

CHAPTER-4

Performance Reviews

4.1 Implementation of National Rural Employment Guarantee Scheme in West Bengal

Highlights

The State Government delayed constitution of the State Employment Guarantee Council. The Government failed to make available necessary staff to District Programme Coordinator for the implementation of the scheme.

(Paragraphs 4.1.6.1, 4.1.6.2)

The District Perspective Plan for five years was not prepared in two out of three test checked districts.

(Paragraph 4.1.7.1)

The release of State share of funds was delayed by 11 days to 162 days.

(Paragraph 4.1.8.2)

Unutilised amount of Rs 61.21 lakh pertaining to NFFWP was not transferred to WBREGS Account by 14 GPs.

(Paragraph 4.1.8.3)

Instances of non-distribution of Job Cards, delay in payment of wages amounting to Rs 23.88 lakh, non-adherence to priority works, excess expenditure of Rs 39.86 lakh, unfruitful expenditure of Rs 28.15 lakh and inadmissible expenditure of Rs 46.02 lakh etc. were noticed by audit.

(Paragraphs 4.1.9.1, 4.1.9.3, 4.1.10.1, 4.1.11.1, 4.1.11.2, 4.1.11.3)

Essential records were not maintained. Instances of inadequate monitoring mechanism and incorrect reporting of utilisation of fund/achievement were noticed by audit.

(Paragraphs 4.1.11.6, 4.1.14, 4.1.15)

4.1.1 Introduction

Background

With a view to enhancing the livelihood security of the rural people, Government of India (GOI) enacted (September 2005) the National Rural Employment Guarantee Act (NREGA), 2005. Subsequently the West Bengal Rural Employment Guarantee Scheme (WBREGS), 2006 was notified (10 February 2006). Initially the scheme was launched in 10 districts of the State from 10 February 2006. Subsequently the scheme was extended to eight more districts from 1 April 2007.

Objectives of the Programme

The scheme envisaged provision of 100 days of guaranteed employment to every registered household whose adult members volunteer to do unskilled manual labour. The objectives of the scheme, inter-alia included generating productive assets, protecting the environment, empowering rural women, reducing rural-urban migration and fostering social equity among others. The scheme was to be implemented in the State as a centrally sponsored scheme with sharing of funds between the Central and State Governments. The State Government was required to bear 25 per cent of cost of material and wages for skilled and semi-skilled workers, unemployment allowance and the administrative expenses of the State Employment Guarantee Council while Central Government was required to bear entire cost of wages for unskilled workers, 75 per cent of the cost of material and wages for skilled and semi-skilled workers and administrative expenses including expenses for Central Employment Guarantee Council. Ministry of Rural Development was required to provide central assistance of funds to the State Government for implementing the schemes at State level.

4.1.2 Organisational Structure

The organisational structure for implementation of the WBREGS was as below:-

Levels	Authority responsible for implementation of the scheme	Functions and Responsibilities
State	(a) State Employment Guarantee Council	Advising the State Government regarding implementation of the scheme, determining the preferred works, reviewing the monitoring and redressal mechanism and preparation of annual report.
	(b) State Programme Coordinator	Overall supervision and monitoring of the implementation of the scheme in the State.
District	(a) ZP	Finalising and approving block wise shelf of projects, supervising and monitoring the projects taken up at the block and district levels and carrying out other functions assigned by the State Government or the State Employment Guarantee Council.
	(b) District Programme Coordinator	Assisting the ZP in discharging its functions, consolidating plans, according approval and co-ordinating and supervising the performance of Programme Officer.
Block	(a) PS	Approving the Block level plans for forwarding it to the ZP, supervising and monitoring the projects taken up at the GP and block levels and carrying out other functions assigned by the ZP, the State Government or the State Employment Guarantee Council.
	(b) Programme Officer (PO)	Assisting the PS in discharging its functions under the scheme through approved plans, monitoring of projects taken up by the GPs and other implementing agencies within his jurisdiction.
Village	GP	Preparing annual plan, forwarding the same to the Programme Officer and carrying out functions assigned by PS, ZP, State Government or the State Employment Guarantee Council.

4.1.3 Audit Objectives

The main audit objectives for the Performance Audit were to ascertain whether:

- Intended objective of providing 100 days of annual employment at the specified wage rates was achieved.
- The procedures for preparing perspective and annual plan at different levels were adequate and effective.
- The process for registration of households, allotment of job cards and allocation of employment were in compliance with the guidelines.
- Works were properly planned and executed economically, efficiently and effectively. Durable assets were created and properly accounted for.
- Wages and unemployment allowance were paid in accordance with the NREGA.
- Funds released for WBREGS were accounted for and utilised in compliance with the guidelines.
- There was an adequate and effective mechanism for monitoring at different levels.
- There was adequate mechanism for grievance redressal and social audit.

4.1.4 Audit Criteria

The main sources of audit criteria for the performance audit were the following:

- (i) NREGA and notification issued thereunder.
- (ii) Notification of the WBREGS.
- (iii) Circulars and instructions issued by the State Government.

4.1.5 Audit Scope and Methodology

The scope of audit was restricted to the initial 10 districts identified for implementation of NREGA. The period of audit coverage was from February 2006 to March 2008. Three districts and two blocks each from these districts were chosen using Simple Random Sampling Without Replacement (SRSWR) method. Four GPs in each block were chosen using Probability Proportional to Size With Replacement (PPSWR) method. The field audit was conducted in the units at all levels as detailed below:-

1	ZP	Paschim Medinipur	Purulia	Dakshin Dinajpur
2	PS	Kharagpur & Salboni	Kashipur & Neturia	Gangarampur & Tapan
3	GP	Lachhmapur	Kashipur	Jahangirpur
		Changual	Monihara	Ashokgram
		Paparara-II	Sonajjuri	Belbari-II
		Chakmakrapur	Burrah	Uday
		Karnagarh	Digha	Ramchandrapur
		Garmal	Bhamuria	Azmatpur
		Lalgeria	Saltore	Tapan Chandipur
		Bunkibundh	Raibundh	Rampara Chenchra

In addition to test check of records in the selected PRIs, the records of the P&RDD, Government of West Bengal and four forest divisions²³ of the Forest Department at Paschim Medinipur and Purulia districts were also test checked.

Audit findings

The audit findings are discussed in the succeeding paragraphs.

4.1.6 Infrastructural Deficiency

4.1.6.1 Delay in constitution of the State Employment Guarantee Council

Delay of 14 months in constitution of SEGC

With a view to regularly monitor and review the implementation of the scheme, the NREGA stipulated that each State Government should constitute a State Employment Guarantee Council (SEGC). But the State Government constituted West Bengal Employment Guarantee Council in April 2007, i.e. after a lapse of 14 months from the date of commencement (February 2006) of the National Rural Employment Guarantee Programme. The delay in constitution of SEGC resulted in lack of monitoring the implementation of the scheme at the State level.

4.1.6.2 Non-availability of required staff

No Gram Rozgar Sevak or Employment Guarantee Assistant was appointed in 24 test checked GPs

The State Government failed to make available to the District Programme Co-ordinator necessary staff for implementation of the scheme. It was observed that in none of the test checked six blocks, the full time dedicated Programme Officer was appointed. Further, in none of the test checked six blocks, Administrative Assistant was appointed. Technical Assistants were found only in two blocks²⁴. It was also observed that in none of the test checked 24 GPs, *Gram Rozgar Sevak* or Employment Guarantee Assistant was appointed. The State Government also failed to constitute panels of Accredited Engineers at the District and Block levels and to set up a Technical Resource Support group to identify Resource Institutions at the District level.

Thus, there was inadequate staff strength which to a great extent hampered the implementation of the scheme.

4.1.7 Planning

4.1.7.1 Non-preparation of District Perspective Plan & Labour Budget

Planning was important for successful implementation of the scheme. The NREGA provided for adoption of the State Annual Work Plan and Budget proposal for submission to the Ministry of Rural Development. But the same was not formulated by the State during the years 2005-07. Annual Work Plan of National Food for Work Programme (NFFWP) was revisited for implementation under NREGA during the aforesaid years. The Act also envisaged the preparation of District Perspective Plan for five years to facilitate advance planning and to provide a developmental perspective for the District. It was, however, noticed that in Paschim Medinipur and Purulia districts out of three test checked districts the District Perspective Plan for five

²³ Forestry Extension Division Purulia, KSC Division-II Purulia, Medinipur FD and Jhargram FD.

²⁴ Kharagpur-II and Salbani.

years had not been prepared during 2005-08. Labour budget was also not prepared for the years 2005-07 at any level.

4.1.7.2 Irregular Annual Action Plan

The Annual Action Plan is a working plan that identifies the activities to be taken up on priority in a year. But it was observed that in none of the test checked 24 GPs, documented Annual Action Plan for 2005-06 and 2006-07 was prepared. It was only in the year 2007-08, that documented Annual plan was prepared in the test checked GPs.

It was further observed that the Annual Action Plan for the year 2007-08 did not contain existing demand for work, demand for work in the previous year, ongoing works, proposed works for the next year and the proposed implementing agencies.

Moreover, it was observed that during 2005-06 and 2006-07 all the 24 test checked GPs did not convene meeting of *Gram Sabha* for approving the WBREGS.

Similarly, it was noticed that out of 24 GPs, eight GPs²⁵ failed to approve the plan during 2007-08 due to lack of quorum.

4.1.8 Funds Management

4.1.8.1 Financial Performance

Details of receipts and expenditure of the 10 districts under NREGA during 2005-08 is depicted in the table below :

(Rupees in crore)

Year	Opening Balance	Total Receipt	Total Availability	Expenditure	Balance
2005-06	39.30	141.12	180.42	14.16	166.26
2006-07	166.26	463.97	630.23	394.63	235.60
2007-08	235.60	545.00	780.60	592.82	187.78
Total		1,150.09		1,001.61	

It is evident from the above table that during the years the State Government could not utilise the available funds.

Similar picture was noticed in test checked 24 GPs of three selected districts. It was observed from records that during 2006-07, all the 24 GPs received Rs 6.97 crore but could utilise only Rs 5.33 crore leaving an unspent balance of Rs 1.64 crore (as detailed in **Appendix-XXXVIII**). This trend was also noticed in the year 2007-08. It was observed that the 24 GPs test checked received Rs 4.82 crore but could utilise only Rs 3.46 crore leaving an unspent balance of Rs 1.36 crore (as detailed in **Appendix-XXXIX**).

Thus, it may be stated that the State as a whole and the selected GPs in particular failed to achieve the target of employment because of non-utilisation of funds and thereby deprived the willing households of their livelihood.

²⁵ Saltore, Bhamuria, Kashipur, Monihara, Lalgeria, Garmal, Bunkibundh and Karnagarh GPs.

Delay of 11 to 162 days while releasing State Share

4.1.8.2 Delay in release of corresponding State Share

The WBREGS was to be implemented as a centrally sponsored scheme on cost sharing basis between Government of India and the State. The funds were to be expended in the manner as prescribed in the guidelines. The Operational Guidelines stipulated that the State Share of funds should be released within 15 days of the release of the Central funds. Scrutiny of records however revealed that the release of corresponding State Share was not made within 15 days during 2006-07 and 2007-08. There were delays ranging between 11 days to 162 days as detailed below:-

(Rupees in crore)

Name of ZPs	Year	Central Share	Date of receipt of Central share	State Share	Date of receipt of State share	Delay (Days)
Purulia	2006-07	20.00	09.05.06	2.22	02.11.06	162
	2007-08	10.00	21.02.08 & 22.02.08	1.11	29.03.08	22
Dakshin Dinajpur	2006-07	18.64	28.06.08	2.07	02.11.06	110
	2007-08	Nil	--	Nil	--	--
Paschim Medinipur	2006-07	20	25.4.06	2.22	30.6.06	51
	2007-08	24.60	30.5.07	2.73	26.6.07	11
		1.79	15.5.07	0.20	11.6.07	11

Thus, the procedure envisaged in guidelines of NREGA regarding release of State Share was violated.

4.1.8.3 Non-adherence to prescribed procedure as to utilisation of unspent balance of NFFWP Funds

Unutilised NFFWP fund of Rs 61.21 lakh was not transferred to WBREGS by 14 GPs

Ministry of Rural Development at the time of releasing the Central Share for implementation of the schemes under NREGA stipulated that the unutilised funds out of NFFWP as on 02.02.2006 should be utilised as per guidelines of NREGA. But it was observed that unutilised amount of Rs 61.21 lakh (as detailed in **Appendix-XL**) pertaining to NFFWP was not transferred to WBREGS account even after 02.02.2006 by 14 GPs out of 24. This resulted in undernoted irregularities:

- (i) The said GPs maintained Cash Books and Bank Pass Books for NFFWP and WBREGS, separately.
- (ii) Employment provided with the funds of NFFWP was not recorded in the Employment Register and the relevant Job Cards.
- (iii) The prevalent rate of wages for WBREGS was not maintained. It was observed that the payment of wage under NFFWP was made at the rate of Rs 62.00 instead of Rs 68.00 fixed under WBREGS. Thus the labourers were deprived of their legitimate wage.

Wages under NFFWP were paid @ Rs 62.00 instead of Rs 68.00

4.1.9 Implementation of the Scheme

The effective implementation of the NREGS depended on the proper arrangement for registration of households which required the adoption of the following steps:

- (a) Door to door survey by specially constituted team, as prescribed under para 4.2.5 of the operational guidelines.

- (b) Convening of *Gram Sabha* for explaining the provisions of the Act to mobilise applications for registration and for conducting verification.
- (c) Obtaining applications from the willing adult members of the households for registration.
- (d) Scrutiny of the applications for issuing Job Cards containing details of adult members of the households with their photographs for a period of not less than five years.
- (e) Issuing Job Cards within a fortnight of the application for registration.

However, various lacunae were noticed in the implementation of the scheme in contravention to the guidelines which are discussed in the succeeding paragraphs.

4.1.9.1 Irregularities in Registration of Households

(a) Non-conduct of Door to Door survey and non-convening of Gram Sabha

In violation of para 4.2.5 of the operational guidelines, none of the test checked 24 GPs conducted door to door survey by specially constituted team during 2005-07. It was further observed that in none of the 24 GPs, introductory *Gram Sabha* meeting at the time of the commencement of the Act was convened.

Thus, wider coverage of the population across all segments for registration of households was not ensured.

(b) Non-distribution of Job Cards

The timely issue of well-designed Job Cards was essential as the Job Cards were a critical legal document for ensuring transparency as well as protecting the labourer against fraud. But it was observed that issuing of Job Cards within a fortnight of the application for Registration, as envisaged in para 4.3.2 of the operational guidelines, was not adhered to. It was noticed that there were delays ranging from five days to one year in 19 GPs,²⁶ out of 24 test checked during 2005-07 in issue of Job Cards.

It was further noticed that in five GPs²⁷ test checked, 724 Job Cards were not distributed to the respective households, though they were prepared.

Thus, non-distribution of Job Cards resulted in denial of benefits to at least 724 rural households inspite of their request.

4.1.9.2 Provision of Employment

Deficiencies / irregularities in registration of households and issuing Job Cards affected the provision of employment adversely. The fact will be evident from the position of cumulative number of Job Cards issued, the employment demanded/provided and the mandays generated in respect of

Delays ranging from five days to one year in issue of Job Cards in 19 GPs

724 Job Cards were not distributed in five GPs

²⁶ Tapanchandipur, Karanagarh, Ramchandrapur, Garmal, Ashokegram, Changual, Jahangirpur, Barrah, Lachhmapur, Uday, Chakmakrampur, Belbari-II, Manihara, Bhamuria, Paparara-II, Azmatpur, Saltore, Raibundh and Bankibundh.

²⁷ Monihara, Raibundh, Kashipur, Karnagarh and Chakmakrampur.

10 districts of the 1st phase of implementation during 2006-07 and 2007-08 as shown in the table below:-

(Rupees in lakh)

Year	Cumulative Job Cards Issued	Employment Details		Employment Generated in mandays	Households provided with 100 days employment
		Demanded	Provided		
2006-07	51.47	32.35	30.84	440.08	0.19
2007-08	53.62	23.18	22.97	575.35	0.23

In 10 districts, only one to 1.62 per cent households were provided with 100 days of employment during 2006-08

It could be observed from the table above that out of 30.84 lakh households provided with employment during 2006-07, only 0.19 lakh households (1.62 per cent) were provided with 100 days of employment and average employment provided to each household works out to around 14 days. Similarly, in the year 2007-08, out of 22.96 lakh households provided with employment, only 0.23 lakh households (one per cent) were provided with 100 days of employment and average employment provided to each household works out to around 25 days.

The position in respect of three test checked districts is shown below :-

(Rupees in lakh)

Name of districts	Year	Cumulative number of Job Cards Issued	Employment Details		Employment Generated in mandays	Households provided with 100 days employment
			Demanded	Provided		
Dakshin Dinajpur	2006-07	2.45	1.76	1.76	27.70	0.009 (0.51%)
	2007-08	2.46	0.87	0.87	18.62	0.02 (2.30%)
Paschim Medinipur	2006-07	6.52	3.89	3.70	58.03	0.002 (0.05%)
	2007-08	6.79	3.14	3.14	76.10	0.01 (0.32%)
Purulia	2006-07	3.86	2.60	2.60	41.49	0.08 (3.08%)
	2007-08	3.94	1.68	1.68	49.64	0.09 (5.36%)

It would be seen from the above that in 24 test checked GPs, the envisaged 100 days of employment was provided to only 193 and 156 households and average employment provided to each household works out to around 21 days and 15 days respectively during 2006-07 and 2007-08.

Further, though the programme is demand-driven, the quantum of demand for 100 days employment could not be ascertained in audit as it was observed that the GP members or members of Gram Unnayan Samiti used to intimate and call for application from the labourers as and when there arose scope of executing a particular work. Moreover, undated applications for work were received from the labourers without issuing acknowledgement of receipts.

In 10 districts, only 18.09 to 18.28 per cent mandays were provided to women during 2006-08

Moreover, it was observed that participation of women in the programme was below the norm of 1/3rd as envisaged in the guidelines. It was observed that during 2006-07, out of a total 440.08 lakh mandays, only 80.46 lakh mandays were provided to women, accounting for only 18.28 per cent. Similarly, in the year 2007-08, out of 575.35 lakh mandays, only 104.09 lakh mandays (18.09 per cent) were provided to women of the 10 districts where the scheme was implemented in the 1st phase.

4.1.9.3 Delay in Payment of Wages

Delays ranging five to 311 days in payment of wages during 2006-08

As per the guidelines, wages were to be paid to the labourers on a weekly basis and in any case within a fortnight of the work being done. It was also stipulated that compensation was to be paid to the labourers for any delay in payment of wages, as provided in the Payment of Wages Act, 1936. But it was observed that delay in payment of wages to 1,239 labourers amounting to Rs 12.35 lakh relating to 20 works ranged from nine to 210 days in case of six GPs²⁸ during 2006-07. Similarly, in the year 2007-08, payment of wages to 1,878 labourers amounting to Rs 11.53 lakh relating to 35 works was delayed by five to 311 days in case of nine GPs²⁹. No compensation was paid to the labourers for the delayed payment as required under the Act.

Thus, the labourers were deprived of their timely earnings and were not compensated for injustice done to them.

4.1.9.4 Unemployment allowance not paid

Unemployment allowance not paid to any applicants of 24 test checked GPs

It is stipulated in the Act that if the employment is not provided within 15 days of receipt of application seeking employment or from the date on which employment has been sought in case of advance application, whichever is later, the applicant shall be entitled to a daily unemployment allowance. It was observed that unemployment allowance was not paid to any of the applicants of the 24 test checked GPs in six blocks of three selected districts during 2006-07 and 2007-08. However, it was noticed from the scrutiny of Job Cards of three test checked GPs³⁰ that against the demand for 2,864 mandays by 45 households during 2006-07, allotment of work was done for 1,747 mandays only. There was neither allotment of work nor payment of unemployment allowance for 1,117 days (2,864 days demanded *minus* 1,747 days provided) during 2006-07. The State Government instructed the district concerned (Dakshin Dinajpur) to investigate the fact and pay the unemployment allowance, if admissible. But the outcome of the investigation could not be found on record. Moreover, the possibility of non-disclosure of the fact of providing jobs after the prescribed time of 15 days could not be ruled out as all the job applications received from the job seekers were not dated.

Thus, various lacunae in the implementation of the scheme as pointed out in the preceding paragraphs affected identification of beneficiaries, coverage for registration and transparency in issuing of job cards and ultimately deprived the willing labourers of the enhancement of the livelihood security.

4.1.10 Physical Performance

4.1.10.1 Non-adherence to priority areas in executing activities

As of March 2008, the details of physical achievement of the works taken up under WBREGS in 10 districts under 1st phase of

²⁸ Paparara-II, Changual, Chakmakrampur, Garmal, Lalgeria and Karnagarh (Paschim Medinipur).

²⁹ GP : Paschim Medinipur - Paparara-II, Changual, Chakmakrampur, Garmal and Lalgeria; Purulia - Digha, Manihara, Burrah and Sonajuri.

³⁰ GP : Ramchandrapur, Tapanchandipur and Ramparachenhera.

implementation, in order of priority prescribed in the Guidelines of the Act, were as below:-

(Rupees in crore)

Sl. No.	Name of Activity	No. of Works		Expenditure as of March, 2008
		Completed	On-going	
1	Water conservation & Water harvesting	9,204	3,486	167.90
2	Drought proofing	7,505	2,820	65.30
3	Micro Irrigation works	3,464	868	35.54
4	Provision of irrigation facilities to SC/ST and other	1,171	358	11.86
5	Renovation of traditional water bodies	6,308	3,425	142.73
6	Land development	4,531	1,484	42.70
7	Flood control protection	5,132	1,753	90.90
8	Rural connectivity	24,053	8,951	387.32
9	Any other activity	824	-	7.66
10	Expenditure on contingency	-	-	35.54
11	Preparatory expenditure	-	-	14.16
Total		62,192	23,145	1,001.61

Similar details in respect of test checked districts were as shown in the table below:-

(Rupees in crore)

Sl. No.	Name of Activity	No. of Works		Expenditure as of March, 2008
		Completed	On-going	
1	Water conservation & Water harvesting	3,509	1,182	55.68
2	Drought proofing	2,305	586	17.84
3	Micro Irrigation works	733	234	7.80
4	Provision of irrigation facilities to SC/ST and other	516	99	2.65
5	Renovation of traditional water bodies	1,388	745	25.14
6	Land development	1,971	485	12.78
7	Flood control protection	1,224	352	15.69
8	Rural connectivity	8,759	3,150	110.91
9	Any other activity	40	-	0.84
Total		20,445	6,833	249.33

According to guidelines, drought proofing works were to be accorded higher priority whereas road connectivity was to be accorded least priority. But it will be seen from the table above that out of the total expenditure of Rs 249.33 crore in three selected ZPs, an expenditure of Rs 110.91 crore (44 per cent) was incurred on 11,909 works under rural connectivity whereas the expenditure towards drought proofing was Rs 17.84 crore (seven per cent) on 2,891 works.

It was further observed that out of 24 test checked GPs, 10 GPs³¹ did not execute any afforestation/tree plantation programme during 2007-08 though afforestation schemes which could generate 1.09 lakh mandays had been included in the Annual Action Plan of 2007-08. Moreover, in violation of

³¹ Papparara-II, Lachhmapur, Chakmakrampur, Changual, Garmal, Lalgeria, Karanagarh, Bunkibundh, Bhamuria and Saltore.

the directives of the State Government for creating at least one nursery at each *Sansad*, the said 10 GPs did not create any nursery which could help afforestation. Thus, afforestation and drought proofing activities were neglected.

4.1.10.2 Works not taken up in test checked GPs

Despite the fact that there was no shortage of funds for implementation of NREGS, scrutiny of records revealed that none of the test checked GPs was able to take up all the works proposed in their Annual Plans for 2006-07 and 2007-08 due to labour constraint and non-approval of plans by *Gram Sabha* as well as by Programme Officer.

It was observed that out of 2,088 works involving Rs 27.39 crore listed in the Annual Plans of 24 test checked GPs, only 709 works were executed and completed after incurring an expenditure of Rs 5.02 crore during 2006-07 (as detailed in **Appendix-XLI**).

Similar fact was also noticed in the implementation of the works included in the annual plan of the test checked 24 GPs during the year 2007-08. It was observed that out of 4,615 works involving Rs 56.96 crore listed in the Annual Plans of 24 test checked GPs, only 385 works were executed after incurring an expenditure of Rs 2.82 crore (as detailed in **Appendix-XLII**). The shortfall in execution of works affected the provision of the legally guaranteed 100 days of employment.

4.1.11 Irregular execution of works

4.1.11.1 Excess payment of Rs 39.86 lakh on non-executed quantity of works

An expenditure of Rs 39.86 lakh was made in 23 works for non-executed quantity which was detected during joint physical verification and cross checking of Measurement Books with other relevant records.

The cross checking of Measurement Book with other relevant records revealed that in two works in two test checked GPs, an expenditure of Rs 20.41 lakh³² was incurred for excess recorded quantity over actual executed quantity.

Excess payment of Rs 20.37 lakh towards clearance of shrubs and hyacinth by inflating size of pond

As per records of Tapan-Chandipur GP of Dakshin Dinajpur District, a water area named Tapan Dighi measured 3.45 lakh m². The GP had showed to have cleared a total area of 9.20 lakh m² of shrubs and 8.62 lakh m² of hyacinth of Tapan Dighi during September 2006 to December 2006 while the total area should not have exceeded 3.45 lakh m² in each case. This resulted in excess payment of Rs 20.37 lakh towards clearance of shrubs and hyacinth for an area of 10.92 lakh m² not in existence.

Similarly, in Digha GP of Purulia District, for re-excavation of *bundh* (September 2007), the recorded quantity was 0.18 lakh cft. while payment was made for 0.21 lakh cft. This resulted in excess payment of Rs 0.04 lakh.

Further, during joint physical verification of 21 works relating to reconstruction of earthen roads and re-excavation of irrigation canals at nine test checked GPs of Dakshin Dinajpur and Paschim Medinipur districts, it was

³² GP :Tapan-Chandipur (Rs 20.37 lakh) and Digha (Rs 0.04 lakh).

Excess payment of Rs 19.45 lakh due to inflated measurement

detected that payment was made for the recorded quantity of 38.76 lakh cft., while the actual quantity found at site was 18.92 lakh cft. Thus, measurement was inflated by 19.84 lakh cft. (38.76 lakh cft. *minus* 19.84 lakh cft.) which resulted in excess payment of Rs 19.45 lakh³³.

4.1.11.2 Fruitless expenditure of Rs 28.15 lakh on Social Forestry

In social forestry works executed by eight GPs of Paschim Medinipur and Dakshin Dinajpur districts, it was noticed that an amount of Rs 30.20 lakh was spent for plantation of 1.60 lakh seedlings. Out of which, 1.45 lakh seedlings costing Rs 28.15 lakh were subsequently damaged because of inadequate protective measures.

Thus, expenditure to the tune of Rs 28.15 lakh³⁴ was rendered fruitless.

4.1.11.3 Inadmissible expenditure of Rs 46.02 lakh

NREGS guidelines permit execution of road projects which are able to provide all weather connectivity in rural areas subject to the prescribed specifications. However, in 29 test checked cases in 12 GPs, only earthwork was executed costing Rs 46.02 lakh during 2006-08. The standard was below the minimum specification of Grade-I metalling required to provide all weather connectivity in rural areas.

Thus, an inadmissible expenditure of Rs 46.02 lakh³⁵ on 29 road works was incurred. Besides, the objective of creation of durable asset was also not achieved.

4.1.11.4 Abandoned Works

It was observed that 32 works costing Rs 49.89 lakh were abandoned in nine test checked GPs³⁶ and in Kharagpur-II PS after incurring an expenditure of Rs 23.67 lakh due to non-availability of earth for earth work, water logging, shortage of funds and agitation of the labourers. It was further observed that prior to execution of work, survey was not conducted for ascertaining the feasibility of execution of work.

As a result, the generation of mandays and creation of durable assets suffered.

4.1.11.5 Irregularities in Muster Rolls

According to Operational Guidelines of NREGS, Muster Rolls issued from the Block level, each with a unique identity number, were to be maintained by GPs and other implementing agencies. Muster Rolls were also to be digitised at the Programme Officer (PO) level. But digitised Muster Rolls were not found in any of the 24 test checked GPs. Thus, possibility of

Digitised Muster Rolls were not found in 24 test checked GPs

³³ GP :Belbari-II (Rs 5.32 lakh), Uday (Rs 0.16 lakh), Jahangirpur (Rs 1.50 lakh), Ramchandrapur (Rs 0.80 lakh), Ashokegram (Rs 0.47 lakh), Tapanchandipur (Rs 1.92 lakh), Ramparachenchera (Rs 5.18 lakh), Azmatpur (Rs 2.77 lakh) and Lalgeria (Rs 1.33 lakh).

³⁴ Ramchandrapur (Rs 2.89 lakh), Uday (Rs 0.25 lakh), Jagangirpur (Rs 5.35 lakh), Ashokegram (Rs 11.50 lakh), of Dakshin Dinajpur & Lachhmapur (Rs 0.25 lakh), Chakmakrampur (Rs 0.64 lakh), Changual (Rs 0.17 lakh), Lalgeria (Rs 7.10 lakh) of Paschim Medinipur.

³⁵ Lalgeria (Rs 1.49 lakh), Karnagarh (Rs 3.34 lakh), Bunkibundh (Rs 3.69 lakh), Changual (Rs 1.48 lakh), Garmal (Rs 3.31 lakh) of Paschim Medinipur, Digha (Rs 1.42 lakh), Bhamuria (Rs 5.64 lakh), Raibundh (Rs 0.47 lakh) of Purulia & Ramparachenchera (Rs 20.96 lakh), Belbari-II (Rs 2.24 lakh), Ashokegram (Rs 1.00 lakh), Jahangirpur (Rs 0.98 lakh) of Dakshin Dinajpur.

³⁶ Belbari-II, Ashokegram, Uday, Ramchandrapur, Ramparachenchera, Azmatpur, Lachhmapur, Saltore and Bhamuria.

fictitious or fraudulent payment through fake muster rolls could not be ruled out.

4.1.11.6 Non maintenance of essential records

For better implementation of WBREGS it was important to maintain accurate records of all aspects. Maintenance of these records was a safeguard to ensure transparency and protect the rights of wage labourers. It was observed that the maintenance of important registers like Job Card Register, Employment Register, Asset Register, Muster Roll Receipt Register and Complaint Register in 24 test checked GPs and six test checked Blocks was not satisfactory. It was observed that in 11 test checked GPs³⁷, Job-Card Registers were not maintained. In none of the test checked GPs, Employment Registers contained the information regarding employment demanded and employment allotted with relevant dates. It was further noticed that Muster Roll Receipt and Issue Register of Lalgeria GP of Paschim Medinipur District did not contain date of receipt and issue of muster rolls to Gram Unnayan Samiti (GUS). All these deficiencies are indicative of weak internal control which is bound to affect the achievement of the objective of the scheme.

4.1.12 Social Audit not conducted

Social Audit Forum was not constituted and Grievance Redressal Mechanism was not developed

An innovative feature of WBREGS was that it provided a pivotal roll to social audit, a public assembly where all the details of the scheme were to be scrutinised as means of continuous public vigilance. The basic objective of social audit was to ensure public accountability / transparency in the implementation of projects, laws and policies. But scrutiny of records revealed that none of the required steps for continuous public vigilance was adopted in any of the test checked districts, blocks and GPs. Citizens' Charter, covering all aspects of duties of panchayats and officials under the Act, was not developed. Internal Audit Cell in the office of the District Programme Co-ordinator was not constituted. Social Audit Forum was not constituted. Grievance Redressal Mechanism was not developed properly as the complainants could not get the grievances redressed on account of non-formation of Grievance Redressal Cell.

Non-existence of these mechanisms required to ensure accountability and transparency in implementation of scheme is likely to harm the interests of beneficiaries who belong to the lowest economical strata of the society.

4.1.13 Non-adherence to Guidelines/ State Government Orders

The deficiencies as enumerated below posed the possibilities of duplication of work, deprivation of livelihood to a larger section, misappropriation of funds and unauthorised payments.

➤ Unique identity number

Procedure of allotting unique identity number & priority number was not followed

The guidelines for implementation of the scheme provided that the District Programme Co-ordinator should allot unique identity number and priority number to each work while according administrative approval in order to avoid duplication of work. It was noticed that such a procedure was not

³⁷ Belbari-II, Jahangirpur, Ashokegram, Sonaijuri, Kashipur, Barrah, Monihara, Digha, Bhamuria, Saltore and Raibundh.

followed by the District Programme Co-ordinators in any of the test checked districts.

➤ **Non-identification of low wage areas**

As per guidelines, low wage areas where the demand for work at minimum wages is likely to be large, must be identified on priority basis. But it was observed that low wage areas were not identified by the District Programme Co-ordinators of the test checked districts.

➤ **Payment through Bank/ Post office**

As per State Government order, payment to labourers should be made through bank/ post office. But scrutiny of records revealed that in only seven GPs³⁸ out of 24 test checked GPs, payment of wages to labourers was made through bank/ post office.

➤ **Job Cards with photographs**

As per Operational Guidelines of NREGS, photographs of the adult members of the households should be affixed on the Job Cards and Employment Register. But scrutiny of records revealed that in 16 GPs³⁹ out of 24 test checked, photographs were not affixed on any of the Job Cards and Employment Register.

In 16 GPs, photographs were not affixed on Job Cards

4.1.14 Monitoring and evaluation

The scheme guidelines envisaged verification and quality audit by external monitors at both State and District level. The State Government was to designate State Quality Monitors (SQMs) with the approval of SEGC. Similarly, the DPCs were to identify District Quality Monitors (DQMs) with the approval of the State Government. It was observed that SQMs and DQMs were not designated / identified at State and district levels.

While Operational Guidelines envisaged developing of an internet based Management Information System (MIS) to enhance transparency and efficiency of operation process, the same was not developed. Thus, national on-line monitoring system for key performance indicators was not evolved.

The guidelines stipulated inspection of works taken up under WBREGS at 100, 10 and two *per cent* by Programme Officers, District Programme Co-ordinators and State Level Co-ordinator respectively. But the works were not inspected by authorities at any level as per norms during 2006-08.

It was observed that out of 43,061 works relating to WBREGS, only 202 works were inspected by State level officials during 2006-07. Thus checking of only 0.47 *per cent* was done instead of two *per cent* envisaged in the guidelines.

Only 0.47 per cent and 3.73 per cent of works were inspected by State level officials and block level officials respectively

Similarly, district level officials of three test checked districts inspected 0.02 to 3.73 *per cent* of works during 2006-07. In none of the six test checked blocks, block level officials achieved the prescribed norm of 100 *per cent* inspection.

³⁸ Ashokegram, Jahangirpur, Uday, Ramchandrapur, Tapan-chandipur, Azmatpur and Belbari-II.

³⁹ Lachhmapur, Changual, Paparara-II, Chakmakrampur, Karnagarh, Garmal, Lalgeria, Bunkibundh, Kashipur, Monihara, Sonajuri, Burrah, Digha, Bhamuria, Saltore and Raibundh.

During the year 2007-08 also, the picture was not satisfactory. The district level officials of three test checked districts inspected 0.30 to 1.06 *per cent* of works. The block level officials of the test checked blocks inspected zero to 21.15 *per cent* of works. Thus, the inspection at all levels was unsatisfactory.

4.1.15 Discrepancies in reporting to higher authorities

The guidelines for implementation of WBREGS prescribed certain formats for maintenance of complete details of funds received / expenditure incurred, number of households registered, employment demanded and provided to different category of beneficiaries, physical achievement under various activities etc. It was, however, noticed that there were discrepancies between the progress reports made available to audit in the test checked blocks and districts, and the reports forwarded to higher authorities as discussed below:

➤ **Financial reporting**

Excess reporting regarding utilisation of funds was noticed in two test checked districts. While Monthly Progress Report (MPR) for November 2007 of Paschim Medinipur District sent to the State Government showed the excess reporting of utilisation of funds to the tune of Rs 8.00 lakh, the MPR of Purulia District showed excess reporting of utilisation of funds to the extent of Rs 91.48 lakh.

Similarly, excess reporting of utilisation of funds by Rs 32.71 lakh was made in the MPR of Kashipur Block, sent to the district for November 2007, against the cumulative expenditure, as assessed from the MPR of the GPs of the block.

➤ **Job Cards**

Misreporting was noticed in issuing of Job Cards. While MPR for November 2007 of Paschim Medinipur District, sent to the State, showed excess reporting of 2,040 Job Cards, MPR of Purulia District for November 2007, sent to the State, showed excess reporting of 1,705 Job Cards. Similarly, while Kashipur Block of Purulia District reported 26,802 Job Cards, the actual cumulative number of Job Cards was 26,734 as assessed from the MPR of the GPs of the Block. Thus, excess reporting of 68 Job Cards was made. Kharagpur-II Block of Paschim Medinipur District made excess reporting of 163 Job Cards.

➤ **Provision of Employment**

Discrepancies in reporting the generation of mandays was also noticed in the MPRs of test checked districts and blocks.

While MPR for November 2007 of Purulia District, sent to the State Government, reported generation of 32.17 lakh mandays upto November 2007, the actual generation, as assessed from all the blocks of the districts, was 26.11 lakh mandays. Thus, excess reporting of 6.06 lakh mandays was made to the State Government.

While MPR of Kashipur Block, sent to the District, reported 2.04 lakh mandays, the actual was 1.93 lakh mandays, as assessed from the MPR of the

**Excess reporting
of issue of 3,745
Job Cards by
Paschim
Medinipur and
Purulia districts**

GPs under the Block. Thus, 0.11 lakh mandays was showed in excess. Similarly, while MPR of Kharagpur-II block, sent to the District, reported 0.55 lakh mandays, the actual was 0.53 lakh mandays, assessed from the MPR of the GPs under the Block. Thus, 0.02 lakh mandays was reported in excess.

4.1.16 Other points of interest

4.1.16.1 Irregularities in execution of schemes through Line Departments

➤ Delay in Submission of Annual Action Plan

Annual Action Plans (AAP) were required to be submitted to District Programme Co-ordinator by December of the previous year. But it was observed that the Divisional Forest Officers of Medinipur and Jhargram Forest Division submitted Annual Action Plan (2007-08) in April and March 2007 respectively. Respective GPs were not consulted at the time of finalisation of the AAP.

➤ Loss of interest due to non opening of separate bank accounts

The Operational Guidelines of NREGA stipulated that separate bank accounts in public sector banks should be opened for keeping funds. But it was observed that four test checked divisions kept the funds in Treasury. Thus, while the two Forest Divisions of Purulia District incurred a loss of interest to the tune of Rs 3.42 lakh against the funds amounting to Rs 3.11 crore kept in Treasury during 2006-08, the forest divisions of Medinipur District incurred a loss of interest to the tune of Rs 6.89 lakh on funds amounting to Rs 5.67 crore kept in Treasury during 2006-08.

**Loss of interest of
Rs 10.31 lakh due to
non-opening of
separate bank
accounts during
2006-08**

Other Irregularities

- (a) Schedule of Rates for female labourers was not considered for measuring the earth work executed by female labourers. As per guidelines, the admissible rates for the female labourers were 49 cft. per manday in case of hard soil and 85 cft. per manday in case of soft soil. But it was noticed that they were paid @ 58 cft. per manday for hard soil and @ 94 cft. & 99 cft. per manday in case of soft soil. As a result, the female labourers engaged in the works regarding the construction of earthen dams at Roladih and Burigora Mouza in Purulia District were deprived of wage amounting to Rs 0.27 lakh due to less calculation of 369 mandays.
- (b) The prevalent rate of wage to the labourers as followed by the PRIs was not followed. As a result, the labourers were not paid the admissible wages. It was observed that excess payment of Rs 0.08 lakh and less payment of Rs 0.04 lakh were made in the test checked Forest Ranges.
- (c) Payment of wages to the tune of Rs 2.35 lakh was delayed by two to 137 days in three forest ranges of Paschim Medinipur District during 2006-08. Thus, the labourers were deprived from the enhancement of livelihood security.
- (d) Maintenance of important registers like Cash Book, Employment Register, Asset Register, and Muster Roll Receipt Register in the test checked Forest Ranges was not satisfactory. It was observed that

separate Cash Book for NREGA as per guideline was not maintained. Muster Roll Receipt and Issue Register was not maintained at Godapiyasal Range of Medinipur Forest Division while in Chanda Range of the same division, it was found incomplete. The Asset Register was not maintained in the test checked Forest Ranges of Medinipur and Jhargram Forest Divisions.

4.1.17 Conclusion

Review on implementation of WBREGS conducted in three ZPs, six PSs, 24 GPs, and four forest divisions revealed that the basic tenet of providing 100 days of guaranteed wage employment to every household has not been achieved. It was observed that only 0.19 lakh households and 0.23 lakh households respectively were provided with 100 days of work during 2006-08.

Irregularities like delay in preparation and non-distribution of Job Cards to the registered households were also observed in audit.

The scheme provided generation of employment through participative planning duly involving the PRIs and village population through *Gram Sabha* in order to identify the works to be taken up for generation of employment and creation of durable asset with utility. But the test checked districts did not prepare District Perspective Plan (DPP) which envisaged participation of the rural poor. Instances of delay in payment of wages were also noticed.

Social audits were not conducted, thereby defeating the objectives of ascertaining the impact of scheme implementation. Monitoring mechanism was weak.

Recommendations

- DPP which is a tool for the successful implementation of scheme and improving the living conditions of the rural people should be prepared in time. The community should be involved in identifying works.
- Awareness amongst the community regarding the NREG procedures for demanding works should be created. Job Cards should be issued promptly after receiving applications and disposal should be monitored. Responsibility should be fixed for irregularities in issue of Job Cards. Strong campaign among the women should be made.
- Proper maintenance of basic records should be ensured for better monitoring and to record achievements correctly. Feasibility of fixing of responsibility for non-maintenance of records should be examined.
- Action should be taken to transfer the unutilised funds under NFFWP to WBREGS Account.
- Compliance to scheme guidelines should be strictly ensured.
- Line Departments should be instructed to follow the scheme guidelines.
- PRI members should be motivated for involvement. There should be regular review preferably on fixed date at the District, Block and GP level. NREG cell should review progress periodically.
- Social Audit should be done as per guidelines.

4.2 Internal Control System in South 24 Parganas ZP

Highlights

A built-in internal control mechanism to ensure effectiveness in carrying out functions by Panchayat Raj bodies is provided for in the West Bengal Panchayat Act, 1973. The internal controls in South 24 Parganas ZP were found to be weak and inadequate as rules regarding various control measures were not complied with. The system could not ensure economy and efficiency of operation and failed to provide reasonable assurance against the loss of resources and misappropriation of funds.

Shortcomings were noticed in control over preparation of budget and expenditure thereof. An expenditure of Rs 18.05 crore without budget provision was incurred during 2005-08.

(Paragraphs 4.2.6.1, 4.2.6.2)

Non-maintenance of Cash Book led to suspected misappropriation of Rs 4.14 lakh and loss of Rs 12.05 lakh due to wrong adjustment.

(Paragraphs 4.2.7.2, 4.2.7.3)

Advances amounting to Rs 7.47 lakh paid to different officials remained unadjusted.

(Paragraph 4.2.7.5)

Improper maintenance of loan account resulted in liability of accumulated loans for Rs 5.93 crore.

(Paragraph 4.2.7.6)

Non-issue of demand notices resulted in non-realisation of rent to the tune of Rs 61.74 lakh as of 31 March 2008.

(Paragraph 4.2.7.7)

Non-maintenance of records relating to the execution of works resulted in irregular refund of Security Deposit of Rs 7.78 lakh before the completion of work.

(Paragraph 4.2.9.1)

Lack of supervision and monitoring resulted in wrong booking, delayed utilisation of sub-allotted funds and mis-reporting of stock of rice under SGRY.

(Paragraphs 4.2.11 & 4.2.11.1, 4.2.11.2, 4.2.11.3)

4.2.1 Introduction

Internal control system, an integral component of an organisation, is meant to give reasonable assurance to the management that its functions are carried out according to laid down rules and regulations and in an economical, effective and efficient manner. South 24 Parganas ZP is the apex organisation of PRIs of the district and has the power to monitor the activities of 29 PSs and 312 GPs of the District. The West Bengal Panchayat Act, 1973 which governs the functioning of the ZP, has prescribed specific internal control measures.

4.2.2 Organisational Set Up

ZP under the chairmanship of the Sabhadhipati is the key organisation at the district level and has the District Magistrate as the Executive Officer assisted by an Additional Executive Officer and a Secretary. The formal association of the District Magistrate with the ZP provides a strong linkage with other Government Departments. ZP functions through different Standing Committees called *Sthayee Samitis* consisting of elected representatives and nominated Government Officers for preparation of Development Plan/Annual Action Plan, implementation of the schemes regarding economic development and social justice as may be drawn up by or entrusted upon it, management or maintenance of work of public utility and collection of revenue for utilisation of such funds for development work. *Karmadhyakshas* are the head of these *Sthayee Samitis*, assisted by Secretaries who are Government Officers.

4.2.3 Audit Objectives

The audit objectives were to assess whether:

- a) Budgetary and cash controls were adequate and effective;
- b) Annual Plan was prepared and effectively implemented;
- c) Expenditure control mechanism was functional;
- d) Administrative and inventory related controls were in place;
- e) Operational controls were existing to achieve the objectives in an economic, efficient and effective manner;
- f) Monitoring mechanism was adequate and effective; and
- g) Internal Control System was effective.

4.2.4 Audit Criteria

Audit criteria used for the evaluation of control mechanism in the ZP were-

- (i) Provisions of the West Bengal Panchayat Act, 1973 and
- (ii) Orders and instructions of the Government as issued from time to time.

4.2.5 Audit Coverage & Methodology

Internal Control structure of South 24 Parganas ZP was reviewed between October 2008 and December 2008 through test check of records of

the organisation alongwith Baruipur and Bhangore-I PSs and four selected GPs⁴⁰ for the period 2003-08.

The methodology adopted was to test check records with reference to the provisions of the West Bengal Panchayat Act, 1973 and other subsequent orders and instructions of the Government. The sample for audit, inter-alia covered records relating to budget and expenditure, manpower policies, inventory control, internal audit and various control registers.

An Entry Conference with the Additional Executive Officer, South 24 Parganas ZP was held in September 2008. The replies of the ZP were taken into account and suitably incorporated in the relevant paragraphs.

Audit Findings

4.2.6 Budgetary Control

Control over budget and expenditure is essential for optimal utilisation of limited resources to achieve the objectives of the organisation. The West Bengal Panchayat (Budget & Appropriation of Fund) Rule, 1996 delineated the procedures to be followed in preparation of budget. The shortcomings noticed in control over preparation of budget and expenditure thereof are detailed in the succeeding paragraphs.

4.2.6.1 Budget preparation without ascertaining the probable sources of receipts

Rule 23 of the West Bengal Panchayat (Budget & Appropriation of Fund) Rule, 1996 stipulates that prior to preparation of budget, the Executive Officer must obtain information from the Development and Planning Department of the Government of West Bengal as to the probable grants, contributions and allotment of funds from the State Government under plan and non-plan heads during the following financial year and must obtain information as to the quantum of funds from own sources. But scrutiny of records revealed that the competent authority of the ZP failed to gather such information. The fact will be evident from the scrutiny of the budgets for the years 2005-08 as detailed in the table:

(Rupees in crore)

Year	Receipts			Expenditure		
	BE	Actual	Difference	BE	Actual	Difference
2005-06	208.21	172.82	(-) 35.39	208.21	151.86	(-) 56.35
2006-07	171.21	83.19	(-) 88.02	171.21	99.97	(-) 71.24
2007-08	173.93	184.06	(+) 10.13	173.93	155.14	(-) 18.79

It may be observed from the above table that while the actual receipts were substantially less than the budget provisions during 2005-06 and 2006-07, the actual receipt was higher than the budget provision during 2007-08.

The ZP also failed to assess the quantum of expenditure in the years in question. It was observed that while the ZP incurred less expenditure by Rs 20.96 crore and Rs 28.92 crore over the actual receipts during 2005-06 and 2006-07 respectively, it incurred excess expenditure of Rs 16.78 crore over receipts during 2006-07.

⁴⁰ Ramnagar-I, Vidyakhali, Tardah and Dhupguri-I.

Probable receipt from the State Government not ensured while preparing budget

Huge difference between budget estimate and actuals

Thus, the budget estimates were unrealistic due to non-assessment of probable receipts against expenditures.

4.2.6.2 Expenditure without Budget Provision

Except in the case of a pressing emergency, no sum shall be expended by or on behalf of the ZP unless such sum is included in the budget estimates in force at the time of incurring the expenditure. However, the scrutiny of budget estimates alongwith the grant statements for the years 2005-08 revealed that the ZP had incurred expenditure from the balances of previous years without budget provision in the following items:

Expenditure incurred without Budget Provision

(Rupees in crore)

Items	2005-06		2006-07		2007-08	
	BE	Actuals	BE	Actuals	BE	Actuals
Agriculture/NWDPRA	Nil	0.29	Nil	1.15	Nil	0.12
Animal Resources	Nil	0.03	Nil	0.12	Nil	0.04
Backward Class Welfare	Nil	0.08	Nil	0.25	Nil	0.02
C & SSI	Nil	Nil	Nil	0.03	Nil	Nil
Fisheries	Nil	0.07	Nil	0.03	Nil	0.24
Foods Supply	Nil	Nil	Nil	0.10	Nil	Nil
Forestry	Nil	0.45	Nil	0.11	Nil	0.30
Health & Family Welfare	Nil	Nil	Nil	0.71	Nil	1.05
Water Investigation	Nil	3.99	Nil	0.24	Nil	0.41
PWD (Roads)	Nil	Nil	Nil	Nil	Nil	0.11
Youth & Sports	Nil	Nil	Nil	Nil	1.10	8.86
RWS	Nil	Nil	Nil	Nil	Nil	0.05
Sundarban Affairs	Nil	Nil	Nil	Nil	Nil	0.30
Total	Nil	4.91	Nil	2.74	1.10	11.50

**Rupees 18.05 lakh
expended during
2005-08 without
budget provision**

Thus, it is evident from the above table that South 24 Parganas ZP incurred expenditure without budget provision and thereby failed to control expenditure which directly indicates that the budget formulation and expenditure control system were deficient.

4.2.7 Financial Control

In the area of financial management, proper internal controls are prescribed in the Acts and Rules. However, it was observed that prescribed internal controls were not observed in respect of custody and disbursement of cash and maintenance of Cash Book and other registers. The findings are discussed in the succeeding paragraphs.

4.2.7.1 Improper Maintenance of Cash Book

In accordance with Rule 21(3) of the West Bengal (ZP & PS) Accounts & Financial Rules, 2003, the cash book shall be maintained by the Cashier or any other authorised employee of the ZP and all such entries in Cash Book shall be checked and verified by the Accountant at the end of each day and placed before the officer authorised by the Executive Officer who shall authenticate each such entry by putting his initial against them. Further, Rule 16 stipulates that if the transactions in account are not verified and reconciled for three consecutive months, the defaulting ZP shall not draw any fund from the account either by cheques or otherwise until account is verified. But

scrutiny of Cash Book of the ZP revealed irregularities and non-observance of norms.

Non-reconciliation of Cash balance of Rs 12.42 crore

- (a) Entries in the Cash Book were left pending from October 2005 to March 2007;
- (b) No reconciliation of Cash Book balance with Treasury balance was done during 1986-06. The scrutiny of records revealed that as of March 2008 the difference of balances between Cash Book and Treasury Pass Book was Rs 12.42 crore (Treasury Pass Book balance: Rs 75.97 crore *minus* Cash Book balance: Rs 63.55 crore).

4.2.7.2 Losses Due to Suspected Misappropriation

Loss of Rs 4.14 lakh due to suspected misappropriation

The ZP had to suffer losses of Rs 0.05 lakh and Rs 4.09 lakh respectively in two separate cases of suspected misappropriation (March 2003 & January 2007) because the Cashier in charge, who was subsequently suspended, neglected to make necessary entries as to receipts and expenditures in the Cash Book.

4.2.7.3 Loss Due to Wrong Adjustment

Rupees 12.05 lakh deposited in the treasury but not credited in the Treasury Pass Book

Scrutiny of records revealed that the cash deposited into the Treasury was not recorded in the Treasury Pass Book. It was noticed that an amount of Rs 12.05 lakh was posted (October 2005) in the payment side of the Cash Book as adjustment entry for amounts deposited (August 1988 to March 2004) into the Treasury whereas the same was not shown credited in the Treasury Pass Book. There was nothing on record to show that the matter was taken up with the Treasury for settlement. As a result the balance of the ZP was reduced by Rs 12.05 lakh and reconciliation so made remained inconclusive.

4.2.7.4 Non-Observance of Norms for Maintenance of Liquid Cash Book

Liquid cash not verified physically

Rule 22(4) of the West Bengal (ZP & PS) Accounts and Financial Rules, 2003 prescribes that the cash drawn through self cheque, unless immediately disbursed, may be recorded in the Liquid Cash Book by the Cashier in Form 31 which shall be balanced, closed and physically verified at the close of the day's transaction by the Drawing and Disbursing Officer. The ZP however, failed to follow the said procedures which resulted in ineffective control over the cash. The fact became evident when physical verification of cash conducted by D.D.O. at the insistence of Audit (November 2008) revealed non-recording of payment of Rs 0.02 lakh in the cash book.

4.2.7.5 Non-Adjustment of Advances

Rule 38(3) of the West Bengal Panchayat (ZP & PS) Accounts & Financial Rules, 2003 stipulates that adjustment should be made within 30 days from the date of drawal of advance. The advances which could not be utilised/partly utilised within the specified period of 30 days, has to be deposited supported by adjustment vouchers, if any, within specified days alongwith written explanation stating the circumstances for non-utilisation of advances.

Advance of Rs 7.47 lakh remained unadjusted

Scrutiny of records revealed that as of August 2008, the ZP authority had failed to adjust an amount of Rs 7.47 lakh, advanced to different officials

during 2005-08 as detailed below:

(Rupees in lakh)

Sl. No.	Date	Holders of Advance	Amount
1	28.07.05	Sanjoy Bose, Deputy Secretary	0.07
2	01.08.05	Sanjoy Bose, Deputy Secretary	0.10
3	04.08.05	Mujahid Kabir	0.005
4	21.12.05	Sri Bimal Mistry, Sabhadhipati	0.03
5	18.05.06	Jayanta Bagchi	0.15
6	07.09.06	Sri Bimal Mistry, Sabhadhipati	0.02
7	06.11.06	Land Acquisition, Collector, 24 Pgs(S)	5.00
8	21.02.07	Deputy Collector	1.40
9	09.03.07	DPRDO, 24 Pgs(S)	0.50
10	23.08.07	Sri Bimal Mistry, Sabhadhipati	0.20
Total			7.47

The above statement also revealed that the authority violated Rule 38(7) which includes that no advance out of ZP fund shall be sanctioned in favour of any member of the ZP in connection with any scheme or programme. It is noticed from the statement above, that more than one advances were given to the *Ex-Sabhadhipati*.

Due to control failure, the responsibility of the officials who failed to submit adjustments against the advances could not be fixed.

4.2.7.6 Improper Maintenance of Loan Account

According to Rule 43 of the West Bengal Panchayat (ZP & PS) Accounts and Financial Rules 2003, separate ledger account shall be maintained for recording funds, raised or received as loan or grants/subsidy/contribution from the State Government for assigned schemes or projects or contribution made by individuals or other bodies for special purposes.

Scrutiny revealed that the loan register was not maintained properly. As per available records the total loan liability as of March 2001 was Rs 5.93 crore which was raised during the period from 1948-92. The liability of interest payable on loans was never calculated by the ZP. Updated position of loan liability could not be assessed by audit for non-production of updated Loan Register.

4.2.7.7 Non-Realisation of Rent

Effective and efficient internal controls were prescribed in Rules 29, 30, 31 of the West Bengal Panchayat (ZP & PS) Accounts and Financial Rules, 2003 for accounting of revenues. Rules 29 and 30 stipulate the necessity of maintaining a Demand and Collection Register to record and monitor the total collection and dues in respect of fixed and miscellaneous demands respectively. Rule 31 provides the scope of issuing demand notice in duplicate to the assessee or lessee requiring the assessee or lessee to pay the dues mentioned in the notice by such date as may be specified in the said notice. It further provides scope for taking appropriate action to recover the dues from the defaulters. However, lapses were noticed in observance of these controls which resulted in non-realisation of rent to the tune of Rs 61.74 lakh at the end of 2007-08 from the tenants of the Baruipur Commercial Complex,

the spaces of which were let out to the State Government offices on rental basis as per specific rate per square feet as detailed below:

(Rupees in lakh)

Rent of
Rs 61.74 lakh
remained un-
realised

Sl. No.	Name of Tenants	Period of Outstanding	Total Outstanding as on 31.3.08
1	SDO, Baruipur	01.01.92 to 31.03.08	39.17
2	Special Officer for industries (SC/ST)	10.11.89 to 31.03.08	0.23
3	West Bengal Handloom & Powerloom	01.09.89 to 31.03.08	3.62
4	Baruipur Jhana L/S Co-op. Marketing Society	10.12.91 to 31.03.08	0.36
5	Divisional Engineer Group Elec. Supply, WBEDCL	01.12.90 to 31.03.08	18.36
Total			61.74

Scrutiny revealed that no Demand and Collection Register in the format as prescribed in the rule was maintained by the ZP during 2003-07. As a result, periodical Demand Notice on the tenants was not served. Moreover, it was informed that no written agreements between ZP and the allottees were made at the time of the allotments. Thus, internal controls were non-existent.

4.2.8 Administrative Controls including Establishment & Stores Management

A review of expenditure revealed lapses in administrative as well as expenditure controls.

4.2.8.1 Irregular Maintenance of Stock Register

The review of Stock Register for medicines revealed the following irregularities:

- Medicines were purchased in bulk without obtaining indent from the Medical Officer of the dispensaries. This resulted in violation of purchase procedures.
- Stock of medicines had not been verified physically at periodic intervals. The fact became evident when 60,000 Ampicillin Kid Tabs became unusable due to expiry of usable period resulting in loss of Rs 0.29 lakh.

Non-verification of
Stock Register of
medicine resulting in
loss of Rs 0.29 lakh

4.2.8.2 Deficiencies in the Maintenance of the Provident Fund Ledger

Deficient internal controls were also noticed in the maintenance of Provident Fund Ledger. It was observed from records that the ZP failed to settle the claims of ex-employees and did not intimate the Directorate of Pension, Provident and Gratuity Fund (DPPG) as well as the Treasury Officer, South 24 Parganas the unclaimed amount of the ex-employees. It was noticed that the amount of interest sanctioned by the DPPG was much higher than the interest calculated and distributed by the authorities of the ZP to the employees during the years 2003-07 as detailed below :

(Rupees in lakh)

Excess payment
of interest
amounting to
Rs 3.81 lakh
during 2003-07

Particulars	2003-04	2004-05	2005-06	2006-07	2007-08
Interest released by the DPPG	9.15	9.76	10.52	11.31	NA
Interest calculated and distributed by ZP to the employees	8.43	9.02	9.70	9.78	NA
Difference	0.72	0.74	0.82	1.53	-

It was revealed from records that the DPPG calculated the interest on the accumulated fund amount of both the existing and retired employees without segregation, while the ZP calculated the interest by segregating the fund amount of the existing and retired employees. As a result, excess interest was paid by the DPPG. Consequently, the Provident Fund balance at the Treasury became inflated. It was noticed further that interest at the prescribed rate (eight *per cent*) was allowed on the fund amount of the ex-employees instead of keeping the same under Suspense Account.

4.2.9 Internal Control in Execution of Works

Public works is a major area of operation of the ZP. Hence implementation of internal controls prescribed was to be ensured without exception.

4.2.9.1 Execution of Works without Essential Records

Register of Works is a permanent and collective record of expenditure incurred during a year on each work. As soon as estimates are sanctioned, the amount of each sanctioned estimate, the allotment for the year and name of the work are entered in the register. But such a register was not maintained by the ZP. As a result, works executed by the ZP could not be ascertained at a glance.

The Stock Register for Measurement Books was not maintained by the ZP. As a result, Measurement Books used in a year could not be ascertained.

The maintenance of Security Deposit Register (SDR) by the ZP was improper and irregular. It was noticed that the SDR was first opened in February 2005. Records of Security Deposits received from contractors were not available earlier to the above date.

The improper maintenance of SDR resulted in refunding (March 2005) of Security Deposit of Rs 7.78 lakh long before the completion of the work to the contractor M/s. Naveen Engineering Company which was engaged in the construction of a new road from Padmapukur More to Sashan Railway Station along the bank of river Adiganga under RIDF-VI scheme which was completed on 21 December 2006 after a delay of 3 years and 9 months beyond scheduled date of completion (February 2003).

Refund of security deposit of Rs 7.78 lakh before completion of the work

4.2.10 Physical Control over Assets

Rules 44 (1) and 45 of West Bengal Panchayat (ZP & PS) Accounts & Financial Rules, 2003 emphasise the need to maintain Register for Immovable Properties and Movable Properties respectively. It is stated that record of all lands, including roads, sites of building tanks, ferries, fisheries, buildings and any other property and interest in the possession of the ZP shall be kept in the Register of Immovable Properties. Similarly, Rule 45 states that Stock Register of Movable Properties shall be maintained. But the ZP failed to submit the updated Registers for both Immovable and Movable Properties. As a result, audit could not ascertain the volume of assets and correct accounting of the same.

4.2.11 Supervision & Monitoring

Section 163 of the West Bengal Panchayat Act, 1973 provides that a ZP shall exercise supervision over Panchayats in the District. It is stipulated in

clause 2C of the Section that ZP may inspect or cause to be inspected the utilisation of funds given to the PS/GP by the State Government for execution of works either directly or through the ZP. But scrutiny of records of two selected PSs and four selected GPs revealed the inadequacy of inspection by the ZP as shown below:

4.2.11.1 Wrong Booking of Sub-Allotted Funds

It was noticed from the records that Bhangore-I PS booked Rs 8.39 lakh instead of Rs 5.30 lakh, being the 1st installment of sub-allotted funds (2007-08) under TFC by the ZP. Similar wrong booking was noticed in case of sub-allotted funds under SSFC from the ZP. It was noticed that the said PS booked Rs 5.30 lakh instead of Rs 8.37 lakh, which was the sub-allotted funds (2006-07) by the ZP. Thus, the deficiency in the inspection by the ZP was evident.

4.2.11.2 Delayed Utilisation of Funds

It was noticed from the Fund Transfer Pass Book of Bhangore-I PS that the grants credited to the Fund Transfer Account remained unutilised for periods ranging from three months to nine months respectively during 2006-08. The fact will be evident from the following statement:

(Rupees in lakh)

Date of Credit	Date of Withdrawal	Amount	Period Unutilised
09.11.2006	20.03.2007	9.49	3 months & above
29.03.2007	24.09.2007	8.00	5 months & above
15.01.2008	06.10.2008	2.70	9 months & above
20.02.2008	12.08.2008	0.76	6 months & above

Delay in crediting of grant in absence of instructions in the Government orders regarding heads of accounts

As per norm, the funds placed in the fund transfer account should be credited to the scheme head immediately. But scrutiny of records revealed that the crediting of grants to the respective scheme head was delayed due to absence of clear instruction in the Government orders regarding heads of accounts. As a result, funds were kept idle for a period of three months to nine months, highlighting the lack of supervision on the part of the ZP.

4.2.11.3 Difference in reporting on stock of rice under SGRY by ZP & PS

It was noticed from the Stock Register of Bhangore-I PS that an initial allotment of 21,738 kg. of rice was made for construction of WBM road from Ghatakpukur to Mallikati in March 2007 under SGRY Scheme. Out of that, 5,060 kg. of rice was issued to labourers involved in the said work and 1,335 kg. of rice was issued towards construction of Kashinath Free Primary School in July 2007. Thereafter, a balance of 15,343 kg. {21,738-(1,335+5,060)} of rice should have been found on record in the Stock Register. But the same was not found on record. Moreover, the statement of Sector-wise expenditure towards foodgrains under SGRY, maintained by South 24 Parganas ZP showed zero balance of rice in respect of Bhangore-I PS as of April 2007.

Thus, it can be concluded that monitoring of stock of foodgrains was neither conducted properly at the PS level nor at the ZP level, leaving wide scope for misuse and / or misappropriation of foodgrains under SGRY.

4.2.12 Internal Audit

The objective of Internal Audit is to assist the administration in effective discharge of its responsibilities. Section 186 A of the West Bengal Panchayat Act, 1973 includes the provision for Internal Audit. It is stipulated that the accounts of the funds of ZP, PS and GP shall be audited periodically by the Regional Accounts and Audit Officer, the Samiti Accounts & Audit Officer / Parishad Accounts and Audit Officer and Panchayat Accounts and Audit Officer respectively within their respective jurisdiction at least once in a month. It was stated by the authorities of the ZP that Internal Audit was conducted by the Auditor deputed by the Office of the Divisional Commissioner upto 2005-06. But the efficacy of the internal audit could not be assessed as the ZP authorities could not produce the reports. However, multiple errors in accounts of the Parishad and non-observance of norms of accounting proved the weakness of the Internal Audit.

4.2.13 Conclusion

The Internal Controls in South 24 Parganas ZP were weak and inadequate. Rules, Regulations and orders regarding budgetary, financial, expenditure and physical control were not properly complied with. The monitoring system was ineffective. The ZP did not have an effective internal audit system in the absence of which the extent of compliance with the existing rules, procedures and instructions were not monitored on a regular basis.

Recommendations

- Probable revenue receipts for the financial year and expenditure of the previous year should be considered while preparing the budget.
- Monitoring of expenditure vis-à-vis budget provisions should be enforced to ensure financial discipline.
- Proper utilisation, maintenance, detailed stock analysis and regular physical verification should be ensured.
- Procedures for maintenance of records and registers should be followed.
- Monitoring and supervision system is weak and requires to be strengthened.

4.3 Devolution of Functions, Functionaries & Funds to PRIs

Highlights

The basic objectives of devolution of powers and responsibilities as envisaged in article 243 G of the Constitution is to empower the PRIs with the authority for planning, budgeting and implementing schemes for economic development and social justice in rural areas.

Out of 29 functions listed in the 11th Schedule of the Constitution, 28 functions were devolved to the PRIs.

(Paragraph 4.3.5.1)

As of March 2008, only 10 out of 19 departments had issued orders matching the Activity Mapping.

(Paragraph 4.3.5. 1)

The Activity Mapping gave the PRIs only partial control over the functions envisaged in the 11th Schedule of the Constitution.

(Paragraph 4.3.5.1)

The performances of the PRIs vis-à-vis the earmarked responsibilities in the Activity Mapping ranged from 29 to 76 per cent.

(Paragraph 4.3.5.2)

The PRIs had only limited control over the departmental functionaries. Further, the functionaries attached to the different levels of PRIs as link officials were irregular in attending the meetings of the *Sthayee Samitis*.

(Paragraph 4.3.5.3)

In respect of most of the devolved functions, no provision for separate head of accounts in the State Budget was made.

(Paragraph 4.3.5.4)

Only two departments out of 10 transferred funds to the PRIs. The flow of untied funds to the PRIs was inadequate. The endeavour of the PRIs to augment their own resources was unsatisfactory.

(Paragraph 4.3.5.4)

The functioning of the District Planning Committee was poor, resulting in absence of proper planning.

(Paragraph 4.3.5.4)

4.3.1 Introduction

Article 243 G of the Constitution provides for devolution of powers and responsibilities by the State Government to the Panchayats in preparation and implementation of plans for economic development and social justice including implementation of schemes relating to the 29 subjects⁴¹ listed in the 11th Schedule of the Constitution. Accordingly, the State Legislature inserted Sections 207 A and 207 B in the West Bengal Panchayat Act, 1973 in 1992 and 1994 respectively for placement of officers and employees at the disposal of PRIs and the transfer of such powers, functions and duties as are exercised, performed and discharged by the State Government.

The State Government order (November 2005)⁴² provides for assigning such functions and activities to the appropriate tier of PRI with authority for planning, budgeting and implementing schemes and taking other possible

⁴¹ (i) Agriculture including agricultural extension, (ii) Land improvement, implementation of land reforms, land consolidation and soil conservation, (iii) Minor irrigation, water management and watershed development, (iv) Animal husbandry, dairying and poultry, (v) Fisheries, (vi) Social forestry and farm forestry, (vii) Minor forest produce, (viii) Small scale industries including food processing industries, (ix) Khadi, village and cottage industries, (x) Rural housing, (xi) Drinking water, (xii) Fuel and Fodder, (xiii) Roads, culverts, bridges, ferries, waterways and other means of communication, (xiv) Rural electrification including distribution of electricity, (xv) Non-conventional energy sources, (xvi) Poverty alleviation programme, (xvii) Education including primary and secondary schools, (xviii) Technical training and vocational education (xix) Adult and non-formal education, (xx) Libraries, (xxi) Cultural activities, (xxii) Markets and fairs, (xxiii) Health and sanitation including hospitals, primary health centres and dispensaries, (xxiv) Family welfare, (xxv) Women and child development, (xxvi) Social welfare including welfare of the handicapped and mentally retarded, (xxvii) Welfare of the weaker sections, and in particular, of the SCs and STs, (xxviii) Public distribution system, (xxix) Maintenance of community assets.

⁴² Assignment of Responsibilities on Three Tier Panchayat Raj Institutions and Mapping of Activities of PR Bodies.

measures related to those activities for economic development and social justice in rural areas.

A review of the devolution was conducted by audit and the findings are discussed in the succeeding paragraphs.

4.3.2 Audit Objectives

The audit objectives of the review were to assess whether:

- (a) All the functions listed in the 11th Schedule had been transferred to the appropriate levels of the PRIs,
- (b) Adequate functionaries were transferred to the PRIs to carry out the devolved functions,
- (c) Funds corresponding to the functions were devolved, and
- (d) The institutional arrangement for planning, budgeting and implementation of the assigned functions had been put in place.

4.3.3 Audit Criteria

The main criteria for assessing the status of devolution of functions, functionaries and funds were:

- (a) The 73rd Amendment to the Constitution containing Articles 243 A to 243 O and the 11th Schedule.
- (b) State Government's order for devolution of responsibilities following the Activity Mapping completed in November 2005.

4.3.4 Audit Scope and Methodology

The records of 21 PRIs (three ZPs⁴³, six PSs⁴⁴ and 12 GPs⁴⁵) and 10 departments⁴⁶ for the period from 2003-08 were scrutinised in three selected districts during the period from 3 November 2008 to 26 December 2008.

The methodology adopted was to test check the records with reference to the provisions of the Activity Mapping (November 2005), norms for allocation of funds to the PRIs by the SFC and the TFC, and the process of planning and implementation of schemes by PRIs and line departments.

An Entry Conference with Principal Secretary, P&RDD was held in November 2008 to explain the audit objectives and methodology.

The audit findings are discussed in the succeeding paragraphs.

⁴³ Cooch Behar, Hooghly and North 24 Parganas.

⁴⁴ Toofanganj-II, Coochbehar-I, Singur, Chinsurah-Mogra, Basirhat-I and Barrackpore-I.

⁴⁵ Bhanukumari-I, Bhanukumari-II, Dewanhat, Ghugumari, Singur-I, Berabari, Saptagram, Kodalia-II, Sangrampur-Shibati, Nimdaria-Kodalia, Kowgachi-I and Kowgachi-II.

⁴⁶ Public Health Engineering, Health & Family Welfare, Animal Resource Development, Micro & Small Scale Enterprises, Water Investigation & Development, Women & Child Development and Social Welfare, Forest, Mass Education Extension, Social Education and Fisheries.

4.3.5 Audit Findings

4.3.5.1 Transfer of functions

The transfer of 28 functions excluding the technical and vocational education was completed through Activity Mapping exercise in November 2005, July 2006 and October 2007. The deficiencies noticed in the mapping are discussed in the following paragraphs:

- **Matching orders not issued by all the departments concerned**

Non-issue of matching orders by nine departments

As of March 2008, only 10 departments⁴⁷ had issued orders matching the Activity Mapping. Nine departments⁴⁸ were yet to issue the matching orders. It was evident from the scrutiny of records of 21 selected PRIs and 10 line departments that the officials of the departments at district, block and GP levels did not have information about the matching orders.

- **Partial control over envisaged functions**

Activity Mapping gives PRIs partial control over the functions

The Activity Mapping specified the responsibilities of *Sthayee Samitis* at each tier of PRIs. An analysis of the responsibilities of the said *Samitis* revealed that most of these are centred around identification of beneficiaries under different schemes. It is evident from the records of ZPs that the prime responsibility in respect of devolved functions is the selection of beneficiaries. Thus, the Activity Mapping gives the PRIs only partial control over the functions envisaged in the 11th Schedule of the Constitution, and more is needed to be done for the envisaged devolution of functions. However, it would be evident from the following paragraphs that the PRIs were not carrying out even these reduced levels of responsibilities.

4.3.5.2 Status of performance of functions by the PRIs

- **Non-performance of devolved functions**

The Activity Mapping earmarked certain responsibilities of *Sthayee Samitis* at each tier of PRIs. A review in respect of seven functions showed that in the three selected ZPs, only 29 to 71 *per cent* of these responsibilities were being performed (as detailed in **Appendix-XLIIIA**).

Similarly, at the PS level, only 29 to 63 *per cent* of the responsibility areas pertaining to the same seven items, were being performed (as detailed in **Appendix-XLIIIB**), while the percentage of performance at the GP level ranged between 35 and 76 *per cent* in respect of the same seven items (as detailed in **Appendix-XLIIIC**).

It is evident that the process of devolution in terms of the performance of the number of functions in respect of devolved responsibilities was yet to take firm roots.

⁴⁷ Animal Resource Development, Women & Child Development and Social Welfare, Health & Family Welfare, Public Health Engineering, Micro & Small Scale Enterprises & Textiles, Forests, Water Investigation & Development, Fisheries, Mass Education Extension and Panchayat & Rural Development.

⁴⁸ (i) Agriculture and Extension work, (ii) Cottage and Small Scale Industries, (iii) Food & Supplies including Public Distribution System, (iv) Back ward Classes Welfare, (v) Information and Cultural Affairs, (vi) School Education, (vii) Land and Land Revenue, (viii) Agricultural Marketing and (ix) Power and Non-conventional Source of Energy.

PHED incurred Rs 2.32 crore on sinking of tubewells, a function devolved to PRIs

- ***Parallel implementation of functions by PRIs and Government departments***

During 2005-08 the PHED incurred expenditure of Rs 0.61 crore in Hooghly District and Rs 1.71 crore in North 24 Parganas District for sinking of tubewells, a function devolved to PRIs. During the same period, the PRIs of these districts also incurred expenditure of Rs 0.71 crore and Rs 2.78 crore respectively for functions of similar nature.

4.3.5.3 Transfer of functionaries

Transfer of powers and functions to the PRIs requires placement of the services of officials and employees attached to the devolved activities with the PRIs. A review of the prevalent system revealed that this was not fully achieved and the PRIs did not have full administrative control over such staff as discussed in the succeeding paragraphs :

- ***Absence of administrative control over the functionaries***

PRIs had limited administrative control over the functionaries

In accordance with the Activity Mapping, the officials of line departments are required to be attached as link officials to the *Sthayee Samitis* of the PRIs. Though the officials of the line departments had been attached as link officials, their pay and allowances as well as the administrative control, including the power to impose penalty under disciplinary rules remained with the line departments. The PRIs had only limited administrative control over the departmental functionaries which could adversely affect the implementation of functions as per intent of PRIs.

- ***Irregular attendance of the link officials in the meetings of Sthayee Samitis***

Scrutiny of records for the period 2005-08 revealed instances of non-attendance/irregular attendance of the link officials in the meetings of the *Sthayee Samitis*. The Sub-Assistant Engineers (Agri-Mechanical) of Water Investigation and Development Department, Assistant Marketing Officers of Agriculture Marketing Department, Sub-Divisional Information & Cultural Affairs Officer of Information and Cultural Affairs Department never attended the meetings of the *Sthayee Samitis* in both the test checked PSs of North 24 Parganas ZP. Similarly, the Range Officer of the Forest Department and Child Development Programme Officer (CDPO) of the Women & Child Development Department of Singur and Chinsurah-Mogra PSs respectively were irregular in attending meetings of the *Sthayee Samitis*.

Co-ordination between the PRIs and the line departments had not materialised

At the GP level too, the supervisors of Integrated Child Development Scheme under Women & Child Development Department never attended the meetings of *Upa-Samitis* of Beraberi and Kotalia-II GPs. Similarly, the functionaries of departments like Agriculture and Extension Works, Forestry including Social Forestry, Animal Resources Development never attended the meetings of the *Upa-Samitis* of Kowgachi-I and Kowgachi-II GPs. In Nimdaria-Kotalia GP of North 24 Parganas District, the functionaries of Animal Resources Development Department and Women & Child Development and Social Welfare Department never attended the meetings of the *Upa-Samitis*.

Thus, the co-ordination between the PRIs and the line departments, which is one of the objectives of devolution, has not materialised fully.

4.3.5.4 Devolution of Funds

Scrutiny of records brought out the following issues pertaining to the devolution of funds:

- ***Non-inclusion of separate head of account in the State Budget in respect of most of the devolved functions***

No separate head of accounts in the State Budget for funds of line departments

Though 10 departments had issued matching orders for devolution of functions, only three departments⁴⁹ had opened a Head of Account for funds transferred to the PRIs. In the absence of a separate head of account in the State budget there was no definite information about the allocation and flow of funds to the PRIs from the line departments. Thus, the mechanism of transfer of funds was not transparent.

- ***Inadequate transfer of funds for devolved functions***

Devolution of funds amounting to Rs 197.43 crore by PHED and H&FWD during 2005-08

Out of 10 test checked line departments, only two viz, H&FW and PHE departments had devolved Rs 142.21 crore and Rs 55.22 crore respectively during 2005-08 to PRIs, as detailed in the following table:

(Rupees in crore)

Name of Departments	Year wise release of funds			Total
	2005-06	2006-07	2007-08	
Public Health Engineering	10.00	35.10	10.12	55.22
Health & Family Welfare	10.35	51.60	80.26	142.21

Further, scrutiny of records of PHE and H&FW departments revealed that the funds transferred to the three selected ZPs were not adequate as shown in the following table :

(Rupees in crore)

Name of ZP	Year wise release of funds from H&FW Department			Year wise release of funds from PHE Department		
	2005-06	2006-07	2007-08	2005-06	2006-07	2007-08
Hooghly	Nil	5.00	7.01	0.25	3.48	5.45
North 24 Parganas	3.30	9.54	Nil	Nil	1.99	0.79
Cooch Behar	3.15	4.75	Nil	0.33	1.10	0.24

The table indicates that some ZPs had not received any funds in some of the years. It was observed that Cooch Behar ZP incurred expenditure of Rs 1.05 crore during 2007-08 out of EFC Grants for construction of health centres, as it did not receive any fund from the H&FW Department in that year.

- ***Inadequate flow of untied funds to the PRIs***

To support and sustain the movement of decentralised planning by the people and its implementation for economic development and social justice, the SFC recommended flow of untied funds comprising 16 per cent of the States Tax collection to the Local Self Governments, of which 12.80 per cent was for the PRIs. But the PRIs of the State received, during the preceding three years, considerably less share of State Taxes as untied funds

⁴⁹ Animal Resources Development Department, Public Health Engineering Department and Women & Child Development and Social Welfare Department.

which will be evident from the following table :

(Rupees in crore)

Deficit in the availability of funds to test checked PRIs ranging from 32 to 80 per cent

Year	Amount of Total Tax Revenue of the State	Entitlement of the PRIs at the rate 12.80 %	Amount actually received by PRIs	Deficit	Percentage of deficit
2005-06	10,388.38	1,329.71	303.63	1,026.08	77.17
2006-07	11,694.77	1,496.93	169.14	1,327.79	88.70
2007-08	13,126.33	1,680.17	218.55	1,461.62	86.99

Thus, it is evident from the above table that the deficit in the availability of funds ranged from 77 to 88 per cent. Similarly, the availability of funds at each tier of the PRIs was much less than the entitlement, ranging from 32 to 80 per cent in respect of test checked PRIs (as detailed in Appendix-XLIV).

- **Functioning of District Planning Committee (DPC)**

The West Bengal DPC Act, 1994 and DPC Rules, 1994 envisaged that the DPC should prepare District Draft Development Plan after consolidation of the annual plans and programmes of the municipalities, panchayats, other development authorities and Government departments functioning within the district plan area. In the test checked districts, the DPCs had been formed but were not performing the assigned functions. The DPC of Hooghly District was constituted in 1996 but no Annual Development Plan or Five Years Perspective Plan for 2003-07 was prepared. In case of Cooch Behar District, the DPC was formed in August 2006, but the Annual Development Plan and Five Years Perspective Plan were not prepared during 2005-07. The position in North 24 Parganas District was the same. Thus, the non-preparation of Annual Development Plan/Five Years Perspective Plan adversely affected the systematic development process.

Non-preparation of Annual Development Plan affects the systematic development process

4.3.6 Conclusion

The devolution of functions to the PRIs remained incomplete as the Activity Mapping was not operationalised by matching orders by most of the line departments. On the other hand, PRIs were not performing even the reduced level of responsibilities devolved on them. In this regard, the PRIs were also constrained by inadequate flow of funds and lack of control over the resources, including the manpower as the functionaries attached to devolved functions were not transferred to PRIs. Sound administrative practices had yet to take firm roots as the link officials attached to *Sthayee Samitis* were beyond the administrative control of PRIs, and were irregular in attending the meetings. In most of the cases, provision of funds for the PRIs in the State Budget was not made, and most of the Government departments did not devolve funds for transferred functions.

Recommendations

The Government may consider implementing the following recommendations:

1. Issuing orders by the line department for full implementation of the Activity Mapping.
2. Make realistic assessment of funds required by the PRIs for the transferred functions, and provide adequate funds.
3. Transfer the functionaries associated with the devolved functions alongwith their administrative control to PRIs.
4. Establish and implement sound administrative practices for planning and implementation of functions.
5. Assign a separate account head in each department's budget for accounting the funds transferred to PRIs.