that in respect of 1359 cases of misappropriation, recoveries amounting to Rs 4.36 crore were pending at the end of December 2003. No effective steps were taken by the ZPs/PSs for finalisation of the cases and for recovery of the losses.

The BDOs stated that action to recover the amount misappropriated by the officials of the GPs concerned was in progress.

² Buldana, Chandrapur, Nagpur, Parbhani, Osmanabad.

³ Buldana, Chandrapur, Nagpur, Parbhani, Osmanabad, Wardha.

⁴ Buldana, Chandrapur, Nagpur, Osmanabad, Parbhani, Raigad, Ratnagiri, Thane, Wardha.

5.10 Arrears of taxes

5.10.1 According to Section 124 (1) of the Bombay Village Panchayat Act, 1958 and the Maharashtra Gram Panchayat Fee Rules, 1960 read with Government resolution of June 1989, the GPs have been empowered to levy and collect taxes/charges annually from the beneficiaries.

Tax arrears of Rs 3.83 crore were pending recovery.

In 87 GPs water charges and house tax amounting to Rs 2.76 crore as of 31 March 2002 were pending recovery from the beneficiaries (March 2003).

5.10.2 Similarly in three ZPs⁵ irrigation and water charges amounting to Rs 1.07 crore relating to the periods 2001-02 and 2002-03 were pending recovery (March 2003).

5.11 Non recovery of repairs & maintenance charges

The cost of repairs and maintenance of hand pumps and electric pumps installed on bore wells of GPs carried out by the ZPs were required to be recovered from the GPs by the PSs and paid to the ZP.

Rs 2.78 crore was pending recovery towards repairs and maintenance charges of pumps.

Scrutiny of records of 6 ZPs⁶ revealed that Rs 2.78 crore was outstanding against 56 PSs on account of recovery of cost of repairs and maintenance of hand and electric pumps (March 2003).

The ZPs stated that special efforts were being made to recover the arrears.

⁵ Buldhana, Chandrapur, Nagpur.

⁶ Buldhana, Chandrapur, Nagpur, Osmanabad, Parbhani, Wardha.

5.12 Unauthorised utilisation of grants for construction of Sub Centres

Despite withdrawal of grant, expenditure of Rs 86.25 lakh was incurred.

Directorate of Health Services (DHS), Mumbai had placed grants of Rs 1.59 crore in January 2003 with ZP Buldana for construction of sub centres under the Minimum Needs Programme- Removal of Regional Imbalance. However, the entire allocation of Rs 1.59 crore was withdrawn in February 2003 as the release of grants was based on incorrect data on backlog in construction of sub centres. ZP Buldana, however, drew the entire allocation of Rs 1.59 crore from the treasury in March 2003 and incurred expenditure of Rs 86.25 lakh to end of March 2003. As the DHS had withdrawn the allocation, the expenditure incurred on construction of sub centres was irregular. The ZP stated that the amount was drawn from the treasury before receipt of the orders of February 2003

The matter was referred (November 2003) to the DHS for comments which were awaited (March 2004).

5.13 Excess payment of grant to residential schools for handicapped

The Social Welfare, Cultural Affairs and Sports Department vide resolutions of 16 March 1995 and 4 November 1995 prescribed that non-salary grant at the rate of 8 *per cent* of salary grant shall be paid to the residential schools for handicapped children in addition to salary grant.

Excess payment of grants of Rs 11.18 lakh.

Scrutiny of records of ZP Osmanabad revealed that excess payment of Rs 11.18 lakh on account of salary and non-salary grant was made to residential schools for handicapped during 1998-99 and 2001-2002. The ZP replied that the excess payment of grants would be recovered from the grants to be released.

5.14 Nugatory expenditure

5.14.1 Government issued instructions (January 1996 and March 2000) that the number of posts of teachers be assessed based on the strength of the students on roll as well as their average attendance on 30 September of the previous year. Any excess teacher strength beyond norms was not admissible for grant from Government.

Expenditure of Rs 1.79 crore incurred on surplus teaching and non-teaching staff.

Scrutiny of records of 5 PSs under ZP Nagpur, revealed that there was delay in transfer of 208 surplus teaching staff during the period from 1998-99 to 2002-03 resulting in nugatory expenditure of Rs 1.60 crore on pay and allowances of idle staff. Reasons for delay in transfer of teachers was attributed to late receipt of orders from the ZP.

5.14.2 In respect of ZP Ahmednagar, Government had reduced strength of teaching and non teaching staff in July 2001 due to which 21 employees were rendered excess for periods ranging from 3 months to 4 years (March 2003) which resulted in nugatory expenditure of Rs 19.23 lakh on their pay and allowances.

CHAPTER-VI

RECOMMENDATIONS

In the light of the findings by Audit, the following recommendations are made for consideration of Government:-

- (1) Contribution towards depreciation fund should be made as per the provisions of the Maharashtra Zilla Parishads and Panchayat Samitis Account Code, 1968, so that expenditure on replacement of assets could be met from this fund.**
- (2) Effective steps should be taken to credit lapsed deposits to the revenue head.**
- (3) Effective steps should be taken to clear the various advances granted to staff as advances are outstanding since 1962.**
- (4) Incomplete works should be taken up for completion under a time bound schedule on priority basis before taking up new works to avoid wasteful expenditure and blocking of funds.**
- (5) Expeditious action should be taken to recover the dues of various charges/taxes/ loans.**
- (6) Misappropriation cases should be investigated on priority and amount misappropriated recovered from the persons concerned.**
- (7) Reconciliation of cash book with the bank pass book has to be done on a regular basis.**
- (8) Proper administrative control should be exercised to keep budgetary excess/saving under control.**

- (9) Transfer of assets should be completed on priority basis so as to liquidate/reduce M&R and other related expenses on such assets.**
- (10) Prior approval of the Forest Department should be taken before starting works involving forest.**
- (11) Identification of beneficiaries under various schemes should be done by Gram Panchayats with right earnestness.**
- (12) Assessment of grants should be a time bound programme so that unutilized balances could be refunded.**

Mumbai,
The

(RAGHUBIR SINGH)
Principal Accountant General (Audit)-I,
Maharashtra

Appendix-I
(Referred to in Para 1.4.3)
List of schemes implemented by Zilla Parishads

<p><u>Transferred Schemes</u></p> <p>1) Compensation to PRIs. 2) District Balbhavan Grant 3) School Nutritious Food Programme 4) Book Bank Scheme 5) Insurance Guarantee fee Scheme (Water Supply) 6) Piped Water Scheme 7) Scarcity Programme of Water Supply 8) Strengthening of Z.P. Conventional resources (Water Supply) 9) National Technology Science Mission (Water Supply) 10) Dalit Basti Sudhar (Social Welfare) 11) Grant-in-Aid to Hostels (Social Welfare) 12) 100% Street Light Grant 13) Financial assistance to backward Village Panchayats 14) Gutter alongside road (Special Component Plan) 15) Rural Sanitation Programme 16) Gram Panchayat Land Revenue grant 17) Gram Panchayat Land equalization grant 18) Stamp Duty Grant 19) Gram Panchayat minimum wages to staff grant 20) Sant Gadgebaba Mission 21) Yashwant Gram Samrudhi 22) Pradhan Mantri Gramoday</p>	<p>23) Construction of Gram Panchayat Building 25) Eleventh Finance Commission</p> <p><u>Agency Schemes</u></p> <p>1) Employment Guarantee Scheme 2) Local Area Development MLA Fund 3) Hilly Area Development 4) Local Area Development MP Fund 5) Art & Culture Honorarium to Artist 6) Santhibai Phule Scheme 7) Nutritious Food 8) Construction of Anganwadis</p> <p><u>Z.P. Schemes</u></p> <p>1) Repairs & Maintenance of Zilla Parishad Assets 2) Supply of seeds, pesticides, Agricultural implements, etc. to farmers. 3) Repairing of Community Centre buildings. 4) Supply of electrical motors under social welfare schemes 5) Miscellaneous Women & Child Welfare Schemes 6) TCL Powder purchase for water supply Scheme 7) Medicine supply to veterinary dispensaries</p>
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Appendix-II
(Referred to in Para 2.5)
Unspent balances not credited to the Government account

Name of Z P	Period Between	Amount (Rs in lakh)	Month as of	Authority responsible for assessment
Ahmednagar	2000-01 and 2001-02	3864.80	September 2003	1) Director of Agriculture 2) Commissioner Animal Husbandry 3) Director of Health Services 4) Director of Social Welfare 5) Superintending Engineer, Works 6) Director of Education 7) Commissioner of Women & Child Welfare 8) Revenue Commissioner
Buldana	1994-95 and 2002-03	548.59	November 2003	
Chandrapur	1991-92 and 2001-02	1470.18	April 2003	
Kolhapur	2002-03	1190.57	March 2004	
Nagpur	1998-99 and 2002-03	67.94	June 2003	
Osmanabad	1997-98 and 2001-02	520.49	July 2003	
Parbhani	1993-94 and 2001-02	1230.64	July 2003	
Raigad	2002-03	646.05	March 2004	
Ratnagiri	1990-91 and 2002-03	599.67	December 2003	
Sangli	2002-03	1879.41	December 2003	
Satara	1998-99 and 2001-02	6535.44	June 2003	
Sindhudurg	1995-96 and 2000-01	308.64	September 2003	
Solapur	1991-92 and 1999-2000	813.12	March 2004	
Thane	1995-96 and 2002-03	1262.21	June 2003	
Wardha	1998-99 and 2002-03	940.00	October 2003	
Total		21877.75		

Appendix-III

(Referred to in Para 2.15)

Excess over sanctioned grant

(Rupees in lakh)

Name of ZP	Year	Estimated Grants	Expr. incurred	Excess
Ahmednagar	2000-01	1112.60	1370.85	258.25
	2001-02	1131.79	1179.87	48.02
Nagpur	2000-2002	147.59	190.78	43.19
Osmanabad	1999-2001	344.88	487.70	142.82
Parbhani	2000-2002	88.22	141.73	53.51
Raigad	2002-03	555.66	1672.99	1117.33
Ratnagiri	1995-96	161.27	161.78	0.51
	1998-99	110.68	119.37	8.69
	1999-2000	3222.28	4188.54	966.26
	2000-01	4239.63	4405.77	166.14
	2001-02	15083.94	15220.12	136.18
Satara	1999-00	1777.13	1883.50	106.37
	2000-01	2282.79	2473.52	190.73
	2001-02	6742.07	7178.67	436.60
Sindhudurg	1999-00	2385.97	2777.37	391.40
	2000-01	1971.95	2222.37	250.42
	2001-02	9095.01	9211.12	116.11
	2002-03	1475.40	1537.21	61.81
Thane	1996-97	Information awaited.	Information awaited.	2.06
	1997-98			193.40
	1998-99			145.76
	99-2000			224.47
	2000-01			893.94
2001-02	59.02			
Total				6012.99

Appendix-IV
(Referred to in Paragraphs: 4.1)
Incomplete and abandoned works

(Rupees in lakh)

Sr. No.	Name of ZPs	Scheme/Type of works	Period	No. of works	Amount of expenditure incurred
1.	Wardha	ZP building	2000-01	1	40.00
2.	Buldana, Osmanabad, Parbhani, Satara, Solapur, Thane.	Employment Guarantee Scheme works	1998-99 to 2000-01	1209	3589.57
3.	Ahmednagar, Buldana, Kolhapur, Parbhani, Satara, Sangli, Raigad, Thane.	Public Health Centres building	1999-2000 to 2000-01	141	521.56
4.	Ahmednagar, Buldana, Nagpur, Osmanabad, Raigad, Sangli, Sindhudurg, Satara, Wardha.	Irrigation works	1991-92 to 2001-02	402	2167.18
5.	Buldhana, Chandrapur, Kolhapur, Nagpur, Osmanabad, Parbhani, Ratnagiri, Sangli, Satara, Sindhudurg, Solapur, Wardha.	Wells under various schemes.	1995-96 to 2001-02	9700	1942.16
6.	Buldana, Chandrapur, Nagpur, Osmanabad, Parbhani, Wardha.	Works under various schemes	1995-96 to 2001-02	3714	1434.70
7.	Kolhapur, Ratnagiri, Sangli, Sindhudurg, Thane.	Works under MP/MLA Fund	2000-01 to 2002-03	611	310.00
8.	Kolhapur	Other district road	1999-2000	1	6.16
9.	Chandrapur, Kolhapur, Nagpur, Raigad, Satara, Sindhudurg, Thane.	Water supply schemes	1999-2000 to 2001-02	185	848.61
10.	Ahmednagar.	Gramsachivalaya	1999-2000 to 2001-02	23	213.00
				15987	11072.94