

CHAPTER-II

PERFORMANCE REVIEWS

PANCHAYATI RAJ INSTITUTIONS

INDIRA AWAS YOJANA (IAY):

Highlight:

- 1 Annual Action Plan not prepared.
- 2 Ownership of IAY houses not conferred on women.
- 3 Sanitary Latrine and Smokeless Chullahs not constructed.
- 4 Land ownership not ensured before construction of houses.

2.1 Introduction:

Indira Awas Yojana (IAY) aims at providing dwelling units free of cost to the poor families of the Schedule Castes (S/Cs), Schedule Tribes (S/Ts), free bonded laborers and also non-SC/ST persons living below poverty line (BPL) in the rural areas. The scheme is funded on cost sharing basis of 75:25 between the Central and the State since 1999-2000, where 80 per cent of allocation has been earmarked for new construction and 20 percent for up-gradation of unserviceable kutcha houses. The scale of assistance for construction/up-gradation varied from time to time and also between hilly and plain areas.

Audit of implementation of IAY revealed irregularities in the selection of beneficiaries, non conferment of ownership of huts on women as envisaged in the scheme, non construction of sanitary latrine and smokeless chullahs in spite of assistance released for them and loss of Central share due to sluggish utilization of fund already made available.

It was mandatory under the scheme guidelines of IAY that each GP shall independently prepare and approve an Annual Action Plan (AAP) before the beginning of the financial year.

It was seen that 167 GPs did not prepare and approve such AAP for the years 2004-05 to 2006-07 for selection of beneficiaries under the scheme. The GPs spent a total

amount of Rs.48.48 crore by selection of beneficiaries out side the AAP in violation of the scheme guidelines as detailed below:

(Rupees in crore)

Year	Name of district	No. of GPs	No. of IAY houses	Amount involved
2005-06	Lakhimpur	81	6305	15.76
2006-07	-do-		2367	5.92
2007-08	-do-		1273	3.18
2005-06	Tinsukia	86	2200	5.50
2006-07	-do-		5119	12.80
2007-08	-do-		2128	5.32
Total			19392	48.48

In the absence of AAP, there is an increased risk of selection of ineligible beneficiaries.

Ownership of the IAY houses was not conferred on women in violation of the scheme provision. The IAY guidelines envisaged that ownership of IAY houses constructed/up-graded with the scheme assistance would be conferred on the female member of the family or alternatively on both the wife and husband jointly as a couple. But in 11236 cases in 167 GPs, ownership of the IAY houses constructed/up-graded with the scheme fund with a total cost of Rs.28.10 crore was conferred solely on the male member of the families during 2005-06 to 2007-08 as detailed below:

(Rupees in crore)

Name of district	Year	No. of GPs	No. of house constructed in the name of male	Amount involved
Lakhimpur	2005-06	81	5767	14.42
-do-	2006-07		2150	5.37
-do-	2007-08		1009	2.52
Tinsukia	2005-06	86	130	0.33
-do-	2006-07		1330	3.33
-do-	2007-08		850	2.12
Total			11236	28.10

2.1.1 Sanitary Latrine & Smokeless Chullahs not constructed:

As per guidelines of the scheme every GP is to ensure that a sanitary latrine and smokeless chullahs are constructed along with the construction of the IAY houses. However, 10321 sanitary latrines & 11958 smokeless chullahs in 167 GPs were not constructed, although full amount of assistance Rs.29.91 crore were given to the beneficiaries by the GPs during 2005-06 to 2006-07 as detailed below:

(In rupees)

Name of district	Year	No. of GPs	No. of smokeless chullah not constructed	Earmarked fund @ Rs. 100/-	No. of sanitary latrine not constructed	Earmarked fund @ Rs. 600/- per latrine
Lakhimpur	2005-06	81	3080	308000	3080	1848000
	2006-07		1122	112200	1122	673200
	2007-08		437	43700	437	262200
Tinsukia	2005-06	86	2200	220000	563	337800
	2006-07		5119	511900	5119	3071400
Total			11958	11,95,800*	10321	61,92,600*

In case sanitary latrines & smokeless chullahs were not constructed, Rs.61.93 lakh* towards sanitary latrines & Rs.11.96 lakh* towards smokeless chullahs were to be recovered from the consolidated amount of assistance given to the beneficiaries by way of deduction from the amount of the assistance. As such Rs.61.93 lakh for sanitary latrines and for Rs.11.96 lakh for smokeless chullahs to be deducted from the beneficiaries which were not deducted from the assistance.

2.1.2 Land-ownership for the beneficiaries not ensured before construction/up gradation of dwelling unit

As per guidelines of IAY, every beneficiary should possess a valid title of the land before obtaining the assistance for construction/up gradation of dwelling units. However, in 167 GPs where Rs.28.23 crore in respect 17264 cases were disbursed during 2005-07 towards assistance of construction/up gradation of units, the beneficiaries had either no valid records of ownership of the land on which their houses were constructed/upgraded or records were not produced to audit detailed below:

(Rupees in crore)

Sl. no.	Name of district	Year	No. of GPs	No. of beneficiaries	Cost involved
1.	Lakhimpur	2005-06	81	6305	12.61
		2006-07		2367	5.92
		2007-08		1273	3.18
2.	Tinsukia	2005-06	86	2200	5.50
		2006-07		5119	1.02
				17264	28.23

This is indicative of lack of effective control to ensure that ineligible beneficiaries are not covered under the scheme. Moreover, possibilities of dislodging the beneficiaries

* Rs. 11.96 lakh (11958 x 100) for smokeless chullahs & Rs. 61.93 lakh (10321 x Rs. 600) for sanitary latrines i.e. a total of Rs. 73.89 lakhs.

rendering them shelter-less again by the actual owner of the land at a subsequent stage can not be ruled out.

2.1.3 Loss of Central share under IAY

As per provision contained in IAY guidelines and conditions attached with the sanction letter, 50 per cent of the total allocation for a particular district was to be released in the beginning of the financial year. The second installment will be released on fulfillment of the following conditions:

- (i) The opening balance should not exceed 15 per cent of the fund available of the year. The excess over 15 per cent will be reduced proportionately by the Central Government.
- (ii) The State Government should release all its contribution due up to the date of application. In case of shortfall, the corresponding amount will be deducted from the Central Share.

On scrutiny of records it was seen that there were cuts in Central Share of Rs 355.42 lakh from the second installment of 2006-08 under IAY due to non-fulfillment of above mentioned condition as given below:

(Rupees in lakh)

Name of scheme	Year	Amount due	Excess carrying over	Total amount/forfeiture
IAY	2006-07	438.99	99.72	99.72
	2007-08	1122.08	255.70	255.70
Total		1561.07	355.42	355.42

Thus due to failure on the part of P&RD Department of the State Government to comply with the provisions of the guidelines, the State Government received less fund of Rs.355.42 lakh from the Central Government and thereby the implementation of the said scheme during 2006-08 had suffered badly. As such, beneficiaries of the state were deprived of the intended benefit of the scheme.

2.1.4 Unauthorized purchase of building materials under IAY

According to Para 5.1 of the IAY guidelines, beneficiaries shall be involved in the construction of dwelling units. Government Departments or Organization can, however, give technical assistance or arrange for coordinated supply of raw materials such as cement, steel or bricks etc if the beneficiaries so desires.

But test check of records revealed that 11 APs spent Rs.233.98 lakh during 2002-07 towards procurement of cement, MS rod, CGI sheet etc through suppliers for the construction

of IAY houses without involving beneficiaries thereby violating the provision of the guidelines (detailed in **Appendix-II**).

2.1.5 Misappropriation of scheme fund under IAY

Test check of records relating to construction of IAY houses revealed that during 2006-08 an amount of Rs.5.49 lakh was released by the Kothiatoli AP to Singhimari GP towards construction of 20 (twenty) numbers of IAY houses. As per inspection report submitted by the Junior Engineer Kothiatoli AP (26-02-08) it was noticed that GP Secretary had withdrawn the above amount from the bank without utilizing the same against construction of IAY houses.

In reply Executive Officer, Kothiatoli AP as on 18-11-08 admitted the fact and stated that the GP Secretary has been suspended and further development in this regard would be intimated in this regard. Thus due to misappropriation of IAY fund of Rs.5.49 lakh twenty BPL families were deprived of the benefit of the scheme.

Recommendations:

- 1 Government should take immediate action for preparation of Annual Action Plan.
- 2 Government should monitor all activities starting from planning to payment of assistance to the beneficiaries and make sure that scheme is implemented in the state as envisaged in the guidelines.
- 3 Government should evaluate the impact of the scheme in the state to strengthen its implementation.

2.2 National Rural Employment Guarantee Act (NREGA)

Highlight:

- 1 District perspective plan not prepared.
- 2 Labour budget not prepared.
- 3 Short provision of employment and non-payment of unemployment allowances
- 4 Non-merger of un-utilized balance of erstwhile schemes.
- 5 Diversion of funds.

2.2.1 Introduction : The National Rural Employment Guarantee Act (NREGA) 2005 promulgated in September 2005 guarantees 100 days of employment in a financial year to any rural house hold whose adult members are willing to do unskilled manual works. The Act came into force initially with effect from February 2006 in 200 districts in India and was subsequently

extended to cover the whole country from the year 2008-09. The scheme was implemented in the state from 2005-06 onwards in seven backwards district of Assam viz Lakhimpur, Kokrajhar, Bongaigaon, Goalpara, Dhemaji, Karbi Anglong andd NC Hills.

2.2.2 District Perspective Plan (DPP)

The DPP was to be prepared having a development perspective for the districts and linkages between the types of Rural Employment Guarantee Scheme (REGS) works and long term employment generation and sustained development. Further demand for employment in each district was to be drawn up based on decision taken in the Gram Sabha meetings. It was observed that no DPP was prepared in Lakhimpur district. In the absence of DPP, long term advance planning and development prospective for the district could not be provided. Hence prioritization of work to be taken up under the scheme could not be ascertained.

2.2.3 Labour Budget

The NREG Act stipulated that the District Programme Coordinator (DPC) was to prepare the labour budget for the ensuing financial year containing the details of the anticipated demand for unskilled manual work in the district which should be the basis for planning. It was noticed in Lakhimpur ZP that labour budget was not prepared for the year 2006-07.

2.2.4 Non-release of State Share:

Funds required for implementation of the schemes are provided by the Central and State Government in the following manner:

Government of India	State Government
Entire wages of un-skilled workers	Un-employment allowance
75% cost of materials & wages of Semi-skilled and skilled workers	25% cost of materials and wages of semi-skilled and skilled workers

As per statement furnished by the Director, P&RD Assam, in Lakhimpur district an amount of Rs.1450.23 lakh was spent towards payment of wages of semi-skilled/skilled workers and cost of materials. Against this the admissible State Share should be 362.56 lakh. But the State Government had released Rs.72.24 lakh only during 2006-07. Therefore, there was a short release of State Share of Rs.290.32 lakh under NREGA. Due to non-release of State Share

of the above amount the desired target of employment guarantee as envisaged in the scheme could not be achieved.

2.2.5 Receipt and Utilization of Fund

Out of Rs.10982.70 lakh received as on March 2007 the amount utilized by Lakhimpur ZP was Rs.7988.34 lakh leaving a un-spent balance of Rs.2994.36 lakh as detailed below:

District	Opening Balance	Receipts			Total	Utilization	Un-spent balance
		Central Share	State Share	Misc Receipt			
Lakhimpur	4385.18	4961.48	72.24	1563.80	10982.70	7988.34	2994.36

(Rupees in lakh)

Source:- Progress Report submitted by the State Government to the Government of India.

The percentage of utilization was 72.74 per cent.

2.2.6 Short provision of employment

A comparison of number of days for which job was demanded and actual days of employment provided as GP level was not possible as consolidated details of demand were not available in any GP. But as per Progress Report furnished by the Director, P&RD Assam, 1,14,834 numbers of households were issued job cards and 97,143 households demanded employment in Lakhimpur district. Out of 97,143 households in GPs, APs and ZP, employment was provided to 91,777 house holds. Thus 5,36,600 per days of employment were not provided to 5,366 households (97,143 – 91,777) which demanded job and no un-employment allowances were also paid by the GPs, Aps and ZP.

2.2.7 Non-transfer of un-utilized balance of erstwhile schemes

Consequent on launching of NREGS, the GOI stipulated (March 2006) that the unutilized funds of NFFWP/SGRY as of February 2006 would become part of NREGS and such funds were to be utilized as per guidelines of the NREGS. It was, however, noticed in Lakhimpur ZP that as of March 2006 the ZP had a balance of Rs.368.85 lakhs under NFFWP/SGRY schemes. The ZP did not transfer the fund to the NREGS account and continued to incur expenditure under the erstwhile schemes which was irregular. As of March 2008 a balance amount of Rs.9.76 lakh was transferred to the NREGS.

2.2.8 Diversion of scheme fund

Scrutiny of annual accounts, cash book, ledger etc revealed that Gilamara Development Block un-authorizedly diverted Rs.6.00 lakh during 2006-07 from NREGS to SGRY to meet expenditure on schemes undertaken under SGRY.

The matter was reported to the Government, the reply is awaited (May 2009).

2.2.9 Transparency and Accountability

An innovative feature of NREGA is that it gives a central role to social audits as a means of Public Vigilance. The basic objective of the social audit is to ensure public accountability. Social audit is a public assembly where all details of projects are scrutinized. This ensures complete transparency in the process of implementation of the projects, participation of all beneficiaries in decision making and accountability of the elected representatives and Government functionaries. Though Gaon Sabha meetings to review the implementation of the scheme were to be held at least once in every six month, no meeting was convened in any GP of Lakhimpur district. This deprived the people of conducting a detailed public audit of NREGS works carried out in their area during the preceding six months.

2.2.10 Improper maintenance of Muster Rolls (MR)

Muster Roll is an important document facilitating the payment of wages. Separate MR with unique identity number should be maintained for each work wherein details of attendance and absence of all workers involved in the work, wage paid and signature/thumb impression of the payee are recorded. MR is to be issued by the Programme Officer (PO) to the GPs and properly accounted by the POs and GPs. The maintenance of MRs and their accounts were defective as detailed below:

- (1) The MR for skilled labour used by GPs was not in the prescribed format and was not issued by the POs.
- (2) No unique ID number was assigned to MRs. Instead the GP used their own method of assigning own ID number which varied from GP to GP.
- (3) PO, Ghillamara AP did not maintain MR issue Register in the prescribed format but were accounted in a General Stock Register.
- (4) None of the GPs returned copy of used MRs to POs and the POs did not maintain a record of MR returned by GPs.

Recommendations:

- 1 The process of planning should be strengthened so as to enable the GPs/POs and DPCs to provide employments for 100 days to all registered households.
- 2 Government should examine the reason for non-payment of un-employment allowances.
- 3 Government should monitor all activities starting from planning to payment of wage and make sure that the scheme is implemented in the state as envisaged in the Act.
- 4 Government should evaluate the impact of the scheme in the state to strengthen its implementation.
- 5 Government should take immediate action to prepare District Perspective Plan (DPP) so as to ensure minimum wages to all beneficiaries.

2.3 Audit Arrangements for PRIs

As per provisions under Section 29, 61 and 98 (GP, AP and ZP respectively) of the Assam Panchayat Act (APA) 1994, the State Government is to appoint an Auditor for audit of the accounts of ZP, AP and GP. The audit of accounts of ZPs, APs and GPs is done by the Director of Local Fund Audit (DLFA) under the provision of the Assam Local Fund (Accounts and Audit) Act 1930. But out of auditable 2407 PRIs units, audit of 1890 PRIs could not be conducted by the DLFA due to shortage of staff and facilities as of March 2009. The PRIs Act was also not amended to empower the DLFA to audit the accounts of Local Bodies (LBs) and to work under the Technical Guidance and Supervision (TGS) of the Comptroller and Auditor General of India.

2.4 Non-constitution of State Legislative Committee (SLC)

The Eleventh Finance Commission recommended that the report of the C&AG of India relating to audit of accounts of Local Bodies was to be placed before a Committee of the State Legislature on the same line as Public Accounts Committee (PAC). In spite of request of the PAG (Audit) to the Government of Assam (January 2009), the committee was yet to be constituted (May 2009).

2.5 Audit Coverage:

The audit of accounts of 207 PRIs (2 ZPs, 38 APs and 167 GPs) covering accounts up to 31st March 2008 was conducted during January to December 2008.

2.6 Response to audit observation:

The Principal Accountant General (Audit) Assam conducts audit of PRIs under section 20(I) of CAG's(DPC) Act, 1971. Objections raised in audit were communicated to the respective PRIs in the form of Local Audit Reports (LARs) with copy to the State Government. Replies were required to be furnished within four weeks of receipt of LARs. Only 11 PRI units furnished reply to the LARs. Due to non-furnishing of specific reply by the auditees, only four paragraphs have been settled as on date (June 2009). The year wise position of LARs and outstanding paragraphs with money value is given below:

(Rupees in crore)

Year	Number of LARs issued	Number of Paragraphs involved	Number of paragraph settled		Paragraphs outstanding	Money value
			Paragraph	Money value		
Up to 2006-07	50	762	-	-	762	68.93
2007-08	155	1316	04	0.13	1316	64.57
Total position of outstanding audit note	205	2078	04	0.13	2074	133.50

Thus 205 LARs and 2074 paragraphs with monetary value of Rs 133.50 crore were pending for settlement (June 2009) for want of replies from PRIs. Director of Local Fund Audit is the primary auditor who conducts audit of PRIs. As per information furnished by the DLFA out of 2407 PRI units, 517 number of units, (5 ZPs, 55 APs and 457 GPs) has been audited by the DLFA as on 31st March 2009.

Correspondences were made for placement of LBs report in the State Legislative Assembly for discussion and settlement of the objections on the spot by constituting Audit Committee at appropriate level at PAG's end. Action of the State Government is awaited.