

CHAPTER VI

AUDIT OF TRANSACTIONS (PANCHAYAT RAJ INSTITUTIONS)

Audit of transactions in the Rural Development Department in the Secretariat, Directorate of Rural Development and Panchayat Raj, 34 panchayat unions in Coimbatore, Nagapattinam, Thanjavur, Tiruchirappalli and Vellore Districts brought out several instances of lapses in management of resources and failures in the observance of the norms of regularity, propriety and economy. These have been presented in the succeeding paragraphs.

RURAL DEVELOPMENT DEPARTMENT

6.1 Idle investment

6.1.1 Negligible/non-utilisation of community halls

Due to deficient assessment of demand, 34 community halls constructed in five panchayat unions at a cost of Rs 1.03 crore remained largely unused.

Construction of 34 community halls was sanctioned by four District Collectors/District Rural Development Agencies (DRDAs¹), during 1994-1999 in five panchayat unions² under various schemes³. The construction of these halls was completed between January 1996 and May 2000 at a cost of Rs 1.03 crore. The charges for hiring out of these community halls for holding functions were fixed by the panchayats concerned and the revenue earned credited to their accounts. Audit scrutiny of the utilisation of the halls up to 31 March 2005 revealed gross under-utilisation.

Of the 34 community halls, while 23 were never used (**Appendix XXIX**) 11 were used from one to 15 days (**Appendix XXIX**) implying an average occupancy not exceeding 1.78 days per annum as per position up to 2004-05. This indicates that there was hardly any demand from the public for such halls. Further, of these 34 halls, 27 halls did not have any provision for water supply, while 18 halls lacked electricity connection.

The reasons for poor utilisation of community halls by the public as stated by the Commissioners of panchayat unions concerned were (a) preference of the public to conduct functions in their own households and (b) distant location of the halls from the town.

¹ Dindigul, Pudukkottai, Ramanathapuram and Sivaganga.

² Athoor in Dindigul District, Gandharvakottai in Pudukkottai District, Ramanathapuram and Mudukulathur in Ramanathapuram District and S. Pudur in Sivaganga District.

³ Anna Marumalarchi Thittam: one hall; District Decentralised Plan: three halls; Employment Assurance Scheme: six halls and Jawahar Velai Vaippu Thittam: 24 halls.

Government in its reply (July 2006) stated that the community halls were being used as (i) school building where the existing school did not have an adequate building, (ii) education centre under Sarva Sikshya Abyan, (iii) library-cum-reading room, (iv) meeting place of Self Help Group/Grama Sabha, (v) night schools under Arivoli Iyakkam and (vi) shelters for calamity relief from the year 2006-07. The Government further stated that the halls were also proposed to be used in the scheme “All Villages Anna Renaissance Scheme” under the component for creating full-fledged library/reading room for the use of public. The reply of the Government did not specifically indicate the extent to which these community halls were actually put to use. In the absence of any detailed report on utilisation of each of the halls commented upon, audit could not conclude whether the deficiencies pointed out were addressed and all the halls were actually put to use.

Failure of the department to assess the demand for community halls before their construction and their continued inaction in putting the constructed halls to use resulted in idle investment of Rs 1.03 crore.

KUTTALAM PANCHAYAT UNION

6.1.2 Non-utilisation of community hall

Failure of Kuttalam Panchayat Union in providing essential facilities resulted in a community hall renovated at a cost of Rs 46.60 lakh remaining unutilised for more than five years.

Government permitted (December 1998) Kuttalam Panchayat Union to take over its community centre at Kambar Kottam in Perumalkoil Panchayat (Nagapattinam District) along with land appurtenant thereto from the Commissioner, Hindu Religious and Charitable Endowment.

To enable the community centre to be used for weddings, the Director of Rural Development sanctioned (January 1999) Rs 30 lakh for construction of a dining hall, a kitchen along with a shed and toilets and Rs 7.50 lakh (July 2000) for improvement of the community hall. All the above works were completed between September 1999 and February 2001 at a cost of Rs 36.70 lakh. However, the community hall had not been used for any purpose by the public (July 2006).

The Commissioner, Panchayat Union, Kuttalam attributed (June 2005) this to non-availability of chairs for use in the marriage hall and dining hall, and lack of kitchen utensils, etc. These facilities were provided (September 2006) with Rs 9.90 lakh sanctioned by the District Panchayat, Nagapattinam. The Commissioner of the panchayat union stated (February 2007) that the hall was being utilised by the public from September 2006 after provision of the required facilities and had earned Rs 22,500 until 20 February 2007. This would prove that the centre was not put to use, only for want of essential facilities.

Thus, failure of the panchayat union in providing essential facilities resulted in non-utilisation of the community hall improved at a cost of Rs 36.70 lakh for more than five years.

The matter was referred to Government in October 2006. The Government stated (November 2006) that the community hall would be utilised as library

under the State scheme of 'All Villages Anna Renaissance Scheme'. The reply of the Government is not consistent with the Panchayat Union Commissioner's reply that the community hall had been put to use from September 2006. Further, provision of dining hall, kitchen, utensils for kitchen, etc., at a cost of Rs 46.60 lakh will become infructuous if the hall is used as a library.

6.2 Others

6.2.1 Advances pending adjustment

Various advances drawn from General Fund by four panchayat unions in Tiruchirappalli District amounting to Rs 2.97 crore were pending adjustment, of which Rs 2.05 crore was pending for more than five years.

Panchayat unions make various advance payments such as personal advances, advances to staff for execution of works, advances for purchase of material, advances to village panchayats, etc., from their General Fund. Adjustment of these advances is watched through a register of advances recoverable maintained in a format prescribed in the Manual of instructions for the maintenance of accounts in the panchayat unions. While tour advances and pay advances made to staff are to be adjusted within three months, other advances are to be adjusted at the earliest possible.

A test check of the register of advances recoverable conducted in four panchayat unions in Tiruchirappalli District revealed that advances made up to March 2006 amounting to Rs 2.97 crore were pending adjustment as of July 2006 as depicted below:

(Rupees in lakh)

Sl. No.	Name of panchayat union	Advances pending adjustment
1.	Andanallur	22.62
2.	Lalgudi	146.08
3.	Mannachanallur	61.75
4.	Pullambadi	66.25
Total		296.70

Age-wise analysis of these advances indicated that Rs 12.39 lakh (four per cent) was pending adjustment for more than 20 years, Rs 1.21 crore (41 per cent) for more than 10 years and Rs 71.25 lakh (24 per cent) for more than five years. Advances amounting to Rs 4.29 lakh were pending with the staff of the panchayat unions, Rs 2.45 crore with village panchayats and Rs 47.90 lakh with others⁴ (Appendix XXX).

⁴ Others include Agriculture officers, Executive Engineer of National Highways, Government Press, Co-operative Press, Regional Joint Director of Health Services, Tamil Nadu Electricity Board, State Institute of Rural Development, Chinthamani Super Market, etc.

While the Block Development Officers (BDO) stated that action was being taken to adjust the advances pending with staff, in respect of the advances pending with the village panchayats, they stated that

- action was being taken to recover the advances from the State Government grant due to the village panchayats (BDOs of Andanallur, Mannachanallur and Pullambadi); and
- the subject was being placed before the Council of the panchayat union to treat the advances as expenditure of the panchayat union since they were made for provision of basic amenities such as drinking water supply, street lighting, etc.

In respect of the advances pending with others, the BDOs stated that

- records pertaining to advances were not available due to efflux of time (BDO, Pullambadi);
- whereabouts of the persons to whom the advances were made was not known (BDO, Mannachanallur); and
- the advances have been recovered as per entries in the cash book and entries were omitted in the advance register (BDO, Lalgudi).

The above replies are not tenable as this situation arose only due to failure of the BDOs to periodically watch adjustment of advances made or to initiate timely action to recover the advances. They had also failed to take up the pendency in adjustment of advances by village panchayats with the Government. In the above situation it could not be ensured that the advances were made use of for the intended purposes and further, the possibility of misuse of the advances could also not be ruled out.

The matter was referred to Government in November 2006; reply has not been received (May 2007).

6.2.2 *Blocking of Government funds*

Funds amounting to Rs 2.94 crore meant for the Empowerment and Poverty Reduction Programme were not utilised in three District Rural Development Agencies and Panchayat Unions.

Government of Tamil Nadu launched (February 2005) the Empowerment and Poverty Reduction Programme (EPRP) to identify household of the poorest of the poor (ultra poor). 3.15 lakh households (25 in each of 12,618 village panchayats), thus identified, were to be issued photo identity cards to enable access to a package of assistance covering security for livelihood, nutrition, health and shelter. The State Government released Rs 25 crore for the programme (Rs 5 crore in February 2005 and Rs 20 crore in June 2005). As against 3,15,450 households proposed to be identified in the State, only 2,92,394 were identified. Expenditure of Rs 4.59 crore was incurred as of October 2006.

Audit scrutiny of records relating to implementation of EPRP in Coimbatore, Thanjavur and Vellore Districts revealed the following :

- As against the target of 43,275 households for identification of ultra poor in these districts, 39,615 households had been identified. Although identification of ultra poor families was done as above, these families could not avail of the envisaged welfare schemes because of the failure to issue identity cards.
- Out of Rs 3.43 crore released by the Director of Rural Development to these districts, the District Rural Development Agencies had released only Rs 1.48 crore to the panchayat unions (June 2006). The panchayat unions had utilised Rs 48.80 lakh out of this amount and Rs 2.94 crore remained unutilised in these districts.

The Government of Tamil Nadu abandoned the scheme in July 2006 without assigning any reasons.

The matter was referred to Government in January 2007; reply has not been received (May 2007).

Chennai
The

(SHANKAR NARAYAN)
Principal Accountant General (Civil Audit)
Tamil Nadu and Pondicherry

Countersigned

New Delhi
The

(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India