

CHAPTER-6

Other Issues

MURSHIDABAD ZILLA PARISHAD

6.1 Mismanagement of health facility at Murshidabad

For catering to the health needs of the lower and middle class, Murshidabad ZP spent Rs 3.59 crore (March 2003) on 'Rabindranath Thakur Diagnostic and Medical Care Centre', a joint venture of the ZP and Hospital Management Consultancy Service (HMCS), a unit of Asia Heart Foundation (AHF).

The ZP entered into an agreement (July 2004 and March 2005) with Asia Healthcare Development Private Limited (AHD), for running the facility on the condition that the ZP would hand over the land, building and all other immovable assets to the AHD for a period of 21 years on payment of lease rent of 12.5 *per cent* for the first two years and 15 *per cent* for next 19 years on the total collection of the Centre after deducting the doctors' fees, cost of medicines and consumables. In turn, AHD would run the Centre by providing treatment facilities and bear all running and maintenance expenses. The ZP had the right to inspect the books of accounts of the establishment and take over possession of the Centre and terminate the occupancy, if the payment was pending for four months.

Scrutiny of records revealed that the ZP had never inspected the books of accounts of the Centre and there was no assurance that the rent paid was related to the collection of the Centre. A difference of Rs 23.88 lakh in total collection during 2005-08 was noticed between the chartered accountant's report and statement of income and expenses as submitted by AHD to the ZP. The veracity of expenses regarding doctors' fees, cost of medicines and consumables could not be verified in absence of details in the chartered accountant's report. The ZP had received only Rs 4.16 lakh from AHD during October 2004 to March 2008. Failure of the ZP to thoroughly scrutinise the books of accounts of AHD led to a situation where the ZP had to be content with only 0.76 *per cent*⁶³ of projected returns and that too over a longer period of time than projected.

Further, *Karmadhyakshas* of *Janasasthya O Paribesh, Khudra Shilpa, Bidyut O Achiracharit Shakti* and *Bon O Bhumi Sanskar Sthayee Samitis* expressed their displeasure on the workings of AHD. Consequently, the *Karmadhyaksha* of *Janasasthya O Paribesh Sthayee Samiti* of the ZP visited the Centre and also expressed deep concern (January 2008) regarding poor maintenance of the valuable apparatus, attendance to the patients, inferior

ZP never inspected the books of accounts of medical centre

Karmadhyakshas expressed concern at the working of AHD

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(Rupees in lakh)			
Period	Projected inflow	Actual inflow statement as furnished by AHD	Percentage of actual inflow on projected inflow
2004-06	151.59	0.54	
2006-07	105.02	1.41	
Total	256.61	1.95	0.76

quality of food served to the patients etc. But, the ZP took no step against AHD as of February 2009.

Health care facility centre created at a cost of Rs 3.59 crore could not achieve the aim of providing health care

Thus, the aim of providing adequate health care facilities to the rural people was not achieved due to inaction and mismanagement of the ZP. Moreover, the ZP also failed to ascertain its share of revenue earned from the centre due to non-inspection of the accounts of AHD.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

6.2 Unrealised revenues of Rs 2.55 crore

Test check of records of eight ZPs and 23 PSs during April 2007 to March 2008 revealed that these PRIs had unrealised revenue of Rs 2.55 crore on account of rent of shops, lease of *ferry ghats* and *bundhs* (as detailed in the **Appendix- XLV**). In some cases, rent had remained unrealised from as far back as 1992.

PRIs failed to realise revenue of Rs 2.55 crore

When pointed out, North 24 Parganas and Jalpaiguri ZPs stated (August 2007 and December 2007 respectively) that reminders had been issued to collect the arrears. Purulia and Dakshin Dinajpur ZPs intimated (September 2007 and January 2008 respectively) that efforts were being made to realise the arrear rent. Purba Medinipur ZP stated (February 2008) that demand could not be sent due to lack of infrastructure. Bankura ZP did not specify (July 2007) any reason for non-realisation. Other two ZPs, i.e., South 24 Parganas and Malda, did not furnish reply.

There was nothing on record to indicate that the PSs had taken any action to realise the dues from defaulters. All the PSs except Illambazar PS admitted the fact.

The inability of the ZPs and PSs to augment their resources by realising outstanding revenues resulted in continued dependence on grants for their functioning, and adversely affected their ability to undertake their mandated activities.

MURSHIDABAD AND HOOGHLY ZILLA PARISHADS

6.3 Blocking up of loan of Rs 3.98 crore and unauthorised retention of interest of Rs 36.41 lakh

The Credit-cum-Subsidy Scheme for rural housing to facilitate construction of houses for economically weaker sections is a part credit (80 *per cent*) and part subsidy (20 *per cent*) scheme. In terms of the scheme, the Housing and Urban Development Corporation (HUDCO) would provide the loan component with interest payable quarterly by the State Government. The Central and State Governments would share the subsidy amount on 75:25 basis.

Loan amounting to Rs 3.98 crore for rural housing neither utilised nor refunded. Interest of Rs 36.41 lakh received from PSs was retained by Murshidabad ZP

Under the scheme, Murshidabad ZP received a loan of Rs 5.58 crore and subsidy of Rs 1.40 crore between January 2002 and September 2002 through the State Government. Audit scrutiny revealed that the ZP did not pass on the entire amount to the PSs and retained Rs 3.20 crore (loan) and Rs 79.99 lakh (subsidy). Further, the ZP also retained interest received from PSs amounting to Rs 36.41 lakh during the period from January 2005 to July 2007. Similarly, Hooghly ZP received through the State Government a loan of

Hooghly ZP retained loan and subsidy of Rs 97.21 lakh

Rs 2.94 crore and subsidy of Rs 73.56 lakh in September 2002. The ZP passed on the amount to three PSs between February 2003 and September 2003. Audit scrutiny revealed that the ZP retained Rs 77.77 lakh (loan) and Rs 19.44 lakh (subsidy), refunded by two PSs in April 2005. Both the ZPs retained loan amount and neither disbursed unutilised subsidy amounts to GPs nor refunded unutilised loan to HUDCO despite the directions of the P&RDD (February 2005) to refund unutilised loan amount to HUDCO and to disburse unutilised subsidy amount to GPs in accordance with the guidelines of IAY.

Both Murshidabad ZP (December 2007) and Hooghly ZP (January 2009) admitted the facts.

Thus, the blocking of loan amount of Rs 3.98 crore by the two ZPs not only frustrated the objective of the scheme but also burdened the State Government with unnecessary interest of Rs 1.92 crore⁶⁴. Besides, Murshidabad ZP also unauthorisedly retained interest of Rs 36.41 lakh received from PSs which was to be refunded to the State Government.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

6.4 Non-utilisation of grants of Rs 9.10 crore for long period

Grants received by ZPs and PSs are required to be utilised within a specific period and a certificate of utilisation has to be furnished to the grantor.

PRIs failed to utilise development grants of Rs 9.10 crore for more than three to 10 years

Test check in audit during the year 2007-08 revealed that eight ZPs⁶⁵ and eight PSs⁶⁶ could not utilise Rs 9.10 crore available under 90 grants for period ranging from three years to more than 10 years. This included Rs 5.87 crore remaining unutilised for three-five years⁶⁷, Rs 3.03 crore for 5-10 years⁶⁸ and Rs 0.20 crore for more than 10 years⁶⁹.

When pointed out, Cooch Behar, North 24 Parganas and Purba Medinipur ZPs stated that action would be taken to utilise the unspent funds. Uttar Dinajpur ZP stated that funds could not be utilised due to delayed receipt of funds and election works but did not indicate specific plans for spending the funds. Other ZPs did not furnish reply.

Khatra and Pursurah PSs stated that steps would be taken to utilise grant. Goghat-I PS stated that the grants were received at the end of the year, hence could not be utilised. Gosaba and Nandakumar PSs cited various

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ZP	(Rupees in crore)	
	Loan amount retained	Interest burdened
Murshidabad	3.20	1.63
Hooghly	0.78	0.29
Total	3.98	1.92*

* Murshidabad ZP: Rs 3.20 crore x 61/12 months (October 2002 to November 2007) x 10 per cent and Hooghly ZP: Rs 77.77 lakh x 44/12 months (May 2005 to December 2008) x 10 per cent = **Rs 1.92 crore.**

⁶⁵ Malda; Purba Medinipur; Cooch Behar; North 24 Parganas; Mursidabad; Purulia; Uttar Dinajpur and Howrah.

⁶⁶ Khatra; Goghat-I; Pursurah; Gosaba; Nanadakumar; Rampurhat-I; Pandua and Raipur PS.

⁶⁷ Purba Medinipur ZP (Rs 0.60 crore); North 24 Parganas ZP (Rs 0.12 crore); Mursidabad ZP (Rs 0.72 crore); Purulia ZP (Rs 0.57 crore); Uttar Dinajpur ZP (Rs 2.60 crore); Howrah ZP (Rs 0.60 crore); Khatra PS (Rs 0.23 crore); Goghat-I PS (Rs 0.22 crore); Pursurah PS (Rs 0.11 crore); Gosaba PS (Rs 0.07 crore) and Nanadakumar PS (Rs 0.03 crore) = **Rs 5.87 crore.**

⁶⁸ Malda ZP (Rs 0.60 crore); Cooch Behar ZP (Rs 0.26 crore); North 24 Parganas ZP (Rs 1.80 crore); Gosaba PS (Rs 0.26 crore); Rampurhat-I PS (Rs 0.01 crore); Pandua PS (Rs 0.05 crore) and Raipur PS (Rs 0.05 crore) = **Rs 3.03 crore.**

⁶⁹ North 24 Parganas ZP (Rs 0.20 crore).

reasons like non-availability of land, non-participation in tender etc. for non-utilisation, while Rampurhat-I PS attributed it to non-finalisation of the site. Pandua and Raipur PSs stated that funds would be refunded.

The inability of the ZPs and PSs to spend the funds for several years indicated that the ZPs and PSs were not in a position to implement the schemes/grants and the funds were being released without properly assessing the implementation capacity. The State Government needed to strengthen the monitoring mechanism for the utilisation of the grants and encourage capacity building in these institutions to enable them to implement the projects/schemes.

BARDHAMAN ZILLA PARISHAD

6.5 Abandonment of schemes (Rs 1.11 crore) and refund of Rs 1.47 crore under RIDF due to poor absorption capacity

The schemes under RIDF, selected and implemented by ZPs/MP, are meant for development of infrastructure in rural areas with due technical and financial approval of the State Government and the National Bank for Agricultural and Rural Development (NABARD). The Government provides funds to ZP by drawing interest bearing loan from the NABARD for specified development works under separate heads (i.e. RIDF-I, RIDF-II, RIDF-III and so on). The release orders also specifically contain the condition that the funds should be utilised by ZP for the purpose for which it is allotted.

Non-refund of idle funds of abandoned RIDF schemes led to avoidable interest burden of Rs 0.90 crore

(i) Bardhaman ZP received total grant of Rs 1.13 crore in January 2001 for completion of balance works under RIDF-II. But, the ZP could utilise only Rs 0.02 crore for the purpose and took a decision to abandon the schemes and to refund Rs 1.11 crore to the State Government (July 2008), after lapse of a period of more than seven years. But the funds remained lying with the ZP, as of January 2009. Moreover, Rs 62.77 lakh was diverted to Paddy Procurement Accounts (February 2007) without any approval of the State Government which was replenished in July 2007. This resulted in blockage of Rs 1.11 crore for long period for which the State Government would have to bear interest of Rs 0.90 crore⁷⁰.

Unutilised RIDF funds not refunded for 15 months leading to unnecessary interest burden of Rs 0.16 crore

(ii) The ZP received grant of Rs 3 crore in March 2004 under RIDF-VI towards execution of different schemes sanctioned by the NABARD. The ZP could utilise only Rs 1.53 crore and instead of executing the sanctioned schemes, refunded Rs 1.47 crore to the State Government in June 2005 after a lapse of 15 months. This deprived rural population of the benefit of the programme and also burdened the State Government with unnecessary interest of Rs 0.16 crore⁷¹.

The ZP stated (January 2009) that the RIDF-II amount remained unutilised because a decision to abandon the schemes had been taken and that the same would be refunded to the State Government immediately after ascertaining the proper Head of Account.

⁷⁰ Interest: 2002-2009 (December 2008): Rs 1.11 crore x 12 per cent x 81/12 months (seven years and nine months) = **Rs 0.90 crore.**

⁷¹ Interest: (April 2004 to June 2005) : Rs 1.47 crore x 8.5 per cent x 15/12 years = **Rs 0.16 crore.**

Thus, lack of monitoring on the part of the P&RDD, selection of schemes without proper assessment of needs and poor absorption capacity of the ZP for RIDF resulted in blockage of funds for long periods and burdening the state exchequer with unnecessary interest.

HOOGHLY ZILLA PARISHAD

6.6 Loss of Rs 1.45 crore due to non-imposition of water charge

Loss of Rs 1.45 crore on account of non-imposition of water charge

Hooghly ZP constructed 23 *boro bundhs* at Khanakul-I and Khanakul-II PSs at an expenditure of Rs 99.38 lakh out of SGRY funds during 2006-07. The *bundhs* were to provide irrigation to 17,990 acres. The ZP was to collect water charges from the beneficiaries at the rate of Rs 816 *per* acre. Audit scrutiny revealed that the ZP did not impose and collect water charge and thus lost Rs 1.45 crore⁷² of revenue during 2006-07.

When pointed out, the ZP admitted (January 2009) that no water charge was imposed but did not spell out any plans to collect the amount.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

6.7 Unproductive Market Complexes and Other Assets valuing Rs 1.75 crore

Market complexes and other assets constructed at a cost of Rs 1.75 crore could not be put to use for a period ranging from one to 12 years

PRIs utilise development funds for improvement of rural infrastructure and creation of remunerative assets viz. market complex, bus terminus, community hall etc. for augmentation of their resources.

Test check in audit between June 2007 to March 2008 revealed that most of the stalls/shops in six market complexes and in one bus terminus, two staff quarters and 12 sheds constructed between 1995 and November 2007 at a total cost of Rs 1.75 crore⁷³ by two ZPs and six PSs had remained un-utilised for periods ranging from one year to 12 years. There was no record to show that demand surveys were conducted before taking up construction of those works.

Audit scrutiny revealed that Malda and North 24 Parganas ZPs and Goalpokhar-I, Mejia and Onda PSs could not allot stalls/shops due to local disturbance, unwillingness of beneficiaries, inaction in distribution, illegal occupation and non-response respectively as well as un-authorized encroachment. North 24 Parganas ZP and Goalpokhar-I and Onda PSs admitted the facts (July, November and June 2007 respectively). Mejia PS stated (June 2007) that market could be utilised after upgradation. Malda ZP did not furnish reply.

Jalpaiguri Sadar and Nabadwip PSs could not put to use their newly constructed staff quarters and admitted (March 2008 and July 2007 respectively) the fact. They stated that the staff quarters could not be allotted due to absence of demarcation and on grounds of safety.

⁷² Rs 816 x 17,790 acre (benefited area) = **Rs 1.45 crore.**

⁷³ Goalpokhar-I PS (Rs 16.52 lakh for market complex at Nandajhar Hat); Jalpaiguri Sadar PS (Rs 9.21 lakh for Staff quarters); Kaliaganj PS (Rs 11.58 lakh for 12 sheds at Dhukurjhari and Ratan Hat); Mejia PS (Rs 8.45 lakh for market complex at Mejia Bazar); Nabadwip PS (Rs 14.11 lakh for staff quarters); Onda PS (Rs 10.99 lakh for market complex); Malda ZP (Rs 19.13 lakh for bus terminus at Bulbulchandi) and North 24 Parganas ZP (Rs 84.51 lakh for market complexes at Saralpul and Machhalandapur) = **Rs 174.50 lakh, Say, Rs 1.75 crore.**

Kaliaganj PS admitted (March 2008) that sheds for SGSY beneficiaries remained un-utilised on account of their non-suitability and added that the sheds would be made suitable on receipt of more funds.

Thus, the assets, created at an expenditure of Rs 1.75 crore, could not generate the intended revenue and the entire expenditure remained unfruitful.

JALPAIGURI ZILLA PARISHAD

6.8 Non-realisation of revenues amounting to Rs 36.40 lakh

Jalpaiguri ZP entered into an agreement with Judicial Department (JD), Government of West Bengal (March 2004) for letting out the Sadar Dak Bungalow along with adjoining quarters and land for housing the temporary Circuit Bench of the Hon'ble Kolkata High Court. The terms and conditions required the JD to pay for additions and alteration in addition to a monthly rent of Rs 0.91 lakh. The agreement was valid for two years from March 2004 and was renewable on such enhanced rent as assessed by the Land Acquisition Collector, Jalpaiguri.

Rent
(Rs 36.40 lakh) and
other dues
(Rs 5.89 lakh)
remained
unrealised for long
period

Scrutiny of records revealed that the ZP had not taken any step to enhance the rate of rent or to renew the agreement after its expiry (March 2006). The ZP could only realise rent of Rs 15.47 lakh for April 2004 to August 2005 out of a total demand of rent of Rs 51.87 lakh upto December 2008. Besides, the ZP did not get reimbursement of Rs 5.89 lakh from the JD which was paid (December 2004) to the Executive Engineer, Public Works Department, Jalpaiguri Construction Division for construction of a Bungalow and which was not payable by the ZP as per terms and conditions. After the matter was pointed out, the ZP took up the matter with the JD in January 2009.

Thus, lack of timely action deprived the ZP of its legitimate revenue that could have been used for discharging its responsibilities.

PANCHAYAT SAMITIS

6.9 Avoidable expenditure of Rs 35.73 lakh on engagement of excess Sahayikas in Shishu Shiksha Kendras (SSK) under Shishu Shiksha Karmasuchi

Rupees 35.73 lakh
was incurred on
212 nos of excess
Sahayikas

For imparting primary education to children of five to nine years Government of West Bengal introduced the *Shishu Shiksha Karmasuchi* (an alternative Parateacher scheme) in the year 1997-98 with the objective of providing primary educational facilities to students living in areas without access to formal education system. According to the guidelines, number of *Sahayikas* to be engaged to teach children would depend on number of learners. The guidelines state that, the 3rd and 4th *Sahayikas* can be engaged in SSKs under *Shishu Shiksha Karmasuchi* only when the number of learners exceeds 80 and 120 respectively.

Audit scrutiny revealed that three PSs incurred an expenditure of Rs 35.73 lakh in excess of requirement in different SSKs on payment of honorarium to 212 surplus *Sahayikas*, as detailed below:

(Rupees in lakh)

Name of PS	Name of the district	Year	No. of students	No. of SSKs	No. of <i>Sahayikas</i> engaged	No. of <i>Sahayikas</i> entitled	Excess no. of <i>Sahayikas</i>	Expenditure
Patharpratima	South 24 Parganas	2004-07	3,099	33	127	92	35	14.70
Balurghat	Dakshin Dinajpur	2006-07	3,007	44	148	97	51	6.12
Panskura-I	Purba Medinipur	2005-07	4,207	53	388	262	126	14.91
Total			10,313	130	663	451	212	35.73

When pointed out, the PSs admitted the fact but did not indicate whether any corrective action had been taken.

BOLPUR SRINIKETAN PANCHAYAT SAMITI

6.10 Avoidable liability of Rs 43.37 lakh for maintenance of water supply project

The Bolpur Water Supply Division, PHE Directorate, handed over the distribution system of water supply project⁷⁴ to Bolpur Sriniketan PS in September 2002. The PS was to pay the water charges to Bolpur Mechanical Division and to recover the amount from beneficiary GPs. User Committees were to be formed to collect water charges from User Groups.

Scrutiny of records revealed that the envisaged User Groups had not been formed to collect the water charges. The PS had no information regarding the total demand, receipt and outstanding amount of water charges and was accepting money from GPs without verification. According to the estimate prepared by the PS (June 2006), only 50 per cent of total demand could be raised by GPs. As of June 2007, the PS had total fund of Rs 51.32 lakh against which the accrued liability, payable to Bolpur Mechanical Division, amounted to Rs 82.90 lakh, implying a difference of Rs 31.58 lakh in collection. As of May 2008, the liability had increased to Rs 94.69 lakh raising the deficit to Rs 43.37 lakh. When pointed out in Audit (January 2009), the PS assured to take positive action regarding collection of water charges but did not provide any further details.

Thus, due to mismanagement and failure to take timely action, the PS was incurring avoidable liability which would increase further if timely corrective action is not taken.

Non-realisation of water charges from beneficiaries led to avoidable liability of Rs 43.37 lakh

⁷⁴ The project was providing drinking water through 2,383 single and 129 multiple connections in domestic segment and 34 commercial connections, 909 tube wells and 443 stand posts to the consumers within six GPs.

ZILLA PARISHADS AND PANCHAYAT SAMITIS

6.11 Financial indiscipline in ensuring adjustment of advances

Rule 38 (3) of the West Bengal Panchayat (ZP & PS) Accounts and Financial Rules, 2003, (hereinafter referred to as “Rules”) requires that adjustment of advance should be realised within a reasonable time not exceeding 30 days.

Audit scrutiny during June 2007 to March 2008 revealed that Rs 17.34 crore⁷⁵ advanced by nine⁷⁶ ZPs and 14⁷⁷ PSs up to March 2007 had remained unadjusted after expiry of 30 days in contravention of the Rules.

In Bardhaman ZP, advances of Rs 1.03 crore paid to five⁷⁸ companies/suppliers for supply of bitumen and cement during the years from 1990-95 remained un-adjusted as of July 2007. The ZP admitted (July 2007) the fact but did not furnish any reasons.

Purulia and Jalpaiguri ZPs paid advances for second and third time to the same person contrary to Rule 38(5) of the aforesaid Rules that further advance shall not be granted to the same individual until the previous advance has been fully adjusted. Total outstanding of such advances was Rs 2.11 crore (60 persons) in Purulia ZP and Rs 6 lakh (eight persons) in Jalpaiguri ZP. Jalpaiguri ZP stated (December 2007) that Rs 66.27 lakh had been adjusted in 2007-08 and effective steps would be taken to get the remaining advances adjusted.

Birbhum ZP did not maintain details of the un-adjusted advances until June 2006, when accounts prepared by a CA firm showed total un-adjusted advances of Rs 2.68 crore against which only Rs 0.85 lakh had been adjusted during the years 2005-07. The ZP did not furnish any reasons for the huge outstanding advances.

Murari-II, Mangalkote, Patrasayer, Suri-I, Bharatpur-I, Kaliaganj, Ratua-I, Hemtabad, Jangipara and Mejia PSs while admitting the position stated that the advances would be adjusted as soon as possible. Dubrajpur PS stated that advance could not be adjusted despite issuing reminders. Suri-II PS stated that adjustment would be shown to next audit. Khanakul-I and Rajganj PSs admitted the position but did not furnish reasons for un-adjusted advances.

The matter was reported to the Government of West Bengal in February 2009. In reply, the Government intimated that Purulia ZP had adjusted (as of May 2009) an amount of Rs 1.47 crore against outstanding advances of Rs 3.68 crore.

⁷⁵ Rs 7.89 crore prior to 2005-06, Rs 2.95 crore (2005-06) and Rs 6.50 crore (2006-07)= **Rs 17.34 crore.**

⁷⁶ Bardhaman (Rs 1.85 crore); Birbhum (Rs 2.67 crore); Jalpaiguri (Rs 1.74 crore); Purulia (Rs 3.68 crore); South 24 Parganas (Rs 1.10 crore); North 24 Paraganas (Rs 0.13 crore); Malda (Rs 0.50 crore); Cooch Behar (Rs 0.06 crore) and Mursidabad (Rs 0.42 crore) =**Rs 12.22 crore.**

⁷⁷ Mangalkote (Rs 1.82 crore); Mejia (Rs 0.02 crore); Ratua-I (Rs 0.01 crore); Hemtabad (Rs 0.01 crore); Patrasayer (Rs 0.42 crore); Jangipara (Rs 0.28 crore); Khanakul-I (Rs 0.85 crore); Rajganj (Rs 0.90 crore); Kaliaganj (Rs 0.01 crore); Suri-II (Rs 0.12 crore); Dubrajpur (Rs 0.19 crore); Suri-I (Rs 0.04 crore); Bharatpur-I (Rs 0.22 crore) and Murari-II (Rs 0.23 crore) =**Rs 5.12 crore.**

⁷⁸ Indian Oil Corporation/Hindusthan Petroleum Corporation (Rs 66.00 lakh); Birla Industries (Rs 8.18 lakh); Damodar Cement (Rs 15.37 lakh); Modi Cement (Rs 5.64 lakh) and Cement Corporation of India (Rs 8.19 lakh)= **Rs 1.03 crore.**

Thus, financial indiscipline like non-maintenance of advance accounts, non-maintenance of advance accounts holder wise, non-preparation of quarterly list of outstanding advance, non-review of advance accounts by competent authority regularly, laxity in getting adjustment of advance etc. resulted in huge accumulation advances of Rs 15.87 crore. It increased the risk of defalcation/misappropriation and pointed towards a collapse of the internal control mechanism. Procedure prescribed in the Rules regarding advance should be strictly followed to ensure timely adjustment of advance.

UTTAR DINAJPUR ZILLA PARISHAD

6.12 Avoidable interest burden due to unauthorised holding of development funds

The Public Works Department (PWD) placed Rs 39.80 lakh (January 2001) with Uttar Dinajpur ZP to meet the expenditure on schemes under RIDF-III. The conditions included that the amount should be utilised only for the sanctioned purpose and any savings would be surrendered to the PWD before March 2001.

Rupees 31.21 lakh were neither utilised nor refunded since 2001 thereby incurring avoidable interest burden of Rs 30.27 lakh

Audit scrutiny revealed that the ZP could utilise only Rs 8.59 lakh out of the said funds for construction of approach road in March 2002. Thereafter, the ZP neither utilised any further fund nor did it surrender the savings of Rs 31.21 lakh. The PWD also did not monitor the matter. After more than five years, the ZP sought permission for utilisation of the funds under RIDF-V (July 2006), on which the PWD sought clarification (March 2007) regarding reasons for excess demand and excess drawing of funds and reasons for holding unspent funds for such a long period without informing them.

The ZP admitted (February 2009) the fact and stated that a decision to utilise the funds had been taken in December 2008, pending approval of the PWD.

Thus, defying PWD's directives, the ZP withheld Rs 31.21 lakh, for more than eight years. As the funds had been borrowed from the NABARD, the lapses on the part of the ZP and the PWD burdened the State Government with avoidable interest of Rs 30.27 lakh⁷⁹ while the funds remained idle.

PANCHAYAT SAMITIS

6.13 Utilisation Certificates of Rs 8.70 crore not furnished

According to Rules⁸⁰ and guidelines for utilisation of grants, each GP is required to submit an Utilisation Certificate in June every year for the grant received during the previous financial year. PS is responsible for obtaining UC from GPs for onward transmission to the respective grantor⁸¹.

⁷⁹ Rs 31.21 lakh x 12 per cent x 97 months (February 2001 to February 2009) = Rs 30.27 lakh.

⁸⁰ Rule 15 of West Bengal Panchayat (GP Misc., Accounts & Audit) Rules, 1990.

⁸¹ Rule 36 (4) of West Bengal Panchayat (ZP & PS) Accounts & Financial Rules, 2003.

**Utilisation
Certificates of
funds worth
Rs 8.70 crore not
obtained from GPs**

Test check in audit between June 2007 and January 2008 revealed that 248 GPs did not furnish UCs for grants of Rs 8.70 crore received from 30 PSs during 2002-07 for implementation of various schemes and programmes. In absence of UCs, there was no assurance whether the grants had been utilised for the purpose for which these were sanctioned.

When pointed out, 24 PSs⁸² admitted (July 2007-January 2008) the fact and stated that UCs would be collected from the defaulters, six PSs⁸³ did not furnish any reply.

6.14 Conclusion and Recommendations

Conclusion :

Inability of the PRIs to augment their own resources by realising outstanding revenues resulted in their continued dependence on grants, adversely affecting their ability to undertake mandated activities. Lack of monitoring on part of the P&RDD, selection of schemes without proper assessment of needs and poor implementation capacity of PRIs resulted in blockage of funds for long periods. Financial indiscipline like non-maintenance of accounts for advances, non-preparation of quarterly list of outstanding advance, non-review of advance accounts regularly, laxity in getting adjustment of advance etc. resulted in huge accumulation of advances.

Recommendations :

- The State Government needed to strengthen the monitoring mechanism for the utilisation of the grants and encourage capacity building in these institutions to enable them to implement the projects/ schemes.
- Procedure prescribed in the Rules regarding advance should be strictly adhered so as to ensure timely adjustment of advance. Laxity in respect of timely monitoring and adjustment of advance should be viewed seriously and proper maintenance of records and adjustment for all advances should be ensured.

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(Rupees in lakh)

Sl. No.	Name of PS	Amount	Sl no.	Name of PS	Amount	Sl no.	Name of PS	Amount	Sl no.	Name of PS	Amount
1.	Simlupal	4.88	2.	Bamangola	91.56	3.	Bharatpur-I	30.20	4.	Andal	20.59
5.	English-Bazar	86.64	6.	Ratua-II	49.46	7.	Barackpore-I	7.54	8.	Harishchandrapore-II	41.46
9.	Chanchal-II	73.30	10.	Ratua-I	13.69	11.	Raiganj	25.79	12.	Khanakul-I	25.96
13.	Gangajalghati	6.76	14.	Alipurduar-II	11.82	15.	Rajarhat	0.82	16.	Balagarh	6.94
17.	Panskura-I	8.32	18.	Kultali	9.61	19.	Jhargram	22.32	20.	Bashirhat-II	10.34
21.	Canning-I	17.28	22.	Mathurapur-I	10.79	23.	Balurghat	115.89	24.	Raninagar-I	12.20
Total = Rs 704.16 lakh											

⁸³ Bishnupur (Rs 24.89 lakh), Joypur (Rs 20.90 lakh), Canning-II (Rs 8.53 lakh), Habra-II (Rs 10.58 lakh), Barasat-I (Rs 27.82 lakh) and Falta (Rs 72.69 lakh) = **Rs 165.41 lakh (Grand Total)**.

- To avoid wasteful expenditure and blocking of funds, incomplete works should be taken up for completion under a time-bound schedule on priority basis before taking up new works.
- Assessment of grants should be a time-bound programme so that unutilised balances could be refunded promptly.

Kolkata,
The

(Bijit Kumar Mukherjee)
Examiner of Local Accounts
West Bengal

COUNTERSIGNED

Kolkata,
The

(A. Roychoudhury)
Accountant General
(Receipt, Works and Local Bodies Audit)
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