

Chapter – III

AUDIT OF TRANSACTIONS

Panchayat and Rural Development Department

PANCHAYATI RAJ INSTITUTIONS

3.1 Revenue Receipts

3.1.1 Loss of revenue of ₹1.07 Crore due to settlement of market with the bidders with less value

Sub Rule (1) of the Rule 47 of the Assam Panchayat (Financial) Rules, 2002, provided that settlement of Markets, Ferries, Fisheries and Ponds shall be settled by inviting sealed tenders. Sub Rule 10 of the Rule *ibid* stipulated that tender of the highest bidder shall be accepted. Acceptance of tender other than the highest bid shall require the prior and formal approval of the Government

Test-check of records relating to settlement of markets under two ZPs and six APs revealed that Markets, Parghats¹¹, fisheries *etc.*, were not leased out to highest bidders. The highest bidders were rejected without assigning any reason and other bidders who quoted lower bid value were allowed lease right of markets. Thus, two ZPs and six APs incurred a loss of revenue of ₹1.07 crore during the period 2002-09 by violating the provision of section 47 (10) of the Assam Panchayat (Financial) Rules 2002 as detailed in **Appendix-7**. No prior and formal approval in accepting the tenders other than the highest bidder was obtained by the PRIs from the State Govt.

3.1.2 Loss of Government revenue of ₹ 51.90 lakh on Registration Fee and Stamp Duty due to non registration of mortgage deed

As per terms and condition of the Notice Inviting Tender (NIT) and Article 35 (ii) of the Assam Gazette Notification dated 5 July 1989 the successful bidder should mortgage a land of the same value (bid value) or more by executing a registered deed at

¹¹ *A stairway on a river bank used by ferries, boats etc, criss-crossing the river.*

own cost and stamp duty at the rate of three *per cent* of demand should also be borne by lessee/ bidder concerned in addition to Registration Fee.

Test check of records of five ZPs and five APs revealed that despite provisions made in the NIT, markets/fisheries *etc.*, were leased out during 2002-09, without insisting on registered mortgage deed from the Lessees/bidders. While the State Government suffered a loss of ₹ 51.90 lakh (Registration Fee ₹ 36.09 lakh and Stamp Duty ₹ 15.81 lakh as indicated in **Appendix-8**), the PRIs failed to safeguard their interest and had no control over the lessees in realizing the Kist money when the lessees defaulted in their payment.

3.1.3 Short realization of settlement amount (Kist money)

As per procedure under sub-Rule 14 and 15 of Rule 47 of the Assam Panchayat (Financial) Rules, 2002, Panchayats were required to recover the outstanding kist money from the defaulter Lessees/ bidders.

Test check records of 13 PRIs revealed that Kist money amounting to ₹ 1.33 crore were yet to be realized (31 March 2009) (**Appendix-9**). Scrutiny further revealed that no Demand and Collection Register in the formats as prescribed in the rule was maintained by the ZP during 2002-09. Periodical demand notice on the lessees/ bidders was also not served.

While Two¹² PRIs stated that they would refer the cases to 'Bakijai' for recovery of outstanding Kist money, remaining PRIs stated that demand notice would be served to the lessees.

Inaction in realization of Kist money from the leased out properties reduced the resources of the PRIs and thereby widening the resource gap to that extent.

3.1.4 Non-Distribution of Sale proceeds of Hat – Ghats among ZPs, APs and GPs

As per Sub-Section 6 of Section 105 of APA, 1994, out of sale proceeds of hat/ghat in any ZP/AP, 20 *per cent* was to be devolved to the ZP, and 40 *per cent* shall be equally distributed to all GPs under the AP and balance 40 *per cent* were to be retained by AP. Test check of records of five ZPs and nine APs revealed that the above ratio of devolution was not adhered to and deprived the PRIs of their due share of revenue.

¹² Guijan AP and Hapjan AP

Thus, ZPs retained ₹1.34 crore and APs retained ₹1.05 crore in excess of their due share during 2002-09 as detailed in **Appendix-10**.

As stated by the ZPs and APs, they did not receive their due share in respect of hats/ghats settled by other concerned APs and ZPs. As such they were compelled to withheld release of due shares of other concerned PRIs.

The matter of non distribution of above revenue was regularly intimated to the Government of Assam, P&RD Department through inspection reports of the PRIs, but irregularity still persists.

In the absence of any monitoring by the State Government on the distribution of shares of above revenue as defined in the APA, 1994, the Gaon Panchayats were deprived of their due shares.

3.1.5 Non-realization of rent of ₹ 4.73 lakh.

The effective and efficient controls were prescribed in Rule 45 & 47 of the Assam Panchayat (Financial) Rules, 2002 for accounting of revenues. Rule provides the scope of issuing demand notice, by the CEO in case of a ZP, the BDO/Executive Officer in case of a AP and the Secretary in case of a GP, in duplicate to the assessee or lessee requiring them to pay the dues mentioned in the notice by such date as may be specified in the said notice. However, lapses were noticed in observance of these controls which resulted in non-realization of rent to the tune of ₹4.73 lakh at the end of 2008-09 from the tenants of the shops constructed by Cachar and Hailakandi ZP to supplement their revenue resources.

3.2 Expenditure on ineligible items out of EFC and TFC grants

Guidelines for utilization of local bodies grants recommended by EFC and TFC stipulate that grants should be utilized for Water Supply and Sanitation (WSS), creation of other income generating sources, creation of database, maintenance of accounts and O&M. Scrutiny of records of 12 PRIs test checked in audit revealed that the PRIs in contravention of the above guidelines, spent ₹ 2.57 crore on ineligible items which included ₹ 6.18 lakh towards expenditure on re-payment of loans taken for purchase of vehicles for President of Nalbari ZP and purchase of sewing machines, hand cart *etc* (₹10.79 lakh) for Individual Beneficiary Scheme in Cachar ZP, not

permissible under TFC grants. Details of such expenditure incurred by the 12 PRIs are indicated in **Appendix 11**.

Thus, in violation of the guidelines, the expenditure of ₹ 2.57 crore incurred on such ineligible items defeated the purpose for which funds were provided.

3.3 Sampurna Gramin Rojgar Yojana (SGRY)

3.3.1 Infructuous expenditure of Rs.26.52 lakh

Construction of Training and Food Processing Centre at the Block Headquarter of Gomariguri AP was taken up at an estimated cost of ₹ 27.58 lakh under SGRY. The construction of civil works was taken up in February 2007 and completed in March 2008 after incurring an expenditure of ₹ 26.52 lakh (including cost of food grains). No expenditure was incurred towards procurement of Plant and Machinery for the centre. The infrastructural asset created under the programme was to be utilized exclusively for the Sawarozgaris for production, processing quality testing and storage. The BDO cum Executive Officer of the AP stated (July 2009) that Plant and Machinery could not be procured due to non release of fund by the Project Director DRDA, Golaghat. Thus, training and food processing centre constructed during 2007-08 at a cost of ₹ 26.52 lakh could not be put to use due to non-installation of plant and machinery. This resulted idle investment of ₹ 26.52 lakh besides depriving swarozgaris of the benefits of the scheme.

The BDO stated that the building was being used for holding various meeting and conferences and for training of SHG, beneficiaries of weaving by the H&T department. However, the fact remains that the building, constructed for training cum food processing center could not be utilized for the purpose for which it was constructed.

3.3.2 Diversion of fund

The guidelines of the schemes “SGRY” and NFFWP” provide that the State Government would bear the transportation cost and handling charges (including taxes if any) for the food grains (wheat/rice) component received from the GOI under the schemes, and that cash component under the scheme was not to be utilized for payment of transportation cost. The State Government, however, did not allocate any fund to the PRIs towards transportation cost and handling charges.

Scrutiny of records of test checked PRIs revealed that during 2003-08, five ZPs and one AP¹³ in violation of scheme guidelines incurred an expenditure of ₹22.98 lakh towards transportation cost out of the scheme funds meant for rural employment generation. Due to this diversion, ₹22.98 lakh was not available for implementation of the scheme and therefore 33,425 mandays (@₹68.75 per manday) could not be generated and eligible beneficiaries were deprived of the benefit of employment to that extent. Further, the PRIs did not initiate any action to get the amount reimbursed by the State Government.

3.3.3 Irregular utilization of SGRY scheme fund

Para 4.2 (iii) of the SGRY guidelines provides that in execution of the scheme, priority should be given to increase economic assets of individual beneficiaries for sustainable livelihood. Assets such as dwelling units *etc* may be given lesser preference and should be considered under special circumstances.

Test check of records of Morigaon ZP revealed that CEO spent ₹10.89 lakh between November 2006 to June 2007 on construction of 44 dwelling units and incurred ₹4.23 lakh for purchasing of 3,845 number mosquito nets (July 2006) from SGRY scheme fund. Thus, ₹15.12 lakh were spent out of SGRY scheme fund beyond the scope of the scheme.

3.3.4 Blockade of fund due to non-transfer of un-utilized balance of erstwhile scheme

Consequent on launching of Nation Rural Employment Guarantee Schemes (NREGS), the GOI had stipulated (March 2006) that the un-utilized fund under National Food For Work Programme (NFFWP)/Sampoorna Grameen Rojgar Yojana (SGRY) as of February 2006 would become part of NREGS and such fund were to be utilised as per guidelines of the NREGS. It was however, noticed that a balance of ₹49.26 lakh was lying in the scheme account of SGRY in 15 PRIs¹⁴ (three ZPs, seven APs and five GPs) as of March 2009 without transfer to NREGS.

¹³ Nalbari, Golaghat, Kariganj, Cachar, Kamrup ZP & Chamaria AP

¹⁴ Bongaigaon, Jorhat and Morigaon ZP, Gomariguri, Golaghat East, Katlichhera, South Hailakandi, Paschim Nalbari and Kaliapani AP, Manikpur, Madhya Teok, Chargola, Ghoramara and Lihing Kardong GP

Non-transfer of unutilized fund of SGRY to NREGS resulted in a blockade of ₹49.26 lakh.

3.3.5 Loss due to damage of food grains

Under SGRY, it was decided to distribute food grain (FG) as part of wages. This was intended to protect the real wages of the workers and improve the nutritional standards of the families of the rural poor. To ensure food security to the rural workers, a part of wages was to be paid in food grains at the rate of 5 kg each day.

Scrutiny of records of Morigaon ZP and Badarpur AP revealed that prolonged and improper storage facilities of the godown led to damage and consequent discarding of 2241.25 quintals rice valued ₹17.93 lakh¹⁵ during 2007-08. Consequently employment generation of 26080 mandays¹⁶ were lost at the rate of ₹68.75 per manday.

3.3.6 Idle stock of food grains due to procurement after discontinuation of the scheme.

Test check of records (August 2009) revealed that the BDO-cum-Executive Officer, Badarpur AP (under Karimgang District) procured 674.39 quintals of rice valuing ₹5.39 lakh in June 2008 under SGRY. The entire quantity of foodgrains was lying in the godown of Badarpur AP since procurement. With the introduction of NREGS in Karimgang District from 2008-09, SGRY was discontinued and as such there was no scope of utilization of the FG. No action was taken by the BDO for disposal of the FG. Thus procurement of FG after discontinuation of the scheme led to idle stock of 674.39 quintals of rice valuing ₹5.39 lakh and it was apprehended that prolonged storage would lead to deterioration of its quality rendering it unfit for human consumption.

3.4 National Rural Employment Guarantee Scheme (NREGS)

The objective of the scheme is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

¹⁵ Morigaon ZP: 1206.25 quintals worth ₹9.65 lakh and Badarpur AP: 1035 quintals worth ₹8.28 lakh).

¹⁶ ₹17,93,000 divided by ₹68.75 per manday =26,080 mandays.

3.4.1 Utilization of fund and provision of employment

The position of utilization of fund under NREGS in the State, other than sixth schedule areas, during 2006-07 to 2008-09 as per progress reports¹⁷ was as under:

₹ in crore				
Year	Total fund available ¹⁸	Expenditure	Closing balance	Percentage of utilization
2006-07	357.57	269.04	88.53	75.24
2007-08	570.84	320.77	250.07	56.19
2008-09	718.07	455.19	262.88	63.39
Total	1646.48	1045.00	601.48	63.46

It was observed from above that unspent balance under NREGS stood at ₹601.48 crore as of March 2009. This indicated that 37 per cent of the available fund remains unutilized and in consequence the State could not create enough job opportunities for the employment seekers. The reason for non-utilisation of fund was not found on record.

The position of employment provided to the households during 2006-09 as shown below.

Figure in lakh							
Year	Job card issued	Employment details		Employment generated in mandays	Household provided with 100 days employment	Percentage of household provided with 100 days employment	Average employment provided to each household
		Demanded	Provided				
2006-07	4.99	3.88	3.83	NA	0.36	9.40	-
2007-08	11.69	9.55	8.98	206.79	1.02	11.35	23
2008-09	22.44	14.71	13.20	386.96	1.60	12.12	29
Total	39.12	28.14	26.01	593.75	2.98	11.45	

It would be seen from above that only 9.40 to 12.12 per cent of households were provided 100 days employment and average employment provided to each household during 2007-08 and 2008-09 were only 23 and 29 days respectively. Thus the state failed to utilize the fund optimally provided under the scheme and the objective of providing 100 days employment to every household demanding work, remain unfulfilled.

District-wise position of utilization of fund and provision of employment is given in **Appendix-12 (A) and 12 (B)**.

¹⁷ progress reports posted in the website pnrassam.nic.in

¹⁸ Total fund available during the year including opening balance

3.4.2 Non-preparation of labour budget

The NREGS guidelines stipulated that the District Programme Coordinator (DPC) was to prepare a labour budget for the ensuing financial year containing the details of the anticipated demand for unskilled manual work in the district which should be the basis for planning. It was noticed in test checked PRIs that labour budget was not prepared for the year 2008-09.

In the absence of labour budget, anticipated demand for unskilled manual work were not assessed and the Annual Action Plans were also prepared without ascertaining the probable demand of jobs.

3.4.3 Abandoned work

The work “Development/Excavation of Kuarikuchi Kuari Pukhuri (Tank)” was taken up under Annual Action Plan (AAP) of 2007-08 in Borigog Banbhag AP with an estimated cost of ₹ 50 lakh. The work started in February 2008 and after an expenditure of ₹ 20.34 lakh incurred upto August 2008, was cancelled in February 2009 by an order of the Deputy Commissioner-cum-District Programme Coordinator following decision of review meeting on NREGS (February 2009). The BDO/Executive Officer, of the AP stated (May 2010) that the work could not be completed due to site condition. No provision had been made in subsequent AAPs to get the work completed and the BDO could not state anything on the utility of the work executed, till its completion.

Thus, due to injudicious decision of the department to execute the work without satisfying the suitability of the site condition resulted in abandonment of the work with an unfruitful expenditure of ₹ 20.34 lakh.

3.4.4 Incomplete work – non achievement of targeted irrigation potential

Scrutiny of records revealed that Flow Irrigation Project (FIP) was taken up for execution in 2006-07 at an estimated cost of ₹ 33.61 lakh under NREGS for creation of irrigation potential of the area. PO, Boitamari AP released ₹ 30 lakh (October 2007) to Executive Engineer (EE), Irrigation Department, Bongaigaon for execution of the same. As per information furnished by EE, an amount of ₹ 26.33 lakh was spent towards partial execution of the work, engaging the job card holders, leaving an unspent balance of ₹ 3.67 lakh as of November 2009. Thus after spending ₹ 26.33 lakh,

the work remained incomplete and failed to create the targeted irrigation potential. Besides, the balance ₹ 3.67 lakh was locked up in Irrigation Department.

3.4.5 Execution of road works below the minimum specification

NREGS guidelines permit execution of road projects which are able to provide all weather connectivity in rural areas. Test-check of records of Hailakandi ZP, disclosed that 32 road works were taken up under AAP 2008-09 with execution of earthwork only and expenditure of ₹ 72.71 lakh were incurred towards wages of MR labourers. However, the standard of work was below the minimum specification of Grade-I metalling required for providing all weather connectivity in rural areas. Consolidation with road metals, leveling, rolling and compacting works were not taken up. In the absence of minimum specification of Grade-I consolidation, the works executed were vulnerable to vagaries of nature and thus, the objective of creation of durable asset was not achieved.

3.4.6 Irregularities in MR

According to operational guidelines of NREGS, MR issued from PO, each with a unique identity number, were to be maintained by GP and other implementing agencies. MRs was also to be digitized at the PO level. The MRs used by Dighirpam GP against which payment of ₹ 4.99 lakh was made to the wage earners was not issued by the PO. Thus, possibility of fictitious or fraudulent payment through fake MRs could not be ruled out.

3.4.7 Payment of Muster Roll (MR) wages in form of cash violating the scheme guidelines

As per guidelines of NREGS, payment of wages under NREGS must be made through Bank/ Post Office account to ensure transparency. However, it was noticed that 10 GPs under Boitamari AP made payment of wages in cash amounting to ₹ 2.15 crore during the period from 2006-07 and 2007-08. The Programme Officer (PO) cited excessive rush in Bank/Post Office, uncertainty in payment time as reasons. The contention of the PO was not tenable as guidelines stipulated disbursement of wages only through bank/post office account on weekly/fortnightly basis. Thus, payment of wages to unskilled wage earners in form of cash defeated the transparency of the scheme.

3.5 Border Region Grant Fund (BRGF)

3.5.1 Blockade of BRGF grant

GOI, under BRGF for the year 2006-07, released an amount of ₹9.12 crore for augmentation of capacity building of PRIs. The State Government entrusted the training of PRI functionaries to the State Institute of Rural Development (SIRD) at Guwahati and the North Eastern Regional Institute of Water and Land Management (NERIWALM) at Tezpur and released ₹5.47 crore and ₹3.65 crore to the institutes respectively in January 2008.

As intimated by Director, NERIWALM to the P&RDD, ₹0.31 crore were spent towards training programmes. However, no information relating to total number of trainings imparted to Panchayat functionaries and elected representatives of PRIs were furnished.

Due to poor performance on execution of scheme and in view of decision taken in the review meeting (November 2008), the P&RDD directed NERIWALM to transfer all funds including accrued interest thereon to Directorate for making allotment to SIRD for implementation of the same. The Director, NERIWALM, however, returned ₹2.10 crore to Commissioner, P&RD (January 2009), keeping balance ₹1.37 crore, including interest, in bank account as of February 2010. Reasons for poor performance and retention of balance ₹1.37 crore by NERIWALM could not be stated by the Director, NERIWALM.

The position of receipt and utilization of fund and balances lying with the institutes as of February 2010 is given below:

(₹ in crore)									
Sl. No.	Name of unit	Fund receipt	Fund transferred from NERIWALM	Interest accrued	Total fund	Fund utilized	Fund transferred to SIRD	Total	Closing balance
1	NERIWALM	3.65	-	0.13	3.78	0.31	2.10	2.41	1.37
2	SIRD	5.47	2.10	0.29	7.86	5.70	-	5.70	2.16

Thus, ₹3.53 crore remained un-utilized for more than two years resulting in avoidable blocking of Government money and non-achievement of intended benefits.

As stated (February 2010) by the Director SIRD the expenditure of ₹5.70 crore were incurred on the following items during 2008-2010.

- (i) Rupees 4.68 crore on 650 training programmes on capacity building of 26,868 panchayat functionaries and elected representatives of panchayats and 158 Community Mobilization Programmes with 17517 participants.
- (ii) Rupees 1.02 crore on setting up a satellite studio and 15 receiving stations to develop a Satellite Based Communication System (SBCS) covering every block of the State to facilitate interactive training to PRI functionaries at grass root level. However, required equipments were yet to be installed to make the system operational.

3.5.2 Works ₹ 1.19 core executed without obtaining Technical Sanction

According to Para 314 of Assam Public Works Department (APWD) Manual no expenditure should be incurred before obtaining Technical Sanction (TS) to the scheme. Further Rule 2 of Appendix 8 of Assam Financial Rule, 2002, provides that no work should commence without detailed plan and estimate.

Test-check of estimates of works executed under BRGF revealed that TS were not accorded to 93 works executed by Cachar ZP yet these works were completed at a total cost of ₹1.19 core, CEO, Cachar ZP submitted detailed plan and estimates to Executive Engineer, Silchar Road Division for TS, but EE/PWD returned the same without according TS due to the fact that estimates were not prepared as per APWD specification.

Thus, works were irregularly executed and expenditure incurred thereon was in violation of the codal provisions.

3.5.3 Inflated expenditure due to execution of works on inflated estimates

Scrutiny of records disclosed that two ZPs and one AP executed works under BRGF during 2007-09 and incurred expenditure of ₹1.18 crore at par with estimated cost. The estimates were framed on the basis of APWD schedule of rates, which included 10 *per cent* contractor's profit. As the works were executed departmentally without engaging any contractor, the estimates should have been prepared without taking into account, the element of contractors' profit. The estimates were, thus inflated to the extent of

10 per cent and resultantly the expenditure incurred on the works was also inflated to the same extent with the possibility of misappropriation of ₹ 11.77 lakh as detailed below:

(₹ in lakh)

Sl. No.	Name of PRIs	Period of expenditure	Total expenditure as per estimated cost	Inflated expenditure on contractor's profit element (10 per cent).
1.	Morigaon ZP	2007-08	65.69	6.57
2.	Cachar ZP	2008-09	6.77	0.68
3.	Boitamari AP	2008-09	45.20	4.52
Total			117.66	11.77

3.6 Irregular selection of beneficiaries under IAY without following BPL criteria

The scheme envisaged selection of beneficiaries under Indira Awas Yojana (IAY) from the BPL list prepared on the basis of certain priority criteria fixed by the GOI, such as free bonded labour, SC/ST households who are victims of atrocities, SC/ST households having widows and un-married women, SC/ST households affected by natural and other calamities like riots and physically and mentally challenged persons *etc.*

Test check of records of three APs revealed that an amount of ₹ 0.82 crore was spent for construction of houses towards non-BPL beneficiaries during 2007-09 under IAY as detailed below:

(₹ in lakh)

Sl. No.	Name of AP	No of beneficiaries provided assistances beyond the perview of BPL lists.	Year	Amount Spent
1.	Borigog Banbhag	173	2007-09	47.33
2.	Pub Nalbari	62	2007-09	16.86
3.	Mandia	53	2007-09	18.10
Total		288		82.29

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

3.7 Blockage of fund under District Development Plan (DDP)

Assam Treasury Rule 16 stipulates that money should not be drawn from treasury unless it is required for immediate disbursement. The rule also prohibits withdrawing of money just to avoid lapse of budget grants.

It was noticed that the Commissioner, P&RD had drawn ₹ 12.19 crore from Treasury (July 2009) under DDP fund. The fund drawn was earmarked for Barpeta ZP (₹ 5.99 crore) and Cachar ZP (₹ 6.20 crore) towards implementation of schemes under DDP. However, the amount was retained in the form of Bank Draft (BD) and Deposit at Call

Receipts (DCR) till February 2010. Reason for keeping the money unutilized by the Commissioner, P&RD, for periods ranging from 6 to 7 months was not intimated to audit. Thus, unauthorized retention of funds in form of BD/ DCR resulted in blocking of Government fund amounting to ₹ 12.19 crore of the schemes and non-achievement of intended benefits.

3.8 Doubtful disbursement of ₹ 5.65 lakh to SHGs under Assam Bikash Yojana

Scrutiny of records of Hailakandi ZP revealed that Commissioner, P&RD released ₹ 5.65 lakh (May 2008) for distribution to 565 Self-Help Groups (SHGs) @ ₹ 1000 each under Assam Bikash Yojana (ABY). CEO paid ₹ 5.65 lakh to ZP members for making payment to the SHGs (October 2008). ZP could not produce the relevant Actual Payees Receipts (APRs) *etc.*, in support of disbursement of fund to SHGs. The approved lists of SHGs required to be selected by the District Level Committee as stipulated in the sanction order was also not found on record.

Thus, in the absence of records in support of disbursement of ₹ 5.65 lakh to concerned SHGs, the genuineness of the disbursement could not be ascertained. In spite of the fact being pointed out by audit, CEO did not take any action to confirm the disbursement/ utilization of the funds. The inspection report was forwarded to the to the CEO, Hailakandi ZP and the Commissioner, P&RD Assam in March 2010. However, no follow up action has yet been taken (September 2010).

3.9 Un-utilized fund under State Rural Housing Scheme (SRHS)

The SRHS had been formulated with the objective of meeting the shelter need for victims of erosion, elephant/wild animals' attacks. For providing financial assistance to 2,597 beneficiaries of the State, the P&RDD sanctioned ₹ 10 crore in March 2009 as grants-in-aid under the above mentioned scheme.

The Office of the Commissioner, P&RD drew the entire amount in March 2009 just to avoid lapse of budget grants and kept it irregularly in revenue deposit. In April 2009 ₹ 10 crore was withdrawn from revenue deposit and kept in the form of bank draft revalidated from time to time (February 2010). The un-utilized fund was thus, retained by the Commissioner for nine months. Reason for keeping the money un-utilized since

April 2009 was not intimated. This resulted in blocking of Government fund amounting to ₹10 crore of the scheme and non-achievement of the intended benefit.

3.10 Conclusion

- Week revenue assessment and collection regime resulted in huge loss of revenue and accumulation of arrears of taxes and duties.
- Selection of schemes without ascertaining the needs of the stakeholders and availability of fund *vis a vis* poor implementation in contrast to the schematic guidelines resulted in unfruitful expenditure, incomplete works and diversion of fund to unapproved works.
- Implementation of schemes and execution of works showed a lackadaisical approach and resulted in delay in providing intended services to the beneficiaries. Lack of documentation indicated lack of transparency in execution of works.

3.11 Recommendations

- Internal control and monitoring needs to be strengthened to augment realization of revenue, accounting of expenditure, efficient utilization of scheme funds and to prevent cases of diversion of fund.
- Selection of schemes should be need based and availability of fund ensured and should be implemented in accordance to the scheme guidelines
- Monitoring, supervision and evaluation of work by competent authorities may be ensured for completion of works within stipulated period. Proper documentation of works to be made in maintaining transparency.