Preface

This Report for the year ended March 2015 has been prepared for submission to the Governor of Chhattisgarh under the CAG's DPC Act, 1971.

The Report contains significant results of the audit of the Panchayati Raj Institutions and Urban Local Bodies in the State including the departments concerned.

The issues noticed in the course of test audit for the period 2014-15 as well as those issues which came to notice in earlier years, but could not be dealt within the previous Reports have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

This Report contains six chapters. The first and fourth chapters contain an overview of the functioning, accountability mechanism and financial reporting issues of the *Panchayati Raj* Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. The second chapter contains Performance Audit report on 'Construction Activities by PRIs' and 'Long paragraph on Social Audit of Schemes' relating to PRIs while the fifth chapters contains 'Long Paragraph on *Swarna Jayanti Shahri Rojgar Yojna*' relating to ULBs. The third and sixth chapters contain compliance audit paragraphs, one on PRIs and four on ULBs respectively.

Audit samples have been drawn on statistical sampling. The specific audit methodology adopted has been mentioned in the Performance Audit and Long Paragraphs. The audit conclusions have been drawn and recommendations have been made taking into consideration the views of the Government. A summary of main audit findings is presented in this overview.

1. An Overview of the functioning, accountability mechanism and financial reporting issues of Panchayati Raj Institutions

There was an increasing trend of outstanding audit paragraphs. *Panchayati Raj* Department has not compiled the data of own revenue collection of PRIs. Savings from allocated funds were 23 *per cent to* 29 *per cent* during 2013-14 to 2014-15. There was short devolution of funds to PRIs from the State Own Tax Revenue worth ₹ 218.93 crore during the period from 2010-11 to 2014-15.

(Paragraphs 1.1 to 1.8)

2. Performance Audit - PRIs

2.1 Construction Activities by Panchayati Raj Institution

The activities of Panchayati Raj Institutions (PRIs) in the State are regulated according to the provisions of Chhattisgarh Panchayati Raj Act, 1993. The works of Panchayats are executed under section 53 of the Act. Consequent to 73rd Amendment to the Constitution of India, execution of 29 functions of economic and social justice falls in the purview of *Panchayats*.

In Chhattisgarh, works such as construction of roads, buildings, drains, ponds, bazaar platforms, toilets etc. were being executed by the Panchayati Raj Institutions under 13 construction related schemes. Four schemes out of 13 have been selected for the Performance Audit. These included *Mukhyamantri Gram Utkarsh Yojna* (MGUY), Thirteenth Finance Commission Grant (TFCG), *Mukhyamantri Janpad Sasaktikaran Yojna* (MJSY) and Grants to *Gram Panchayats* for fundamental works.

The total allotment released in the test checked four schemes was ₹ 3480.78 crore, which was 35.96 *per cent* of the total allotment released to 13 construction related schemes implemented by the Panchayati Raj Institutions. In respect of four selected schemes, the savings ranged up to 45 *per cent*.

There was short receipt of ₹ 449.70 crore under Thirteenth Finance Commission Grant.

(Paragraphs 2.1.7 and 2.1.7.2)

There was diversion of funds totalling ₹ 25.91 crore under various schemes indicating improper financial management.

(Paragraph 2.1.7.3)

There were instances of non-accordance of administrative approval, non-commencement of works and cancellation of works which had resulted in blockage of funds worth ₹ 273.59 crore.

(Paragraphs 2.1.7.1, 2.1.8.1 and 2.1.8.3)

Under the 70 *per cent* component of the Thirteenth Finance Commission Grants scheme, the works were executed by the Gram Panchayats without any administrative approval and technical sanction. Moreover, the measurements of the executed works were also not recorded.

(Paragraphs 2.1.8.1, 2.1.8.4 and 2.1.8.5)

2.2 Long paragraph on Social Audit of Schemes

The Government of India in consultation with the Comptroller and Auditor General of India framed a set of rules and regulations titled the 'Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) Audit of Schemes Rules, 2011' for conducting Social Audit (SA). Government of Chhattisgarh (GoCG) constituted (September 2013) Social Audit Unit (SAU) as an independent agency for conducting SA. The main objective of Social Audit Unit was to build capacities of *Gram Sabha*, to create awareness amongst the labourers about their rights and entitlements under MGNREGA and to facilitate verification of records and work sites. Major audit findings noticed during audit are discussed below:

The State received ₹ 3270.28 crore for MGNREG Scheme during 2013-15 of which one *per cent* i.e. ₹ 32.70 crore was to be allocated for expenditure on SA. Against this, only ₹ three crore was allotted to SAU resulting in non-allotment of ₹ 29.70 crore for SA.

(Paragraph 2.2.7)

SAU was to frame an annual calendar for SA to cover at least one SA in each *Gram Panchayat* (GP) in every six months. During 2014-15, against the provision of conducting 19468 SAs in 9734 GPs, SAU planned only 1566 SAs (eight *per cent*) and conducted 1056 (five *per cent*) SAs only once in the year 2014-15 resulting in shortfall of 92 *per cent* in planning to conduct the SAs and 95 *per cent* in actually conducting the SAs. One of the major reasons for this shortfall was vacancy of 11 to 69 *per cent* of the sanctioned posts of SAU.

(Paragraphs 2.2.8.1 and 2.2.8.2)

SA encountered several deficiencies like non-production of complete records, absence of District Programme Coordinator (DPC) and elected Panchayat members, no video recording or wall paintings, insufficient participation of villagers, lack of follow up action on the SA Reports and non-uploading of SA Reports on the website.

(Paragraphs 2.2.8 and 2.2.9)

After SA, corrective action is to be taken by DPC and the State Government is responsible for the follow up action on SA findings. However, no information/record had been furnished by Director, PRD indicating follow-up action on the findings of the SA.

(Paragraph 2.2.10.4)

3. Compliance Audit - PRIs

Absence of due diligence by the Chief Executive Officers of Janpad Panchayats to adhere to Article 92 (1) and (2) of the Chhattisgarh Panchayat Raj Act 1993 for timely recovery or adjustment of the outstanding dues from the defaulting Sarpanches had resulted in unadjusted advances worth ₹ 34.31 lakh.

(Paragraph 3.1.1)

4. An Overview of the functioning, accountability mechanism and financial reporting issues of Urban Local Bodies

Urban Administration and Development Department (UADD) did not fix criteria other than population for up-gradation of areas into Urban Local Bodies (ULBs). There was an increasing trend of outstanding audit paragraphs. UADD has not properly maintained the data of own revenue collection of ULBs. There has been substantial savings by the ULBs ranging from 16 to 33 *per cent* of the allocated funds during the period 2010-15.

(Paragraphs 4.1 to 4.8)

5. Long Paragraph -ULBs

5.1 Long paragraph on *Swarna Jayanti Shahri Rojgar Yojna*

Government of India (GoI), launched (December 1997) *'Swarna Jayanti Shahri Rojgar Yojna'* (SJSRY) 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.

The SJSRY consisted of five components namely Urban Self Employment Programme (USEP), Urban Women Self-help Programme (UWSP), Skill Training for Employment Promotion amongst Urban Poor (STEP-UP), Urban Wage Employment Programme (UWEP) and Urban Community Development Network (UCDN).

Major audit findings noticed during audit are discussed below:

During 2010-15, out of total funds of ₹ 99.53 crore available with State Urban Development Authority (SUDA), ₹ 90.84 crore was shown as final expenditure. However, 44 *per cent* of total receipts worth ₹ 37.79 crore could not be utilised and was actually lying in bank accounts of SUDA and District Urban Development Authorities (DUDAs). There was delay in receipt of Central funds and the matching State share ranging from 36 to 364 days. Diversion of SJSRY funds worth ₹ 3.63 crore to schemes other than SJSRY was also noticed.

(Paragraphs 5.1.6.1 (i) and 5.1.6.3)

House to house survey was not conducted to identify the beneficiaries. Urban Poverty Reduction Strategy and Slum Development Plan were not prepared. Achievement of targets under various components ranged between 11 and 89 *per cent*.

(Paragraphs 5.1.7.1 and 5.1.7.2)

Under USEP component, the banks provided loans to those beneficiaries who possess the capacity to repay the loan. Under UWSP (Loan/subsidy) component, only 973 (16 *per cent*) Self Help Groups were covered against target of 6,096. Further, under STEP-UP component although beneficiaries were provided training, neither job placements nor financial assistance was provided. Thus, the basic intent of the scheme components was not adequately addressed.

(Paragraphs 5.1.8.1 (ii), 5.1.8.2 and 5.1.8.3)

6. Compliance Audit - ULBs

Compliance audit of ULBs brought out the deficiencies relating to non-compliance with rules and regulations and failure of administrative control which have been presented in the succeeding paragraphs under the broad objective heads.

Non-adherence to minimum prescribed standards for preparation of estimate by Mayor-in-Council of Raipur Municipal Corporation had led to execution of below specification drain work costing ₹ 50.70 lakh.

(Paragraph 6.1.1)

Irregular expenditure of ₹ 28.32 lakh under Municipal Council, Baloda bazar was noticed in audit due to construction of Model drain without obtaining technical sanction and ensuring availability of clear land.

(Paragraph 6.1.2)

Irregular splitting of five construction works worth ₹ 8.72 crore into 57 works each below ₹ 20 lakh by the Commissioner, Raipur Municipal Corporation to avoid sanction of competent authority was noticed in audit.

(Paragraph 6.1.3)

Unilateral decision of the Urban Administration and Development Department for purchase of Truck Mounted Road Sweeping Machine without ascertaining the feasibility of putting these to use by the Municipalities had resulted in infructuous expenditure of ₹ 2.38 crore.

(Paragraph 6.2.1)

PART - A

CHAPTER I

AN OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY AND FINANCIAL REPORTING ISSUES OF PANCHAYATI RAJ INSTITUTIONS

An Overview of the functioning of the Panchayati Raj Institutions (PRIs) in the State

1.1 Introduction

To promote greater autonomy at the grass root level and to involve people through Gram Sabhas in identification and implementation of development programmes, the Seventy-third Constitutional Amendment Act, 1992 was promulgated. According to the provisions of Article 243 G of the Constitution, the Legislature of a State may, by law, endow the panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provision for the devolution of powers and responsibility upon panchayat at the appropriate level, subject to such conditions as may be specified therein.

A three-tier system of Panchayati Raj Institutions (PRIs) had been established in the State by Madhya Pradesh *Panchayati Raj Aivam Gram Swaraj Adhiniyam* Act, 1993 which came into force from January 1994 and adopted by Chhattisgarh State as Chhattisgarh Panchayat Raj Adhiniyam (henceforth the Act) 1993 on 7 June 2001 after creation of the State of Chhattisgarh.

1.1.1 Classification of the Panchayati Raj Institutions (PRIs)

The PRIs are classified into three tiers viz. Zila Panchayats (ZP) at district level, Janpad Panchayats (JP) at block level and Gram Panchayats (GP) at village level. After the formation of the newly created State of Chhattisgarh, the number of districts had been increased from 16 to 18 in the year 2007. Further, nine districts were formed in the year 2011. Of the 27 districts only 18 ZPs were functioning in 18 districts till March 2014. However, during the period 2014-15, nine more ZPs had also started functioning. At present, there are 27 ZPs, 146 JPs and 10971 GPs in the State.

The basic information about the State of Chhattisgarh is given in the **Table 1.1** below:

Table 1.1: Basic information about the State

Particulars	Unit	State figure	All India figure
Population	Crore	2.55	121.08
Share in country's population	*per cent*	2.11	100
Rural population	Crore	1.96	83.37
Share of Rural population	*per cent*	76.86	68.86
Literacy rate	*per cent*	70.3	73
Rural Literacy rate	*per cent*	66	67.8
Sex ratio (female per thousand males)	Ratio	991/1000	943/1000
Rural Sex ratio (female per thousand males)	Ratio	1001/1000	949/1000
Zila Panchayats	Number	27	543
Janpad Panchayats	Number	146	6087
Gram Panchayats	Number	10971	239432

Source: Census 2011 final figures, 13th Finance Commission Report and information provided by Panchayat Directorate Raipur

The last general election for the GPs, JPs and ZPs was held during January and February 2015. Total population of the State was about 2.55 crore with 1.96 crore people residing in rural area constituting 76.86 *per cent* of the total population as per 2011 census. The population-wise classification of GPs is given in the **Table 1.2** below:

Table 1.2: Population-wise classification of Gram Panchayats

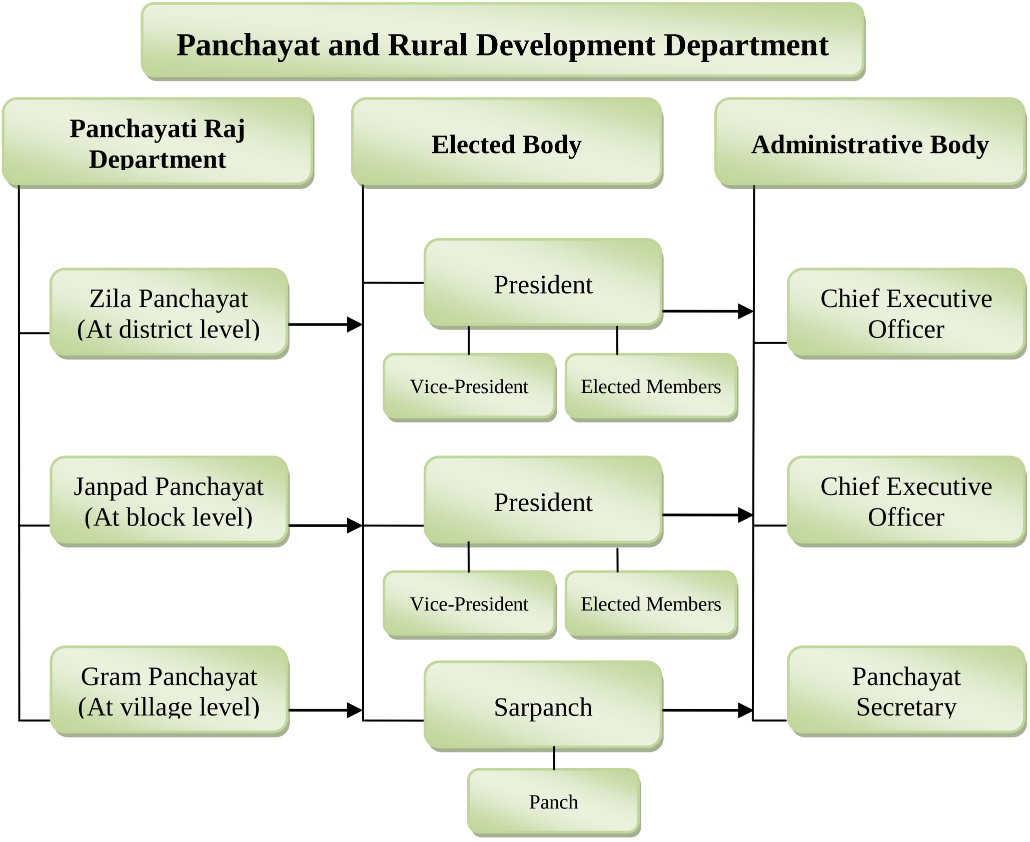
S. No.	Population	No. of Gram Panchayats
1	Upto 1,000	459
2	1,001 to 2,000	7616
3	2,001 to 3,000	2114
4	3,001 to 4,000	496
5	Above 4,000	286
Total		**10971**

Source: Data provided by Panchayat Directorate

1.2 Organisational setup of PRIs

The PRIs are under the administrative control of the Panchayat and Rural Development Department, Government of Chhattisgarh. The Act and Rules/byelaws made thereunder provide for Executive/Administrative as well as elected bodies to discharge their duties for the purpose of carrying out the administration of PRIs. The organisational structure of Governance at State, District, Block and Village level is given below:

Organisational Chart of PRIs



1.3 Functioning of PRIs

With the objective of entrusting activities related to economic development of PRIs and ensuring social justice, the functions of the ZPs, JPs and GPs have been defined by the State Government under section 52, 50 and 49 of the Chhattisgarh Panchayat Raj Adhiniyam (CGPRA) 1993 (Act). Further, the powers of the PRIs have been stated under section 54 to 68 of the Act. These are summarised in the following paragraphs.

1.3.1 Zila Panchayats (ZPs) are the first tier of Panchayat at the district level. As per section 29 of the Act, every Zila Panchayat (ZP) shall consist of members elected from the constituencies, who are empowered (section 32) to elect a President and a Vice-President. The president shall be responsible for carrying out the activities of resolution of the ZP, all directions issued by the State Government and all functions assigned to the ZP under section 52 of the Act. He would be responsible to ensure proper maintenance of records and registers, authorise payments, issue of cheque and refunds etc.

Further, section 69 (3) states that the State Government shall appoint for every ZP a Chief Executive Officer (CEO) and may also appoint one or more Additional Chief Executive Officers, who shall discharge such functions and perform such duties as may be assigned to them by the CEO. The CEO is the administrative head and assisted by Departments like Public Health, Public Works, Rural Engineering etc. CEO ZP, is responsible to take action for resolution of ZP, supervise and control the execution of all activities of ZP. He is authorized to draw and disburse money out of the ZP fund as per the financial rules in this regard.

The CEO, ZP is responsible for preparing the budget for the planned development of the district and utilisation of the resources, drawing up annual plans for the economic development of the district and social justice and ensuring their implementation. CEO, ZP is also responsible for co-ordination, evaluation and monitoring of the activities of JPs and GPs, ensuring implementation of any schemes entrusted by the Central or State Governments, appropriation of the grants received from the Central or State Governments to the JPs and GPs in accordance with the specified criteria.

1.3.2 Janpad Panchayats (JPs) are the intermediate tier of PRIs at the Block level. As per section 22 of the Act, every Janpad Panchayat (JP) shall consist of members elected from the constituencies, who are empowered (section 25) to elect a President and a Vice-President. The president shall be responsible for carrying out the activities of resolution of the JP, all directions issued by the State Government and all functions assigned to the JP under section 50 of the Act. He would be responsible to ensure proper maintenance of records and registers, authorise payments, issue of cheque and refunds etc.

Further, section 69 (2) states that the State Government shall appoint for every JP a Chief Executive Officer (CEO) as the administrative head and may also appoint one or more Additional Chief Executive Officers, who shall discharge such functions and perform such duties as may be assigned to them by the CEO. The CEO, JP shall be assisted by Block Extension Officer, Accounts Officer, technical staffs like Assistant Engineers and other administrative staff. CEO JP shall be responsible to take action for implementation of resolutions of JP, supervise and control the execution of all activities of JP. He is authorized to draw and disburse money out the JP fund as per the financial rules in this regard.

The JPs have least source of their own revenue and are mostly dependent on the Block Grants received from ZPs. The JPs undertake development works. The elected members of the JP are responsible for making suitable arrangements for rural development, agriculture, social forestry, animal husbandry and pisciculture, health and hygiene, adult education, cooperative work etc.

1.3.3 Gram Panchayats (GPs) are the last tier of PRIs at the grass root level. As per section 13 of the Act, every Gram Panchayat shall consist of elected Panches and a Sarpanch. The Sarpanch is elected as per the provisions envisaged in section 17 of Act. The Sarpanch shall be responsible for carrying out the activities of resolutions of the GP, all directions issued by the State Government and all functions assigned to the GP under section 49 of the Act. He would be responsible to ensure proper maintenance of records and registers, authorise payments, issue of cheque and refunds etc.

Further section 69 of the Act, provides that the State Government or the prescribed authority may appoint a Secretary for a Gram Panchayat or group of two or more Gram Panchayats. As per Gram Panchayat (Powers and functions of the Secretary) Rules, 1990 it is the duty of the Secretary of the GP to convene and record the proceedings of Gram Sabha and meetings of GP, regulate the functioning of GP, maintain all the official records in GP, prepare annual plan of GP, prepare estimates of revenue and expenditure, recover taxes, fees and other dues of GP etc.

Secretary of the GP is responsible for maintaining cleanliness and hygiene, maintenance and upkeep of water resources, lighting and construction of village roads, promotion of youth welfare, family welfare and sports activities, implementing programmes for social welfare and any other activities entrusted by the State Government, ZP or JP.

1.4 Audit arrangement

1.4.1 Primary Auditor

Director of Local Fund Audit (DLFA) is the primary auditor (Statutory Auditor) of accounts of Local Bodies. Chhattisgarh *Sthaniya Sampriksha Adhiniyam*, 1973 was enacted to make provision for, and to regulate audit of local funds under the management or control of local authorities in the State.

The number of outstanding audit observations of PRIs included in the Inspection Reports of DLFA was 1.63 lakh as of August 2015 pertaining to the period from 2010-11 to 2014-15. Details of outstanding observations of DLFA are given in the **Table 1.3** below:

Table 1.3: Outstanding audit observations of DLFA

S. No.	Financial Year	Total No. of outstanding audit observations	Observation taken during the year	No. of observations settled	No. of observations Outstanding
1	2010-11	115493	10359	175	125677
2	2011-12	125677	9473	203	134947
3	2012-13	134947	6318	92	141173
4	2013-14	141173	8095	1671	147597
5	2014-15	147597	18569	3060	163106

Source: Information provided by Director, Local Fund Audit

On being pointed out, Director, Panchayat Directorate stated (October 2015) that the IRs were being sent directly to the concerned units and the Directorate had no information about the same. This had made monitoring difficult leading to increase in number of audit objections. The Directorate had initiated action to clear the pendency of outstanding objections. Directions have been issued to the ZPs and District Auditors for clearing the pendency. Two camps had also been held for the same. Further, it was stated that camps would be held in future for clearing the outstanding observations.

The Audit Report of DLFA for the year ending March 2012 had been placed in the State Legislature in December 2014.

1.4.2 Audit by Comptroller and Auditor General of India

The Eleventh Finance Commission had recommended that the Comptroller and Auditor General (CAG) of India should be entrusted with the responsibility of exercising control and supervision over the proper maintenance of accounts and audit for all tiers of panchayats. The Thirteenth Finance Commission had also recommended that the CAG must be entrusted with Technical Guidance and Supervision (TGS) over the audit of all the Local Bodies (LBs) at every tier and his Annual Technical Inspection Report as well as Annual Report of Director of Local Fund Audit (DLFA) must be placed before the State Legislature. Fourteenth Finance Commission had also recommended that the initiatives made by the previous Finance Commissions regarding improvement in maintenance of accounts of LBs and their audit and TGS arrangement by the CAG should be continued.

The Comptroller and Auditor General of India was entrusted (October 2011) the audit of LBs by the Government of Chhattisgarh under sub-section (1) of section 20 of the CAG's (Duties, Powers and Conditions of Service) Act 1971. The entrustment read with Regulation 152 of the Regulations on Audit and Accounts, 2007 provides for suitable Technical Guidance and Supervision to the Primary Auditor of LBs viz. the DLFA for the purpose of strengthening Public Finance Management and Accountability in LBs.

The DLFA shall prepare an annual Audit Plan, follow the audit methodology and procedure as per the statutes, forward the copies of Inspection Reports (IRs) to AG (Audit) and follow other conditions as prescribed in Regulation 152 of Regulations on Audit and Accounts, 2007.

The Office of the Accountant General (Audit), Chhattisgarh organised four[1] training programmes on efficacy of TGS for conducting of audit of PRIs and ULBs, preparation of Audit Plan and audit methodology for the staff of the DLFA. DLFA had started forwarding copies of Inspection Reports (IRs) to AG (Audit) from June 2014. AG (Audit) has received 764 IRs till November 2015. Further, a joint meeting between DLFA and AG (Audit) was held (October 2015) to discuss various issues under TGS. The Audit Report of DLFA for the year ending March 2012 and the ATIR of the CAG for the year 2013-14 have been placed in the State Legislature in December 2014 and July 2015 respectively.

1.5 Response to Audit observations

According to TGS arrangement, the DLFA would pursue settlement/action taken on the audit observations raised by the AG in the same manner as he would pursue his own reports/audit observations.

The number of outstanding observations of AG's Inspection Reports was 1864 as of November 2015 pertaining to the period from 2010-11 to 2014-15. Details of outstanding audit observations of AGs Inspection Reports are shown in the **Table 1.4** below:

Table 1.4: Outstanding audit observations of AG's Inspection Reports

S. No.	Financial Year	Total No. of Units audited during the year	Observation taken during the year	No. of observations settled	No. of observations Outstanding
1	2010-11	15	111	00	111
2	2011-12	09	84	05	79
3	2012-13	71	434	09	425
4	2013-14	103	624	01	623
5	2014-15	121	626	00	626
Total No. of outstanding observations (as of November 2014)					**1864**

It is evident from the above table that the Department was not taking appropriate steps for the settlement of audit observations made by the AG. During the last five years (2010-15) a total of 1877 observations reflected during the audit of 319 PRIs, whereas only 15 objections had been settled by the department, which indicates the poor monitoring and lack of supervision by the Department in settling the outstanding audit observations.

[1] July 2013, May 2014, November 2014 and March 2015

Accountability Mechanism and Financial Reporting issues

Accountability Mechanism

1.6 Ombudsman

Para 10.66 of the Thirteenth Finance Commission provides for constituting a separate ombudsman for local bodies by amending the respective State Panchayat and Municipal Acts.

Governor of Chhattisgarh promulgated an ordinance 'Chhattisgarh *Lok Aayog Adhyadesh*, 2002' to make provisions for appointment and functions of certain authorities for the inquiry into the allegations against Ministers, Parliamentary Secretaries, Public servants etc. and for the matters connected therewith. A Gazette notification in this regard was published in November 2002.

The local bodies have also been brought under the ambit of 'Lok Aayog'.

1.7 Social Audit

Chhattisgarh Social Audit unit was constituted (September 2013) as an independent agency to work towards strengthening the Social Audit process in Chhattisgarh in such a way that it becomes an integral part of the governance process in the State.

Currently Chhattisgarh Social Audit unit is responsible for the Social Audit of the schemes of Mahatma Gandhi National Employment Guarantee Scheme and Indira Awas Yojna.

1.8 Financial Reporting Issues

1.8.1 Sources of revenue

There are mainly two sources of funds for PRIs viz. Government grants and own revenues. Government grants comprise funds released by the State Government and GoI based on the recommendation of the State Finance Commission (SFC)/Central Finance Commission and GoI and State share transfer for various Centrally sponsored/Central and State sector schemes. Own revenue resources of PRIs comprise tax and non-tax revenues realised by them. We noticed that the Department at the State level did not compile any information of own revenue of the PRIs. Thus, the Department was not aware of own revenue receipts of the PRIs.

The issue of non-maintenance of revenue realisation of Panchayats at the State level was discussed in the Performance Audit of 'Receipts of Panchayats' (ATIR 2013-14) wherein it was assured that necessary steps would be taken for collection of data at the State level. However, the issue remains unaddressed.

1.8.2 Budgetary Allocation and Expenditure

Funds (Share of tax revenue of the State, Schemes and grants etc.) allocated to PRIs by the State Government through budget including GoI share of the schemes and grants recommended by Central Finance Commission are shown in the **Table 1.5** below:

Table 1.5: Statement showing allocation and expenditure of funds

(₹ in crore)

S. No.	Year	Budgetary Allocation			Expenditure			Savings (percentage)
		Plan	Non-Plan	Total	Plan	Non-Plan	Total	
1	2010-11	674.55	432.27	1106.82	655.49	347.96	1003.45	103.37 (9)
2	2011-12	806.15	647.46	1453.61	780.96	617.28	1398.24	55.37 (4)
3	2012-13	1123.04	867.97	1991.01	995.70	782.49	1778.19	212.82 (11)
4	2013-14	1224.97	979.72	2204.69	772.66	798.30	1570.96	633.73 (29)
5	2014-15	1642.73	1071.79	2714.52	1262.84	836.82	2099.66	614.86 (23)
Total		**5471.44**	**3999.21**	**9470.65**	**4467.65**	**3382.85**	**7850.50**	**-**

Source:- Information provided by the Panchayat Directorate, Raipur

As against the total allocation of ₹ 9471 crore during 2010-11 to 2014-15, the expenditure of the PRIs was ₹ 7851 crore. The maximum savings were 29 *per cent* and 23 *per cent* of allocated funds during 2013-14 and 2014-15 respectively. The reason for savings was not intimated by the Department.

1.8.3 Short devolution of Grants

On the recommendations of first State Finance Commission (SFC), the State Government brought out its Action Taken Report (ATR) in July 2009. As per ATR, the Government of Chhattisgarh had agreed to devolve a share of 4.79 *per cent* of State's Own net Tax Revenue (SOTR) for PRIs against the 6.62 *per cent* recommended by the first SFC for the period 2007-12. The Second SFC recommended devolution of 6.15 *per cent* share of SOTR to PRIs for the period 2012-17. The position of grants released to PRIs through State budget during 2010-11 to 2014-15 is given in the **Table 1.6** below:

Table 1.6: State's Own net Tax Revenue and devolution of Grants to PRIs

(₹ in crore)

Year	Amount of own net tax revenue of the State	Amount of share of own tax revenue to be allocated		Amount of share of own tax revenue (SFC grants) released to PRIs	Short fall(-)/ Excess(+) (percentage of Short fall)
		Prescribed Percentage	Amount		
1	2	3	4	5	6
2010-11	7874.62	4.79	377.19	270.00	(-) 107.19 (28)
2011-12	9269.29	4.79	444.00	330.00	(-) 114.00 (26)
2012-13	10829.46	6.15	666.01	666.25	(+) 0.24
2013-14	12424.28	6.15	764.09	783.00	(+) 18.91
2014-15	14225.90	6.15	874.89	858.00	(-) 16.89 (2)
Total	**54623.55**	--	**3126.18**	**2907.25**	**218.93**

Source:- Information provided by the department

It is evident from the above table that devolution of funds to PRIs from the SOTR as per the recommendations of SFC was not fully achieved. There was short devolution of ₹ 238.08 crore during the period 2010-12 and 2014-15. However, during the year 2012-13 to 2013-14 there was devolution of additional funds of ₹ 19.15 crore beyond the prescribed limits. Thus, there was net shortfall of ₹ 218.93 crore in devolution of funds to PRIs during 2010-11 to 2014-15. The reasons for short devolution of funds to PRIs were not furnished by the Department.

1.8.4 Thirteenth Finance Commission Grants

The Government of India (GoI) released an amount of ₹ 1520.32 crore during 2010-11 to 2014-15 as per recommendations of the Thirteenth Finance Commission (ThFC) of which, ₹ 1058.10 crore (70 *per cent*) had been spent as of March 2015. The details of allotment and expenditure of ThFC grant for the last five years are given in the **Table 1.7** below:

Table 1.7: Details of allocation and expenditure of ThFC grant

(₹ in crore)

S. No.	Year	Allocation			Expenditure	Saving (Percentage)
		Basic Grant	Performance Grant	Total		
1	2010-11	170.55	00	170.55	151.82	18.73 (11)
2	2011-12	217.96	104.93	322.89	261.55	61.34 (19)
3	2012-13	242.60	126.89	369.49	274.55	94.94 (26)
4	2013-14	276.63	242.47	519.10	279.47	239.63 (46)
5	2014-15	138.29	00	138.29	90.71	47.58 (34)
Total		**1046.03**	**474.29**	**1520.32**	**1058.10**	**462.22 (30)**

Source:- Information provided by Panchayat Directorate

The above table indicates that the PRIs could not spend the entire ThFC grant and savings ranged from 11 to 46 *per cent* during the period 2010-15.

1.8.5 Adoption of Budget and Accounting formats

Based on the recommendations of the Eleventh Finance Commission, for exercising proper control and securing better accountability, the formats for the preparation of budget and accounts and database on finances of PRIs were prescribed (2002) by the Comptroller and Auditor General of India (CAG). These formats were further simplified (2007) for easy adoption at grass root level, namely (i) Monthly/Annual Receipts and Payment Accounts; (ii) Format of Consolidated Statement; (iii) Format of Monthly Reconciliation Statement; (iv) Format of Receivable and Payable; (v) Format of Immovable Property; (vi) Format of Movable Property; (vii) Format of Inventory Register; and (viii) Format of Demand, Collection and Balance. In view of this, State had constituted a State Model Accounting System Committee (SMC) for the implementation and initiated (2011-12) the process for database on the finances of PRIs under *PriaSoft*, which was provided by GoI.

Department stated that 18 out of 27 ZPs, all 146 JPs and 9734 out of the 10971 GPs had already started feeding the data for the first three formats of *PriaSoft*. However it was also stated that the data had not been used for any official purpose.

CHAPTER II

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

2.1 Construction activities by Panchayati Raj Institutions

Executive Summary

The activities of Panchayati Raj Institutions (PRIs) in the State are regulated according to the provisions of Chhattisgarh Panchayat Raj Act, 1993. The works of Panchayats are executed under section 53 of the Act. Consequent to 73rd Amendment Act 1992, of the Constitution of India, execution of all the 29 activities of economic and social justice (11th schedule of the Constitution) falls in the purview of the *Panchayats*.

Currently, a total of 27 *Zila Panchayats* (ZPs), 146 *Janpad Panchayats* (JPs) and 10971 *Gram Panchayats* (GPs) are established in the State as units of self governance. Four schemes namely *Mukhyamantri Gram Utkarsh Yojna*, Thirteenth Finance Commission Grant, *Mukhyamantri Janpad Sasaktikaran Yojna* and Grants to *Gram Panchayats* for fundamental works in PRIs were undertaken for performance audit. Major audit findings noticed during audit are discussed below:

As per the provisions of Chhattisgarh Panchayat Raj Act, 1993, the GPs should prepare Annual Plans of works to be executed under them and submit the same to the JPs within the prescribed time for integration with the annual plans of the JPs and finally for consolidation of the Annual plans of the JPs into the district panchayat plan by the ZPs. However, it was observed that there were deficiencies in the preparation of working plans at various stages in the test checked districts.

(Paragraph 2.1.6)

The total allotment released in the test checked four schemes was ₹ 3480.78 crore, which was 35.96 *per cent* of the total allotment released on 13 construction related schemes implemented in the Panchayati Raj Institutions in the Chhattisgarh State. In respect of four selected schemes, the savings was upto 45 *per cent*. There was short receipt of ₹ 449.70 crore under Thirteenth Finance Commission Grant.

(Paragraph 2.1.7 and 2.1.7.2)

There was diversion of funds totalling ₹ 25.91 crore under various schemes indicating improper financial management.

(Paragraph 2.1.7.3)

Interest earned on the grant was to be considered as additional resources under Thirteenth Finance Commission Grant (TFCG). As the interest earned was additional resource, the Department was required to prepare plan for spending the money. Scrutiny revealed that ₹ 2.99 crore earned as interest on the funds of TFCG during 2010-15 was not utilised for any work and was lying idle in the bank.

(Paragraph 2.1.7.5)

Absence of administrative approvals, non commencement of sanctioned work and cancellation of works subsequent to approval resulted in blockage of funds of ₹ 273.59 crore.

(Paragraph 2.1.7.1, 2.1.8.1 and 2.1.8.3)

As per instructions issued by Chhattisgarh Rural Road Development Agency, 50 *per cent* of the cost of the work was to be paid after obtaining the satisfactory report of first test of concrete cube and the final payment after the satisfactory report of second test. However, instances of full payment without obtaining any test reports were observed which was irregular.

(Paragraph 2.1.8.4 and 2.1.8.5)

Under the 70 *per cent* component of the TFCG scheme, the works were executed by the GPs without any Administrative Approval and Technical Sanction. Moreover, the measurements of the executed works were also not recorded.

(Paragraph 2.1.8.1, 2.1.8.4 and 2.1.8.5)

2.1.1 Introduction

Consequent to 73rd Amendment to the Constitution of India, execution of 29 functions of economic and social justice falls in the purview of *Panchayats*.

In Chhattisgarh, there are 27 *Zila Panchayats* (ZPs), 146 *Janpad Panchayats* (JPs) and 10971 *Gram Panchayats* (GPs)[1]. Works such as construction of roads, buildings, drains, ponds, bazaar platforms, toilets etc. were being executed by the Panchayati Raj Institutions (PRIs) under 13 construction related schemes **(Appendix 2.1.1).** Four schemes out of 13 have been selected for the Performance Audit as below.

Mukhyamantri Gram Utkarsh Yojna (MGUY) was launched during 2006-07 to develop infrastructure in the GPs of Durg, Raipur and Janjgir-Champa districts of Chhattisgarh. The works included are construction of *Anganwadi Bhawans*, *Samudayik Bhavan*, Cement Concrete roads, Fair Price Shops etc.

Thirteenth Finance Commission Grants (TFCG) are intended to create basic facilities, infrastructural developments and civic necessities like public toilets, drainage systems and drinking water facilities for villages and schools.

Mukhyamantri Janpad Sasaktikaran Yojna (MJSY) was launched for enabling the JPs to become competent and self-reliant in discharging the basic facilities for JPs. Under the scheme, JPs are given Untied Funds for strengthening economic growth and social justice in their respective rural areas. The works included are construction of *Samudayik Bhavan*, Cement Concrete roads, drainage system etc.

Grants to *Gram Panchayats* for Fundamental Works (GGPFW) are designed to execute fundamental works based on local necessities of the villages with the approval of Gram Sabha. Works like repair and maintenance of buildings, installation of pumps in existing tube wells, drains near hand pumps etc are taken up under the scheme.

Administrative Approvals for works taken up under the above schemes are accorded by the Chief Executive Officers (CEOs) of the ZPs/JPs and Secretaries of the GPs based on their financial authorities and Rural

[1] At the time of commencement of Performance Audit in June 2015, there were 18 ZPs, 146 JPs and 9717 GPs

Engineering Services (RES) provides technical support for execution of the construction activities.

2.1.2 Organisational set-up

The Panchayat and Rural Development Department (PRDD), Government of Chhattisgarh (GoCG) is headed by Additional Chief Secretary at the Government level. The organisational set-up of the PRIs is a three-tier structure at the district, block and village levels in the form of ZP, JP and GP respectively. The Executive head of ZP, JP and GP are Chief Executive Officer (CEO) ZP, CEO JP and Secretary, GP respectively. The works are executed at the GP level.

2.1.3 Audit Objectives

The objectives of audit were to assess whether:

- there was proper planning and prioritisation for the selection and execution of construction activities;
- the funds provided for execution of construction activities were being utilized efficiently, economically and construction activities were being executed as per norms;
- there was a proper system of monitoring and coordination of activities in order to ensure optimum utilisation of funds and timely completion of activities; and
- system of quality control and monitoring was in existence and was effective.

2.1.4 Audit scope and methodology

The performance audit on Construction activities by Panchayati Raj Institutions was conducted during May 2015 to September 2015 and covered the period from 2010-11 to 2014-15. Besides, the records of the Director, Panchayat Department, five out of 18 ZPs, seven out of 67 JPs (under five test checked ZPs) and 31 GPs out of 636 GPs (under seven test checked JPs) (**Appendix 2.1.2**) were test-checked. Four out of 13 schemes (**Appendix 2.1.1**) were selected on the basis of expenditure.

An entry conference was held (July 2015) with the Additional Chief Secretary, PRDD to discuss the audit objectives, scope and methodology of performance audit. The exit conference was held in January 2016 with the Additional Chief Secretary, PRDD and the replies received were suitably incorporated in the Report at appropriate places.

2.1.5 Audit Criteria

The audit findings were benchmarked against the following criteria:

- Chhattisgarh Panchayat Raj Act;
- Guidelines of the schemes;
- Manuals of respective implementing Departments/agencies; and
- Detailed Project Reports (DPRs), proposals, sanctions and other relevant records of execution.

Audit Findings

2.1.6 Planning

Chhattisgarh Panchayat Raj Act (CGPRA) 1993 stipulates that the GPs should prepare Annual Plans of works to be executed under them and submit the same to the JPs within the prescribed time for integration with the annual plans of the JPs. CGPRA, 1993 also stipulates that the Annual Plans prepared by the JPs by consolidating the annual plans of GPs should be submitted to the ZPs within the prescribed time for integration with the district panchayat plan. It shall be the duty of the ZPs to prepare Annual Plans of the district and to ensure the co-ordinated implementation of the Annual Plan in respect of the matters transferred to Panchayats.

However, Audit observed that:

2.1.6.1 *Mukhyamantri Gram Utkarsh Yojna*

No annual plans were prepared by PRIs

Under the Scheme, Annual Plans were not prepared by any of the selected ZPs/JPs/GPs during 2010-11 to 2013-14. Works such as construction of cement concrete roads, *Nirmala Ghat, Muktidham, Anganbadi* buildings, *Kanji* house, GP building cum Fair Price Shops and community hall were executed by GPs on the recommendations of elected members of the Legislature/ZP/JPs without preparing any Annual Plans.

2.1.6.2 Thirteenth Finance Commission Grant scheme

As per the guidelines of TFCG scheme, every year ZPs, JPs and GPs should prepare Working Plans with the approval of General Body Meeting in the case of ZPs and JPs and Gram Sabhas in the case of GPs. Technical sanction should be obtained for every works and Rural Engineering Services (RES) will provide technical support for execution of the construction activities.

However, in test checked five ZPs, seven JPs and 31 GPs, it was observed that except in ZP Bastar, ZP Raipur and JP, Kondagaon, no Working Plans were prepared by the ZPs/JPs/GPs during 2010-15. The works were executed as per proposals approved by the General Body Meeting of the ZP and in respect of the seven test-checked JPs, neither the works were approved by the General Body Meeting of the JP before execution nor any Working Plans were prepared by them. In respect of the test checked GPs, though works were executed after approval of the Gram Sabha, no Working Plans were prepared by them during 2010-15.

During exit conference (January 2016), Government accepted the audit observation and stated that preparation of working plans would be ensured.

2.1.6.3 *Mukhyamantri Janpad Sasaktikaran Yojna*

The guidelines of MJS *Yojna* stipulates that Working Plans should be prepared at the beginning of the every year and got approved by the General Body of the JP. ZP releases the funds after receiving from the DPD under this scheme to the JP. The works are executed at the GP level.

Scrutiny of test checked JPs revealed that no such Working Plans were prepared by the JPs though various works were executed in the test checked JPs.

During exit conference (January 2016), Government while accepting the audit observation stated that the scheme will be re-launched with direction to prepare working plan.

2.1.6.4 Grants to *Gram Panchayats* for Fundamental Works

As per provisions discussed in **paragraph 2.1.6** *ante*, audit observed that:

Though the works were selected and executed by GPs after getting approval from the Gram Sabha, no Annual Plans were prepared by the GPs.

Recommendation

Annual Plans should be prepared by the PRIs for effective implementation of schemes.

2.1.7 Financial Management

Funds under MGU *Yojna* were released by the DPD to ZPs, from ZPs to JPs and from JPs to GPs. ZPs on receipt of funds from DPD releases 50 *per cent* of the funds to JPs which in turn releases it to GPs. Subsequent instalments are released after submission of UCs by JPs.

Under TFCG scheme, funds are distributed to GPs, JPs and ZPs in the ratio of 70:20:10. The ZPs, on receipt of funds would retain 10 *per cent* as own share and distribute the share of JPs (20 *per cent*) and GPs (70 *per cent*) for execution of works. The works are however executed at the GP level.

Untied fund of ₹ one crore under MJS *Yojna* are transferred from the DPD to the ZP, from ZP to the JPs and finally to the GPs. Under the GGPFW scheme, the funds are released by the DPD to the ZP and from ZP directly to the respective GPs for execution of fundamental works.

Allotment and expenditure on selected schemes during 2010-15 is as under:

Department could not fully utilise the available funds of the schemes

Table 2.1.1: Details of allotment and expenditure of selected schemes during 2010-15

(₹ in crore)

Year	Name of selected schemes							
	Mukhyamantri Gram Utkarsh Yojna		13th Finance Commission Grants		Mukhyamantri Janpad Sashaktikaran Yojna		Grants to GPs for Fundamental works	
	A	E	A	E	A	E	A	E
2010-11	75.00	55.72	170.55	151.82	0.00	0.00	150.00	150.00
2011-12	105.00	70.53	322.89	261.55	0.00	0.00	150.00	150.00
2012-13	104.71	53.98	369.49	274.55	146.00	86.57	233.00	233.00
2013-14	104.75	35.48	519.09	279.47	146.00	107.33	300.00	300.00
2014-15	0.00	0.00	138.30	90.71	146.00	54.76	300.00	300.00
Total	**389.46**	**215.71 (55)**	**1520.32**	**1058.10 (70)**	**438.00**	**248.66 (57)**	**1133.00**	**1133.00 (100)**

(A= Allotment; E= Expenditure)(Source: Information provided by Director, Panchayat Department, GoCG)(Figures in parenthesis indicate percentage of expenditure against allotment in the scheme)

The total allotment released for the test checked four schemes was ₹ 3480.78 crore, which was 35.96 *per cent* of the total allotment released on 13 construction related schemes.

It is evident from the **Table 2.1.1** that during 2010-15, the Department could spend only 55, 70, and 57 *per cent* of the total allotment under the four selected schemes. However, under GGPFW scheme the money released was treated as expenditure irrespective of actual expenditure. This resulted in savings ranging from 30 to 45 *per cent*. Savings occurred due to non sanction of works, incomplete works, cancellation of works and non initiation of sanctioned works.

During exit conference (January 2016), Government accepted the audit observation and directed the officials to issue instructions in this regard. It was further stated that MGU *Yojna* was closed since 2013-14, hence the fund allotted remained unutilised. Under TFCG and MJS scheme, saving was mainly due to non utilisation of last instalment. The reply regarding TFCG and MJS scheme was not tenable as saving were noticed during the entire audit period.

2.1.7.1 Blockage of funds worth ₹ 262.61 crore due to non utilisation

Non-utilisation of funds resulting in blockage of funds

Scrutiny of records of TFCG in DPD revealed that during the period 2010-15, works costing ₹ 1,257.71 crore were sanctioned by ZPs/JPs/GPs against the total receipt of ₹ 1,520.32 crore. Consequently, funds worth ₹ 262.61 crore (17 *per cent*) were lying unutilised in bank accounts with ZPs/JPs/GPs for six months to four years **(Appendix 2.1.3)**.

In the four test checked ZPs, works were sanctioned for ₹ 430.11 crore against availability of funds of ₹ 564.43 crore. This resulted in blockage of funds of ₹ 134.32 crore (24 *per cent*) during 2010-15 **(Appendix 2.1.4).**

During exit conference (January 2016), Government accepted the audit observation.

2.1.7.2 Short receipt of funds of ₹ 449.70 crore under TFCG scheme

Scrutiny of records revealed that ₹ 449.70 crore related to various components under TFCG scheme was not received by GoCG. Out of this, 66 *per cent* of short receipt pertained to Performance Grant. This included ₹ 151.91 crore Basic Grant and ₹ 297.79 crore Performance Grant.

During exit conference (January 2016), Government stated that fund was not directly received by the DPD and therefore no action was pending on their part. The reply was not tenable as the DPD should have ascertained the reasons for short receipts of funds and initiated proper remedial action.

2.1.7.3 Irregular diversion of funds of ₹ 25.91 crore

As per Chhattisgarh Financial Rules, the responsibility for seeing that the grants were spent on objects for which they were given devolves upon the head of the Department in which the grant was sanctioned.

Irregular diversion of funds amounting ₹ 25.91 crore

Scrutiny of records of DPD revealed that in order to pay pending electricity bills of GPs of the State due towards Chhattisgarh State Power Distribution Company Ltd., funds of ₹ 20.71 crore was irregularly diverted (March 2015) from the funds of MJS *Yojna* in violation of the financial rules. Further, ZP, Janjgir-Champa diverted (October 2014) ₹ 5.20 crore from the MJS *Yojna* for payment of contributory pension scheme. However, ₹ 5.20 crore was adjusted (October 2014) by further diversion from MGU *Yojna*. This was not regularised as of December 2015.

During exit conference (January 2016), Government accepted the audit observation regarding diversion of funds for payment of electricity bills. However, no reply was given for non-regularisation of the diversion.

2.1.7.4 Non submission of Progress Reports and UCs for ₹ 1,133 crore under GGPFW scheme

Non-submission of UCs and progress reports

As per the allotment order of the DPD and letter of ZP pertaining to the release of funds to GPs, Progress Reports should be submitted by GPs to JPs by 5th of every month and thereafter by JPs to ZPs which would finally be submitted by ZPs to the DPD by 10th of every month. Moreover, the CEO, ZP should furnish UCs of the fund made available to the GPs before the end of the financial year to the DPD.

Scrutiny revealed that the physical and financial progress report of the works under GGPFW was not obtained from the ZPs and UCs were not submitted for an amount of ₹ 1,133 crore before the end of financial year.

During exit conference (January 2016), Government accepted the audit observation and stated that instruction would be issued to obtain the utilisation certificates and progress reports in time. However, no time frame was mentioned for this.

2.1.7.5 Non utilisation of funds earned as interest from the bank

There was no provision in the guidelines of MJS *Yojna* and GGPFW scheme for utilisation of amount earned as interest.

Scrutiny of records of test checked ZPs and JPs revealed that ₹ 2.99 crore earned as interest on the funds of TFCG during 2010-15 in four ZPs and three JPs was not utilised for any work and was lying idle in the bank. Similarly, ₹ 1.18 crore earned as interest on the funds of GGPFW scheme in three ZPs of Raipur, Janjgir-Champa and Surguja districts and ₹ 1.44 crore earned as interest on the funds of the MJS *Yojna* scheme in two ZPs of Janjgir-Champa and Surguja district were not utilised for any work and were lying idle in the bank.

During exit conference (January 2016), Government accepted the audit observation and stated that accrued interest would be treated as additional source of fund and direction in this regard would be issued to the concerned officials.

Recommendations

Government should ensure maximum utilisation of funds to reduce savings, issue guidelines for use of interest earned on funds, obtain Utilisation Certificates and progress reports from executing agencies.

2.1.8 Implementation of scheme

2.1.8.1 Zila Panchayat, Raipur

ZP Raipur consists of 15 JPs and 1351 GPs. Of this, we selected two JPs and 10 GPs for review **(Appendix 2.1.2).** Under ZP Raipur, 5693 works were sanctioned for construction, out of which 1540 works remained incomplete.

Mukhyamantri Gram Utkarsh Yojna

Incomplete works

As per the orders of CEO, ZP, the agency for construction works would be the respective GP. The stipulated time period for completion of works mentioned in the Administrative Approval (AA) issued by the ZP ranged from three months to six months.

Scrutiny of records of CEO, ZP, Raipur revealed that 1540 (28 *per cent*) out of 5411 works sanctioned during 2010-11 to 2013-14 remained incomplete as detailed in **Table 2.1.2,** despite lapse of one to four years as of March 2015.

Table 2.1.2: Details of sanctioned, complete and incomplete works in ZP Raipur

Year	Sanctioned works	Funds received against sanctioned works (₹ in crore)	Expenditure on the sanctioned works (₹ in crore)	Completed works	Incomplete works
2010-11	762	22.68	20.08	497	265 (35)
2011-12	1817	31.45	29.18	1552	265 (15)
2012-13	1216	32.52	28.79	929	287 (24)
2013-14	1616	43.47	34.09	893	723 (45)
Total	**5411**	**130.12**	**112.14**	**3871**	**1540 (28)**

Source:-Information provided by CEO, ZP, Raipur (Figures in parenthesis indicates *per cent)*

As evident from **Table 2.1.2,** the percentage of incomplete works ranged from 15 to 45 during 2010-14. The works remained incomplete due to change of site, non-availability of land, change of *Sarpanch* after election and lack of interest by the *Sarpanch*.

Further, out of 5411 works in the ZP during 2010-14, 628 works pertain to the test checked JPs of Arang and Dharsiwa. Of this, 79 (13 *per cent*) works remained incomplete.

During exit conference (January 2016), Government accepted the audit observation and stated that the delay occurred mainly due to panchayat election and delays in land acquisition etc.

The reply was not tenable as panchayat election was held in the year 2015 however, the works remained incomplete throughout the audit period.

Blockage of funds amounting to ₹ 7.41 crore

Chhattisgarh Financial Rules stipulate that only so much of the grant should be provided during any financial year as is expected to be expended during that year.

Scrutiny of records revealed that out of ₹ 137.41 crore received for the scheme during 2010-14, AA for 5411 works costing ₹ 130.12 crore were issued by the ZP. The balance fund of ₹ 7.29 crore for which no AA was accorded was lying in the bank accounts with ZPs which was neither used for the scheme nor refunded by the ZP resulting in blockage of funds.

Scrutiny of records of JP, Dharsiwa revealed that four works which were sanctioned (two works each during 2011-12 and 2013-14) could not be commenced till date due to change in site of two works and already sanctioned under another scheme (two works). Thus, non-commencement of works had resulted in blockage of funds worth ₹ 11.97 lakh as detailed in **Appendix 2.1.5.** Thus, there was overall blockage of ₹ 7.41 crore.

During exit conference (January 2016), Government accepted the audit observation and stated that the unutilised fund would be refunded. However, no time period for refund was mentioned.

Thirteenth Finance Commission Grant scheme

Execution of works without administrative approval and technical sanction by GPs

Irregular execution of works by GPs without AA/TS

Under TFCG, the share of GPs (70 *per cent*) is transferred directly from ZPs to GPs. As per guidelines issued by the GoCG for utilisation of funds of the TFCG scheme, the works under this component should be sanctioned and executed according to the Administrative Approval (AA) and Technical Sanction (TS).

Scrutiny of records of 10 test checked GPs under JPs Arang and Dharsiwa revealed that funds totalling ₹ 42.88 lakh was received by five GPs and an expenditure of ₹ 42.85 lakh was incurred on execution of 130 works during 2010-15 (**Appendix 2.1.6**). However, it was observed that although the works were executed after the approval of Gram Sabha, neither AA were accorded nor TS were granted by the competent authorities. Further, measurements of works executed were not recorded by the GPs.

During exit conference (January 2016), Government stated that the matter would be verified.

Non conduct of Social Audit

As per the guidelines issued by GoCG for execution of works under TFCG, Social Audit is required to be conducted at the GP level every year in regard to the utilization of funds received.

Scrutiny of records of selected eight GPs under ZP Raipur revealed that Social Audit was not conducted. On being pointed out, Secretaries of GPs stated that Social Audit was not conducted due to absence of any directions in this regard from superior offices.

During the exit conference, Government stated that villagers had conducted Social Audit and the records would be provided to audit.

The reply of the Government contradicts the replies of the Secretaries of the GPs, who stated that Social Audit had not been done for want of instructions.

Mukhyamantri Janpad Sasaktikaran Yojna

Irregular sanction of repair and maintenance work amounting to ₹ 28.37 lakh

As per the guidelines of the MJS *Yojna*, 25 *per cent* of the funds allotted should be incurred on repair and maintenance work, however not more than ₹ one lakh should be incurred on each repair and maintenance work.

Scrutiny of records of JP, Dharsiwa revealed that 15 repair and maintenance works worth ₹ 28.37 lakh and each costing more than ₹ one lakh were sanctioned by CEO, JP Dharsiwa in violation of the above provision. Expenditure of ₹ 24.57 lakh was incurred on these works.

During exit conference (January 2016), Government stated that the works of renovation could not be classified as repair and maintenance works.

Reply was not acceptable because the above said works were classified under repair and maintenance category of the scheme and cost of works was sanctioned in excess of prescribed limit.

Non conduct of Social Audit

As per the guidelines issued by GoCG, Social Audit of the funds made available to the JP is to be conducted.

Scrutiny of records of selected six GPs under ZP Raipur, revealed that Social Audit was not conducted. On being pointed out, Secretaries of GPs while confirming the fact stated that Social Audit was not conducted due to absence of any directions in this regard from superior offices.

Grants to GPs for Fundamental Works (GGPFW) Scheme

Irregular execution of works by GPs

Scrutiny of records of 10 test checked GPs of JPs Arang and Dharsiwa of ZP Raipur revealed that funds totalling ₹ 68.04 lakh was made available to four GPs under JP Arang and an expenditure of ₹ 53.57 lakh was incurred on execution of works during 2010-15 **(Appendix 2.1.7)**. Although the works were executed after the approval of Gram Sabha, it was observed that neither administrative approvals were accorded nor technical sanctions were granted by the competent authorities. Further, measurements of works executed were not recorded by the GPs. Also the GPs did not maintain any details of materials utilized in the construction works.

Non conduct of Social Audit

As per the guidelines issued by GoCG for GGPFW scheme, Social Audit of works executed under this scheme is to be conducted.

Scrutiny of records of selected six GPs under ZP Raipur, revealed that Social Audit was not conducted. On being pointed out, Secretaries of GPs while confirming the fact stated that Social Audit was not conducted due to absence of any directions in this regard from superior offices.

2.1.8.2 Zila Panchayat Durg

ZP Durg consists of 12 JPs and 1105 GPs. Of this, we selected one JP and five GPs for review **(Appendix 2.1.2).** Under ZP Durg, 5816 works were sanctioned for construction, out of which 328 works remained incomplete.

Mukhyamantri Gram Utkarsh Yojna

Incomplete works

As per provisions discussed in **paragraph 2.1.8.1** *ante*, audit observed that:

In test checked ZP, 303 (five *per cent*) out of 5627 works sanctioned during 2010-11 to 2013-14 remained incomplete as detailed in **Table 2.1.3,** despite lapse of one to four years as of March 2015.

Table 2.1.3: Details of sanctioned, complete and incomplete works in ZP Durg

Year	Sanctioned works	Funds received against sanctioned works (₹ in crore)	Completed works	Incomplete works
2010-11	866	25.45	791	75 (9)
2011-12	2076	37.32	2072	4
2012-13	1461	41.70	1389	72 (5)
2013-14	1224	38.81	1072	152 (12)
Total	**5627**	**143.28**	**5324**	**303 (5)**

Source:- Information provided by CEO, ZP, Durg (Figures in parenthesis indicates *per cent*)

As evident from **Table 2.1.3,** the percentage of incomplete works ranged upto 12 during 2010-14, despite availability of funds.

Further, out of 5627 works in the ZP during 2010-14, 650 works pertain to the test checked JP, Patan. Out of this, it was observed that 24 (four *per cent*) works remained incomplete despite availability of funds. The works remained incomplete due to change of site, non-availability of land, change of *Sarpanch* after election and lack of interest by the *Sarpanch*.

During exit conference (January 2016), Government accepted the audit observation and stated that the delay occurred mainly due to panchayat election, delay in land acquisition etc.

Reply was not acceptable as panchayat election was held in the year 2015 and the works remained incomplete throughout the audit period.

Thirteenth Finance Commission Grant scheme

Non conduct of Social Audit

As per the guidelines issued by GoCG for execution of works under TFCG, Social Audit is required to be conducted at the GP level every year in regard to the utilization of funds received.

Scrutiny of records of selected three GPs under ZP Durg, revealed that in two GPs, Social Audit was not conducted. On being pointed out, Secretaries of GPs stated that Social Audit was not conducted due to absence of any directions in this regard from superior offices.

During the exit conference, Government stated that villagers had conducted Social Audit and the records would be provided to audit.

The reply of the Government contradicts the replies of Secretaries of the GPs who stated that Social Audit at GPs had not been done.

Mukhyamantri Janpad Sasaktikaran Yojna

Incomplete works

As per provisions discussed in **paragraph 2.1.8.1** *ante*, audit observed that:

In test checked JP (Patan), the Department could not complete 25 works (13 *per cent*) out of total 189 works sanctioned under the scheme during 2012-14 even after lapse of one to two years despite availability of sufficient funds **(Appendix 2.1.8)**. These works were to be completed within three to six months. The works remained incomplete due to change of site, non-availability of land, change of *Sarpanch* after election and lack of interest by the *Sarpanch*.

During exit conference (January 2016), Government accepted the audit observation and stated that the delay occurred mainly due to panchayat election, delay in land acquisition etc.

Reply was not tenable as panchayat election was held in the year 2015, however the works remained incomplete throughout the audit period.

Non conduct of Social Audit

As per the guidelines issued by GoCG, Social Audit of the funds made available to the JP is to be conducted.

Scrutiny of records of selected three GPs under ZP Durg, revealed that Social Audit was not conducted. On being pointed out, Secretaries of GPs while confirming the fact stated that Social Audit was not conducted due to absence of any directions in this regard from superior offices.

Grants to Gram Panchayats for Fundamental Works Scheme

Non conduct of Social Audit

As per the guidelines issued by GoCG for GGPFW scheme, Social Audit of works executed under this scheme is to be conducted.

Scrutiny of records of selected three GPs under ZP Durg, revealed that Social Audit was not conducted. On being pointed out, Secretaries of GPs while confirming the fact stated that Social Audit was not conducted due to absence of any directions in this regard from superior offices.

2.1.8.3 Zila Panchayat, Janjgir-Champa

ZP Janjgir-Champa consists of nine JPs and 631 GPs. Of this, we selected one JP and three GPs for review **(Appendix 2.1.2).** Under ZP Janjgir-Champa, 5519 works were sanctioned for construction, out of which 1360 works remained incomplete.

Mukhyamantri Gram Utkarsh Yojna

Incomplete works

As per provisions discussed in **paragraph 2.1.8.1** *ante*, audit observed that:

In the test checked ZP, the Department could not complete 1347 (25 *per cent*) out of 5453 works sanctioned during 2010-11 to 2013-14 as detailed in **Table 2.1.4,** despite lapse of one to four years as of March 2015. These works were to be completed within three to six months.

Table 2.1.4: Details of sanctioned, complete and incomplete works in ZP Janjgir-Champa

Year	Sanctioned works	Funds received against sanctioned works (₹ in crore)	Completed works	Incomplete works
2010-11	880	25.90	814	66 (7)
2011-12	2000	35.52	1665	335 (17)
2012-13	1645	28.34	1030	615 (37)
2013-14	928	18.78	597	331 (36)
Total	**5453**	**108.54**	**4106**	**1347 (25)**

Source:-Information provided by concerned ZP (Figures in parenthesis indicates *per cent)*

As evident from **Table 2.1.4,** the percentage of incomplete works ranged from seven to 37 during 2010-14, despite availability of funds.

Further, out of 5453 works in the ZP during 2010-14, 652 works pertain to the test checked JP of Jaijaipur. Out of this, it was observed that 85 (13 *per cent*) works remained incomplete despite availability of funds. The works remained incomplete due to change of site, non-availability of land, change of *Sarpanch* after election and lack of interest by the *Sarpanch*.

During exit conference (January 2016), Government accepted the audit observation and stated that the delay occurred mainly due to panchayat election, delay in land acquisition etc.

Reply was not tenable as panchayat election was held in the year 2015, however the works remained incomplete throughout the audit period.

Blockage of funds amounting to ₹ 2.67 crore

Scrutiny of records of JP, Jaijaipur and ZP Janjgir-Champa revealed that 43 works sanctioned during 2011-14 could not be commenced till September 2015. Since the scheme was already closed, non-commencement of works had resulted in blockage of funds amounting to ₹ 1.42 crore as detailed in **Appendix 2.1.5.**

It was also noticed that AA was provided (June 2014) by CEO ZP, Janjgir-Champa for construction of nine *Atal Samrasta Bhavans* at the cost of ₹ 49.90 lakh each and an amount of ₹ 2.25 crore out of the interest earned from the funds received was released (June 2014) to Executive Engineer RES, Janjgir-Champa for the above works. However, out of the nine, four works were constructed partially at an expenditure of ₹ 53.91 lakh while construction was not commenced in remaining five cases as the same were postponed by District Collector. As a result, ₹ 1.25 crore remained unutilised with RES since June 2014.

Further, 10 works worth ₹ 26 lakh in Navagarh JP under ZP, Janjgir-Champa were sanctioned during 2011-12. However, after cancellation of the works, the amount was not refunded to the Government even after lapse of more than three years resulting in blockage of funds worth ₹ 26 lakh.

During exit conference (January 2016), Government accepted the audit observation and stated that unutilised fund would be refunded.

Thirteenth Finance Commission Grant Scheme

Non conduct of Social Audit

As per the guidelines issued by GoCG for execution of works under TFCG, Social Audit is required to be conducted at the GP level every year in regard to the utilization of funds received.

Scrutiny of records of selected three GPs under ZP Janjgir-Champa, revealed that Social Audit was not conducted. On being pointed out, Secretaries of GPs while confirming the fact did not provide any reasons for the same.

During the exit conference, Government stated that villagers had conducted Social Audit and the records would be provided to audit.

The reply of the Government contradicts the replies of the Secretaries of the GPs, who stated that Social Audit had not been conducted.

Mukhyamantri Janpad Sasaktikaran Yojna

Incomplete works

As per provisions discussed in **paragraph 2.1.8.1** *ante*, audit observed that:

In test checked JP, the Department could not complete 13 (20 *per cent*) out of total 66 sanctioned works during 2012-14 even after lapse of one to two years despite availability of sufficient funds **(Appendix 2.1.8)**. These works were to be completed within three to six months.The works remained incomplete due to change of site, non-availability of land, change of *Sarpanch* after election and lack of interest by the *Sarpanch*.

During exit conference (January 2016), Government accepted the audit observation and stated that the delay occurred mainly due to panchayat election, delay in land acquisition etc.

Reply was not tenable as panchayat election was held in the year 2015, however the works remained incomplete throughout the audit period.

Blockage of funds amounting to ₹ 90.49 lakh

Scrutiny of records of test checked JP, Jaijaipur revealed that out of ₹ three crore released to the JPs by DPD through ZPs, works valuing ₹ 2.10 crore only were sanctioned by the JPs during 2012-15. The balance fund of ₹ 90.49 lakh was not utilised for want of sanction for more than six months to two years as detailed in **Appendix 2.1.9**.

During exit conference (January 2016), Government accepted the audit observation. Fact remains that no action was taken to utilise the fund upto two years.

Non conduct of Social Audit

As per the guidelines issued by GoCG, Social Audit of the funds made available to the JP is to be conducted.

Scrutiny of records of selected three GPs under ZP Janjgir-Champa, revealed that Social Audit was not conducted. On being pointed out, Secretaries of GP while confirming the fact did not provide any reasons for the same.

Grants to Gram Panchayats for Fundamental Works Scheme

Non conduct of Social Audit

As per the guidelines issued by GoCG for GGPFW scheme, Social Audit of works executed under this scheme is to be conducted.

Scrutiny of records of selected three GPs under ZP Janjgir-Champa, revealed that Social Audit was not conducted. On being pointed out, Secretaries of GPs while confirming the fact did not provide any reasons for the same.

2.1.8.4 Zila Panchayat, Bastar

ZP Bastar consists of 12 JPs and 675 GPs. Of this, we selected one JP and four GPs for review **(Appendix 2.1.2).** Under ZP Bastar, 215 works were sanctioned for construction, out of which 58 works remained incomplete.

Thirteenth Finance Commission Grant scheme

Payment made to executing agency without test report

As per instructions issued by Chhattisgarh Rural Development Agency (CRRDA), 50 *per cent* of the cost of the work was to be paid after obtaining the satisfactory report of first test of concrete cube and the final payment after the satisfactory report of second test.

Payment made for works without quality test

In all the scrutinized 69 works in the test checked JP it was observed that quality test of works were not undertaken. However, full payments were made in all these cases. As a result, payment to executing agencies without quality test was irregular.

CEO, JP Kondagaon stated that there was no provision for conducting quality test in the guidelines. Hence, payments were made accordingly.

During exit conference (January 2016), Government accepted the audit observation and stated that orders have already been issued to conduct the tests as per prescribed frequency. Fact remains that no action had been taken for payment without quality test reports.

Execution of works without administrative approval and technical sanction

As per provisions discussed in **paragraph 2.1.8.1** *ante*, audit observed that:

Funds totalling ₹ 39.17 lakh was received by three test checked GPs and an expenditure of ₹ 31.62 lakh was incurred on execution of 87 works during 2010-15 **(Appendix 2.1.6)**. However, it was observed that although the works were executed after the approval of Gram Sabha, neither administrative approvals were accorded nor technical sanctions were granted by the competent authorities. Further, measurements of works executed were not recorded by the GPs.

During exit conference (January 2016), Government stated that matter would be verified.

Non conduct of Social Audit

As per the guidelines issued by GoCG for execution of works under TFCG, Social Audit is required to be conducted at the GP level every year in regard to the utilization of funds received.

In the test checked GPs of ZP Bastar, the conduct of Social Audit of the schemes was not found on records. Moreover, the Secretaries of GPs reiterated that due to lack of knowledge records were not maintained.

During the exit conference, Government stated that villagers had conducted Social Audit and the records would be provided to audit. However, the claim of Government was not backed by any documentary evidence.

Mukhyamantri Janpad Sasaktikaran Yojna

Incomplete works

As per provisions discussed in **paragraph 2.1.8.1** *ante*, audit observed that:

In test checked JP (Kondagaon), the Department could not complete 58 (59 *per cent*) out of total 99 sanctioned works during 2012-14 even after lapse of one to two years **(Appendix 2.1.8)** despite availability of funds. These works were to be completed within three to six months. The works remained incomplete due to change of site, non-availability of land, change of *Sarpanch* after election and lack of interest by the *Sarpanch*.

During exit conference (January 2016), Government accepted the audit observation and stated that the delay occurred mainly due to panchayat election, delay in land acquisition etc.

Reply was not tenable as panchayat election was held in the year 2015, however the works remained incomplete throughout the audit period.

Payment made to executing agency without test report

As per provisions discussed in **paragraph 2.1.8.4** *ante*, audit observed that:

In all the scrutinized 11 works in the test checked JP, it was observed that quality test of works were not undertaken. However, full payments were made in all these cases. As a result, payment to executing agencies without quality test was irregular.

CEO, JP Kondagaon confirmed that quality test was not undertaken due to the small nature of works.

During exit conference (January 2016), Government accepted the audit observation and stated that orders have already been issued to conduct the tests as per prescribed frequency. Fact remains that no action had been taken for payment without quality test reports.

2.1.8.5 Zila Panchayat, Surguja

ZP Surguja consists of 19 JPs and 1238 GPs. Of this, we selected two JPs and nine GPs for review **(Appendix 2.1.2).** Under ZP Surguja, 204 works were sanctioned for construction, out of which 25 works remained incomplete.

Thirteenth Finance Commission Grant scheme

Payment made to executing agency without test report

As per provisions discussed in **paragraph 2.1.8.4** *ante*, audit observed that:

In all the scrutinized 104 works in the test checked JP, it was observed that quality test of works were not undertaken. However, full payments were made in all these cases. As a result, payment to executing agencies without quality test was irregular.

CEO, JP Surajpur stated that there was no provision for conducting quality test in the guidelines. Hence payments were made accordingly.

During exit conference (January 2016), Government accepted the audit observation and stated that orders have already been issued to conduct the tests as per prescribed frequency. Fact remains that no action had been taken for payment without quality test reports.

Irregular execution of works by GPs

As per provisions discussed in **paragraph 2.1.8.1** *ante*, audit observed that:

In five test checked GPs funds totalling ₹ 47.85 lakh was received and an expenditure of ₹ 37.81 lakh was incurred for execution of works during 2010-15 **(Appendix 2.1.6)**. Although the works were executed after the approval of Gram Sabha, neither administrative approvals (AA) were accorded nor technical sanctions (TS) were granted by the competent authorities. Further, measurements of works executed were not recorded by the GPs.

Secretaries of the GPs stated that records were not maintained due to lack of knowledge in this regard. The fact remains that in the absence of even a single record of AA/TS or measurement books in the test checked GPs, grant of AA/TS or proper execution of works could not be verified.

During exit conference (January 2016), Government stated that matter would be verified.

Mukhyamantri Janpad Sasaktikaran Yojna

Incomplete works

As per provisions discussed in **paragraph 2.1.8.1** *ante*, audit observed that:

In test checked JPs, the Department could not complete 23 (12 *per cent*) out of total 186 sanctioned works during 2012-14 even after lapse of one to two years **(Appendix 2.1.8)** despite availability of funds. These works were to be completed within three to six months. The works remained incomplete due to change of site, non-availability of land, change of *Sarpanch* after election and lack of interest by the *Sarpanch*.

During exit conference (January 2016), Government accepted the audit observation and stated that the delay occurred mainly due to panchayat election, delay in land acquisition etc.

Reply was not tenable as panchayat election was held in the year 2015, however the works remained incomplete throughout the audit period.

Payment made to executing agency without test report

As per provisions discussed in **paragraph 2.1.8.4** *ante*, audit observed that:

In 25 out of 48 scrutinized works in the JP Surajpur, we observed that quality test of works were not undertaken. However, full payments were made in all these cases. As a result, payment to executing agencies without quality test was irregular.

CEO JP Surajpur, stated that quality test was not undertaken due to absence of provisions in guidelines.

During exit conference (January 2016), Government accepted the audit observation and stated that orders have already been issued to conduct the tests as per prescribed frequency. Fact remains that no action had been taken for payment without quality test reports.

Recommendations

Government should ensure maximum utilisation of funds with provision for refund of unutilised funds, ensure acquisition of land before issue of AA, ensure obtaining test reports before payments and facilitate GPs to issue AA for works after TS and to record measurements of works.

2.1.9 Monitoring

2.1.9.1 Lack of provision for monitoring and supervision

Absence of monitoring and supervision of works

As per guidelines of the MGUY, TFCG, MJSY and GGPFW schemes, no provision has been made for monitoring. Although there was provision of physical inspection of works in TFCG scheme, no such provision was there in the other schemes.

As a result, monitoring of the above schemes was not undertaken by the concerned ZPs/JPs/GPs. The PRD also did not develop any monitoring mechanism of the schemes. It was also noticed that physical inspection of the works of TFCG scheme, although mandated for, was not done.

Thus, absence of monitoring of the schemes resulted in incomplete works, delayed completion of works, works executed without AA and TS and blockage of funds.

During exit conference (January 2016), Government assured to make provision for monitoring.

2.1.10 Conclusion and Recommendations

- The PRIs failed to prepare Annual Plans of works resulting in incomplete works and inadequate utilisation of allocated funds.

Government should ensure that Annual Plans of works to be executed under various schemes are prepared by GPs which are consolidated in the form of Annual Plans of JPs and ZPs for the blocks and districts for proper implementation of the schemes.

- The PRIs could utilize only 55 to 70 *per cent* of the available funds due to cancellation of sanctioned works, non-commencement of works and absence of AAs.

Government should ensure maximum utilisation of available funds in an optimum and timely manner.

- In the test checked districts, the PRIs could not complete 3311 sanctioned works out of the 17447 works in scheduled time due to change of site, non-availability of land, change of Sarpanches and lack of interest by the Sarpanches to complete the works. Moreover, the final payments for the works were made without obtaining test reports for the works.

Government should ensure that the works are completed in due time and payments for the works are made only after following the due procedure like obtaining the required test reports.

- The PRIs did not develop any monitoring mechanism for the selected schemes. Further, no provision was made for physical inspection of the schemes except for TFCG. Although, there was provision for Social Audit in three selected schemes, the same was not conducted.

Government should ensure that the social audit and physical inspection of works are conducted according to the guidelines of the schemes so that the progress of works could be effectively monitored.

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

2.2 SOCIAL AUDIT OF SCHEMES

Executive Summary

The Government of India (GoI) in consultation with the Comptroller and Auditor General of India (C & AG) framed a set of rules and regulations titled the 'Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) Audit of Schemes Rules, 2011'. Subsequently, Government of Chhattisgarh (GoCG) constituted (September 2013) Social Audit Unit (SAU) as an independent agency. The main objective of SAU was to build capacities of *Gram Sabha* for conducting Social Audit (SA), to prepare SA reporting formats, to create awareness amongst the labourers about their rights and entitlements under MGNREGA and to facilitate verification of records and work sites. Major audit findings noticed during audit are discussed below:

Financial Management

- The State received ₹ 3270.28 crore for MGNREGS during 2013-15 of which one *per cent* i.e. ₹ 32.70 crore was to be allocated for expenditure on SA. Against this, only ₹ three crore was allotted to SAU resulting in non-allottment of ₹ 29.70 crore for SA.

(Paragraph 2.2.7)

Planning

- SAU was to frame an Annual Calendar for SA to cover at least one SA in each *Gram Panchayat* (GP) in every six months. However, against the provision of conducting 19468 SA every year in 9734 GPs, SAU planned only 1566 SAs (eight *per cent*) and actually conducted 1056 (five *per cent*) SAs only once in the year 2014-15. This resulted in shortfall of upto 92 *per cent* in planning to conduct the SAs and 95 *per cent* in actually conducting the SAs in 2014-15. One of the major reasons for this shortfall was vacancy of 11 to 69 *per cent* of the sanctioned posts of SAU.

(Paragraphs 2.2.8.1 and 2.2.8.2)

Conduct of Social Audit

- SA encountered several deficiencies like non-production of complete records, absence of District Programme Coordinator (DPC) and elected Panchayat members, no video recording or wall paintings, insufficient participation of villagers, lack of follow up action on the SA Reports, non-uploading of SA Reports on the website.

(Paragraphs 2.2.8 and 2.2.9)

Follow up action on Social Audit

After SA, corrective action is to be taken by District Programme Coordinator and State Government is responsible for the follow up action on SA findings. However, no information/record had been furnished by Director, PRD indicating follow-up action on the findings of the SA.

(Paragraph 2.2.10.4)

2.2.1 Introduction

Ministry of Rural Development (MoRD), GoI notified (June 2011) 'MGNREGA Audit of Schemes Rules, 2011' which provided that audit of schemes shall include Social Audit (SA). As per the Rules, the audit of accounts of a scheme under the MGNREG Act for each district and State Employment Guarantee Fund shall, for each year, be carried out by the Director, Local Fund Audit or equivalent authority or by Chartered Accountants. The State Government shall facilitate conduct of SA of the works taken up under the Act in every *Gram Panchayat* (GP) at least once in six months and shall establish an independent organisation (Social Audit Unit) to facilitate conduct of SA by *Gram Sabhas*. As per Section 17(2) and 17(3) of the Act, the *Gram Sabha* shall conduct regular SA of all the projects under the scheme taken up within the GP. The GP shall make available all relevant documents to the *Gram Sabha* for the purpose of conducting the SA.

2.2.2 Functions of Social Audit Unit

SAU comprises of General Body and Governing Body for discharging its functions. The Director, SAU is responsible for overall management of the SAU and implementation of the decisions of the above bodies. District Programme Coordinator (DPC) and the Programme Officer (PO) are responsible for ensuring smooth conduct of SA at the district and block levels respectively. SAU is responsible for the following:

(a) to build the capacties of grassroots stakeholders including civil society and community to conduct SAs;

(b) to create a resource base for conducting SAs;

(c) to facilitate verification of records and works with primary stakeholders;

(d) to ensure that the SA process remains autonomous from mainstream Government administration;

(e) to create an enabling environment for the conduct of impartial and objective SAs in Panchayats of the State;

(f) to ensure that the purity, impartiality and objectivity of the SA process is emphasized at all times by all stakeholders;

(g) to host the SA reports including Action Taken Reports (ATR) in the public domain;

Further, State Government is also responsible to take follow up action on the findings of SA. The State Employment Guarantee Council (SEGC) shall monitor the action taken by the State Government and incorporate the ATR in the annual report to be laid before the State Legislature by the State Government.

2.2.3 Audit objectives

Audit objectives were to ascertain whether:

- an effective and independent SAU existed within the State;
- SAU provided adequate support mechanism like planning, availability of records, reporting and follow-up for SA within the State; and

- SAs executed during 2014-15 were adequate and effective as per rules and regulations and these actively supported and helped by DPC and other Government functionaries.

2.2.4 Audit criteria

The audit criteria were sourced from:

- Relevant provisions of MGNREGA 2005;
- MGNREGA Audit of Schemes Rules, 2011;
- Social Audit Manual (SAM);
- MGNREGA Operational Guidelines (OG), 2013
- Minutes of the meeting of Governing Body of SAU
- Rules and Regulations issued by the State Government, GoI and SAU as applicable within the State.

2.2.5 Audit Scope, Methodology and Coverage

The Compliance Audit was conducted between June 2015 and August 2015 covering the period 2011-12 to 2014-15 through scrutiny of records of the Director SAU and MGNREGA Cell, Panchayat and Rural Development Department (PRD). Test check was also conducted in 50 *Gram Panchayats* (GPs) **(Appendix 2.2.1)** selected from the list of 1056 GPs where SA had been conducted in 2014-15. The sample selection was based on Simple Random Sampling with Replacement (SRSWR) method.

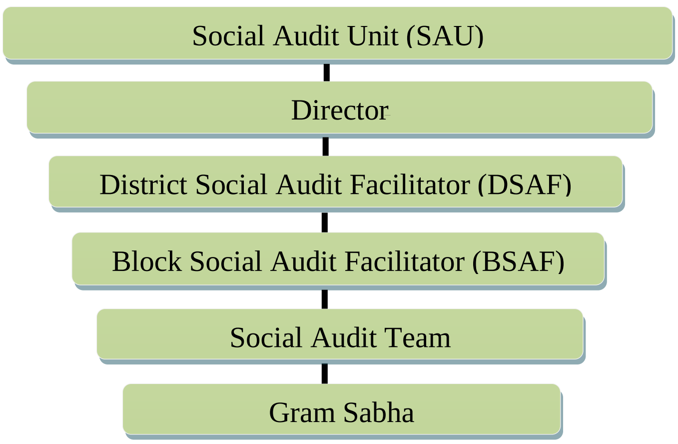
An entry conference was held (July 2015) with the Additional Chief Secretary (ACS), PRD, GoCG to discuss the audit objectives, criteria, scope and methodology of audit.

An exit conference was held in January 2016 with the ACS, PRD to discuss the significant audit findings. Replies received from the Department including the exit conference have been suitably incorporated in the Report.

2.2.6 Organisational Structure

At the State level, Director SAU is responsible for overall conduct of SA in the State. DPC and the PO are to ensure smooth conduct of SA at the district and block levels respectively. A four-five member team consisting of Resource Persons (RPs) are to conduct the SA at GP level. Besides, District Social Audit Facilitator (DSAF) and Block Social Audit Facilitator (BSAF) at district and block levels respectively are to be engaged on contract basis for facilitating SA. The organizational set-up is shown in the organogram below:

Organogram on Organizational set-up



Further, the State Government is also responsible to take follow up action on the findings of SA. Corrective action is required to be taken by the Secretary, *Gram Panchayat* at village level, PO at block level and DPC at district level. The State Employment Guarantee Council (SEGC) at State level is responsible for monitoring the action taken by the Government and incorporating the ATR in the Annual Report to be laid before the State Legislature by the State Government.

2.2.7 Financial Management

As per para 12.5.2 of the OG to enable States/Union Territories (UTs) to augment human resources and develop capacity for critical activities, GoI provides up to six *per cent* of the total expenditure on MGNREGA in a financial year as administrative expenses. Further, as per Chapter–III, paragraph 1(b) of SAM, one *per cent* within this six *per cent* received as administrative fund is to be spent on SA.

Only ₹ three crore was provided to SAU against the due amount of ₹ 32.70 crore for the period 2013-15

It was observed that a total sum of ₹ 7308.41 crore was received by the State Government during 2011-12 to 2014-15 under MGNREGS. Out of this, the amount received during 2013-14 to 2014-15 was ₹ 3270.28 crore, of which one *per cent* i.e. ₹ 32.70 crore was to be allocated for expenditure on SA. However, audit noticed that only ₹ 3 crore[1] was allotted to SAU as grant for implementation of SA. Thus, ₹ 29.70 crore had not been allotted to SAU for conducting SA for which no reasons were on record.

Recommendation

Government should ensure allocation of the earmarked fund to SAU as per the laid down provision under the Audit of Scheme Rules, 2011.

Audit Findings

2.2.8 Planning

The main objective of SAU is to conduct SA of the work taken up under the MGNREGA in every GP at least once in six months. To achieve this objective, SAU is to build capacities of *Gram Sabha* by identifying, imparting training and deploying suitable RPs at village, block, district and State levels. Besides, SAU is also required to prepare Annual Calendar for conducting SA. During audit, the following shortcomings were noticed:

2.2.8.1 Non-preparation/delay in preparation of Annual Calendar for Social Audit

As per Section 6(1) of 'Audit of Scheme Rules, 2011' SAU shall, at the beginning of the year, send a copy of the calendar of SA to all the DPCs for making necessary arrangements for facilitating SA.

Scrutiny of records of SAU revealed that Annual Calendar of SA for 2014-15, was prepared only for the period November 2014 to March 2015 and accordingly SA was conducted. Neither the Annual Calendar for the period April 2014 to October 2014 was prepared nor any SA was conducted.

[1] ₹ 0.50 crore in 2013-14 and ₹ 2.50 crore in 2014-15

In the exit conference (January 2016), the Government stated that Annual Calendar for the SA would be prepared. Fact remains that due to non-preparation of calendar for the period April 2014 to October 2014, SA commenced only in November 2014.

2.2.8.2 Inadequate planning of Social Audit resulting in short coverage

According to Section 3(1) of 'Audit of Scheme Rules, 2011' the State Government shall facilitate conduct of SA of the works taken up under the Act in every GP at least once in six months in the manner prescribed under the rules.

Out of 19468 SAs only 1566 SAs were planned and 1056 SAs were conducted

Audit noticed that there were 10971 GPs in Chhattisgarh and SA was to be conducted in 9734 GPs where MGNREGA was being implemented. Accordingly, 19468 SAs were to be conducted each year. Against this, SAU planned only 1566 SAs (eight *per cent*) and actually conducted 1056 (five *per cent*) SAs only once in the year 2014-15.

Thus, there was shortfall of 92 *per cent* at planning stage and 95 *per cent* in conducting SAs in 2014-15.

In the exit conference (January 2016), the Government while agreeing to the audit observations stated that due to Panchayat elections and lack of staff there was shortfall in coverage of SA. Fact remains that 95 *per cent* deficit in conducting SA defeated the basic intent of introducing the provision of the SA.

Recommendation

Government should ensure coverage and frequency of SA as required under Audit of Scheme Rules, 2011.

2.2.8.3 Manpower Management

As per Section 4 (2) (a) of 'Audit of Scheme Rules 2011', SAU is responsible for building capacities of *Gram Sabha* for conducting SA. For this, SAU is required to identify, train and deploy suitable RPs at village, block, district and State levels, drawing from primary stakeholders and other civil society organisations having knowledge and experience of working for the rights of the people.

Scrutiny of records of SAU revealed that significant number of posts of RPs at State, district and block levels were not filled up by the SAU. The Village Resourse Persons (VRP) were recruited on contract basis as and when required for the SA teams. One VRP was allotted a minimum of two SAs. The status of manpower of SAU as in 2014-15 is detailed in the **Table 2.2.1** below:

Table 2.2.1: Details of status of manpower of SAU as in 2014-15

S. No	Name of post	Sanctioned strength	Person in position	Vacancy (Percentage)
1	State level- Director and other functionaries	18	16	2 (11)
2	District level- District Social Audit Facilitator (DSAF)	88	37	51 (58)
3	Block level- Block Social Audit Facilitator (BSAF)	425	130	295 (69)

Source:- Information provided by SAU

It could be seen from the table that 11 to 69 *per cent* of sanctioned posts at State, district and block levels remained vacant during 2014-15. Due to large number of vacancies, lesser target (eight *per cent* of requirement) was set for SAs and that too could not be achieved.

In the exit conference (January 2016), the Government while agreeing to the audit observation stated that the vacant post had now been filled up. Fact remains that the sanctioned posts lying vacant for a long time had resulted in short coverage of SA.

2.2.8.4 Failure to ensure records for Social Audit

(i) Non-initiation of action by PO to ensure records for Social Audit

As per Section 7(1) of 'Audit of Scheme Rules, 2011', the Programme Officer (PO) shall ensure that all the required information and records that the SAU requires to conduct the SA process are properly collected in the requisite formats and provided along with photocopies to the SAU for facilitating conduct of SA at least 15 days in advance of the scheduled date of the meeting of the *Gram Sabha*.

In the 50 selected GPs, it was noticed that information regarding production of records to SAU for conduct of SA was not maintained by POs. Further, in GP Kanakbira, 257 muster rolls issued by the JP was not entered in muster rolls receipt and issue register maintained by concerned GP. Hence, SA could not verify the muster rolls.

In the exit conference (January 2016), the Government stated that necessary compliance would be ensured and instructions in this regard would be issued.

(ii) Non-maintenance of records produced for Social Audit by District Programme Coordinator

Information about production of records for SAU was not ensured by POs and DPCs

As per Section 7(3) of 'Audit of Scheme Rules, 2011', every District Programme Coordinator (DPC) or any official on his behalf shall ensure that all records for conduct of Social Audit are furnished to the SAU by the implementing agencies through the PO.

In the 50 selected GPs, the concerned DPCs did not keep any record regarding supply of documents to the SA team. As a result, audit could not verify whether all the required documents were supplied to the SA team.

In the exit conference (January 2016), the Government stated that instructions had been issued to DPCs in this regard. However, fact remains that audit could not verify the extent of records made available to the SA team in the absence of such records.

Recommendation

Government should ensure that productions of records are documented.

2.2.8.5 Verification of works by Village Resource Persons

As per Clause 3, Chapter V of SAM, the VRP shall visit all works undertaken under MGNREGA and verify all records and expenditure incurred by the GP for the SA period.

In the 50 test checked GPs, 1951 works were undertaken by incurring an expenditure of ₹ 37.98 crore during the period covered under SA. Of these, only 920 works (47.16 *per cent*) were verified by the VRPs.

This included 381 works valued ₹ 10.94 crore in 17 GPs whereas in 33 GPs **(Appendix 2.2.2),** only 539 out of 1570 works (involving expenditure of ₹ 27.04 crore) were verified by the VRPs. Also in the 33 GPs, SA Reports of two[2] GPs of Kanker block did not contain any information about the works verified by VRPs.

In the exit conference (January 2016), the Government while accepting the fact stated that reasons for non-verification of works by VRPs were being sought and assured of initiating corrective measures in future. Fact remains that absence of ensuring verification by VRPs was detrimental to the objective of SA.

2.2.8.6 Verification of bills/vouchers regarding procurement by Village Resource Persons

As per Section 6(2) of 'Audit of Scheme Rules, 2011' for facilitating Social Audit *Gram Sabha*, the VRPs deployed by the SAU along with primary stakeholders shall verify the invoices, bills, vouchers or other related records used for procurement of materials to testify that such procurement is as per the estimate and procedure laid down and is economical.

In 15 out of the 50 test checked GPs **(Appendix 2.2.3)** bill/invoices relating to procurement of materials were not verified by VRPs during SA. Further, in six[3] GPs, bill/vouchers were not produced to SA team by the concerned GPs for verification.

In the exit conference (January 2016), the Government while accepting the audit observations stated that lapse on the part of VRPs was due to lack of knowledge.

The reply was not acceptable as the VRPs are considered conversant with the provisions of Audit of Scheme Rules, 2011.

Recommendation

Government should ensure that all the necessary checks of the documents as envisaged in the Audit of Scheme Rules, 2011 are carried out by the VRPs and monitored by the SAU.

2.2.8.7 Display of details of job card holders

Comments about non-availability of wall paintings was not found in SA Reports

As per para 13.3.4 of OG of MGNREGA, for facilitating SA by *Gram Sabha*, the RPs deployed by SAU along with primary stakeholders shall verify that wall painting showing details of money paid to all job card holders have been done. Further, the details contained therein are true reflection of the records vis-a-vis the MGNREGA website and the block and Panchayat office.

In the 50 test checked GPs, it was observed that wall paintings showing details of money paid to job card holders were not displayed in any of the GPs.

[2] Andi and Kodagaon
[3] Domhara, Jamthan, Lakhantola, Madisarai, Parsada (Simariya) and Semariha

Necessary comments were not found in the SA Reports in the concerned GPs. Thus, the basic provision was violated.

In the exit conference (January 2016), the Government accepted the facts and stated that display of details of job card holders would be ensured.

Recommendation

Government should ensure wall paintings with necessary details in the GPs for proper facilitation of SA.

2.2.9 Conduct of Social Audit

2.2.9.1 Non-intimation to Village Community

As per Section 6(3) of 'Audit of Scheme Rules, 2011', the labours and village community shall be informed about the *Gram Sabha* conducting SA by the RPs as well as the POs to ensure full participation.

In the 50 test checked GPs, no documentary evidence regarding intimation of Social Audit *Gram Sabha* to labours and village communities could be produced to audit in 45 GPs **(Appendix 2.2.4)**. As a result, audit could not verify the dissemination of information for SA.

In the exit conference (January 2016), the Government accepted the facts and stated that necessary instructions would be issued to keep a copy of intimation in the final Audit Report of every GP. However, the reasons for not ensuring this, till audit pointed out, were not explained.

2.2.9.2 *Gram Sabha* conducted without adequate quorum

Participation in the SA Gram Sabha was insufficient

As per Clause 5, Chapter VI of SAM, the Social Audit *Gram Sabha* will be considered as official only when it meets the minimum quorum as defined in the State *Panchayat Raj* Act. Further, Section 6 of Chhattisgarh *Panchayat Raj Adhiniyam*, 1993 provides that one tenth of the population under a GP should participate in the *Gram Sabha* which should include at least one third women.

In 33 out of 50 test checked GPs **(Appendix 2.2.5)**, required quorum was not fulfilled for conduct of Social Audit *Gram Sabha*. The shortfall in presence of people in these *Gram Sabha*s ranged between 10 and 92 *per cent*. Further, in 15 GPs[4], required quorum could not be verified as no attendance sheets were attached with the SA Reports. In the remaining two GPs, the quorum was complete.

In the exit conference (January 2016), the Government stated that community mobilisation was being ensured by SA teams for ascertaining the required quorum. Fact remains that the requisite participation of the concerned stakeholders in the Social Audit *Gram Sabha* could not be ensured.

Recommendation

Government should ensure that the required quorum for Social Audit *Gram Sabha* are maintained by intimation to all the stakeholders well in time.

[4] Albeda, Bewarti, Chheria, Ganeshpur, Ghaghra, Ghoyanabahra, Jamthan, Kanakbira, Kirgoli, Kosmarra, Madisarai, Matwadalal, Mednipur, Puswada and Talakurra

2.2.9.3 Selection of Chairperson of Social Audit *Gram Sabha*

As per para 13.3.5 of OG of MNREGA, the Social Audit *Gram Sabha* meeting shall be chaired by an elderly villager who is not a part of Panchayat or any implementing agency.

In the 50 test checked GPs, it was noticed that Social Audit *Gram Sabha* was chaired by a member selected by the villagers present in the *Gram Sabha* meeting. Though Chairperson of all the *Gram Sabha* was unanimously selected by the villagers, it was not indicated in the minutes of the meetings that they were not part of any Panchayat or implementing agency.

In the exit conference (January 2016), the Government stated that instructions in this regard would be issued.

2.2.9.4 Proceedings of Social Audit *Gram Sabha*

As per Clause 8, Chapter VI of SAM, the Social Audit *Gram Sabha* should necessarily have a banner and a mike so that the proceedings are clear to all the participants. Further, as per para 13.3.11 of OG of MGNREGA, the entire proceeding of the Social Audit *Gram Sabha* shall be video recorded, compressed using latest compression techniques (to reduce space occupied) and uploaded on website without editing. The video recording will also be stored in the custody of DPC.

Proceedings of the SA Gram Sabha was not video recorded

In the 50 selected GPs, it was noticed that proceedings of Social Audit *Gram Sabha* were neither video recorded nor uploaded. In the absence of video recording, arrangements such as banner and mike for ensuring smooth conduct of *Gram Sabha* proceedings could not be verified.

In the exit conference (January 2016), the Government stated that due to non-availabity of videographers, uncertainty in the timings of *Gram Sabhas* and cost involved in videography, only exit conference of the meetings were recorded.

The reply was not acceptable as this was in violation of SAM. Further, this also prevented audit to verify adherence to manual provisions for conducting *Gram Sabhas*.

Recommendation

Government should ensure video recording of SA *Gram Sabha* proceedings and to upload it on website for facilitating access of SA to all the stakeholders.

2.2.9.5 Non-participation of district level functionaries in Social Audit *Gram Sabha*

As per Section 6(7) of 'Audit of Scheme Rules, 2011', the DPC shall attend the *Gram Sabha* meeting or nominate an official of appropriate level for smooth discussion of SA in *Gram Sabha*.

In the 50 test checked GPs, neither the DPC nor his representative attended the SA in *Gram Sabha*. As a result, the effectiveness of SA was impaired.

In the exit conference (January 2016), the Government stated that instructions had been issued in this regard. However, reasons for non-participation of the DPCs were not mentioned to audit.

2.2.9.6 Non-participation of elected members of Panchayats

As per Section 6(5) of 'Audit of Scheme Rules, 2011', all elected members of Panchayats and staff involved in implementing the scheme under the Act including the staff of the Non-Governmental Organisation (NGO), the Self Help Groups (SHGs) and disbursing agencies shall be present at the *Gram Sabha* and respond to queries.

Participation of elected members of GPs and other requisite members was not ensured

In 25 **(Appendix 2.2.6)** out of 50 test checked GPs, members of panchayats did not participate in the Social Audit *Gram Sabha* while in 10 GPs **(Appendix 2.2.7),** one to 11 members of Panchayats had participated in the Social Audit *Gram Sabha*. Besides, the attendance sheets of Social Audit *Gram Sabha* revealed that staff of the NGOs, SHGs and disbursing agencies did not participate in any of the Social Audit *Gram Sabhas*.

In the exit conference (January 2016), the Government while accepting the audit observation stated that at present *cent per cent* participation is being ensured. However, the fact remains that the participation was not as per the Rules.

Recommendation

Government should ensure presence of all elected members of Panchayat in SA *Gram Sabha* as per the provision made under Audit of Scheme Rules, 2011.

2.2.9.7 Failure to read out previous Action Taken Reports

As per Section 6(9) of 'Audit of Scheme Rules, 2011', the Action Taken Report (ATR) relating to the previous SA shall be read out at the beginning of the meeting of each Social Audit *Gram Sabha*.

In the 50 test checked GPs, ATR relating to the previous SAs were not read out in the beginning of the *Gram Sabhas*. Instead, the current findings were read out in Social Audit *Gram Sabha*.

In the exit conference (January 2016), the Government stated that there were no previous paragraphs to be read out in the Social Audit *Gram Sabha*.

The reply was not acceptable as before the creation of SAU, SAs were conducted by the Department and the ATRs of such SAs should have been read out in the Social Audit *Gram Sabha*.

Recommendation

Government should ensure that SAU puts in place mechanism for reading out ATRs of previous SA at the beginning of Social Audit *Gram Sabha* as envisaged in Audit of Scheme Rules, 2011.

2.2.10 Reporting of Social Audits

2.2.10.1 Submission of Social Audit Report to GPs

As per Clause 12, Chapter VI of SAM, a copy of the report of the SA should be submitted by the District Resource Person (DRP) to the GP office and should be available for all people free of cost within 24 hours of the Social Audit *Gram Sabha*.

Further, Section 6 (8) of 'Audit of Scheme Rules, 2011' provides that the SA Reports shall be prepared in local language by the SAU and displayed on the notice board of the GP.

In the 50 test checked GPs, the concerned DRPs did not submit the copies of the SA Reports to the GPs. As a result, the SA reports could not be displayed on the notice board of the GPs.

In the exit conference (January 2016), the Government stated that instructions would be issued in this regard. Fact remains that this had prevented dissemination of the SA findings among the people of the GP.

Recommendation

Government should ensure that SAU facilitates submission of SA report to GPs by DRPs and to display it on the notice board of GP.

2.2.10.2 Non-inclusion of list of grievances relating to criminal investigation

As per para 13.3.13 of OG of MGNREGA, SA reports shall contain a list of grievances that require redressal. Further, a separate list of SA findings that require criminal investigation shall be prepared. The criminal cases shall go to the requisite authority for filing of FIRs while all grievances shall be registered with the designated authority at the District and block level for disposal and action.

In the 50 test checked GPs, it was observed that Social Audit Report contained the list of grievances which also included the cases which required criminal investigation. Thus, a separate list for criminal investigation was not maintained and hence initiation of the required action could not be segregated.

In the exit conference (January 2016), the Government stated that DPC could segregate the SA findings that require criminal investigation and then only action can be taken on them.

The reply was not acceptable as the segregated list was to be prepared by the SA team for submission to the Department and initiation of requisite legal action was not done.

2.2.10.3 Uploading of Social Audit Report on website

SA Reports were not uploaded on the SAU website

According to the minutes of the first Governing Body (GB) meeting of SAU held on 25 February 2014, the Director, SAU was directed to upload the findings of SA on SAU website to ensure availability of all Social Audit Reports on website for public viewing. GB also directed the Director, SAU to coordinate works with the Chhattisgarh Infotech Promotion Society (CHIPS), Raipur for management of website.

Scrutiny of records of SAU revealed that the Social Audit Reports of 1056 GPs for 2014-15 have not been uploaded on website till December 2015.

In the exit conference (January 2016), the Government accepted the audit observation and stated that the findings could not be uploaded due to non-finalisation of website. Fact remains that the SA Reports could not be uploaded on website, thereby affecting the availability of the same for public viewing.

2.2.10.4 Follow-up action on Social audit Reports

(i) Public hearing by SAU

Clause II, Chapter VIII of SAM envisaged submission of Action Taken Report (ATR) by the PO to the SAU within a month of the public hearing. The RP who coordinates the SA *Gram Sabha* should go through it and note the appropriateness of action taken. However, no follow-up action was initiated by the SAU.

There was lack of follow-up action on SA Reports

(ii) Post Public hearing by State Government

As per Section 7(4) of the 'Audit of Scheme Rules, 2011', the State Government is responsible to take follow-up action on the findings of the SA.

However, no information/record had been furnished by Director, PRD indicating any follow-up action on the findings of the SA.

In the exit conference (January 2016), the Government stated that follow-up action would be ensured.

2.2.11 Conclusion and Recommendations

- The State received ₹ 3270.28 crore for MGNREGA during 2013-15 of which one *per cent* i.e. ₹ 32.70 crore was to be allocated for expenditure on SA. Against this, only ₹ three crore was allotted to SAU resulting in non-allotment of ₹ 29.70 crore for SA.

Government should ensure allocation of the earmarked fund to SAU as per the provision laid down under the Audit of Scheme Rules, 2011.

- Eleven to 69 *per cent* of the sanctioned posts of SAU were vacant during 2014-15. As a result, against the provision of conducting 19468 SA every year in 9734 GPs, SAU planned only 1566 SAs (eight *per cent*) and actually conducted 1056 (five *per cent*) SAs in 1056 GPs only once in the year 2014-15. This resulted in shortfall of 92 *per cent* in planning to conduct the SAs and 95 *per cent* in actually conducting the SAs in 2014-15.

Government should ensure coverage and frequency of SA as required under Audit of Scheme Rules, 2011.

- SA encountered several deficiencies like non-production of complete records, absence of DPC and of elected Panchayat members, no video recording or wall paintings, insufficient participation of villagers, lack of follow-up action on the SA Reports, non-uploading of SA Reports on the website.

Government should ensure that the deficiencies in the conduct of SA are adequately addressed.

CHAPTER III

COMPLIANCE AUDIT

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

3.1 Non-Compliance with rules and regulations

For sound financial administration and financial control, it is essential that expenditure conforms to financial rules, regulations and orders passed by the competent authority. This not only prevents irregularities, misappropriation and frauds, but helps in maintaining good financial discipline. Audit finding on non-compliance with rules and regulations is hereunder.

3.1.1 Non adjustment of dues and advances

Absence of due diligence by the CEOs, JPs to adhere to the Article 92 (1) and (2) of the Chhattisgarh Panchayat Raj Act 1993 for timely recovery or adjustment of the outstanding dues from the defaulting Sarpanches resulted in unadjusted advances worth ₹ 34.31 lakh

Article 89 (1) of the Chhattisgarh Panchayat Raj Act, 1993 provides that each Panch, member or personnel holding any post, officer or employee of the Panchayat will be personally responsible for any loss, defalcation or misappropriation, caused due to his negligence towards his duty. The instituted/prescribed officer should recover the due amount from the defaulter. If the defaulter fails to pay the dues, the same will be recoverable as dues of land revenue from him. Further, Article 92 (1) and (2) of the Chhattisgarh Panchayat Raj Act 1993 empowers the Proper Officer to order the defaulter to pay the dues to the Panchayat.

During test check (December 2014 to March 2015) of records of four Janpad Panchayat Offices[1] we observed that advances valued ₹ 37.28 lakh granted to 42 Sarpanches of Gram Panchayats during the period 1993-94 to 2012-13 for various civil works were to be recovered from them by the Chief Executive Officers (CEO), Janpad Panchayats (JP).

Against this, ₹ 2.97 lakh was adjusted till July 2014 and ₹ 34.31 lakh remained outstanding against 40 Sarpanches as of March 2015 **(Appendix 3.1)**.

Thus absence of due diligence by the CEOs, JPs to adhere to the Article 92 (1) and (2) of the Chhattisgarh Panchayat Raj Act 1993 for timely recovery or adjustment of the dues from the defaulting Sarpanches resulted in unadjusted advances worth ₹ 34.31 lakh.

[1] Janpad Panchayat Dongargarh, Charama, Mohla and Durg

PART - B

CHAPTER IV

AN OVERVIEW OF THE FUNCTIONING, ACCOUNTABILITY MECHANISM AND FINANCIAL REPORTING ISSUES OF URBAN LOCAL BODIES

An Overview of the functioning of the Urban Local Bodies (ULBs) in the State

4.1 Introduction

The 74th Constitutional amendment gave constitutional status to Urban Local Bodies (ULBs) and established a system of uniform structure, regular election and regular flow of funds through Finance Commission etc. As a follow up, the States are required to entrust these bodies with powers, functions and responsibilities so as to enable them to function as institutions of Self-Government.

Article 243Q of the Constitution envisages constitution in every State, Municipal Corporation for large urban areas, Municipal Councils for smaller urban areas, and *Nagar Panchayats* for areas in transition from a rural to an urban area. Further, Article 243W states that the Legislature of a State may, by law, endow the municipalities with such powers and authority as may be necessary to enable them to function as institutions of Self-Government and such law may contain provisions for devolution of powers and responsibilities upon municipalities.

4.1.1 Profile of the State

The State of Chhattisgarh, with Raipur as its capital, came into existence on 1 November 2000 by separation of 16 districts of Chhattisgarh region from Madhya Pradesh. At present, there are 27 districts in the State.

The Madhya Pradesh/Chhattisgarh Municipalities Act, 1961 was enacted by the then undivided Madhya Pradesh, and was adopted (August 2001) in Chhattisgarh with the objective of consolidating and amending the law relating to Municipalities and to make better provision for the organisation and administration of Municipalities.

The three tier of ULBs in Chhattisgarh are Municipal Corporations, Municipal Councils and *Nagar Panchayats*. There were 12 Municipal Corporations, 44 Municipal Councils and 113 *Nagar Panchayats* in the State as of July 2014. Municipal Council, Bhilai-Charoda (Durg) and *Nagar Panchayat*, Sarangarh (Raigarh) was converted (June 2015 and October 2015) into Municipal Corporation and Municipal Council respectively. *Nagar Panchayat* Vishrampuri (Kondagaon) was de-constituted (September 2015) into four Gram Panchayats. Thus, there are 13 Municipal Corporations, 44 Municipal Councils and 111 Nagar Panchayats in the State as of November 2015.

The basic information about the State of Chhattisgarh is given in the **Table 4.1** below:

Table 4.1: Basic information about the State

Particulars	Unit	State figure	All India figure
Population	Crore	2.55	121.08
Share in country's population	*per cent*	2.11	100
Urban population	Crore	0.59	37.71
Share of urban population	*per cent*	23.14	31.14
Literacy rate	*per cent*	70.3	73
Urban Literacy rate	*per cent*	84	84.1
Sex ratio (female per thousand males)	Ratio	991/1000	943/1000
Urban Sex ratio (female per thousand males)	Ratio	956/1000	929/1000
Municipal Corporations	Number	13	139
Municipal Councils	Number	44	1595
Nagar Panchayats	Number	111	2108

Source: Census 2011 final figures, 13th Finance Commission Report and information provided by Urban and Administration Development Department Raipur

The last elections for the ULBs were held in December 2014. The total urban population under 168 ULBs of the State was 59 lakh as per Census 2011 which was 23.14 *per cent* of the total population of the State. The population-wise classifications of ULBs are given in the **Table 4.2** below:

Table 4.2: Population-wise classification of Urban Local Bodies

S. No.	Population	No. of Municipal Corporations	No. of Municipal Councils	No. of Nagar Panchayats
1	Below 5,000	Nil	01	10
2	5,001 to 10,000	Nil	Nil	65
3	10,001 to 20,000	Nil	10	36
4	20,001 to 50,000	Nil	31	Nil
5	50,001 to 1,00,000	04	02	Nil
6	Above 1,00,000	09	Nil	Nil
Total		**13**	**44**	**111**

Source: Data provided by UADD Raipur as per Census 2011 and compiled by audit

4.1.2 Criteria for up-gradation of ULBs

As per MP/CG Municipal Corporation Act 1956 and MP/CG Municipalities Act 1961, a Municipal Corporation/Municipal Council/Nagar Panchayat shall be constituted under such specification as Governor may deem fit having regard to the population of the area, the density of the population therein, the revenue generated for local administration, the percentage of employment in non-agricultural activities, the economic importance or such other factors.

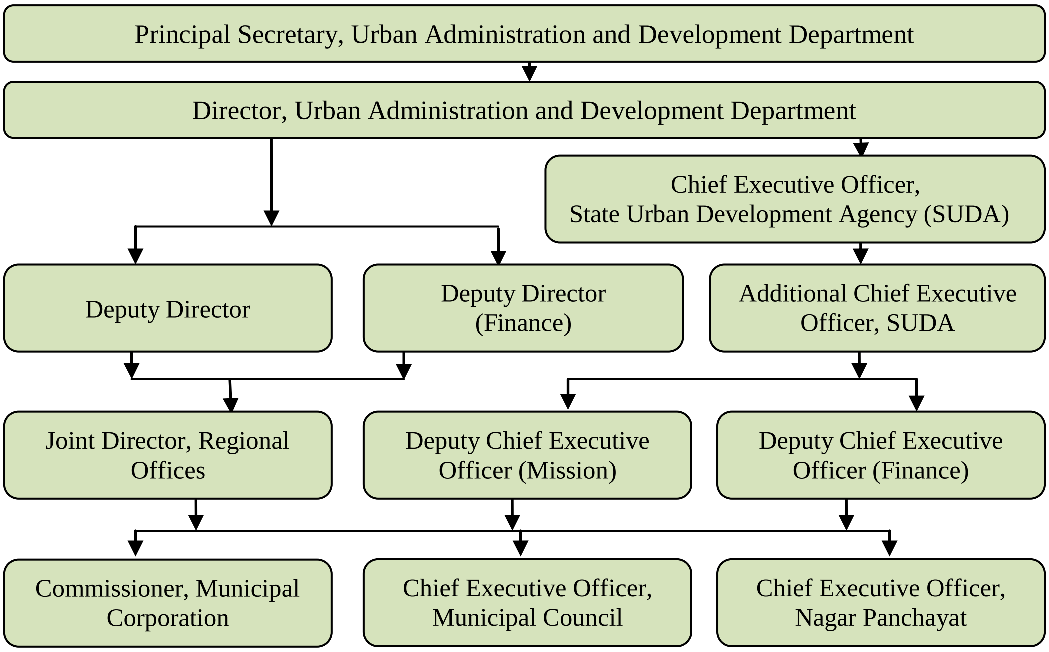
As per State Government notification (February 2003), there should be one lakh or more population for Municipal Corporations, 20,000 to one lakh for Municipal Councils and 5,000 to 20,000 for Nagar Panchayats.

Scrutiny of records revealed that the State Government has taken the projected population of the area as the only criterion for declaring an area as an ULB. In respect of other factors such as density of population, occupation, revenue etc. the Government makes some projection and estimation in the proposal. However, no threshold limit regarding these have been fixed. Even the population criteria is not strictly followed as there are 11 ULBs which have population below 5,000 as required under the notification.

4.2 Organisational setup of ULBs

The Urban Administration and Development Department (UADD) is the administrative department for the various Municipal Corporations, Municipal Councils and Nagar Panchayats in the State. A Directorate has been established under UADD, with its regional offices at Raipur, Bilaspur, Ambikapur, Jagdalpur and Durg. State Urban Development Agency (SUDA), constituted (June 2001) under UADD, is responsible for implementation and monitoring of poverty alleviation programmes in the urban areas of the State. For the management of urban administration and fulfillment of responsibilities, each ULB has an elected Municipal Corporation/Municipal Council/Nagar Panchayat. The administrative structure of the UADD is given below:

Organisational Chart of ULBs



4.3 Functioning of ULBs

Article 243X of the Constitution of India envisages that State Legislature may, by law, vest power in ULBs to impose various taxes for revenue collection. This constitutional provision has been incorporated in Clause 132 of Chhattisgarh Municipal Corporation Act, 1956 and Clause 127 of Chhattisgarh Municipalities Act, 1961. ULBs receive funds on monthly basis under *Chungi* Compensation Grant and Passenger Tax Special Grant by the State Government. In addition to this, at the ULBs level various types of taxes have been imposed including Property tax, *Samekit Kar*, Water tax, Market fee, Export tax etc. In urban areas, the process of self-assessment of the property tax has been enforced by the Government to reduce the difficulties for assessment and collection of Property tax.

4.3.1 Municipal Corporation

According to section 9 of Chhattisgarh Municipal Corporation Act, 1956, a Municipal Corporation shall consist of a Mayor and councillors directly elected from the Municipal Corporation area. Under section 37 of the said Act there shall be a Mayor-in-Council for every Municipal Corporation constituted by the Mayor from amongst the elected councillors to discharge the functions and conduct of business of the Mayor-in-Council as may be prescribed.

According to section 25 of Chhattisgarh Municipal Corporation Act, 1956, the Mayor shall have administrative control over the officers and staff of his office and exercise such powers and perform such functions as described in the Act and Rule made there under.

The Commissioner of a Corporation shall be appointed by the State Government who is the Principal Executive Officer of the Corporation and shall have the right to speak at, and otherwise take part in any meeting of the Corporation or any committee thereof, but shall not be entitled to vote or to move any proposition. The office of the Commissioner shall have the administrative staff for the functions and duties as prescribed under the rules.

Commissioner shall perform all the duties imposed or conferred upon him by this Act and exercise supervision and control over the acts and proceedings of all municipal officers.

4.3.2 Municipal Council and Nagar Panchayat

As per Section 19 of Chhattisgarh Municipalties Act, 1961, a Municipal Council, for a smaller urban area and Nagar Panchayat, for a transitional urban area, shall have a President and councillors elected from the respective areas by direct election. Under Section 70 of the Act, there shall be a President-in-Council (PIC) for every Municipal Council/Nagar Panchayat which shall be constituted by the President from amongst the elected councillors to discharge the functions and conduct of business of the PIC as may be prescribed.

The President of the Municipal Council/Nagar Panchayat who is the President of PIC, shall preside over all meetings, watch over the financial and executive administration and perform such executive functions as may be allotted under the said Act.

As per Section 87 of the Act, the Chief Municipal Officer of a Council shall be appointed by the State Government, who shall be the Principal Executive Officer of the Municipal Council/Nagar Panchayat and shall have administrative control over the officers and staff of his office and exercise such powers and perform such functions as described in the Act and Rule made there under.

Under section 92 of the Act, Chief Municipal Officer of a Municipal Council/Nagar Panchayat subject to the general control of the President, watch over the financial and executive administration of the Council and perform all the duties and exercise all the powers specially imposed or conferred upon him, by or delegated to him, under this Act.

The other responsibilities of the UADD is to oversee the works related to public health and hygiene in urban areas, supervision of development schemes in slum areas, implementation of special schemes for upliftment of urban poor and their supervision, provision of housing facilities to urban poor, administration of *Chungi* Compensation tax fund etc.

4.4 Audit arrangement

4.4.1 Primary Auditor

Director of Local Fund Audit (DLFA) is the Primary Auditor (Statutory Auditor) of accounts of Local Bodies. Chhattisgarh *Sthaniya Sampriksha Adhiniyam*, 1973 was enacted to make provision for, and to regulate audit of local funds under the management or control of local authorities in the State.

The number of outstanding audit observations of DLFA on ULBs was 60375 as of August 2015 pertaining to the period 2010-11 to 2014-15. Details of outstanding observations are shown in the **Table 4.3** below:

Table 4.3: Outstanding audit observations of DLFA

S. No.	Financial Year	Total No. of outstanding audit observations at the beginning	Observation taken during the year	No. of object-ions settled	No. of observation Outstanding
1	2010-11	48811	2114	35	50890
2	2011-12	50890	3037	295	53632
3	2012-13	53632	2497	128	56001
4	2013-14	56001	2731	541	58191
5	2014-15	58191	4112	1928	60375

Source: Information provided by Directorate, Local Fund Audit

On being pointed out regarding DLFA's outstanding audit observation, Department could not provide any reply.

The Audit Report of DLFA for the year ending March 2012 had been placed in the State Legislature in December 2014.

4.4.2 Audit by Comptroller and Auditor General of India

The Eleventh Finance Commission had recommended that the Comptroller and Auditor General (CAG) of India should be entrusted with the responsibility of exercising control and supervision over the proper maintenance of accounts and audit for all tiers of panchayats. The Thirteenth Finance Commission had also recommended that the CAG must be entrusted with Technical Guidance and Supervision (TGS) over the audit of all the Local Bodies (LBs) at every tier and his Annual Technical Inspection Report as well as Annual Report of Director of Local Fund Audit (DLFA) must be placed before the State Legislature. Fourteenth Finance Commission had also recommended that the initiatives made by the previous Finance Commissions regarding improvement in maintenance of accounts of LBs and their audit and TGS arrangement by the CAG should be continued.

The Comptroller and Auditor General of India was entrusted (October 2011) the audit of LBs by the Government of Chhattisgarh under sub-section (1) of section 20 of the CAG's (Duties, Powers and Conditions of Service) Act 1971. The entrustment read with Regulation 152 of the Regulations on Audit and Accounts, 2007 provides for suitable Technical Guidance and Supervision to the Primary Auditor of LBs viz. the DLFA for the purpose of strengthening Public Finance Management and Accountability in LBs.

The DLFA shall prepare an annual Audit Plan, follow the audit methodology and procedure as per the statutes, forward the copies of Inspection Reports (IRs) to AG (Audit) and follow other conditions as prescribed in Regulation

152 of Regulations on Audit and Accounts, 2007.

The Office of the Accountant General (Audit), Chhattisgarh organised four[1] training programmes on efficacy of TGS for conducting of audit of PRIs and ULBs, preparation of Audit Plan and audit methodology for the staff of the DLFA. DLFA had started forwarding copies of Inspection Reports (IRs) to AG (Audit) from June 2014. AG (Audit) has received 764 IRs till November 2015. Further, a joint meeting between DLFA and AG (Audit) was held (October 2015) to discuss various issues under TGS. The Audit Report of DLFA for the year ending March 2012 and the ATIR of the CAG for the year 2013-14 have been placed in the State Legislature in December 2014 and July 2015 respectively.

4.5 Response to Audit observations

The number of outstanding observations of AG's Inspection Reports was 365 as of March 2015. As the audit was entrusted only in October 2011, AG had audited 30 units[2] of ULBs since 2012-13. Among them, four paragraphs were settled and remaining 361 numbers of paragraphs are pending as of November 2015.

Accountability Mechanism and Financial Reporting issues

Accountability Mechanism

4.6 Ombudsman

Para 10.66 of the Thirteenth Finance Commission provides for constituting a separate ombudsman for local bodies by amending the respective State Panchayat and Municipal Acts.

Governor of Chhattisgarh promulgated an ordinance 'Chhattisgarh *Lok Aayog Adhyadesh*, 2002' to make provisions for appointment and functions of certain authorities for the inquiry into the allegations against Ministers, Parliamentary Secretaries, Public servants etc. and for the matters connected therewith. A Gazette notification in this regard was published in November 2002.

It was observed that the local bodies had also been brought under the ambit of 'Lok Ayog'.

4.7 Appointment of Chief Accounts Officer

Chhattisgarh Municipalities Act, 1961, Section 94 provides for appointment of Accounts Officer in every Council having an annual income of ₹ five lakh or more.

In the existing arrangement officials are deployed as Accounts Officers in Urban Local Bodies to discharge the duties of accounting management.

[1] July 2013, May 2014, November 2014 and March 2015
[2] 2012-13 (22 units), 2013-14 (06 units) and 2014-15 (02 units)

4.8 Financial Reporting Issues

4.8.1 Sources of revenue

There are mainly two sources of revenue for local bodies viz. Government grants and own revenues. Government grants comprise of funds released by the State Government and Government of India (GoI) on the recommendation of State/Central Finance Commission and funds received for implementation of various schemes. Own revenue sources of ULBs comprise of tax and non-tax revenues realised by them. ULBs earn revenue from their own resources through various nature of taxes, rent, fees, issue of licenses etc. The ULBs also obtain loans for implementation of various schemes relating to urban development. The details of revenue resources of ULBs in the State for the last five years are given in the **Table 4.4** below:

Table 4.4: Revenue resources of Urban Local Bodies

(₹ in crore)

S. No.	Year	Grant		Own Revenue Collection (Percentage)	Total
		Plan	Non-Plan		
1	2010-11	515.06	734.98	217.61 (15)	1467.65
2	2011-12	668.09	780.55	320.16 (18)	1768.80
3	2012-13	1201.38	989.84	334.46 (13)	2525.68
4	2013-14	1434.26	1139.21	379.60 (13)	2953.07
5	2014-15	1171.90	1212.13	466.00 (16)	2850.03
Total		**4990.69**	**4856.71**	**1717.83 (15)**	**11565.23**

Source:- Information provided by UADD

It may be seen from **Table 4.4** that the share of own revenue in the total resources of the ULBs varied between 13 to 18 *per cent* during 2010-11 to 2014-15. Audit observed that the records of own revenue are not properly maintained by the ULBs. The information of revenue collected by ULBs are forwarded to the Directorate office, where it is compiled. However, it was seen from the figures of own revenue made available to audit that the closing balance of outstanding revenue of the preceding year did not match with the opening balance of the successive year in case of all the ULBs. Thus, due to improper maintenance of records and poor Management Information System (MIS), the UADD did not exercise effective control over estimation and collection of the own revenue of the ULBs. Moreover, since the Accrual Accounting Software is not operational in any ULB, the UADD did not keep the consolidated revenue figures online for planning purposes.

On being pointed out, Deputy Director UADD stated (November 2015) that necessary action has been taken to obtain the corrected figures from the ULBs and the information would be provided after compilation.

4.8.2 Budgetary Allocation and Expenditure

Funds (share of tax revenue of the State, schemes funds and grants etc.) allocated to ULBs by the State Government through budget including State share of the GoI schemes and grants recommended by Thirteenth Finance Commission (TFC) are given in the **Table 4.5** below:

Table 4.5: Details of allocation and expenditure of funds

(₹ in crore)

S. No.	Year	Budgetary Allocation			Expenditure			Savings	Percentage of Savings
		Plan	Non-Plan	Total	Plan	Non-Plan	Total		
1	2010-11	515.06	734.98	1250.04	291.91	711.71	1003.62	246.42	20
2	2011-12	668.09	780.55	1448.64	392.77	744.41	1137.18	311.46	22
3	2012-13	1201.38	989.84	2191.22	924.43	925.65	1850.08	341.14	16
4	2013-14	1434.26	1139.21	2573.47	672.83	1087.82	1760.65	812.82	32
5	2014-15	1171.90	1212.13	2384.03	589.28	1015.05	1604.33	779.70	33
Total		**4990.69**	**4856.71**	**9847.40**	**2871.22**	**4484.64**	**7355.86**	**2491.54**	

Source:- Information provided by UADD

The above table indicates that the budget allocation increased by 91 *per cent* for ULBs during the year 2014-15 as compared to the year 2010-11. However, ULBs could not spend the entire budgetary allocation and savings ranged from 16 to 33 *per cent* during the period 2010-15 mainly due to considerable unspent balances in the Plan Head.

4.8.3 Chhattisgarh Infrastructure Development Fund

Chhattisgarh Urban Development Fund Rules 2003 had been framed and implemented for the systematic development of urban local bodies in the State. Two types of accounts are maintained under this fund viz. Devolution Account and Infrastructure Account. Devolution account includes the grants received under regular *Chungi* Compensation, Passenger Tax, Registration fee, Bar license fee and other compensation grants, which are utilised by the ULBs as per its discretion. The Infrastructure Account consists of the funds received in accordance with the recommendations of State Finance Commission (SFC) and funds received for items like repair and maintenance of roads etc. These funds are utilised for purposes like road repair works, schemes related to drinking water, reforms of Fire Brigade service, any special scheme of the State Government, Solid Waste Management and development of basic amenities. The allocation and expenditure of funds under the Chhattisgarh Infrastructure Development Fund during 2010-11 to 2014-15 is given in the **Table 4.6** below:

Table 4.6: Details of allocation/expenditure of funds

(₹ in crore)

S. No.	Financial Year	Devolution Account	Infrastructure Account	Total
1	2010-11	205.32	606.17	811.49
2	2011-12	222.77	595.96	818.73
3	2012-13	255.03	1315.44	1570.47
4	2013-14	280.04	1102.65	1382.69
5	2014-15	295.59	1050.20	1345.79
Total		**1258.75**	**4670.42**	**5929.17**

Source:- Information provided by UADD

Department stated that the allocation is taken as expenditure after grants are released to ULBs.

4.8.4 Thirteenth Finance Commission Grants

The Government of India (GoI) released an amount of ₹ 355.37 crore during 2010-11 to 2014-15 as per recommendations of the Thirteenth Finance Commission (ThFC) of which ₹ 209.07 crore (59 *per cent*) had been spent as of March 2015. The details of allotment and expenditure of ThFC grant for the last five years are given in the **Table 4.7** below:

Table 4.7: Details of allocation and expenditure of ThFC grant

(₹ in crore)

S. No.	Year	Allocation			Expenditure
		Basic Grant	Performance Grant	Total	
1	2010-11	42.57	00	42.57	1.95
2	2011-12	49.14	24.44	73.58	18.12
3	2012-13	55.29	51.59	106.88	30.52
4	2013-14	63.78	9.37	73.15	89.13
5	2014-15	38.51	20.68	59.19	69.35
Total		**249.29**	**106.08**	**355.37**	**209.07**

Source:- Information provided by UADD

Of the Performance Grant of ₹ 106.08 crore, an amount of ₹ 30.74 crore[3] released during 2011-12 to 2014-15 was the Performance Grants of the non-performing States forfeited and released to the better performing State.

4.8.5 Adoption of Budget and Accounting formats

Consequent upon adoption of the budget and accounting format for ULBs as prescribed by the Task Force constituted by Government of India in consultation with the Comptroller and Auditor General of India (CAG), the UADD Chhattisgarh initiated (July 2010) the process of accrual accounting system in five modules. These are Double Entry Accounting Software, Budget Monitoring System, Fixed Asset Register System, Payroll Management System, and Online Grievance Redressal Tracing System.

Further, it was revealed that Income and Expenditure account, Receipt and Payment Account and Balance sheet comprising all schedules for the financial year 2008-11 was completed in June 2014. Department informed that all the Municipal Corporations, 37 out of the 44 Municipal Councils and 61 out of the 111 *Nagar Panchayats* and 20 administrative offices of the UADD had implemented the accrual system of accounting. However, the department had engaged a private agency for switching over to accrual accounting system, which was completed by 2010-11 only. The accounts in accrual accounting system from the year 2011-12 had not been completed in the above mentioned 131 offices[4]. In the remaining 57 ULBs, it had not been initiated since 2008-09.

The implementation of accrual accounting system was test checked (November 2015) in six ULBs[5]. Commissioner, Municipal Corporation Raipur informed that the accounting system software had not been used while Commissioners, Municipal Corporation Bilaspur, Durg and Bhilai-Charoda stated that currently this software was not in use. Further, Chief Municipal Officer (CMO), Municipal Council Arang replied that accrual system was not in use and currently accounting was being done in single entry system. However, CMO, Municipal Council Takhatpur informed that the requisite

3 2011-12 - ₹ 7.67 crore, 2012-13 - ₹ 13.70 crore, 2014-15 - ₹ 9.37 crore

4 111 ULBs and 20 administrative offices

5 Municipal Corporation Raipur, Bilaspur, Durg, Bhilai-Charoda, Municipal Council Arang and Takhatpur

software was not available.

4.8.6 Position of outstanding loans

State Government gives loans to ULBs for various development works. As per information provided by UADD, ₹ 568.18 crore loans was outstanding against various ULBs as on 1 April 2014. The repayment of principal of ₹ 47.06 crore and interest of ₹ 25.40 crore was made during the year 2014-15. However, an amount of ₹ 1.80 crore was provided as loan to the ULBs in the year 2014-15. Thus, the total outstanding loans as on 31 March 2015 stood at ₹ 498.18 crore as shown in the **Table 4.8** below:

Table 4.8: Details of outstanding loans

(₹ in crore)

S. No	Name of ULBs	Balance as on 01 April 2014 (Principal+ Interest)	Fresh loan with interest during 2014-15	Repayment during 2014-15		Outstanding as on 31 March 2015
				Principal	Interest	
1	MC Raipur	27.16	-	6.89	1.75	18.52
2	MC Ambikapur	0.15	-	0.15	-	-
3	MC Jagdalpur	1.36	-	0.37	0.09	0.90
4	MC Bilaspur	191.02	-	0.30	1.54	189.18
5	MC Durg	0.99	-	0.80	0.05	0.14
6	MC Rajnandgaon	0.81	-	0.66	0.04	0.11
7	Other ULBs	346.69	2.46[6]	37.89	21.93	289.33
	Total	**568.18**	**2.46**	**47.06**	**25.40**	**498.18**

Source:- Information provided by UADD

The accumulation of interest on the loans may have adverse affect on the finances of the ULBs.

6 Principal - ₹ 180,28,000 and Interest - ₹ 65,57,683

CHAPTER V

URBAN ADMINISTRATION AND DEVELOPMENT DEPARTMENT

5.1 *Swarna Jayanti Shahri Rojgar Yojna*

5.1.1 Introduction

Government of India (GoI), launched (December 1997) *'Swarna Jayanti Shahri Rojgar Yojna'* (SJSRY) 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. The guidelines of programme were revised (April 2009) to overcome the difficulties faced by the State and to address drawbacks in its implementation. The SJSRY consisted of five components namely Urban Self Employment Programme (USEP), Urban Women Self-help Programme (UWSP), Skill Training for Employment Promotion amongst Urban Poor (STEP-UP), Urban Wage Employment Programme (UWEP) and Urban Community Development Network (UCDN).

The main objectives of the revised SJSRY guidelines were:

- Addressing urban poverty alleviation through gainful employment to urban unemployed/underemployed poor by encouraging them to set up self employment ventures with support for their sustainability;
- Supporting skill development and training programmes to enable the urban poor have access to employment opportunities opened up by the market or undertake self-employment; and
- Empowering the community to tackle the issues of urban poverty through suitable self-managed community structures.

SJSRY is a centrally sponsored scheme with funding pattern of 75:25 between Centre and State.

SJSRY was functional in all the 169 Urban Local Bodies (ULBs) till 2013-14. However, Government of India introduced National Urban Livelihood Mission (NULM) in September 2013 to replace SJSRY but allocations under NULM was provided only in 2014-15 and implemented in 28 ULBs. During 2014-15, GoI did not release funds for SJSRY but the scheme was functional in 141 ULBs with the available funds.

5.1.2 Organisational set-up

The State Urban Development Authority (SUDA) headed by the Principal Secretary (PS), Government of Chhattisgarh (GoCG), Urban Administration and Development Department (UADD) is responsible for implementation of SJSRY at State level. The District Urban Development Authority (DUDA) headed by District Collector implements the SJSRY in ULBs. The scheme is executed by the Municipal Corporations/Councils and Nagar Panchayats. An organogram is given in **Appendix 5.1.1**.

5.1.3 Objectives of audit

The audit objectives were to assess whether:

- Financial management of the scheme was sound and funds were released adequately and timely and were utilised as envisaged;
- Planning was adequate, proper surveys for identification of beneficiaries were conducted and urban community development network was strengthened for efficient implementation of the scheme;
- Financial assistance through loans and subsidy under self-employment programme was provided to targeted eligible beneficiaries as per Government approved norms and women groups were adequately covered;
- Skill training was imparted to all eligible identified beneficiaries through engaging adequate institutions in tune with the emerging market opportunities and providing placements to trained beneficiaries were effective; and
- Effective information, education and communication, monitoring and evaluation mechanism were in place.

5.1.4 Audit criteria

The sources of audit criteria were as under:

- Guidelines of SJSRY;
- Instructions/circulars issued by GoI, GoCG, SUDA and DUDA;
- Financial Rules etc.

5.1.5 Scope and Methodology of Audit

An entry conference was held (August 2015) with the Principal Secretary, GoCG, UADD wherein the audit objectives, scope and methodology of audit was discussed. Audit was conducted in SUDA and DUDAs of selected seven districts[1] out of 27 districts between June and August 2015 and covered the period 2010-15. The State has 13 Municipal Corporations, 44 Municipal Councils and 111 Nagar Panchayats. In the selected districts all the eight Municipal Corporations, 10 Municipal Councils and 23 Nagar Panchayats were covered. The exit conference was held with the Principal Secretary, UADD on 30 December 2015 wherein facts, figures and recommendations made by audit were accepted. The results of exit conference and replies (December 2015) of GoCG have been suitably incorporated.

Audit findings

5.1.6 Financial management

As per Para 3 of SJSRY guidelines, funding was to be shared between GoI and GoCG in the ratio of 75:25. GoI was to release subsequent instalments only after submission of Utilisation Certificates (UCs) by SUDA and in tune with the matching share released by the GoCG.

5.1.6.1 Utilisation and blockage of funds

(i) During the years 2010-15, total availability of fund under the scheme was ₹ 99.53 crore. No Central share was released during 2014-15 and only ₹ 0.54

[1] Bastar, Durg, Mungeli, Korba, Raigarh, Surguja and Korea.

crore being the State share of previous year 2013-14 was released. Details are indicated in **Table 5.1.1** below:

Table 5.1.1: Status of fund availability and expenditure during 2010-15

(₹in crore)

Year	OB	Releases			Total Receipts	Total availability	Expenditure *(per cent)*	CB
		Centre	State	Interest				
2010-11	8.99	15.46	1.90	0.29	26.64*	26.64	12.16(46)	14.48
2011-12	14.48	13.43	7.88	0.93	22.24	36.72	20.22(55)	16.50
2012-13	16.50	19.29	4.18	1.02	24.49	40.99	22.02(54)	18.97
2013-14	18.97	16.34	7.15	1.22	24.71	43.68	23.26(53)	20.42
2014-15	20.42	0	0.54	0.91	1.45	21.87	13.18(60)	8.69
Total		**64.52**	**21.65**	**4.37**	**99.53**		**90.84**	

Source:-CA Reports and financial data provided by the SUDA for the period from 2010-15.

* Total receipts ₹ 17.65 crore plus opening balance of year 2010-11 was ₹ 8.99 crore

From the above table, it could be seen that during 2010-15, against the availability of fund for each year, expenditure incurred ranged between 46 and 60 *per cent*. However, in test checked districts, the expenditure ranged between five and 98 *per cent* (**Appendix 5.1.2)**. The low utilisation of available funds was mainly due to delayed allocation of physical and financial targets by GoI and release of matching share by State Government at the fag end of financial year.

(ii) As per guidelines, Central funds would be released only after submission of UCs and release of matching State shares for the past releases. Scrutiny of records revealed that:

During 2010-15 against the available funds of ₹ 99.53 crore, ₹ 37.79 crore (44 *per cent*) could not be utilised and was laying in bank accounts of SUDA and DUDAs

SUDA had issued UCs in respect of Central shares aggregating ₹ 64.52 crore to GoI during 2010-15. This amount included the unspent amount of ₹ 37.79[2] crore lying in bank accounts of SUDA/DUDAs as on 31 March 2015 **(Appendix 5.1.3)** and ₹ 3.78 crore[3] kept in Fixed Deposit (FD).

Further, during the period 2010-15 advances totalling ₹ 3.56 lakh[4] given to staff out of SJSRY fund was pending for adjustment till December 2015. Adjustment of advances seems remote as temporary staff had already left their jobs.

The foregoing indicated that the UC given to the GoI was overstated by ₹ 37.79 crore which remained blocked in the bank accounts and as FDs/unadjusted advances.

In the exit conference, Government accepted (December 2015) the facts and replied that the progress of fund utilisation was not as expected due to elections and delay in sanction of loan to the beneficairies by the banks. Fact remains that elections were for a very short period and can not be construed as ground for low utilisation of fund for a span of five years. Further, Government had not mentioned any roadmap to coordinate with the banks to support the cause of the Government to speed up the sanction of loan to SJSRY beneficiaries.

5.1.6.2 Delay in allocation of Central and State funds

Effective implementation of the scheme depends on timely release of funds.

2 SUDA-₹ 8.69 crore; Test checked 7 districts-₹ 7.15 crore; Other 18 districts-₹ 21.95 crore

3 SUDA ₹ 1.20 crore, DUDA, Durg ₹ 2.10 crore and DUDA, Surguja ₹ 0.48 crore

4 Korea ₹ 1.23 lakh, Surguja ₹ 0.81 lakh, SUDA ₹ 1.52 lakh

Central share and matching State share was received after delay of 36 to 364 days resulting in low utilization of funds

Scrutiny of records in SUDA revealed that during the years 2010-14 Central share was received after delay of 36 to 102 days **(Appendix 5.1.4**). During the same period, the State share was received after delay of 59 to 364 days **(Appendix 5.1.5).** The State share of ₹ 0.54 crore for 2013-14 was released (August 2014) after delay of 16 months. Delayed allocation of funds had also resulted in blockage of funds as discussed in paragraph 5.1.6.1 (ii).

It was observed that SUDA could not ensure timely submission of physical/financial progress and utilisation certificates (UCs) of previous year to the GoI which delayed the allocation from the centre as well as release of matching share by the State.

In the exit conference, Government accepted (December 2015) the facts and replied that low utilisation was mainly due to delayed allocation of physical and financial targets by the GoI which subsequently delayed the release of matching share by the State.

5.1.6.3 Diversion of funds totalling ₹ 3.63 crore to other scheme

SJSRY guidelines provides for release of funds to the States as a whole without segregating into components, thereby giving flexibility in utilising the funds. The scheme, however, did not permit for diversion of funds to other schemes.

Scrutiny of records in SUDA revealed that during 2010-15, funds aggregating ₹ 3.63 crore[5] were diverted to non-SJSRY schemes by SUDA for a period ranging from 21 to 60 months which remained unadjusted (December 2015).

In the exit conference, Government replied (December 2015) that funds were transferred to other agencies for conducting skill training under SJSRY.

Reply was not acceptable as funds were diverted to schemes like Integrated Housing and Slum Development Programme (IHSDP), *Shahri Nirdhan Awas Yojna* and *Janshakti Niwaran Pranali* which were entirely different from SJSRY.

Recommendation

We recommend that UCs should be furnished based on actual expenditure rather than based on the release of funds by the SUDA to Implementing Agencies. Further, the scheme fund should be utilised on the scheme only.

5.1.7 Planning

Identification of beneficiaries and slum clusters through household, slum and livelihood surveys and preparation of Urban Poverty Reduction Strategy, Slum Development Plan and community level micro plans and mini plans were essential for effective implementation of the scheme. The surveys were to be conducted by ULBs through their Urban Poverty Alleviation (UPA) Cell. Community structures like Neighbourhood Groups (NHGs), Neighbourhood Committees (NHCs) and Community Development Societies (CDSs) were to be involved in the task of identification of beneficiaries under the guidance of UPA cell. Following shortcomings were noticed in audit:

[5] IHSDP (₹ 0.34 crore), *Shahari Nirdhan Aawas* (₹ 0.61 crore), Chhattisgarh Nirman Academy (₹ 2 crore), Apparel training and Design (₹ 0.62 crore) and *Jan Shakti Niwaran Pranali* (₹ 0.06 crore)

5.1.7.1 Survey for identification of beneficiaries not conducted

As per SJSRY guideline, a house to house survey for the identification of genuine beneficiaries was to be conducted by the ULBs. In addition to the economic criteria of Urban Poverty Line, non-economic parameters like roof/floor of dwelling units, access to water, sanitation, education level, type of employment etc. were also to be applied to identify the urban poor.

House to house survey for identification of beneficiaries was not conducted by the ULBs

Scrutiny of records in test checked districts revealed that during 2010-15, house to house survey was not conducted to identify the genuine beneficiaries and selection was made on the basis of BPL list (2007-08). Thus, the scheme guidelines regarding selection of beneficiaries were not followed.

In the exit conference, Government stated (December 2015) that priority was given to existing BPL families due to their large size (5.83 lakh in ULBs).

However, selection of beneficiaries only on the basis of BPL list did not include needy beneficiaries of non-BPL families and thus a violation of the scheme guideline.

5.1.7.2 Non preparation of Plans

Paragraph 8.5 of the scheme guidelines envisaged preparation of mini-plans at community level, slum development plan and community level micro-plans at district and Urban Poverty Reduction Strategy (Perspective Plan) at SUDA level for overall development of slums in the State.

Urban Poverty Reduction Strategy and slum Development plans were not prepared by SUDA and DUDAs respectively

We observed in SUDA and test checked DUDAs that the mini-plans at community level, slum development plan and community level micro-plans at district and Urban Poverty Reduction Strategy (Perspective Plan) at SUDA level were not prepared during 2010-15. The scheme was implemented as per physical and financial targets provided by the GoI. The basis of fixing targets was not found on record.

In the exit conference, Government stated (December 2015) that GoI had allocated targets to the State and these targets were bifurcated and distributed by SUDA as per BPL population. Fact remains that reply did not address the actual reason for non preparation of plan.

Recommendation

We recommend that adequate planning and survey for identifying the beneficiaries may be ensured for proper implementation of the scheme.

5.1.8 Component wise performance

We reviewed the performance of all the five components of the scheme and the findings are discussed in the following paragraphs.

5.1.8.1 Urban Self Employment Programme (USEP)

Urban Self Employment Programme (USEP) focuses on providing assistance to individual urban poor beneficiaries for setting up gainful self-employment ventures (micro enterprises), providing handholding support for self employement and setting up their own micro enterprises. The maximum project cost under USEP shall be ₹ two lakh. Out of that, 25 *per cent* subject to a maximum of ₹ 50,000 would be in the form of grant or subsidy from Government, five *per cent* as beneficiary contribution and remaining 70 *per cent* shall be met from bank loans. We noticed the following shortcomings:

(i) Non-achievement of beneficiary coverage targets

For the purpose of self-employment, a group of people will be encouraged for setting up of enterprises like manufacturing washing powder, agarbatti, bangles etc. Under this component, GoI provides the physical and financial targets to the State. These targets were enhanced by 20 *per cent* by GoCG and provided to the districts. The State Government did not fix any criteria for fixing targets for the districts.

The target of beneficiaries fixed by GoCG for micro entrepreneurship was 12,353, with subsidy of ₹ 25.34 crore during 2010-15. Against this target, a total of 29,351 applications were submitted to the Banks out of which only 10,938 beneficiaries (37 *per cent*) were granted loan which was 89 *per cent* of the target (**Appendix 5.1.6)**.

In selected districts, against the target of providing subsidy of ₹ 12.63 crore covering 5,297 beneficiaries, only 4,456 (84 *per cent*) beneficiaries could be covered and subsidy aggregating ₹ 12.92 crore were released **(Appendix 5.1.7).** Further, against the required 30 *per cent* coverage of women beneficiaries as per guidelines, only 19-27 *per cent* coverage was observed in the State and in the selected districts, it was 18-27 *per cent.*

In the exit conference, Government accepted (December 2015) the facts and replied that due to non co-operation of banks, the disburshment of subsidy was low. It was further stated that coverage of women was low due to lack of awareness, tribal dominant districts and shortage of women entrepreneurs in the society. Fact remains that Government had not mentioned any roadmap either to coordinate with the banks to support the cause of the Government to sanction loan to beneficiaries or to encourage women to register as entrepreneur under the scheme.

(ii) Selection of beneficiaries on the basis of repayment capacity

As per the scheme guideline (4.2.5), economic criteria and non economic parameters like type of roof/floor of house, sanitation, education, type of employment etc. were to be considered for identification of poorest of the poor amongst the beneficiaries. As per instructions (July 2010) by SUDA, a Task Force Committee (TFC) at district level consisting of Assistant Project Officer, Community Organisers (CO) and representative of banks was to be constituted for scrutiny of applications and recommending the cases to banks.

Banks provided loans for setting up micro businesses to those beneficiaries who already had own businesses and posses the capacity to repay the loans

During audit in selected districts and field survey of 52 beneficiaries, it was observed that selection of beneficiaries was entirely at the discretion of the banks. It was further observed that banks provided loans to those beneficiaries who already had own businesses and had the capacity to repay the loan.

In the surveyed 52 cases, banks provided loans to only three fresh beneficiaries while 49 cases pertained to grant of loan to entrepreneurs with existing businesses. Even after recommendations of the TFC, where the banks were also represented, only 37 *per cent* of beneficiaries got the loan. This shows that the recommendations of the TFCs regarding selection of beneficiary were not acted upon by the banks.

During the exit conference, Government replied (December 2015) that the banks, based on their past experience with micro entrepreneurs, might have extended the loan to existing entrepreneurs only for avoiding the risk of increase in Non Performing Assets (NPA).

Reply is not acceptable as extension of scheme benefits only to existing entrepreneurs may deprive the benefits of the scheme to the actual needy beneficiaries.

(iii) Non-providing of training to the beneficiaries under USEP

As per clause 4.2.4 of guidelines, where the identified activity for micro-enterprise development required skill training such as repairing of radio/TV/refrigerator/diesel engine etc. the same has to be provided to the beneficiaries before extending financial support.

Scrutiny of records of selected districts revealed that during 2010-15, a total of 4,456 beneficiaries were provided subsidy aggregating ₹ 12.92 crore under USEP. However, no training was provided to any of the beneficiaries.

SUDA neither prescribed any agency for imparting training nor any guidelines were provided to the ULBs regarding the duration of training, payment of fees etc.

In the exit conference, Government accepted (December 2015) the facts and replied that most of the beneficiaries applied for micro business like grocery shop, masala udyog etc. which did not require skill training.

The fact remains that SUDA did not even provide guidelines and instructions for such trainings.

(iv) Non-setting up of *Seva/Suvidha Kendras* by ULBs

The USEP guidelines (Para 4.2.11) provide for setting up of *Suvidha/Seva Kendras* by ULBs for Service sector with suitable logistics and space. Workers will register themselves with the *Kendras*, which could act as focal points for the servicing trades and facilitate jobs/assignments to the registered skilled workers on demand from the clients at the pre-decided rates for home visits.

It was, however observed that no such *Seva/Suvidha Kendras* at the ULBs were established in the selected districts. This indicated lack of initiative on the part of the Department to utilise the services of skilled beneficiaries to improve their livelihood.

During the exit conference, Government while accepting (December 2015) the facts stated that *Suvidha/Seva Kendras* were not set up due to non availability of suitable logistics and space. Fact remains that this was a violation of the USEP guidelines which articulated setting up these *Kendras*.

(v) Results of beneficiary survey

Audit conducted survey of 52 beneficiaries in six out of the selected seven districts for this component. The survey revealed that only six *per cent* beneficiaries' who were not involved in any existing business or occupation were covered under the scheme and 98 *per cent* of beneficiaries surveyed were not provided any kind of training.

5.1.8.2 Urban Women Self-help Programme (UWSP)

UWSP has two sub-components, one UWSP (Loan and Subsidy) where financial assistance is provided to Self-Help Groups (SHGs) of urban poor women for setting up gainful self-employment ventures and second, Revolving Fund (RF) which is provided to SHGs /Thrift and Credit Societies[6] (T&CSs) formed by the poor women.

- **UWSP (Loan/Subsidy)**

The scheme provides special incentive to urban poor women who set up self-employment ventures in groups (at least five urban poor women). The UWSP group shall be entitled for subsidy of ₹ three lakh or 35 *per cent* of project cost or ₹ 60,000 per member of the group whichever is less. The remaining amount will be mobilised as Bank Loan and margin money (five *per cent* of project cost as beneficiary contribution).

Against the target of 6096 Self Help Groups of women, only 973 were provided subsidy for setting up of self employment ventures

During 2010-15 under UWSP (loan/subsidy), 6,096 SHGs of urban poor women were to be provided subsidy totalling ₹ 15.93 crore. Against this, 1,696 cases were submitted to the banks by the DUDAs and out of this only 973 SHGs (16 *per cent* of target of 6,096) were provided subsidy totalling ₹ 6.31 crore **(Appendix 5.1.8).** In the test checked districts, 617 SHGs (23 *per cent*) out of 2,688 were provided subsidy worth ₹ 4.38 crore **(Appendix 5.1.9**).

In the exit conference, Government accepted (December 2015) the facts and replied that the bankers do not have experience in sanctioning group loans. Fact remains that Government had not mentioned any roadmap to coordinate with the banks to support the objective of the scheme in sanctioning group loans to SJSRY beneficiaries.

- **Revolving Fund under UWSP**

Under the sub-component, SHG shall be entitled for lump sum grant of ₹ 25,000 as Revolving Fund (RF) at a maximum of ₹ 2,000 per member only after one year of its formation. The fund is meant for SHGs for purchase of raw materials, marketing, infrastructure support and other group activities.

Against the target (2010-15) of covering 7,530 SHGs, only 2,479 SHGs (33 *per cent*) were covered (**Appendix 5.1.8)**. In the selected districts, only 969 SHGs (28 *per cent*) were covered against the target of covering 3,486 SHGs (**Appendix 5.1.9)**.

Scrutiny further revealed that during 2006-2014, 837[7] SHGs were formed in four of the selected seven districts but RF aggregating ₹ 2.09 crore[8] was not provided to them after completion of one year which adversely affected activities stipulated in the scheme.

We also noticed in DUDA, Korba that 347 SHGs were formed with 4,700 members. While these members deposited their own money aggregating ₹ 0.45 crore in banks for opening accounts and started internal financial activities, RF was not provided to them by DUDA even after completion of one year of their formation.

In the exit conference, Government replied (December 2015) that mere formation of SHG and opening of bank account did not make the groups

[6] T& CS is group of women engaging in mobilizing, savings and credit in addition to other entrepreneurial activities.

[7] Mungeli-58, Korba-347, Bastar-187 and Raigarh-245

[8] 837 x ₹ 25,000

eligible for RF. However, Government did not give any reasons for not providing RF to the SHGs despite fulfilling the criteria for RF.

5.1.8.3 Skill Training for Employment Promotion amongst Urban Poor (STEP-UP)

The SJSRY guidelines provide for STEP-UP component which intends to provide training to the urban poor in a variety of services, businesses and manufacturing for self employment ventures or secure salaried employment with enhanced remuneration. For skill training, institutions such as Industrial Training Institutes (ITIs)/Polytechnics and other suitable institutions run by Government, private or voluntary organisations could be utilised subject to verification of their brand image and quality of instructions being imparted.

During the period 2010-15, against the target of 74,790 beneficiaries in the State to be imparted skill training by incurring ₹ 27.54 crore, only 48,966 (65 *per cent*) beneficiaries were trained in various trades incurring expenditure of ₹ 14.36 crore (**Appendix 5.1.10)**. In the selected districts, the coverage was better and stood at 24,135 (91 *per cent*) against the target of 26,623 beneficiaries (**Appendix 5.1.11)**.

It was further noticed that till 2012-13 skill development trainings were provided through Government agencies alone and only after 2012-13, private agencies were engaged. Insufficient Vocational Training Providers (VTPs) and delayed engagement of private agencies were the major factors for non achievement of targets under STEP-UP component.

In the exit conference, Government stated (December 2015) that due to lack of clear directives, only Government agencies were engaged as VTPs prior to 2012-13. Reply was not acceptable as the engagement of private or voluntary organisations was already envisaged in the guidelines.

- **Absence of placements after completion of training**

GoCG approved (May 2012) imparting skill development courses through the VTPs where upto 85 *per cent* of training cost was to be released to VTPs by GoCG during various stages of training and remaining 15 *per cent* after placement.

Under STEP-UP component, 24,135 beneficiaries were trained in various trades by incurring expenditure of ₹ 6.94 crore but placement could not be provided

Scrutiny revealed that in the selected districts, 24,135 beneficiaries were provided training during 2010-15 through VTPs by incurring expenditure of ₹ 6.94 crore. However, the beneficiaries were neither provided any job placement nor any financial assistance for micro entrepreneurship. Thus, expenditure of ₹ 6.12 crore incurred on training did not fructify as the trainees could not find job placement. DUDA/SUDA also did not keep any record of placements provided by the VTPs.

During the exit conference, Government stated (December 2015) that the State being tribal dominant and about 10 districts affected by Left Wing Extremism (LWE), beneficiaries were not interested in migrating even to adjoining districts for jobs.

Fact remains that the constraints of tribal dominance and LWE were well known to Government and placements were to be provided agasint these odds. However, Government did not coordinate with the VTPs for providing placements to the trained people.

- **Excess payment of ₹ 0.26 crore due to payment at higher rates**

GoCG approved (May 2012) the rate of ₹ 15 per hour per trainee for skill development through the VTPs which was revised (September 2013) by GoI to ₹ 25 per hour and ₹ 20 per hour per trainee for trades as enlisted in Annexure-I and II respectively. Subsequently, GoCG also revised (November 2014) the rates at par with GoI rates.

We noticed that DUDA, Korea issued (July 2014) work orders to two VTPs for skill development of 750 beneficiaries at a cost of ₹ 0.75 crore[9]. The VTPs provided trainings and DUDA released payment for 85 *per cent* (₹ 63.75 lakh) of total cost. As the work orders were issued (July 2014) to VTPs before revision of rates by GoCG (November 2014), the payable rates were ₹ 15 per hour per trainee.

However, DUDA, Korea adopted revised rates with retrospective effect resulting in excess payment of ₹ 0.26 crore[10]. Incidentaly, in rest of the test checked districts, the payment was made at pre-revised rates.

In the exit conference, Government stated (December 2015) that excess payment made to VTPs would be recovered.

5.1.8.4 Urban Wage Employment Programme (UWEP)

Wage employment is to be provided to beneficiaries (BPL) under UWEP for construction of public assets like Community Centres, Roads etc. The guidelines provide that ratio of material to that of labour should be 60:40.

In the selected districts, we noticed that during 2010-15 wage employment of 3.29 lakh mandays were to be created by incurring expenditure of ₹ 4.99 crore including material cost. Against this, wage employment of only 0.37 lakh mandays (11 *per cent*) were actually created by incurring expenditure of ₹ 3.06 crore (**Appendix 5.1.12)**.

The selected districts have not kept segregated details of expenditure on material and labour components and hence the ratio could not be ascertained. However, as only 11 *per cent* mandays were created during the period 2010-15 even after spending 61 *per cent* of estimated cost, there was every possibility that substantial portion of expenditure had been incurred on material without ensuring the prescribed ratio. Hence, the purpose of creating wage employment was defeated.

We noticed wide variations in the percentage of coverage of beneficiaries under the UWEP in the selected districts. While Durg, Mungeli and Bastar, have registered nil coverage, Korba (zero-17 *per cent*), Raigarh (zero -99 *per cent*), Sarguja (zero-six *per cent*) and Korea (zero-59 *per cent*) witnessed low to moderate coverage during 2010-15.

During the exit conference, Government while accepting the facts stated (December 2015) that due to cost escalation of material components it was difficult to maintain the prescribed ratio. Fact remains that the ratio prescribed in the scheme was not followed.

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[9] 750 trainees x 400 hour x ₹ 25

[10] Paid amount ₹ 0.64 crore (85 *per cent* of 750 x 400 x ₹ 25) - payable amount ₹ 0.38 crore (85 *per cent* of 750 x 400 x ₹ 15)

5.1.8.5 Urban Community Development Network (UCDN)

As per the scheme guideline, SJSRY shall rest on the foundation of community development and empowerment. Further, it relies on establishing and nurturing community organisation and structures that facilitate sustainable urban poverty alleviation. Towards this end, Community Organisations like Neighbourhood Committees (NHCs), and Community Development Societies (CDSs) shall be set up in target areas.

During the period 2010-15, against the target of utilising fund of ₹ 5.67 crore on UCDN component by the State, ₹ six crore (106 *per cent*) was spent as detailed in **Appendix 5.1.13**. In the selected districts, ₹ 1.81 crore (77 *per cent*) out of ₹ 2.36 crore were incurred on engagement of Community Organisers and their activities (**Appendix 5.1.14**). The following irregularties were found in the arrangement:

- **Inadequate linkage between poor community and implementing agencies**

Clause 8.3 of the guidelines stipulates that at the community level, a Community Organiser (CO) may be engaged for about 2,000 identified families. The COs will be the main link between the urban poor community and the implementing machinery.

Under UCDN, only 114 Community Organisers were engaged against target of 292. Therefore, adequate linkage between poor community and implementing agencies could not be ensured

As per survey conducted by the State during the year 2007-08, the population of urban BPL families in the State was 5.83 lakh. Considering the available data of BPL families, 292 COs were required to be engaged by the State to link the urban poor community with the implementing machineries. However, only 114 COs (39 *per cent*) were engaged with the DUDAs as of March 2015. Inadequate number of COs had affected the achievement of the scheme as mentioned in the previous paragraphs.

In the exit conference, Government replied (December 2015) that instructions have been issued to DUDAs for filling up the vacant post of COs immediately.

5.1.8.6 Administration and Office Establishment (A&OE)

As per clause 9.1 of the guidelines, a sum equal to five *per cent* of the State allocation of SJSRY shall be utilized for administrative component. The allocation orders of GoI for the scheme indicated that for the calculation of A&OE expenditures, the total available funds (both Central and State share) shall be considered.

Scrutiny revealed that during the period 2010-15, the total allocation (Central and State share) was ₹ 86.17 crore and admissible fund for A&OE was ₹ 4.31 crore. However, SUDA had utilised fund aggregating ₹ 4.66 crore on A&OE which was in excess of permissible limit allocated under GoI orders by ₹ 35 lakh.

In the exit conference, Government replied (December 2015) that there was contradictory provision in the scheme guideline and allocation orders of GoI. The reply was not acceptable as excess expenditure was incurred over the permissible limits.

5.1.8.7 Information, Education and Communication (IEC)

As per scheme guidelines, three *per cent* of total allocation was to be utilized for Information, Education and Communication (IEC) activities including research and training, workshops, Slum/BPL/livelihoods survey etc.

During 2010-15, the SUDA received funds totalling ₹ 86.17 crore (Centre ₹ 64.52 crore, State ₹ 21.65 crore). A sum equal to ₹ 2.59 crore (three *per cent*) was to be allocated for IEC component. In the test checked districts we noticed that neither fund was provided to districts nor the State organized any IEC activities at the grass root level to create awareness. Thus, lack of IEC activity affected the proper implementation of the scheme.

In the exit conference, Government accepted (December 2015) the facts and replied that IEC component was managed centrally at SUDA level. However, Government did not give any reasons for not providing funds to the test checked districts.

Recommendation

We recommend that efforts should be made to achieve the targets of the scheme by co-ordination with Banks to bring maximum number of beneficiaries under the ambit of the scheme and extend the benefits of training and skill development for employment opportunities.

5.1.9 Monitoring and Evaluation

5.1.9.1 Lack of monitoring and evaluation mechanism

Clause 13 of SJSRY guidelines stipulate that the State will establish suitable monitoring mechanism and undertake online monitoring system and submit progress report and other required information to GoI online.

Online reporting and monitoring mechanism could not be established under the scheme

Scrutiny revealed that during the period 2010-15, the State could not establish online monitoring mechanism as DUDAs and SUDA manually submitted their physical and financial progress to SUDA and GoI respectively. It was also noticed that SUDA had neither compiled the physical and financial achievements received from DUDAs nor the correctness of the figures were verified. This had resulted in mismatch of data between SUDA and DUDAs.

Further, it was also observed that the State Government had not evaluated the achievements of the SJSRY scheme even after replacing it with NULM since September 2013.

During exit conference, Government replied (December 2015) that GoI had not developed any online portal and due to non availability of specialised manpower, appropriate compilation of data, reporting and follow up was not done.

The fact remains that online monitoring and reporting mechanism was not established.

Recommendation

We recommend strengthening of monitoring and evaluation mechanism to streamline the delivery mechanism to achieve the scheme objectives.

5.1.10 Conclusion and Recomendations

- During 2010-15, total funds available with SUDA was ₹ 99.53 crore out of which ₹ 90.84 crore was shown as final expenditure. However, 44 *per cent* of funds amounting ₹ 37.79 crore could not be utilised and was actually lying in bank accounts of SUDA and DUDAs. Further, there was delay in receipt of Central funds and the matching State share ranging from 36 to 364 days. Diversion of SJSRY funds worth ₹ 3.63 crore to schemes other than SJSRY was also noticed.

Government should ensure effective utilisation of funds and avoid diversion to achive the scheme objectives.

- House to house survey was not conducted to identify the beneficiaries. Urban Poverty Reduction Strategy and Slum Development Plan were not prepared. Achievement of targets under various components ranged between 11 and 89 *per cent* only.

Adequate survey and preparation of plans should be ensured for identification of the left out beneficiaries to bring them under the ambit of the scheme.

- Under USEP component, the banks provided loans to those beneficiaries who possess the capacity to repay the loan. Under UWSP (Loan/subsidy) component, only 973 (16 *per cent*) Self Help Groups were covered against target of 6,096. Further, under STEP-UP component although beneficiaries were provided training, neither job placements nor financial assistance was provided. Thus, the basic intent of the scheme components was not adequately addressed.

Government should ensure that all the components of the scheme are properly implemented and for this co-ordination with all stake holders like banks, VTPs etc. are adequately managed.

- The State could neither organize IEC activities at the grass root level to create awareness among urban poor nor could establish effective monitoring mechanism.

Strengthening of IEC, monitoring and evaluation mechanism should be ensured to realise the scheme objectives.

CHAPTER VI
COMPLIANCE AUDIT

URBAN ADMINISTRATION AND DEVELOPMENT DEPARTMENT

6.1 Non-Compliance with rules and regulations

For sound financial administration and financial control, it is essential that expenditure conforms to financial rules, regulations and orders passed by the competent authority. This not only prevents irregularities, misappropriation and frauds, but helps in maintaining good financial discipline. Some of the audit findings on non-compliance with rules and regulations are hereunder.

6.1.1 Execution of below specification work

Non-adherence to minimum prescribed standards for preparation of estimate by Mayor-in-Council of Raipur Municipal Corporation had led to execution of below specification drain work costing ₹ 50.70 lakh

Construction of a drain from Central school to Ring Road via Vinayaka Vihar Colony in ward number 69 of Pandit Deen Dayal Upadhayay Nagar under Zone-V of Raipur Municipal Corporation (RMC) was administratively approved (AA) by District Collector, Raipur based on an estimate of ₹ 190.61 lakh forwarded (July 2011) by Mayor-in-Council, RMC. Upon tendering (August 2011) the work was awarded (November 2011) to the lowest tenderer M/s Santosh Uikey for ₹ 165.91 lakh at 12.96 *per cent* below the estimated cost.

As per Indian Standard Code 456 (IS code 456), the minimum grade concrete for Reinforced Cement Concrete (RCC) work should not be less than M-20 (1 part cement: 1.5 parts coarse sand: 3 parts graded stone aggregate of 20 mm nominal size). Against this, the estimate approved for execution of RCC work was M-15 (1 part cement: 2 parts coarse sand: 4 parts graded stone aggregate of 20 mm nominal size). Execution of RCC work of M-15 specification was in contravention to the IS code 456 which articulated minimum specification of M-20. This indicated that the approved estimate was deficient as it did not confirm to the minimum prescribed standard.

We noticed from the records of RMC that 2001.289 cubic metre RCC work valued ₹ 50.70 lakh[1] was executed in the walls and base of the drain. The contractor completed the work and received ₹ 164.93 lakh (February 2014). Thus, the execution of RCC works worth ₹ 50.70 lakh was below the minimum prescribed codal specification.

On this being pointed during audit, Department stated (April 2015) that the work was executed in accordance with the technical sanction obtained from competent authority.

The reply was not acceptable as the provisions of IS Code 456 were not followed despite having provision for RCC M-20 work for construction of RCC open drains of size one metre by one metre in the schedule of rates of

[1] Executed quantity of M-15= 2001.289 cum @ ₹ 2910.90 per cubic meter (-) 12.96%

Public Works Department (Road). This had led to execution of below specification work.

6.1.2 Irregular expenditure

Irregular expenditure of ₹ 28.32 lakh was incurred on construction of Model drain without obtaining Technical Sanction and ensuring availability of clear land

Urban Administration and Development Department (UADD), Government of Chhattisgarh sanctioned (February 2007) ₹ 55.40 lakh for the construction of Model drain in Municipal Council, Baloda Bazar. The amount was sanctioned subject to the conditions that Technical Sanction (TS) and Administrative Approval (AA) would be taken by Municipal Council.

An agreement was executed (July 2007) by the Chief Municipal Officer (CMO), Baloda Bazar with a contractor for ₹ 56.35 lakh for completion of the work within two months (excluding rainy season). However, due to non-availability of clear site, a resolution (November 2007) was passed by the Council's General Body to change the site for construction of the Model drain. The contractor commenced the work on the new site in February 2008. However, the CMO forwarded (February 2008) the estimate of the work of the earlier disputed site to Executive Engineer, Raipur Municipal Corporation for TS which was granted for ₹ 45.80 lakh in March 2008. Thus, TS for construction of Model drain at the new site was not obtained.

We observed that an amount of ₹ 28.32 lakh[2] was paid (August 2008) to the contractor for execution of work at the new site up to third running bill. Thereafter, the contractor stopped the work on grounds of non-availability of layout of the work at the construction site. This was also substantiated during a joint physical verification (August 2013) of the site by audit with the officials of the Municipal Council, Baloda Bazar.

Thus, the expenditure of ₹ 28.32 lakh on the construction of Model drain without obtaining TS in contravention of the conditions stipulated by the UADD was irregular.

On being pointed out, CMO stated (July 2015) that the work was initiated on the basis of TS of old site as there was no difference in specifications and nature of the work. The work was started after the approval (November 2006) of President-in-Council due to public demand. At present, the work had been treated as complete due to the non-availability of site.

The reply was not acceptable as UADD had commenced the work without obtaining TS and ensuring availability of clear land resulting in irregular expenditure of ₹ 28.32 lakh not backed by sanction besides failing to achieve the intended objective.

2 1st RA bill – ₹ 5.50 lakh (March 2008), 2nd RA bill – ₹ 17.75 lakh (June 2008), 3rd RA bill – ₹ 5.07 lakh (August 2008)

6.1.3 Irregular splitting of works

Irregular splitting of five construction works worth ₹ 8.72 crore into 57 works each below ₹ 20 lakh was made by the Commissioner, Raipur Municipal Corporation to avoid sanction of competent authority

As per notification by the State Government (June 2011) for the Municipal Corporation with population above three lakh, the powers of sanction of works up to ₹ 50 lakh is vested with the Commissioner Municipal Corporation, from ₹ 50 lakh to ₹ 1.50 crore with the Mayor-in-Council (MIC), from ₹ 1.50 crore to ₹ 5 crore with the Municipal Corporation (MC) and prior approval of the State Government is required for works above ₹ 5 crore. It was also mentioned that the work would not be split and in case where the splitting of work is necessary, the authority competent to sanction the Administrative Approval (AA) would be competent to split the sanction. Further, as per the orders of Commissioner, RMC (February 2012), Zone Commissioner is empowered to sanction works up to ₹ 20 lakh. Beyond that, the proposal should be submitted to the Commissioner since he has the administrative power to sanction the expenditure.

Urban Administration and Development Department (UADD) approved (May 2014) construction of 11 works worth ₹ 10.42 crore for the development of Pandit Deen Dayal Upadhayay Housing Board (PDDUHB) Colony under Zone-V, Raipur Municipal Corporation. The works included laying of pipeline, sewerage and chambers, road works, cement concrete roads etc.

Scrutiny of records (January 2015) of RMC revealed that out of 11 works, five works valued at ₹ 8.72 crore each costing above ₹ 50 lakh (ranging between ₹ 68 lakh and ₹ 2.57 crore) were split into 57 works each below ₹ 20 lakh by Commissioner, RMC without recording any reason in violation of Government notification (June 2011). These works were of similar nature like laying of pipeline, drainage and repair works and were to be executed in the same ward. As a result of irregular splitting, sanction of the competent authority i.e. MIC/MC was not taken and TS for the works were irregularly granted by the Executive Engineer, who otherwise was not competent to grant it.

Thus, splitting of total works valued ₹ 8.72 crore (**Appendix 6.1**) to avoid the requisite sanctions of competent authorities was irregular.

The Department stated (April 2015) that due to contamination of water and spread of Jaundice in the colony tenders were floated by splitting the work after obtaining the approval of Commissioner, RMC.

Reply was not acceptable as the Commissioner, RMC had exercised the splitting of works beyond his jurisdiction to avoid sanctions from competent authorities as envisaged in notification of June 2011. Further, the objective of early completion of works to avoid the inflow of waste water, contamination of water and spreading of Jaundice could not be achieved as out of the 57 works, only 44 works were completed and 13 works were in progress (August 2015) even after lapse of nine months.

6.2 Failure of Oversight/Administrative Control

The Government has an obligation to improve the quality of life of the people for which it works towards fulfillment of certain goals in the area of health, education, development and upgradation of infrastructure and public services etc. However, audit noticed instances where funds released by Government for creating public assets for the benefit of the community remained unutilized/ blocked and/or proved unfruitful/ unproductive due to indecisiveness, lack of administrative oversight and concerted action at various level, as discussed below:

6.2.1 Infructuous Expenditure

Unilateral decision of the UADD for purchase of Truck Mounted Road Sweeping Machine without ascertaining the feasibility of putting these to use by the Municipalities had resulted in infructuous expenditure of ₹ 2.38 crore

Urban Administration and Development Department (UADD) decided to procure Truck Mounted Road Sweeping (TMS) Machine to clean the roads. Accordingly, five Municipal Corporations[3] were directed (March 2008) to procure TMS Machine from the lowest bidder M/s TSP Infrastructure limited, New Delhi. Subsequently an amount of ₹ 60 lakh was allotted to each Municipal Corporation.

Scrutiny of records of the Commissioner, Municipal Corporation Jagdalpur (MCJ), Raigarh (MCR), Rajnandgaon (MCRJ) and Chirmiri (MCC) revealed that four agreements were executed (between March 2008 and May 2008) with the supplier for supply of four TMS machines worth ₹ 238 lakh for four Municipal Corporations. The TMS machines were supplied between June 2008 and August 2008 and payments of ₹ 237.80 lakh was made between July 2008 and November 2011. However, the machines had not been put to use since supply in MCJ except for trial run of one month in the beginning, since supply in MCR, since December 2009 in MCRJ and since October 2009 in MCC.

On being pointed out in audit, Commissioner, MCJ accepted the fact and stated (June 2015) that the machine was used only for one month by the supplier and not put to use thereafter. Similarly, Commissioner MCR stated (July 2015) that TMS machine was not in working condition and was not used. Commissioner MCRJ and MCC also stated (September 2015) that TMS machines were not used due to unsuitable road conditions for use of such machines and currently the machines were not in working condition.

This had happened because the UADD neither sought any proposal from the Municipal Corporations to know the ground reality nor drew any road map to operate it.

[3] Municipal Corporation Rajnandgaon, Jagdalpur, Raigarh, Ambikapur, and Chirmiri

Thus unilateral decision of the UADD for purchase of TMS machine without ascertaining the feasibility of putting these to use by the Municipalities had resulted in infructuous expenditure of ₹ 2.38 crore.

Raipur **(BIJAY KUMAR MOHANTY)**
The **Accountant General (Audit), Chhattisgarh**

Countersigned

New Delhi **(SHASHI KANT SHARMA)**
The **Comptroller and Auditor General of India**

Appendix 2.1.1

(Referred to in paragraph 2.1.1 and 2.1.4; page 12 and 13)

Statement showing annual allotment and expenditure on schemes

(₹ in crore)

S. No	Name of scheme	2010-11		2011-12		2012-13		2013-14		2014-15		Total	
		A	E	A	E	A	E	A	E	A	E	A	E
1	13th Finance Commission Grants	170.55	151.82	322.89	261.55	369.49	274.55	519.09	279.47	138.30	90.71	1520.32	1058.10
2	Grants to GPs for Fundamental works	150.00	150.00	150.00	150.00	233.00	233.00	300.00	300.00	300.00	300.00	1133.00	1133.00
3	Mukhyamantri Gram Utkarsh Yojna	75.00	55.72	105.00	70.53	104.71	53.98	104.75	35.48	0.00	0.00	389.46	215.71
4	Mukhyamantri Samagra Gramin Nirman Yojna	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	300.00	300.00	300.00	300.00
5	Mukhyamantri Janpad Shashaktikaran Yojna	0.00	0.00	0.00	0.00	146.00	86.57	146.00	107.33	146.00	54.73	438.00	248.63
6	Chhattisgarh Rajya Gramin Kshetra Vikas Pradhikaran	0.00	0.00	0.00	0.00	50.00	49.55	52.00	27.13	60.00	59.98	162.00	136.66
7	Chhattisgarh Gramin Nirman Yojna	15.00	14.98	25.00	25.00	25.00	25.00	50.00	49.98	0.00	0.00	115.00	114.96
8	Gram Vikas Yojna	15.00	14.85	25.00	25.00	25.00	24.97	25.00	24.95	0.00	0.00	90.00	89.77
9	Chhattisgarh Gaurav evam Hamara Chhattisgarh	15.00	14.99	25.00	25.00	25.00	18.14	25.00	24.79	0.00	0.00	90.00	82.92
10	Integrated Watershed Management Programme	14.36	11.02	15.57	11.95	39.37	2.47	27.40	3.44	19.44	3.69	116.14	32.57
11	Backward Region Grant Fund	510.15	510.15	560.15	540.17	637.52	529.13	600.26	336.20	833.26	596.67	3141.34	2512.32
12	Mahatma Gandhi Nat. Rural Employment Guarantee Scheme	255.00	183.68	255.00	178.69	255.00	190.94	255.00	135.92	275.00	179.36	1295.00	868.59
13	Indira Aawas Yojna	40.03	39.24	90.83	90.83	58.44	58.27	160.97	160.63	540.19	539.53	890.46	888.5
Grand Total		**1260.09**	**1146.45**	**1574.44**	**1378.72**	**1968.53**	**1546.57**	**2265.47**	**1485.32**	**2612.19**	**2124.67**	**9680.72**	**7681.73**

Appendix 2.1.2

(Referred to in paragraph 2.1.4; page 13)

Statement showing details of selected Zila Panchayats, Janpad Panchayats and Gram Panchayats

S. No	Name of Zila Panchayat	Name of Janpad Panchayat	Name of Gram Panchayat
1	Raipur	Aarang	Mungi, Kosrangi, Kusmund, Kagdehi, Gidhwa, Amsena
		Dharsiwa	Girod, Baroda, Pawni, Pathri
2	Durg	Patan	Amleshwar, Kesra, Ruhi, Jheeth, Jamgaon (M)
3	Janjgir-Champa	Jaijaipur	Devarghata, Thathari, Hasod
4	Sarguja	Ambikapur	Ghaghri, Kanchanpur, Kalgasa, Sargawan
		Surajpur	Satpata, Tinsawan, Lanchi, Chandrapur, Champaknagar
5	Bastar	Kondagaon	Satgaon, Kusma, Sambalpur, Dongriguda

Appendix 2.1.3

(Referred to in paragraph 2.1.7.1; page 16)

Details of allotment and works sanctioned from allotment under TFCG scheme

(₹ in crore)

Year	Allotment	Total AA of sanctioned works	Unutilized and blocked amount	Period for which the amount remained blocked
2010-11	170.55	155.13	15.42	04 years
2011-12	322.89	270.36	52.53	03 years
2012-13	369.49	396.19	(-) 26.70	-
2013-14	519.09	319.74	199.35	01 years
2014-15	138.30	116.29	22.01	06 months
Total	**1520.32**	**1257.71**	**262.61 (17%)**	

Appendix 2.1.4

(Referred to in paragraph 2.1.7.1; page 16)

Statement showing blockage of funds of the TFCG scheme in test checked districts due to non-utilization for works

(₹ in crore)

Year	Total amount received	Amount for which AA was issued	Balance Amount for which no work was sanctioned
2010-11	63.29	58.51	4.78
2011-12	117.05	102.96	14.09
2012-13	129.35	108.35	21.00
2013-14	165.64	119.34	46.30
2014-15	89.10	40.95	48.15
Total	**564.43**	**430.11**	**134.32**

Appendix 2.1.5

(Referred to in paragraph 2.1.8.1, 2.1.8.3; page 18 and 23)

Statement showing blockage of funds of MGUY due to non-commencement of works

(₹ in lakh)

S. No	Name of work	Name of GP	Name of JP	AA /date	Sanctioned Amount
Raipur					
1	Muktidham (Shavdah & Pratichhalaya)	Mauhagaon	Dharsiwa	13590/01.03.12	2.65
2	Muktidham (Shavdah & Pratichhalaya)	Tarra	Dharsiwa	13590/01.03.12	2.65
3	Nirmlaghat Pachari Nirman	Mujgahan	Dharsiwa	1442/31.05.14	1.83
4	Samudayik Bhawan Nirman	Dhaneli (Bhatt.)	Dharsiwa	2111/12.06.14	4.84
Total (Dharsiwa)					**11.97**
Janjgir-Champa					
5	Construction of C.C. Road Kanhaiya house	Aklsara	Jajjaipur	2949/22.03.12	3.00
6	Muktidham (Shavdah & Pratichhalaya)	Pendri	Jajjaipur	2949/22.03.12	2.65
7	Samudayik Bhawan Nirman	Jarve	Jajjaipur	2949/22.03.12	3.30
8	Aanganbadi Bhawan Nirman (including Boundary wall)	Akalsara	Jajjaipur	5454/12.06.12	3.00
9	Aanganbadi Bhawan Nirman (including Boundary wall)	Thathari	Jajjaipur	6415/21.7.12	3.00
10	Aanganbadi Bhawan Nirman (including Boundary wall)	Thathari	Jajjaipur	6415/21.7.12	3.00
11	Construction of C.C. Road from Primary School to Babulal house	Sirli	Jajjaipur	10176/26.11.12	2.40
12	Construction of C.C. Road Kashyap Gali Sahu Mohalla	Harethikala	Jajjaipur	10176/26.11.12	2.40
13	Muktidham (Shavdah & Pratichhalaya)	Akalsara	Jajjaipur	6415/21.7.12	2.65
14	Samudayik Bhawan Nirman	Akalsara	Jajjaipur	5454/12.06.12	3.30
15	Samudayik Bhawan Nirman	Ghivra	Jajjaipur	6415/21.07.12	3.30
16	Samudayik Bhawan Nirman	Nagaridih	Jajjaipur	6415/21.07.12	3.00
Total (Jaijaipur)					**35.00**
17	Aanganbadi Bhawan Nirman (including Boundary wall)	Kansda	Nawagarh	5108/27.06.11	3.00
18	Construction of C.C. Road Sitaram Gali	Tenduwa	Nawagarh	2951/22.03.12	3.00
19	Construction of C.C. Road from Gudi to Laxman house	Tenduwa	Nawagarh	2951/22.03.12	3.00
20	Muktidham (Shavdah & Pratichhalaya)	Putpura	Nawagarh	2951/22.03.12	2.65
21	Construction of C.C. Road from Bhagawat house to Dharma Tiwari house	Putpura	Nawagarh	2951/22.03.12	3.00
22	Samudayik Bhawan (Bastipara)	Putpura	Nawagarh	2951/22.03.12	3.30

23	Aanganbadi Bhawan Nirman (including Boundary wall)	Markadih	Nawagarh	2951/22.03.12	3.00
24	Aanganbadi Bhawan Nirman (including Boundary wall)	Mauhadih	Nawagarh	2951/22.03.12	3.00
25	Aanganbadi Bhawan Nirman (including Boundary wall) Bazarpara	Mahant	Nawagarh	2951/22.03.12	3.00
26	Aanganbadi Bhawan Nirman (including Boundary wall) Talabpara	Mahant	Nawagarh	2951/22.03.12	3.00
27	Samudayik Bhawan Nirman	Mahant	Nawagarh	2951/22.03.12	3.30
28	Samudayik Bhawan Nirman	Tenduwa	Nawagarh	2951/22.03.12	3.30
29	Construction of C.C. Road from Chandrabhan house to Mahamaya Mandir	Tenduwa	Nawagarh	5164/01.06.12	4.80
30	Construction of C.C. Road from Mahamaya Mandir to Chandrabhan house	Tenduwa	Nawagarh	5164/01.06.12	4.80
31	Construction of C.C. Road from Sarju house to Primary school	Thakurdiya	Nawagarh	5164/01.06.12	1.50
32	Nirmala Ghat Nirman (Bandhwa Talab)	Munund	Nawagarh	5164/01.06.12	0.75
33	Samudayik Bhawan Nirman	Tenduwa	Nawagarh	2951/22.03.12	3.30
34	Samudayik Bhawan Nirman (Bhatapara)	Budena	Nawagarh	6415/21.07.12	3.30
35	Samudayik Bhawan Nirman (Near School)	Budena	Nawagarh	6415/21.07.12	3.30
36	Samudayik Bhawan Nirman	Dharashiv(kho)	Nawagarh	6359/20.07.12	4.85
37	Samudayik Bhawan Nirman	Dharashiv(kho)	Nawagarh	6359/20.07.12	4.85
38	Construction of C.C. Road	Nagaridih	Nawagarh	10178/26.11.12	2.40
39	Construction of C.C. Road	Hathitikra	Nawagarh	10178/26.11.12	9.60
40	Construction of C.C. Road	Pendri(Janjgir)	Nawagarh	04/03.01.14	2.40
41	Samudayik Bhawan Nirman	Siud	Nawagarh	1026/28.02.14	4.85
42	Muktidham Nirman	Kansda	Nawagarh	1028/28.02.14	2.65
43	Samudayik Bhawan Nirman	Shinghul	Nawagarh	1028/28.02.14	4.85
44	Samudayik Bhawan Nirman	Banari	Nawagarh	6415/21.07.12	3.30
45	Nirmala Ghat	Dharashiv(kho)	Nawagarh	6359/20.07.12	1.83
46	Nirmala Ghat	Dharashiv(kho)	Nawagarh	6359/20.07.12	1.83
47	Samudayik Bhawan Nirman	Markadih	Nawagarh	1026/28.02.14	4.85
Total (Nawagarh)					**106.56**
Grand Total (Janjgir-Champa)					**141.56**

Appendix 2.1.6

(Referred to in paragraph 2.1.8.1, 2.1.8.4, 2.1.8.5; page 19, 25 and 27)

Statement showing details of work executed by the selected GPs under Thirteenth Finance Commission Grants scheme

(₹ in lakh)

S. No.	Name of ZP (JP)	Name of GP	Allotment	Expenditure	Works executed
Raipur district					
1	Raipur (Aarang)	Kagdehi	11.51	11.51	42
2		Kosrangi	15.64	15.64	43
3		Mungi	7.85	7.82	26
4		Gidhwa	5.22	5.22	10
5		Amsena	2.66	2.66	09
Total (Raipur)			**42.88**	**42.85**	**130**
Bastar district					
6	Bastar (Kondagaon)	Dongriguda	11.53	11.53	38
7		Satgaon	9.16	3.02	08
8		Sambalpur	18.48	17.07	41
Total (Bastar)			**39.17**	**31.62**	**87**
Surguja district					
9	Surguja (Surajpur)	Satpata	18.25	11.76	NA
10		Tilsiwan	7.35	5.89	NA
11		Champaknagar	3.22	2.17	09
12		Chandrapur	10.88	10.85	NA
13		Lanchi	8.15	7.14	NA
Total (Surguja)			**47.85**	**37.81**	**09**

Appendix 2.1.7

(Referred to in paragraph 2.1.8.1; page 20)

Statement showing details of funds available and expenditure incurred by the GPs under the GGPFW scheme

(₹ in lakh)

S. No	Name of district (JP)	Name of GP	Year	Funds available during the year	Expenditure	Savings
1	Raipur (Arang)	Mungi	2010-11	1.31	0.82	0.49
			2011-12	1.31	1.69	-0.38
			2012-13	2.28	1.36	0.92
			2013-14	3.43	4.00	-0.57
			2014-15	2.13	2.49	-0.36
Total				**10.46**	**10.36**	**0.10**
2	Raipur (Arang)	Kusmund	2010-11	1.08	0.75	0.33
			2011-12	-	-	-
			2012-13	1.92	1.75	0.17
			2013-14	2.72	2.22	0.5
			2014-15	1.77	1.45	0.32
Total				**7.49**	**6.17**	**1.32**
3	Raipur (Arang)	Kagdehi	2010-11	1.69	1.68	0.01
			2011-12	1.92	1.96	-0.04
			2012-13	3.33	3.15	0.18
			2013-14	3.69	2.49	1.2
			2014-15	4.48	4.48	0
Total				**15.11**	**13.76**	**1.35**
4	Raipur (Arang)	Kosrangi	2010-11	5.66	3.30	2.36
			2011-12	4.90	2.38	2.52
			2012-13	7.06	3.51	3.55
			2013-14	9.88	6.68	3.2
			2014-15	7.48	7.41	0.07
Total				**34.98**	**23.28**	**11.7**
Grand Total				**68.04**	**53.57**	**14.47**

Appendix 2.1.8

(Referred to in paragraph 2.1.8.2, 2.1.8.3, 2.1.8.4, 2.1.8.5; page 21, 24, 26 and 27)

Statement showing details of complete and incomplete works under MJS *Yojna*

Name of Janpad Panchayats	2012-13			2013-14			Total		
	Sanctioned works	Completed works	Incomplete works	Sanctioned works	Completed works	Incomplete works	Sanctioned works	Completed works	Incomplete works *(per cent)*
Durg district									
Patan	96	92	04	93	72	21	189	164	25 (13)
Janjgir-Champa district									
Jaijaipur	25	20	05	41	33	08	66	53	13 (20)
Bastar district									
Kondagaon	53	24	29	46	17	29	99	41	58 (59)
Surguja district									
Ambikapur	49	41	08	25	22	03	74	63	11 (15)
Surajpur	60	56	02[1]	52	42	10	112	98	12 (11)
Total (Surguja)	**109**	**97**	**10**	**77**	**64**	**13**	**186**	**161**	**23 (12)**

Appendix 2.1.9

(Referred to in paragraph 2.1.8.3; page 24)

Statement showing blockage of fund of MJSY due to its non-utilization for works

(₹ in lakh)

Year	Allotment received	Total AA of works sanctioned	Unutilized amount for which no works were sanctioned
Janjgir-Champa district			
Janpad Panchayat, Jaijaipur			
2012-13	100.00	99.87	0.13
2013-14	100.00	95.83	4.17
2014-15	100.00	13.81	86.19
Total	**300.00**	**209.51**	**90.49 (30 %)**

[1] Two works were cancelled

Appendix 2.2.1

(Referred to in paragraph 2.2.5; page 32)

List of selected Gram Panchayats

S. No	Name of District	Name of Block	Name of GPs
1	**2**	**3**	**4**
1	Raipur	Arang	Farfoud, Godhi, Parsada (Simariya)
		Abhanpur	Patewa
2	Baloda Bazar	Kasdol	Bareli
3	Raigarh	Sarangarah	Murwabhatha, Khamhardih, Kanakbira, Bardula, Tilaidadar, Dahida
4	Durg	Durg	Risama, Janjgiri, Gughsidih, Khopli, Aamti
5	Mahasamund	Baghbahra	Sukharidabri, Kosmarra, Kamroud, Ghoynabahra, Mungaser
		Basna	Kurchundi, Rangmatia, Chanat, Ganeshpur, Mednipur
6	Korea	Bharatpur	Jamthan, Badgaonkhurd, Sheri, Lakhantola, Domhara, Ghaghra, Madisarai, Naudia, Semariha
7	Balod	Gurur	Bhulandabri, Kulia, Chheria, Ojhagahan, Kochwahi
8	Kanker	Kanker	Puswada, Bewarti, Matwadalal, Kirgoli, Albeda, Kodagaon, Talakurra, Mardapoti, Andi, Patod

Appendix 2.2.2

(Referred to in Paragraph:2.2.8.5; page 36)

Details of works/expenditures not verified by SAU

S. No	Name of GP	Name of Block	Name of District	Total Expenditure incurred (₹ in lakh)	Total no of works	Total no of works verified by SAU team
1	Patewa	Abhanpur	Raipur	67.38	13	13
2	Parsada (Simariya)	Arang	Raipur	0.00	8	8
3	Bareli	Kasdol	Baloda Bazar	46.51	8	8
4	Murwabhatha	Sarangarah	Raigarh	56.67	9	9
5	Khamhardih	Sarangarah	Raigarh	33.04	10	10
6	Bardula	Sarangarah	Raigarh	173.80	9	9
7	Dahida	Sarangarah	Raigarh	40.57	7	7
8	Ghoynabahra	Baghbahra	Mahasamund	0.00	50	50
9	Badgaonkhurd	Bharatpur	Korea	61.99	35	35
10	Lakhantola	Bharatpur	Korea	48.89	43	43
11	Domhara	Bharatpur	Korea	55.25	31	31
12	Ghaghra	Bharatpur	Korea	36.93	24	24
13	Chheria	Gurur	Balod	120.00	23	23
14	Ojhagahan	Gurur	Balod	69.70	13	13
15	Kochwahi	Gurur	Balod	148.81	30	30
16	Bewarti	Kanker	Kanker	114.30	38	38
17	Kirgoli	Kanker	Kanker	19.70	30	30
Total				**1093.54**	**381**	**381**
18	Farfoud	Arang	Raipur	265.24	30	15
19	Godhi	Arang	Raipur	58.05	10	3
20	Kanakbira	Sarangarah	Raigarh	121.62	19	16
21	Tilaidadar	Sarangarah	Raigarh	34.74	6	5
22	Risama	Durg	Durg	78.04	16	10
23	Janjgiri	Durg	Durg	46.03	12	7
24	Gughsidih	Durg	Durg	125.61	0	56
25	Khopli	Durg	Durg	115.73	23	21
26	Aamti	Durg	Durg	76.44	13	10
27	Sukharidabri	Baghbahra	Mahasamund	65.40	40	16
28	Kosmarra	Baghbahra	Mahasamund	65.15	31	25
29	Kamroud	Baghbahra	Mahasamund	41.83	17	13
30	Mungaser	Baghbahra	Mahasamund	57.12	26	25
31	Kurchundi	Basna	Mahasamund	89.30	18	7
32	Rangmatia	Basna	Mahasamund	78.99	32	0
33	Chanat	Basna	Mahasamund	40.61	28	3
34	Ganeshpur	Basna	Mahasamund	77.65	32	10
35	Mednipur	Basna	Mahasamund	49.74	49	11
36	Jamthan	Bharatpur	Korea	50.46	50	15
37	Sheri	Bharatpur	Korea	91.14	69	43
38	Madisarai	Bharatpur	Korea	36.19	29	17
39	Naudia	Bharatpur	Korea	56.20	36	21
40	Semariha	Bharatpur	Korea	71.82	39	35
41	Bhulandabri	Gurur	Balod	69.96	26	18
42	Kulia	Gurur	Balod	74.38	16	11
43	Puswada	Kanker	Kanker	192.01	102	7
44	Matwadalal	Kanker	Kanker	48.74	41	0
45	Albeda	Kanker	Kanker	46.29	122	5
46	Kodagaon	Kanker	Kanker	264.83	411	NA
47	Talakurra	Kanker	Kanker	75.62	89	56
48	Mardapoti	Kanker	Kanker	42.84	39	38
49	Andi	Kanker	Kanker	0.00	99	NA
50	Patod	Kanker	Kanker	96.03	0	20
Total				**2703.80**	**1570**	**539**
Grand Total				**3797.34**	**1951**	**920**

Appendix 2.2.3

(Referred to in paragraph 2.2.8.6; page 36)

Details of GPs where bill/invoices were not verified by Village Resource Persons

S. No	Name of GP	Name of Block	Name of District
1	**2**	**3**	**4**
1	Kurchundi	Basna	Mahasamund
2	Rangmatia	Basna	Mahasamund
3	Chanat	Basna	Mahasamund
4	Ganeshpur	Basna	Mahasamund
5	Mednipur	Basna	Mahasamund
6	Puswada	Kanker	Kanker
7	Bewarti	Kanker	Kanker
8	Matwadalal	Kanker	Kanker
9	Kirgoli	Kanker	Kanker
10	Albeda	Kanker	Kanker
11	Kodagaon	Kanker	Kanker
12	Talakurra	Kanker	Kanker
13	Mardapoti	Kanker	Kanker
14	Andi	Kanker	Kanker
15	Patod	Kanker	Kanker

Note: No quotations were invited from dealers for purchase of materials

Appendix 2.2.4

(Referred to in paragraph 2.2.9.1; page 37)

Details of GPs where no documentary evidence maintained regarding intimation of Social Audit Gram Sabha

S. No	Name of GP	Name of Block	Name of District	Date of Social Audit Gram Sabha
1	Parsada (Simariya)	Arang	Raipur	05.12.14
2	Patewa	Abhanpur	Raipur	01.04.15
3	Bareli	Kasdol	Baloda Bazar	21.10.14
4	Murwabhatha	Sarangarah	Raigarh	23.12.14
5	Khamhardih	Sarangarah	Raigarh	07.04.15
6	Kanakbira	Sarangarah	Raigarh	01.04.15
7	Bardula	Sarangarah	Raigarh	23.12.14
8	Tilaidadar	Sarangarah	Raigarh	10.04.15
9	Dahida	Sarangarah	Raigarh	07.04.15
10	Janjgiri	Durg	Durg	28.02.15
11	Gughsidih	Durg	Durg	01.03.15
12	Khopli	Durg	Durg	01.03.15
13	Aamti	Durg	Durg	27.02.15
14	Sukharidabri	Baghbahra	Mahasamund	23.12.14
15	Kosmarra	Baghbahra	Mahasamund	24.12.14
16	Kamroud	Baghbahra	Mahasamund	23.12.14
17	Ghoynabahra	Baghbahra	Mahasamund	22.12.14
18	Kurchundi	Basna	Mahasamund	23.02.15
19	Rangmatia	Basna	Mahasamund	04.03.15
20	Chanat	Basna	Mahasamund	04.03.15
21	Ganeshpur	Basna	Mahasamund	15.03.15
22	Mednipur	Basna	Mahasamund	15.03.15
23	Jamthan	Bharatpur	Korea	19.03.15
24	Badgaonkhurd	Bharatpur	Korea	30.03.15
25	Sheri	Bharatpur	Korea	28.03.15
26	Lakhantola	Bharatpur	Korea	27.03.15
27	Domhara	Bharatpur	Korea	27.03.15
28	Ghaghra	Bharatpur	Korea	25.03.15
29	Madisarai	Bharatpur	Korea	29.03.15
30	Naudia	Bharatpur	Korea	28.03.15
31	Semariha	Bharatpur	Korea	28.03.15
32	Bhulandabri	Gurur	Balod	04.03.15
33	Kulia	Gurur	Balod	28.02.15
34	Chheria	Gurur	Balod	03.03.15
35	Ojhagahan	Gurur	Balod	01.03.15
36	Kochwahi	Gurur	Balod	20.03.15
37	Puswada	Kanker	Kanker	12.12.14
38	Bewarti	Kanker	Kanker	12.12.14
39	Matwadalal	Kanker	Kanker	17.12.14
40	Kirgoli	Kanker	Kanker	22.12.14
41	Albeda	Kanker	Kanker	22.12.14
42	Kodagaon	Kanker	Kanker	17.12.14
43	Talakurra	Kanker	Kanker	31.12.14
44	Mardapoti	Kanker	Kanker	20.12.14
45	Andi	Kanker	Kanker	17.12.14

Appendix 2.2.5

(Referred to in paragraph 2.2.9.2; page 37)

Details of GPs where Social Audit Gram Sabha conducted with inadequate quorum

S. No	Name of GP	Name of Block	Name of District	Total number of persons	Required number of persons i.e. 1/10th for quorum	Actual number of persons attended in GS	shortfall in atten-dance (Col.6 – Col.7)	Shortfall in attendance (in percentage)
1	2	3	4	5	6	7	8	9
1	Farfoud	Arang	Raipur	1906	191	64	127	66.49
2	Parsada (Simariya)	Arang	Raipur	1400	140	75	65	46.43
3	Patewa	Abhanpur	Raipur	3733	373	60	313	83.91
4	Bareli	Kasdol	Baloda Bazar	1636	164	121	43	26.22
5	Murwabhatha	Sarangarah	Raigarh	1250	125	65	60	48.00
6	Khamhardih	Sarangarah	Raigarh	1196	120	37	83	69.17
7	Bardula	Sarangarah	Raigarh	1946	195	79	116	59.49
8	Tilaidadar	Sarangarah	Raigarh	1194	119	21	98	82.35
9	Dahida	Sarangarah	Raigarh	2280	228	59	169	74.12
10	Risama	Durg	Durg	1830	183	45	138	75.41
11	Janjgiri	Durg	Durg	2784	278	25	253	91.00
12	Gughsidih	Durg	Durg	1350	135	40	95	70.37
13	Khopli	Durg	Durg	3300	330	30	300	90.91
14	Aamti	Durg	Durg	1138	114	20	94	82.46
15	Sukharidabri	Baghbahra	Mahasamund	1213	121	75	46	38.02
16	Kamroud	Baghbahra	Mahasamund	1094	109	38	71	65.14
17	Mungaser	Baghbahra	Mahasamund	1182	118	25	93	78.81
18	Kurchundi	Basna	Mahasamund	1731	173	54	119	68.79
19	Rangmatia	Basna	Mahasamund	1432	143	44	99	69.23
20	Chanat	Basna	Mahasamund	1307	131	45	86	65.65
21	Badgaonkhurd	Bharatpur	Korea	828	83	57	26	31.33
22	Lakhantola	Bharatpur	Korea	1184	118	32	86	72.88
23	Domhara	Bharatpur	Korea	2358	236	19	217	91.95
24	Naudia	Bharatpur	Korea	2100	210	75	135	64.29
25	Semariha	Bharatpur	Korea	1014	101	63	38	37.62
26	Bhulandabri	Gurur	Balod	1174	117	15	102	87.18
27	Kulia	Gurur	Balod	1606	161	101	60	37.27
28	Ojhagahan	Gurur	Balod	1150	115	65	50	43.48
29	Kochwahi	Gurur	Balod	742	74	32	42	56.76
30	Kodagaon	Kanker	Kanker	3672	367	210	157	42.78
31	Andi	Kanker	Kanker	837	84	76	8	9.52
32	Mardapoti	Kanker	Kanker	1960	196	15	181	92.35
33	Patod	Kanker	Kanker	1517	152	92	60	39.47

Appendix 2.2.6

(Referred to in paragraph 2.2.9.6; page 39)

Details of Panchayat members did not participate in the Social Audit Gram Sabha

S. No	Name of GP	Name of Block	Name of District	Date of Social Audit Gram Sabha
1	Farfoud	Arang	Raipur	14.11.14
2	Godhi	Arang	Raipur	04.12.14
3	Parsada (Simariya)	Arang	Raipur	05.12.14
4	Khamhardih	Sarangarah	Raigarh	07.04.15
5	Bardula	Sarangarah	Raigarh	23.12.14
6	Tilaidadar	Sarangarah	Raigarh	10.04.15
7	Dahida	Sarangarah	Raigarh	07.04.15
8	Janjgiri	Durg	Durg	28.02.15
9	Khopli	Durg	Durg	01.03.15
10	Aamti	Durg	Durg	27.02.15
11	Sukharidabri	Baghbahra	Mahasamund	23.12.14
12	Kamroud	Baghbahra	Mahasamund	23.12.14
13	Mungaser	Baghbahra	Mahasamund	23.12.14
14	Kurchundi	Basna	Mahasamund	23.02.15
15	Rangmatia	Basna	Mahasamund	04.03.15
16	Chanat	Basna	Mahasamund	04.03.15
17	Lakhantola	Bharatpur	Korea	27.03.15
18	Naudia	Bharatpur	Korea	28.03.15
19	Bhulandabri	Gurur	Balod	04.03.15
20	Kulia	Gurur	Balod	03.03.15
21	Ojhagahan	Gurur	Balod	01.03.15
22	Kochwahi	Gurur	Balod	20.03.15
23	Patod	Kanker	Kanker	13.12.14
24	Kodagaon	Kanker	Kanker	17.12.14
25	Mardapoti	Kanker	Kanker	20.12.14

Appendix 2.2.7

(Referred to in paragraph 2.2.9.6; page 39)

Details of Panchayat members attended the Social Audit Gram Sabha

S. No	Name of GP	Name of Block	Name of District	Date of Social audit	Date of Social Audit Gram Sabha	Number of Panchayat member attended the Social Audit Gram Sabha
1	Patewa	Abhanpur	Raipur	25.03.15 to 30.03.15	01.04.15	1
2	Bareli	Kasdol	Baloda Bazar	18.10.14 to 21.10.14	21.10.14	3
3	Murwabhatha	Sarangarah	Raigarh	20.12.14 to 22,12.14	23.12.14	7
4	Risama	Durg	Durg	17.02.15 to 23.02.15	28.02.15	11
5	Gughsidih	Durg	Durg	23.02.15 to 01.03.15	01.03.15	1
6	Badgaonkhurd	Bharatpur	Korea	26.03.15 to 30.03.15	30.03.15	1
7	Domhara	Bharatpur	Korea	03.03.15 to 12.03.15	27.03.15	2
8	Sheri	Bharatpur	Korea	03.03.15 to 12.03.15	28.03.15	1
9	Semariha	Bharatpur	Korea	13.03.15 to 17.03.15	28.03.15	6
10	Andi	Kanker	Kanker	14.12.14 to 17.12.14	17.12.14	3

Appendix 3.1

(Referred to in paragraph 3.1.1; page 43)

Statement showing the pending advance amount of Sarpanches remaining unadjusted

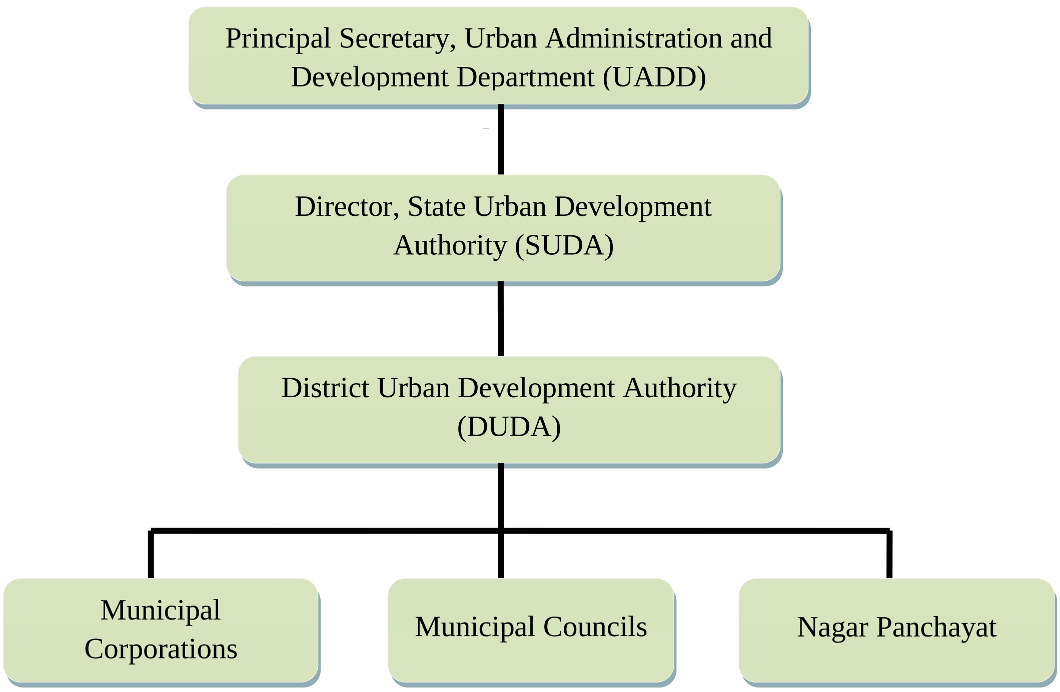
(amount in ₹)

S. No	Name of JPs	Period	Advance amount pending adjustment		Advance amount adjusted		Amount outstanding	
			No. of persons	Amount	No. of persons	Amount	No. of persons	Amount
1	Dongargarh	2004-05 to 2012-13	9	1902184	4	244900	8	1657284
2	Charama	1993-94 to 2007-08	11	315107	3	52470	10	262637
3	Mohla	2004-05 to 2009-10	21	1409634	0	0	21	1409634
4	Durg	2010-11	1	101210	0	0	1	101210
Total			**42**	**3728135**	**7**	**297370**	**40**	**3430765**

Appendix 5.1.1

(Referred to in Paragraph 5.1.2; page 55)

Organogram on organizational set-up



Appendix 5.1.2

(Reffered to in paragraph 5.1.6.1; page 57)

Status of fund availability and expenditure during 2010-15 in test checked seven districts

(₹ in crore)

Year	District	Opening Balance	Receipts	Total	Expenditure (*per cent*)	Closing Balance
2010-11	Durg	2.22	1.00	3.22	1.87(50)	1.87
	Korba	0.43	0.61	1.04	0.43(41)	0.73
	Raigarh	0.40	0.82	1.22	1.10(95)	0.12
	Sarguja	0.45	1.02	1.47	1.01(68)	0.46
	Korea	0.20	0.33	0.54	0.41(76)	0.13
	Bastar	0.63	0.51	1.14	0.58(51)	0.57
2011-12	Durg	1.87	3.57	5.44	2.71(50)	2.73
	Korba	0.73	0.78	1.51	0.60(40)	0.91
	Raigarh	0.12	1.59	1.71	1.05(65)	0.66
	Sarguja	0.46	1.08	1.54	0.73(48)	0.78
	Korea	0.13	1.59	1.72	0.73(42)	0.99
	Bastar	0.57	0.00	0.57	0.27(48)	0.30
2012-13	Durg	2.73	2.19	4.92	2.87(58)	2.05
	Korba	0.92	0.93	1.85	0.29(16)	0.96
	Raigarh	0.66	2.65	3.31	1.81(56)	1.50
	Sarguja	0.78	0.88	1.66	0.98(59)	0.68
	Korea	0.99	0.90	1.89	0.65(34)	1.24
	Bastar	0.30	1.02	1.32	0.83(63)	0.49
2013-14	Durg	2.05	3.16	5.21	3.94(76)	1.27
	Korba	0.96	0.62	1.58	1.00(63)	0.58
	Raigarh	1.50	1.53	3.03	2.47(83)	0.56
	Sarguja	0.68	0.89	1.57	0.53(34)	1.04
	Korea	1.24	0.62	1.86	1.28(69)	0.58
	Bastar	0.49	1.17	1.66	1.08(65)	0.58
	Mungeli	0.22	0.14	0.36	0.18(53)	0.18
2014-15	Durg	1.27	1.81	3.08	2.97(96)	0.11
	Korba	0.58	0.03	0.61	0.12(20)	0.49
	Raigarh	0.56	0.89	1.45	0.51(42)	0.94
	Sarguja	1.04	0.60	1.64	0.39(24)	1.25
	Korea	0.73	1.21	1.94	1.25(64)	0.69
	Bastar	0.58	0.00	0.58	0.56(98)	0.02
	Mungeli	0.18	0.27	0.45	0.03(5)	0.42
Total			**34.41**	**61.09**	**35.22**	

Appendix 5.1.3

(Reffered to in paragraph 5.1.6.1; page 57)

Statement showing DUDA wise unspent balance as on 31.3.2015

(Amount in ₹)

S. No	Name of DUDA	Amount	S. No	Name of DUDA	Amount
1	Balodabazar	17207041	2	Balrampur	4509998
3	Bemetara	3546500	4	Bijapur	3415923
5	Dantewara	4783310	6	Dhamtari	6408000
7	Gariyaband	3669610	8	Jagdalpur	203595
9	Janjgir	18409727	10	Jashpur	6097766
11	Kanker	611764	12	Kawardha	25043000
13	Kondagaon	6161667	14	Korba	26404747
15	Korea	7472316	16	Mungeli	4199000
17	Narayanpur	253757	18	Raigarh	9374800
19	Raipur	55537875	20	Rajnandgaon	6496000
21	Sarguja	12339588	22	Sukma	3779679
23	Surajpur	2059022	24	Durg	21732000
25	Bilaspur	25069183	26	Balod	6637650
27	Mahasamund	9611973			
Total		166733333			124302158
Gross		₹ 291035491 i.e. ₹ 29.10 crore			
Net		₹ 37.79 crore (SUDA ₹ 8.69 crore plus ₹ 29.10 crore)			

Source: Data provided by the SUDA and DUDAs

Appendix 5.1.4

(Reffered to in paragraph 5.1.6.2; page 58)

Statement on delay in release of Centre share during 2010-15

S. No	Year	Reference of approval	Amount (₹ in lakh)	Delay (in days)
1	2010-11	No. G-24011/3/2010-UPA dated 7.6.2010	1201.95	68
2	2011-12	No. G-24011/1/2011-UPA dated 11.7.2011	1342.71	102
3	2012-13	No. G-24011/4/2012-UPA dated 7.5.2012	1349.54	36
4	2013-14	No. G-24011/6/2013-UPA/FTS:8279dated 14.06.2013	1421.00	73

Source:-Data provided by the SUDA for the period from 2010-15

Appendix 5.1.5

(Reffered to in paragraph 5.1.6.2; page 58)

Statement on delay in release of State share during 2010-15

S. No	Year	Reference of release of State share vide Cheque no/dt	Amount (₹ in lakh)	Delay (in days)
1	2010-11	042792 dt 21.06.2010 700184 dt 28.03.2011	114.58 75.00	82 361
2	2011-12	700247 dt 05.04.2011 05.04.2011 04.02.2012 31.03.2012	200.32 125.35 223.78 223.78	 309 364
3	2012-13	26.06.2012 17.12.2012 31.03.2013	193.08 224.92 224.92	86 256 364
4	2013-14	29.06.2013 19.07.2013 14.11.2013	98.92 100.98 265.28	59 109 223
5	2014-15	28.08.2014	54.45	150

Source:-Data provided by the SUDA for the period from 2010-15

Appendix 5.1.6

(Referred to in paragraph 5.1.8.1; page 60)

USEP Target and Achievement for coverage of beneficiaries during 2010-15

(₹ in crore)

Year	Physical		Financial		No of cases sent to Bank for approval
	Target	Achievement	Target	Achievement	
2010-11	1200	1862	3.00	3.62	5005
2011-12	3000	2687	15.00	5.72	7338
2012-13	5000	3068	3.00	8.46	7056
2013-14	2249	2797	2.08	10.32	8673
2014-15	904	524	2.26	1.60	1279
Total	**12353**	**10938**	**25.34**	**29.72**	**29351**

Source:- Financial and physical targets, progress reports of the SUDA for 2010-15

Appendix 5.1.7

(Referred to in paragraph 5.1.8.1; page 60)

Targets and Achievements under USEP for the period 2010-15

(₹ in lakh)

Year	District	Physical		Financial	
		Target	Achievement	Target	Achievement
2010-11	Durg	120	271	84.75	53.28
	Korba	120	103	20.46	21.20
	Raigarh	120	147	14.91	34.95
	Sarguja	120	183	8.49	24.67
	Korea	48	4	9.87	17.52
	Bastar	48	99	10.44	18.62
2011-12	Durg	850	361	425.00	98.08
	Korba	205	157	102.30	31.50
	Raigarh	150	278	175.00	53.38
	Sarguja	85	241	42.45	48.06
	Korea	85	124	42.50	38.93
	Bastar	70	70	35.00	91.03
2012-13	Durg	1250	408	85.00	121.05
	Korba	250	237	20.50	49.91
	Raigarh	250	432	15.00	110.56
	Sarguja	100	143	8.50	55.67
	Korea	146	148	8.50	53.89
	Bastar	100	100	7.00	6.52
2013-14	Durg	508	199	47.01	49.89
	Korba	147	118	13.57	23.17
	Raigarh	94	191	8.71	59.00
	Sarguja	36	53	3.37	20.48
	Korea	55	69	4.79	26.56
	Bastar	56	81	5.15	113.27
	Mungeli	38	31	3.52	2.44
2014-15	Durg	83	86	20.75	35.32
	Korba	21	16	5.25	2.08
	Raigarh	45	65	11.25	20.16
	Sarguja	9	0	2.25	0
	Korea	69	41	17.25	10.76
	Bastar	4	0	1.00	0
	Mungeli	15	0	3.75	0
Total		**5297**	**4456**	**1263.29**	**1291.95**

Source: Data provided by the DUDAs

Appendix 5.1.8

(Referred to in paragraph 5.1.8.2; page 62)

UWSP (Target & Achievement) SUDA to districts

(₹ in crore)

Years	Grant in aid				Revolving fund			
	Physical		Financial		Physical		Financial	
	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
2010-11	1200	138	3.00	1.20	2400	399	0.48	0.42
2011-12	1200	323	7.20	1.57	2400	551	0.48	0.46
2012-13	600	191	3.00	1.73	1200	420	0.48	0.43
2013-14	2832	245	1.81	1.51	1342	782	0.27	0.75
2014-15	264	76	0.92	0.30	188	327	0.19	0.06
Total	**6096**	**973**	**15.93**	**6.31**	**7530**	**2479**	**1.90**	**2.12**

Source: Data provided by the SUDA and DUDAs

Appendix 5.1.9

(Referred to in paragraph 5.1.8.2; page 62)

Targets and Achievements for the period from 2010-15 under UWSP

(₹ in lakh)

Year	District	Grant in aid				Revolving fund			
		Physical		Financial		Physical		Financial	
		Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
2010-11	Durg	120	18	84.75	20.15	240	42	4.80	7.15
	Korba	120	30	20.46	3.75	240	37	4.80	4.87
	Raigarh	120	36	14.91	41.13	240	46	4.80	5.78
	Sarguja	120	2	8.49	3.50	240	23	4.80	4.36
	Korea	48	9	9.87	19.35	96	2	1.92	0.40
	Bastar	48	65	10.44	5.95	96	12	1.92	2.48
2011-12	Durg	120	35	72.00	25.72	240	157	4.80	28.84
	Korba	120	19	72.00	16.63	240	41	4.80	8.51
	Raigarh	120	33	72.00	54.74	240	41	4.80	7.00
	Sarguja	120	3	72.00	2.63	240	39	4.80	7.66
	Korea	48	15	28.80	21.70	96	19	1.92	3.80
	Bastar	48	0	28.80	0	96	60	1.92	1.68
2012-13	Durg	60	31	30.00	44.54	120	138	4.80	27.58
	Korba	60	30	30.00	32.64	120	35	4.80	6.48
	Raigarh	60	26	30.00	30.10	120	20	4.80	7.50
	Sarguja	60	3	30.00	2.10	120	9	4.80	1.86
	Korea	24	13	12.00	16.45	48	24	1.92	4.80
	Bastar	24	52	12.00	7.00	48	17	1.92	7.69
2013-14	Durg	640	25	13.97	25.75	303	127	6.98	16.70
	Korba	185	30	3.67	3.67	88	0	1.84	13.04
	Raigarh	119	23	7.84	25.55	56	25	0	6.36
	Sarguja	46	10	0.93	1.75	22	6	0.46	1.14
	Korea	65	6	1.32	5.25	31	16	0.66	3.36
	Bastar	70	70	1.41	9.45	33	15	0.71	6.45
	Mungeli	48	16	1.01	2.89	23	0	0.51	0
2014-15	Durg	28	7	9.80	9.80	16	2	1.60	0.16
	Korba	6	1	2.10	0.35	5	2	0.50	0.20
	Raigarh	14	7	4.90	4.73	11	10	1.10	1.50
	Sarguja	2	0	0.70	0	2	2	0.20	0.00
	Korea	19	2	6.65	0.70	12	2	1.20	0.50
	Bastar	2	0	0.70	0	1	0	0.10	0
	Mungeli	4	0	1.40	0	3	0	0.30	0
Total		**2688**	**617**	**694.92**	**437.97**	**3486**	**969**	**85.28**	**187.85**

Source: Data provided by the DUDAs

Appendix 5.1.10

(Referred to in paragraph 5.1.8.3; page 63)

STEP UP state wise Target & Achievement for year 2010-15

(₹ in crore)

Year	Physical		Financial	
	Target	Achievement	Target	Achievement
2010-11	5500	3701	2.75	0.65
2011-12	5500	8227	2.75	0.76
2012-13	9400	16908	4.50	0.75
2013-14	42000	14890	4.16	8.45
2014-15	12390	5240	13.38	3.75
Total	**74790**	**48966**	**27.54**	**14.36**

Source: Data provided by the SUDA and DUDAs

Appendix 5.1.11

(Referred to in paragraph 5.1.8.3; page 63)

Targets & Achievements for year 2010-15 under STEP-UP for selected seven districts

(₹ in lakh)

Year	District	Physical		Financial	
		Target	Achievement	Target	Achievement
2010-11	Durg	1200	1051	60.00	31.57
	Korba	400	120	20.00	7.10
	Raigarh	400	174	20.00	9.08
	Sarguja	300	193	50.00	8.83
	Korea	200	160	10.00	2.78
	Bastar	200	88	10.00	6.36
2011-12	Durg	1200	2377	60.00	35.91
	Korba	500	325	20.00	9.20
	Raigarh	500	1403	20.00	2.37
	Sarguja	300	151	50.00	2.47
	Korea	200	216	10.00	5.32
	Bastar	200	0	10.00	0.00
2012-13	Durg	250	1476	98.20	52.01
	Korba	1000	1196	40.90	0.30
	Raigarh	1500	1649	40.90	10.39
	Sarguja	500	433	24.54	4.93
	Korea	500	1717	16.36	1.53
	Bastar	500	670	16.36	5.55
2013-14	Durg	2800	2350	47.01	104.99
	Korba	2548	1355	27.14	17.52
	Raigarh	2548	466	17.41	66.32
	Sarguja	1029	937	6.73	24.64
	Korea	1619	1505	9.59	90.78
	Bastar	1999	2549	10.29	52.21
	Mungeli	800	30	7.04	1.02
2014-15	Durg	1340	382	144.76	0.00
	Korba	225	210	24.25	5.64
	Raigarh	630	0	68.03	12.32
	Sarguja	120	0	12.96	6.29
	Korea	860	780	92.88	110.43
	Bastar	90	117	9.72	4.70
	Mungeli	165	55	17.82	1.61
Total		**26623**	**24135**	**1072.89**	**694.17**

Source: Data provided by the DUDAs

Appendix 5.1.12

(Referred to in paragraph 5.1.8.4; page 64)

Targets & Achievements for year 2010-15 under UWEP for selected seven districts

(₹ in lakh)

Year	District	Physical		Financial	
		Target (days)	Achievement	Target	Achievement
2010-11	Durg	36375	2968(0.07)	84.75	30.55
	Korba	8781	1497(17.00)	20.46	14.97
	Raigarh	6399	5400(84.00)	14.91	14.85
	Sarguja	3644	208(6.00)	8.49	14.00
	Korea	4236	2500(59.00)	9.87	15.00
	Bastar	4481	0(0)	10.44	0
2011-12	Durg	84750	0(0)	101.70	41.31
	Korba	20460	0(0)	24.55	0
	Raigarh	14910	12510 (84.00)	17.99	15.64
	Sarguja	8490	0(0)	10.19	0
	Korea	7870	0(0)	11.84	0
	Bastar	10440	0(0)	12.53	0
2012-13	Durg	42375	0(0)	84.75	3.07
	Korba	10230	0(0)	20.45	0
	Raigarh	7455	7300(98.00)	14.99	53.74
	Sarguja	4245	0(0)	8.49	20.00
	Korea	3935	0(0)	9.86	0
	Bastar	5220	0(0)	10.44	0
2013-14	Durg	24413	0(0)	2.35	0
	Korba	7047	0(0)	6.78	0
	Raigarh	4521	4510 (99.00)	4.35	74.22
	Sarguja	1748	0(0)	1.68	0
	Korea	2489	0(0)	2.40	0
	Bastar	2674	0(0)	2.57	0
	Mungeli	1827	0(0)	1.76	0
2014-15	Durg	0	0(0)	0	0
	Korba	0	0(0)	0	0
	Raigarh	0	0(0)	0	9.00
	Sarguja	0	0(0)	0	0
	Korea	0	0(0)	0	0
	Bastar	0	0(0)	0	0
	Mungeli	0	0(0)	0	0
Total		**329015**	**36893**	**498.59**	**306.35**

Source: Data provided by the DUDAs (In 2014-15 UWEP was abolished)

Percentage range of districts:

1) Durg- 0 to 1 (2) Korba-0 to17 (3) Raigarh-84 to 99 (4) Sarguja- 0 to 6 (5) Korea- 0 to 59 (6) Bastar-0 (7) Mungeli-0

Appendix 5.1.13

(Referred to in paragraph 5.1.8.5; page 65)

Target & Achievement under UCDN component for the year 2010-15

(₹ in lakh)

S. No	Year	Financial	
		Target	Achievement
1	2010-11	149.99	105.74
2	2011-12	149.99	52.17
3	2012-13	150.00	185.36
4	2013-14	103.98	227.37
5	2014-15	12.80	29.04
Total		**566.76**	**599.68**

Source: Data provided by the SUDA and DUDAs

Appendix 5.1.14

(Referred to in paragraph 5.1.8.5; page 65)

Targets & Achievements for year 2010-15 under UCDN for selected seven districts

(₹ in lakh)

Year	Name of district	Financial	
		Target	Achievement
2010-11	Durg	32.38	18.47
	Korba	10.23	2.76
	Raigarh	7.46	4.37
	Sarguja	4.25	5.64
	Korea	4.94	0.80
	Bastar	5.22	2.94
2011-12	Durg	32.38	27.42
	Korba	10.23	2.20
	Raigarh	7.46	6.72
	Sarguja	4.25	10.02
	Korea	4.94	0.76
	Bastar	5.22	2.94
2012-13	Durg	32.38	22.81
	Korba	10.23	3.21
	Raigarh	7.46	13.90
	Sarguja	4.25	4.40
	Korea	4.94	0.80
	Bastar	5.22	2.94
2013-14	Durg	23.05	12.04
	Korba	6.79	17.39
	Raigarh	4.35	9.98
	Sarguja	1.68	0
	Korea	2.40	0.55
	Bastar	2.57	1.76
	Mungeli	1.76	0.00
2014-15	Durg	0.0	0
	Korba	0.0	1.76
	Raigarh	0.0	0.68
	Sarguja	0.0	0
	Korea	0.0	0.00
	Bastar	0.0	3.60
	Mungeli	0.0	0
Total		**236.04**	**180.86**

Source: Data provided by the DUDAs

Appendix 6.1

(Referred to in paragraph 6.1.3; page 71)

Statement showing the splitting of construction work

(₹ in lakh)

S. No.	Name of work	Initial Cost of work	No. of splitted work	Tender Cost	Cost of work after splitting
1	Laying of GI pipeline	245.96	15	245.96	3.96 to 18.00
2	Construction of Sewerage line and Chamber	68.00	08	146.32	17.00 to 19.58
3	Repairs of road damaged during pipe laying	105.10	05	73.01	7.22 to 18.45
4	Construction of Cement Concrete road	196.14	14	267.48	16.00 to 19.71
5	Construction of Drains	256.58	15	256.58	14.41 to 19.18
Total		**871.78**	**57**	**989.35**	**-**
6	Renovation and development of garden	72.40	-	-	-
7	Construction of Culvert	44.49	3	44.49	11.03 to 18.06
8	Construction of Activity Centre	7.27	-	-	-
9	Construction of Septic tank	19.00	1	17.00	17.00
10	Construction of Boundary wall	15.00	1	15.00	15.00
11	Street light maintenance	11.79	-	-	-
Grand Total		**1041.73**	**62**	**1065.84**	**-**