

CHAPTER-VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

SECTION 'A' REVIEWS

SCIENCE, TECHNOLOGY, ENVIRONMENT AND NON-CONVENTIONAL ENERGY DEPARTMENT

6.1 Environmental Acts and Rules relating to Air Pollution and Waste Management

Highlights

Implementation of the provisions of the "Air (Prevention and Control of Pollution) Act, 1981" and the "Environment (Protection) Act, 1986" and implementation of Rules made thereunder with regard to Air Pollution, Hazardous Waste, Bio Medical Waste and Solid Waste was not satisfactory. The Punjab Pollution Control Board did not frame any comprehensive programme for prevention, control and abatement of air pollution. Pollution caused by industries, thermal power plants and vehicles remained grossly unchecked in the absence of effective monitoring by the Board. Pollution generated through hazardous waste, bio-medical waste, solid waste and fly ash were also not brought under control due to inadequate waste disposal system. The Board neither exercised coercive powers against the defaulting units nor established any procedure for monitoring the implementation of the provisions of the Act. Some of the significant findings are given below:

- Out of Rs. 76.85 crore available, Rs. 37.34 crore remained unspent during 1996-2002. 5 schemes remained unimplemented during Ninth Five Year Plan despite availability of funds.

(Paragraph 6.1.4)

- Comprehensive Programme for the prevention, control and abatement of air pollution although mandatory under the provisions of Air Act was not prepared by the Board.

(Paragraph 6.1.5.1)

- The Board identified 8,406 industrial units as air polluting. These units were required to apply for 'consent' from the Board to operate. Of these, only 2,935 units (35 per cent) applied for consent and remaining 5,471 units (65 per cent) were running without consent. Even out of 2,935 units, 2,015 (24 per cent) were granted consent and the remaining 920 units were either refused consent or their applications were under process.

(Paragraph 6.1.6(i))

- **3,416 units out of 8088 did not install Air Pollution Control Devices.**

(Paragraph 6.1.6(ii))

- **For 29.10 lakh vehicles in the State, only 187 Pollution Check Centres were authorised by the State Transport Authority. As per study conducted in Ludhiana, 74 per cent three wheelers, 91 per cent buses and 97 per cent trucks did not meet the prescribed smoke emission standard. No action was taken against the defaulters.**

(Paragraph 6.1.9)

- **Out of 1,362 units identified as hazardous waste generating units, only 951 units applied for authorization out of which 660 units were granted such authorization by the Board.**

(Paragraph 6.1.11.1)

- **Out of 300 hospitals/nursing homes identified by the Board as Bio-Medical Waste generating units, only 20 (7 per cent) applied for authorization. None of them was granted authorization. Of the 93 hospitals identified by the Board for providing waste treatment facilities, only 3 provided the waste treatment facility.**

(Paragraph 6.1.11.3)

- **The Board sustained loss of revenue aggregating Rs. 1.07 crore due to non-realisation of application fee for authorization of facilities for hazardous waste management and consent fee from polluting industries.**

(Paragraph 6.1.6(i) & 6.1.11.1(i))

6.1.1 Introduction

In the process of industrialisation and urbanisation, the environment is being contaminated, damaged and destroyed which leads to air pollution apart from other effects. The increase in air pollution attracted the attention of Central Government and the Parliament enacted the Air (Prevention and Control of Pollution) Act, 1981 (Air Act) for prevention and control of air pollution. In order to prevent and control air pollution and to manage and handle different types of wastes viz. Hazardous Waste, Bio-Medical Waste and Municipal Solid Waste, relevant rules under the Environment (Protection) Act, 1986 were framed in the years 1989, 1998 and 2000 respectively.

6.1.2 Organisational set up

The Principal Secretary to Government of Punjab, Science, Technology and Environment is the administrative head in the Government. The Punjab Pollution Control Board (Board) constituted in July 1975 was entrusted with the responsibility of implementing the Acts and Rules relating to control of various types of pollution. The Board has 17 members comprising of one Chairman, a full time Member Secretary, five official members representing the State Government, five members nominated from local bodies, three non-officials to represent the interests of agriculture, industry, trade, etc., and two

members representing Companies, Corporations, etc. The Board implements its programmes and policies through 11¹ Regional offices.

6.1.3 Audit coverage

A review of the activities of the Board relating to Air Pollution and Waste Management for the period 1996-2001 was conducted during October 2001 to March 2002. Records of the Board's office at Patiala and 5² out of 11 Regional offices, 23 out of 142 Municipal Corporations/ Councils, Punjab Water Supply and Sewerage Board, State Transport Commissioner, Secretary to Government of Punjab, Local Bodies Department and Directorate of Local Bodies were test checked and points noticed are discussed in succeeding paragraphs:

6.1.4 Financial Resources and Expenditure

The Board derives its income mainly from its share of water cess, consent fee, interest on fixed deposits with banks and sample testing fee besides grants received from the Central and State Governments. Separate accounts of receipts and payments relating to air pollution and waste management were not kept. The financial position of the Board was as under:

<i>(Rupees in crore)</i>							
S.No.	Particulars	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02
1.	Unspent balance from previous year	13.84	17.84	23.47	24.51	27.29	32.57
2.	Grants received from (i) State Government (ii) Central Government	--	--	--	--	--	--
3.	Share of water cess	3.35	3.49	3.46	3.13	4.35	3.90
4.	Other Receipts	4.54	6.40	6.10	6.74	9.09	7.90
5.	Total funds available	21.80	27.84	33.05	34.49	40.86	44.49
6.	Expenditure (Percentage of utilization)	3.96 (18%)	4.37 (16%)	8.54 (26%)	7.20 (21%)	8.29 (20%)	7.15 (16%)
7.	Unspent balance	17.84	23.47	24.51	27.29	32.57	37.34

It would reveal that expenditure ranged between 16 and 26 *per cent* of the funds available, which reflected tardy implementation of the various schemes/projects by the Board. Of the total unspent balance of Rs.37.34 crore, Rs. 35.33 crore (95 *per cent*) was invested in fixed deposit accounts. Further, five³ schemes costing Rs.2.72 crore which were included in the Ninth Five Year Plan remained unimplemented. The Board contended (February 2002) that in case unspent balance was also utilized, the total budget and functions of the Board would crumble. The contention of the Board is not tenable because it is the primary function of the Board to utilize available

Expenditure which ranged between 16 and 26 per cent reflected tardy implementation of schemes/projects

¹ Amritsar, Bathinda, Chandigarh (Nodal Office), Faridkot, Gurdaspur, Hoshiarpur, Jalandhar, Ludhiana-1, Ludhiana-II, Patiala and Sangrur.

² Amritsar, Jalandhar, Ludhiana-I, Ludhiana II and Patiala.

³ Hazardous Waste Management (Rs.95 lakh), Monitoring of ambient air quality of cities of Punjab (Rs.75 lakh), Environment Impact Assessment Study of industries/focal points/ industrial areas (Rs.30 lakh), Providing assistance to District Transport Authorities to control vehicular pollution (Rs.35 lakh), Noise Pollution Control (Rs.37 lakh).

funds for the implementation of projects/schemes rather than placing them in bank account by ignoring programme implementation. In the context of huge unspent balances, Rs.2.72 crore meant for the implementation of five schemes under the Ninth Five Year Plan (1997-2002) was not released by the Government.

6.1.5 Air Pollution

6.1.5.1 Comprehensive programme not prepared

Comprehensive programme for prevention, control or abatement of air pollution was not prepared

Section 17(i)(a) of the Air Act provides that the Board was to prepare and execute a comprehensive programme for the prevention, control or abatement of air pollution. The Board did not prepare any comprehensive programme and attributed (December 2001) it to lack of adequate scientific and technical manpower. The reply was not tenable as the Board failed to take timely action for filling 79 vacant posts which were eventually abolished by the Government (November 2000) as these had remained vacant for more than 2 years ending October 2000.

(i) Ambient Air Quality (AAQ)

Only 17 out of 25 Ambient Air Quality Monitoring stations were set up, of which 11 remained functional

The Government declared the whole of Punjab State as an air pollution control area in 1988 and sanctioned (1990) 25 Ambient Air Quality Monitoring (AAQM) stations against which only 17 were set up by 1991-92 and only 11 AAQM stations were functional as on April 1997. In addition, 8 stations set up under National Ambient Air Quality Monitoring Programme were also in operation. Although number of industrial units had increased from 5,861 to 10,147 by 2000-01, no more AAQM stations were set up.

The Board stated (November 2001) that additional AAQM station could be set up only after receipt of funds and manpower. The reply is not tenable as unspent funds were available with the Board.

(ii) Under Section 16(2) (h) of the Air Act, Central Pollution Control Board laid down the ambient air quality standards for residential, sensitive and industrial areas for various air pollutants viz Suspended Particulate Matter (SPM) and Respirable Particulate Matter (RPM).

Monitoring of Ambient Air Quality was poor. Air pollutants in residential, rural and industrial areas were very high

These air quality standards in different locales were not monitored and were much higher than the norms. In residential, rural and other areas, against the norm of 140ug/m³, it ranged between 293ug/m³ and 548ug/m³ and in respect of industrial areas against the norms of 360ug/m³, it ranged between 323ug/m³ and 588ug/m³ in four cities (*Appendix XXXIV*). Preventive measures taken to install Air Pollution Control Devices (APCDs) by all industrial units discharging the emission of air pollutants were not adequate.

6.1.6 Consent Management

Under Section 21 of the Air Act, 1981, consent of the Board is required to establish or operate any industrial plant in an air pollution control area. Sub Section 4 provides that the Board can grant the consent applied for subject to conditions and for such period as may be specified or refuse consent.

No coercive action was against units operating without consent

(i) Out of 10,147 industrial units as of March 2001, 8,406 (83 per cent) industrial units were identified as air polluting and only 2,935 units had applied for consent. Of 2,935 units, 2,015 (24 per cent) were granted consent, 148 were refused consent and the remaining cases were under process. The Board was also deprived of Rs.76.59 lakh due as consent fee from 5,471 units that did not apply for consent.

Although under Section 31-A of the Air Act, the Board was vested with coercive powers such as restraining the units from operation etc., no action was taken. Thus, the consent regime was ineffective.

(ii) **Installation of Air Pollution Control Devices (APCDs)**

As of March 2001, the Board had identified 8,088 industrial units requiring installation of APCDs but only 4,672 had installed the device. For the remaining 3,416 (42 per cent) units, no action was taken. The Board inspected APCDs of 2,328 units and noticed that 136 units were emitting excess pollutants. Action against erring units had been initiated by the Board and final outcome was awaited (March 2002).

Consent to 754 units without stack emission tests

(iii) 715 brick kilns, 37 cupola furnaces and 2 cement plants were granted consent without testing of stack emission and the units were, thus, allowed to operate unchecked, causing air pollution and health hazards to the public.

Thermal power plant at Bathinda was operating without renewal of consent and Air Pollution Control Devices

(iv) Guru Nanak Dev Thermal Power Plant at Bathinda was discharging chemical emission in excess of the prescribed norms since 1987-88. The Board, however, granted consent for one-year upto May 1992 and directed the plant authority to alter/ replace the existing control devices. As per sample of August 2001, the emissions ranged between 348 and 416 mg/Nm³ against the norm of 150 mg/Nm³. No effective action was taken by the Board to enforce its directions.

6.1.7 Targets and achievements

6.1.7.1 Shortfall in collection and testing of air samples

The targets fixed by the Board for collection and testing of air and stack samples and achievements thereagainst were as under :

Shortfall in collection and testing of air and stack samples

Period	Ambient Air			Stacks		
	Target	Achievement	Percentage shortfall	Target	Achievement	Percentage shortfall
1996-97	Not fixed	14775	--	Not fixed	182	--
1997-98	20000	18806	6	1100	749	32
1998-99	40000	19776	51	650	831	--
1999-00	40000	35542	11	450	1272	--
2000-01	40000	36591	9	900	858	5

The Board attributed (November 2001) the shortfall to shortage of staff. The reply was not tenable as the Board had no financial difficulties to recruit staff.

6.1.7.2 Periodical Inspection of Industries

The Board decided (July 1997) that RED category (viz. High polluting Industries) of small scale industries would be inspected by the field staff at least once in 12 months and all large and medium industries once in 6 months.

The inspections carried out and shortfall thereagainst were as under :

Shortfall in inspection of industries

Year	Total No. of small Industries of RED category	No. of units visited	Percentage shortfall	Total No. of large and medium scale industries	Visits required	No. of units visited	Percentage shortfall
1997-98	7006	2282	67	616	1232	431	65
1998-99	7756	2843	63	632	1264	467	63
1999-2000	8397	3113	63	652	1304	494	62
2000-01	9058	3632	60	645	1290	497	61

The Board again expressed its inability to achieve the targets due to shortage of staff. The reply was not tenable as the Board had no financial constraint to recruit more staff.

6.1.7.3 Prosecution under Air Act

Defaulting units remained unpunished

Under Section 37 of the Air Act, the Board was empowered to launch prosecutions for restraining the units which engendered pollution. During 1996-2001, 250 prosecutions were launched. Of which, 67 were pending in courts, 37 withdrawn after compliance, 30 decided in favour of the Board, 21 consigned to records, 83 decided against the Board and 12 were dismissed in default.

Scrutiny of 24 cases decided against the Board (pertaining to 4 test checked Regional offices) revealed that dismissal was mainly on technical grounds as either procedure for drawal of samples had not been observed or correct name and address of the accused was not available. Failure of the Board in plugging these loopholes leads to collusion and defaulters remaining unpunished.

6.1.7.4 Self Monitoring of Pollution Load

According to guidelines of the Board (June 1998), the industries discharging air pollutants beyond specified⁴ levels were required to self-monitor the emissions daily and forward monthly return to the Board.

Out of 40 industries, 21 did not submit monthly returns on emissions

Audit observed that though the Board had identified 40 such industries, only 19 were submitting the returns. The defaulting units were not flagged and the Board failed to ensure proper monitoring of pollution load.

6.1.7.5 Non-submission of Environment Statements

An environmental audit report called Environment Statement was required to be submitted on or before 30 September to work out Action Plan for pollution control measures. During the period 1996-2001, only 2 to 3 per cent of industries identified by the Board submitted the returns as detailed below:

⁴ SO₂ NO₂, SPM, CO, Fluoride, Lead and Cadmium, Pollution level respectively fixed at 1000, 600, 2000, 1000, 50, 100 and 100 kg/ day.

Only 2-3 per cent units submitted the Environment Statements

Period	No. of units required to submit environment Audit Statements	No. of units submitting the reports (percentage)
1996-97	4383	69(2)
1997-98	4958	82(2)
1998-99	6031	175(3)
1999-2000	6255	199(3)
2000-2001	6465	203(3)

No action was taken against the defaulting industries except issuing notices.

6.1.7.6 Delay/ Non-submission of Annual Reports

Under Section 35(2) of Air Act, the Board was required to prepare the Annual Report including annual accounts by 31 July every year and that Government was required them to be laid by 31 December before State Legislative.

The reports for 1996-97 to 1998-99 were submitted as late as in November 2000 (1996-97) and February 2001 (1997-98 and 1998-99). Reports for 1999-2000 and 2000-2001 were not submitted as of November 2001.

6.1.8 No control on noise pollution

Noise pollution remained unchecked in the absence of specific scheme

The Air Act and Noise Pollution (Regulation & Control) Rules, 2000 vested the Board with the responsibility for controlling noise pollution. In the absence of funds during Ninth Five Year Plan, no specific scheme was formulated by the Board. The Board, however, intimated (January 2002) that noise level was being monitored as and when any complaint was received.

6.1.9 Vehicular Pollution

No action was taken by the Government to control vehicular pollution

Every motor vehicle is required to carry a valid "Pollution Under Control Certificate" (PUCC) issued by the Transport Department or by any Pollution Checking Center authorized by the Transport Department.

(i) There were 29.10 lakh registered vehicles of different categories as of March 2001 in the State. The State Transport Authority (STA) had authorized only 187 Pollution Check Centres (PCC) as of January 2002. Data regarding number of PUCCs issued, number of vehicles challaned due to excess emissions, etc. which was essential for effective implementation of the provisions of the Act, was not available either with STA or Board.

(ii) A study conducted by the Board for vehicular air pollution at Ludhiana during 1997 concluded that about 74 per cent three wheelers, more than 91 per cent buses and 97 per cent trucks did not meet the prescribed standards of the smoke density and recommended (August 1998) to Government that all the three wheelers not using standard fuel should be banned and no vehicle should ply in the State without a valid PUCC. Action taken by the Government to control the vehicular pollution was not intimated.

6.1.10 Limitations of the Act

Agricultural sprays and diesel-generating sets remained out of the purview of Air Act

The air pollution caused by spray of pesticides/insecticides/weedicides, etc. as well as by the diesel generating sets used for supply of power in the various trading establishments in the cities/ towns was admitted (November 2001) by the Board as health hazards but expressed its inability to initiate action as the Air Act did not cover environmental pollution caused by them.

6.1.11 Waste Management

6.1.11.1 Hazardous Waste Management

The Hazardous Wastes (Management and Handling) Rules provided that hazardous wastes should be collected, treated, stored and disposed of only in such facilities as may be authorized for this purpose. Every unit generating hazardous waste and having facilities should request the Board for grant of authorization and maintain records of such operation and submit annual returns to the Board regarding disposal of hazardous waste.

Out of 1,362 hazardous waste generating units, 411 had not applied for authorization to handle waste

(i) Of the 1,362 units identified by the Board upto March 2001, 951 units (70 per cent) had applied for authorization, 660 (48 per cent) were granted authorization, 8 were refused and 45 were not covered under the rules. The cases of 238 units were under process and remaining 411 units had not applied for authorisation. The Board also sustained a loss of Rs. 30.83 lakh due to non-realisation of application fee of Rs. 7,500 each from 411 units, which did not apply for authorisation.

Rs.27.49 lakh incurred on Environment Impact Assessment study for development of sites for hazardous waste proved infructuous

(ii) Seven sites were identified for conducting Environment Impact Assessment (EIA) studies for dumping the hazardous waste. The identified site at village Mundian Kalan (Ludhiana) was not developed although required land was acquired by the Industries Department and expenditure of Rs.6.06 lakh was incurred on EIA study during 1994-96. Subsequently, EIA study of another six⁵ sites was conducted during 1998-2001 through two consultants at a cost of Rs. 21.43 lakh. Thereafter two sites were recommended but not yet developed. In all, expenditure of Rs.27.49 lakh proved infructuous.

(iii) Although according to amended Rules 2000, an occupier (any association of industry or operator of a facility) was made responsible to design and set up disposal facilities, final action was not taken by the Board as of January 2002 to establish any disposal site by notifying the area.

6.1.11.2 Non-disposal of Fly Ash generated by Thermal Plants

Fly Ash weighing 12,000 tonne per day was being generated by three⁶ Thermal Power Plants. 2,200 tonne thereof was being utilized by cement plants and 9,800 tonne (82 per cent) was being dumped. This was a health hazard as inhalation of Fly Ash over a long period could cause respiratory diseases. The Board intimated (February 2002) that the utilisation of Fly Ash

⁵ Amritsar, Faridkot, Jalandhar, Patiala, Ropar and Sangrur.

⁶ Bathinda, Lehra Mohabat and Ropar.

for reclamation of discarded mines had been taken up with Ministry of Environment and Forests. Further developments were awaited (July 2002).

6.1.11.3 *Bio-Medical Waste*

As per Rule 4 & 5 of Bio-Medical Waste (Management & Handling) Rules, 1998, units generating Bio-Medical Waste were to install an appropriate facility in the premises or set up a common facility to ensure requisite treatment of waste. The institutions were required to apply to the Board for grant of authorization and submit an annual report.

**No hospital/
nursing home
was granted
authorization**

(i) Of the 300-hospitals/ nursing homes identified by the Board as Bio-Medical Waste generating units upto March 2001, only 20 (7 per cent) had applied for authorisation but none was granted authorization as of January 2002 due to incomplete applications.

(ii) The amended rules of 2000 provided that hospitals and nursing homes in the towns with 50 beds and above would provide appropriate waste treatment facilities like Incinerator/ Autoclave/ Microwave system facilities in the premises or set up a common facility by December 2001 or earlier to ensure treatment of waste. Although the Board identified 93 such hospitals, only three of them provided the waste treatment facility by December 2001. No action was taken by the Board against defaulting hospitals.

6.1.11.4 *Municipal Solid Waste Management (MSW)*

(i) The Municipal Solid Waste (Management and Handling) Rules, 2000 provide that Municipal Authority or an operator of a facility shall, within the territorial area of the municipality, be responsible for implementation of the rules and shall obtain authorization for setting up of waste processing and disposal facility including land fills from the State Board or the Committee. The Municipal Committees were to submit to district authorities/Board annual report, showing waste handled, disposed off, disposal facilities established, etc. The rules also laid down the methods to be adopted by the authorities for proper storage, collection, segregation, processing, transportation and final disposal of Municipal Solid Waste (MSW). Municipal Authorities were also to organise awareness programme to encourage/ensure citizens and communities participate in recycling and reuse of segregated MSW.

**Provisions of
Municipal Solid
Waste
(Management and
Handling Rules,
2000) were not
implemented
strictly**

Information obtained from 23 Municipal Authorities, generating MSW weighing 1997.60⁷ tonne per day revealed that none of the Municipalities had (i) obtained authorization from the Board, (ii) submitted Annual Reports, (iii) possessed any processing facility, (iv) disposed of solid waste in low-lying areas outside the cities/ towns and (v) used covered vehicles to transport the waste. Of these, 19 Municipalities were handling the waste manually, 5 did not undertake any phased programme to ensure community participation regarding waste management and 2 did not organize any awareness programme for recycling/reuse of segregated MSW. The Municipal Corporations at Jalandhar, Patiala, Ludhiana and Amritsar did not notify any

⁷ 19 Municipal Councils = 167.60 tonne.
4 Municipal Corporations = 1830.00 tonne.

schedule for collection of the solid waste and 2 Municipal Councils at Khumanon and Philaur were not having facilities to store waste. These authorities intimated (January 2002) that the waste could not be handled according to the rules due to shortage of funds, equipments and staff.

(ii) The work regarding study on solid waste management at Ludhiana, Jalandhar and Amritsar was awarded to M/s. Rail India Tech and Economic Services Ltd. (RITES), New Delhi by Punjab Water Supply & Sewerage Board, Chandigarh in October 1997 and on their recommendations, it was decided that M/s. Excel Industries would set up 600 and 300 MT plants at Ludhiana and Jalandhar respectively for which land with approach road was to be provided by respective Municipal Corporations. The work was to be completed within 12 months. Although land required was provided by the Municipal Corporations, the work at Ludhiana had not started as of December 2001 and work at Jalandhar was stated to be held up for want of funds. The completion of projects was, thus, delayed for about two years despite an expenditure of Rs.1.21 crore by the Municipal Corporations.

6.1.12 Manpower Management

Shortage of staff resulted in shortfall of achievement in collection of air samples

The details of Scientific and Technical manpower are given below:

Sr. No.	Year	Sanctioned strength of Scientific & Technical staff	Filled up	Shortage	Percentage of shortage
1.	1996-97	248	83	165	67
2.	1997-98	205	89	116	57
3.	1998-99	212	95	117	55
4.	1999-2000	176	97	79	45
5.	2000-2001 (4/2K to 10/2K)	176 ⁸	97	79	45
	11/2000 to 3/2001	106 ⁸	100	6	5

The decline in the sanctioned strength was due to Board's failure to fill up the vacant posts in time which ultimately resulted in abolition of vacant posts. Vacancies while affecting the implementation of the programme had resulted in non-achievement of targets for collection of air samples at regular intervals and periodical inspection of industries.

The draft paragraph was forwarded to the Secretary to the Government in April 2002 for reply within six weeks and followed up demi-officially with a reminder in May 2002. In spite of such efforts, reply had not been received (July 2002).

⁸ Posts lying vacant for more than 2 years were abolished w.e.f. 1.11.2000.

**RURAL DEVELOPMENT AND PANCHAYATS
DEPARTMENT**

**6.2 RURAL HOUSING SCHEME (INDIRA AWAAS
YOJANA)**

HIGHLIGHTS

Management and implementation of Indira Awaas Yojana (IAY) for construction of houses for SC/ ST, Freed Bonded Labourers and rural poor living below poverty line was ineffective. The prescribed criterion for identification of beneficiaries was not followed and cases were noticed where funds were irregularly released to some beneficiaries on the recommendation of Ministers/ MLAs. In disregard of the guidelines, houses were allotted in the name of male members. No record of construction of dwelling units, smokeless chulhas and sanitary latrines was maintained at block/district level. Monitoring was ineffective and evaluation of the scheme was never conducted. Some of the significant findings are given below:

- Assistance of Rs. 14.90 crore released by 4 test checked Zila Parishads (ZP) to Block Development and Panchayat Offices/ Gram Panchayats during 1997-2002 was treated as final expenditure without ensuring actual disbursement and utilisation by beneficiaries.

(Paragraph 6.2.5.(ii))

- Assistance of Rs. 2.94 crore was released to Block Development and Panchayat Offices by ZPs of Amritsar, Ferozepur and Ropar without prior selection of beneficiaries.

(Paragraph 6.2.6.1)

- Assistance of Rs. 1.45 crore was disbursed to 767 beneficiaries in the districts of Amritsar, Ferozepur and Patiala on the recommendations of Ministers/ MLAs.

(Paragraph 6.2.6.2(i))

- Shortfall in construction of new houses and up-gradation of kutcha houses during 1997-2002 was 14 and 19 per cent of the targets respectively.

(Paragraph 6.2.7.1)

- In 4 test checked districts, assistance for construction was released to 3,809 (52 per cent) beneficiaries in the name of male members of the family instead of female members or jointly in the names of husband and wife.

(Paragraph 6.2.8.3)

- The data on the smokeless chulhas and sanitary latrines provided at the newly constructed/ upgraded houses, reported to Joint Development Commissioner by Zila Parishads of the test checked districts, was at variance with the data supplied to Audit.

(Paragraph 6.2.9)

- **Inventory of houses constructed under IAY was not maintained and IAY logo board was not displayed.**

(Paragraph 6.2.10 and 6.2.11)

- **Monitoring was ineffective as record of visit of State/ district level officers was not maintained and evaluation study was not conducted by the State Government.**

(Paragraph 6.2.12 and 6.2.13)

6.2.1. Introduction

Indira Awaas Yojana (IAY) was launched by the Government of India (GOI) in 1985-86 as a component of the Rural Landless Employment Guarantee Programme (RLEGP). With the merger of RLEGP and National Rural Employment Programme (NREP) into Jawahar Rozgar Yojana (JRY) in April 1989, it became a component of JRY. It was, however, delinked from JRY and made an independent scheme from January 1996.

The objective of IAY is primarily to help construction of free of cost dwelling units for the Scheduled Castes/ Scheduled Tribes (SC/ ST) and Freed Bonded Labourers (FBL) and rural poor living below the poverty line (BPL) by providing them with grants-in-aid.

To further supplement the efforts to provide houses to the rural poor, Government of India launched “Pradhan Mantri Gramodaya Yojana” (PMGY) and “Credit-cum-Subsidy Scheme for Rural Housing” and “Samagra Awaas Yojana” during 1999-2002. Two schemes viz “Innovative stream for Rural Housing and Habitat” and “Setting up of Rural Building Centres” introduced by GOI were not implemented in the State. Thus, several schemes were launched for the same purpose leading to over lapping.

6.2.2. Organizational set up

The Secretary, Rural Development and Panchayats Department was the nodal agency through the Joint Development Commissioner (JDC) at headquarters. The implementation at district level was supervised by the Additional Deputy Commissioner (Development) (ADC-D) as Chief Executive Officer, Zila Parishad with the assistance of Deputy Chief Executive Officer, Zila Parishad and at block level by the Block Development and Panchayat Officer (BDPO). Gram Panchayats were to be involved in the selection of beneficiary families at village level. A State Level Co-ordination Committee (SLCC) was to be constituted to oversee the implementation of the programme.

6.2.3. Audit coverage

Of the 17 districts comprising of 138 blocks, record of 37 blocks in 4⁹ districts was test-checked between November 2001 and July 2002. The results of review are mentioned in the succeeding paragraphs.

⁹ Amritsar-12 blocks, Ferozepur-10 blocks, Patiala-9 blocks and Ropar-6 blocks.

6.2.4. Resource allocation

The expenditure under the IAY was to be shared between Central and State Governments in a ratio of 80:20. From April 1999, it was changed to 75:25.

6.2.5. Financial Performance*Allocation and expenditure*

The funding details and expenditure incurred as given by the department were as under:

(Rupees in lakh)

Funds amounting to Rs.68.56 lakh remained unutilized as on March 2002

Year	Opening Balance	Funds released		Interest receipts	Total funds	Expenditure	Closing Balance
		GOI	State Govt.				
New Construction							
1997-98	222.47	597.97	128.39	--	948.83	829.90	118.93
1998-99	118.93	830.76	140.20	0.91	1090.80	933.52	157.28
1999-2000	157.28	620.45	228.74	0.47	1006.94	879.91	127.03
2000-2001	127.03	629.85	278.01	9.73	1044.62	976.36	68.26
2001-2002	68.26	610.93	103.19	4.93	787.31	733.83	53.48
Total		3289.96	878.53	16.04		4353.52	
Upgradation							
1999-2000	--	125.01	24.02	1.94	150.97	121.23	29.74
2000-2001	29.74	145.55	63.31	0.53	239.13	224.08	15.05
2001-2002	15.05	153.64	30.06	2.42	201.17	186.09	15.08
Total		424.20	117.39	4.89		531.40	

Test check in the districts revealed the following :

(i) The State Government was required to release its share to the DRDAs/ZPs within one month of release of assistance by GOI. In the test checked districts, the delay¹⁰ in release of state share ranged between 15 days and over 25 months for which no reasons were given.

(ii) Rs. 14.90 crore released by Zila Parishads of Amritsar, Ferozepur, Patiala and Ropar districts to Block Development and Panchayat Offices and Gram Panchayats during 1997-2002 were treated as final expenditure by Zila Parishads and utilization certificates were issued without ascertaining the facts regarding actual utilization of funds by the beneficiaries.

¹⁰ Amritsar: 3 months 13 days to 21 months, Ferozepur: 15 days to 1 year 10 days; Ropar: 1 month 22 days to 20 months 16 days and Patiala: 4 months 16 days to 2 years 1 month 27 days.

Rs. 13.78 lakh was irregularly diverted/ utilised on Jawahar Gram Samridhi Yojana

(iii) Rs.13.78 lakh representing State share received by ZP, Amritsar was irregularly diverted/ utilised on Jawahar Gram Samridhi Yojana during February 2001. Reasons for diversion of funds were not intimated.

(iv) Expenditure amount submitted to audit and actually accounted for in the books of JDC showed variations as detailed below:

(Rupees in lakh)

		1997-98	1998-99	1999-2000	2000-01	2001-02
Amritsar						
a.	Figures reported to JDC	72.87	130.91	102.50	152.86	109.70
b.	Figures supplied to Audit	51.97	164.00	114.10	96.00	105.80
Ferozepur						
a.	Figures reported to JDC	49.88	14.20	120.10	86.20	67.14
b.	Figures supplied to Audit	45.68	14.20	122.30	84.00	67.60
Patiala						
a.	Figures reported to JDC	23.00	69.20	30.08	111.60	73.70
b.	Figures supplied to Audit	23.00	70.40	28.90	113.80	79.90
Ropar						
a.	Figures reported to JDC	38.20	43.30	58.60	94.80	79.69
b.	Figures supplied to Audit	39.80	40.00	54.20	100.80	73.50

ZPs attributed (April-July 2002) the difference to utilisation of unspent balances of previous year, preparation of balance sheet after the close of financial year and incorrect reporting of figures by the BDPOs. The replies were not tenable because data transmitted to JDC should have been based on the disbursements actually made to the beneficiaries during the financial year. Thus, JDC, State Government and Government of India were misinformed about the actual expenditure figures and the expenditure figures given by the department cannot be totally relied upon.

6.2.6 Identification and selection of beneficiaries

Beneficiaries were selected in disregard of prescribed procedure without conducting any survey

Gram Sabha was required to select the beneficiaries from the list of eligible households. DRDA/ Zila Parishad on the basis of budget allocation and targets fixed, decided the number of houses to be constructed in each Panchayat. The funds were to be released to the BDPOs for disbursement only after the final selection of beneficiaries by the Governing Body of the DRDA/ ZP on the basis of lists of beneficiaries supplied by the Gram Sabha.

In the absence of any survey, the genuineness of BPL beneficiaries could not be verified in audit. The Deputy Chief Executive Officers and BDPOs admitted that survey to identify the beneficiaries had not been conducted.

6.2.6.1 Release of funds before identification of beneficiaries

Contrary to above procedure, ZPs, Amritsar, Ferozepur and Ropar released Rs.2.94 crore during 1999-2002 to various BDPOs without prior selection of the beneficiaries. After release of funds, the BDPOs were asked to intimate the details of beneficiaries to whom the amounts were disbursed. Evidently, beneficiaries were not identified; but funds were released by ZPs with a proviso that selection of beneficiaries be done by Gram Sabha subsequently.

6.2.6.2 Irregular release of grant to Sarpanches of Gram Panchayats

Rs.7 crore was released irregularly to Sarpanches of the Gram Panchayats

(i) The grants were required to be given direct to the beneficiaries by the ZPs through BDPO concerned. Instead, grants of Rs.7 crore, out of Rs.11.53 crore, were released to the Sarpanches of GPs by the ZPs of Amritsar, Ferozpur and Patiala for the construction of new houses and conversion of kutch houses into semi pucca/ pucca houses. In the absence of any record for utilization of these grants, correctness of disbursement could not be verified.

Out of the above amount, assistance of Rs.1.45 crore was released to Sarpanches by ZPs of Amritsar, Ferozpur and Patiala during 1997-98 and 1998-99 for disbursement to 767 beneficiaries who were selected on the recommendations of the Ministers/ MLAs instead of selection of beneficiaries by Gram Sabha/ Panchayat/ BDPOs. The selection criterion was, thus, entirely neglected. The details are given below:

Beneficiaries irregularly selected on the recommendations of Ministers/ MLAs

Vr. No. & Month	Number of beneficiaries	Amount (Rupees in lakh)
Amritsar		
3 of 10/97	73	12.78
4 of 11/97	50	8.76
6 of 3/98	60	10.50
8 of 3/98	114	19.95
2 of 12/98	314	62.80
1 of 3/99	124	24.80
TOTAL	735	139.59
Patiala		
1 of 4/97	10	2.00
Ferozpur		
596 of 6/98	22	3.85
TOTAL	767	145.44

Irregular purchase of material through Sarpanches

(ii) It was also noticed that 99 houses were constructed with material purchased through the Sarpanches of GPs (**Appendix XXXV**). The procedure adopted was irregular as it did not carry the approval of Government and no reasons for deviation were intimated by ZPs/ BDPOs.

6.2.7 Physical Progress

6.2.7.1 New construction and upgradation of kutch houses

Target fixed for construction of new houses and upgradation of kutch houses into pucca houses under IAY and achievements thereagainst were as under:

New construction

Year	Target	Achievement	Shortfall (-)/ Excess (+)
1997-98	3517	3235 (92)	(-) 282 (8)
1998-99	5630	3831 (68)	(-) 1799 (32)
1999-2000	3973	3302 (83)	(-) 671 (17)
2000-2001	3973	4420(111)	(+) 447 (11)
2001-2002	4049	3494 (86)	(-) 555 (14)
Total	21142	18282 (86)	(-) 2860 (14)

Upgradation of kutcha houses into Pucca houses

(Number/ percentage within bracket)

Year	Target	Achievement	Shortfall (-)/Excess (+)
1999-2000	1987	852 (43)	(-) 1135 (57)
2000-2001	1987	2186 (110)	(+) 199 (10)
2001-2002	2025	1823 (90)	(-) 202 (10)
Total	5999	4861 (81)	(-) 1138 (19)

Shortfall in new construction and upgradation of kutcha houses was 14 and 19 per cent respectively

The overall shortfall in achievement was 14 per cent and 19 per cent in construction of new houses and upgradation of kutcha houses respectively. The achievements shown were not susceptible to verification because funds transferred by DRDAs/ ZPs to BDPOs for disbursement to beneficiaries were assumed as achievements without ascertaining the actual construction/upgradation. In the absence of records, the figures of achievements were not reliable.

Audit also noticed that achievements of targets were not commensurate with the expenditure incurred because against utilisation of 98.62 per cent funds during 1999-2002, the achievements in construction and upgradation were 86 and 81 per cent respectively.

In the test-checked districts, against the target of construction of 6,648 new houses, 6,025 houses were constructed and there was shortfall of 9 per cent. Similarly, for the upgradation of kutcha houses into pucca houses, 1,761 houses were upgraded against the target of 2175 and hence there was shortfall of 19 per cent (**Appendix XXXVI**). Reasons for shortfall were awaited. The corresponding financial figures could not be correlated for reasons stated in para 6.2.5 (ii) and (iv).

6.2.8 Construction of houses and allotment thereof

6.2.8.1 Location of houses

Dwelling units were normally to be built on individual plots in the main habitation of the village. The houses could also be built in a cluster within the habitation so as to provide common facilities of internal road, drainage, drinking water, etc. It was noticed that neither location of plots was finalized before release of funds nor was any record maintained after actual construction indicating the location of the houses.

6.2.8.2 Short release of assistance to the beneficiaries

Benefits denied due to short release of funds

According to prescribed norms, assistance of Rs.20,000 (Cost of house including sanitary latrine and smokeless chulhas : Rs.17,500 and cost of providing infrastructure and common facilities : Rs.2,500) was permissible to each beneficiary. However, in case the houses were not built in cluster approach, Rs.2,500 provided for infrastructure and common facility were to be given to the beneficiaries. ZPs, Amritsar and Ferozepur released assistance of Rs.51.98 lakh and Rs.45.68 lakh to 297 and 261 beneficiaries respectively during 1997-98. Since these houses were not built in clusters, release of assistance of Rs.17,500 per beneficiary instead of Rs.20,000 resulted in short release of Rs.13.95 lakh (Amritsar: Rs.7.43 lakh and Ferozepur Rs.6.52 lakh).

ZPs, Amritsar and Ferozpur stated (January–March 2002) that the remaining amount was used for coverage of additional beneficiaries. The reply was not tenable because such discretion was not available under IAY.

6.2.8.3 *Irregular allotment of houses in the name of male members*

52 per cent houses were not allotted in the name of wife or in the joint name of couple

IAY envisaged allotment of dwelling units in the name of female members of the beneficiary household or in the name of both husband and wife. It was seen that 3,809 (52 per cent) houses were registered in the name of male members, which was irregular.

6.2.8.4 *Minimum plinth area and drinking water supply*

The plinth area of the houses to be constructed under IAY was not to be less than 20 sq. meters. No record was maintained in this regard. Also, there was nothing on record to show that the availability of drinking water was ensured in these newly constructed/ upgraded houses.

6.2.8.5 *Non-involvement of Non-Government Organizations (NGOs)*

The scheme laid down that suitable local voluntary agencies with proven good track, wherever available, should be associated with the construction under IAY. But NGOs were not associated for providing assistance to the beneficiaries, monitoring of construction activities and for popularization of smokeless chulhas and sanitary latrines.

6.2.9 **Fuel Efficient Chulhas and Sanitary latrines**

Proper record of installation of smokeless chulhas and sanitary latrines was not maintained

An IAY dwelling unit was to be provided with a smokeless chulha and sanitary latrine and implementing authorities were required to ensure their installation.

In four test checked districts, 5,617 smokeless chulhas and 5,689 sanitary latrines in 7,786 newly constructed/ upgraded houses were shown as provided in the report sent to GOI. However, the data compiled in audit shows that 3,279 smokeless chulhas and 3,108 sanitary latrines were provided in 7,265 houses (*Appendix XXXVII*). It was, thus, evident from the data that Government of India was misinformed.

Inventory of houses not maintained

6.2.10 **Inventory of Houses**

It was noticed that inventory of the houses constructed under IAY was not maintained by any ZP/ BDPO test checked and no reasons were furnished.

6.2.11 **Other points of interest**

Board indicating IAY logo etc. was not deployed

(i) The DRDA concerned was to ensure that for each house so constructed under IAY, a display board was to be fixed indicating the IAY logo, year of construction, name of the beneficiary etc. No such boards were fixed.

(ii) The transparency in the implementation of IAY at various levels is of great importance to ensure that people below poverty line actually benefited. The information such as list of BPL households, list of beneficiaries identified

during preceding year and next year including details of SC/ST, women beneficiaries, list of disabled persons, allocation made to the village, guidelines of IAY, criteria for selecting beneficiaries, display of IAY sign board, details of houses taken up at block level, implementing agency, distribution of funds village-wise, etc., was invariably to be publicized to ensure transparency. This aspect remained neglected.

6.2.12 Non-prescribing of schedule for field visits

A schedule of inspection prescribing a minimum number of field visits for each supervisory level from the State to the block level was to be drawn up and strictly adhered to. It was observed that no schedule of field visits was prepared at the State/ District/ Block level and no record was produced from where the compliance could be verified.

6.2.13 Evaluation and monitoring

It was also noticed that in three meetings of SLCC held in March 1997, March 1998 and September 2000, the performance of IAY was not discussed. Evidently, monitoring of the IAY was not being done effectively. Further, no evaluation study had been conducted.

Monitoring of IAY was not done effectively and evaluation study was not conducted

6.2.14 Other Rural Housing Schemes

6.2.14.1 Credit-cum-subsidy scheme for Rural Housing

The scheme was launched from April 1999 for rural families having annual income upto Rs. 32,000/- per annum and BPL households were to be given preference. The maximum amount of loan that could be availed of was fixed at Rs. 40,000/- and subsidy was to be restricted at Rs. 10,000/-. The subsidy was to be shared by the Central and State Governments in the ratio of 75:25. Yearwise details of funds released and expenditure incurred was as under:

(Rupees in lakh)

Year	Funds released by		Misc receipt	Total	Expenditure	Saving (-) Excess (+)
	Central Govt.	State Govt.				
1999-2000	23.92	1.83	--	25.75	2.80	(-) 22.95
2000-01	0.97	5.64	0.06	6.67	10.90	(+) 4.23
2001-02	4.05	2.28	0.27	6.60	5.95	(-) 0.65
TOTAL	28.94	9.75	0.33	39.02	19.65	(-) 19.37

638 and 234 houses were to be constructed in 1999-2000 and 2001-02 respectively. No targets for 2000-01 were fixed by JDC. Against this, 111 houses were completed and 121 houses were reported under construction which implies that against 50 per cent funds utilised less than 27 per cent targets were achieved.

In the test checked districts, it was noticed that Rs. 11.15¹¹ lakh was released during 1999-2002. However, no subsidy was released by DRDAs, Amritsar

¹¹ Amritsar : Rs.3.23 lakh; Ferozepur : Rs.2.43 lakh; Patiala : Rs.2.48 lakh and Ropar: Rs.3.01 lakh.

and Ropar either due to non-availability of beneficiaries or non-finalisation of loan by the banks. DRDA, Ferozepur released subsidy of Rs. 2.50 lakh in 25 cases to banks during 2000-02 but utilisation certificates alongwith the details of loans sanctioned were awaited (July 2002). Similarly, DRDA, Patiala released subsidy of Rs. 2.10 lakh for 21 beneficiaries during 2000-02. However, details of disbursement of loans in these cases were also awaited. This indicates that despite release of money, disbursement of funds to the actual beneficiary is taking place at a much slower pace.

6.2.14.2 Pradhan Mantri Gramodaya Yojana (Gramin Awaas)

The GOI allocated Rs. 6.06 crore to the State Government during 2000-01 for implementing PMGY in all the 17 districts. The State Government released these funds to DRDAs in two instalments during December 2000 and August 2001. Expenditure of Rs.5.63 crore was incurred during 2000-01 (Rs.2.98 crore) and 2001-02 (Rs.2.65 crore). Against the target for construction/upgradation of 3,408 (New : 2,601 and Upgradation : 807) houses, 2,952 (New: 2,254, Upgradation : 698) were shown in progress report sent to GOI. In the absence of records, the correctness of physical/ financial performance reported could not be verified in audit.

6.2.14.3 Samagra Awaas Yojana

Samagra Awaas Yojana is a comprehensive housing scheme launched in April 1999. The aim of the scheme was to provide for convergence of activities such as construction of houses, sanitation facilities and drinking water schemes, with special emphasis on technology transfer, human resource development and habitat development. Ten *per cent* contribution was to be received from the people. In the first phase, the scheme was proposed to be implemented in one block each of 25 districts in 24 States and one UT. In Punjab, Rs. 20 lakh was released to ADC (Development), Bathinda during 2000-01. JDC stated (March 2002) that funds were utilized but no record in support of its utilisation was shown to audit.

6.2.15 Conclusion

Implementation of Indira Awaas Yojana was ineffective and details of beneficiaries covered were unreliable in the absence of proper records. The achievements reported by the DRDAs/ ZPs to the JDC were inflated rendering the statistical data doubtful. Instances of undue influence vitiated the implementation of the programme. In the absence of any survey to identify the beneficiaries, genuineness of beneficiaries/eligible BPL families was not ensured. Women were not empowered because allotment of dwelling units was made mostly in the names of male members in disregard of the provisions of the scheme. NGOs were not associated for providing assistance to the beneficiaries, for monitoring of construction activities and for popularization of smokeless chulhas and sanitary latrines. In sum, due regard was not paid to the success of a socially relevant programme.

The draft review was demi-officially forwarded in April 2002 to the Secretary to Punjab Government for reply within six weeks. No reply was received from the Secretary (July 2002).

SECTION 'B'—AUDIT PARAGRAPHS

RURAL DEVELOPMENT AND PANCHAYATS DEPARTMENT

6.3 Swaranjayanti Gram Swarozgar Yojana

6.3.1 Introduction

Government of India (GOI) launched a restructured Integrated Rural Development Programme, a self-employment programme, as Swaranjayanti Gram Swarozgar Yojana (SGSY) in 1999. This is a holistic programme covering all aspects of self-employment such as organisation of the poor into Self Help Groups (SHG), training, extension of credit/technology, providing infrastructure and help in marketing. The objective of the scheme was to cover 30 *per cent* of the poor families (Swarozgaris) in each block in five years and to raise the assisted poor family above the poverty line in three years by providing them income generating assets through a mix of bank credit and government subsidy so that the family receives a net monthly income of at least Rs. 2,000 excluding repayment.

The SGSY is a credit-cum-subsidy programme with subsidy being a minor enabling element and banks playing a lead role. The scheme is funded by the Centre and State Governments in the ratio of 75:25 and implemented by the District Rural Development Agencies (DRDAs). The unspent balances as on 1st April 1999 under the erstwhile programmes Integrated Rural Development Project, Training for Rural Youth for Self Employment, Development of Women and Children in Rural Areas, Supply of Improved Toolkits to Rural Artisans, Ganga Kalyan Yojana and Million Wells Scheme were to be pooled under SGSY for utilization. The key activities selected in the State were dairy farming, handloom, poultry, setting up shops and business. The scheme was implemented by the DRDA headed by Additional Deputy Commissioner (Development) at the District Headquarters and by the Block Development & Panchayat Officer (BDPO) at the block level under the overall control and superintendence by Joint Development Commissioner, Rural Development. State level SGSY Committee provided overall co-ordination. Implementation of the scheme was reviewed during November 2001 to March 2002 by test checking the records of 5¹² districts.

¹²

Amritsar, Fatehgarh Sahib, Ferozepur, Kapurthala and Sangrur.

6.3.2 Financial outlay and expenditure

6.3.2.1 The funding details were as under:

(Rupees in crore)

Year	Opening Balance	Funds released by GOI	Funds released by State	Misc. Receipts	Funds available	Expenditure	Closing Balance
1999-2000	3.53	5.13	2.70	0.80	12.16	9.88	2.28
2000-2001	2.28	6.49	2.52	1.45	12.74	12.32	0.42
2001-2002	0.42	3.41	0.68	2.10	6.61	6.36	0.25

On examination of the expenditure incurred, the following points emerged :

Administrative cost of Rs.43.42 lakh was wrongly charged to the scheme

(i) Out of total funds of Rs.28.81 crore available, expenditure was Rs.28.56 crore. Further, expenditure of Rs.43.42 lakh incurred on administrative cost (as mentioned in paragraph 6.3.2.2) was wrongly charged to the scheme.

(ii) In five test checked districts, out of the total funds of Rs. 10.81 crore, DRDAs released Rs. 9.46 crore during 1999-2002 to the banks for disbursement to beneficiaries and Rs. 1.26 crore to the BDPOs for imparting training and infrastructure creation. It was noticed that banks disbursed Rs.7.66 crore to beneficiaries and BDPOs spent Rupees one crore. Funds amounting to Rs. 2.15¹³ crore were lying unutilized. Thus, the effective expenditure was Rs. 8.66 crore (80 per cent).

6.3.2.2 Inadequate provision under Training, Revolving and Infrastructure Fund

The apportionment of funds was to be as detailed below:

SGSY Training Fund	10 per cent
SGSY Infrastructure Fund	20 per cent
Revolving Fund for Self Help Groups	10 per cent
Subsidy for economic activities	60 per cent

Separate funds were not created and only one bank account was maintained for regulating the receipts and expenditure. The details of expenditure for above components were as under:

(Rupees in lakh)

Year	Administrative	Training Fund	Revolving Fund	Infrastructure Fund	Subsidies	Total
1999-2000	43.39	6.31 (0.64%)	10.00 (1.01%)	93.63 (9.48%)	834.24 (84.47%)	987.57
2000-2001	0.03	26.16 (2.12%)	35.05 (2.88%)	127.69 (10.36%)	1043.13 (84.66%)	1232.06
2001-2002		6.69 (1%)	23.90 (3.75%)	40.14 (6.31%)	565.19 (88.87%)	635.92
Total	43.42	39.16 (1%)	68.95 (2%)	261.46 (9%)	2442.56 (86%)	2855.55 (28.56 crore)

¹³

With DRDAs Rs.0.09 crore; with BDPOs Rs.0.26 crore & with Banks Rs.1.80 crore.

Allocation for Training, Revolving and Infrastructure Funds was not made as envisaged

Total subsidy component exceeded the ceiling and was about 86 per cent of the expenditure. Further Rs.43.42 lakh was spent on Administration irregularly which was not provided for in the scheme. Consequently, the expenditure on other components remained meagre and was less than the norm. The DRDAs of test-checked districts stated (March 2002) that provisions were made as per requirement, which is not correct.

6.3.2.3 Delay in release of second installment of grant by Government of India

In five test checked districts, second installment of grant for the year 1999-2000 was received late as detailed below due to delay in submission of proposals by DRDAs.

Second installment of grant for the year 1999-2000 was released late by GOI

Name of DRDA	Date of release of funds by GOI	Amount (Rupees in lakh)	Date of submission of proposal for 2nd Installment
Amritsar	27 March 2000	25.26	10 January 2000
Fatehgarh Sahib	2 May 2000	6.12	16 March 2000
Ferozepur	31 March 2000	20.48	28 January 2000
Kapurthala	3 April 2000	7.68	29 December 1999
Sangrur	5 April 2000	26.33	25 January 2000

6.3.3. Selection and coverage of beneficiaries

(i) Selection of beneficiaries

Only 16 per cent beneficiaries were covered

Under SGSY, the beneficiaries were to be either individuals or groups. At least 50 per cent SC/ STs, 40 per cent women and 3 per cent disabled were to be covered as Swarozgaris. Efforts were to be made to cover 30 per cent of the poor families in each block. The beneficiaries covered were as under:

Year	No. of BPL Families	Targeted coverage @ 6%	Beneficiaries assisted			Percentage shortfall in coverage
			Individual	SHG	Total	
1999-2000	7,44,000	44,640	869	825 (72)	1694	96
2000-2001	7,44,000	44,640	10,020	1970 (176)	11990	73
2001-2002	6,50,209	39,013	5,107	1165 (109)	6272	84
TOTAL		1,28,293	15,996	3960 (357)	19956	84

Against the targeted coverage of 1,28,293 beneficiaries between April 1999 and March 2002, only 19,956 beneficiaries were covered and 84 per cent were deprived of the intended benefits. Reasons for such huge shortfall in coverage were not intimated (July 2002).

(ii) Formation of Self-Help Groups

The scheme emphasized the group approach under which rural poor were to be organized into self help groups (SHGs). These SHGs were to go through three stages of evolution i.e. group formation, capital formation and taking up of economic activities for income generation. As per guidelines of September 1999 issued by Reserve Bank of India, every SHG which was in existence at least for a period of six months and had demonstrated its viability would

receive a revolving fund of Rs. 25,000 from banks as cash credit facility, which will include Rs. 10,000 given to the banks by the DRDA.

Scrutiny disclosed that only 357 SHGs comprising 3,960 beneficiaries (20 per cent) were formed. Following irregularities were noticed:

(a) In DRDA, Sangrur, against the target of 260 SHGs in two years, only 132 SHGs were formed. Of these, only one group was successful in getting good rating to whom economic assistance of Rs. 2.50 lakh was sanctioned and cheque issued in April 2001 but the amount had not been disbursed by the bank (January 2002).

(b) In Ferozpur district, Rs. 12.10 lakh was given to banks during March 2001 for creation of revolving funds. However, only Rs.0.20 lakh was accounted for in the bank pass books of two SHGs. The balance of Rs. 11.90 lakh payable to 119 SHGs was lying with the banks and SHGs could not reach the second stage of capital formation due to non-release of loan by banks.

(c) In Sangrur district, Rs. 14.30 lakh was given to various banks for disbursement to 143 SHGs but only Rs. 2.80 lakh was disbursed to 28 SHGs and Rs. 11.50 lakh was lying idle with the banks.

Thus, 234 SHGs of Ferozpur (119) and Sangrur (115) districts were deprived of the full amount of revolving fund due to non-release of loans by banks. Out of Rs.28.90 lakh released to banks, Rs. 25.90 lakh was lying undisbursed with them. Apart from this, banks were required to give credit facility which was also not disbursed. On being pointed out (December 2001 & February 2002), the DRDAs Ferozpur and Sangrur stated that the matter will be taken up with the concerned banks. Failure of the banks to contribute their share of Rs.15,000 for each SHG deprived the SHGs from the intended benefits.

6.3.4. Infrastructure creation

Twenty per cent of SGSY funds were to be kept separate for infrastructure creation. In Ferozpur and Sangrur districts, following irregularities were noticed:

(i) DRDA, Sangrur disbursed Rs. 36 lakh viz. Rs. 16 lakh to the Executive Engineer, Panchayati Raj Division, Sangrur and Rs. 20 lakh (March 2000 to March 2001) to various Sarpanches of Gram Panchayats as well as to District Welfare Officer, Sangrur for construction of work sheds. Although sheds were constructed, these were not put to use till March 2002 as only 4 SHGs were given sheds and economic assistance for income generation. Thus, releases were premature and expenditure on sheds largely remained unproductive for 14-26 months.

(ii) DRDA, Ferozpur released (January-March 2000) Rs. 22 lakh to 10 blocks (Rs. 2.20 lakh each) for construction of Cattle Sheds for SHGs. Utilization Certificates for Rs. 8.80 lakh were still awaited from 4¹⁴ blocks.

¹⁴ Ferozpur, Muktsar, Fazilka and Abohar.

Rs.23.40 lakh of revolving funds was not released to banks in Ferozpur and Sangrur

Expenditure of Rs. 36 lakh incurred on the construction of work sheds proved largely unproductive

(iii) DRDA, Ferozpur also released Rs. 20 lakh in September 2000 to 10 BDPOs (Rs.2 lakh each) for construction of sheds for knitting, sewing and weaving centres for SHGs. Utilization Certificates for Rs. 12 lakh from 6 BDPOs were still awaited. The DRDA stated (June 2002) that no time frame was prescribed for construction of sheds.

6.3.5 Technology Management and Marketing Support

The scheme envisaged Swarozgaris, either individually or in groups, to be provided with certain key activities. For each activity, it was necessary to have an institution capable of transmitting technologies. In Punjab, key activities included Dairy, Poultry, Industry, Shop and Business (ISB) and Handloom industries but technology management and marketing support was not provided. These activities were not reviewed after two years at any level.

6.3.6 Skill Upgradation

Under the scheme, 10 *per cent* of the SGSY funds were to be kept separate for Basic Orientation and Training programme. In Ferozpur and Sangrur districts, following irregularities were noticed:

(i) DRDA, Ferozpur released Rs. 2.43 lakh (November 2000) to 10 BDPOs for imparting training. These funds were not utilised as of December 2001. DRDA stated (December 2001) that concerned BDPOs were being asked to either incur the expenditure or refund the unspent amount.

(ii) DRDA, Sangrur released (August 2000) Rs. 3.60 lakh to 12 BDPOs. BDPO, Dhuri arranged training for 20 Swarozgaris by incurring expenditure of Rs.0.15 lakh and the balance was refunded in January 2002. Five BDPOs spent Rs. 0.89 lakh out of Rs. 1.50 lakh but failed to render the accounts. No training was organized by the remaining 6 BDPOs who were given Rs. 1.80 lakh. Thus, Rs. 2.41 lakh was lying with the BDPOs. On being pointed out, the DRDA stated (March 2002) that the concerned officials will be asked to furnish the accounts but no reply was furnished about the delay in arranging training.

6.3.7 Financial assistance by way of subsidy and loan

Subsidy under the scheme was at uniform rate of 30 *per cent* of the project cost subject to maximum of Rs. 7,500. In respect of SC/ ST, however, subsidy was 50 *per cent* subject to maximum of Rs. 10,000. Similarly, SHGs, who have successfully passed the second stage were eligible to receive the assistance for economic activity. The SHGs were entitled to receive 50 *per cent* of the project cost subject to a limit of Rs. 1.25 lakh as subsidy. The banks were required to sanction the loan within 15 days and disburse the same alongwith subsidy. The details of loans and subsidies sanctioned and disbursed are in *Appendix XXXVIII*.

It was noticed that out of loan and subsidy amounting to Rs. 34.42 crore sanctioned for disbursement to 9,152 beneficiaries, Rs. 26.41 crore was disbursed to 7,379 beneficiaries (including 95 SHGs representing 1,057

Rs.8.01 crore of loan and subsidy were not disbursed to beneficiaries by banks

beneficiaries) during 1999-2002 and Rs. 8.01 crore to 1,773 (19 per cent) beneficiaries was awaiting disbursement. DRDAs attributed (March 2002) the delay to reluctance of the banks (also see para 6.3.3 (ii) (a)) in disbursing assistance.

6.3.8 Physical verification of assets created

Physical verification of assets was not carried out

Swarozgaris were required to procure the assets within one month from the date of release of money and inform the BDPOs and the banks. The DRDAs and banks were to monitor and verify that quality assets had been procured. In the test checked districts, physical verification of assets during 1999-2001 was not carried out and records in support of it were not produced. DRDA, Kapurthala stated (January 2002) that physical verification had been undertaken only upto the extent of 40 per cent. In the absence of records, the correctness of the reply could not be checked. The DRDA did not indicate as to why 100 per cent check as per provisions was not carried out. DRDA, Amritsar, Fatehgarh Sahib and Sangrur did not furnish any cogent reasons for the failure and stated that the scheme was in its preliminary stage or there was shortage of staff with the banks. Failure of the DRDAs to ensure existence of assets could mean mis-utilisation of financial assistance.

6.3.9 Shortfall in field visits

Due to inadequate supervision by ADCs, DRDAs and BDPOs, proper monitoring and implementation of the scheme was not done

For effective implementation of the scheme and for its physical monitoring, each ADC and BDPO was required to undertake 10 and 20 field inspections respectively every month. In the test checked districts, record of field visits by ADCs were not available and overall shortfall of field visits by 14 BDPOs was 95 per cent and 76 per cent during 1999-2000 and 2000-01 respectively.

The draft paragraph was forwarded to the Secretary to Government for reply within six weeks and reminded in June 2002. In spite of such efforts, no reply was received from the Secretary (July 2002).

6.4 Irregular sanction of grant to a religious body

Rupees one crore was sanctioned/released to Shree Durgiana Temple, Amritsar in contravention of provisions of scheme

The Plan Scheme CD 2.32 formulated in November 1997 envisaged release of grants to Government institutions/private organizations for strengthening infrastructure or institutional works in public interest.

It was noticed (April 2001) that Government approved (April 2000) Rs.10 crore for this scheme and funds were placed at the disposal of Director, Rural Development and Panchayats, Punjab (Director). In disregard of scheme guidelines, which strictly prohibited sanction of public funds for the promotion or maintenance of any particular religious institution, the Director on the recommendations of the Chief Minister sanctioned (May 2000) Rupees one crore for *kar seva* in Shree Durgiana Temple, Amritsar. The grant was released to Shree Durgiana Temple Committee through Deputy

Commissioner, Amritsar without estimating the cost and finalising project report. The Council of Ministers in its meeting held on 8 December 2000 also took a decision that grants to the religious institutions/ bodies could be given at par with other institutions but before issuing sanction, concurrence of Finance Department should be obtained so as to avoid any legal implications. The Administrative Department was asked to further apprise the Cabinet Affairs Branch within 15 days. However, no appraisal of the Cabinet was made by the Administrative Department as of July 2002 and the grant of Rs.one crore was released.

Release of Rupees one crore was, thus, irregular and violative of the guidelines of the scheme. The utilisation certificate furnished (September 2001) by Shree Durgiana Committee, Amritsar also showed that funds were utilised for renovation of Mandir(s) and for other miscellaneous purposes and were not spent as per scheme guidelines.

The draft audit paragraph was forwarded to the Secretary in May 2002 for reply within 6 weeks. However, no reply was received (July 2002).

Education Department

6.5 Excess payment of grants to five aided schools

Failure of DPI-Pr to restrict grants-in-aid to the admissible staff strength resulted in excess payment Rs.17.29 lakh to five aided schools

According to provisions of Punjab Education Code, grants-in-aid to aided schools for pay and allowances and management contribution of G P Fund was admissible upto 95 *per cent* of the deficit of the approved expenditure over approved income and the remaining 5 *per cent* was to be borne by the management. All the aided schools were required to employ staff as per the norms prescribed by the Education Department. For this purpose, staff strength for every school was to be annually determined by the Education Department at the beginning of the academic year on the basis of average admission of the preceding year. Grants-in-aid was to be limited to only admissible strength of staff.

Test check of records of Director, Public Instruction (Primary), Punjab, Chandigarh (DPI-Pr) revealed (September 2001) that the teachers deployed by five aided schools was in excess of the norms. The number of excess teachers during April 1999 to September 2001 ranged between 1 and 4 (*Appendix XXXIX*) and salary and allowances paid to them worked out to Rs. 18.20 lakh for which grants-in-aid of Rs. 17.29 lakh was claimed by the managements and reimbursed by the Education Department.

Failure of DPI-Pr to check the admissibility of grants-in-aid strictly in accordance with the prescribed norms resulted in excess payment of Rs.17.29 lakh. The DPI-Pr admitted the facts and stated (September 2001) that necessary directions were being issued to the concerned District Education Officer (P).

The draft audit paragraph was sent to the Secretary Education in April 2002 for reply within six weeks. The matter was followed up with reminder in May 2002. However, no reply was received (July 2002).