

CHAPTER-V

Major irregularities in Execution of Schemes

5.1 Common lapses in maintenance of records relating to execution of works

The PRIs were executing works against grants received under 10th FC, 11th FC, 12th FC, SGRY, NREGA/BREGA, MP/MLA/MLC funds. The records of execution in 12 ZP, 48 PS and 196 GP showed the following shortcomings:

- (i) Scheme Registers were not maintained and not produced to audit by the PRIs in respect of works executed under each type of grant. The deficiency was noticed in all 12 Zila Parishads.
- (ii) The work orders for developmental works were either not issued or even if issued, the time required for completion was not indicated.
- (iii) The work completion certificate was not furnished by the JE/AE.
- (iv) The executing agents purchased materials separately for each work and these were not entered in material at site account or stock register. The analysis of materials purchased and consumed were not prepared either in final bills or in the measurement book.
- (v) Photographic records of the works of the various stages of implementation as required under various schemes were not kept.
- (vi) Records of monitoring and supervision of works were not kept due to which it could not be ascertained whether monitoring and supervision of works was done or not.
- (vii) Asset Register showing assets created out of execution of different development works and containing the details of the date of commencement, date of completion, cost involved, benefits derived and employment generated etc. were not maintained by any of the PRIs audited during 2007-08 despite execution of large number of development works.
- (viii) Employment Register showing period of engagement of labourers, position of employment to women and total number of labourers employed in a year was not maintained by any PRIs.
- (ix) Muster Roll sheets were not stitched and numbered and the sheets were certified only by the Junior Engineers who were the executing agents and

these were not certified by any elected member of Gram Panchayat in whose area the works were executed.

- (x) Advance Ledger was not maintained despite payment of repeated advances to the executing agents. This was depicted in scheme register but a clear position of the adjustment of advances was not mentioned in the scheme register. Many of the works were shown physically completed but the scheme register did not depict the position of adjustment of advances and in Zila Parishads where adjustments were made it was done by the District Engineer himself and not by the DDC cum CEO who is the drawing and disbursing officer.

5.2 Poor progress of works estimated to Rs.138.10 crore in 256 PRIs

5.2.1 The following is an abstract of works undertaken for execution and completed in 12 Zila Parishads up to March 2007 test checked based on information furnished and collected in audit.

Table-18
Position of execution of works in 12 Z.Ps

Sl. No.	Particulars of grants under which works executed	No. of schemes undertaken for execution	No. of works completed	No. of incomplete works	Percentage of works completed
1	10 th F.C.	97	48	49	49.48
2	11 th F.C.	209	96	113	45.93
3	12 th F.C.	110	53	57	48.18
4	EAS,JRY, S.G.R.Y	7916	5699	2217	71.99
5	NERGP	533	58	475	10.88
6	MP/MLA/MLC	562	358	204	63.70
7	Others	210	110	100	52.38
Total		9637	6422	3215	66.64

(Details in Appendix-VIII)

From the above table, it is apparent that the position of overall completion of works was 67 percent only and 3215 works estimated to cost Rs. 46.91 crore remained incomplete despite payment of advances of Rs. 25.40 crore. Though, the works were required to be completed within one to three months, due to ineffective monitoring and supervision, 33 percent of works remained incomplete.

5.2.2 The following is an abstract of works undertaken for execution and works completed during 2001-02 to 2006-07 based on records made available to audit in 48 Panchayat Samitis. (As of 31st March, 2007)

Table-19
Position of execution of works in 48 P.Ss

Sl. No.	Particulars of grants against which works executed	No. of works undertaken for execution	No. of works completed	No. of incomplete works	Percentage of works completed
1	10 th F.C.	308	243	65	78.90
2	11 th F.C.	874	770	104	88.10
3	12 th F.C.	273	195	78	71.43
4	S.G.R.Y	11477	9222	2255	80.35
5	NERGP	2662	1001	1661	37.60
6	Other	1	1	Nil	100.00
Total		15595	11432	4163	73.31

(Details in Appendix-IX)

From the above it would be evident that the completion of works was 73 percent and 4163 works estimated at Rs 70.04 crore remained incomplete despite payment of advance of Rs. 32.55 crore. Though the works were required to be completed within one to three months, due to ineffective monitoring and supervision, 27 percent works remained incomplete.

5.2.3 The following is an abstract of works undertaken for execution and works completed during 2001-02 to 2006-07 as far as records made available in 194 Gram Panchayats. The position of execution of works was not made available by Bhagirathipur Gram Panchayat under Kalyanpur Panchayat Samiti and Bhadsar Gram Panchayat under Piro Panchayat Samiti.

Table-20
Position of works in 196 G.Ps

Sl. No.	Particulars of grants against which works executed	No. of works undertaken for execution	No. of works completed	No. of incomplete works	Percentage of works completed
1	10 th F.C.	812	744	68	91.63
2	11 th F.C.	3784	3398	386	89.80
3	12 th F.C.	2501	2144	357	85.73
4	S.G.R.Y	7415	6646	769	89.63
5	NERGP	1030	660	370	64.08
6	Other	564	495	69	87.77
Total		16106	14087	2019	87.46

(Details in Appendix-X)

From the above, it would be evident that against 16106 works undertaken for execution, only 14087 works were completed and 2019 works estimated to Rs 21.15 crore remained incomplete despite payment of advance of Rs. 5.78 crore (amount involved could not be ascertained in two GPs Chak Rajopatti under Dumra PS and Thumma under Runnisaidpur PS due to non production of records).

5.3 Advance not recovered to the tune of Rs 36.06 lakh in nine Panchayat Samitis

In large number of works advances were paid (cash and food grain) to the executing agents for execution of works but the works were not started and in several cases works were closed/postponed/abandoned midway but advances paid were not recovered. The scrutiny of records of nine Panchayat Samitis disclosed that advance of Rs 36.06 lakh paid for execution of 147 works remained unrecovered as detailed below:

Table-21
Details of advances paid on works which were either not started or abandoned in nine Panchayat Samitis

Sl. No.	Name of Panchayat Samiti	Amount of advance (Rs in lakh)	No of works for which advance was given	Status of the work as on 31 March 2007
1	Narkatiaganj	19.58	17	Schemes abandoned
2	Runi Saidpur	0.52	7	Schemes postponed
3	Sono	0.75	10	Schemes postponed
4	Parbatta, XII FC	0.10	01	Work not started
5	Kuchaikot	6.72	04	Work not started
6	Bihta	3.97	35	Work not started
7	Bikram	2.78	60	Work not started
8	Paliganj	0.43	08	Work not started
9	Masaurhi	1.21	05	Work postponed
Total		36.06	147	

5.4 Major irregularities in execution of SGRY schemes

5.4.1 Partial execution of schemes resulting in fruitless expenditure of Rs. 41.18 lakh and non recovery of excess advance of Rs. 47.09 lakh through EAP/SGRY schemes

Test check of records of three Panchayat Samitis disclosed that the works undertaken were closed midway without assigning any reasons for closure. In respect of 49 works estimated to cost Rs 132.48 lakh, advance was paid to the tune of Rs 88.27 lakh while the value of work done was merely of Rs 41.18 lakh

and the excess advance of Rs. 47.09 lakh paid to the executing agents was not recovered. Moreover due to partial execution of works the value of work done of Rs 41.18 lakh also became fruitless due to non-completion of works as detailed in table below:

Table-22
Details of fruitless expenditure due to non completion of works
(Rs. in lakh)

Sl. No.	Name of Panchayat Samiti	Number of schemes	Period	Estimated cost	Advance paid	Value of work done	Remarks
1	Kalyanpur	07 SGRY works	3 of 2003-04 3 of 2004-05 1 of 2005-06	19.59	9.03	3.85	Excess advance Rs 5.18 lakh not recovered
2	Samastipur	17 SGRY works	5 of 2002-03 5 of 2003-04 7 of 2004-05	24.01	16.77	11.90	Excess advance Rs. 4.87 lakh not recovered
3	Alauli	25 EAP / SGRY works	12 of 2001-02 5 of 2003-04 8 of 2004-05	88.88	62.47	25.43	Excess advance Rs. 37.04 lakh not recovered
Grand Total		49 works		132.48	88.27	41.18	

The above indicated ineffective monitoring of works executed by the Executive Officers of Panchayat Samiti leading to partial completion of works. Further the amount of advance lying with the Executing agents needs to be recovered at the earliest.

5.4.2 Wasteful expenditure of Rs 26.56 lakh in two PSs and one ZP

5.4.2.1 13 SGRY works (scheme no 18 of 2002-03,1,13,14,21,23,30,31 and 40 of 2003-04,5 of 2004-05 and 2,5 and 8 of 2005-06) estimated at Rs 21.10 lakh were undertaken for execution by PS Phulwarisharif and an advance of Rs 16.66 lakh was paid for the execution of above works. The total value of work done was Rs.12.85 lakh and none of the works was completed rendering the expenditure hitherto wasteful. Further, the excess amount of advance lying with the executing agents to the tune of Rs 3.81 lakh was not recovered as of 31 March 2007.

5.4.2.2 SGRY scheme was replaced by NREGS scheme from 2005-06 and all the works of SGRY which were incomplete were to be completed by 30.06.2006. The PS Hathua, however, undertook execution of 38 SGRY Schemes after June 2006. Out of these 35 schemes estimated to Rs 30.72 lakh remained incomplete despite

expenditure of Rs 9.84 lakh, which was released as advance. Due to paucity of funds, no further release of payment could be done on the works. As, no further fund would be available under SGRY, the expenditure of Rs 9.84 lakh thus incurred became wasteful.

5.4.2.3 Zila Parishad, Khagaria undertook construction of PCC road in Parbatta. The work was split up in 2 parts of 800 feet each being SGRY Scheme No 39/02-03 estimating Rs 7.82 lakh and 40/02-03 estimating Rs 7.59 lakh. The execution of both works were entrusted to a peon, a non technical staff of ZP in January 2003 and he was paid advance of Rs 3.87 lakh (cash and grain) for both the works. District Magistrate ordered (April 2003) to stop the work on the basis of report of SDO, Gogri that this is causing law and order problem and the scheme is beneficial only to Mukhia and his relatives. As per Measurement Book earth filling and brick soling was done in 543 feet in scheme No 39/02-03 and in Scheme No 40/02-03 only earth filling was done in 772 feet. The executing agents submitted vouchers of Rs 0.65 lakh in respect of scheme no 39/02-03 and no vouchers submitted against Scheme No 40/02-03. The position of total amount payable against advance of Rs 3.87 lakh was, neither not worked out nor the excess amount of advance was recovered. Due to closure of the work after partial completion the payment of Rs 3.87 lakh became wasteful due to selection of site of work without spot verification and ascertainment of number of beneficiaries involved.

5.4.3 Infertuous expenditure of Rs 10.14 lakh on account of postponement of works due to land dispute

Execution of 10 SGRY works in PS Runi Saidpur (Scheme no 6 and 16 of 2001-02, 11, 41, 42 and 47 of 2002-03, 15,19 and 44 of 2003-04 and 99 of 2005-06) estimated at Rs 15.82 lakh had to be stopped after incurring expenditure of Rs 10.14 lakh due to land dispute on the spot of construction. This showed that due care was not taken at the time of finalisation of the scheme and preparing of estimates to selected undisputed plots for execution of works. This resulted in closure of works midway and incurring infertuous expenditure of Rs 10.14 lakh.

5.4.4 Substandard construction of Earthen road

5.4.4.1 Zila Parishad, Bettiah executed 10 earthen road (SGRY Scheme No 152 of 2002-03, 716, 758, and 982 of 03-04; 267, 356, 498, 673, 697 and 770 of 2004-05) at a cost of Rs 14.71 lakh without compaction of earth as there was no provision of compaction in the estimate of works. The execution of works was

done by the same Junior Engineers who had prepared the estimates so the shortcomings in estimates were not pointed out by the authority.

5.4.4.2 In Panchayat Samiti, Vaikunthpur three SGRY works (Scheme No 26, 29 and 32 of 2005-06) of earth filling between 1050 ft. to 1700 ft. of road was executed at a cost of Rs 0.99 lakh but compaction of earth was not done as it was not provided at all in the estimates.

Further, it was noticed that in nine SGRY works (Scheme No. 21, 23, 24, 25, 34, 35, 36, 37 and 38 of 2005-06) earth filling was done between 1000 feet to 1816 feet but the compaction of earth and brick soling work was done merely in 100 feet only each. Total payment made in these works was of Rs. 3.83 lakh. So against total filling of earth over a distance to 13088 feet, compaction and brick soling was done in 900 feet road portion only. The earthen roads, which were prepared without compaction of earth filled were substandard which will get damaged easily and serve no purpose.

5.4.5 Muster Rolls with same names

In Ujiyarpur and Parihar Panchayat Samiti and Patna and Katihar Zila Parishad, it was noticed during scrutiny of muster rolls that in the undermentioned schemes the engagement of same labourers was shown twice, thrice and four times in the same period.

**Table-23
Details of Muster Rolls**

Sl. No.	Name of Panchayat Samiti	Scheme No.	Period of engagement of laborers	No. of names of appearing more than once
1	Ujiyarpur	SGRY 9/03-04	16.06.04 to 22.06.04	10 thrice and one twice
			30.06.04 to 06.07.04	one labourer shown twice
			01.07.04 to 07.07.04	02 labourers shown thrice
2	Parihar	SGRY 13/02-03	03.06.03 to 09.06.03	09 labourers twice and 05 labourers thrice 02 labourers four times
			SGRY 37/02-03	26.09.03 to 02.10.03
		01.02.04 to 07.02.04	04 labourers twice	
		26.09.03 to 02.10.03	04 labourers twice	
		01.02.04 to 07.02.04	09 labourers twice one labourer thrice one labourer four times	
3	Zila Parishad Patna	SGRY 306/03-04	01.12.04 to 07.12.04	10 labourers thrice
			02.02.05 to 08.02.05	10 labourers thrice
4	Zila Parishad Katihar	SGRY 23/03-04	05.03.04 to 11.03.04	19 labourers twice
		SGRY 14/03-04	27.02.04 to 08.05.04	09 labourers thrice and one labourer twice

The above facts showed that Muster Rolls were not genuine as names of same labourers were shown twice, thrice and four times in the Muster Rolls in order to claim more money (Cash plus grain). In the above cases there were excess payments of minimum of Rs 9266.70 (@Rs 58.65 per day) to fake persons. While the excess payment would be more because cost of grain was recovered at the subsidised rate but grain was actually not distributed to such fake labourers. This irregularity was rendered possible as the Muster Roll was prepared by the executing agents and disbursement of wages was not certified by any public representative or officers of the PS and the ZP.

5.4.6 Diversion of funds earmarked for SC/ST beneficiaries to the tune of Rs. 18.68 crore

As per para 1.5 of the SGRY guidelines 22.5 percent of the fund, received for execution of SGRY Scheme is required to be spent on works for the benefit of the SC/ST community. It was noticed that out of grant of Rs 125.50 crore received by seven ZPs and 16 PSs during the year 2001-02 to 2006-07, only Rs 9.56 crore (7.62%) was utilised for the purpose by six ZPs and 15 PSs against an earmarked amount of Rs 28.24 crore. Thus the grant to the tune of Rs 18.68 crore meant for execution of works for specific benefit of SC/ST community was diverted towards the execution of general schemes which resulted in violation of the guidelines *ibid* and depriving of the SC/ST beneficiaries from the desired benefit. (Appendix-XI)

5.4.7 Non Completion of construction of 81 workshop buildings meant for the benefit of SC/ST beneficiaries under SGRY Grant

Zila Parishad Gopalganj released Rs 36.40 lakh to the District Engineer for construction of 134 workshop buildings (65 buildings @ Rs 25000/-each in 2005-06 and 69 buildings @ Rs. 29200/- each in 2006-07) for the benefit of SC/ST beneficiaries earmarked under SGRY grant @ 22.5 percent of the grant. The District Engineer paid an advance of Rs 14.49 lakh in cash and 242.15 quintals food grains valuing Rs 1.53 lakh for execution of 81 works. None of the works was, however, completed despite payment of Rs.16.02 lakh. In addition, the District Engineer also withheld release of further amount of Rs 14.43 lakh for execution of remaining 53 works. Non-completion of workshop buildings deprived the SC/ST beneficiaries from self-employment opportunities by utilising these for their desired trade. Lack of monitoring and supervision of works resulted in such wasteful expenditure.

5.4.8.1 Unfruitful outlay on works undertaken without provision of funds

The Chakai P.S. undertook execution of 262 works under National Rural Employment Guarantee Scheme at an estimated cost of Rs.7.69 crore while the fund available was merely Rs.3.12 crore. As a result, none of the schemes/works was completed despite payment of a sum of Rs. 2.16 crore and the possibility of their completion was remote as additional advances were not released and only Rs. 71.51 lakh balance remained with the Panchayat Samiti as on 31.03.2007, while total fund required was of Rs 5.54 crore. Due to bad planning of authorities, such a large number of works were undertaken for execution without ensuring position of fund available.

Audit scrutiny further revealed that out of 262 works execution of 206 works were entrusted to seven non technical officers and staff as detailed below:

(Rs. in lakh)				
Sl. No.	Name of the Executing agent	No of works entrusted	Estimated cost of the works	Advance Paid
1	Block Animal Husbandry Officer	62	182.26	83.14
2	Block Co operative Extension Officer	50	153.88	29.58
3	Block Agricultural Officer	31	87.07	41.09
4	Revenue Clerk	19	54.11	18.15
5	Panchayat Sewak	13	44.65	9.90
6	Block Statistical Supervisor	18	43.59	12.89
7	Block Welfare Officer	13	35.54	13.16
Total		206	601.10	207.91

Entrustment of execution of such a large number of works to a few persons clearly indicates poor planning on the part of Panchayat Samiti.

5.4.8.2 Wasteful expenditure of Rs. 35.36 lakh

In PS Koilwar 111 schemes of SGRY (59 of 2004-05 and 52 of 2005-06) estimated at Rs 1.24 crore were undertaken for execution against the available fund of Rs. 75.21 lakh inclusive of grains (Rs 21.20 lakh in 2004-05 and Rs.54.01 lakh in 2005-06) which resulted in non completion of 48 schemes (25 of 2004-05 and 23 of 2005-06) despite advance payment of Rs 35.36 lakh.

As the SGRY programme had already been closed in June 2006 and replaced by "National Rural Employment Guarantee Programme" the possibility of release of fund for execution of these works remained very remote.

This denotes bad planning and inadequate financial management as the entire expenditure of Rs 35.36 lakh on 48 schemes/works would prove futile due to their non-completion.

5.4.9 Irregularities in Food grain Account

5.4.9.1 Stock of grain lying unutilised valued at Rs. 5.67 crore

Food grain was to be issued at subsidised rate for execution of schemes under SGRY as part of wage component. The table below shows that at the end of March 2007 a closing Stock of 45345.29 quintals was lying in 13 Panchayat Samitis and two Zila Parishads as per Stock Register maintained by the PS and ZPs. This quantity of food grain was actually remaining with the PDS dealers. The SGRY work ended in June 2006 and replaced by new scheme NREGS in which food grains is not to be issued. Due to lack of timely utilisation of grain for distribution under SGRY works, wastage of Rs. 5.67 crore on double issue rate (@ Rs. 1250/- per quintal) is anticipated on this account.

Table-24
Details of stock of food grain lying with PDS dealers

Sl. No.	Name of the Units	Quantity in quintals
1	P.S. Koilwar	1807.52 ³
2	P.S.Sahpur	3570.74
3	P.S.Barsoi	6219.00
4	P.S.Manjha	3131.08
5	P.S.Kuchaikot	2163.74
6	P.S.Maner	1662.87 ⁴
7	P.S.Piro	2947.42 ⁵
8	P.S.Samastipur	1086.49
9	P.S.Bagaha I	184.71
10	P.S.Bagaha II	537.75
11	P.S.Gopalganj	448.71
12	P.S.Bihta	337.00
13	P.S.Kadwan	1996.90
14	Z.P.Samastipur	4918.14
15	Z.P. Bettiah	14333.22
Total		45345.29

³ 1197.33 quintals as per stock Register and 610.19 quintals, returned by the Executing Agents in respect of 13 SGRY works of 05-06

⁴ Shown transferred in February 2007 in NREGS

⁵ Case lodged in May 2006 against two PDS dealers for non issue of 1831.31 quintals grains to Executing Agents.

Reasons for non-utilisation of food grain were not made available to audit by the concerned Panchayat Samiti and Zila Parishads, neither there was certificate of physical verification of stock regarding quantity and quality of food grains.

5.4.9.2 Short depiction of closing stock valued at Rs. 74.28 lakh in four Panchayat Samitis

In four Panchayat Samitis there was short depiction of closing stock to the extent of 5942.21 quintals as detailed below:

(In Quintals)							
Sl. No.	Name of P.S.	Period of lifting of grain	Quantity of grain lifted by PDS dealers	Quantity of grain issued to Executing Agents	Balance of stock	Balance actually shown in Register of stock of P.S.	Quantity of stockless depicted
1	Shahpur	2002-03 to 2006-07	13114.10	5006.84	8107.26	3570.74	4536.52
2	Manjha	-do-	12946.85	8810.08	4136.77	3131.08	1005.69
3	Gopalganj	-do-	7877.00	7192.89	684.11	448.11	236.00
4	Bihta	-do-	11994.80	11493.80	501.00	337.00	164.00
Total							5942.21

No action was taken by the Executives to detect the reasons for short depiction of closing stock and take appropriate action to rectify errors of PDS dealers. The less exhibition by 5942.21 quintals stock resulted in loss of revenue of Rs. 74.28 lakh (@ Rs. 1250/- per quintal).

5.4.9.3 Fake issue of grains and resultant loss to the tune of Rs. 8.62 lakh in Panchayat Samitis Manjha and Bihta

Issue of 687.79 quintal rice in PS Manjha (431.42 quintal) and PS Bihta, (256.37 quintal) was not entered in scheme register and payment file as detailed below:

Table-25
Details of fake issue of food grains

(In Quintals)				
Sl. No.	Name of Panchayat Samiti	Total number of works	Quantity shown to have been issued	Period of issue
1.	PS Manjha	15	431.42	2003-04 to 2005-06
2.	PS Bihta	9	256.37	2002-03 to 2003-04
Total		24	687.79	

(Details in Appendix-XII)

Above 24 works were estimating to cost of Rs.29.70 lakh and the total value of work done was of Rs. 27.36 lakh. If value of grain of 687.79 quintals, Rs.4.31

lakh (@Rs.627/quintal) is added then the total payment would be of Rs.31.67 lakh. As the issue shown in above cases was fake the loss of stock at double issue rate amounted to Rs. 8.62 lakh.

5.4.9.4 Grains issued in excess of requirement under SGRY works leading to loss of Rs.15.55 lakh in Panchayat Samiti Koilwar

In P.S. Koilwar, 1950 quintals of food grains valuing Rs. 12.23 lakh was issued to the executing agents for execution of six SGRY works (Scheme No. 37, 39, 40, 41, 45 & 46 of 2005-06) estimated at Rs. 12.60 lakh. The value of work done was merely Rs. 4.45 lakh and the supporting vouchers (purchase vouchers and Muster Rolls) were not yet submitted. As per SGRY guidelines, minimum 25 percent of the wages was to be paid in cash but no cash was released to the executing agents, hence, assuming that 709.84 quintals grains valuing Rs. 4.45 lakh was distributed amongst labourers, there was excess release of 1240.16 quintals grains valuing Rs.7.78 lakh. Neither the works were completed nor the excess stock of 1240.16 quintals lying with the executing agents was recovered. As the rate charged for grain from the executing agents was at the subsidised rate of Rs. 627/- per quintal the undue benefit given to the executing agents thus worked out to Rs.15.55 lakh (at double of issue rate) which was a loss to the PS fund.

5.4.9.5 Misappropriation of food grain under SGRY work

In four Panchayat Samiti the food grain was depicted as issued after completion of SGRY works and at the time of final payment as detailed below:

(in Quintal)

Sl. No.	Name of the P.S	Quantity of grain issued	Particulars of work	Remarks
1	Paliganj	1119.70	68 SGRY Works	Grain issued at the time of final payment
2	Bathnaha	30.05	SGRY Scheme No. 23 of 2004-05	Grain issued on 01.02.06 while the scheme completed in May 2005
3	Parihar	73.45	SGRY Scheme No. 13/04-05	Grain issued between May 2005 to July 2005 while the labourers engaged between 09.12.04 to 07.02.05
		71.15	43/02-03	Grain issued between 06.08.04 to 31.10.05 while the labourers engaged between 17.05.03 to 26.03.2004.
4	Manjha	243.91	5 Schemes (27 of 02-03, 11 and 16 of 03-04, 44 of 04-05 and 33 of 05-06.	Grain issued after completion of works
Total		1538.26		

In SGRY works, food grain was to be issued to the labourers at subsidised rate as a part of wage component in order to improve the nutritional level of the labourers but issue of food grain after completion of work clearly denoted that food grain was not distributed amongst labourers and misappropriated by the executing agents. The executing agents were thus given undue benefit because the cost of grain was recovered at the subsidised rate while the purchase price was more than the double rate. Even if calculated at double issue rate (Rs. 1250/- per quintal (-) cost recovered @ Rs. 625/- per quintal) a benefit of Rs. 9.61 lakh was provided to executing agents.

5.4.9.6 In P.S Koilwar surplus stocks of grain of SGRY (Special Component) of 835.35 quintals was deposited in November 2006 with a PDS dealer with the direction to sell the grain at non-subsidised rate and deposit the sale proceeds in P.S. fund. The dealer has not deposited any amount so far. Thus, Rs. 10.70 lakh (@ double issue rate of Rs. 1254/- per quintal) was lost by the P.S. as further action for recovery was not taken which appears to be a case of fraud as no case was lodged against the PDS dealer for the recovery of amount.

5.5 Major irregularities in execution of NREGA scheme

5.5.1 Duplication of works in Chakai Panchayat Samiti

In Chakai Panchayat Samiti of Jamui District an inquiry was conducted by District Planning Officer and Asstt. Engineer in May and June 2007 regarding execution of certain schemes of National Rural Employment Guarantee Scheme taken up for execution in 2006-07. The inquiry revealed that there was doubling of schemes in five cases (scheme no 92 and 132 of 2006-07, 58 and 143 of 2006-07, 72 and 235 of 2006-07, 124 and 163 of 2006-07 and 187 and 193 of 2006-07). For the same work two separate estimates were prepared without verifying the site, separate scheme files prepared and work allotted to two separate executing agencies and all were paid advances for the work. Measurement Book of above 10 works was not produced neither to the Inquiring Officer nor to audit. Further, in two other schemes (scheme no. 133 and 186 of 06-07) it was stated by the villagers to the Inquiry Officer that the works were already executed by the Gram Panchayats.

Against estimated cost of Rs.36.75 lakh of above 12 works, Rs. 8.68 lakh was advanced to the executing agents. Against this, the Inquiry Officer noticed that work done was to the tune of Rs. 1.32 lakh in one work (72/06-07) and in another work earth filling made in 2200 feet and morum spread in 1100 feet (124/06-07). An amount of Rs.60000/- was recovered from the executing agents (scheme no.

132, 235, 187, 194, 133 and 186 of 06-07) and entered in Cash Book but not deposited in the Bank Account. As none of the schemes was completed, the advance of Rs. 8.08 lakh has become infructuous vide details shown in Appendix-XIII to the report.

5.5.2 Fraud in execution of works of NREGA in Panchayat Samiti Barhara

PS Barhara undertook execution of two works as detailed below:

Sl. No.	Scheme no.	Particulars
1	1/05-06	Digging of pond near Rampur patha. Estimated cost Rs.1.63 lakh
2	7/06-07	Earth filling around Block office. Revised estimate Rs. 4.12 lakh

On the basis of allegations made by the villagers regarding irregularities in execution of above works the D.D.C. Bhojpur constituted an Inquiry Committee consisting of 3 Engineers, who inspected the site on 04.02.2006 and found that 86169 cft earth excavated from pond was utilised in earth filling work around Block Office but for that work the executing agents, also submitted bill of Rs.1.88 lakh on account of supply and carriage of earth by Tractor. The D.D.C ordered that Rs. 4.11 lakh paid in scheme no. 7/06-07 may be recovered from the Assistant Engineer, Junior Engineer, B.D.O. and the executing agents, against which Rs. 2.56 lakh was deposited by the AE / JE and the executing agent in DRDA fund instead of PS fund.

Due to collusion of executing agent with JE/AE, fake bills were prepared for scheme No.07/06-07.

5.6 Advances of Rs 87.07 Crore remained unadjusted

The basic records viz Advance Ledger and list of outstanding advances, were not maintained by the PRIs. Advance Ledger maintained by the Zila Parishad contained only position of advances paid out of P.L. account which mostly related to general purposes and not for execution of schemes though advances were paid frequently out of Finance Commission Grants, EAS/SGRY, NREGS, MP / MLA fund etc. In the absence of Advance Ledger and list of outstanding advances the complete picture of advances and agewise break up of advances remained unadjusted were not ascertainable. In violation of rule 90 of BPS&ZP(B&A)R,1964 the authorities of PRIs continued to pay second, third and fourth advance to a work without ensuring adjustment of first or earlier advance. As a result of this, amount of outstanding advances went on mounting. On the basis of Advance Ledger of P.L. Account, Cash Books and Scheme Registers of

12 Zila Parishads it was noticed that against outstanding advance of Rs 50.13 crore adjustment of advance was made merely of Rs 1.39 crore and unadjusted advance remained of Rs 48.74 crore as of March 2007 as detailed in Table below:

Table-26
Position of unadjusted advances in Zila Parishad

(Rs. in lakh)

Sl. No.	Name of Zila Parishad	Period	Advance paid	Advance Adjusted	Balance	Remarks
1	Bettiah	2002-03 to 2006-07	1042.12	NIL	1042.12	SRY-113.48, SGRY-719.54, Xth, XIth & XIIth-78.70, BREGS-130.40
2	Bhagalpur	2003-04 to 2006-07	6.75	NIL	6.75	Advance from P/L Account
3	Bhojpur	2003-04 to 2006-07	1.65	NIL	1.65	Advance paid from SGRY contingency
4	Gopalganj	2003-04 to 2006-07	0.56	NIL	0.56	Advance paid from SGRY contingency
5	Jamui	2004-05 to 2006-07	0.44	NIL	0.44	Advance paid from P/L Account
6	Katihar	2003-04 to 2006-07	11.85	NIL	11.85	Advance from P.L. Account
7	Khagaria	2003-04 to 2006-07	415.58	NIL	415.58	P/L A/C-0.45, XIth-6.91, XIIth-3.20, SGRY-392.75, NREGA-19.18
8	Motihari	2004-05 to 2006-07	61.37	NIL	61.37	Advance from P.L. Account and XIIth FC
9	Patna	2004-05 to 2006-07	2354.54	NIL	2354.54	Rs. 1081.57 lakh upto 03-04 and further advance paid Rs 1273.97 lakh
10	Purnea	2004-05 to 2006-07	171.74	2.75	168.99	P.L. Account and others
11	Samastipur	2004-05 to 2006-07	90.81	NIL	90.81	From P.L. Account and others
12	Sitamarhi	2004-05 to 2006-07	855.65	136.35	719.30	P.L. Account, Xth & XI FC and SGRY.
Total			5013.06	139.10	4873.96	

The mounting position of advance clearly reflects that the authorities did not take effective steps for adjustments/recovery of advance and remained only interested in granting advances to few executing agents particularly the Asstt Engineers, Junior Engineers, Office Assistants etc.

In 48 Panchayat Samitis and 196 Gram Panchayats advance to the tune of Rs 38.33 crore (Rs 32.55 crore in PS and Rs 5.78 crore in GPs) remained unadjusted, which was paid for execution of works as detailed in Appendix IX and X. Effective steps for adjustment / recovery of advances by the BDO of the PS and Mukhias of the GPs were not taken.