CHAPTER-II

PERFORMANCE AUDIT, LONG PARAGRAPH AND AUDIT OF TRANSACTIONS

PANCHAYATI RAJ INSTITUTIONS

This chapter contains two Performance Audits on 'Member of Parliament Local Area Development Scheme' and 'Member of Legislative Assembly Local Area Development Scheme', one Long Paragraph on 'Utilisation of Twelfth Finance Commission Grant by *Panchayati Raj* Institutions' and three paragraphs relating to transaction audit of *Panchayati Raj* Institutions.

Rural Development and *Panchayati Raj* Department

PERFORMANCE AUDIT

2.1 Member of Parliament Local Area Development Scheme

Executive Summary

Member of Parliament Local Area Development Scheme (MPLADS) was launched (December 1993) by Government of India (GoI) as a Centrally Sponsored Scheme, with the objective to enable Members of Parliament (MPs) to recommend works of developmental nature and creation of durable community assets based on the locally felt needs. Deficiencies noticed during Performance Audit of the Scheme implemented in Bharatpur, Bikaner, Churu, Dausa, Pali, Sikar, Sriganganagar and Tonk districts were as under:

The utilisation of funds ranged between 40.49 and 89.53 per cent of the funds available with the District Authorities (DAs) during the last five years (2004-09) leaving substantial closing balances in various bank accounts. The unspent balances of ₹ 0.54 crore left by predecessor Rajya Sabha MP of District Bikaner had not been distributed among the successor Rajya Sabha MPs of the State, rendering them idle. Further, instances of diversion of funds, release of advances to Implementing Agencies (IAs) in excess of the prescribed limit, non-refund of unspent balances by IAs were seen in Audit. There were several instances of delays in sanctioning works as well as sanctioning works without adhering to stipulated Scheme procedures. An expenditure of ₹ 1.44 crore was incurred on 61 works which were not permitted under the Scheme. Also an excess expenditure of ₹ 44.48 lakh to three trusts/societies against the prescribed ceiling was found.

2.1.1 Introduction

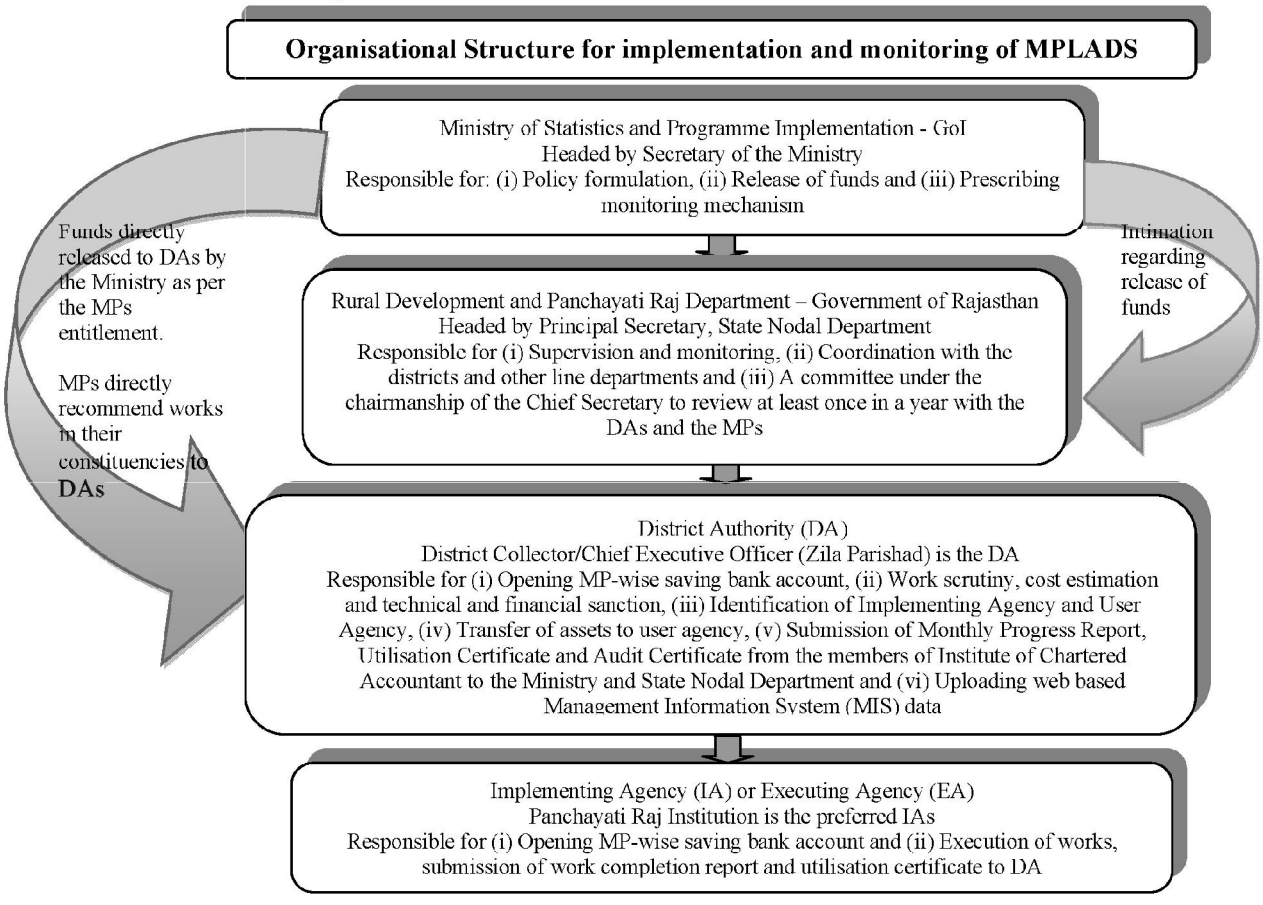
The MPLADS was introduced on 23 December 1993 to enable MPs to cater to local requirements involving creation of assets in their constituencies and to provide facilities such as drinking water, primary education, public health, sanitation and roads etc. to the community. The implementation of MPLADS

is governed by guidelines initially issued in February 1994. These were updated and revised in December 1994, February 1997, September 1999, April 2002 and in November 2005. The MPLADS is a Plan Scheme fully funded by the GoI and funds released under the Scheme are non-lapsable. The Scheme provides that a Member of *Lok Sabha* may select works for implementation in his/her constituency while a Member of *Rajya Sabha* may select works for implementation in one or more districts of his/her choice in the State from which he/she has been elected. In 1993-94, when the Scheme was launched, an amount of ₹ five lakh per annum per MP was allotted which was subsequently raised to ₹ one crore per annum per MP from 1994-95. Since 1998-99, ₹ two crore per annum is being allotted to each MP.

The main objectives of the Scheme are to carryout works of a developmental nature and creation of durable assets based on locally felt needs with special focus to areas inhabited by Scheduled Castes (SCs) and Scheduled Tribes (STs) population. There were 25 *Lok Sabha* and 11 *Rajya Sabha* members in Rajasthan.

2.1.2 Organisational set up

At the Central level, the Scheme is administered by the Ministry of Statistics and Programme Implementation (henceforth referred to as the Ministry). A chart depicting the role of various authorities at Central, State and District level is given below:



2.1.3 Audit objectives

The performance audit was taken up with the objective of verifying whether:

- The funds released under the Scheme were being utilised in a proper manner for achieving the objectives of MPLADS;
- MPLADS met the principal objective of fulfilling the constituents request to the MPs for basic facilities, including community infrastructure of development nature, with emphasis on creation of durable community assets in their areas;
- The process of selection of the works was transparent and the works approved by the MPs were consistent with guidelines, avoided duplication and overlapping and were guided by their merit and relative priority within the area for each MP;
- The DAs and the IAs processed the works promptly in accordance with the provisions of the MPLADS guidelines and relevant rules ensuring competitive bids, quality assurance, schedule of rates and checks ensuring reasonableness of the cost/rates;
- The accountability for maintenance and upkeep of assets created were ensured and the standards and quality of the assets created were maintained properly;
- The physical and financial performance reports were free from misstatements and in particular, the utilisation certificates and status of the works report fairly represented utilisation of MPLADS funds;
- The internal control, management and performance monitoring systems and procedures ensured output oriented monitoring of the Scheme; and
- The up-to-date and comprehensive list of community assets created was transparently displayed.

2.1.4 Audit criteria

The criteria for the performance audit were:

- Guidelines of the MPLADS, Circulars and Orders issued by Ministry of Statistics and Programme Implementation, GoI.
- Public Works Financial and Accounts Rules issued by Government of Rajasthan (GoR).
- *Gramin Karya Nirdeshika* (GKN), 2004 issued by GoR.
- Rajasthan *Panchayati Raj* Rules, 1996.

2.1.5 Audit methodology, coverage and sampling

The audit methodology included:

- Examination of records relating to implementation of the Scheme in the office of Secretary, Rural Development Department (RDD), *Zila Parishads* Rural Development Cell (ZPs RDC), *Panchayat Samitis* (PSs) and *Gram Panchayats (*GPs).

- Study of progress reports, works control registers, sanction files, recommendation files, utilisation certificates (UCs)/completion certificates (CCs) files, survey reports and evaluation reports and accounts.

- A study of the Scheme in eight nodal districts[1] covering nine *Lok Sabha* and two *Rajya Sabha* members of Parliament selected by using Simple Random Sampling without Replacement Method covering the period 2004-09 was conducted during April 2009 to December 2009 and records relating to the Scheme were test-checked in the RDD, ZPs and various executing agencies i.e. Public Works Department (PWD), Public Health Engineering Department (PHED), Irrigation Department, Forest Department, *Panchayati Raj* Institutions (PRIs), Urban Local Bodies (ULBs), Rajasthan State Electricity Board (RSEB) and Non Government Organisations (NGOs) of nodal districts.

An Entry Conference was held on 27 April 2009 with the Secretary, RDD, GoR, Jaipur in which audit methodology, scope and objectives etc. were discussed. The results of the performance audit were discussed with the RDD in an exit conference on 12 May 2010 and on 14 November 2011.

The factual statement was issued to the RDD, GoR, Jaipur in March 2010 and revised in June 2010.

2.1.6 Response to previous audit findings

The C&AG had conducted two performance audits on the MPLADS in the past, which were incorporated in the C&AG's Audit Reports (Civil) for the years 1996-97 and 1999-2000. However, many of the shortcoming, such as execution of various inadmissible/prohibited works, non maintenance of assets register, incomplete work, diversion of funds, delays in sanction and completion of works etc. pointed out in those two reports were still persisting (till the current audit).

The recurrence of similar shortcomings and lapses on the part of DAs indicated lack of monitoring, internal control and failure of DAs to adhere to the instructions issued by the Department.

1. Eight nodal districts, Bharatpur, Bikaner, Churu, Dausa, Pali, Sikar, Sriganganagar, and Tonk covering nine *Lok Sabha* constituencies (Bayana, Bharatpur, Bikaner, Pali, Churu, Dausa, Sikar, Sriganganagar and Tonk) and two *Rajya Sabha* constituencies (Bharatpur and Bikaner).

Recommendation

In order to avoid recurrence of lapses and shortcomings in the Scheme implementation, responsibility needs to be fixed on the officials who failed to exhibit due diligence in compliance to the guidelines.

2.1.7 Financial management

2.1.7.1 Release of funds

The Central Government releases funds of ₹ two crore per annum in two equal installments of ₹ one crore each directly to the DA under intimation to the State Nodal Department and to the MP concerned. The DA and the IA deposited the funds in a nationalised saving bank account with separate accounts being opened for each MP.

Funds released to the DAs are non-lapsable and can be carried forward for utilisation in the subsequent years.

The interest accrued on the funds released under the Scheme, is to be used for permissible works recommended by the MP concerned.

2.1.7.2 Budget estimates and expenditure

The position of funds released and expenditure incurred thereagainst in eight test-checked nodal districts during 2004-09 is given in **Table 2.1** below:

Table 2.1: Funds released and expenditure incurred in test checked districts

(₹ in crore)

Name of districts	Opening balance (as on 1April 2004)	Funds released to DA	Interest received	Total available funds	Expenditure	Percentage of expenditure	Unspent balance (as on 31 March 2009)
Bharatpur	10.95	27.30	0.63	38.88	21.88	56.28	17.00
Bikaner	4.44	14.00	0.36	18.80	15.13	80.48	3.67
Churu	1.18	10.00	0.18	11.36	8.96	78.87	2.40
Dausa	4.21	10.00	0.56	14.77	9.84	66.62	4.93
Pali	1.50	10.00	0.36	11.86	8.18	68.97	3.68
Sikar	1.97	10.00	0.44	12.41	10.27	82.76	2.14
Sriganganagar	0.64	10.00	0.06	10.70	9.58	89.53	1.12
Tonk	3.61	10.00	0.37	13.98	5.66	40.49	8.32
Total	**28.50**	**101.30**	**2.96**	**132.76**	**89.50**	**67.41**	**43.26**

(Source: Annual Accounts certified by Chartered Accountant)

Position indicated above revealed that

- Total available funds during 2004-05 to 2008-09 was ₹ 132.76 crore against which an expenditure of ₹ 89.50 crore only (67.41 per cent) was incurred during 2004-05 to 2008-09 and ₹ 43.26 crore was lying unspent. Percentage of expenditure was highest in Sriganganagar district (89.53 *per cent*) and lowest in Tonk district (40.49 *per cent*). The RDD, GoR stated

(November 2011) that DA Churu had utilised ₹ 2.08 crore out of ₹ 2.40 crore but action taken in other cases has not been intimated.

2.1.7.3 Distribution of funds of ex-Rajya Sabha (RS) MP

The Scheme stipulates that the unspent balances under MPLADS left by the predecessor elected RS MPs in a particular State would be equally distributed amongst the successor RS MPs in that particular State.

Audit revealed that unspent balances of ₹ 0.54 crore (March 2011) left by predecessor RS MP of District Bikaner had not been distributed among the successor RS MPs. The RDD, GoR did not furnish the reply (November 2011).

2.1.7.4 Diversion of funds

Funds were required to be spent for the intended purpose but DA, Churu temporarily diverted scheme funds as detailed in **Table 2.2** below:

Table 2.2: Diversion of funds in Churu district

(₹ in lakh)

Diverted to			Received back to MPLADS
Scheme	**Date**	**Amount**	**Date**
Desert Development Programme-IV	31.03.2005	20.00	25.06.2005
Indira Awas Yojna (New)	31.03.2005	43.48	25.06.2005
District Rural Development Agency (Administration)	04.10.2006	7.00	31.03.2007

(Source: Data extracted from records of DAs)

Diversion of the Scheme fund was not only contrary to the Scheme guidelines but also caused a loss of interest of ₹ 0.68 lakh to the Scheme calculated at the rate of saving bank account. The RDD, GoR accepted the facts and stated (November 2011) that the DAs have been instructed not to divert scheme fund in future. The diversion of funds indicated that internal controls and financial management needed to be strengthened at DA level and State Level.

2.1.7.5 Release of advance in excess of prescribed limits

The MPLADS guidelines envisage that the DA may release advances up to 75 *per cent* (for projects sanctioned up to October 2005) and 50 *per cent* (for projects sanctioned after October 2005) of the estimated amount of a sanctioned work to the IA.

However, in seven nodal districts DAs gave advances of ₹ 19.59 crore for execution of 1,209 works where only ₹ 13.73 crore were admissible resulting in excess release of ₹ 5.86 crore to the IAs as detailed in **Table 2.3** below:

Table 2.3: Details of advances given in seven districts

(₹ in crore)

	Bharatpur	Bikaner	Churu	Dausa	Pali	Sikar	Tonk	Total
Number of works	555	23	17	248	49	131	186	1,209
Total advance released	10.78	0.77	0.09	1.29	1.77	1.62	3.27	19.59
Total advance admissible	8.08	0.48	0.06	0.81	1.09	1.09	2.12	13.73
Excess release of advance	2.70	0.29	0.03	0.48	0.68	0.53	1.15	5.86

(Source: Data extracted from records of DAs)

The RDD, GoR stated (November 2011) that the DAs have been instructed to release advances up to 50 *per cent*.

2.1.7.6 Non-refund of unspent balances by IAs

As per para 4.16 of the Scheme guidelines the unspent balance should be refunded by the IAs to the DAs within 30 days of the completion of work. It was seen that four works of ₹ 8.43 lakh were cancelled by DA, Pali but advances of ₹ 7.12 lakh[2] made (2005-06 and 2007-08) to the IAs for these cancelled works, were not refunded by IAs to DA. The RDD, GoR stated (November 2011) that recovery is being made.

Thus, DAs failed to follow up with the IAs to refund the unspent balance lying with them which indicated deficient monitoring. This resulted in blocking of fund and may also lead to misappropriation.

2.1.7.7 Contingency expenses

The Scheme guidelines (November 2005) provided that the DA can utilise upto 0.5 *per cent* of the amount spent on completed projects in a year under MPLADS as contingency expenses on items like purchase of stationary, office equipments including computer (excluding Laptop), telephone/fax charges, postal charges and expenses incurred to make MPLADS works monitoring software operational and to get audit certificates and audit of the accounts.

It was however noticed that the CEO, ZP, Dausa purchased a Laptop worth ₹ 0.55 lakh contrary to the provisions of the Scheme guidelines.

The RDD, GoR stated (November 2011) that the Laptop was purchased at market rate for effective monitoring of the scheme. The reply is not tenable as purchase of Laptop was not permissible under the scheme.

2.1.7.8 Improper maintenance of accounts

The Scheme envisaged that the DAs and the IAs open separate savings accounts for each MP in nationalised bank. A monthly bank reconciliation of the cash book and pass book balances was to be carried out. Scrutiny of records of DAs and IAs disclosed the following discrepancies;

- DAs had not reconciled the figures of the cash book and bank pass-book as prescribed.

2. Pali: 2005-06 (Amount ₹ 3.20 lakh) and 2007-08 (₹ 3.92 lakh).

- Although DAs maintained separate bank accounts for each MP but IAs did not do so. Instead, IAs maintained a single savings bank account for transactions involving MPLADS funds. In case of release of funds to institutions such as schools, colleges, clubs, societies and other NGOs, where such institutions were the users as well as IAs, MPLADS funds were kept in the bank accounts of such institutions where funds from other sources were also deposited.

- DA, Bharatpur kept Scheme funds of ₹ 24.65 crore[3] of *Lok Sabha* MP, Bayana and *Rajya Sabha* MP, Bharatpur from 2004-05 to 2008-09 in non-nationalised bank (Rajasthan *Gramin* Bank) contrary to the provision of the guidelines.

These lacunae in banking arrangements and accounting procedures indicated that internal controls at the DAs and the IAs level were weak. The RDD, GoR stated (November 2011) that all districts have been instructed to maintain accounts properly.

2.1.7.9 Non-receipt of installment of ₹one crore

As per paragraph 4.3 of the Scheme guidelines the second installment of the MPLADS funds was to be released subject to the fulfillment of the following eligibility criteria:

- the unsanctioned balance is less than ₹ 50 lakh,

- the unspent balance of funds of the MP concerned is less than ₹ one crore and

- UCs and audit certificates prior to the previous year have been furnished by DA.

It was seen that Scheme fund of ₹ one crore as second installment for the year 2007-08 could not be released by the GoI for *Rajya Sabha* MP, Bharatpur due to non-submission of proposal for release of the funds by the DA. The DA did not send the proposal due to unsanctioned balance of ₹ 80.27 lakh.

The RDD, GoR stated (November 2011) that due to non-receipt of recommendations in time from MP, the eligibility for release of second installment could not be fulfilled.

2.1.7.10 Interest not refunded

Interest of ₹ 6.06 lakh[4] was earned on amount transferred by other nodal districts[5] but the same was not transferred to the concerned nodal districts by DA, Churu. The RDD, GoR stated (November 2011) that efforts are being made to refund interest amount.

3. *Lok Sabha* MP, Bayana: ₹ 13.77 crore and *Rajya Sabha* MP, Bharatpur: ₹ 10.88 crore.
4. ₹ 1.16 lakh in 2004-05, ₹ 1.17 lakh in 2005-06, ₹ 1.47 lakh in 2006-07, ₹ 1.21 lakh in 2007-08 and ₹ 1.05 lakh in 2008-09.
5. Baran, Bhilwara, Bikaner, Chittorgarh, Jaipur and Nagaur.

2.1.7.11 Outstanding advances

Out of total outstanding advances of ₹ 29.12 crore against IAs as of March 2009, ₹ 2.04 crore lying unspent/unutilised since two to six years and ₹ 0.41 crore more than six years ***(Appendix-II)***. The advances remained unadjusted due to non- receipt of UCs/CCs/refund of unspent amount from the IAs.

The RDD, GoR stated (November 2011) that concerned DAs have been instructed to utilise outstanding advances.

Recommendation

DAs should be prescribed with a schedule for monitoring of utilisation of advances by the IAs.

2.1.8 Recommendations and selection of works

Recommendation of works

Each MP was required to recommend a prioritised list of works based on the locally felt needs for execution to the DA up to the annual fund entitlement, preferably within 90 days of the commencement of the financial year. In this regard, Audit observed the following:

2.1.8.1 Delay in recommendation by MPs

In respect of 3,295 works[6] (59.75 *per cent* of 5,515 total recommended works) amounting to ₹ 64.07 crore pertaining to eight test-checked DAs, recommendations were furnished by MPs with delays beyond the prescribed time limit of 90 days from the commencement of the financial year and the MPs continued recommending the works up to the end of the financial year.

The RDD, GoR stated (November 2011) that MPs have been requested by concerned DAs to recommend works in time.

2.1.8.2 Recommendations not sent in the prescribed format

Para 3.1 of the guidelines stipulates that recommendations for works received from the MPs should be duly signed on their letter heads. It was observed that MP, Tonk sent the recommendations on plain paper in six cases[7] involving ₹ 25.26 lakh. The RDD, GoR stated (November 2011) that DAs have been instructed for compliance.

6. Bharatpur: 728 works (₹ 14.37 crore), Bikaner: 217 works (₹ 8.25 crore), Churu: 346 works (₹ 5.15 crore), Dausa: 600 works (₹ 7.67 crore), Pali: 169 works (₹ 4.87 crore), Sikar: 344 works (₹ 5.46 crore), Sriganganagar 694 works (₹ 12.73 crore) and Tonk: 197 works (₹ 5.57 crore).
7. Senior Secondary School, Sirohi (Newai): ₹ two lakh, Meera Girls Hostel (Newai): ₹ five lakh, Saadat Hospital (Tonk): ₹ six lakh, Rest House, Superintendent of Police, (Tonk): ₹ five lakh, *Navodaya Vidhyalaya* (Tonk): ₹ four lakh and Rest House, *Krishi Upaj Mandi* (Tonk): ₹ 3.26 lakh.

2.1.8.3 *Cost estimates not furnished*

As per guidelines (para 3.9), recommendations for works received from the MPs should be supported by the cost estimates. It was noticed that in eight test checked districts 3,415[8] recommendations (out of 5,515) of works costing ₹ 70.45 crore (during the period 2004-05 to 2008-09) were not supported by estimates.

The RDD, GoR stated (November 2011) that request had been made to MPs to support the recommendations with cost estimates. Non-receipt of cost estimates required preparation of the estimates by the IAs.

2.1.8.4 *Selection of prohibited works*

As per the Scheme guidelines effective from November 2005, all works which meet the locally felt community, infrastructure and developmental needs are permissible under MPLADS, except those prohibited under the guidelines.

However, it was noticed that in sampled districts an expenditure of ₹ 1.44 crore was incurred on 61 works which were not permitted as per the Scheme guidelines as details given in **Table 2.4** below (work wise details in ***Appendix - III***).

Table 2.4: Details of execution of prohibited works

(₹ in crore)

Type of prohibited works undertaken by DAs on the recommendation of MPs	Details of execution of prohibited works		
	No. of districts involved	No. of works	Cost of works
Office and Residential buildings belonging to Central and State Governments, their Departments, Government Agencies/ Organisations and Public Sector Undertakings	5	45	0.87
Office and residential buildings and other works belonging to private, cooperative and commercial organisations	3	5	0.18
Maintenance and repair works of any type	2	3	0.08
Renovation works except heritage and archeological monuments and buildings with specific permission available from the Archeological Survey of India	2	2	0.10
Purchase of all movable items except vehicles, earth movers and equipments meant for hospital, educational, sports, drinking water and sanitation purposes belonging to Central, State, UT and Local Self Governments	4	6	0.21
Total		**61**	**1.44**

(Source: Data extracted from record of DAs)

The execution of works prohibited under the Scheme indicated that the MPs had not kept the objectives and guidelines of the Scheme in view while

8. Bharatpur: 1,044 cases (Amount ₹ 20.19 crore), Bikaner: 460 (₹ 14.53 crore), Churu: 249 (₹ 4.23 crore), Dausa: 166 (₹ 3.15 crore), Pali: 25 (₹ 0.28 crore), Sikar: 489 (₹ 8.32 crore), Sriganganagar: 825 (₹ 15.09 crore) and Tonk: 157 (₹ 4.66 crore).

recommending works and the DAs had not verified the eligibility of these works before granting administrative approval and financial sanction. The RDD, GoR stated (November 2011) that the repair work of Table Tennis room and compound wall, Churu, the work for Gram Panchayats in District, Bikaner and construction of boundary wall of police premises, Dausa were permissible. The contention of the department was not tenable because these works were not permitted as per Annexure-II of para 4.2 of the scheme guideline.

2.1.8.5 Execution of works for society/trust

Community infrastructure and public utility building works are permissible for registered societies/trusts under the Scheme, provided the society/trust has been in existence for the preceding three years and engaged in social service/welfare activities. The Scheme also specifies that not more than ₹ 25 lakh may be spent from the MPLADS fund for one or more works of a particular society/trust. However, MPLADS funds were sanctioned in excess of the prescribed limit in three districts as work-wise and trust-wise details given in **Table 2.5** below:

Table 2.5: Details of execution of works beyond prescribed limits

(₹ in lakh)

Nodal district and name of trust	Number of works	Amount sanctioned	Expenditure incurred	Permissible limit for expenditure	Excess expenditure
Adarash Vidya Mandir *Samiti*, Bharatpur	15	39.48	34.08	25.00	9.08
Adarash Vidya Mandir *Samiti*, Pali	9	42.78	41.75	25.00	16.75
Adarash Vidya Mandir *Samiti*, Tonk	16	44.05	44.05	25.00	19.05
Total	**40**	**126.31**	**119.88**	**75.00**	**44.88**

(Source: Data extracted from records of DAs)

Thus, an expenditure of ₹ 44.88 lakh was incurred in excess of the provisions of the guidelines. The RDD, GoR stated (November 2011) that no funds will be sanctioned in excess of prescribed limit for such works.

Recommendations

- *The Ministry may provide a cut-off date in a financial year for accepting recommendation of works by MPs. Works recommended thereafter can be carried forward to the next financial year.*
- *DAs should be held accountable for taking up works that are not permitted under Scheme.*

2.1.9 Processing and award of work

2.1.9.1 Delay in sanction

As per para 3.12 of the Scheme guidelines, all eligible work should be sanctioned within 45 days from the date of receipt of proposal from the MP. However, in case of delay due to genuine reasons, a clarification for the delay

should be incorporated in the sanction letter and also intimated to the MP and the State Government. It was revealed in audit that DAs of eight test checked districts sanctioned 2,178 works[9] (39.49 *per cent* of total 5,515 sanctions) of ₹ 39.56 crore with a delay of one to 739 days from the prescribed time limit of 45 days. No clarification and reasons of delay were incorporated in the sanction letters and intimated to the Government.

The DAs failed to apply the necessary checks and balance provided in the Scheme guidelines for ensuring transparency and accountability in spending under the Scheme. The delay in sanction by DAs delayed the entire schedule for completion of work. The RDD, GoR stated (November 2011) that all DAs have been instructed to sanction works in prescribed time limit.

2.1.9.2 Sanction of works without adhering to guidelines

Para 3.3 of the Scheme guidelines envisaged that the DA should follow the established work scrutiny; technical, work estimation and tendering etc. in the matter of work execution. It was observed that out of total 5,515 works[10] sanctioned for ₹ 102.97 crore feasibility study was not conducted for 2,699 works of ₹ 47.75 crore[11] during 2004-05 to 2008-09. This led to delays in execution of works, non commencement of works and incomplete works which are brought out subsequently under paragraph number 2.1.10 of this report. The RDD, GoR stated (November 2011) that all DAs have been instructed for compliance.

2.1.9.3 Identification of the implementing agency

As per para 2.11 of the Scheme guidelines, the DA was required to identify the agency for work execution and the PRIs and ULBs were to be preferred as IAs in rural and urban areas respectively. The Ministry had also clarified in December 2006 that the guidelines on MPLADS did not allow MPs to select the executing agency and this was the responsibility of the DAs alone.

It was noticed that for 3,348 recommended works (60.71 *per cent*) of ₹ 64.54 crore, the executing agencies were identified/selected by the MP.

Further, the *Lok Sabha* MPs, Bayana and Bharatpur recommended a NGO (Lupin Human Welfare and Research Foundation, Bharatpur) as IA, for 122 works of ₹ 3.02 crore during 2004-09 in the areas of PRIs and ULBs.

9. Bharatpur: 749 works (₹ 14.31 crore), Bikaner: 45 works (₹ 1.53 crore), Churu: 81 works (₹ 1.20 crore), Dausa: 357 works (₹ 5.07 crore), Pali: 127 works (₹ 2.53 crore), Sikar: 290 works (₹ 5.07 crore), Sriganganagar: 406 works (₹ 7.40 crore) and Tonk: 123 works (₹ 2.45 crore).
10. Bharatpur: 1,471 works (Amount ₹ 27.15 crore), Bikaner: 480 works (₹ 15.95 crore), Churu: 620 works (₹ 10.17 crore), Dausa: 851 (₹ 10.40 crore), Pali: 495 works (₹ 10.23 crore), Sikar: 608 works (₹ 10.43 crore), Sriganganagar: 546 works (₹ 10.09 crore) and Tonk: 444 works (₹ 8.55 crore).
11. Bharatpur: 1,471 works (Amount ₹ 27.15 crore), Churu: 620 works (₹ 10.17 crore) and Sikar: 608 works (₹ 10.43 crore).

The RDD, GoR stated (November 2011) that DAs had requested the MPs for not mentioning the name of IAs in their recommendations. The Scheme guidelines clearly provide no role for MPs in the selection of IAs and by complying with recommendations regarding specific IAs the DAs failed to provide necessary checks and controls under the Scheme, thus diluting transparency and accountability.

2.1.9.4 Inadequate coverage of areas inhabited by the SCs/STs community

Para 2.5 of the guidelines (November 2005) emphasizes the need for development of areas inhabited by SCs/STs and provides that MPs are required to recommend every year works costing at least 15 *per cent* of Scheme funds for areas inhabited by SCs population and 7.5 *per cent* for areas inhabited by STs population.

During 2005-06 to 2008-09 out of total sanctioned amount of ₹ 276 crore, works of ₹ 50.54 crore were sanctioned for development of SCs/STs inhabited area in the state. Thus, only 18.31 *per cent* of funds were sanctioned against the prescribed minimum provision of 22.5 *per cent* for these weaker section communities. The department did not compile separate data of sanctioned amount for development of SCs and STs inhabited areas up to 2007-08. Hence bifurcation between SCs and STs was not available at state level for that period. However, for 2008-09, separate sanctioned amount for SCs and STs areas was available at state level which is as under:

(₹ in crore)

For SCs inhabited areas		For STs inhabited areas	
Amount	**Percentage**	**Amount**	**Percentage**
9.74	13.53	7.60	10.56

Out of eight test checked districts, in five districts Scheme funds were sanctioned (November 2005 to March 2009) for areas inhabited by SCs population were short by 11.72 *per cent* to 55.17 *per cent* and in four districts 10.42 *per cent* to 100 *per cent* for areas inhabited by STs population as shown in ***Appendix -IV***.

Due to failure of the Department to monitor the adequacy of the coverage of areas inhabited by the SCs/STs community, the promotion of equity and social justice as envisaged under MPLADS could not be ensured.

The RDD, GoR stated (November 2011) that all DAs have been instructed for adequate coverage of areas inhabited by the SCs/STs community.

Recommendation

DAs should effectively monitor the adequacy of the coverage of areas inhabited by the SC/ST community.

2.1.10 Execution of works

2.1.10.1 Status of work completed

- *At state level*

The MPLADS guidelines stipulated that time limits for completion of works should generally not exceed one year. However, at the beginning of 2004-05, there were 3,618 incomplete works under MPLADS and 21,605 works were sanctioned during 2004-09. Fifty Nine works were cancelled and against remaining 25,164 works, 22,736 works were completed at the end of 2008-09 leaving 2,428 incomplete works. The percentage of works remaining incomplete ranged from 31.30 *per cent* in 2006-07 to 45.45 *per cent* in 2005-06. The year-wise break up is given in **Table 2.6** below:

Table 2.6: Status of completed works at State level

Year	Opening balance of incomplete work	Works sanctioned during the year	Total works	No. of cancelled Works	Net Total Works	Works completed during the year	Incomplete works at the end of the year	Percentage of works remaining incomplete out of net total works
2004-05	3,618	3,549	7,167	3	7,164	4,357	2,807	39.18
2005-06	2,807	5,401	8,208	14	8,194	4,470	3,724	45.45
2006-07	3,724	4,540	8,264	14	8,250	5,668	2,582	31.30
2007-08	2,582	4,176	6,758	14	6,744	3,868	2,876	42.65
2008-09	2,890*	3,939	6,829	14	6,815	4,387	2,428	35.63

(Source: Data furnished by Deputy Secretary, RDD, Jaipur)
**** Included 14 works cancelled during previous years.***

It may be seen that the number of incomplete works had come down from 3,618 as on 01 April 2004 to 2,428 as on 31 March 2009. However, information on incomplete works was deficient, as no age-wise analysis of incomplete works was available with the Department and the Department maintained data on incomplete works on cumulative basis. The RDD, GoR stated (November 2011) that instructions have been issued to complete the work lying incomplete.

- *In test checked districts*

The position of works sanctioned and completed thereagainst in eight test checked nodal districts is given in **Table 2.7** below:

Table 2.7: Status of completed works in test checked eight districts

Year	Sanctioned work up to 31 March 2009		completed work up to 31 March 2009		Incomplete work up to 31 March 2009	
	Physical/ number	Financial/ amount (₹ in crore)	Physical/ number	Financial/ amount (₹ in crore)	Physical/ number	Financial/ amount (₹ in crore)
2004-05	976	16.43	967	15.98	9	0.45
2005-06	1,328	25.26	1,313	24.66	15	0.60
2006-07	1,194	20.87	1,179	20.35	15	0.52
2007-08	1,103	22.36	985	19.22	118	3.14
2008-09	914	18.05	646	12.83	268	5.22
Total	**5,515**	**102.97**	**5,090**	**93.04**	**425**	**9.93**

Out of total 5,515 sanctioned works for ₹ 102.97 crore, 5,090 works of ₹ 93.04 crore were completed as on 31 March 2009 leaving 425 works of ₹ 9.93 crore incomplete. This included 157 works of ₹ 4.71 crore that were lying incomplete from period between one to four years. Due to land dispute, court cases and paucity of funds these works could not be completed within prescribed time. The RDD, GoR stated (November 2011) that instructions have been issued to DAs to complete the works lying incomplete.

2.1.10.2 Delay in execution of works

The DA was required to verify the eligibility and technical feasibility of each work recommended by the MP concerned. Besides, before sanctioning the work, the DA had to ensure that all clearances for such works had been obtained from the competent authorities. The guidelines also prescribed that the sanction letter/order should stipulate a time frame for completion of works by the IAs. The time limits for completion of works should generally not exceed one year and the sanction letter/order was also to include a clause for suitable penal action against the IA in the event of its failure to complete the work within the stipulated time. The following shortcomings were noticed:

- **Non Commencement of work:** Audit observed that six works[12], for which ₹ 9.59 lakh was sanctioned and ₹ 7.31 lakh was released by the DAs to IAs were not started (till May 2011) due to non-availability of land, court cases and land dispute.

- **Delay in completion of works:** out of 5,090 completed works 432 works (8.49 *per cent*) costing ₹ 8.51 crore, were completed with a delay of two to 2,135 days against the stipulated period mentioned in the sanction order. The RDD, GoR stated (November 2011) that DAs have been instructed to complete the works in time.

- **Incomplete works:** 40 works sanctioned for ₹ 1.46 crore (₹ 1.03 crore was released by DAs to IAs) remained incomplete in respect of eight districts for a period ranging from two to 11 years due to land dispute, court cases and paucity of funds. District wise details are given in ***Appendix-V.***



(Community Centre, Khambal, PS, Sojat, District Pali (Sanctioned in May 2005) Photo Dated 25 May 2011



(Community Centre, Modawas, PS, Sojat, District Pali (Sanctioned in May 2005) Photo Dated 25 May 2011

12. Bharatpur: four works (sanctioned ₹ 5.09 lakh, released ₹ 3.81 lakh) and Tonk: two works (sanctioned ₹ 4.50 lakh, released ₹ 3.50 lakh).

- **Unfruitful expenditure:** Construction of community centre near dairy at Bishnoi *Ki Dhani*, Sanwata Kalan (PS, Rohat District Pali) was sanctioned in October 2005. Against the sanction of ₹ 1.08 lakh an expenditure of ₹ 1.06 lakh was incurred. In the joint physical verification it was found that the completion certificate for the work was issued in March 2006 but the work in respect of doors, windows, floorings and finishing was still to be completed. Thus, issuance of completion certificate for incomplete work rendered expenditure incurred on the work unfruitful as the building was not in use as of May 2011.

These cases of delay in initiating as well as completing the works and non-completion of works indicated that the DAs did not effectively assess the feasibility of works and plan for necessary approvals before according administrative approval and financial sanction. It resulted in idling of funds released to IAs for these works. DAs and IAs also failed to take suitable penal action against the erring agencies as per provisions of the Scheme. The RDD, GoR stated (November 2011) that instructions have been issued to DAs to complete the works in time.

2.1.10.3 Delay in work completion reports

As per para 5.3 of the guidelines work completion reports are required to be sent by IAs to DAs within 30 days from the date of completion of the works. It was seen that in 692 cases (2004-05 to 2008-09) for ₹ 15.13 crore completion certificates were sent with a delay ranging between one to 1,560 days from the prescribed period as detailed in **Table 2.8** below:

Table 2.8: Delays in works completion reports

	Bikaner	Bharatpur	Churu	Dausa	Pali	Sikar	Sriganga-nagar	Tonk	Total
Number of works	42	194	68	49	102	115	66	56	692
Amount (₹ in crore)	1.93	4.18	1.68	0.87	2.08	2.14	1.20	1.05	15.13
Delay period in days	1-270	1-1,560	1-720	1-270	1-990	1-660	1-750	1-1,410	1-1,560
Range of delay in days									
1-100	26	80	30	35	22	43	29	20	285
101-200	14	57	18	09	36	49	23	15	221
201-500	02	48	16	05	25	17	11	18	142
501-1,560	-	09	04	-	19	06	03	03	44

(Source: Data extracted from records of DAs)

The RDD, GoR stated (November 2011) that DAs have been instructed for compliance.

Recommendations

- *The DAs should assess the capability of the IAs for executing the sanctioned works in a timely manner prior to assignment of works.*
- *Suitable action be taken against the executing agency responsible for incomplete or delayed works.*

2.1.11 Maintenance of assets

2.1.11.1 Non- maintenance of assets register

The Scheme guidelines provide that the DA will maintain a register of all the assets created with the Scheme funds and subsequently transfer it to user agencies.

Scrutiny of records revealed that assets registers had not been maintained in none of the test checked districts. In the absence of assets register assurance about the custody of assets and their maintenance could not be ascertained. DAs accepted the facts and stated (May 2011) that work control register is being used as assets register. The reply is not tenable because work control register records transfer of installments to IAs and receipt of UCs/CCs from IAs, whereas assets register records all assets created, their transfer to user agency and its maintenance. Further, as per guidelines these records were to be maintained separately at DAs level.

2.1.11.2 Assets not put to use

The Scheme guidelines provided that as soon as work was completed, assets created should be put to public use. The new bus stand and *Yatri Vishram Grah* was constructed by the Municipal Board (MB), Sujangarh (District Churu) under Urban Infrastructure Development Scheme for Small and Medium Town and MPLADS respectively. The new bus stand completed in February 2007 at a cost of ₹ 67.06 lakh could not be operated due to lack of agreement on terms and condition of Memorandum of Understanding between MB and Rajasthan State Road Transport Corporation. The *Yatri Vishram Grah* completed in December 2007 at a cost of ₹ 5.50 lakh had not been put to use due to non-commencement of operation of the new bus stand. The RDD, GoR accepted (November 2011) the facts. The matter be resolved so that assets created be put to use.



Yatri Vishram Grah and shed at New Bus Stand, Sujangarh, District Churu
Photo Dated 05 May 2011

2.1.11.3 Misuse of assets

In joint physical verification by Audit, it was found that eight assets created at a cost of ₹ 19.50 lakh were not being utilised for the purpose for which these were sanctioned. Community centre were being used for residence purpose by

the family of the local residents, contractors and class rooms were being used as staff recreation room as details given in ***Appendix-VI.*** As per para 3.6 of scheme guidelines the DA should get in advance, a firm commitment about the operation, upkeep and maintenance of the proposed assets from the user agency concerned before the execution of the work is sanctioned. Thus, the user agency being accountable for misuse of assets, necessary action against concerned user agency was not taken. The RDD, GoR stated (November 2011) that efforts are being made to utilize assets created under the scheme for the public use.

	
(Community Centre, Kishore Dealer ki Dhani GP, Gangadwari PS, Sikrai. District Dausa being used as residence) Photo Dated 20 May 2011	***(Community Centre, Main Village Road, GP, Gangadwari PS, Sikrai, District Dausa being used as residence) Photo Dated 20 May 2011***

2.1.11.4 Maintenance and upkeep of assets

The DA was to get in advance, a firm commitment from the concerned user agency for the upkeep and maintenance of the proposed asset before the sanction and execution of the work. However, it was observed that no such undertaking was obtained from the user agencies for 2,556 works of ₹ 45.10 crore[13] before sanctioning the works by the DAs, Bharatpur, Churu and Sikar. The RDD, GoR stated (November 2011) that concerned DAs have been instructed for compliance.

Recommendations

- *Assets register should be maintained at all levels and asset mapping should be done for proper utilisation and upkeep of assets and their loss/encroachment.*
- *Advance commitment from the user agencies regarding operation, maintenance and upkeep of assets should be obtained by the DAs before execution of works.*

13. Bharatpur: 1,412 works (Amount ₹ 25.63 crore), Churu: 566 works (₹ 9.78 crore) and Sikar: 578 works (₹ 9.69 crore).

2.1.12 Financial performance reports

2.1.12.1 Discrepancies in figures of MPRs and annual accounts

Test check of Monthly Progress Reports (MPRs) and annual accounts showed discrepancies in these basic records in all eight test checked districts as outlined below:

- Different expenditure figures of the same financial year were mentioned in the MPRs and the annual accounts.
- The closing balance of the annual accounts and the MPRs of March of the same financial year did not match.
- The figures of interest mentioned in the annual accounts did not match with the figures mentioned in the MPRs of the same accounting period.
- The figures of expenditure as provided by the nodal department did not match with the figures collected from the test checked nodal districts.

The discrepancies in figures in these basic records, which should invariably match, indicated weak internal controls at the DAs level. In this scenario there cannot be any assurance of the expenditure incurred, interest earned and unspent balance with DAs and IAs. The RDD, GoR accepted (November 2011) the facts.

2.1.12.2 Non submission of UCs for funds for natural calamities

Para 2.7 of the Scheme guidelines stipulates that *Lok Sabha* MPs from the non-affected areas of the State can also recommend permissible works upto a maximum of ₹ 10 lakh per annum for the natural calamity affected area in that State. Further, para 2.8 provides that in the event of calamity of severe nature in any part of the country an MP can recommend works upto a maximum of ₹ 50 lakh for the affected district.

- On recommendation of MP Pali an amount of ₹ 10 lakh was given (July 2005) to natural calamity (Tsunami affected District Kanyakumari) but its UC/CC/Audit Certificate has not been received even after a lapse of six years.

- Further, on the recommendation of MP the DA, Dausa sanctioned ₹ 5 lakh and sent to calamity affected District Kanyakumari but the UC/CC/ Audit Certificate was not found received even after lapse of six years.

The RDD, GoR did not furnish any reply (November 2011).

2.1.12.3 Non-furnishing of utilisation/completion certificates (UCs/ CCs) by IAs

As per para 5.3 of the guidelines the IAs shall furnish a work completion report and UC within 30 days of the completion of the work to the concerned

DA. It was seen that UCs/CCs of ₹ 6.86 crore[14] were not furnished in 427 works by IAs till April 2011 as detailed in **Table 2.9** below:

Table 2.9: Non-furnishing of UCs/CCs

(Amount in ₹ crore)

	Bharatpur	Bikaner	Churu	Dausa	Sikar	Sriganganagar	Pali	Tonk	Total
Number of works	58	08	18	148	17	08	124	46	427
Amount	1.42	0.37	0.45	1.29	0.23	0.17	2.32	0.61	6.86

(Source: Data extracted from records of DAs)

The RDD, GoR stated (November 2011) that DAs have been instructed for compliance.

Recommendation

The DAs should ensure that UCs/CCs from IAs are obtained timely.

2.1.13 Monitoring and supervision

2.1.13.1 Monitoring committee meeting

The DAs were required to review the MPLADS works every month with the implementing agencies. MP concerned was to be invited to such meeting. A committee under the chairmanship of Chief Secretary/Additional Chief Secretary was required to be constituted to review the implementation of the Scheme with District Authorities and MPs at least once in a year as per para 6.3 (i) of the guidelines.

At State level, though State Level Monitoring Committee was constituted (2 March 2007) but no annual meeting was held upto 2008-09.

At District level, District Level Monitoring Committee meetings required to be held every month, was not held in Pali and only one meeting was held in the district of Bharatpur and Bikaner from November 2005 to March 2009. Against provision of 41 monthly meeting at each DA level, six, eight and 12 meetings were held in the district of Tonk, Sriganganagar and Sikar respectively during November 2005 to March 2009. No meeting was found to be held from November 2005 to March 2007 in Churu district but three meetings each in 2007-08 and 2008-09 were held. The RDD, GoR stated (November 2011) that all DAs have been instructed for compliance.

2.1.13.2 Inspection of works

MPLADS guidelines provide the DA would be responsible for overall coordination and supervision of the works and inspect at least 10 *per cent* of the works under implementation every year. Further, State Government

14. Year 2004-05: 48 works (Amount ₹ 0.83 crore), 2005-06: 55 works (₹ 0.85 crore), 2006-07: 64 works (₹ 0.84 crore), 2007-08: 106 works (₹ 1.86 crore) and 2008-09: 154 works (₹ 2.48 crore).

Officer not below the rank of Executive Engineer was required to inspect Scheme works as and when they make official field visit. However, only one inspection was carried out at the State level during 2004-05 to 2008-09 and in absence of maintenance of record at district level it could not be verified whether DAs had done the inspections. Thus, non-fulfillment of the requirement of inspection weakened the prescribed internal controls with a possible adverse effect on the execution and quality of works. The RDD, GoR stated (November 2011) that all DAs have been instructed for compliance.

2.1.13.3 Training of district officer

The Scheme guidelines provided for the State Government to make arrangements for imparting training to the officials of the DAs associated with the implementation of MPLADS. It was observed that no training was imparted during the period 2004-05 to 2006-07. However, training was imparted during 2007-08 to 2008-09. The RDD, GoR did not furnish the reply (November 2011).

2.1.13.4 Details of works not displayed at DAs Office

The DAs were required to display the list of all completed and ongoing works using MPLADS funds at the district authority office.

However, the same was not found done in all test checked districts. The RDD, GoR stated (November 2011) that all DAs have been instructed for compliance.

2.1.13.5 Uploading of data on website

On receipt of recommendation for works from the MP and issue of the work sanction order, the DAs were required to ensure that the details of the work sanctioned were entered in the input formats and uploaded on the MPLADS website for Public Knowledge.

However, as of March 2009, out of 15,926 works sanctioned since the inception of the Scheme, details of only 5,178 works (32.51 *per cent*) were uploaded by the DAs of test checked seven districts. Thus, due to lack of complete uploading of MPLADS data on website, public and MPs were deprived of knowledge on status of works sanctioned under the Scheme. The RDD, GoR stated (November 2011) that uploading of data on website is under progress.

2.1.13.6 Details of works above ₹ five lakh not furnished to Ministry

As per para 6.4 (3) of the Scheme guideline the DA should furnish work details alongwith photograph of each work costing ₹ five lakh and above to the Ministry for web hoisting but such details alongwith photograph of 115 works amounting to ₹ 6.77 crore were not furnished to the Ministry by DAs of six test checked districts[15]. The RDD, GoR stated (November 2011) that all

15. Bharatpur, Churu, Dausa, Pali, Sriganganagar and Tonk.

DAs have been instructed for compliance.

Recommendations

- *The meeting of the Monitoring Committee at the State level under chairmanship of the Chief Secretary / Additional Chief Secretary should be convened at least once in a year with wider participation of MPs to enhance accountability of the DAs.*
- *A robust and regular Internal Audit System should be immediately put in place.*
- *A comprehensive database of releases, actual expenditure, unspent balances, works sanctioned, works completed etc. should be prepared so as to analyse the impact of the Scheme on the community.*
- *For effective implementation of the Scheme, sufficient training for financial and technical matters to the district officials needs to be imparted.*

2.1.14 Conclusion

The MPLADS, a Plan Scheme fully funded by the GoI, aims at enabling MPs to cater to local requirements through the creation of assets in their respective constituencies. However, implementation of the Scheme was marked by various serious shortcomings and lapses.

Delay in issuing recommendations led to further delay in issuance of sanction and utilisation of funds deferring the intended benefits to that extent. Identification/selection of implementing agency by MPs in their recommendation was in contravention of guidelines. Monitoring and Supervision for successful implementation of the Scheme was inadequate. The Government did not establish an effective feedback system to evaluate the Scheme and to plug the loopholes noticed midway. The data updating work was incomplete.

The execution of substantial number of inadmissible works by the DAs on MP's recommendation indicates inadequate systemic arrangement for ensuring effective use of funds for creation of community based assets.

Many of the systemic weaknesses affecting the implementation of the MPLADS had been persisting since its inception 17 years ago. The lapses were brought to the notice by the C&AG in the two earlier performance audit reports.

2.2 Member of Legislative Assembly Local Area Development Scheme

Executive Summary

The Member of Legislative Assembly Local Area Development Scheme (MLALADS) was introduced in 1999-2000 as a Plan Scheme fully funded by Government of Rajasthan with the objective to enable Members of Legislative Assembly (MLAs) to cater to local requirements involving creation of assets in their constituencies and to provide facilities such as drinking water, primary education, public health, sanitation and roads etc. to the community. Important points noticed during Performance Audit of the implementation of the Scheme in Alwar, Bharatpur, Bhilwara, Bundi, Churu, Dungarpur, Jhunjhunu, and Sikar districts from May 2010 to January 2011 were as under:

Unsanctioned balance of ₹ 17.06 crore was lying in the Personal Deposit Account of District Authorities rendering them idle. An expenditure of ₹1.75 crore was incurred on 140 inadmissible works during 2004-09. There was delay of three to 829 days in completion of 421 work costing ₹6.15 crore. Irregular payment of prorata charges of ₹ 14.13 lakh was made in respect of 53 works. Implementing agencies did not furnish Utilisation Certificates/ Completion Certificates for ₹ 24.95 crore in 2,432 works to the concerned District Authority. There were doubtful expenditure of ₹0.50 lakh and double payment of ₹ 0.40 lakh.

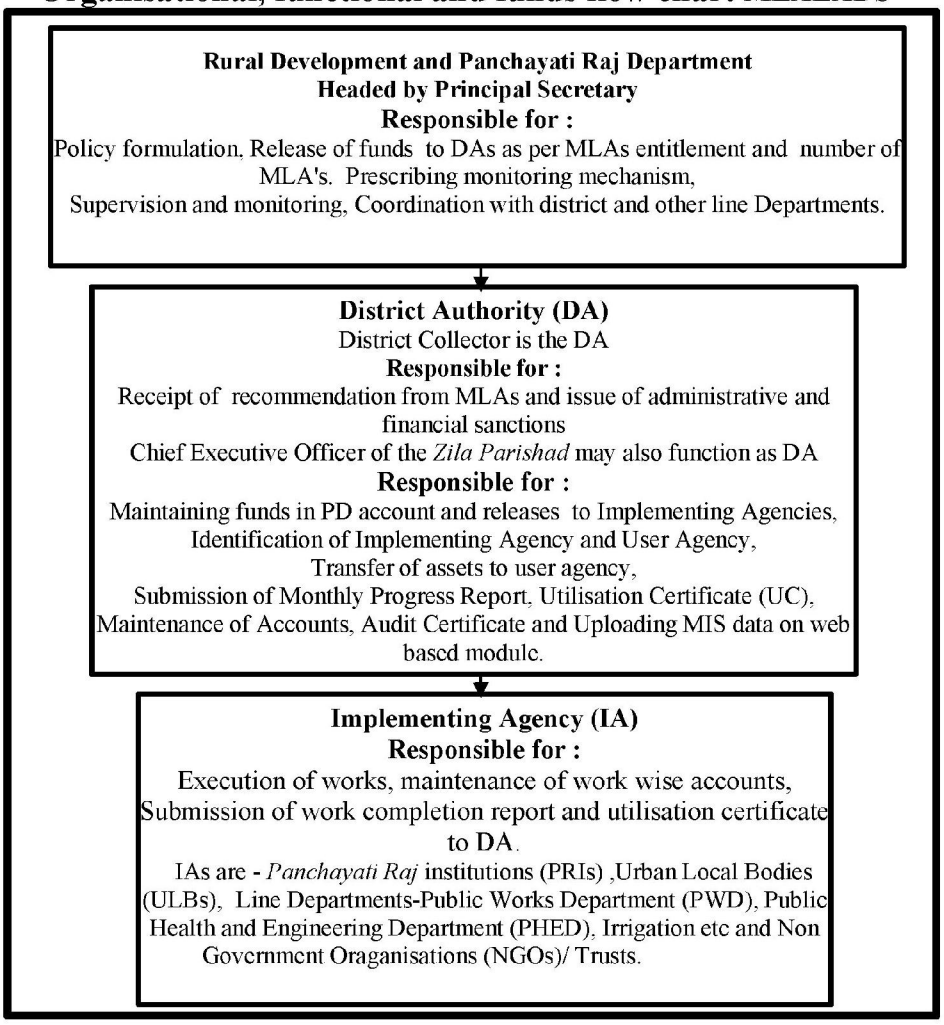
2.2.1 Introduction

MLALADS is funded by the Government of Rajasthan (GoR). The Scheme is a plan scheme administered by the Rural Development Department (RDD), Government of Rajasthan (GoR), Jaipur. MLALADS is governed by guidelines issued in June 1999 which were revised in February 2003, September 2005 and July 2009. In 1999-2000, an amount of ₹ 25 lakh per MLA per annum was allotted, which was subsequently raised to ₹ 40 lakh per annum per MLA from 2000-01, ₹ 60 lakh from 2001-02, ₹ 80 lakh from 2007-08 and ₹ one crore from 2010-2011. The main objective of the Scheme is to carry out works of developmental nature for public use based on locally felt needs so as to promote balanced regional development.

2.2.2 Organisational set up

Organisational set up of the scheme is given below:

Organisational, functional and funds flow chart MLALADS



2.2.3 Audit objectives

The performance audit was conducted with the objective of verifying whether:

- The fund released under the Scheme were being utilised in a proper manner for achieving the objectives of MLALADS;

- MLALADS met the principal objective of fulfilling the constituents request to the MLAs for basic facilities, including community infrastructure of development nature, with emphasis on creation of durable community assets in their areas in a sustainable manner;

- The process of recommendation and selection of the works was transparent and consistent with the guidelines;

- The DAs and the IAs processed the works promptly in accordance with the provisions of the MLALADS guidelines and relevant rules ensuring

competitive bids, quality assurance, schedule of rates and checks ensuring reasonableness of the cost/rates;

- The assets created under the Scheme were being put to intended use and maintained properly;

- The up-to-date and comprehensive list of community assets created were being maintained;

- The physical and financial performance reports were free from misstatements and in particular, the UCs and status of the works/projects reports fairly represented utilisation of MLALADS funds; and

- The internal control, management and performance monitoring systems and procedures ensured output/outcome-oriented monitoring of the Scheme.

2.2.4 Audit criteria

The criteria used to benchmark the implementation of the Scheme were drawn from:

- Guidelines of the MLALADS, Circulars and Orders issued by RDD, GoR from time to time; and

- Compliance with Public Works Financial and Accounts Rules, *Gramin Karya Nirdeshika* (GKN)-2004 issued by GoR, Rajasthan *Panchayati Raj* Rules, 1996 and General Financial and Account Rules.

2.2.5 Audit methodology

The performance audit of the Scheme commenced with an entry conference with Principal Secretary, RDD, GoR, Jaipur on 20 September 2010 in which the audit methodology, scope, objectives and criteria were explained. Records relating to the Scheme were examined in the office of RDD, *Zila Parishads* Rural Development Cell (ZPs RDC), *Panchayat Samitis* (PSs) and various line departments between May 2010 and January 2011. The Factual Statement was issued to the RDD, GoR Jaipur in March 2011 and their reply was received in September 2011. The exit conference was held on 14 November 2011. We appreciate the co-operation of the RDD, GoR, Jaipur, the DAs and the IAs in conducting the performance audit.

2.2.6 Audit scope and sample

The performance audit for the period 2004-05 to 2008-09 was conducted through a sample check of the records in RDD, GoR and eight districts covering 57 MLAs[16]. Selection was done based on stratified random sampling.

16. Alwar: 11; Bharatpur: nine; Bhilwara: eight; Bundi: four; Churu: six; Dungarpur: four; Jhunjhunu: seven and Sikar: eight.

2.2.7 Financial management

2.2.7.1 Release of funds

RDD, GoR releases funds to the CEO, ZPs to be deposited in the latter's Personal Deposit (PD) Account. The funds were being released in two equal installments upto the year 2007-08 and in one installment from 2008-09. Funds released to the ZP RDC are non- lapsable (except for the period 13 June 2007 to 04 August 2009 i.e., for the year 2007-2008 and 2008-09 only[17]) and can be carried forward for utilisation in the subsequent years.

2.2.7.2 Budget estimates and expenditure

Annual budget allocations, funds released, total funds available and expenditure incurred on the Scheme in the State during the five years (2004-09) is given in **Table 2.10** below:

Table 2.10 : Budget estimates and expenditure incurred

(₹ in crore)

Year	Opening balance	Allocation	Funds Released	Miscellaneous receipts[18]	Total funds available (2+4+5)	Expend-iture incurred during the year	Closing Balance (6-7)	*Per cent* utilisation of available funds
1	2	3	4	5	6	7	8	9
2004-05	128.57	120	120.00	0.19	248.76	75.91	172.85	30.52
2005-06	172.85	120	119.73	0.90	293.48	112.64	180.84	38.38
2006-07	180.84	120	120.00	0.69	301.53	108.56	192.97	36.00
2007-08	192.97	160	160.19	1.52	354.68	137.33	217.35	38.72
2008-09	217.35	160	140.00	0.72	358.07	132.09	225.98	36.89
Total		**680**	**659.92**	**4.02**	**792.51**	**566.53**		

(Source: Data provided by Rural Development Department, GoR, Jaipur)

The expenditure incurred against funds available with the DAs in State during each of the last five years indicated that the utilisation of funds ranged between 30.52 *per cent* and 38.72 *per cent* of the available funds. The overall utilisation of the total funds available during the five years period was 71.49 *per cent*. Substantial balances ranging from ₹ 172.85 crore to ₹ 225.98 crore remained unutilised.

The position of funds released and expenditure incurred in the selected/test-checked districts during 2004-2009 is given in **Table 2.11** below:

17. As per RDD, GoR, Jaipur order dated 13 June 2007 funds lying un-recommended after 31 December shall be treated as lapsed. This order was however discontinued vide Government order dated 04 August 2009.
18. Miscellaneous receipts represent interest and receipt from public contribution from registered trust/NGOs/Registered Cooperative Societies nominated as executing agencies.

Table 2.11 : Funds released and expenditure incurred

(₹ in crore)

Name of Districts	No. of MLAs	Opening Balance (01 April 2004)	Funds released by Govern-ment	Interest	Public Contri-bution	Total funds available	Expendi-ture incurred	Closing balance	*Per cent* utilisa-tion of available funds
1	2	3	4	5	6	7 (3+4+5+6)	8	9	10
Alwar	11	8.26	36.30	-	-	44.56	27.02	17.54	60.64
Bharatpur	9	8.11	29.70	-	0.01	37.82	23.88	13.94	63.14
Bhilwara	8	4.36	26.40	0.17	0.45	31.38	23.09	8.29	73.58
Bundi	4	3.61	13.20	-	0.02	16.83	8.75	8.08	51.99
Churu	6	3.36	19.80	-	0.01	23.17	20.09	3.08	86.71
Dungarpur	4	2.19	13.20	0.01	0.03	15.43	11.35	4.08	73.56
Jhunjhunu	7	3.22	23.10	0.01	0.01	26.34	23.13	3.21	87.81
Sikar	8	4.64	26.40	0.11	0.20[19]	31.35	27.60	3.75	88.04
Total	**57**	**37.75**	**188.10**	**0.30**	**0.73**	**226.88**	**164.91**	**61.97**	**72.69**

(Source: Annual Accounts of ZP Certified by Chartered Accountant)

A comparison of the test checked districts shows that the maximum utilization of available funds was in Sikar district (88.04 *per cent*) whereas it was minimum (51.99 *per cent*) in Bundi district during the period.

2.2.7.3 Un-recommended amount lapsed /refunded to Government

Funds not recommended for utilisation against proposals by the end of 31 December each year by the MLAs during the years 2007 and 2008 were to lapse.

During the year 2007 and 2008, an amount of ₹ 12.40 lakh was short recommended by MLA, Nainwa Constituency (Bundi) which lapsed. Audit observed that un-recommended amount was not refunded by DA to GoR. In reply DA, Bundi stated (January 2011) that amount will be deposited in the Government account. However, the amount is yet to be deposited back (November 2011).

2.2.7.4 Unsanctioned/unadjusted balance

Audit scrutiny revealed that balance of ₹ 17.06 crore was lying in PD accounts of DAs for which sanctions could not be issued due to non-receipt of recommendations from MLAs and advances of ₹ 44.99 crore released (2004-09) to IAs for execution of works[20] were lying unadjusted as on 31 March 2009. This resulted in blocking of funds and deprived the public of benefits of the facilities such as drinking water, roads, community centres etc. The district wise details are given in **Table 2.12** below:

19. Public contribution in Sikar district includes penalty of ₹ 0.15 lakh and ₹ 0.07 lakh during the year 2004-05 and 2005-06 respectively.
20. Construction of Roads, Community Centers, Hand Pumps and Tanks, Boundary Walls, Purchases of Computers, Ambulance, Sports Articles in Schools, Construction of Buildings for Hospitals, Bus Stands, *Sainik Vishram Grih*, Stadium, Martyr Monuments, Office Building of Gram Panchayats, Electrification of Villages, AC/Cooler/Fans in *Dak Bungalows*, Desilting of ponds, Levelling of play grounds etc.

Table 2.12 : Unsanctioned/unadjusted balances

(₹ in crore)

Name of District	Cash lying in PD Account of DAs	Advances laying with IAs	No. of IAs against whom advance outstanding	More than one year but below two years old outstanding advance		Two to five years old outstanding advance		Above five years old outstanding advance	
				No. of IAs	Amount	No. of IAs	Amount	No. of IAs	Amount
Alwar	5.19	12.35	404	300	9.57	104	2.78	-	-
Bharatpur	2.54	11.40	301	181	6.68	120	4.72	-	-
Bhilwara	2.48	5.81	275	173	3.70	72	1.10	30	1.01
Bundi	2.33	5.75	222	120	3.03	102	2.72	-	-
Churu	1.32	1.84	87	87	1.84	-	-	-	-
Dungarpur	1.52	2.56	71	50	2.11	21	0.45	-	-
Jhunjhunu	1.55	1.66	157	155	1.46	2	0.20	-	-
Sikar	0.13	3.62	194	149	2.56	45	1.06	-	-
TOTAL	**17.06**	**44.99**	**1,711**	**1,215**	**30.95**	**466**	**13.03**	**30**	**1.01**

(Source: Data extracted from annual accounts of DAs)

Scrutiny further revealed that:

- In Bhilwara district an amount of ₹ 1.01 crore was lying outstanding against 30 IAs over five years but action for recovery of outstanding advances had not been initiated.

- An advance of ₹ 5.25 lakh for work of construction of cement concrete road and community centre was given during 2007-08 and 2008-09 to *Sarpanch, Gram Panchayat* (GP), Nigohi, PS, Deeg, (Bharatpur). However, neither the amount was refunded nor works were started even after lapse of more than two years (November 2010). No action for recovery was taken by CEO, ZP RDC, Bharatpur.

- The unadjusted advances included ₹ 2.97 crore on 311 works which were cancelled due to land disputes, public hindrances, etc. The districts wise details are given in **Table 2.13** below:

Table 2.13 : Cancelled works

(₹ in crore)

Sl. No.	Name of district	Number of works	Sanctioned Amount	Advance Released
1.	Alwar	204	3.33	2.12
2.	Bundi	77	0.85	0.54
3.	Jhunjhunu	1	0.03	0.01
4.	Sikar	29	0.53	0.30
	Total	**311**	**4.74**	**2.97**

(Source :- As per data provided by ZPs (RDC))

- The DAs failed to follow up with the IAs to refund the unspent balances lying with them resulting in idling of funds. RDD, GoR instructed (May 2011) to receive back the unutilised amount from IAs lying with them.

Further RDD, GoR stated (September 2011) that the Scheme is non-lapsable and MLAs can recommend in their five years tenure at any time. The reply of RDD was not tenable as GKN-2004 provides that the works should be completed within nine months or the financial year and the advances should be adjusted within 10 days after completion of works.

2.2.7.5 Retention of MLA LADS fund in savings bank account

As per directions of RDD, GoR, Jaipur (September 2003) the funds of MLALADS were to be kept in PD Account of concerned ZPs. On demand for execution of works the funds were to be released to concerned IAs.

The annual accounts of the test checked districts for the year 2004-2009 revealed that in Bhilwara, Dungarpur, Jhunjhunu and Sikar scheme funds were deposited in Savings Bank Account opened at district level by CEOs, ZP RDC in violation of the Government orders. Interest of ₹ 31.38 lakh[21] earned, was not utilised as there was no provision in the Scheme for its use. RDD, GoR stated (September 2011) that instructions have been issued (May 2011) to deposit the amount lying in saving bank account to PD account and not to repeat such irregularities in future. The DAs, Bhilwara, Dungarpur, Jhunjhunu and Sikar intimated (November 2011 and February 2012) that interest amount of ₹ 31.38 lakh has been deposited in PD account. The action taken is incomplete as generation of interest in the scheme was not envisaged. The interest component has arisen on account of deviation from the scheme guidelines. The deposited interest in PD accounts cannot be utilised in absence of provision regarding its use in the guidelines.

2.2.7.6 Irregularities in maintenance of cash book

Under the provisions of Rules 229 and 238 of Rajasthan *Panchayati Raj* Rules, 1996, a cash book in Form-29 is required to be maintained for keeping the records of receipt and payment of funds. Audit observed that:

- In Jhunjhunu, cash book was not maintained properly. Neither receipt entries made nor balances worked out at the end of each day/month. Monthly reconciliation of the cash book with PD Account and Bank Account was also not done. The cash book was neither maintained properly nor checked by head of office.

- In Churu, monthly reconciliation of cash book with PD Account was not found done. Difference of ₹ 10.14 lakh between the cash book and PD Account had not been reconciled.

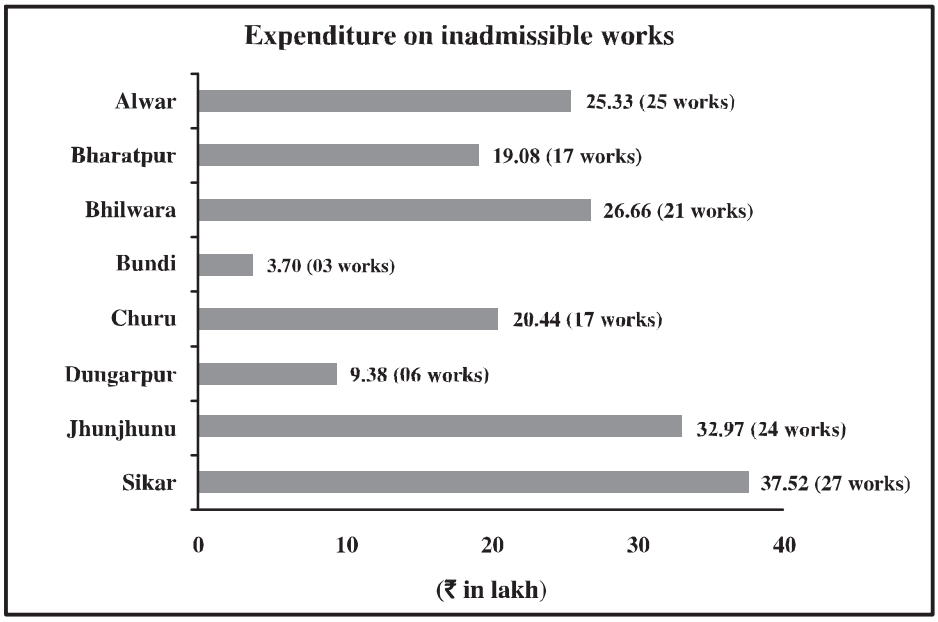
Thus, lack of adequate safeguards in maintaining cash book is fraught with the risk of misappropriations and possible frauds. RDD, GoR instructed (May 2011) to maintain cash book as per rules.

21. Bhilwara: ₹ 17.42 lakh, Dungarpur: ₹ 1.44 lakh, Jhunjhunu: ₹ 1.39 lakh and Sikar: ₹ 11.13 lakh.

2.2.8 Recommendation and selection of works

2.2.8.1 Execution of inadmissible works

- According to the Scheme guidelines (Paras 2.4 and 2.22) works of private/ commercial organisations, works within the premises of religious institution, caste based assets, martyr monuments and purchase of articles/commodities were not admissible. It was, however, noticed that an expenditure of ₹ 1.75 crore was incurred during 2004-2009 on 140 works[22] which were inadmissible under the Scheme guidelines.



Further, it was also seen that maximum 27 inadmissible works of ₹ 37.52 lakh were executed in Sikar district whereas three works of ₹ 3.70 lakh have been executed in Bundi district.

RDD, GoR stated (September 2011) that instructions have been issued (May 2011) to Chief Executive Officers (CEOs) of all ZPs to request the MLAs not to recommend the inadmissible work.

22. **(i) Religious institution and caste (67)** (Alwar: eight works, ₹ 12.97 lakh, Bharatpur: 14 works , ₹ 15.11 lakh, Bhilwara: five works, ₹ 7.10 lakh, Churu: eight works, ₹ 8.37 lakh, Jhunjhunu: 11 works, ₹ 20.01 lakh and Sikar: 21 works, ₹ 25.92 lakh); **(ii) Private/commercial organisations (40)** (Alwar: eight works, ₹ 5.96 lakh, Bhilwara: 15 works, ₹ 19.26 lakh, Bundi : one works, ₹ 1.07 lakh, Dungarpur: six works, ₹ 9.38 lakh, Churu: five works, ₹ 9.68 lakh, Jhunjhunu: two works, ₹ 2.12 lakh and Sikar: three works, ₹ 5.95 lakh); **(iii) Purchase of articles/commodities (28)** (Alwar: eight works, ₹ 5.11 lakh, Bharatpur: one works, ₹ 0.47 lakh, Bhilwara: one works, ₹ 0.63 lakh, Bundi: one work, ₹ 0.63 lakh, Churu: four works, ₹ 2.39 lakh, Jhunjhunu: 10 works, ₹ 8.94 lakh and Sikar: three works, ₹ 5.65 lakh) and **(iv) Martyr monuments (five)** (Alwar: one works, ₹ 1.29 lakh, Bharatpur: two works, ₹ 3.50 lakh, Bundi: one works, ₹ two lakh and Jhunjhunu: one works, ₹ 1.40 lakh).

Illustration of inadmissible works on religious buildings

Inadmissible construction of Community Centre, (Imliwali Gali Ward No. 13) Rajgarh (Alwar)	*Inadmissible construction of Community Centre (Bavandham Temple, Mala Khera Bazar) Rajgarh*
	
Sanctioned amount : ₹3.25 lakh (March 2007) and ₹two lakh (June 2008) *Expenditure : ₹4.98 lakh* *Work : roof work of temple*	*Sanctioned amount: ₹ two lakh (July 2008)* *Expenditure : ₹1.60 lakh* *Work : floor work done in the temple of Bavan Dham .*

- As per Scheme guidelines the objective of the Scheme is to enable MLAs to recommend works of developmental nature with emphasis on creation of durable community assets.

It was observed that in Bundi district 10 works of temporary nature viz. repair of path and park by levelling and filling soil work were sanctioned and got executed at a cost of ₹ 4.76 lakh against the provisions of guidelines. GoR stated (September 2011) that works are being executed on the recommendation of MLAs. Reply is not convincing because *kuchcha* works did not result in creation of durable assets and were executed irregularly in contravention of the scheme guidelines.

2.2.8.2 Execution of works for Trust/NGO

As per Scheme guidelines one or more works costing ₹ 10 lakh can be sanctioned to a Trust/Non Government Organisation (NGO) from MLA funds. It was noticed that in Alwar an amount of ₹ 13.05 lakh was sanctioned on works in excess of the prescribed limit as shown in **Table 2.14** below:

Table 2.14 : Works executed in excess of the prescribed limit

(₹ in lakh)

Sl. No.	Name of Trust/NGO	No. of Works	Amount sanctioned	Amount admissible	Excess sanctioned
1.	Dr. B.R. Ambedkar Hostel Khudanpuri, Alwar	6	22.91	10	12.91
2.	Adarsh Vidya Mandir Secondary School, Kishangarh Bas, Alwar	2	10.14	10	0.14
	Total	**8**	**33.05**	**20**	**13.05**

RDD, GoR stated (September 2011) that instructions have been issued to all the CEOs of ZPs to follow the instructions of the guidelines.

2.2.8.3 Works recommended irregularly

As per Scheme guidelines, MLAs can recommend up to 20 *per cent* of annual allotment on the works of repair of old community assets previously

constructed from this Scheme. It was noticed that in 186 cases[23], repair works of old community assets which were not constructed previously from this Scheme were got done irregularly at a cost of ₹ 1.95 crore.

RDD, GoR stated (Sep. 2011) that CEOs of all ZPs have been instructed (May 2011) that DA is responsible for execution of work which is prohibited under the Scheme and MLAs are to be requested to recommend permissible works only.

2.2.9 Processing and Award of works

2.2.9.1 Delay in sanction

As per Scheme guideline all eligible works are to be sanctioned within 45 days from the date of receipt of recommendation from the MLA. However, in case of difficulty due to genuine reasons, a detailed report containing reasons for non-execution should be sent to the concerned MLA. It was seen in the test checked districts, that 3,047 works of ₹ 39.86 crore were sanctioned with a delay of one to 654 days beyond prescribed limit of 45 days from the date of receipt of recommendations as shown in **Table 2.15** below:

Table 2.15 : Delay in sanction

(₹ in crore)

Sl.No.	Name of district	No. of Works	Amount sanctioned	Delay period in days
1.	Alwar	286	4.93	1-321
2.	Bharatpur	670	7.96	1-608
3.	Bhilwara	32	0.35	3-130
4.	Bundi	234	2.33	7-291
5.	Churu	638	8.72	1-517
6.	Dungarpur	67	1.78	7-325
7.	Jhunjhunu	898	10.56	1-654
8.	Sikar	222	3.23	2-219
	Total	**3,047**	**39.86**	

An analysis in audit revealed that the delay in sanction by the DAs occurred mainly due to delay in initiating timely action to obtain the plans/estimates from the users /IAs so as to complete the process of sanction. Delay in sanction of 898 works amounting to ₹ 10.56 crore having delays upto 654 days was observed in Jhunjhunu district which was the maximum amongst selected districts.

In reply district authorities stated that delay occurred due to late receipt of technical sanctions, extra time taken for obtaining feasibility report, allotment of land and announcement of the enforcement of the model code of conduct by Election Commission for Lok Sabha General Election 2009.

23. Alwar: 36 works (expenditure ₹ 45.29 lakh), Bharatpur: 14 works (expenditure ₹ 20.28 lakh), Bhilwara: 14 works (expenditure ₹ 15.15 lakh), Bundi: 19 works (expenditure ₹ 16.15 lakh), Churu: 15 works (expenditure ₹ 9.69 lakh), Dungarpur: six works (expenditure ₹ 13.45 lakh), Jhunjhunu: 28 works (expenditure ₹ 33.38 lakh) and Sikar: 54 works (expenditure ₹ 41.80 lakh).

Further RDD, GoR stated (September 2011) that the instructions have been issued (May 2011) to CEOs of all ZPs to adhere to the time limits of sanctions. It was also added that State level web-based monitoring system is being developed so that sanction can be issued in time and work-wise monitoring would be possible. The reply is not acceptable as the department has given a generalised statement without analysing delays in each case. Also, the reasons like time for technical sanction, feasibility study and allotment of land are activities that are a part of the planning process. Further, the delays are significantly large to be attributable to the enforcement of model code of conduct. Besides model code of conduct does not interfere in implementation of ongoing works. The fact remains that inefficient processing of sanctions delayed the entire schedule for completion of work. No action was found to have been taken against the officials entrusted with the issue of technical sanction despite significant delays.

2.2.9.2 Irregular selection of IAs

As per Section 87 of Rajasthan *Panchayati Raj* Act, 1994 and orders of RDD, GoR, Jaipur (August 2007), PSs could not be appointed as IAs in place of GPs. If a *Sarpanch* of GP expresses inability to do a work, the Collector can form a committee to execute the work. During scrutiny it was noticed that in Bharatpur district 21 works costing ₹ 32.86 lakh and in Bhilwara district seven works costing ₹ 7.10 lakh were got executed through PSs instead of GPs.

RDD, GoR stated (September 2011) that all the CEOs of ZPs have been instructed (May 2011) to follow the guidelines.

2.2.9.3 Execution of works more than ₹ 10 lakh without prior approval of the State Government

As per Scheme guideline works should not be sanctioned for more than ₹ 10 lakh in each case. In exceptional circumstances before issuing sanctions for more than ₹ 10 lakh approval from the State Government should be obtained. It was noticed that in Alwar districts sanctions for more than ₹ 10 lakh were issued during the year 2005-08 in three cases but approval was not obtained from State Government as detailed in **Table 2.16** below:

Table 2.16 : Execution of works more than ₹ 10 lakh

(₹ in lakh)

Sl. No.	Name of Works	Sanction No. & Date	Amount	Advance release	Implementing Agencies
1.	Construction of Stadium Government Higher Secondary School Laxmangarh, Alwar	5572-78 29.03.2007	18.47	7.39	PWD, Rajgarh
2.	Construction of WBM road Boop ka Heda to Labedar village Milkpur Tijara Alwar	263-70 19.05.2007	19.35	7.74	PS, Tijara
3.	Repair of an old dam in village Sanwatsar, Thanagazi Alwar	1372-80 16.06.2005	11.62	4.64	Irrigation Department, Alwar
	Total		**49.44**	**19.77**	

The works at Sl.No. (2) and (3) have been cancelled but advance released ₹ 12.38 lakh was not found refunded. DA, Alwar stated (September 2010) that in the second case expenditure was incurred as per the State Government policy to link the roads to places of religious importance. No reply was furnished for the remaining two works. Reply is not relevant to the audit comment which is for sanction of works more than ₹ 10 lakh without the approval of State Government.

2.2.9.4 Splitting of works

In Bharatpur districts, sanction of ₹ 15.79 lakh was issued for construction work of Sub Tehsil, Bhusawar by showing three separate works to avoid approval of the State Government as detailed in **Table 2.17** below:

Table 2.17 : Splitting of works

(₹ in lakh)

Name of works	Financial Sanction number and date	Sanction amount	Executing agencies
Construction of Sub *Tehsil*, Bhusawar	566-70/ 16.06.2008	9.86	Public Works Department (PWD)-II, Bharatpur
Development of Sub *Tehsil* premises, Bhusawar	566-70/ 16.06.2008	4.93	PWD-II, Bharatpur
CC Work of Sub *Tehsil*, Bhusawar	3962-70/ 31.12.2008	1.00	Municipal Council, Bharatpur
Total		**15.79**	

RDD, GoR stated (September 2011) that all the CEOs of ZPs have been instructed (May 2011) to sanction works as per guidelines.

2.2.10 Execution of works

2.2.10.1 Position of works sanctioned and their completion

The position of works sanctioned and completed during 2004-2005 to 2008-2009 is given in **Table 2.18** below:

Table 2.18 : Position of sanction and executed works

Sl. No.	Name of district	No. of works sanctioned	No. of works completed	No of Works in-complete	Works completed with delay	Range of delay (Days)
1.	Alwar	2,760	2,095	665	44	9-724
2.	Bharatpur	2,394	2,309	85	103	7-820
3.	Bhilwara	2,769	2,536	233	35	13-829
4.	Bundi	2,617	1,950	667	33	19-708
5.	Churu	1,637	1,633	04	71	15-720
6.	Dungarpur	785	778	07	08	30-383
7.	Jhunjhunu	2,381	2,355	26	97	3-496
8.	Sikar	2,064	2,050	14	30	19-630
	Total	**17,407**	**15,706**	**1,701**	**421**	

(Source : As per data provided by ZPs (RDC))

The Scheme guidelines and para 22 of the GKN-2004 stipulates that the time limit for completion of the works should generally not exceed nine months or the financial year. The above table indicates that 421 works costing ₹ 6.15 crore were completed with a delay ranging from three to 829 days as shown in **Table 2.18** above.

The above position also indicates that out of total sanctioned 17,407 works, 15,706 works were completed and 1,701 works were lying incomplete (July 2010 to January 2011) which should have been completed latest by December 2009 as per para 22.11 of GKN-2004, thereby, depriving the public from their intended benefits.

Further, in Bharatpur district 103 works were delayed where as the position was better in Dungarpur district where eight works were delayed.

The delays are largely due to absence of feasibility report at the time of issue of technical sanction. RDD, GoR stated (September 2011) that instructions have been issued (May 2011) to the CEOs of all the ZPs to ensure that works are completed within stipulated period. If work is completed with delay and remains incomplete, penal action may be taken against erring officials. RDD, GoR also added that delays in construction work occur due to local circumstances like non availability of land, delays in tender process, legal proceeding, obstacles created by local community etc. The reply is not tenable since issues like non-availability of land, utility for the local community etc. would be covered under the feasibility study prior to issue of technical sanction which was not prepared. Issue of technical sanction without feasibility report has led to delay in completion of works. The response of the department is general and evasive without making efforts to identify causes of delay in individual works.

2.2.10.2 Unfruitful expenditure on incomplete works

- As per para 7.4.2 of GKN-2004 the sanctioning authority should ensure that works, which are not possible to be completed, should not be sanctioned. It was noticed that 154 works[24] involving an expenditure of ₹ 1.39 crore were lying incomplete for more than two to six years due to land dispute, public hindrances or some other reasons. As the works were lying incomplete, the beneficiaries were deprived of the desired benefits of the Scheme.

It was seen that no feasibility report was obtained before issue of technical sanction/financial sanction which resulted in non-completion of works. In reply RDD, GoR stated (September 2011) that DAs have been instructed (May 2011) to complete the work in time.

24. Alwar: 104 works (expenditure incurred: ₹ 86.98 lakh); Bharatpur: 20 works (expenditure incurred: ₹ 13.20 lakh); Bhilwara: four works (expenditure incurred: ₹ 5.10 lakh); Bundi: eight works (expenditure incurred: ₹ 3.79 lakh); Jhunjhunu: six works (expenditure incurred: ₹ 5.11 lakh) and Sikar: 12 works (expenditure incurred: ₹ 24.56 lakh) **Total: 154 works (expenditure incurred: ₹ 138.74 lakh).**

Illustrations of incomplete works:

Vishranti Grah near Tejaji Temple, Haled, Bhilwara	*Community center near Vandana Public School, Thanagaji, Alwar*
	
Sanctioned amount : ₹five lakh (October 2005) ***Expenditure : ₹4.10 lakh*** ***Status of work : work of floor, plaster, windows and installation of electric/sanitary fittings still to be done (December 2010)***	***Sanctioned amount : ₹one lakh (July 2008)*** ***Status of work : lying incomplete as on October 2010***

- As per GKN-2004 amount of advance given to implementing agencies should be adjusted on receipt of utilisation certificate/completion certificate. It was seen that in a case the work was incomplete but the expenditure of ₹ 1.54 lakh[25] was shown adjusted by treating the work as complete.

In reply, RDD, GoR stated (September 2011) that the CEO, ZP, Alwar has been asked to furnish compliance of the objection.

- CEO, ZP, Bhilwara sanctioned (16 July 2007 and 3 July 2007) construction of *Vishranti Grah* I and II at Sarsia (single work), PS, Jahajpur for ₹ 3.43 lakh each and for this purpose ₹ five lakh was sanctioned from MLALAD and the balance ₹ 1.86 lakh from State Finance Commission. The work of construction of *Vishranti Grah* was shown completed on 30 September 2007 and 15 November 2007, though it was lying incomplete. Scrutiny followed by joint inspection (03 December 2010) along with the departmental officers revealed that only structure was completed. It was stated (December 2010) by Assistant Engineer/*Sarpanch* that more than ₹ five lakh is still required for completion of the work. Besides, possibility of its use in future is also remote as the surrounding area is a pond filled with water. Thus, improper selection of site resulted in wasteful expenditure of ₹ 6.86 lakh. Collector, Bhilwara called for explanation (18 January 2008) from Junior Engineer but no further action was found taken in this regard (December 2010).

Vishranti Grah Sarsia, PS Jahajpur (Bhilwara)	
	***Sanctioned amount :*** *₹ 6.86 lakh (July 2007)* ***Status of work :*** *work of floor, plaster, windows, doors and installation of electric/sanitary fittings still to be done*

2.2.10.3 Double Payment for the same work

25 . Gravel Road Odela to Choma Ramgarh (Alwar) sanction dated 26 May 2004, sanction amount ₹ 1.67 lakh, expenditure ₹ 1.54 lakh and executing agency-GP Beegwa, Ramgarh.

2.2.10.3 Double Payment for the same work

During scrutiny of records of Municipality Deeg it was noticed that construction of CC Road in Ward No. 17 was completed at a cost of ₹ two lakh and adjustment order (No. 966-67 dated 05 June 2008) was issued showing balance payment of ₹ 0.40 lakh. The payment of ₹ 0.40 lakh was made twice (once by voucher No. 85-A dated 10 June 2008 and cheque No. 712703 dated 10 June 2008 and then by voucher No. 90 dated 13 June 2008, cheque No. 712719 dated 16 June 2008). In reply DA, Bharatpur while accepting the facts agreed to recover the amount of ₹ 0.40 lakh. The RDD (September 2011) continued to state that ZP, Bharatpur has been instructed to recover the amount. However, the amount is yet to be recovered.

2.2.10.4 Doubtful expenditure

In Bharatpur district sanctions were issued for installation of four hand pumps but only two hand pumps were got installed. Payment was made for four works (as per details given in **Table 2.19** below) by sending separate completion certificate and pasting the same photo on both the works.

Table 2.19 : Cases of doubtful expenditure

(₹ in lakh)

Name of work	Financial sanction number and date	Sanction amount	Expen-diture	Remarks
New Hand pump Daurala Wala Rasta par Bhawali	1072-75/ 19.08. 2008	0.25	0.25	Same photo on both works
New Hand pump near Meetha kua Sirthal Nagar	1072-75/ 19.08. 2008	0.25	0.25	
New Hand pump Vas Wale Raste par Bhavali Sirthla	1072-75/ 19.08.2008	0.25	0.25	Same photo on both works
New Hand pump Bhawali Meena Nagla, Bhawali, Sirthal	1072-75/ 19.08.2008	0.25	0.25	

In reply the RDD, GoR stated (September 2011) that CEO, ZP, Bharatpur has been instructed to investigate the matter.

Recommendation

The DAs should be made responsible for issue of administrative sanction after feasibility report.

2.2.11 Other shortcomings in execution of works

2.2.11.1 Irregular payment of prorata charges

As per Scheme guideline *prorata* charges were not to be paid to executing agencies on MLALADS works. However, it was seen that a sum of ₹ 14.13 lakh was paid as *prorata* charges to IAs (*Vidhyut Vitaran Nigam* Limited and Raj Comp etc) in 53 works[26] during 2004-09.

26. Alwar: 18 works (₹ 2.85 lakh), Bharatpur: eight works (₹ 2.16 lakh), Bhilwara: four works (₹ 0.50 lakh), Bundi: one work (₹ 0.43 lakh), Dungarpur: 11 works (₹ 2.27 lakh), Jhunjhunu: two works (₹ 0.14 lakh) and Sikar: nine works (₹ 5.78 lakh).

RDD, GoR stated (September 2011) that *prorata* charges have been levied by IAs as per their departmental rules. However, the concerned CEOs of ZPs have been asked to recover the amount of *prorata* charges.

2.2.12 Maintenance of assets

2.2.12.1 Assets not put to use

According to Paras 7.3.1 and 7.4.2 of the GKN-2004 an undertaking should be taken from the user agency that the proposed work is necessary and useful. The sanctioning authority should ascertain that the expenditure incurred on the work may not become unfruitful. It was however seen that seven works relating to tubewell, *Vishranti Grah* completed at a cost of ₹ 14.77 lakh[27] in Sikar, Jhunjhunu and Bhilwara districts were not put to use due to non-provision of electricity and wrong selection of sites, resulting in blocking of funds.

- Construction of Community Hall, Kali Kalyandham Padla Sagwara (Dungarpur) and Frooti Talai Faloz PS, Dungarpur was sanctioned (June-July 2005) for ₹ 2.05 lakh and ₹ 2.50 lakh respectively but were lying unused since last five years (December 2010) due to being constructed far from inhabitants and on hilly area. RDD, GoR stated (September 2011) that CEO, ZP, Dungarpur has been instructed to intimate the factual position. CEO, ZP, Dungarpur has instructed concerned agency to utilize the assets.

2.2.12.2 Misuse of assets

Joint physical verification by audit and functionaries in Bhilwara, Bharatpur, Churu and Dungarpur districts (July 2010 to January 2011) revealed that the following five assets (**Table 2.20**) created under the scheme were being used by individuals for their private use which was different from the intended use defeating the very purpose of the scheme.

Table 2.20 : Details of misuse of assets

(₹ in lakh)

Sl. No	Name of Works	Amount spent	used
1.	Community Centre Kishan Pura PS, Rajgarh (Churu)	4.66	Private School
2.	Community Centre Bikamsara PS Sardar Shahar (Churu)	2.16	Private School
3.	*Vishranti Grah* near Indergarh, Mataji Shahpura (Bhilwara)	0.60	Residence of Pujari
4.	Community Centre Khanwa PS Roopbas (Bharatpur)	1.25	Residence of Sarpanch
5.	Community Centre Kala Tekri, Gulab Pura, PS Sagwara, (Dungarpur)	2.25	Residing priest of temple
	TOTAL	**10.92**	

RDD, GoR stated (September 2011) that the concerned CEOs of ZPs have been asked to furnish compliance. Thus, misuse of assets reflected the failure

27. Sikar: four works (expenditure ₹ 10.45 lakh), Jhunjhunu: two works (expenditure ₹ 3.24 lakh), Bhilwara: one work (expenditure ₹ 1.08 lakh), *Vishranti Grah* and tubewell.

of the DAs to obtain commitment from the user agencies regarding operation, maintenance and upkeep of assets before execution of works.

2.2.12.3 Non-maintenance of assets register

As per Scheme guideline and GKN-2004, Assets Register is required to be maintained at ZP RDC level. Scrutiny revealed that out of test checked eight districts, assets register had not been maintained in ZP RDC, Bundi during 2004-09. In the absence of assets register, custody of assets and their maintenance could not be ensured. DA, Bundi (January 2011) accepted and stated that it will be maintained in future.

Recommendation

- *A proper reporting structure should be developed to depict the final end use of assets and their maintenance thereafter.*
- *DAs should be instructed to take suitable action against the user agencies not using the assets efficiently for the purpose for which these had been recommended by the MLAs.*
- *Accountability for maintenance of records at various levels should be prescribed and monitored.*

2.2.13 Reporting of financial progress

2.2.13.1 Non submission of UCs/CCs

As per the Scheme guidelines and GKN-2004, the IAs were required to submit UCs/completion certificates (CCs) within 10 days in prescribed format after utilisation of advance/completion of work to the concerned DA. It was seen that UCs/CCs of ₹ 24.95 crore in the test checked districts were not furnished by IAs for 2,432 works during the period 2004-2009 as detailed in **Table 2.21** below:

Table 2.21 : Non submission of UCs/CCs

(₹ in crore)

	Alwar	Bhilwara	Bharatpur	Bundi	Churu	Dungarpur	Jhunjhunu	Sikar	Total
No. of Works for which UCs/CCs not submitted	646	265	131	885	92	195	34	184	2,432
Amount	7.41	2.25	1.67	6.20	1.04	3.46	0.37	2.55	24.95

Thus, in the absence of UCs, utility of the amount paid/spent could not be ascertained.

In reply, RDD, GoR stated (September 2011) that UCs/CCs of 71 works out of 92 works in Churu district and 23 works out of 34 works in Jhunjhunu district have been adjusted. The remaining CEOs have been instructed (May 2011) to adjust the UCs/CCs timely.

2.2.13.2 Delay in sending CCs

It was observed that in 2,979 cases (2004-2009) of ₹ 38.21 crore, CCs were sent with delays ranging between three to 1,886 days from the prescribed period as detailed in **Table 2.22** below:

Table 2.22 : Delay in sending CCs

(₹ in crore)

Name of District	Alwar	Bharatpur	Bhilwara	Bundi	Churu	Dungarpur	Jhunjhunu	Sikar	Total
Number of Works	40	109	413	105	1410	122	354	426	2,979
Amount	0.70	1.23	4.10	0.73	18.38	3.43	3.34	6.30	**38.21**
Delay period in days	37-1,353	23-443	6-1,111	7-1,565	4-1,886	10-1,419	8-754	3-1,760	

The RDD, GoR stated (September 2011) that ZPs have been instructed to obtain CCs from IAs in time. The receipt of CCs by the DAs is an important internal control measure to watch progress, completion and use of assets which has been found to be neglected by the DAs and RDD.

Recommendation

The DAs should ensure that UCs/CCs are obtained for actual expenditure from the IAs timely.

2.2.14 Monitoring and controls

2.2.14.1 Inadequate coverage of areas inhabited by SCs/STs community

Para 2.1 of the Scheme guideline (applicable from 12 March 2008) emphasizes the need for development of areas inhabited by SCs/STs and provides that MLAs are required to recommend every year works costing at least 20 *per cent* of the Scheme funds for areas inhabited by SCs/STs population. In case of non-receipt of proposals from MLAs, the DA may sanction works for SCs/STs areas upto 20 *per cent* of funds allotted.

During the year 2008-09 out of total recommended works of ₹ 10.40 crore, ₹ 1.47 crore (14.13 *per cent*) were utilised for development of SCs/STs inhabited areas in 13 constituencies of Churu, Jhunjhunu and Sikar districts as against prescribed provisions of 20 *per cent.*

The DAs failed to monitor this aspect of the Scheme so as to ensure that the benefits of the Scheme were adequately percolating to the areas inhabited by weaker sections of the community. RDD, GoR instructed (May 2011) all District Collector to ensure sanction of works for 20 *per cent* of funds as per the Scheme guidelines.

2.2.14.2 Delay in furnishing Monthly Progress Reports (MPR) and Audit Report by Members of Institute of Chartered Accountants of India

As per Scheme guidelines DA should furnish MPRs to the RDD, GoR, Jaipur within eight days of the end of the month. The guideline also stipulates that the Audit Reports of Chartered Accountants (CA) should reach within three months i.e. up to 30 June after closing of the financial year. It was seen that 44 MPRs were furnished with delays in seven districts[28] including one with delay of 54 days in Sikar district. The MPRs were not produced to audit in Bhilwara district. The CA Reports in the test checked district were submitted with delay ranging between one month to eight months. Thus, the DAs failed to furnish MPRs and CA reports in time. It was also seen that the scheme guidelines or Government orders do not specify the use of MPR's and CA reports on their receipt by the Government.

RDD, GoR stated (September 2011) that necessary instructions have been issued in May 2011 to furnished MPR and CA reports timely.

Recommendation

State Government should issue instructions about the use of MPRs and CA reports in implementation of the MLALADS.

2.2.14.3 Monitoring committee meetings

The State Level Monitoring Committee under the chairmanship of Minister, Rural Development and Panchayati Raj Department was constituted (01 March 2007) for review of implementation of the scheme and its meeting were required to be held every quarter. But in two years only four meetings[29] instead of eight were held. The committee was dissolved from 20 December 2008 and not formed thereafter.

District Level Monitoring Committee under the chairmanship of District Collector was required to be formed and six meetings in a year (one meeting in two months) was to be held. Audit observed that during 2007-08 to 2008-09 only four meetings were held in Churu district, three meetings in Sikar district and two meetings in Jhunjhunu district. The District Level Monitoring Committee was not formed in Alwar, Bharatpur, Bhilwara, Bundi and Dungarpur districts. Thus, inability to constitute monitoring committees and holding of few meetings was bound to have an adverse impact on the monitoring/supervision of the implementation of the MLALADS. RDD, GoR stated (September 2011) that necessary instructions have been issued in May 2011 to all the CEOs to follow the provisions of guidelines/audit observations.

The objectives of the State Level and District Level Monitoring Committee Meeting have also not been mentioned in guideline which needs to be reviewed.

28. Alwar, Bharatpur, Bundi, Churu, Dungarpur, Jhunjhunu and Sikar.
29. 22 March 2007, 04 July 2007, 11 February 2008 and 25 June 2008.

2.2.14.4 *Inspection of works*

According to the Scheme guidelines and GKN-2004 it was the responsibility of the CEO/ACEO Project Officer/Assistant Project Officer of ZP and Junior Engineer/Assistant Engineer of PSs to inspect the progress, quality and utilisation of the sanctioned amount and to ensure removing any hindrances/ obstacles being faced in completion of the work. However, it was seen that records and reports related to inspection was not maintained in test checked districts except Bhilwara. In the absence of maintenance of record it could not be verified as to whether DAs had done inspections of the MLALADS works. Thus, non-fulfillment of inspections weakens the prescribed internal controls with a possible adverse effect on the timeliness of execution and quality of work. RDD, GoR stated (September 2011) that necessary instructions have been issued in May 2011 to all the CEOs to follow the provisions of guidelines/audit observations.

2.2.15 *Conclusion*

MLALADS aims at enabling the MLAs to cater to local requirements through the creation of assets in their constituencies.

Test check of implementation of the Scheme during 2004-2009 revealed that unsanctioned balance of ₹ 17.06 crore was lying idle with DAs for want of utilisation and advances of ₹ 44.99 crore lying unutilised with the IAs, thereby, depriving the beneficiaries of access to developmental works.

The execution of inadmissible works by the DAs on MLAs recommendations indicate inadequate systemic arrangement for ensuring effective use of funds for creation of community based assets. The implementation of works was further characterised by delays, non-adherence to guidelines, unfruitful expenditure, works lying incomplete, non-utilisation and misuse of assets created. Monitoring and supervision of the Scheme was weak as monitoring committees were not existing or their meetings were not held regularly. It is necessary that the RDD GoR, should carefully review and evaluate the benefits of the Scheme, keeping in view its objectives, operational guidelines, actual implementation of the Scheme so that the objective of the Scheme could be achieved.

LONG PARAGRAPH

2.3 Utilisation of Twelfth Finance Commission Grant by *Panchayati Raj* Institutions

2.3.1 Introduction

The Twelfth Finance Commission (TFC) recommended a grant of ₹ 1,230 crore to *Panchayati Raj* Institutions (PRIs) in the State for the years 2005-10. The funds were to be utilised by the PRIs to improve the service delivery in respect of water supply and sanitation. Further, high priority was to be assigned for creation of database and maintenance of accounts at grass root level. The State Government allocated TFC grants in the ratio of 5:20:75 among *Zila Parishads* (ZPs), *Panchayat Samitis* (PSs) and *Gram Panchayats* (GPs) respectively.

A review of release and utilisation of TFC grant to PRIs in Rajasthan for the year 2005-06 to 2009-10 was conducted between March 2009 and August 2009 and May-June 2011. Five ZPs[30], 10 PSs[31] and 61 GPs (***Appendix-VII***) and Rural Development & *Panchayati Raj* Department (RD&PRD) were selected for audit scrutiny on expenditure and risk basis, supplemented by inspection reports of one ZP[32], seven PSs[33] in six districts.

2.3.2 Financial performance

2.3.2.1 Non-Utilisation of TFC Grants to the tune of ₹104.38 crore

The TFC allocated ₹ 1,230 crore to the PRIs in Rajasthan during the period 2005-10 payable at the rate of ₹ 246 crore every year to be utilised for water supply and sanitation and maintenance of accounts. Against the total grant of ₹ 1,230 crore received upto March 2010, an expenditure of ₹ 1,125.62 crore was incurred upto September 2011. A sum of ₹ 846.93 crore (75.24 *per cent*) was utilised on water supply arrangements and ₹ 260.24 crore (23.12 *per cent*) on sanitation. The year-wise position of receipt of grants and expenditure incurred by the PRIs is given in **Table 2.23** below:

30. ZPs, Jaipur, Jhunjhunu, Jodhpur, Nagaur and Udaipur.
31. PSs, Kotputli, Sanganer and Shahpura **(District, Jaipur)**; Jhunjhunu **(District, Jhunjhunu)**, Mandore and Luni **(District, Jodhpur);** Merta City and Nagaur **(District, Nagaur)** and Badgaon and Girva **(District, Udaipur).**
32. ZP, Dausa.
33. PSs, Arai and Bhinai **(District, Ajmer)**; Bagidora **(District, Banswara)**; Hanumangarh **(District, Hanumangarh)**; Jaitaran **(District, Pali)**; Jhalarapatan **(District, Jhalawar)** and Baunli **(District, Sawaimadhopur)**.

Table 2.23 : Utilisation of TFC grants

(₹ in crore)

Year	Opening balance	Grants released by GoI to State Government	Grants released by State Government to PRIs	Total funds available	Expendi-ture incurred	Unspent balance	
						Amount	Percent-age
1	2	3	4	5(2+4)	6	7	8
2005-06	-	246	246.00	246.00	13.36	232.64	94.57
2006-07	232.64	246	222.94	455.58	242.78	212.80	46.71
2007-08	212.80	123	146.06	358.86	218.79	140.07	39.03
2008-09	140.07	369	369.00	509.07	273.37	235.70	46.30
2009-10	235.70	246	246.00	481.70	220.72	260.98	54.18
2010-11	260.98	0	-	260.98	147.28	113.70	43.57
2011-12	113.70	0	-	113.70	9.32	104.38	91.80
Total		**1,230**	**1,230.00**		**1,125.62**		

(Source: Expenditure statements of Panchayati Raj Department)

Regarding unspent balances, RD&PRD intimated (February 2012) that according to the guidelines of 13th Finance Commission, the unspent balances will be utilised to computerise the accounts under model accounting system. Necessary action is being taken by the PRIs accordingly.

2.3.3 Release of TFC grants

Audit check of the records in selected PRIs regarding funds released and expenditure incurred under TFC grant revealed the following:

2.3.3.1 Delayed release of grants

According to para 6.1 of guidelines, grants to local bodies were to be released by Government of India (GoI) in two equal installments in July and January of every financial year in the accounts of the State Government. Further as per para 6.2 of the guidelines, Finance Secretary of the State concerned was required to provide a certificate within 15 days of release of each installment by GoI certifying the dates and amounts of grants received by the State from GoI and the dates and amounts of grants released to PRIs. All subsequent installments would be released by GoI after receiving the certificate of the release of funds to the PRIs. It was noticed that the prescribed certificates were issued very late by Government of Rajasthan (GoR) with a delay of 96 to 261 days which resulted in delayed release of grants by GoI ranging from seven to 113 days as detailed in **Table 2.24** below:

Table 2.24 : Allocation and release of TFC grants

Year	Installme-nt No.	Due date of release * of installment by GoI	Date of release by GoI	Period of delay by GoI (in days)	Date of certificates issued by Finance Secretary, GoR	Period of delay excluding prescribed period of 15 days
1	2	3	4	5 (4-3)	6	7
2005-06	First	July 2005	16.11.2005	108	19.08.2006	261
2005-06	Second	January 2006	23.03.2006	51	19.08.2006	134
2006-07	First	July 2006	14.11.2006	106	05.03.2007	96
2006-07	Second	January 2007	14.03.2007	42	26.07.2007	119
2007-08	First	July 2007	02.11.2007	94	25.03.2008	129
2007-08	Second	January 2008	23.05.2008	113	23.09.2008	108
2008-09	First	July 2008	06.10.2008	67	28.02.2009	130
2008-09	Second	January 2009	17.03.2009	45	17.07.2009	107
2009-10	First	July 2009	07.08.2009	7	22.12.2009	122
2009-10	Second	January 2010	07.01.2010	-	Under submission	-

(Source : Consolidated information on allocation, release and utilisation furnished by Secretary and Commissioner, PRD, Jaipur)

* ***Last day of each month taken for calculation.***

Accepting the facts, RD & PRD intimated (November 2011) that due to late receipt of utilisation certificates (UCs) from concerned districts, certificates could not be sent to GoI in time. The certificate for the second installment of 2009-2010 which was required to be sent to the GoI by 22 January 2010 was sent to Finance Department of the State Government by RD&PRD on November 2011 for onward transmission to GoI. Reply of the State Government is not tenable as the receipt and disbursement of the grant was not dependent on furnishing of the utilisation certificates by the district authorities but depended on certificate of release of grant by the State Government to the PRIs.

2.3.3.2 Delay in transfer of TFC grants by ZPs, PSs

As per RD&PRD order (November 2005), the TFC grants were required to be allocated in the ratio of 5:20:75 to ZPs, PSs and GPs. Out of funds allocated for a district, five *per cent* and 20 *per cent* amount was required to be transferred to the Personal Deposit (PD) Accounts of ZPs and PSs respectively and remaining 75 *per cent* amount was to be allocated proportionately (on the basis of 2001 census) to the GPs through PD Account of PSs upto 2005-06. The directions of the State Government required the PSs to transfer the grant to the GPs under its jurisdiction through cheques within seven days of receipt of funds to meet the requirements of TFC to transfer funds to PRIs within 15 days of receipt of funds by the State Government. However, from 2006-07 the grant allocated for GPs was to be directly transferred to them through banking channel.

2.3.3.3 There were delays ranging from 16 to 189 days in 79 cases in transfer of funds from the State Government to test checked ZPs and PSs during 2005-10 (***Appendix-VIII(a)***). The age-wise delays are given in **Table 2.25** below:

Table 2.25 : Delay in transfer of TFC grants

Sl. No.	Delay in days	Number of cases
1.	16 to 30	24
2.	31 to 50	16
3.	51 to 100	23
4.	101 to 150	11
5.	151 to 189	05

It was observed that in these cases although the funds were transferred timely by the Finance Department but delays were noticed in transfer of funds by the treasuries to PD Account of ZPs/PSs in the cases detailed in ***Appendix-VIII-(b)*** *and* ***(c)***. ZPs/PSs also accounted for grants with delay in cash book.

2.3.3.4 A test check of records of 10 PSs revealed that during 2005-06, the grants which were to be transferred within seven days were transferred by PS to GPs with a delay between 18 and 357 days (***Appendix-IX***). Further, interest amount of ₹ 3.42 lakh chargeable on the delayed transfer of funds to the GPs was not levied and recovered from the PSs as per the State Government orders issued in June and October 2006.

2.3.3.5 It was observed in test checked GPs (except GP, Lakhawali (PS, Badgaon); GP, Tidi (PS, Girva) and GP, Sundarpura (PS, Kotputali)) that grants were received (during 2006-10) from GoR with delay of 16 to 859 days.

RD&PRD in its reply stated (August 2011) that delay was procedural and efforts are being made to improve the system.

The release of grants to PRIs by RD&PRD should have been done in a timely manner so as to avoid consequential delay in execution of the works.

2.3.4 Irregularities in distribution of TFC grants

2.3.4.1 Inequitable distribution of TFC grants

RD&PRD order (June 2006) envisaged that five *per cent* ZP share and 20 *per cent* PS share under TFC grants should be utilised for equitable development of GPs. It further stated that in no case these grants were to be utilised for providing special benefit to a particular area against these norms. Accordingly, ZP, Udaipur distributed ₹ 1.89 crore ZP share (2005-06 to 2010-11) amongst 11 PSs. It was observed that larger amounts of ₹ 57.58 lakh (30.49 *per cent*) and ₹ 30.57 lakh (16.19 *per cent*) were distributed to PS, Girva and PS, Kherwara respectively while a meagre amount of ₹ 1.51 lakh (*i.e.,* 0.80 *per cent*) was distributed to PS, Jhadol.

The RD & PRD stated (November 2011) that allocation has been made on the basis of number of villages in panchayats and size of the panchayats. The reply is not tenable as the number of villages in PSs, Girva, Kherwara and Jhadol are more or less equal in numbers. Further, Jhadol is more backward area as compared to developed area of Girva and Kherwara. Thus TFC grant was not distributed equitably to Panchayat Samitis.

2.3.4.2 Out of first installment (2005-06) of TFC grant amounting to ₹ 6.35 crore earmarked for PSs and GPs of Jaipur districts, an amount of ₹ 2.39 crore (₹ 0.50 crore PS share and ₹ 1.89 crore GP share) was allotted to PS, Jhotwara on the basis of population figure of 19.70 lakh instead of actual figure of 1.97 lakh. This mistake was partially rectified (December 2005) and the amount was revised to ₹ 36.24 lakh (₹ 7.63 lakh PS share and ₹ 28.61 lakh GP share).

Subsequently, second installment of ₹ 21.40 lakh (PS share : ₹ 4.51 lakh and GP share : ₹ 16.89 lakh) was sanctioned (31 March 2006) for the year 2005-06 and distributed to PS, Jhotwara. On comparison of the first installment with the second installment it was seen that an excess amount of ₹ 14.84 lakh (₹ 3.12 lakh + ₹ 11.72 lakh)[34] was released in favour of PS, Jhotwara during 2005-06 and correspondingly lesser amount was given to other PSs and GPs even after redistribution.

Thus, unequal/excess grant was sanctioned to PS, Jhotwara on the basis of wrong population figure. RD&PRD intimated (June 2011) that difference will be reconciled. The reply is not tenable as the entire amount allocated to PS, Jhotwara has been spent and there is no issue of reconciliation.

2.3.5 Utilisation of TFC grants

2.3.5.1 TFC grants lying unutilised

Test check of accounts of five ZPs[35] and seven PSs[36] and 33 GPs revealed that an amount of ₹ 5.27 crore (₹ 3.12 crore, ₹ 1.17 crore and ₹ 0.98 crore respectively) was lying unutilised at the end of March 2011. On being pointed out RD&PRD replied (August 2011) that grants could not be utilised due to procedural delays, National Rural Employment Guarantee Act (NREGA) works, elections and non-availability of labour. The reply is not tenable as (i) no action to refund the amount being beyond the absorptive capacity on account of implementation of works out of NREGA funds and non-availability of labour was found (ii) no identification of procedural delays was found to be done (iii) the election were held in December 2008 and May 2009 and the position of unspent funds was as on 31 March 2011. Besides, the priority area of TFC grants included creation of database and maintenance of accounts at grass root level where no progress was made. Thus, poor utilisation of funds indicate lack of quality inputs in planning and delays in execution of works, thereby, depriving the public from the intended benefits of the works principally in areas of water supply and sanitation.

34. Revised PS share ₹ 7.63 lakh - ₹ 4.51 lakh PS share as per second installment = ₹ 3.12 lakh and revised GP share ₹ 28.61 lakh - ₹ 16.89 lakh GP share as per second installment = ₹ 11.72 lakh.

35. ZPs, Jaipur, Jhunjhunu, Jodhpur, Nagaur and Udaipur.

36. PSs, Kotputli and Shahpura **(District, Jaipur)**; Mandore and Luni **(District, Jodhpur)**; Merta City and Nagaur **(District, Nagaur)** and Girva **(District, Udaipur).**

2.3.5.2 Cash payments

As per Rule 211 (i) of Rajasthan Panchayati Raj Rules, 1996 all payments of ₹ 1,000 and above shall be made through bank. In test checked 27 GPs[37] of Jaipur, Jhunjhunu, Jodhpur and Nagaur districts it was observed that in 380 cases payment of ₹ 1,000 and above amounting to ₹ 77.29 lakh was made in cash instead of bank. RD&PRD admitted (August 2011) the facts and stated that cash payments were made due to procedural delays in payment through cheques and in view of urgent demand for payments. The department also stated that in future it would be ensured that all payments are made through cheques. The reply is not tenable as these payments are mostly on purchase of material which could be made through cheques in place of cash. Besides, the objective of rules prescribed by the State Government with the intention of control on prevention of malpractices was compromised.

2.3.5.3 Execution of inadmissible works

As per TFC guidelines (Para 2.1) grants for the PRIs were required to be used to improve the service delivery by the Panchayats in respect of water supply and sanitation. Scrutiny of records revealed that an expenditure of ₹ 5.29 crore out of total amount sanctioned of ₹ 43.89 crore was incurred on 594 inadmissible works sanctioned and executed during 2005-11 against TFC guidelines as per details given in **Table 2.26** below:

Table 2.26 : Inadmissible works

(₹ in lakh)

Sl.No.	Name of work	Number of works	Amount
1	Construction of Roads and *Kharanjas*	416	377.62
2	Purchase of books	18	29.41
3	Works executed in uncovered areas (urban areas)	10	15.93
4	Construction of boundary walls	44	50.76
5	Repairs of buildings (Panchayat Bhawan, Sub Health Centre)	13	8.06
6	Construction of community halls etc.	2	1.66
7	Payment of audit fee	6	0.46
8	Miscellaneous works (flooring, bus stand etc.)	85	44.72
	Total	**594**	**528.62**

RD&PRD replied (August 2011) that the works were executed as per requirement of area. The reply is not tenable because expenditure incurred on such works was not permissible under TFC guidelines.

37. GPs, Banethi, Bhaloji, Dantil, Kalyanpur Kalan, Raikaranpur and Shuklawas **(PS, Kotputli);** Budana, Kulod kalan, Makhar, Nooan and Pratappura **(PS, Jhunjhunu);** Jhalamond, Luni, Palsani and Subdand **(PS, Luni);** Popawas **(PS, Mandore);** Badgaon, Gotan, Harsolao and Merta Road **(PS, Merta City);** Alay, Basni Belima, Bhundel, Jhadisara, Kumhari and Satheran **(PS, Nagaur)** and Devan **(PS, Shahpura).**

2.3.5.4 Delays in commencement of works

As per *Panchayati Raj* Department (PRD), GoR order (November 2005) the works undertaken for improvement of water supply and sanitation were required to be commenced within one month of issue of financial sanctions. However, it was observed that in 49 cases (17 GP[38]: 42 cases, one PS[39]: five cases and one ZP[40]: two cases) there were delays ranging between 187 days and 646 days beyond the prescribed period of one month, which indicated ineffective monitoring of works. RD&PRD while accepting the facts (August 2011) attributed the delays to non-availability of labour/employees, engagement of laboures in MNREGA works and procedural delay. The reply of the department has attributed vague and same reasons have been stated as were given in preceding paragraphs for unutilised TFC grants which were not found tenable for reasons already detailed. This resulted in depriving the rural population of improved quality in service delivery in water supply and sanitation.

2.3.5.5 Unfruitful expenditure on incomplete works

As prescribed in *Gramin Karya Nirdeshika*-2004 (para 22.11) the works sanctioned under TFC grants were to be completed within time schedule (upto six months). It was observed that 851 works sanctioned during 2005-10 out of total of 2,257 works in five ZPs[41] and three GPs[42] were lying incomplete as of 31 March 2011 for more than one to five years despite incurring an expenditure of ₹ 3.66 crore. This included 76 inadmissible works which have been commented previously in this paragraph. RD&PRD while accepting the facts stated (August 2011) that works remained incomplete due to election, NREGA works and non-availability of labour/employees. The reply assigns the same reasons as assigned for delays in commencement of work and unutilised grants which have not been found tenable for reasons detailed earlier in this paragrah. Thus, entire expenditure of ₹ 3.66 crore became unfruitful and the intended benefit could not be provided to the public. Further, deterioration in quality of works also cannot be ruled out with the passage of time.

2.3.5.6 Non-submission of utilisation certificates (UCs)

As per Para 8 of the State Government Circular (February 2006) the UCs should be furnished by the concerned GPs to PSs within ten days of incurring expenditure. PSs should forward these UCs within seven days of its receipt to the ZPs which in turn shall forward consolidated UCs within seven days to Chief Accounts Officer, PRD, Jaipur. However, UCs of ₹ 1,005.43 crore only

38. GPs, Lakhawali **(PS, Badgaon)**; Nai and Tidi **(PS, Girva)**; Banethi, Keshwana Rajput and Raikaranpur **(PS, Kotputli)**; Dhawa, Jhalamond, Luni and Subdand **(PS, Luni);** Jajiwal Kalan, Keru and Nandar kalan **(PS, Mandore);** Gotan and Harsolao **(PS, Merta City)** Basni Balema and Kumhari **(PS, Nagaur)**.
39. PS, Merta City (District Nagaur - PS Head).
40. ZP, Udaipur (ZP Head).
41. ZPs, Jaipur, Jhunjhunu, Jodhpur, Nagaur and Udaipur.
42. GP, Alay **(PS, Nagaur)**, Nai **(PS, Girva)** and Nooan **(PS, Jhunjhunu)**.

were received from PRIs upto September 2011 against a total expenditure of ₹ 1,125.62 crore (September 2011) incurred in the state.

Further, it was seen that two districts sent UCs of less than 50 *per cent* of the expenditure incurred by them up to September 2011 as shown in the **Table 2.27** below. Interestingly, in Pratapgarh district no UCs was sent for expenditure incurred.

Table 2.27 : Non-submission of utilisation certificates

(₹ in crore)

Sl.No.	Name of districts	Expenditure (Upto September 2011)	UCs received (September 2011)	Percentage
1.	Hanumangarh	21.62	10.08	46.62
2.	Pratapgarh	9.40	Nil	Nil

(Source: Expenditure statements of Panchayati Raj Department, Jaipur)

On enquiry the RD&PRD stated (June 2011) that the pending UCs would be obtained and intimated to audit

2.3.6 Non-recovery of user charges

Para 2.1 of TFC guidelines contemplates that the PRIs should be encouraged to take over the assets relating to water supply and sanitation and maintain them with the help of TFC grants. Further as per para 3.1 (xii) the PRIs should recover at least 50 *per cent* of the recurring cost in the form of user charges. It was noticed that assets relating to water supply and sanitation were not taken over by all the 61 GPs ***(Appendix-VII)*** test checked. Since the *Gram Panchayats* have not taken over, the responsibility of maintenance of water supply and sanitation which would continue to be with Public Health and Engineering Department. Further, the user charges were also not recovered by the PRIs. Accepting the facts, RD&PRD intimated (June 2011) that no decision has been taken by High Level Committee[43] (HLC) regarding taking over of water supply assets. State Government have also intimated (February 2012) that it is not practicable to recover the user charges as these assets are being utilised by rural population which comprises of large numbers who are below the poverty line and in future, if it is found possible the Government may decide to levy the user charges in special rural areas. The reply is not tenable as the TFC guidelines regarding recovery of at least 50 *per cent* of the recurring cost have not been adhered to. Besides, non-recovery of user charges has led to creation of conditions for potential disruption of the functioning of these assets for deficiency in service quality caused by non-maintenance, non-operation, failure to clear electricity dues etc.

43. High Level Committee (HCL) was responsible (i) to ensure proper utilisation of TFC grants, (ii) to identify works to be under taken under TFC grants, (iii) to monitor the progress of works and utilisation certificates and (iv) to fix the user charges.

2.3.7 Non-observance of best practices of royalty to be followed for augmenting the resources

TFC recommended (para 4.1) best practices for augmenting the resources of the PRIs which, inter alia, included the following:

2.3.7.1 The minimum rates for levy of certain major taxes (liquor octroi, passengers tax and vehicle tax etc.) and non-tax revenue (income from sale of plots in *Abadi* areas, allotment of *pattas*, income from *Haat* market and parking charges of vehicles at fair etc.) for the *Panchayats* be fixed by the State Government. It was observed that no such rates were fixed by the State Government. On being enquired, RD&PRD intimated (June 2011) that it was not considered necessary by the State Government to fix the rates. The non-fixing of the rates by the State Government has an adverse impact on the resource and functionality of PRIs particularly the *Gram Panchayats*.

2.3.7.2 All common property resources vested in the village *Panchayats* must be identified, listed and made revenue generating by GPs. Scrutiny of records of PRIs revealed that such practices were not initiated by any of the 61 GPs ***(Appendix-VII)***. RD&PRD informed (June 2011) that revenue generating properties were not identified and listed. Instructions are being issued to units to identify and list the common properties.

2.3.7.3 Valuation of taxable lands and buildings should be done by a separate cell in the PRD of the State Government and not left to the *Panchayats*. On being enquired, RD&PRD intimated (June 2011) that State Government has not taken any decision so far to undertake valuation by separate cell and recover the tax on taxable lands and buildings. Therefore no such separate cell was constituted. The response of the Government does not reflect appropriate recognition of the inputs required to strengthen the financial position of the *Panchayats*.

Thus, best practices for augmenting the resources of PRIs were not initiated.

2.3.8 Non-creation of database

TFC emphasized (paras 2.3 and 3.1 (XV) of guidelines) that high priority was to be assigned to creation of database and maintenance of accounts at grass root level. Further, as per para 3.1 (XV) of guidelines the State Government may assess the requirements of each local body for creation of database and maintenance of accounts and earmark funds accordingly. Scrutiny of test checked 61 GPs ***(Appendix-VII)*** revealed that no such database was created. On being pointed out, RD&PRD admitted (June2011) that the State Government and GoI did not fix any percentage for utilisation of TFC grant on creation of database and maintenance of accounts. It was further stated that database was not created due to rush of work/non-availability of trained staff. The reply was not tenable as the TFC guidelines regarding assessing the requirement of each local body for the purpose and earmark funds has not been adhered to. Consequently, objective of efficiency, transparency and

accountability that could have been achieved through the creation of database and maintenance of accounts were not found initiated under the TFC grants.

2.3.9 Monitoring

TFC recommended (para 5 of guidelines) that a HLC be constituted by the State Government to monitor proper utililsation of PRI grants. The HLC was responsible for monitoring both physical as well as financial targets and ensuring adherence to the specific conditions attached to each grant. It was also responsible for approval of the projects at the beginning of every year to be under taken including those relating to creation of database, maintenance of accounts at grass root level, fixing the user charges and monitoring progress of works and utilisation certificates.

HLC held 11 meetings as against 19 scheduled quarterly meetings between August 2005 to March 2010. It did not perform its duties to ensure speedy and effective utilisation of TFC grants which included creation of database and maintenance of accounts at grass root level and fixing the user charges. Although HLC in its various meetings stressed the need to expedite the utilisation of the grant and furnishing of utilisation certificates but did not prescribe targets and reporting mechanisms for effective monitoring. This indicates improper monitoring by HLC at the highest level and pending UCs and unspent component of TFC grant is indicative of its failure to enforce its decisions.

2.3.10 Conclusion

The test check of utilisation of TFC grants in selected ZPs, PSs and GPs revealed that there were inordinate delays in release of TFC grants at all levels. Further irregularities in distribution of TFC grants were also noticed in audit. Action plan for creation of database and maintenance of accounts at grass root level was not initiated and the objectives of developing mechanism for effective monitoring in PRIs remained non-starter. An expenditure of ₹ 5.29 crore was incurred on inadmissible works. UCs amounting to ₹ 120.19 crore were pending as on 30 September 2011. 851 works costing to ₹ 3.66 crore were lying incomplete for more than one to five years. An amount of ₹ 5.27 crore was lying unutilised at the end of 31 March 2011 in the test checked units. Effective monitoring was not conducted by HLC to ensure speedy utilisation of TFC grants.

Thus, the role of the State Government largely remained in receiving and releasing of grants. It did not take any meaningful action to guide, the enable PRIs to achieve the objectives for which TFC grants were released. There was ineffective monitoring by HLC. Instances of deviation from the conditions of grants when pointed out to the RD&PRD were not acted upon and replies were mostly non-committal.

AUDIT OF TRANSACTIONS

2.4 *Unfruitful expenditure*

Improper monitoring at state and district level and non-execution of scheme as intended resulted in failure of *Swarna Jayanti Gram Swarozgar Yojana* special project 'Production of Vermi Compost' and consequent unfruitful expenditure of ₹ 37.50 lakh.

Government of India (GoI), Ministry of Rural Development (MoRD) New Delhi, on the proposal of *Zila Parishad* (Rural Development Cell) (ZP RDC) previously District Rural Development Authority (DRDA)) Jaipur sanctioned (March 2003) a special project under *Swarna Jayanti Gram Swarozgar Yojana* (SGSY) for setting up 100 Community Facility Centres (CFCs) at a cost of ₹ 2.51 crore (₹ 2.51 lakh for each CFC) for production of *Vermi* Compost in rural areas of 13 *Panchayat Samitis* of Jaipur district. The project was to be implemented by a Non-Government Organisation (NGO) [44], under the administrative control of ZP RDC monitored by District and State Level Committees. Selection of beneficiaries for formulation of Self Help Groups (SHGs) was to be done by NGO. The list of beneficiaries was to be finalised and approved by DRDA. NGO was to provide training to beneficiaries and create awareness about *Vermi* Compost. District Level Committee (DLC) was empowered to decide /shift sites of CFCs. State Level Committee (SLC) as well as DLC were to periodically review the progress of implementation of project. The project period was three years (up to March 2006) from the date of sanction and total cost of project was to be shared between Central and State in the ratio of 75:25. The State share of ₹ 62.75 lakh was borne by the NGO. An agreement executed (December 2003) between ZP RDC and NGO provided for deposit by NGO of its 25 *per cent* share in advance with ZP RDC for release of central grant every time and *Vermi* Compost produced was to be distributed among beneficiaries at cost of production. The NGO was to form SHGs, create awareness among beneficiaries and provide training to SHG members. The GoI released ₹ 75.30 lakh[45] towards first installment and NGO deposited 12.50 lakh[46].

Test check (December 2008 - February 2009) of records of ZP RDC, Jaipur for the year 2007-08 revealed that out of the first installment from GoI, ZP RDC released ₹ 37.50 lakh (₹ 18.75 lakh in December 2003 and ₹18.75 lakh in September 2004) to NGO alongwith ₹12.50 lakh of the share of the NGO, deposited by it in ZP RDC. After expiry (March 2006) of the time period of scheme, the NGO submitted (October 2006) the Utilisation Certificates (UCs) of setting up of 20 CFCs by incurring an expenditure of ₹ 50.46 lakh. The expenditure was not accepted by ZP RDC on the grounds that out of 20 CFCs, 10 were established without the approval of ZP RDC. The matter was taken up in a meeting of SLC held on 16 August 2004 it was decided that work in ongoing CFCs may be continued, revolving fund of ₹ 30 lakh may be maintained with NGO and ZP to provide list of places for establishment of

44. M.R.Morarka Foundation.
45. March 2003: ₹ 56.48 lakh and September 2003: ₹ 18.82 lakh.
46. December 2003: ₹ 6.25 lakh and September 2004: ₹ 6.25 lakh.

CFCs. This decision was not honoured by ZP. Thereafter no grant was transferred to NGO by ZP RDC. The Indian Institute of Rural Management was asked to undertake the evaluation of the project by GoI and it reported (April 2007) that (i) the ZP RDC refused to accept the expenditure of ₹ 33 lakh on first 10 CFCs as these were not established with its approval, (ii) The NGO did not create awareness, formed SHGs only on papers, did not impart training to beneficiaries, farmers etc. Besides this, DLC and SLC have also not exercised periodical inspection of implementation of project (as only one meeting of DLC and SLC was held). Subsequently due to increase in cost with the passage of time the NGO submitted (August 2007) a revised estimate of ₹ 3.17 lakh per CFC, which was forwarded (October 2007) by ZP RDC to State Government for onward transmission to GoI for approval and for extension of project period. The same was not accepted by GoI.

Keeping in view the shortcomings in the implementation and documentation of present activities for a long period, the GoI decided (November 2007) to close the project and asked the Rural Development Department (RDD), Jaipur to direct the concerned ZP RDC to refund the full amount released by the GoI with interest, within a fortnight. The request (February 2008) of State Government for revival/continuation of the project was also not accepted (March 2008) by GoI. The ZP RDC issued (January 2009) sanction for refund of central grant of ₹ 46.39 lakh (i.e., remaining central grant of ₹ 37.80 lakh along with interest earned) and refunded it in March 2009. As per agreement executed between DRDA (now ZP RDC) and NGO, in case of failure of scheme or non-implementation, the NGO was bound to refund the amount advanced to it. ZP RDC issued (June 2008) letter to NGO for depositing the advance amount ₹ 37.50 lakh but no action was taken thereafter. Non-refund of GoI grant ₹ 37.50 lakh (recoverable from NGO) alongwith interest, created unnecessary liabilities on ZP RDC.

On being pointed out (January 2009), the Chief Executive Officer, ZP RDC, Jaipur did not furnish reply.

Thus, failure of project due to improper monitoring at state and district level (as only one meeting was held at district level and at state level on implementation of project), non-honouring of SLC decision dated 16 August 2004, slow progress by NGO and non-execution of scheme as intended and agreed, resulted in unfruitful expenditure of ₹ 37.50 lakh of central grant. Besides this central grant of ₹ 37.80 lakh was not put to use and central grant of ₹ 112.95 lakh was not availed. The failure of scheme deprived the beneficiaries, the benefit of the project. The ZP RDC also un-necessarily incurred liability of ₹ 37.80 lakh along with interest payable thereon.

The matter was referred (January 2011) to the State Government; reply was awaited (January 2012).

2.5 *Irregular sanction and utilisation*

Zila Parishad (Rural Development Cell), Jaipur irregularly sanctioned and utilised funds of ₹ 24.97 lakh for construction of hospital building under Member of Parliament Local Area Development Scheme.

Government of India issued (November 2005) guidelines for implementation of "Member of Parliament Local Area Development Scheme" (MPLADS). As per these guidelines, well reputed registered societies engaged in social service/welfare activities and working for three years or more can be sanctioned funds for execution of works under MPLADS provided that (i) society is not engaged in commercial activities, (ii) assets created (including buildings) from MPLADS funds should be identifiable and remain open for use by general public, (iii) wherever MPLADS works are to be done in pooling, funds from other scheme sources should be used first and the MPLADS funds should be released later so that MPLADS funds results in completion of the works and in usable form and (iv) structure constructed with MPLADS funds shall be the property of State/ Union Territory Government. Whether such a society/trust is well reputed or not, should be decided by district authority concerned on the basis of relevant factors, like performance in the field of social service, welfare activities, non-profit orientation of its activities, transparency of its activities etc.

During test check (January 2010) of records of *Zila Parishad* (Rural Development Cell) (ZP RDC), Jaipur for 2008-09, it was observed that ZP RDC sanctioned (February 2004) ₹ 25 lakh for construction of hospital building of Amar Jain Medical Relief Society, Jaipur at Vaishali Nagar, Jaipur. Public Works Department (PWD), City Division-II, Jaipur was appointed as a Project Implementation Agency (PIA). Due to delay in finalisation of design and drawing, the work commenced in April 2007. Meanwhile, the PIA intimated (February 2006 and March 2006) to ZP RDC that construction should not be taken up due to insufficient funds. ZP RDC also intimated (March 2006) to Member of Parliament concerned that work would not be separately identifiable as having been executed out of MPLADS funds. The PIA also suggested for cancellation of sanction. A scrutiny of sixth and final bill of work revealed that after incurring of ₹ 24.97 lakh, PIA executed superstructure of third floor of hospital during April to November 2007 which was not complete and also not in a usable position. The work was also not separately identifiable as having been executed out of MPLADS funds.

The State Government stated (May 2011) that the whole project of construction of the building was ₹ six crore, out of which ₹ 25 lakh was sanctioned from MPLADS for construction of identified block at third floor and Amar Jain Medical Relief Society fulfils the conditions for sanctioning the funds under MPLADS. The reply was not tenable because executed work was not separately identifiable as it was part of building costing ₹ six crore and was neither completed nor usable (November 2011). The vesting of ownership of assets in Government could not be verified in audit, as no registered document proving transfer of assets was available on record. The State

Government in exit conference (November 2011) reiterated the above position.

Thus, sanction of ₹ 25 lakh and utilisation of ₹ 24.97 lakh for construction of hospital building of Amar Jain Medical Relief Society was irregular. The hospital is neither complete nor in a usable position for general public (November 2011). The work is also not separately identifiable as having been executed out of MPLADS funds because it is part of building estimated to cost ₹ six crore which was against the guidelines of the schemes. Besides, no documentary evidence in support of ownership of the created assets vesting in the Government was produced before audit.

2.6 Irregular expenditure

Irregular expenditure on execution of prohibited/non permissible works under Third State Finance Commission ₹ 86.50 lakh.

Rural Development and *Panchayati Raj* Department (RD&PRD), Government of Rajasthan issued (April 2006) guidelines for utilisation of grants released to *Panchayati Raj* Institutions under the Third State Finance Commission (TSFC). Scheme provided under para 2 that the works for construction of boundary walls (other than the boundary wall of school buildings), community hall, platform, welcome gates and *hathai* were prohibited and not be taken up. The RD&PRD clarified (March 2007) that construction of cement concrete (CC) road and purchase of books were also included in the list of prohibited works.

During test check (April 2008 to April 2009) of seven *Panchayat Samitis* (PSs), it was observed that 110 works[47] of building works including boundary walls, community halls, CC road, platforms, etc. though prohibited/ non-permissible under TSFC were sanctioned by *Vikas Adhikaris*/ *Sarpanches* of respective PSs/*Gram Panchayats* (GPs) and an expenditure of ₹ 86.50 lakh out of funds made available under TSFC was incurred thereon by GPs during 2006-08. On this being pointed out PS, Bhadesar stated (March 2009) that works were executed as per GP needs and Badi Sadri stated (March 2009) that funds under TSFC were untied for construction of platform for villagers. PS, Gangrar stated (August 2008) that all works were executed as per guidelines and instructions issued (September 2006) by Rural Development Department. The replies were not tenable as the works were executed on prohibited / non-permissible items under TSFC scheme. Moreover, Secretary-cum-Commissioner, *Panchayati Raj* Department specifically stressed (September 2006) for non execution of prohibited works under TSFC. The concerned PSs intimated (December 2011) that these works were essential and required by general public. These works were included in the District Plans

47. *Panchayat Samitis*, Badi Sadri: 32 works (expenditure incurred ₹15.58 lakh); Bhadesar: 17 works (expenditure incurred ₹ 11.36 lakh); Bhaisroadgarh: 12 works (expenditure incurred ₹ 5.69 lakh); Chauhttan: three works (expenditure incurred ₹ 17.57 lakh); Gangrar: 19 works (expenditure incurred ₹ 15.63 lakh); Marwar Mundwa: 17 works (expenditure incurred ₹ 13.84 lakh) and Neem Ka Thana: 10 works (expenditure incurred ₹ 6.83 lakh).

and have been approval by GPs/competent authority. In PSs, Bari Sadri, Bhadesar and Chauhttan funds were not available with PRIs under other heads and these works were executed from TSFC funds.

Secretary-cum-Commissioner, RD&PRD stated (November 2011) that point 1 (6)(7) of TSFC guidelines allowed maintenance of *Kabristan*, *Shamshangrih* and other public assets. The works have been executed in public interest after approval of the *Gram Sabha*. The reply of the Department is contrary to specific provision under para 2 of TSFC guidelines which explicitly prohibited construction of all type of boundary wall (except school boundary wall), CC road and community hall, etc. The concerned PRIs could have generated their own resources for execution of such works or sought additional specific grant from RD&PRD for these works wherein the priority of these works would have been examined in detail instead of diverting funds under TSFC on activities specifically prohibited under scheme guidelines.

Thus, utilisation of funds received under TSFC on ineligible works resulted in irregular expenditure of ₹ 86.50 lakh.