

CHAPTER IV

4.1 Audit Paragraphs

4.1.1 Irregular sanction of developmental grants

The Director of Panchayats released development grants of ₹ 31.35 crore to Zilla Panchayats in contravention to the provisions of the General Financial Rules, 2005.

Government of Goa provides financial assistance to the ZPs in the form of grants-in-aid for carrying out the developmental works in the ZP area. In order to have a uniformity and to monitor the utilization of the grants-in-aid, in pursuance of sub section (1) of section 160 of the Goa Panchayat Raj Act, 1994, the Director of Panchayats and Ex-Officio Joint Secretary issued (August 2000) a Notification prescribing the terms and conditions and the purpose for sanctioning the grants-in-aid to the ZPs. The terms and conditions *inter alia* included the following conditions:

- i. The ZP shall submit an application to the Director of Panchayats through the Chief Executive Officer along with a copy of the resolution seeking the release of grants.
- ii. The Grants sanctioned for specific works/projects under a scheme should be utilized exclusively for the works and no expenditure on account of salaries, wages and other items of contingent nature should be debited to any work/scheme/project.
- iii. No grants shall be sanctioned unless the previous grants are fully utilized and the utilization certificate furnished.
- iv. The utilization of grants by the ZP shall be subject to all other conditions as laid down in the General Financial Rules (GFR), Accounts Code, CPWD Manual and other instructions issued by the Government.

As per Rule 209 (1) of the GFR, 2005, any organization or Institution seeking grants-in aid from the Government is required to submit an application which should clearly spell out the need for seeking the grants. Further, Rule 209 (3) requires that the grants sought by any Institution or Organization should be considered only on the basis of viable and specific schemes drawn up in sufficient detail by such Institution or Organization. The budget for such schemes should, *inter alia*, disclose the specific quantified and qualified targets likely to be attained against the outlay.

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Audit noticed that the ZPs were not preparing the development plans based on which the works/projects/schemes were to be selected on priority basis. Further, the ZPs were not submitting any concrete proposals for grants as required under Rule 209 of the GFR, 2005 and the terms and conditions issued by the Government in August 2000. On the contrary, the Director of Panchayats was sanctioning grants-in-aid to the North Goa ZP and the South Goa ZP in lump sum without obtaining any proposal from the grantee.

During the period from April 2005 to March 2011, the Directorate of Panchayats sanctioned grants-in-aid of ` 31.35 crore to the ZPs for developmental works without getting any concrete proposals as detailed below:

(` in crore)

Year	Grants-in aid		
	North Goa ZP	South Goa ZP	Total
2005-06	3.00	2.90	5.90
2006-07	3.72	2.48	6.20
2007-08	2.94	1.96	4.90
2008-09	3.08	2.05	5.13
2009-10	2.77	1.90	4.66
2010-11	2.73	1.82	4.56
Total	18.24	13.11	31.35

Thus, the sanctioning of grants-in-aid without any request from the grantee and supported by any viable and specific schemes drawn up in sufficient details was in contravention of the Rule 209 of the GFR, 2005 and the instructions issued (August 2000) by the Government of Goa. Further, the receipt of grants in lump sum without identifying the specific developmental works on priority would result in utilizing the grants sparingly and the grant sanctioning authority cannot ensure the utilization of the grants for a balanced and sustainable development in the ZP area. Further, the grants received by the ZPs were parked in bank accounts for a long time on account of the inordinate delay in identifying and executing the works and there by delay in passing the intended benefits to the common public.

The Director of Panchayats stated (May 2011) that in future work wise details would be obtained before releasing the grants to the Zilla Panchayats.

4.2 Recommendations

- Annual Developmental Plans need to be forwarded by Village Panchayats and Zilla Panchayats to the District Planning Committees for preparing consolidated District Developmental Plan.
- Zilla Panchayats should submit Utilization Certificates in respect of grants received by them at the earliest for obtaining subsequent grants.
- Accounting Formats prescribed by CAG require to be adopted by the Panchayats.
- Steps should be taken on priority for finalization of accounts in the Zilla Panchayats for clearing the arrears.
- The Director of Panchayats should release the grants to the Zilla Panchayats after getting the concrete proposals from them in accordance with the provision of General Financial Rules and the guidelines issued by the Government.

Panaji
The ----- day of ----- 2011

(A G KULKARNI)
Deputy Accountant General
O/o the Accountant General, Goa

Countersigned

Panaji
The----- day of-----2011

(DEVIKA)
Accountant General, Goa