

PART –II CHAPTER V
AUDIT OF TRANSACTIONS

**PANCHAYAT AND RURAL DEVELOPMENT
DEPARTMENT**

5.1 Idle and irregular expenditure

Supply and installation of Oil Extraction Mill was carried out at a cost of ₹ 18.47 lakh without tendering. The Oil Extraction Mill had been lying idle due to lack of electric supply for which advance action was not taken.

As per Chhattisgarh Store Purchase Rules, 2002 open tenders should be invited for supplies with estimated value above ₹ 50,000. Further, as per Chhattisgarh Treasury Code, payments should be made only after receipt of the ordered quantity of supplies of the specified quality.

We noticed that Zila Panchayat (ZP), Kanker accorded (January 2007) administrative approval of ₹ 20 lakh to Janpad Panchayat (JP), Narharpur, Kanker for setting up of Oil Extraction Mill at Musurputta village, under Rashtriya Sam Vikas Yojana.

Scrutiny of records of JP, Narharpur, Kanker, revealed that no tenders were invited by the JP for the establishment of Oil Extraction Mill. Instead, only quotations from three firms were invited (February 2007) in violation of the Store Purchase Rules and supply order was issued (February 2007) to a firm at the lowest quoted rate of ₹ 18.47 lakh. It was further noticed that the entire amount of ₹ 18.47 lakh was paid (February 2007) to the firm in advance on the day of issue of supply order itself in gross violation of Chhattisgarh Treasury Code. No security for the amount paid was secured by way of obtaining bank guarantee etc. As the supply and installation was not completed, Chief Executive Officer (CEO), JP Narharpur issued (March 2008) a notice to the firm for early completion of the work. Though the work was completed in May 2009 i.e. after a delay of 26 months since the issue of supply order, the same could not be put to use due to non-availability of electric supply. CEO, JP Narharpur initiated correspondence with Chhattisgarh State Electricity Board (CSEB) for provision of electric supply in May 2009 i.e. after installation of the Oil Extraction Mill and deposited (November 2011) a sum of ₹ 1,000 with CSEB for survey work, who in turn issued (December 2011) a demand of ₹ 2.83 lakh as charges for the provision of electric supply. CEO, JP Narharpur requested (April 2012) ZP Kanker for providing an amount of ₹ 2.55 lakh for the same. The demand amount was deposited with CSEB only in January 2014 i.e. after lapse of four years since installation and the Oil Extraction Mill was lying idle due to want of electricity connection.

Thus, it is clear from the above facts that not only the JP had made an irregular issuance of supply order in violation to the store purchase rule but also made

payment of ₹ 18.47 lakh in advance to the supplier 26 months before completion of the work. Also, the working condition of the oil extraction mill could not be ascertained in the absence of electricity supply. Further, the supply order did not prescribe any time frame for supply, installation and warranty period of the machinery/equipment. Therefore, issue of supply order without calling tenders was irregular and not ensuring the availability of electricity led to idle expenditure of ₹ 18.47 lakh for more than five years.

On this being pointed out in audit, CEO, JP Narharpur stated (July 2013) that requests have been made to the CSEB for electricity connection in April 2009, September 2011 and October 2011 and demand amount of ₹ 1,000 had also been paid. It was further intimated (February 2014) by the Government that the payment was made by the erstwhile CEO, JP Narharpur against whom disciplinary action has been initiated.

Action for obtaining electric connection should have been initiated simultaneously with the issue of supply order.

The matter was brought to the notice of Government (December 2013), reply is awaited.

5.2 Construction without ensuring firm demand

Failure to ensure firm demand before start of construction led to assets created at a cost of ₹ 40.90 lakh being not put to use.

The Gram Panchayats (GPs) execute various construction works at the village level, either on their own or through other executing agencies. These are put to use by the GPs for the general welfare and benefit of the village.

During scrutiny of records of test checked GPs of Korba and Mahasamund, it was observed that without ensuring firm demand in advance construction of assets such as nai-dhobi shops, commercial complex, kanji houses etc. was taken up. As a result, the 10 works (Kanji house, nai-dhobi shops, commercial complex) which were completed during the period 2005-06 to 2009-10 had not been put to use/allotted and were lying idle till the date of audit (February to June 2013) (*Appendix 5.1*). This resulted in idle expenditure of ₹ 33.80 lakh.

Similarly, we noticed during the scrutiny of records of Zila Panchayat (ZP) Rajnandgaon, that 10 works (Kanji House, road works & community buildings, aanganwadi) which had been sanctioned during the period 2005-06 to 2008-09 were not completed till the date of audit (July 2013) (*Appendix 5.1*) after incurring expenditure of ₹ 7.10 lakh.

Thus, non-allotment of the completed works and non-completion of works even after four to seven years of their sanction led to idle expenditure of ₹ 40.90 lakh¹ besides denial of benefits to the rural population.

¹ ₹ 33.80 lakh + ₹ 7.10 lakh = ₹ 40.90 lakh

On this being pointed out in audit, Secretary of the GPs stated (February to June 2013) that allotment of nai-dhobi shops could not be done due to lack of interest by villagers. It was further stated that the constructed buildings would soon be put to use. With regard to the incomplete works, Assistant Project Officer, ZP Rajnandgaon stated (July 2013) that action was being taken for completing these works through monthly monitoring meetings and correspondence is being done with the executing agencies for completion of the various incomplete works.

Matter was brought to the notice of the Government (March 2014), reply is awaited.

5.3 Expenditure on inadmissible works

An amount of ₹ 44.22 lakh was spent from funds provided under Moolbhoot Yojana on inadmissible works.

As per Article 49 of the *Panchayati Raj Adhiniyam, 1993*, Gram Panchayats (GPs) have been entrusted the responsibility for providing basic services and works in villages like public security, public health, public works, maintenance and upkeep of public buildings etc. The GPs are expected to fulfill the above duties out of their own funds. However, since the revenue sources of Panchayats located in backward districts are negligible, *Moolbhoot Yojana* a State sponsored scheme for allotting grants for fundamental works was launched in August 1997 by the Government of undivided Madhya Pradesh. The guidelines specified the eight² fundamental works to be carried out under this scheme. The funds were to be utilized for these works, on priority basis, by the GPs through resolution passed in Gram Sabha.

Subsequently, Government of Chhattisgarh, Panchayat and Rural Development Department (P&RDD) issued (June 2004) further instructions emphasising that the funds allotted under the Yojana were not to be incurred for payment of any kind of honorarium, advertisement, local festivals and purchase of cooler under any circumstance. The instructions further directed that the expenditure on stationery for *Gram Panchayat Sachivalaya* be restricted to ₹ 1,000 per year. The P&RDD further issued (July 2006) directions for not taking up work of laying of moorum, levelling of land, construction and repair of lane under the Yojana.

Scrutiny (August 2013) of records of Janpad Panchayat (JP), Pamgarh, district Janjgir-Champa revealed that expenditure amounting to ₹ 44.22 lakh was incurred during 2007-08 to 2012-13 on non-permissible items such as advertisement, laying of moorum, leveling of land, repairing of lane etc. (*Appendix 5.2*) in villages under the JP, Pamgarh, in contravention of the scheme guidelines and directions of the State Government.

² 1. Provision of clean water and drinking water facilities, 2. Renovation, deepening and construction of ponds, 3. Construction and repair of primary/ middle schools, 4. Construction of Health centre/ maternity homes and procurement of equipments, 5. Construction of approach roads, 6. Construction of drains, 7. Construction of Gram Panchayat buildings/public platforms, 8. Construction of drains, embankment around pre-existing handpumps.

On being pointed out in audit, Chief Executive Officer, JP, Pamgarh stated (August 2013) that action would be taken after scrutiny.

The matter was brought to the notice of Government (January 2014), reply is awaited.

Raipur
The



(FULGENCIA XESS)
Deputy Accountant General (Audit)
Chhattisgarh

Countersigned

Raipur
The



(B. K. MOHANTY)
Accountant General (Audit)
Chhattisgarh