

CHAPTER – III

Review on construction of Gram Panchayat Buildings under special Central Assistance

3.1.1. Highlights

After 73rd Constitutional amendment the Gram Panchayat was made a vibrant institution of Local Self Government at the grass root level. Gram Panchayats in Bihar started functioning after election in May 2001. However most of them did not have their own buildings.

The State Govt. therefore took up a scheme of construction of 286 Gram Panchayat Buildings in 38 districts of Bihar at a cost of Rs. 3.50 lakh each out of the additional Central Assistance received in 2001-02. Accordingly the Rural Development Department (R.D.D.) sanctioned Rs.10 crore in March 2002 for the said work. As per the sanction letter, the amount drawn was to be kept in Civil Deposit by Registrar of Panchayat Raj Directorate. The Department issued guidelines in April 2002 and May 2002 regarding selection of Gram Panchayats and site of construction, release of funds by DDC/DM to Zila Parishads and by Zila Parishads to Gram Panchayat and directed the DDC/DM to render physical and financial progress report by 5th of every months. The Gram Panchayats were made the executing agencies for execution of work and the works were to be completed in three months from the date of release of funds.

The Department released the entire assistance of Rs. 10 crore in October 2002 to 37 DDC and one DM. Arval and directed them to complete the work latest by February 2003. The DDC/DM transferred the funds to Zila Parishads in November 2002.

3.1.2. Scope and methodology of audit

A review of the execution of the scheme from 2002-03 to 2005-06 by the Zila Parishads was conducted from September 2006 to first week of December 2006 with reference to the records of the Rural Development Department, 13 Zila Parishads (Z.Ps)/District Rural Development Agency (DRDA) and 4 Gram Panchayats which covered Rs.4.79 crore (48 Percent) of total provision for construction of 137 buildings.

3.1.3. Audit objective

The review was conducted to ascertain whether:-

- . • The flow of grants from Department level to Gram Panchayat level was efficient.
- . • Works were executed economically and as per guidelines.
- . • Funds were properly utilised and there was no diversion of fund.
- . • There was proper monitoring and supervision of the works.

3.1.4 Audit Criteria

Performance review was conducted based on release orders of grant and guidelines issued subsequently in order to assess that the specified target of the scheme was achieved within stipulated time with due regard to economy, efficiency and effectiveness in implementation of the programme and proper mechanism provided for effective monitoring over the works.

3.1.5. Financial Management

Scrutiny of cash books of 9 Z.Ps and 4 DRDAs disclosed that: -

- (a) against Rs.4.79 crore received by them in October/November 2002, funds were released in phases by ZPs/DRDA during 2002-06. Only 39 percent of funds was released in 2002-03 though the entire amount was required to be spent in 2002-03 (Appendix-XVIII).
- (b) four ZPs¹ retained Rs. 24.50 lakh as on 31st March 2006 as fund not released to 2 GPs (Rs. 7 lakh) and 2nd installment not released to 10 GPs (Rs. 17.50 lakh).
- (c) interest of Rs. 0.94 lakh was unauthorisedly retained by DRDA Saran instead of refunding to sanctioning authority.
- (d) department provided Rs. 48 lakh to Mudhubani ZP for construction of 14 units instead of Rs. 49 lakh at the rate of Rs. 3.50 lakh per unit.

3.1.6. Violation of procedures for release of grant

The guidelines issued for release of funds provided that the DM/DDC shall transfer the fund in the P.L. account of Zila Parishad and the Zila Parishad shall release the fund to Gram Panchayats (GPs) in two installment. Second installment was to be released to GPs only after receipt of progress report from BDO about utilisation of 75 percent amount of first installment. Audit scrutiny revealed that:-

- (a) DDCs of Bhagalpur, Muzaffarpur, Saran and Siwan did not transfer the grant to PL Account of Zila Parishad and receipt and release of grant was made by the DRDA itself.
- (b) Saran and Motihari ZPs and DRDA Muzaffarpur released the entire fund to BDO's for onward release to Gram Panchayats while Nalanda ZP and Bhagalpur DRDA released RS. 14 lakh and Rs. 3 lakh respectively to the BDOs. The actual position of release of grant to Gram Panchayats by BDO's was not available on records of ZP/DRDA.
- (c) DRDA Siwan released the amount to Executive Engineer NREP for execution of nine works (Rs.31.50 lakh) and to District Engineer Siwan for one work (Rs.3.50 lakh).
- (d) Three Z.Ps² released the grant in one lump to the G.Ps.

Due to violation of procedure of transfer the GPs who were the executing agencies either did not get the fund or this was received after delay which effected the execution of the works.

¹ Samstipur (Rs. 14 lakh), Madhubani (Rs. 5.25 lakh), Darbhanga (Rs. 3.50 lakh) and Katihar (Rs. 1.75 lakh)

²

Patna Nalanda and Supaul

3.1.7. Physical progress of works

In 13 Zila Parishads/DRDA the targeted number of work was 137. The guidelines of the scheme provided that the DDC shall invariably submit physical and financial report of the work on 5th of every month to the Panchayat Raj Directorate. The ZPs/DRDAs were not submitting this return regularly.

According to the progress report of 8 ZP/DRDA and test check of records of 4 GPs it was found that only 66 works were completed till March 2006, 20 works were in progress and 4 works not started due

to land dispute till March 2006 (Appendix-XIX). Status of remaining 47 works could not be ascertained as the position was not obtained from Gram Panchayats by ZPs/DRDAs.

7.1 Chhatauna GP under Samastipur Z P received Rs. 1.75 lakh and spent this on construction of GP building on a disputed land which was abolished under order of the Hon'ble High Court. The B.D.O. Samastipur directed (August 2006) the Mukhiya to refund the money but the amount is yet to be recovered. The ZP thus sustained a loss of Rs.1.75 lakh besides the fact that the work has not been taken up.

3.1.8. Non-Submission of Utilisation Certificates

Against release of grant of Rs. 4.79 crore to 13 ZPs/DRDA utilisation certificate was submitted for Rs.

1.11 crore (Appendix-XX) between September 2003 to August 2005 by 4 ZPs and one DRDA. The utilisation certificate furnished by Nalanda ZP in July 2004 was not supported by physical and financial report.

The Directorate did not furnish utilisation certificate to the Government of India for Rs. 10 crore. In reply to audit it was stated (December 2006) that as the complete information of utilisation of Rs. 10 crore was not received, the UC was not furnished.

3.1.9. Position of works at state level

Panchayat Raj Directorate reported (October 2006) expenditure of Rs.7.68 crore out of Rs.10 Crore and completion of 224 buildings while the work was shown in progress in 41 GPs and stoppage of work due to land dispute in 21 GPs. The expenditure report of ZP Rohtas was not included in that statement. The expenditure figures depicted in the statement were not found to be correct as even after completion of schemes, the expenditure reported was less in seven cases and excess in one case as could be seen from the table below:-

(Rs. in Lakh)

Sl. No	District	Targeted no. of works	Amount released	Works completed	Work in progress	Work remaining unexecuted	Expenditure incurred	Remarks
1	Nalanda	8	28.00	8	-	-	14.10	Less depiction
2	Gaya	11	38.50	8	-	3	6.55	”
3	Nawada	6	21.00	5	1		11.15	”
4	Sitamarhi	9	31.50	9	-		26.77	”
5	Munger	4	14.00	4			12.65	”
6	Saharsa	5	17.50	4	1		8.75	”
7	Supaul	6	21.00	6			13.69	”
8	Madhubani	13	45.50	7	5	1	45.50	Excess depiction
	Total	62	217.00	51	7	4	139.16	

The actual expenditure on 51 completed works itself comes to Rs. 178.50 lakhs where as expenditure reported on completed works besides work in progress was merely Rs. 139.16 lakhs.

The physical and financial progress report were not being submitted regularly by the DDC/DM to the Directorate though these were required to be submitted invariably by 5th of each month and at the instance of audit the Directorate issued reminders in December 2006 to DDC of 28 districts and in January 2007 to DDC of 25 districts to furnish up-to-date financial and physical progress report of works but the information was still awaited. The State Government thus did not have the correct and factual status of completion of schemes and utilisation of grants.

3.1.10. Monitoring and Supervision

No authority declared or body constituted for monitoring and supervision of works either at the Apex level or at the level of DM/DDC/Adhyaksh of Z.P. No records were kept by the Z.Ps/DRDA regarding monitoring and supervision of works. Director, Panchayat Raj Directorate replied (October 2006) that the performance was monitored on 9th and 23rd of each month. Effective monitoring however remained doubtful due to non construction of required Panchayat buildings within stipulated period and fund provided for this purpose remained blocked at various levels.

3.1.11 Conclusion

The objective to provide buildings to 286 GPs remained unfulfilled as all the buildings were not yet completed due to non-exercise of proper control and supervision by the DDC cum CEOs and BDOs and non-effective monitoring by the Panchayat Raj Department, considerable shortfall persisted in target achievement.

3.1.12 Recommendation

The Secretary PRD may take suitable and immediate steps for ascertaining the position of completion of works and utilisation of grant by the DDC/DDC cum CEO/DM of all the districts and for default of non timely completion, action may be taken against the responsible authorities. Where the site of work is remaining litigated other site of same Panchayat or other Gram Panchayat may be selected for utilisation of entire grant.

Review on construction of Primary School Building and Providing toilet and water facilities in Primary /Middle Schools.

3.2.1. Highlights

Under Prime Minister Gramodaya Yojna (a hundred percent centrally sponsored scheme) Secretary, Primary and Adult Education Department sanctioned during March 2002 and in 2002-03 Rs.24.08 crore for construction of 601 Primary School Buildings and Rs. 12.38 crore for providing toilet and drinking water facilities in 2979 Middle/Primary.

The rate fixed for construction of Building was Rs.3.75 lakh in 01-02 and Rs.4.15 lakh in 2002-03 while the rate fixed for providing toilet and water facilities per scheme was Rs. 0.45 lakh in 01-02 and Rs.0.40 lakh in 02-03. Gram Panchayats were declared executing agency for the works.

3.2.2 Audit Objective

The review was conducted to ascertain whether:

- (a) Transfer of grants from ZP level to GP level was efficient.
- (b) The selection of schools was made as per scheme guidelines
- (c) The execution of works was carried out economically, efficiently and effectively.
- (d) The grant was not misutilised and diverted for other purposes.
- (e) Effective monitoring and supervision of works existed.

3.2.3 Audit Criteria

The scheme to provide buildings to buldingless primary schools and providing toilet and drinking water facilities in primary/middle schools was considered important as it aimed to provide basic infrastructure to schools. The review was conducted based on release orders and guidelines issued there against in order to assess that the specified target of the scheme was achieved within stipulated time, economy, efficiency and effectiveness was adhered and proper mechanism provided for effective monitoring over works.

3.2.4 Scope and methodology

Records of 13 ZPs, 2 DRDAs and of primary and Adult Education Department for the period 2002-03 to 2005-06 was test checked during September-December 2006. Rs 11.02 crore for construction of 275 Primary School Buildings and 5.70 crore for toilet and water facilities in 1369 Primary/Middle School was provided to them which constituted 46 percent of total grant.

3.2.5. Financial management

Scrutiny of Cash Books of 13 ZPs and 2 DRDAs revealed that grant of Rs.16.72 Crore (Rs.11.02 crore for building construction and Rs.5.70 crore for providing toilet and water supply facilities) was received during 2002-04 (Rs.9.61 crore in 2002-03 and Rs.7.11 crore in 2003-04) by the Z.Ps./ D.R.D.As against which Rs. 16.39 crore (Rs.10.83 crore against building construction and Rs. 5.56 crore against providing toilet and water facilities) was released to the Executing agencies between 2002-03 to 2005-06 and the unutilised balance remained of Rs.33.40 lakh (Rs.18.45 lakh for building construction and Rs. 14.95 lakh for providing toilet & water facilities) as of March 2006 (Appendix-XXI) (A and B).

Scrutiny of records disclosed:

- ZP, Bhagalpur received Rs.29.20 lakh for works of toilet and water facilities in 73 schools but released Rs. 29.70 lakh to the schools. Rs. 0.50 lakh released in excess was met by diversion of EFC grants.
- The DRDA Siwan and Muzaffarpur did not transfer the grant to ZPs and the funds were directly released to Executing Agencies.
- The grant was to be utilised by September 2002 and September 2003 against sanction for 2001-02 and 2002-03 respectively but there was substantial delay in release of grants received in by Z.P's and DRDA's to Executing agencies as shown in table below:-

Sl. No.	Particulars of work	Position of release				Total	Unreleased amount
		02-03	03-04	04-05	05-06		
		(Rs. in lakh)					
1	School Building Construction	287.13	541.33	200.62	54.12	1083.20	18.45
2	Providing toilet & water facilities	116.02	343.54	92.58	3.36	555.50	14.95
		403.15	884.87	293.20	57.48	1638.70	33.40

Grant of Rs. 75.50 lakh was received by DRDA Muzaffarpur between March 2003 to June 2003 but the DRDA released Rs. 34 lakh in February 2004 and Rs. 41.50 lakh in February 2006 after delay ranging from 8 months to 30 months to the executing agencies.

- An amount of Rs. 0.90 lakh released by Z.P. Bhagalpur in January 2004 through Bank Draft to Mukhiyas of two GP (Shahzadpur and for Khiri Bandh) for providing toilet & drinking water facilities in 2 Schools was returned to Zila Parishad between April to July 2004. The Drafts were not got cancelled and credited in Z.P. fund and there was thus excess booking of expenditure by Rs.0.90 lakh.
- Z.P. Darbhanga sent two bank drafts of Rs.0.45 lakh each instead of one in December 2003 to Mukhiya of Rarhi (West) for providing toilet & drinking water facilities in Middle School Rarhi under Jaley Block. The Mukhiya did not return Rs.0.45 lakh to ZP Darbhanga upto September 2006. This was a case of double payment.
- Similarly the ZP Darbhanga prepared two bank draft of Rs. 0.40 lakh each instead of one bearing no. 176581 and 176587 in December 2003 in favour of Mukhiya Bhandarison for providing toilet and water facilities in Middle School Markanda. The Mukhiya acknowledged receipt of bank draft no.176587 only and there was thus loss of Rs.0.40 lakh to Z.P. fund as the other bank draft was not traced out.

- ZP Saran paid Rs. 0.40 lakh in September 2003 to B.D.O. Manjhi for providing toilet and water facilities in Middle School Bangara. One member of the Zila Parishad intimated (October 2003) the DDC cum CEO that the said work was already done last year by Block office. The DDC cum CEO Saran directed the B.D.O. Manjhi (November 2003) to inquire and report the matter but the B.D.O. did not submit the inquiry report till September 2006. Rs. 0.40 lakh thus remained blocked with the B.D.O.

3.2.6. Selection of Schools

The ZP was to decide the number of School buildings to be constructed under each PS. The PS was to select the Panchayats where school buildings were to be constructed. For providing toilet and drinking water facilities in Primary/Middle Schools the DDC cum CEO was to finalise the list in consultation with District Superintendence of Education and ZP. Records relating to selection were not available in DRDA Muzaffarpur and Siwan.

DDC cum CEO of Darbhanga ZP selected two schools for building construction and one school for providing toilet & water facilities without approval of the ZP.

3.2.7. Procedure for release of fund and execution of work

The DDC cum CEO of ZP was to release funds for school building construction to the PS and the PS was to finally release the fund to GPs. For providing toilet and drinking water facilities DDC cum CEO was to release funds directly to GPs. The execution of both works was to be done by the GPs under the supervision of respective school education committee.

Scrutiny of records disclosed;

- For building construction the grant was directly released to GPs by five ZP in stead of routing through PS (Darbhanga Rs.99.75 lakh to 25 GPs, Nalanda Rs. 49.80 lakh to 12 GPs Samastipur Rs.41.50 lakh to 10 GPs, Siwan Rs.16.60 lakh to 4 GPs and Supaul Rs.41.50 lakh to 10 GPs) and for providing toilet & water facilities the grant was released to BDO's instead of directly releasing to GPs by 3 ZPs (Nalanda Rs. 46 lakh for 110 GPs, Motihari Rs. 50.75 lakh for 122 GPs and Saran Rs. 48.95 lakh for 118 GPs.)
- DRDA Siwan paid Rs. 16.60 lakh to Executive Engineer, NREP for construction of 4 School Buildings and Z.P Siwan released the amount of Rs. 33 lakh to Head Masters of Primary/Middle Schools for executing work of providing toilet and water supply facilities in 80 schools. Z.P. Muzaffarpur released an amount of Rs. 30.60 lakh for both works to Secretary School Education Committee.

The prescribed procedure for transfer of fund was thus violated and the entire fund was not transferred to GPs who were the executing agencies of the work.

3.2.8. Physical progress of work

Construction of 73 buildings only was completed and work in progress in 32 schools and work could not be started in 2 schools due to land dispute. The work of providing toilet

and water supply facilities in Primary/Middle School was completed in 180 Schools and was in progress in 72 Schools (Annexure-XXII). The short fall in both works thus was of 73 percent and 87 percent respectively though both the works were to be completed within 3 months of the receipt of the funds.

3.2.8.1 ZP Muzaffarpur received grant of Rs. 46.05 lakh from DRDA Muzaffarpur during 2002-03 for construction of 7 School Building and for providing toilet & water facilities in 44 Schools. The works were to be completed at a cost of Rs.3.75 lakh per unit and Rs. 0.45 lakh per unit respectively but the Zila Parishad did not release the full estimated amount for any work due to non-receipt of expenditure statement from the schools and thus retaining Rs.15.44 lakh which resulted in non completion of any of the work.

3.2.8.2 Against receipt of Rs.29.20 lakh in 2003-04 for providing toilet and water facilities in 73 Schools @ Rs.0.40 lakh each by ZP Bhagalpur Rs. 29.70 lakh was released for execution of work in 66 Schools @ Rs. 0.45 lakh. Thus 7 works were not taken up besides excess release of Rs.3.30 lakh to the executing agencies.

3.2.8.3 ZP Bhagalpur released Rs. 4.15 lakh (September 2003) to BDO Nath Nagar for construction of School Building of Primary School Dildarpur. The B.D.O. however did not release this amount to the Mukhia and undertook construction of some other school. The DDC cum CEO directed the B.D.O. (September 2004) to stop work at other place and execute the work of Dildarpur School. The B.D.O. however did not furnish utilisation certificate to ZP so far as such it could not be known that what expenditure was incurred on construction of other schools building and work at Dildarpur school whether started or not ?

3.2.8.4 ZP Supaul paid Rs.4.15 (August 2003) to Mukhiya of Latana (North) Gram Panchayat under Triveniganj Block for construction of School Building. The Amin and B.D.O. of Triveniganj reported the DDC cum CEO that the building was being constructed at private and disputed land. The DDC cum CEO directed the Mukhiya to stop work and refund the amount but the Mukhiya neither refunded any amount nor rendered statement of expenditure incurred by him on building construction in disputed land.

3.2.8.5 ZP Madhubani did not release second instalment for construction of 4 School Building, retaining Rs.8 lakh in its fund. Bhagalpur ZP did not release Rs. 3.75 lakh to the Mukhiya so far for construction of one School Building (Primary School Makhanda under Sanhaura Block). Supaul ZP did not release full amount for construction of 3 School Building, retaining Rs. 3.50 lakh while the ZP Katihar and Darbhanga did not release Rs. 2.80 lakh and Rs. 0.40 lakh for providing toilet and water supply facilities in 7 and 1 School respectively.

All the above factors attributed to short fall in achievement of the target.

3.2.9. Position of works at State level

The position of execution of works and utilisation of grant at State level is shown in the table below:

Position of grant of 2001-02 Position of grant of 2002-03

Sl. No.	Particulars of work (Rs. In Lakh)	Targeted no. of work	Amount released	No. of works completed	Expenditure incurred	Short fall	Percentage of short fall	Unutilised grant
			(Rs. In lakh)					
1	School Bldg. Construction	216	810	166	627	50	23	183
2	Toilet & water supply facilities	931	418.95	589	282.88	342	37	136.07
	Total	1147	1228.95	755	909.88	392	34	319.07

There was shortfall of 34 percent in 2001-02 and 78 percent in 2002-03 besides non-utilisation of grant of Rs. 18.66 crore (Rs. 3.19 crore in 2001-02 and Rs. 15.47 crore in 2002-03).

3.2.10. Utilisation certificate

Against release of Rs.16.72 crore to 13 ZPs/DRDAs the utilisation certificates amounting to Rs. 5.08 crore was furnished. No utilisation was submitted by Z.P. Bethiah, Katihar, Muzaffarpur, Patna and Siwan while utilisation certificate rendered by ZPs of Madhubani, Motihari, Nalanda, Samastipur and Saran was not supported by physical progress of works and actual expenditure incurred by the executing agencies. (Appendix-XXIII)

3.2.11. Supervision, monitoring and evaluation

The inspection of the work was to be done by School Education Committee and monitoring and supervision was to be done by Block Education Extension Officer at Block Level and by the DDC cum CEO and District Superintendent of Education at District level. Monitoring and evaluation at the Directorate level was to be done by Director (Primary Education) and at Government level by Under Secretary of Education Department. The ZPs/DRDAs however did not keep records of supervision if any made by above authorities. Proper monitoring and evaluation by the Department also remained doubtful as there was non-utilisation of total amount of grant and heavy shortfall in achievement of required number of works which clearly denoted lack of supervision, monitoring and evaluation of the scheme.

3.2.12 Conclusion

Due to non-exercise of supervision over Gram Panchayat by Block Education Extension Officer, District Superintendent of Education and DDC cum CEO and non-monitoring and evaluation by Director (Primary Education) and Under Secretary of Education Department heavy shortfall persisted in target achievement and even during a span of four years the grant was not fully utilised by ZPs though the grant of 2001-02 and 2002-03 was to be utilised by September 2002 and September 2003 respectively.

3.2.13 Recommendation

The Secretary of Education Department may take immediate steps for ascertaining the position of completion of works of all the Districts and action may be taken against the defaulting executives due to whose negligence the works could not be got completed.