

CHAPTER III

IMPLEMENTATION OF SCHEMES

3.1 Sampoorna Gramin Rojgar Yojana (SGRY)

The SGRY was launched by the Ministry of Rural Development, Government of India from 25th September 2001. The primary objective of the scheme is to provide wage employment and food security to the rural poor through creation of community, social and economic assets. The scheme envisages payment of wage in the form of cash and food grain. Cash component was to be borne by Govt. of India (GOI) and the State Govt. in the ratio of 75:25 and the food grain was to be made available free of cost by GOI. The works are to be executed departmentally without engaging contractors and agents.

Test check of records of 16(sixteen) PRI units disclosed various irregularities in the management of fund and implementation of scheme programme as mentioned in the succeeding paras.

3.1.1 Excess payment due to non-adjustment of value of food grain to wages

Under para 2.2 of the SGRY guidelines, food grain should be given as part of the wages. Test check of the record of Bishnupur ZP revealed that food grain (rice) of the value of ₹4 lakh was not taken into account and the rice was given at free of cost to the beneficiaries in addition to the full payment of wages in cash (**Appendix-XVIII**).

3.1.2 Engagement of contractor/agency

Under Para 5.16.1 of the SGRY guidelines, the programme will be implemented departmentally and no middleman or any other intermediate agency should be employed for execution of work under the programme.

Test-check of the records of the three ZPs (Imphal East, Imphal West, and Bishnupur) revealed that all the works under the SGRY programme were not executed departmentally. Bishnupur ZP issued work order under SGRY amounting to ₹ 30,000 in July 2005 for construction of public latrine at Saiton Bazar in the name of Secretaries of Beneficiaries. Further, in violation of the scheme guidelines, an amount of ₹22,500 was paid in advance as 75 *per cent* of estimated cost of the said work. In Bishnupur ZP, an amount of ₹ 7.42 lakh was drawn in July 2004 and paid in advance to the contractors as 75 *per cent* advance payment of the cost of works amounting to ₹10.40 lakh for implementation of SGRY for the year 2004-05.

3.1.3 Non implementation of SC/ST share under SGRY

Under the First Stream of the scheme, 22.5 *per cent* of the annual allocation (inclusive of food grains) for both at the District and the Block levels should be earmarked for individual beneficiary schemes of SC/ST families living below the Poverty Line (BPL). Further, 30 *per cent* of employment opportunities should be reserved for women. The scheme also envisages that minimum 50 *per cent* of the allocation to the Gram Panchayats (inclusive of food grains) should be earmarked for the creation of need-based village infrastructure in SC/ST habitations/wards under the second stream of SGRY.

Test check of the records of Bishnupur ZPs revealed that providing of wage employment to the SC/ST families was very poor due to improper selection of beneficiaries in contravention to scheme guidelines.

In Bishnupur ZP, no beneficiaries under SC/ST were provided wage employment in spite of a DRDA (Bishnupur) order issued on November 2005 for inclusion of 10 *per cent* SC/ST share under a SGRY work programme sanctioned ₹ 6 lakh for the year 2005-06.

3.1.4 Unspent balances

The SGRY is opened to all rural poor who are in need of wage employment and desire to do manual and unskilled work in and around his village/habitat. Under the programme, distribution of food grains should be made to the workers, most preferably at the work site. There is no provision for works advance in the SGRY guidelines. However, during test check of the records maintained in Imphal West Zilla Parishad (IWZP), it was noticed that payment ranging from 50 to 75 *per cent* of the work value was made as works advance to the Beneficiaries Secretaries and in many cases, remaining amounts for the works taken up were not paid due to want of necessary documents resulting in unspent balances accumulating to ₹ 1.26 lakh up to the end of October, 2006 (**Appendix-XIX**).

Consequent on discontinuation of SGRY programme, the balance fund of SGRY scheme was required to be merged with the National Rural Employment Guarantee Scheme fund which came into force from 2008-09 in the four valley districts of Manipur where PRIs were functioning. All the PRIs test audited were not aware of dovetailing the remaining fund with the new scheme fund. Further, due to late receipt of NREGS fund by the auditee units, the audit of the said programme were not taken up during the period under report.

3.1.5 Misutilisation of fund

Under para 4.6 of the SGRY guidelines, 2 *per cent* of the 1st installment of SGRY fund could be used as contingency for strengthening monitoring and coordination.

Test check of the records of Imphal East ZP revealed that an amount of ₹ 37,881 being 2 per cent contingency charges deducted from the 2nd installment of SGRY fund was used on purchase of petrol and telephone bills in violation of SGRY guidelines.

Again, Travelling Allowances @ ₹ 25,000 per head were paid to Adhyaksha and Up-Adhyaksha of Imphal East Zilla Parishad as advance in September, 2004 from SGRY fund to attend training at Hyderabad.

Further, as envisaged in Para 5.13 of SGRY guidelines, the interest amount accrued on the deposits of each streams shall be treated as additional resources for that stream and should be utilized as per scheme guidelines. The Thoubal Zilla Parishad accrued ₹ 51,089 as interest on deposit of SGRY fund during 2003-06. However, no records on utilization of the interest accrued produced by the said ZP to audit.

3.2 Swarna Jayanti Sahari Rojgar Yojana(SJSRY)

The SJSRY shall seek to provide gainful employment to the urban unemployed or underemployed poor through encouraging the setting up of self employment ventures or provision of wage employment. This programme will rely on creation of suitable community structures and delivery of inputs under this programme shall be through the medium of ULBs and such community structures. It shall be funded on 75:25 basis between the Central and the State Governments and consists of two components, namely:

- The Urban Self Employment Programme(USEP)
- The Urban Wage Employment Programme(UWEP)

The USEP gives assistance to individual urban poor beneficiaries and groups of urban poor women for setting up gainful self employment ventures. It also gives training to beneficiaries for upgradation and acquisition of vocational and entrepreneurial skills.

The UWEP seeks to provide wage employment to beneficiaries living below the poverty line (BPL) by utilizing their labours for construction of socially and economically useful public assets. The material and labour ratio for works under the UWEP shall be maintained at 60:40 and the prevailing minimum wage rate shall be paid to the beneficiaries. Works should be done departmentally and executed through Community Development Societies (CDS) under the general control and supervision of ULBs.

Audit on implementation of SJSRY work programmes for the period from 2003-06 disclosed various irregularities in management of fund and implementation of scheme programme as mentioned in the succeeding paras:

3.2.1 Engagement of contractors/agencies

Test-check of the records of 16 ULBs revealed that execution of works under the SJSRY scheme was not done departmentally. In December 2005, Moirang Municipal Council (MMC), issued work orders for ₹3.38 lakh to contractors. Similarly, 28 (twenty eight) work orders for singling and improvement of leiraks/lanes @ ₹37,483 per work in all 27 Wards of the Imphal Municipal Council (IMC) altogether amounting to ₹ 10.50 lakh and 18 (eighteen) work orders for similar works @ ₹24,722 in all 28 Wards of the Thoubal Municipal Council amounting to ₹4.45 lakh were issued between October 2005 and December 2003 to contractors.

Further, Ningthoukhong Municipal Council (NMC) transferred an amount of ₹44,800 of UWEP grant to the bank account of CDS Ningthoukhong in December 2005 for implementation of UWEP by the CDS against the scheme guidelines.

3.2.2 Diversion of SJSRY fund

Test check of the records of four ULBs revealed that grants released for implementation of SJSRY were diverted for other purposes in violation of scheme guidelines. IMC diverted SJSRY grants of ₹13.98 lakh and ₹11.00 lakh in March 2003 and August 2005 respectively for payment of staff salaries(**Appendix-XX**). Bishnupur Municipal Council (BMC) incurred ₹4.27 lakh in December 2005, for purchase of a tractor from UWEP grant of ₹5.43 lakh. Nambol Municipal Council (NMC) diverted ₹ 38,000 from USEP grant for payment of advance pay to its staff in June 2004. A total amount of ₹1.73 lakh of SJSRY grant was diverted for payment of pay of staff in April 2008 by Kakching Municipal Council (KMC).

3.2.3 Excess payments to wage beneficiaries

The Samurou Nagar Panchayat (SNP) paid excess amount of ₹1.07 lakh as wages to beneficiaries in December 2005 while implementing UWEP for ₹7.00 lakh (**Appendix-XXI**).

3.2.4 Advance payments to contractors/agents

It revealed that works under UWEP were not executed departmentally, in violation of the SJSRY guidelines. By issuing work orders, contractors /agents were engaged for the execution of works, and cash drawn irregularly from UWEP grants were paid as advance payment of work to the contractor/agents before execution of the work. For improvement of road, Imphal Municipal Council in December 2005 paid ₹2.53 lakh to a contractor as advance payment of 60 *per cent* of the value of work before its execution on January 2006. In December, 2005 Nambol Municipal Council paid ₹4.48 lakh to a contractor for UWEP work, before completion of the said work.

3.2.5 Non production of Records

Nambol Municipal Council could not produce work records to audit relating to the implementation of UWEP for which expenditure of ₹7.50 lakh was incurred in December, 2005 by the Council. Kakching Municipal Council (KMC) also could not produce records to audit for expenditure of ₹2.58 lakh from SJSRY grant of ₹16.08 lakh sanctioned in December, 2005.

3.2.6 Laxity of Internal Control Mechanisms in implementation of SJSRY.

Due to lack of monitoring at various stages as well as poor knowledge of scheme guidelines, the following common irregularities were noticed in all 16 ULBs test audited in the implementation of SJSRY:

- (i) Beneficiaries under UWEP were not properly selected from amongst the BPL families;
- (ii) Prescribed percentage of women/SC/ST/disabled beneficiaries, were not properly maintained;
- (iii) House to House survey for identification of genuine beneficiaries never done;
- (iv) Stock and Issue Register not maintained;
- (v) Maintenance of vital accounts records not properly maintained and
- (vi) Purchase norms were not followed in case of purchases exceeding ₹1 lakh.

3.3 National Slum Development Programme (NSDP) at ULBs

NSDP was introduced during 1996-97 with the specific objective of providing basic amenities to slum dwellers in the field of physical and social amenities, community structure, construction and upgradation of houses for the urban poor. NSDP is a centrally sponsored scheme meant for the improvement of slums.

Test audit of implementation of NSDP work programmes by 16 (sixteen) ULB units for the period 2003-06 disclosed various irregularities in management of fund and implementation of programmes as mentioned in the succeeding paras.

3.3.1 Diversion of NSDP fund

An amount of ₹32.81 lakh was released to IMC in December 2002 for implementation of NSDP scheme. However, ₹7.65 lakh was diverted for payment of staff salaries in February 2003 and ₹3.24 lakh was diverted to construction of CDS community centre in October 2004 in violation of scheme guidelines.

3.3.2 Non production of records

IMC could not produce documents to audit, for execution of the works of electrification in its 27 wards amounting to ₹7.25 lakh. The said amount was paid to the wards by IMC in February 2003 under cheque No.773895.

3.3.3 Unused balance

MUDA released an amount of ₹12.45 lakh in January 2003 to the IMC for electrification under NSDP. However an amount of ₹5.20 lakh was found unutilised even after closure of financial year 2004-05. Records of the utilization of the said balance in the subsequent years also could not be produced by IMC.

3.3.4 Selection of beneficiaries outside the BPL list

NSDP shall target the urban poor, defined as those living below the urban poverty line, as defined from time to time.

However, test-check of the 16 (sixteen) ULBs revealed that beneficiaries were not selected from the BPL list in the implementation of the NSDP scheme due to non maintenance of proper BPL register or otherwise. In case of Samurou Nagar Panchayat only one BPL beneficiary was included amongst the 11 beneficiaries selected for shelter upgradation. The position of the other ULBs test checked are also similar.

3.4 Recommendations

Infructuous expenditure on incomplete works and poor utilization of grants and diversion of funds were noticed in implementation of schemes by PRIs and ULBs. This resulted in short/non provision of services to the beneficiaries defeating the objectives for which the development grants were released by the Government.

Implementation of schemes needs to be improved scrupulously following the scheme guidelines. Proper scrutiny of bills may be made to prevent irregular/excess payment and diversion of fund. Timely completion of works should be ensured to ensure the benefits of the schemes to the public.

The State Government may be impressed upon to take effective steps to strengthen the internal audit of PRIs and ULBs. Steps are required to be taken for compliance to Inspection Reports which will be a stepping stone to check financial irregularities in the PRIs and ULBs.

Further, internal controls mechanisms as well as Local Body management should be strengthened imparting proper training to ensure transparency and accountability on utilization of public money.



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