

CHAPTER-3

Implementation of Schemes

3.1 INDIRA AWAS YOJANA

3.1.1 Introduction

Indira Awas Yojana (IAY) aims at providing dwelling units free of cost to the poor families of the Scheduled Castes (SCs), Scheduled Tribes (STs), freed bonded labourers and also the non-SC/ST Below Poverty Line (BPL) persons in the rural areas. Funds available under the scheme in a district are earmarked for various categories as under:

- (i) At least 60 *per cent* of the total IAY allocation during a financial year should be utilised for construction/upgradation of dwelling units for SC/ST BPL households.
- (ii) A maximum 40 *per cent* for non SC/ST BPL rural households.
- (iii) Three *per cent* of the above categories for physically and mentally challenged persons.

The scheme is funded on a cost sharing basis of 75:25 between the Centre and the State. Since 1999-2000, 80 *per cent* of allocation has been earmarked for new construction and 20 *per cent* for upgradation of unserviceable *kutcha* houses. The scale of assistance for construction/upgradation varied from time to time and also between hilly and plain areas.

The financial and physical performances under IAY in the State during 2006-2008 are summarised below:

(Rupees in crore)

Year	Total available fund	Utilisation	Per cent of unutilised fund	New construction (No.)		Upgradation (No.)	
				Target	Achievement	Target	Achievement
2006-07	367.28	280.51	24	88,501	85,200	22,166	43,638
2007-08	429.77	274.97	36	1,22,357	96,115	30,589	21,449

(Source: Panchayat and Rural Development Department)

Audit of implementation of IAY revealed the following deficiencies :

GRAM PANCHAYAT

3.1.2 Annual Action Plan not prepared

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

It was seen that 130 GPs out of 3,348 audited did not prepare and approve such AAP for the year 2006-07 for selection of beneficiaries. The mode of selection was not available on records. The GPs spent Rs 10.16 crore on beneficiaries who were not part of the AAP, in violation of the scheme guidelines (as detailed in **Appendix-XIX**).

Expenditure of Rs 10.16 crore by 130 GPs without preparing Annual Action Plan

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

3.1.3 Irregular selection of beneficiaries without following BPL criteria

Rupees 29.95 crore was disbursed to non-BPL beneficiaries

The scheme envisaged selection of beneficiaries under IAY from the BPL list prepared on the basis of certain priority criteria fixed by Government of India, such as freed bonded labourers, SC/ST households who are victims of atrocity, SC/ST households headed by widows and unmarried women, SC/ST households affected by natural and other calamities like riots and physically and mentally challenged persons etc.

However, 1,100 GPs out of 3,348 audited, spent Rs 29.95 crore for construction/upgradation of huts towards non-BPL beneficiaries during 2006-07 (as detailed in **Appendix-XX**).

This shows lack of internal control in selection of beneficiaries as per the guidelines of the scheme.

3.1.4 Allotment of huts not conferred on women in violation of scheme provision

Assistance of Rs 58.83 crore was given to male members by 2,411 GPs

IAY envisaged that allotment of huts constructed/upgraded with the scheme assistance would be conferred on the wife or alternatively on both the wife and the husband. But in 34,867 cases in 2,411 GPs, allotment of huts constructed/upgraded with the scheme funds at a total cost of Rs 58.83 crore was conferred solely on the male member of the family during 2006-07 (as detailed in **Appendix-XXI**).

This was not in conformity with the scheme guidelines which were designed to enhance the empowerment of women.

3.1.5 Land ownership for the beneficiaries not ensured before construction/upgradation of huts

Rupees 6.99 crore was spent without ensuring land ownership of the beneficiaries

As per para 3.5 of the guidelines of IAY, every beneficiary should possess a valid title of the land before obtaining the assistance for construction/upgradation of a hut. However, in 157 GPs where Rs 6.99 crore in 4,020 cases were disbursed during 2006-07 towards assistance for construction/upgradation of huts, the beneficiaries either had no valid records of ownership of the land on which their huts were constructed/up-graded or records were not produced to Audit (as detailed in **Appendix-XXII**). GP merely obtained a certificate from beneficiary committee regarding construction/upgradation of huts out of the assistance provided under IAY.

This was indicative of lack of effective controls to ensure that ineligible beneficiaries are not covered under the scheme. Moreover, the possibilities of dislodging the beneficiaries by the actual owners of the land at a subsequent stage, rendering them shelterless once again, cannot be ruled out.

3.1.6 Sanitary latrines and smokeless chullahs not constructed

Sanitary latrines and smokeless chullahs not constructed in 1,727 and 344 GPs respectively

As per guidelines of the scheme, every GP is to ensure that a sanitary latrine and a smokeless chullah are constructed along with the construction or upgradation of the hut. In case sanitary latrine and smokeless chullah are not constructed, Rs 600 towards sanitary latrine and Rs 100 towards smokeless chullah are to be recovered from the amount of assistance given to the beneficiaries.

However, in 1,727 GPs, 81,390 sanitary latrines and in 344 GPs, 16,069 smokeless chullahs were not constructed although the full amount of assistance amounting to Rs 15.37 crore (as detailed in **Appendix-XXIII**) was given to the beneficiaries in two instalments by the GPs during 2006-07. Moreover, Rs 4.88 crore for sanitary latrine and Rs 0.16 crore for smokeless chullah¹³ were not deducted from the assistance given to the beneficiaries.

As a result, objective of providing proper sanitation and clean environment was not achieved. Besides, improvement of basic determinants of quality of life and human development index could not be attained.

ZILLA PARISHAD

BANKURA AND NADIA ZILLA PARISHADS

3.1.7 Loss of Central share of Rs 9.98 lakh under IAY

Central grant of Rs 9.98 lakh was not received by two ZPs due to poor financial progress

According to IAY guidelines, the first instalment of 50 *per cent* of the total Central allocation for a particular district was to be released in the beginning of the financial year and the second instalment for the district was to be released on receipt of request from District Rural Development Agency (DRDA) on fulfilment of condition that the opening balance of the district did not exceed 15 *per cent* of the funds available during the previous year.

It was noticed from the records that due to non-fulfilment of the said conditions, two ZPs¹⁴ lost Central assistance of Rs 9.98 lakh during 2006-07.

It was also noticed that improper assessment of number of beneficiaries by the GPs as well as late release of state share resulted in carry over of IAY fund in excess of stipulated amount. Had the PRIs and the State Government taken earnest initiative in proper execution of the scheme, 32¹⁵ rural poor could have benefited by new construction of houses and 16¹⁶ by up-gradation of their houses under IAY.

¹³ 81,390 latrines x Rs. 600 = **Rs 4.88 crore**; 16,069 smokeless chullahs x Rs. 100 = **Rs 0.16 crore**.

¹⁴

Sl. No.	ZP	Funds (Rupees in lakh)		
		Allotment	Release	Curtailement
(1)	Bankura	986.87	980.66	6.21
(2)	Nadia	1,254.84	1,251.07	3.77
Total		2,241.71	2,231.73	9.98

¹⁵ 80 *per cent* of total allocation may be utilised for new construction. So, Rs 9.98 lakh x 80 *per cent*/Rs 25,000 (allocation for each new construction) = **32**.

¹⁶ 20 *per cent* of total allocation may be utilised for upgradation. So, Rs 9.98 lakh x 20 *per cent*/Rs 12,500 (allocation for each up gradation) = **16**.

3.2 Sampoorna Grameen Rozgar Yojana

3.2.1 Introduction

Sampoorna Grameen Rozgar Yojana (SGRY) is a centrally sponsored programme with cost sharing between the Centre and the State in the ratio of 75:25. The programme was launched in September 2001 by merging Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS). The objectives of the programme were to provide additional and supplementary wage employment and thereby provide food security and improve nutritional levels in rural areas, to create durable community, social and economic assets and bring in infrastructural development in rural areas.

The financial performances under SGRY in the State during 2004-07 are summarised below:

(Rupees in crore)

Year	Total available funds	Total available foodgrains (in '000MT)	Total utilised funds	Total utilised foodgrains (in '000MT)	Percentage of utilisation of funds	Percentage of utilisation of foodgrains
2004-05	495.15	362.153	379.54	265.443	77	73
2005-06	589.81	446.709	377.79	330.453	64	74
2006-07	408.28	216.79	320.58	155.142	79	72

(Source: Panchayat and Rural Development Department)

Audit of implementation of SGRY revealed the following deficiencies:

PANCHAYAT SAMITI AND GRAM PANCHAYAT

3.2.2 Annual Action Plan not prepared

Expenditure of Rs 18.18 crore without Annual Action Plan by 271 GPs and 12 PSs

Under the SGRY scheme, it was mandatory that each GP and PS shall independently prepare and approve an Annual Action Plan (AAP) before the beginning of the financial year. No work can be taken up unless it forms part of the AAP.

It was seen that 271 GPs and 12 PSs did not prepare and approve such AAPs for the year 2006-07 for taking up works under the scheme. The GPs and the PSs spent Rs 11.44 crore and Rs 6.74 crore respectively for works taken up outside the AAPs in violation of the scheme guidelines. Besides, 12 PSs prepared AAPs but executed works valued at Rs 4.97 crore outside AAPs during 2004-07 (as detailed in **Appendix - XXIV** and **Appendix - XXV**).

In the absence of AAP, there is an increased risk of selection of ineligible beneficiaries, as the requirement of enumerations, enlistment and identification of eligible beneficiaries for works outside AAP may not be properly attended to.

3.2.3 Inadequate employment opportunities to women

Percentage of women employment ranged from zero to 20 in 1,969 GPs

In order to ensure special safeguards for women, it was stipulated in the scheme that at least 30 *per cent* of employment opportunities should be provided to women. In 1,969 GPs during 2006-07 and six, seven and four PSs during 2004-05, 2005-06 and 2006-07 respectively, the percentage of employment opportunities provided to women ranged from zero to 20 only (as detailed in **Appendix-XXVI** and **Appendix - XXVII**).

3.2.4 Expenditure incurred, in excess of permissible limits, on maintenance of public assets

Every GP and PS is permitted to spend up to a maximum of 15 *per cent* of the funds provided under the scheme on maintenance of the public assets created within its geographical boundary under any Centrally sponsored wage-employment programme.

It was seen that 2,384 GPs during 2006-07 and 25 PSs during 2004-07 spent 13 *per cent* (Rs 44.34 crore) and nine *per cent* (Rs 9.97 crore) respectively beyond permissible limit towards maintenance cost for such assets (as detailed in **Appendix-XXVIII** and **Appendix-XXIX**).

In view of the primary objective to provide wage employment to rural people, Rs 54.31 crore meant for individual BPL SC/STs beneficiaries were diverted for excess expenditure on maintenance of public assets.

3.2.5 Expenditure incurred on works engaging contractors

According to the guidelines of SGRY issued by GOI in September 2002, no contractor was allowed to be engaged for any work and the works should be executed departmentally. Contractors are not permitted to be engaged for execution of any of the works under the programme and the full benefit of wages to be paid should reach the workers. But, it was noticed in audit that eight PSs spent Rs 1.30 crore towards execution of works by engaging contractors during 2004-2007 (as detailed in **Appendix-XXX**) in contravention of the guidelines. This defeated the objective of full benefit of wages which was to reach the wage earners, besides resulting in a minimum avoidable expenditure of Rs 13.03 lakh towards contractors' profit at the rate of minimum 10 *per cent* considered in the schedule of rates.

OTHER IRREGULARITIES

3.2.6 Misappropriation of Rs 1.39 lakh

Records of Bally GP revealed that the GP paid Rs 1.39 lakh to GP members during June 2006 to July 2006 towards execution of five road works. But joint physical verification showed that the works were not actually executed. When pointed out, GP submitted a Miscellaneous Receipt which showed that an amount of Rs 0.54 lakh was reimbursed from SGRY head instead of from those GP members.

Members of GP were not supposed to execute any scheme and handing over money to them resulted in misappropriation of scheme funds.

Eight PSs spent Rs 1.30 crore toward execution of works by engaging contractors

Misappropriation of Rs 1.39 lakh under SGRY

3.2.7 Poor utilisation of funds

Three GPs¹⁷ received Rs 56.50 lakh during 2005-07 for execution of schemes under SGRY.

Scrutiny of records revealed that the GPs could utilise only seven *per cent* of the total funds available during the period and executed only 13 *per cent* works of AAP during 2005-06. They even failed to set any target by preparing AAP during 2006-07 which resulted in non-generation of employment of 48,774 mandays¹⁸ with the available fund of Rs 52.73 lakh.

The above instances highlight that the GPs did not adhere to guidelines in execution of works which resulted in poor utilisation of funds. Besides, creation of infrastructure at the village level, to facilitate faster growth in the rural areas and to increase opportunities of employment, was also not achieved.

3.3 TWELFTH FINANCE COMMISSION GRANTS

The Twelfth Finance Commission (TFC) recommended Rs 1,271 crore for the period from 2005-2010 for maintenance of assets of the PRIs and delivery of civic services with emphasis on mobilisation of revenue by the PRIs as a step towards their self sufficiency. Twenty *per cent* of the entire grant was earmarked as Incentive Grants for revenue mobilisation by the PRIs and 80 *per cent* are to be distributed as per entitlement of the PRIs, determined in the manner prescribed by the Second State Finance Commission. The Finance Commission further recommended that user charges be made obligatory levies and in case of delayed transfer of TFC grants to PRIs/ULBs beyond the specified period of 15 days, the State Government shall transfer to PRIs/ULBs an amount of interest at the rate equal to RBI Bank rate alongwith the delayed transfer of grants.

17

(Rupees in lakh)

Name of GPs	Receipts			Expenditure			Unutilised Funds	Target		Achievement	
	2005-06	2006-07	Total Receipt	2005-06	2006-07	Total expenditure		2005-06	2006-07	2005-06	2006-07
Supudih	12.58	15.38	27.96	0.97	0	0.97	26.99	4	No AAP	4	-
Shirakole	7.23	9.21	16.44	0.85	0	0.85	15.59	104	No AAP	4	-
Paranpur	5.95	6.15	12.10	1.14	0.81	1.95	10.15	60	Not furnished	14	-
Total			56.50			3.77	52.73				

¹⁸ Calculated on the basis of prevalent rate of wages of Rs 62 (upto 31.12.05) and Rs 68 (w.e.f. 1.1.06) respectively per day per head and prescribed percentage of 60 to be spent for wages out of total funds available (Rs 22.80 lakh x 60 *per cent* / Rs 62 = 22,065 mandays plus Rs 29.93 lakh x 60 *per cent* / Rs 68 = 26,409 mandays i.e. total 48,774 mandays).

The receipt and utilisation of TFC grants for 2005-2008 are shown below:

(Rupees in crore)

Year	Approved allocation	Receipt from Govt. of India	Released to PRIs	Expenditure on maintenance of accounts and percentage	Expenditure on creation / management of data base and percentage	Expenditure on drinking water & sanitation and percentage	Expenditure on other sectors and percentage	Total expenditure
2005-06	254.20	127.10 (first instalment of 2005-06)	127.10 & 0.88 (interest paid out of State Account)					
2006-07	254.20	127.10 (second instalment of 2005-06) & 127.10 (first instalment of 2006-07)	254.20	17.37 (4%)	21.47 (5%)	55.21 (13%)	328.11 (78%)	422.16
2007-08	254.20	127.10 (second instalment of 2006-07) & 127.10 (first instalment of 2007-08) ¹⁹	127.10 127.10					
Total	762.60	635.50	636.38	17.37 (4%)	21.47 (5%)	55.21 (13%)	328.11 (78%)	422.16

Scrutiny in audit revealed the following:

- (i) The State Government released Rs 0.88 crore in 2006-07 as interest for delayed release of the first instalment.
- (ii) Expenditure, if any, for revenue mobilisation of the PRIs was not shown separately in the P&RDD statement of expenditure on TFC.
- (iii) Information regarding recovery of 50 *per cent* of the recurring costs in the form of user charges for the maintenance of water supply, sanitation and drainage facilities was not available in P&RDD's records.
- (iv) The total expenditure of Rs 422.16 crore amounted to 66 *per cent* of the total release of TFC grants.
- (v) The percentage of utilisation of fund of the two priority sectors (viz. maintenance of accounts and creation/management of database) by PRIs was less than the minimum recommended percentage. Further scrutiny revealed that 736 PRIs, 775 PRIs and 522 PRIs did not utilise any amount towards maintenance of accounts, creation/management of database and drinking water and sanitation respectively even after getting Rs 6.25 crore, Rs 10.77 crore and Rs 6.71 crore on these accounts (as detailed in **Appendix-XXXI**).

¹⁹ Second instalment of Rs 127.10 crore for the year 2007-08 was not received as of August 2008.

Meagre collection of revenue by the PRIs

- (vi) TFC gave emphasis on mobilisation of revenue and PRIs had to publish their draft byelaws to increase their revenue base. Accordingly, draft byelaws were framed by 16 ZPs, 308 PSs and 3,269 GPs during 2005-08 and collected very little revenue (tax and non-tax) amounting to Rs 287.20 crore in 2005-2008. The State Government provided financial support of Rs 654.22 crore in 2005-2008 to the PRIs to meet expenditure on establishment. The revenue collection by PRIs was insufficient to meet even their salary payment.

3.3.1 Result of test check of accounts of TFC fund of PRIs

Test check of records relating to TFC grants in 35 PRIs²⁰ between August 2008 and November 2008 revealed the following:

3.3.2 Fund management

The receipt and utilisation of TFC grants by the PRIs for 2005-2008 are shown below :

(Rupees in lakh)

PRIs	No. of PRIs	Receipt		Expenditure
		TFC Grants	Interest	
Zilla Parishads (ZPs)	3	3,119.54	2.11	2,309.74
Panchayat Samitis (PSs)	7	266.33	0.24	219.22
Gram Panchayats (GPs)	25	242.00	0.21	214.40
Total	35	3,627.87	2.56	2,743.36

Scrutiny revealed that-

Non-receipt of instalments by the PRIs

- i) Only 13 GPs got the information regarding approved allocation under TFC;
- ii) The State Government released all the instalments of TFC grants to each of the PRIs during 2005-08 except second instalment for 2007-08 which was released during September 2008. None of the PRIs received the second instalment of 2007-08 as of November 2008. Two PRIs did not receive the first instalment of 2005-06, 14 PRIs did not receive second instalment of 2005-06, five PRIs did not receive first and second instalments of 2005-06 and two PRIs did not receive first instalment of 2007-08. Reasons for non-crediting the same into respective PRIs' accounts were not available on record;
- iii) The State Government released Rs 4.61 lakh for the 35 selected PRIs as interest for delayed release of first instalment. 14 of the selected PRIs got their share of interest of Rs 2.56 lakh. Remaining 21 PRIs did not receive any interest as of November 2008. Reason for non-receipt of interest was not available on record; and
- iv) The total expenditure of Rs 27.43 crore was only 76 per cent of the total receipt of Rs 36.30 crore under TFC grants.

²⁰ Three ZPs, seven PSs and 25 GPs for 2005-2008

ZPs= South 24 Parganas, Jalpaiguri and Bankura.

PSs = Thakurpukur-Maheshtala, Alipurduar II, Dhupguri, Sagar, Mandirbazar, Gangajalghati and Kumargram.

GPs = Chandpur-Chaitanyapur, Jagadalla I & II, Kalpathar, Patrasayer, Beersingha, Dhaspara Sumatinagar, Kushadwip, Ramkarchar, Dhahlat, Chatta, Joka I & II, Khoardanga I & II, Kamakhyaguri, Magurmari I & II, Chamurchi, Ghateswar, Pirraboni, Banashuria, Turturi, Bhatibari and Tatpara II.

3.3.3 Incentive Grants

Non-receipt of Incentive Grants due to inadequate resource mobilisation

Twenty *per cent* of the TFC fund was earmarked as Incentive Grants on revenue mobilisation of the PRIs. Scrutiny of records revealed that only three of the selected 35 PRIs²¹ received incentive grants of Rs 25.14 lakh. The fact highlights that resource mobilisation in respect of rest of the selected PRIs was so inadequate that the PRIs failed to receive incentive grant.

3.3.4 Annual Action Plan (AAP)

Nine of the selected PRIs spent Rs 1.22 crore without Annual Action Plan

According to the provision of the TFC fund, PRIs should prepare an AAP. Though nine of the selected PRIs spent Rs 1.22 crore (as detailed in **Appendix-XXXII**) during the period 2005-2008, they failed to furnish any evidence that the expenditure was made according to the AAP.

In the absence of AAP, there is always a possibility of mis-utilising the fund for purposes not specified in the guidelines, thereby frustrating the objective of TFC fund.

3.3.5 Expenditure on Priority Sectors

Under utilisation of TFC Funds by selected PRIs on priority sectors

The selected PRIs spent one *per cent*, three *per cent* and two *per cent* of total receipts respectively towards the three priority sectors²² in lieu of five *per cent*, 10-15 *per cent* and 10 *per cent* respectively as stipulated in the guidelines. The achievement was far below the recommended percentage and achievement of the State was four *per cent*, five *per cent* and 13 *per cent* respectively as reported by the PRIs. Further scrutiny revealed that only eight PRIs utilised TFC funds on the three sectors, 16 PRIs spent on two sectors, seven PRIs utilised on one sector and four PRIs failed to spend TFC funds (as detailed in **Appendix-XXXIII**).

Priority sectors, therefore, did not receive the attention required from the PRIs and the situation could not improve upto desired levels due to non-utilisation of available TFC funds.

3.3.6 Expenditure on Unapproved Items

Rupees 2.03 crore expended on unapproved items

As per guidelines, TFC fund should not be utilised towards unapproved items, viz. salary, purchase of vehicles, new construction work and works or assets of other departments. Twenty two of the selected PRIs spent TFC fund of Rs 2.03 crore towards unapproved items, which constituted nine *per cent* of the total expenditure of Rs 22.94 crore (as detailed in **Appendix-XXXIV**). Thus, rural people were deprived of getting benefits from stipulated sectors out of the diverted funds of Rs 2.03 crore.

3.3.7 Utilisation Certificate

According to TFC guidelines, PRIs should furnish Utilisation Certificates (UCs) for the expenditure incurred out of TFC grants. Seven of the selected PRIs did not submit any UCs in spite of a total expenditure of Rs 23.48 crore during 2005-2008. Twenty eight of the selected PRIs submitted UCs for Rs 3.27 crore (October 2008) against the total expenditure of Rs 3.95 crore (as detailed in **Appendix-XXXV**) during 2005-2008.

²¹ ZP: South 24 Parganas (Rs 24.10 lakh); PS: Dhupguri (Rs 0.64 lakh); GP: Beersingha (Rs 0.40 lakh).

²² 1. Maintenance of accounts including computerisation of accounts, 2. Creation/improvement of database including computerisation of data 3. Water & sanitation services including solid waste management.

3.3.8 Own Income

According to the TFC guidelines issued by the Government of India, PRIs should augment their own resources. But 10 of the selected PRIs did not collect any revenue during 2005-2008 even after utilising fund of Rs 90.37 lakh (as detailed in **Appendix XXXVI**) on water supply & sanitation, construction works, repair works etc.

3.3.9 Realisation of maintenance cost of water supply

According to the TFC guidelines, PRIs were required to recover at least 50 *per cent* of the recurring costs of water supply in the form of User Charges through Water Users' Committee or through pay and use method. None of the selected PRIs realised any recurring cost although 10 of the selected PRIs spent Rs 27.44 lakh (as detailed in **Appendix-XXXVII**) out of TFC grants for maintenance of water supply and sanitation during the period from 2005-08.

Due to non-collection of user charges from the users, an extra burden of expenditure will have to be borne by the PRIs out of funds meant for development works.

3.4 Conclusion and Recommendations

Conclusion :

In a large number of cases, there were violations of guidelines in implementation of schemes by the PRIs. Works under wage employment programmes were done through contractors in contravention of guidelines. Under housing programmes, curtailment of central shares due to slow utilisation or non-utilisation of funds was noticed. In respect of expenditure on priority sectors under TFC, the achievement was far below the recommended percentage.

Recommendations :

- Identification of beneficiaries under various schemes should be done by GPs more meticulously.
- Close monitoring of the utilisation of assistance and periodical evaluation of achievement of schemes is needed.
- Proper utilisation of TFC fund should be perfectly monitored by the committee formed by the PRIs concerned.