

CHAPTER-III

Audit of Transaction

3.1 Unauthorized Sampurna Gramin Rojgar Yojana works and its misappropriation

Unauthorised entrustment of Sampurna Gramin Rojgar Yojana works and transfer of its funds of ` 1.23 crore to a prohibited Non-Government Organization and misappropriation of ` 27.93 lakh.

The Centrally Sponsored Scheme (CSS) Sampurna Gramin Rojgar Yojana (SGRY) was launched to provide food security to the poor villagers by generating additional labour oriented employment and to create social, economic and community assets for the infrastructural development of villages. The SGRY was to be implemented by Panchayati Raj Institutions (PRIs). The Government prohibited (27 December 2005) the execution of works under SGRY by Uttar Pradesh Sahkari Nirman Evam Vikas Limited, a non-Government Organization (NGO). The Government of India's guidelines of SGRY also precluded engagement of middleman or any other intermediate agency for executing works.

Test-check (March 2008) of the records of Zila Panchayat, Meerut (ZP) revealed that ZP transferred an amount of ` 1.23 crore of SGRY grant to the above prohibited NGO for the construction of roads, work shades and construction/renovation of ponds during the period 2005-07 in violation of the Government orders. Scrutiny of records revealed further that incomplete and sub-standard works of roads and work shades were executed by NGO.

The above ` 1.23 crore includes ` 30 lakh for the construction/renovation work of 19 ponds in different Blocks. During physical verification (February 2008) by Assistant Engineer (AE) of ZP, the works of two ponds were found complete, earth work in 8 ponds was found executed between 40

and 95 per cent and in case of remaining nine ponds, no work was executed. As such, the grant of ` 27.93 lakh (` 30 lakh – ` 2.07 lakh) paid for the construction of 17 ponds was either partially or completely misappropriated by the NGO.

On being pointed out in audit, Apar Mukhya Adhikari stated (March 2008) that the grant was transferred to the NGO on the orders of the District Magistrate/Administrator and as regards construction of ponds, a first information report was lodged with police (March 2008). The reply of ZP was not tenable as the District Magistrate was not a competent authority to transfer the grant to the NGO. There was no progress in police case as of December 2009.

Thus, ZP transferred SGRY grants of ` 1.23 crore irregularly to an NGO, on orders of the District Magistrate, in violation of the Government directions and the spirit of the SGRY. There was sub-standard and incomplete construction of roads and work shades and misappropriation of funds which compounds the gross irregularity. Internal control system of the administrative department of the State Government were weak in as much as that the Government had not taken any action on distortion of the scheme guidelines and government orders at the implementing agency level.

The matter was referred to the Government (February 2009); the reply was awaited (November 2010).

3.2 Unauthorized payment of royalty

Unauthorised provision and payment of royalty valuing ` 52.41 lakh in Sampurna Gramin Rojgar Yojana works forfeited the objective of the scheme

With a view to provide additional wage employment in all rural areas and thereby provide food security and improve nutritional levels as primary objective, Sampurna Gramin Rojgar Yojana (SGRY) was launched (25

September 2001) by the Government of India (GOI). Its secondary objective was the creation of durable social, economic and community assets and infrastructural development in rural areas with special emphasis on labour intensive works with minimum norm of labour and material as 60:40. Further, the Government ordered (April 2004) that no royalty on earth being utilized on works done under the SGRY would be levied.

Scrutiny (February 2008 to December 2008) of the records of Zila Panchayats (ZPs) Saharanpur, Shrawasti, Pilibhit and Ballia revealed that the ZPs, in violation of above orders of the Government made provision and paid ` 52.41 lakh,¹ on account of royalty for the earth under SGRY during the period 2005-08. Thus, this unauthorized provision and payment of royalty resulted not only in short creation of additional wage employment to the tune of 0.45 lakh mandays² but also deprived the targeted village of development works.

On being pointed out in audit, the Director, Panchayati Raj, Uttar Pradesh, Lucknow stated (March 2009) that the payments of royalty in the works under SGRY were made in compliance of orders of Chief Development Officers (CDO) and District Magistrates (DM).

The reply was not tenable as the orders of DM/CDO were in violation of Government orders.

Thus, unauthorized provision and payment of royalty to the tune of ` 52.41 lakh resulted in loss of 0.45 lakh man days.

The matter was referred to the Government (February 2009); the reply was awaited (November 2010).

¹ Saharanpur: ` 22.29 lakh, Shrawasti: ` 4.09 lakh, Pilibhit: ` 21.82 lakh, Ballia: ` 4.21 lakh

² 2005-07: $32.77 \times 60 / 100 \times 58 = 0.33$ lakh mandays, 2007-08: $19.64 \times 60 / 100 \times 100 = 0.12$ lakh mandays Total 0.45 lakh mandays

3.3 Creation of liability in Centrally Sponsored Scheme

Violation of provisions of Budget manual and departmental orders led to creation of liability of ` 60.81 lakh in Sampurna Gramin Rojgar Yojna resulting in non-achievement of targeted benefits of the scheme

With a view to generate labour-oriented employment and infrastructural development of villages, Sampurna Gramin Rojgar Yojna (SGRY) was launched by the Government of India. As per provisions of Budget manual and departmental orders issued from time to time, no expenditure would be incurred in anticipation of release of funds and also mere allotment of funds does not authorize to make expenditure of any type.

Test-check (February 2008) of the records of Zila Panchayat, Sonebhadra (ZP) revealed that ` 5.68 lakh cash and 39560 quintal food grains were allotted to ZP for the implementation of SGRY during the year 2005-06 by District Rural Development Agency, Sonebhadra (DRDA). The DRDA released only 30872.96 quintal food grains due to non-availability of sufficient stock of food grains with them. ZP, however, issued tokens for food grains to labourers in anticipation of release of food grains by the DRDA. ZP also did not raise the demand of cash in lieu of non-released food grains within the financial year to dispose of the liability. As such, the wage of ` 60.81 lakh³ was not paid either in the shape of money or food grains to the labourers even after the lapse of more than two years of the closure of the scheme.

On being pointed out in audit, Apar Mukhya Adhikari stated (February 2008) that works were executed as per approved plan, in-anticipation of release of food grains and efforts are being made to obtain the amount of wages from the Government. The reply was not tenable as the execution of the work was in contravention of provisions of Budget manual which finally turned into a liability. Further the efforts for obtaining cash in lieu of food grains was

³ 868704 Kilogram @ ` seven per Kilogram.

started after the close of the financial year which is yet to materialize (October 2009).

Thus, violation of provisions of Budget manual and departmental orders issued in this regard from time to time by executing works without release of food grains led to the creation of liability of ` 60.81 lakh in a centrally sponsored scheme which was closed from 01 April 2007. Besides, it resulted in non-payment of wages to labourers for the last three years and violated the provisions of Payment and Wages Act also.

The matter was referred to the Government (August 2009); the reply was awaited (November 2010).

3.4 Blockade of Government money

Injudicious operation of accounts in the non-scheduled banks led to blocking of government grant worth ` 78.62 lakh resulting in non-achievement of targeted social benefits of different developmental schemes

The guidelines issued by the Government of India (GOI) for the implementation of Sampurna Gramin Rojgar Yojana (SGRY) envisaged that the funds (Central as well as State share) released for the scheme shall be kept in Nationalized Bank or Post Office by the concerned Panchayati Raj Institutions (PRIs). Further, section 101 of Uttar Pradesh Kshetra Panchayat and Zila Panchayat Adhiniyam, 1961 (Adhiniyam) also envisages that kshetra Nidhi should be kept in the Government Treasury/Sub-Treasury or in the Bank in which the Government Treasury business is being transacted or with the prior sanction of the State Government, in one or more of the scheduled Banks or Co-operative Banks specified by it in this behalf.

Checking (July 2008) of the records of Kshetra Panchayat, Suinthakala, District Jaunpur revealed that the funds worth ` 78.62 lakh earmarked for the implementation of schemes viz., SGRY, Indira Avas Yojana and Scholarships

were deposited in different non-scheduled Co-operative Banks (Bank) without obtaining the prior approval of the Government as well as against the guidelines of the Government of India. The money so deposited, could not be drawn from the Banks due to their inability to make payments. As such the Government money worth ` 78.62 lakh remained blocked resulting in non-achievement of intended benefits of schemes.

On being pointed out in audit, the Block Development Officer (BDO) stated (July 2008) that the accounts were opened in Banks in the compliance to the orders of Chief Development Officer, Jaunpur (CDO). The reply of BDO was not tenable as CDO was not competent to pass orders in violation of the guidelines of GOI and against the provisions of Adhinyam. Further, no action was initiated against the Bank or erring officers of the Department.

Thus, non-adherence of provisions of GOI's guidelines and the Adhinyam resulted in blocking of government money worth ` 78.62 lakh and non-achievement of intended benefits of the different developmental schemes.

The matter was referred to the Government (March 2009); the reply was awaited (November 2010).

3.5 Avoidable expenditure on construction of rural link roads

Deviation from specifications prescribed for construction of rural link roads resulted in unnecessary avoidable expenditure of ` 21.14 lakh

(a) According to Uttar Pradesh Public Works Department (PWD) specifications for construction of rural link roads, any one of the following two specifications could be adopted for surface course of roads after tack coat/prime coat on Water Bound Macadam (WBM) top coat:

- Surface dressing [Painting 1 (P-1) & Painting 2 (P-2)]
- Premix carpet with seal coat (PC & SC)

Test-check of the records of Zila Panchayats, Barabanki and Mau (ZPs) revealed that ZPs in contravention of the provisions of above specifications, incurred an expenditure of ` 14.38 lakh (**Appendix-4**) on seal coat over P-1 and P-2 on the construction of 12 rural link roads during 2007-09. As such, non-adherence to the PWD specifications which were mandatory for ZPs resulted in unnecessary extra expenditure of ` 14.38 lakh which was avoidable.

On being pointed out in audit, Apar Mukhya Adhikari, Barabanki stated (March 2009) that due to non-availability of revised circular of PWD, Seal Coat was done after P-1 and P-2 whereas ZP, Mau stated that in future PWD specifications would be followed. The reply of Apar Mukhya Adhikari, Barabanki was not tenable as the circular regarding PWD specification was issued (August 2007) prior to the execution of these rural link road works.

(b) According to the circular (August 2007) of Engineer-in-Chief (E-in-C) PWD, Premix Carpeting with Seal Coat (PC with seal coat) should be done over Water Bound Macadam (WBM) after laying prime coat.

Test-check (September 2008 and March 2009) of the records of Zila Panchayats (ZPs), Ambedkar Nagar and Mau revealed that two roads with a total area 15,522 square metre (sq m) were constructed by laying P-1 between WBM top coat and PC with seal coat in contravention of PWD specifications. As such, an avoidable expenditure of ` 6.76 lakh⁴ was incurred. Had the roads been constructed as per specification after laying prime coat instead of P-1, expenditure of ` 6.76 lakh could have been avoided (**Appendix-5**).

On this being pointed out in audit, the Apar Mukhya Adhikari stated (September 2008) that works in future would be carried out according to PWD specifications.

⁴ Expenditure on P1 ` 9.06 lakh less cost of Prime coat ` 2.30 lakh =Rs 6.76 lakh

Thus, the execution of rural link road works in contravention of the specifications of PWD by ZPs resulted in avoidable extra expenditure of ` 21.14 lakh.

The matter was referred to the Government (June 2009); reply was awaited (November 2010).

3.6 Unfruitful expenditure

Non-execution of works under Sampoorna Gramin Rojgar Yojna led to unfruitful expenditure of ` 99.78 lakh incurred on purchase of material

With a view to create labour-oriented employment and infrastructural development of villages, Sampoorna Gramin Rozgar Yojna (SGRY) was launched by the Government of India (September 2001). The labour intensive works were to be taken up by Zila Panchayats under the scheme.

Scrutiny of records (October 2007 and March 2009) of Zila Panchayat (ZP), Hamirpur revealed that the ZP proposed construction of 67 works of roads, culverts and drains (*Appendix - 6*) during the period 2002-05 at an estimated cost of ` 1.65 crore for providing employment of 1.12 lakh mandays to local people. The materials, viz, grit, cement and brick for the execution of works were purchased and payments of ` 99.78 lakh were released to suppliers/contractors during 2002-06. The works were not executed and the material remained unutilized till October 2009.

On this being pointed out in audit, Apar Mukhya Adhikari stated (March 2009) that the works were not executed due to political dispute and a committee had been constituted (October 2007) to enquire into the status of works. The proposed committee, however, was inoperative as of October 2009. The ZP had not taken any step for safety of material at site for the last 2 to 5 years. During this period cement must have lost its bounding capacity.

Thus, non-execution of works not only resulted in an unfruitful expenditure of ` 99.78 lakh so far but also the objectives of giving employment to local people

and providing better connectivity and roads to villages envisaged in scheme was not achieved.

The matter was referred to the Government (September 2009); the reply was awaited (November 2010).

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