CHAPTER-II

PERFORMANCE AUDIT AND AUDIT OF TRANSACTIONS OF PANCHAYATI RAJ INSTITUTIONS

This chapter contains two Performances Audits of 'Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme' and 'Implementation of Backward Regions Grant Fund Programme' and four paragraphs relating to transaction audit of Panchayati Raj Institutions.

Rural Development and Panchayati Raj Department

PERFORMANCE AUDITS

2.1 Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme

Executive Summary

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 came into force from 2 February 2006 providing legal right of employment for 100 days in a financial year to every rural household whose adult members volunteer to do unskilled manual work on demand. The Scheme was financed by GoI except 25 per cent State share of material cost, wages of skilled and semi-skilled workers and 100 per cent State share of unemployment allowance and expenditure on State Employment Guarantee Council. The Scheme is being implemented in all the districts of the State.

A Performance Audit of implementation of the Scheme in selected districts revealed that State Government released its share with delay, there were instances of unauthorised advances to Sarpanch (₹ 40.19 lakh), excess administrative expenditure (₹ 73.59 crore), mis-classification of funds (₹ 7.34 crore) and non-recovery from Post Offices (₹ 4.18 crore).

Instances of deficiencies viz. delayed/non-payment of wages to workers, infructuous expenditure (₹ 10.22 crore), execution of non-permissible works (₹ 30.66 crore), material purchased without adherence to financial provisions (₹ 20.79 crore) were also noticed. Lack of maintenance of records, deficiencies in social audit and monitoring were noticed.

Beneficiary survey revealed that there was substantial improvement in socio-economic conditions of rural masses, more than 70 per cent of total labourers were women and SC/ST employment was substantial.

2.1.1 Introduction

Government of India (GoI) enacted (September 2005) National Rural Employment Guarantee Act (henceforth referred to as the Act) for providing employment to rural population. In Rajasthan, the Act was made applicable from 2 February 2006 initially in six districts[1] and extended to all the districts by April 2008. The Act was renamed as "Mahatma Gandhi National Rural Employment Guarantee Act" (MGNREGA) from 2 October 2009. Under the Act, Government of Rajasthan (GoR) notified (July 2006) the National Rural Employment Guarantee Scheme, Rajasthan (henceforth referred to as Scheme).

The basic objective of the Act is enhancement of livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to any rural household (HH) whose adult members volunteer to do unskilled manual work on demand. Other auxiliary objectives were generating productive assets, protecting the environment, empowering rural women, reducing rural-urban migration and fostering social equity among others.

2.1.1.1 Organisational structure

Additional Chief Secretary (ACS), Rural Development and Panchayati Raj Department (RD&PRD) is the head of nodal agency. The organisational structure for implementation of MGNREGA is given in ***Appendix-III***.

2.1.2 Audit objectives

The main objectives for the performance audit were to ascertain whether:

- preparatory steps were taken for implementation of the Act;
- funds released, accounted for and utilised were according to provisions of the Act;
- MGNREGA works were properly planned, executed and durable assets created and accounted for;
- wages and unemployment allowances were paid in accordance with the Act and the guidelines and the intended objective of providing 100 days of annual employment at the specified wage rate was effectively achieved; and
- mechanisms for monitoring of the Scheme at different levels, social audit and grievance redressal were effective.

1. Districts : Banswara, Dungarpur, Jhalawar, Karauli, Sirohi and Udaipur.

2.1.3 Audit criteria

The audit criteria for the performance audit were based on the following:

- The Act, 2005 and notification and circulars issued there under by Central and State Government.
- MGNREGA Operational Guidelines (2006 and 2008).
- Gramin Karya Nirdeshika (GKN), 2004 and 2010.
- Rajasthan Panchayati Raj Rules (RPRRs), 1996.

2.1.4 Audit coverage and methodology

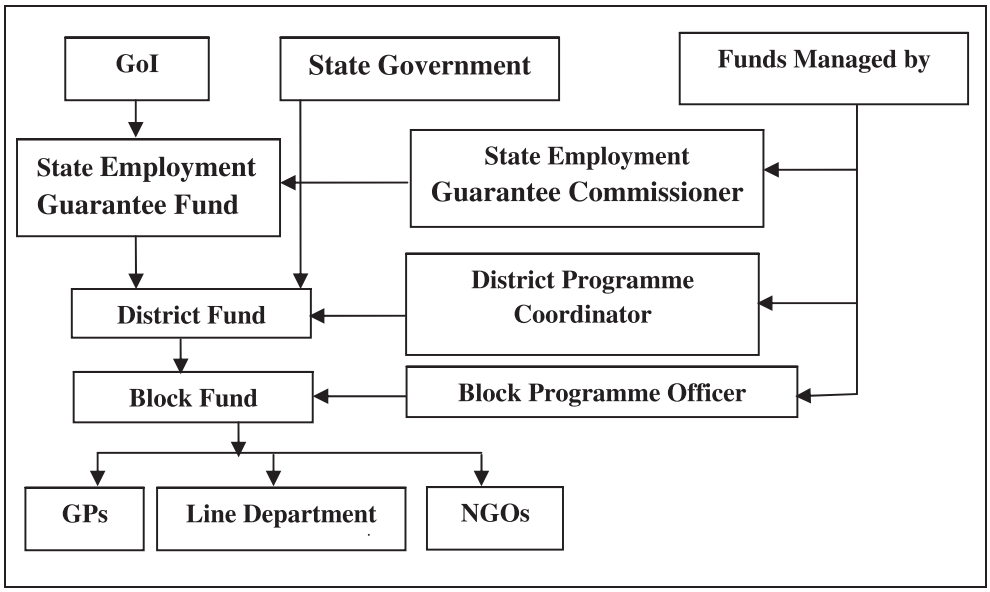
Audit sampling for the study of MGNREGA was done on the basis of Simple Random Sampling without Replacement method for the selection of districts and blocks by using random tables. The performance audit of the Scheme was conducted in two phases (***Appendix-IV***), in phase-I during June 2010 to August 2011, audit of eight districts, 16 blocks, 64 Gram Panchayats (GPs) and five works in each GP (total 320 works) were taken up for the period February 2006 to March 2011. In phase-II during February 2012 to June 2012, audit of eight districts, 18 blocks, 180 GPs and 10 works in each GP (total 1,794 works) was conducted for the period of 2007-08 to 2011-12. An interview with 10-15 beneficiaries in each GP was also held by the audit parties. Entry conferences were held in May 2010 and February 2012 for Phase-I and II respectively with Secretary, RD&PRD and Commissioner, MGNREGA in which audit methodology, scope, objectives and criteria were discussed. An exit conference was held (November 2012) with ACS, RD&PRD in which the audit observations were discussed. Reply had been received from the State Government and same incorporated suitably.

Audit acknowledges the cooperation and assistance of the State Government officials in conducting this audit.

2.1.5 Financial management

The Scheme was implemented as a Centrally Sponsored Scheme. GoI share was 100 *per cent* of cost for payment of wages for unskilled labourers and administrative expenses and 75 *per cent* of material cost, wages of skilled and semi skilled workers. State share was 25 *per cent* of material cost, wages of skilled and semi skilled workers and 100 *per cent* of unemployment allowances and administrative expenses of State Employment Guarantee Council (SEGC). The fund flow of the Scheme followed in the State is given in **Chart 2.1** below:

Chart 2.1: Fund flow of the Scheme



GoI share is kept in bank accounts at State level. State share is directly transferred to districts. At District, Block and GP level funds are kept in bank accounts. At District and State level audit of accounts is being done by Chartered Accountants (CAs).

2.1.5.1 Financial position of the scheme

GoI released central share directly to District Programme Coordinator (DPC) up to 2009-10 and thereafter to SEGC while the State Government released State share to DPC directly. The position of funds received and expenditure incurred there against at DPC and SEGC level for the year 2005-06 to 2011-12 are given in **Tables 2.1** and **2.2** below:

Table 2.1: Position of funds received, expenditure incurred and adjusted at DPC level

(₹ in crore)

Year	Opening Balances*	Funds received from		Miscellaneous receipts[2]	Total	Expenditure (MPRs)	Fund adjusted	Closing balance of funds unutilised	Percentage of fund lying unutilised
		Central**	State						
1	2	3	4	5	6	7	8	9(6-8)	10
2005-06	Nil	40.23	4.71	0.85	45.79	22.27	10.94	34.85	76
2006-07	110.26[1]	763.13	79.62	5.03	958.04	693.06	631.69	326.35	34
2007-08	339.89[2]	1,050.49	118.59	17.38	1,526.35	1,511.65	1,322.50	203.85	13
2008-09	228.73[3]	6,125.65	454.21	62.81	6,871.40	6,175.55	4,959.74	1,911.66	28
2009-10	1,911.66	5,350.15[$]	406.57	56.50	7,724.88	5,669.05	5,072.07	2,652.81	34
2010-11	2,653.23[4]	3,422.67	285.88	87.71	6,449.49	3,300.33	4,225.90	2,223.59	34
2011-12	2,223.59	1,868.05	200.86	93.13	4,385.63	3,184.47	3,399.98	985.65	22
Total	**18,620.37**	**1,550.44**	**323.41**		**27,961.58**	**20,556.38**	**19,622.82**		

Source: Chartered Accountant Report and information furnished by State Government.

* *Opening balances had been taken as per finalised accounts*

** *Central release for DPC.*

$ *₹400.52 crore transferred directly to DPC by the GoI.*

1. Includes ₹34.88 crore of Sampoorna Gramin Rojgar Yojana and ₹40.53 crore of National Food for Work Programme.

2. Includes ₹13.54 crore opening balance of six new districts.

3. Includes ₹24.88 crore opening balance of 20 new districts.

4. Includes ₹0.50 crore opening balance of Pratapgarh district and excludes ₹0.08 crore pertain to Amrita Devi Scheme.

2. Bank interest, earnest money, tender fees, securities etc.

Table 2.2: Position of funds received and expenditure incurred at SEGC level

(₹ in crore)

Year	Opening balance	Central fund received	Miscellaneous receipts[2]	Total fund available	Expenditure			Closing balance (funds in SEGC bank account)
					Expenditure on MGNREGA Cell	Fund Transferred to DPC	Total	
2008-09	Nil	0.35	0.01	0.36	0.32	-	0.32	0.04
2009-10	0.04	5,942.64	7.71	5,950.39	1.40	4,949.63	4,951.03	999.36
2010-11	999.36	2,788.82	34.52	3,822.70	4.65	3,422.67	3,427.32	395.38
2011-12	395.38	1,619.76	16.40	2,031.54	6.25	1,868.05	1,874.30	157.24
Total		**10,351.57**	**58.64**		**12.62**	**10,240.35**	**10,252.97**	

(Source: Balance sheet and related document of SEGC).

The major shortcoming/irregularities noticed in audit as regards financial management are summarised as under:

- Unutilised balances of ₹ 1,142.89 crore (at DPC level ₹ 985.65 crore and SEGC level ₹ 157.24 crore) were lying in the Scheme accounts as of March 2012. The State Government stated (June and November 2012) that the Scheme was demand based and funds were utilised in the next year. Reply was not acceptable because actual employment was 96 *per cent* to 100 *per cent* of employment demanded during 2006-07 to 2011-12, which indicates that the labour budget was prepared in excess of the trend of previous year's employment.

- Funds for execution of works were lying unutilised to the extent of 13 *per cent* to 34 *per cent* of available funds at DPC level during the year 2006-07 to 2011-12.

- The State Government did not create a revolving fund at SEGC level as envisaged in the Act, but transferred its share directly to the districts through Personal Deposit (PD) accounts. The State Government stated (June and November 2012) that the procedure prescribed by Finance Department was followed. Reply was not acceptable as provision of the Act should be followed. As of March 2012, ₹ 784.28 crore were lying unadjusted in 16 test checked districts. The State Government stated that as of January 2013 only ₹ 94.33 crore were due for adjustment in these districts.

- As per the guidelines, State should transfer its share within 15 days of release of Central share but the State Government released its share amounting to ₹ 784.65 crore with delays of six to 289 days beyond the prescribed period. The State Government stated (June and November 2012) that delay was due to the time consuming procedure in sanctions. Reply was not acceptable as the procedures were laid down by State Government only.

- Against the provisions of the guidelines, an advance of ₹ 40.19 lakh[3] given (October 2007 to August 2010) to Sarpanch/ Secretaries of GPs for purchase of material were lying unadjusted without purchasing of material at

3. GPs: Booth Jethmal (Block, Barmer) - ₹ 5.11 lakh, Garu (Block, Kathumar) - ₹ 9.95 lakh, Jagpura (Block, Ghatol) - ₹ 1.65 lakh, Naharpura (Block, Anandpuri) - ₹ 6.98 lakh, Sameli - ₹ 5.02 lakh and Samrol - ₹ 11.48 lakh (Block, Manohar Thana).

the time of audit. The State Government stated (June 2012) that instructions had been issued for initiation of proper action against defaulters.

- Rupees 7.95 crore[4] were charged under the administrative head in excess of prescribed limit (two to four *per cent* upto February 2007 and thereafter upto six *per cent*) in six test checked districts during 2010-11 and 2011-12. The State Government stated (June and November 2012) that excess expenditure was due to less demand of works, hence less expenditure on wages but fixed salary of staff was paid and it was within limits at the State level. The reply was not correct as such prescribed limit was to be adhered to at the district level.

- Against the GoI directions, in two districts and eight blocks pay and allowances of ₹ 59.52 lakh[5] were paid to regular Government employees who were also performing duties of other schemes[6] alongwith MGNREGA. The Programme Officers of blocks stated (July 2011) that the payment was made as per GoR order of October 2009. The reply was not acceptable as GoR order was not in consonance with the GoI directions.

- In contravention of GoI order (March 2007), Zila Pramukh, Pradhan, Sarpanch and members of Zila Parishad and blocks were paid ₹ 51.96 crore on account of increased honorarium from the Scheme funds during October 2009 to September 2011. The State Government accepted (June and November 2012) the facts and stated that the order had been withdrawn in September 2011. However, reply is silent about recovery of excess amount paid to elected representatives of PRIs.

- Against the provisions of the Act, expenditure of SEGC amounting to ₹ 12.30 crore was charged to the Scheme funds during 2009-12. The State Government stated (June and November 2012) that expenditure charged was not of SEGC but was of a cell under Rajasthan Rural Employment Guarantee Council and expenditure was within the limit of administrative expenses. Reply was not acceptable as there was no provision of establishing a separate cell for assistance of SEGC.

- An expenditure of ₹ 77.64 lakh[7] relating to transportation of wheat, publicity of Harit Rajasthan, Keshav Badi Yojana, Chief Minister's visit and

4. 2010-11: Alwar (₹ 1.91 crore), Bundi (₹ 0.39 crore) and 2011-12: Dausa (₹ 1.01 crore), Dholpur (₹ 1.31 crore), Jaisalmer (₹ 0.23 crore) and Jalore (₹ 3.10 crore).
5. Districts: Jhalawar - ₹ 6.73 lakh and Karauli - ₹ 3.98 lakh and Blocks: Barmer - ₹ 7.25 lakh, Bikaner - ₹ 0.91 lakh, Bilara - ₹ 4.42 lakh; Ghatol - ₹ 4.51 lakh, Kolayat - ₹ 16.18 lakh, Pratapgarh - ₹ 4.26 lakh, Sindhari - ₹ 6.31 lakh and Umrain - ₹ 4.97 lakh.
6. Watershed development, Member of Parliament Local Area Development, Indira Awas Yojana, Member of Legislative Assembly Local Area Development and Swarnjayanti Gram Swarojgar Yojana, etc.
7. Districts: Ajmer - ₹ 0.29 lakh, Banswara - ₹ 0.64 lakh, Barmer - ₹ 1.58 lakh, Bikaner - ₹ 11 lakh, Dholpur - ₹ 1.85 lakh, Jaipur - ₹ 0.22 lakh, Jhalawar - ₹ 1.02 lakh, Jodhpur - ₹ 5.74 lakh and Karauli - ₹ 22.69 lakh, Blocks: Anandpuri - ₹ 0.16 lakh, Barmer - ₹ 3.68 lakh, Bikaner - ₹ 0.69 lakh, Dug - ₹ two lakh, Ghatol - ₹ 0.73 lakh, Hindaun - ₹ 3.08 lakh, Jhalrapatan - ₹ 14.70 lakh, Karauli - ₹ 1.30 lakh, Kathumar - ₹ 1.50 lakh, Kolayat - ₹ 0.50 lakh, Mandore - ₹ 0.70 lakh, Sindhari - ₹ 1.55 lakh and Umrain - ₹ 2.02 lakh.

rent of building was charged in nine districts and 13 blocks, which was not permissible by GoI.

- Guidelines envisaged that mate remuneration should be charged under material components. In contravention of guidelines, GoR allowed (May 2008 to February 2009) mate remuneration to be charged to wage component due to which 30 blocks of 14 districts wrongly charged ₹ 7.34 crore (***Appendix-V)*** of mate remuneration in the wage component. The State Government stated (June and November 2012) that there was no clear instruction till February 2009. Reply was not acceptable as guidelines, issued in 2008 clearly stated that remuneration of mates was to be charged under material component.

- In seven districts and four blocks, ₹ 4.18 crore[8] deposited in Post Offices for opening of accounts of job card holders which were to be adjusted from first payment to labourer concerned, were lying unrecovered as of November 2012. The State Government stated (June and November 2012) that directions had been issued with the consultation of Chief Post Master General to recover the balance amount.

- As per guidelines, unspent balance of Sampoorna Gramin Rojgar Yojana (SGRY) and National Food for Work Programme (NFFWP) as of March 2007/March 2008 were to be transferred to the Scheme fund. Audit observed that in 13 districts unspent balances of SGRY and NFFWP of ₹ 10.50 crore was transferred with delay of five to 55 months and in five districts ₹ 2.33 crore[9] was not transferred (November 2012) to MGNREGA fund. The State Government stated (June and November 2012) that instructions had been issued (August 2008) for transfer of unutilised balances. Reply was not acceptable as the unutilised balances were yet to be transferred despite lapse of more than four years.

2.1.5.2 Irregularities in adjustment of fund and accounts

Guidelines stipulate that PO should scrutinise the utilisation certificates (UCs) furnished by executing agencies and furnish a consolidated report of fund duly adjusted to the DPC. The DPC should adjust the advance lying with PO after scrutinising the adjustment orders of PO. A Chartered Accountant (CA) is required to verify the UCs and to certify the correctness of UCs in his Audit Report at DPC level. Scrutiny revealed that:

- In Barmer and Sindhari blocks ₹ 257.70 crore were included in final accounts for the years 2007-08 to 2009-10 against which only ₹ 170.08 crore were adjusted by DPC. Thus, ₹ 87.62 crore[10] were included in the final

8. Districts: Bikaner - ₹ 0.20 crore, Dholpur - ₹ 0.08 crore; Jaipur - ₹ 0.45 crore, Jaisalmer - ₹ 0.17 crore, Karauli - ₹ 0.35 crore, Nagaur - ₹ 0.12 crore and Udaipur - ₹ two crore and Blocks: Barmer - ₹ 0.31 crore, Dug - ₹ 0.30 crore, Jhalrapatan - ₹ 0.10 crore and Umrain - ₹ 0.10 crore.
9. Districts: Bhilwara - ₹ 0.24 crore, Churu - ₹ 0.20 crore, Dholpur - ₹ 0.47 crore, Jaipur - ₹ 1.30 crore and Jalore - ₹ 0.12 crore.
10. Blocks: Barmer - ₹ 60.56 crore (₹ 123.22 crore included in final accounts - ₹ 62.66 crore actually adjusted) and Sindari - ₹ 27.06 crore (₹ 134.48 crore included in final accounts - ₹ 107.42 crore actually adjusted).

accounts without proper adjustment and supporting documents. The State Government accepted (June 2012) the facts.

- PO, Barmer transferred ₹ 1.88 crore to GP, Booth Jethmal upto March 2010. It was noticed that ₹ 1.94 crore were incorporated in final accounts of DPC whereas GP utilised only ₹ 1.41 crore. Thus, ₹ 0.53 crore were incorporated in final accounts without utilisation, including ₹ 0.06 crore which were not provided to GP. The State Government stated (June 2012) that actual position of funds of GP was called from PO and DPC, Barmer.

- In Block, Dug ₹ 2.87 crore were adjusted in excess of fund provided during 2005-06 to 2010-11 and in Dholpur district ₹ 0.71 crore[11] were included in excess of actual expenditure in CA reports for 2008-09 to 2011-12. The State Government stated that adjustment orders in GP, Pagaria (Block, Dug) (June 2012) would be examined and in Dholpur district (November 2012) adjustment order was based on the expenditure figures sent to DPC in middle of years. Reply was not acceptable as the adjustment was to be finalised on the basis of actual expenditure at the end of year, which was not done.

Above irregularities indicates that system of accounting, adjustment of funds and issue of UCs was not proper. Moreover, CAs failed in proper examination of actual expenditure, UCs and funds utilisation position while certifying the DPC accounts.

2.1.5.3 Non reconciliation of cash and bank balances

As per guidelines on Finance and Accounts, 2011, the CAs were required to reconcile the advances, opening and closing balances in cash book as well as in the accounts of Blocks/DPCs.

During test check it was observed that there were differences of ₹ 0.12 crore (March 2011), ₹ 0.30 crore (March 2012) and ₹ 0.42 crore (March 2012) in balances as per cash book and bank statement in Blocks, Jhalrapatan, Chaksu and Viratnagar respectively which were to be reconciled. Similarly upto year 2011-12 there was a difference of ₹ 0.47 crore in funds provided to Post Office and their adjustment in Dholpur district. The State Government intimated (November 2012) that instructions had been issued to comply with the deficiencies. This indicates weak internal controls.

2.1.6 Employment and wages

2.1.6.1 Unemployment allowance was not paid to HHs

The Act stipulates that State Government is required to provide employment to a registered applicant within 15 days from demand of work, failing which

11. Dholpur block: ₹ 0.14 crore (CA Report ₹ 18.86 crore - Actual expenditure ₹ 18.72 crore), Rajakhera block: ₹ 0.57 crore (CA Report ₹ 10.84 crore - Actual expenditure ₹ 10.27 crore).

unemployment allowance is payable from State share funds at the rate of one fourth of the wage rate for first thirty days and one-half of the wage rate for the remaining period of the financial year.

Scrutiny revealed that employment was not provided for 51,158 persondays during 2006-07 to 2010-11 and no unemployment allowance was paid. The unemployment registers were either not maintained or lying blank in test checked GPs. Beneficiaries survey conducted jointly with departmental officials by audit revealed that 95 *per cent* beneficiaries (out of 800 beneficiaries surveyed in phase-I) were not aware about the unemployment allowance.

The State Government stated (June and November 2012) that employment was provided to all demanded HHs and unemployment allowance was not demanded by any HH. The reply was not acceptable as it was observed in Dholpur district that employment for 3,103 days only was provided against 6,320 days demanded by 66 HHs of three GPs[12]. For the remaining 3,217 days neither employment was provided nor any unemployment allowance paid. Moreover, beneficiary survey had revealed that beneficiaries had no knowledge of the unemployment allowance and it was the responsibility of the Programme Officer to pay the unemployment allowance once employment could not be provided after demand by HHs.

2.1.6.2 Unauthorised Employment

The Act stipulates that every HH shall be entitled to employment subject to a maximum of 100 days in a financial year. Audit observed that more than 100 days employment was provided in contravention of provisions of the Act. The position of excess employment provided beyond 100 days in the State during 2008-09 to 20011-12 is given in **Table 2.3** below:

Table 2.3: Position of excess employment beyond 100 days

Year	Employment provided to HHs (in lakh)	Persondays generated by HHs more than 100 days (in lakh)	Average wages of State (in ₹)	Wages paid (₹ in crore)
1	**2**	**3**	**4**	**5 (3x4)**
2008-09	4.23	27.75	88	24.42
2009-10	3.44	16.94	87	14.74
2010-11	1.14	5.18	75	3.88
2011-12	1.22	5.56	90	5.00
Total		**48.04**		

(Source: MGNREGA website)

Besides this, during 2007-08, in Banswara district, employment for 24,935 persondays in excess of 100 days was provided and ₹ 0.17 crore paid in contravention of provisions of the Act. Thus, an amount of ₹ 48.21 crore was irregularly charged to the Scheme fund. As per Section 3(4) of the Act, the State Government may provide employment beyond 100 days but the wages in excess of 100 days should be paid either from State funds or from other schemes. The State Government accepted (June 2012) the fact and stated that

12. District, Dholpur: GPs, Basai Gheeyaram (3,000 days), Biparpur (1,860 days) and Saipau (1,460 days).

in Banswara district the amount had been recovered (June 2012) from concerned GPs.

2.1.6.3 Lack of deployment of women mates

Commissioner, State Employment Guarantee Scheme, instructed (March 2008) that women should be posted against 50 *per cent* posts of total mates. Audit observed that these instructions were not adhered to by all the GPs test checked in phase-I except Rawar, Olvi (Block, Bilara), Jagpura (Block, Ghatol), Patoda (Block, Hindaun). The State Government stated (June and November 2012) that those women were considered for mate as and when they applied and in Banswara district, literacy of women was very low.

2.1.6.4 Delay/non-payment of wages

- The Act stipulates that wages were required to be paid in 15 days to every worker under the Scheme at the minimum wage rate fixed by GoR. In the case of delay, workers were entitled to get compensation as per provisions of the payment of wages Act, 1936. Audit observed that the wages of ₹ 129.05 crore ***(Appendix-V)*** on 1,83,897 Muster Rolls (MR) were paid with delays upto 812 days in test checked works of 31 blocks of 15 districts but no compensation was paid for delay in payment of wages. Further, an amount of ₹ 1.31 crore[13] was not paid to the Scheme workers in 10 GPs despite lapse of one to four years. The State Government stated (June and November 2012) that delay was due to complaints relating to execution of works, improper accounting and procedural delay. The fact remains that due to non-disposal of complaints relating to execution of works in time and non-monitoring of procedure for timely payment, wages were not paid at all in 10 GPs and there was delay in payment of wages for which no compensation was paid.

- A sum of ₹ 0.84 lakh was transferred to Branch Post Office, Gandehi in Block, Rajakhera for payment of 127 Scheme workers of GP, Gandehi for the period August and September 2011. The funds were transferred by the DPC to the Post Office for payment of wages which was not made to the labourers even after lapse of 182 days as of March 2012. The State Government stated (March 2013) that payment to all labourers had now been made.

2.1.6.5 Improper maintenance of muster rolls

As per operational guidelines, MR is an important and basic document for attendance and payment of wages. MRs with a unique identity number were to be issued by the PO to the GPs and properly accounted for by PO and GPs. Audit noticed that ₹ 9.03 lakh were paid to unregistered workers on 271 MRs in 14 GPs between March 2006 and December 2009. In GPs, Dundhari and Gordha (Block, Kekri) ₹ 32.21 lakh were paid to the Scheme workers between January 2008 and January 2009 on 257 MRs, without verification of attendance, obtaining their signatures/thumb impressions and recording of requisite details of work i.e. measurement and quantum of work done, total

13. Blocks: Dug - GP, Parapipli (₹ 0.01 crore) and Kekri - nine GPs (₹ 1.30 crore).

persondays etc. Further, although registers of receipt and issue of MRs were maintained in all test checked blocks and GPs but audit observed that in 12 GPs of Blocks, Chaksu and Phagi, 490 MRs were not found recorded in their receipt registers. MR registers of GP, Kathwala (Block, Chaksu) were not produced to audit, failing which possibility of misuse of MRs could not be ruled out.

The State Government while accepting the facts stated (June and November 2012) that action would be taken after investigating the matter. Thus, no proper record of MRs was maintained for accounting of attendance of workers and payment of wages.

2.1.7 Execution of works

2.1.7.1 Operational guidelines provide that facilities (medical aid, drinking water, shade and crèche (if there are more than five children below the age of six years)) should be provided at work sites. It was observed that shade facilities were provided with delays ranging from three to 24 months in five districts[14], medical aid was delayed by one to 35 months in four districts[15] and crèche facility was provided with a delay of one to 34 months in six districts[16]. Moreover, in Dholpur block 100 medical kits of expiry date (4 December 2010) were distributed to the Scheme workers during December 2010 to June 2011. The State Government accepted (June and November 2012) the facts of delayed provision of facilities.

2.1.7.2 Non-availability of technical sanctions in GPs

Scrutiny of records of 1,794 works at executing agency level revealed that in 660 cases technical estimates were not found in GPs. State Government stated (November 2012) that no work could be executed without technical estimates. The reply was not acceptable as audit contention was non-availability of technical estimates with GPs in relevant records failing which execution of works as per estimation could not be verified.

2.1.7.3 Lack of revised technical and financial sanctions

GKN 2010 stipulates that if the expenditure incurred on the work, exceeds more than 10 *per cent* of sanctioned amount, revised technical and financial sanction is to be obtained. The position of sanctioned cost of works, expenditure incurred and fund adjusted in four test checked blocks is given in **Table 2.4** below:

Table 2.4: Position of works sanctioned in test checked blocks

(₹ in lakh)

Name of Block	Number of works	Sanctioned amount	Expenditure incurred	Excess expenditure (in percentage)	Expenditure adjusted	Excess fund adjusted
1	**2**	**3**	**4**	**5 (3-4)**	**6**	**7 (6-3)**
Anandpuri	02	2.02	3.14	1.12 (55)	3.14	1.12

14. Districts: Ajmer, Alwar, Banswara, Barmer and Karauli.
15. Districts: Banswara, Bikaner, Jhalawar and Karauli.
16. Districts: Alwar, Banswara, Bikaner, Jhalawar, Jodhpur and Karauli.

Name of Block	Number of works	Sanctioned amount	Expenditure incurred	Excess expenditure (in percentage)	Expenditure adjusted	Excess fund adjusted
Jhalrapatan	14	68.36	98.43	30.07(44)	98.43	30.07
Mandore	02	6.64	10.17	3.53(53)	10.17	3.53
Silora	100	523.61	858.09	334.48 (64)	549.58	25.97

Excess expenditure of ₹ 3.69 crore (ranging from 44 *per cent* to 64 *per cent*) was incurred against sanctioned cost, in above blocks and in respect of test checked individual works the excess expenditure than estimate was ranging between 11 *per cent* and 374 *per cent* but revised technical and financial sanctions were not issued. The State Government while accepting the facts stated (June 2012) that efforts were being made to recover the fund adjusted in excess.

2.1.7.4 Status of works in the State and selected districts

The Act provides that works of water conservation and harvesting should be given top priority and rural connectivity the last priority. The year-wise and category-wise position of works of districts test checked in phase-I are in given in ***Appendix-VI.*** Status of work in the State for the year 2005-06 to 2011-12 is given in **Table 2.5** below and priority wise status of works in eight districts test checked in phase-I is given in **Graph 2.1** below:

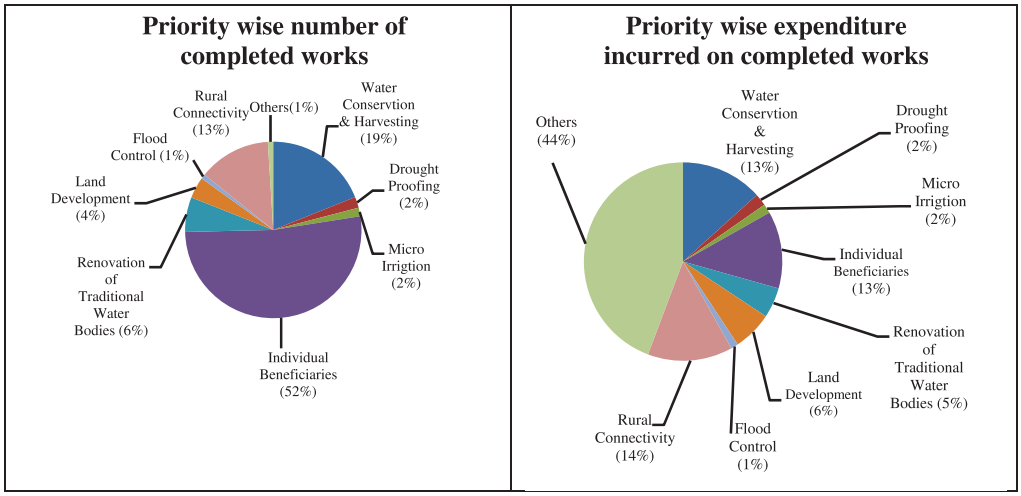
Table 2.5: Status of works at State level

(₹ in crore)

Year	Completed		Ongoing		Total	
	Number of works	Expenditure	Number of works	Expenditure	Number of works	Expenditure
2005-06	2	NA	3,475	20.44	3,477	20.44
2006-07	8,771	289.20	13,278	389.04	22,049	678.24
2007-08	34,028	451.54	68,998	1,027.79	1,03,026	1,479.33
2008-09	1,00,472	1,591.87	1,35,720	4,432.87	2,36,192	6,024.74
2009-10	92.251	1,906.41	1,10,996	3,830.67	2,03,247	5,737.08
2010-11	54.757	1,099.81	1,39,673	2,522.49	1,94,430	3,622.30
2011-12	29,950	374.27	3,59,949	2,629.74	3,89,899	3,004.01

(Source: Monthly Progress Reports)

Graph 2.1: Priority-wise status of works in test checked eight districts-Phase-I



Audit scrutiny revealed that:

Percentage of works remaining 'ongoing' to total works at State level ranged from 55 *per cent* to 92 *per cent* and in selected districts 53 *per cent* to 95 *per cent* during 2006-07 to 2011-12.

- Graph 2.1 indicates that a large proportion of the works (13 *per cent*) and expenditure was incurred (14 *per cent*) on the least priority work i.e. rural connectivity which indicates that focus on priority of works was not given. The State Government stated (November 2012) that keeping in view the geographical condition of the State, in majority cases rural connectivity roads were insisted upon by villagers and hence works were sanctioned. The priority to road works was not in conformity of the provision of the Act.

- An expenditure of ₹ 2.66 crore was incurred on 132 works in Jhalawar district during 2006-07, which were lying incomplete. These works were also not shown as spillover in the next financial year, resulting in wasteful expenditure on closed works. The State Government stated (March 2013) that DPC, Jhalawar has been instructed to submit factual position.

- GKN prescribes the time schedule for completion of works in maximum nine months. None of the district was in a position to provide year-wise breakup of expenditure incurred on incomplete works. Audit observed that an expenditure of ₹ 277.12 crore ***(Appendix-VII)*** was incurred on 6,369 works of tankas, jalkunds, anicuts, irrigation nalis, excavation of nadis/talabs and gravel roads in 36 Blocks of 17 districts which were lying incomplete since 2006-07 to 2011-12, due to land dispute or for want of material. The State Government stated (June and November 2012) that due to excess demand of employment during April to June months works had to be started and were left incomplete on arrival of monsoon in July. However, instructions for completion of works had been issued in December 2011. Reply was not acceptable as the labourers could have been engaged on priority to complete the incomplete works of previous years so that durable assets could be created. Due to non-completion of assets the intended benefits could not be extended. Moreover, due to passage of time and heavy rains, possibility of washout of earthen works can also not be ruled out. This indicates lack of monitoring of works and failure of creation of durable assets.

- Construction of Bharat Nirman Rajiv Gandhi Seva Kendras (RGSKs) was sanctioned (March 2010) under the Scheme and these were to be completed within three to six months. Scrutiny revealed that in eight test checked blocks, out of 80 RGSKs, 54 RGSKs were lying incomplete as of March 2012 after incurring an expenditure of ₹ 2.73 crore[17] and in 78 RGSKs of 12 blocks[18], solar systems were installed by incurring expenditure of ₹ 1.39

17. Blocks: Banera - ₹ 0.31 crore (seven), Chaksu - ₹ 0.25 crore (five), Nainwa - ₹ 0.67 crore (10), Rajakhera - ₹ 0.18 crore (three), Simalwara - ₹ 0.12 crore (three), Suwana - ₹ 0.25 crore (eight), Talera - ₹ 0.59 crore (nine) and Viratnagar - ₹ 0.36 crore (nine).
18. Blocks: Banera - seven, Chaksu - six, Phagi - nine, Raipur - 10, Rajakhera - three, Sagwara - nine, Sam and Sankra - 18, Simalwara - seven, Suwana - five, Talera - three and Viratnagar - one.

crore for power supply to computers but these were not in use in absence of computer machine, broad band facility and non-deployment of computer operators at GP level**.** Therefore, incomplete RGSKs and installation of solar system without ensuring the other components as above resulted in infructuous expenditure.

2.1.7.5 Specific audit findings on works

Shortcoming/irregularities noticed by audit on works are as under:

- As per the Act, the ratio of wage and material cost in execution of works should be in 60:40. Further, GoI extended (July 2009) this ratio to individual works. In four districts, the material cost was in excess of ₹ 61.96 crore of prescribed ratio as given in **Table 2.6** below:

Table 2.6: Excess expenditure on material beyond prescribed limit

(₹ in crore)

District (Year)	Expenditure incurred on material component		
	Actual	prescribed	Excess
Bikaner (2009-11)	196.99	149.31	47.68
Bundi (2011-12)	18.38	17.34	1.04
Dholpur (2011-12)	12.62	10.83	1.79
Jalore (2008-09 and 2011-12)	108.81	97.36	11.45
Total	**336.80**	**274.84**	**61.96**

The State Government stated (November 2012) that excess material consumption than prescribed limit was due to construction of RGSKs (material oriented work). The reply was not acceptable as the work plan of a GP should have been prepared keeping in view the mandatory material labour ratio.

- In Bikaner and Kolayat blocks the material cost in individual 734 Jal Kunds with plantation work was ₹ 2.72 crore in excess of the prescribed limit of 40 *per cent*. The State Government accepted (November 2012) the facts.

Thus, an expenditure of ₹ 64.68 crore incurred on material cost beyond the prescribed limit.

- Under the Act, no contractor/machine should be used in execution of works. In Hindaun and Karauli blocks, 290 works of Cement Concrete (CC) Boards were executed through contractors at a cost of ₹ 28.18 lakh. Four GPs incurred an expenditure of ₹ 13.70 lakh[19] on machinery for cutting of ghat section and levelling of earth work and gravel road without GoR permission. Execution of works through contractor/machine was against basic principles of employment generation of MGNREGA. The State Government stated (June 2012) that action was being taken against defaulting officers. Further, the State Government stated (March 2013) that due to technical nature of works, services of contractor were taken/machines were hired. The reply was not acceptable as execution of works through contractor/machine was not only

19. GPs: Chada - ₹ 0.16 lakh, Ghatol - ₹ 12.05 lakh, Kundi Khera - ₹ 0.88 lakh and Pipalia - ₹ 0.61 lakh.

against the scheme guidelines but also against the basic principles of employment generation of MGNREGA.

- As per operational guidelines, PO should adjust the funds transferred to implementing agencies on receipt of utilisation certificates/completion certificates. In seven GPs, expenditure of ₹ 28.95 lakh[20] incurred on 12 works (tibba stabilisation, gravel roads, tankas, etc.) during 2007-12 which were not found in existence on physical verification by Audit. Similarly, in physical verification, length of ten works (gravel/CC/kharanja[21] roads: seven works, facewalls: two works and irrigation water course: one work) completed at a cost of ₹ 15.80 lakh [22] in eight GPs was found short as recorded in measurement book.

The State Government stated (March 2013) that the works were actually executed but filled up with sand by passage of time and hence not found in existence. In case of Anandpuri block, District, Banswara works were found in existence on physical inspection (March 2013) by departmental officers and in case of short length of road, it was stated that audit party measured the work through milometer of vehicle, which was not proper mode of measurement. Reply was not acceptable as audit observations were based on physical verification and measurement of works carried out at the time of conducting the Audit in the presence of departmental officers on the basis of which joint inspection reports were prepared.

- It was observed that 287 works of construction of tankas in schools, check dams, anicuts, excavation of talai (ponds) and gravel roads executed in 110 GPs of 23 blocks by incurring ₹ 9.54 crore[23] were either not put to use or lying incomplete. In Banera and Raipur blocks ₹ 0.68 crore was incurred on construction of canals of two stretches without connecting with sources of water. Thus, expenditure of ₹ 10.22 crore proved wasteful.



View of incomplete canal work from Agar talab to Laxmi Sagar talab in Block, Banera

20. GPs: Bareth - ₹ 6.01 lakh on two works and Patia Galia - ₹ 7.68 lakh on two works (Block, Anandpuri), Kishorpura - ₹ 2.52 lakh on three works (Block, Phagi), Jodhpura - ₹ 0.09 lakh on one work (Block, Viratnagar), Bersiyala - ₹ 1.04 lakh on one work (Block, Sam), Arnay - ₹ 11.08 lakh on one work and Surawa - ₹ 0.53 lakh on two works (Block, Sanchore).
21. Pavement of small pieces of stone in cement mortar.
22. GPs: Kelu Khera - ₹ 1.75 lakh (Block, Dug), Jagpura - ₹ 1.04 lakh (Block, Ghatol), Mahu Khas - ₹ 2.81 lakh (Block, Hindaun), Ganjpur Naharpur - ₹ 1.03 lakh and Tigaria - ₹ 4.05 lakh (Block, Kathumar), Dundhari - ₹ 4.82 lakh and Gordha - ₹ 0.14 lakh (Block, Kekri) and Rajpura - ₹ 0.16 lakh on one work (Block, Talera).
23. Construction of Tankas: ₹ 0.29 crore (39 works), Damaged and closed works: ₹ 1.59 crore (29 works), Substandard and works without use: ₹ 0.40 crore (seven works) and roads finalised without material: ₹ 7.26 crore (212 works).

The State Government stated (June 2012, November 2012 and March 2013) that assets were created as per technical specifications of works, incomplete gravel roads and canals works are in progress and would be completed. Reply was not acceptable as the ponds were not constructed in the catchment area but in dunes where inflow of water was not ensured and ghat (bathing place of shore of nadi/talai) section were found damaged on physical inspection with departmental officers**.**

- The adjustment of fund was allowed upto expenditure incurred or valuation of work, whichever is less. It was observed that an excess expenditure of ₹ 2.27 crore ***(Appendix-VIII)*** over the valuation of works was allowed irregularly in 836 works in 18 blocks. The State Government stated (March 2013) that action for adjustment/recovery/regularisation had been initiated.

- In Bilara block, 22 works of excavation of talabs and stone pitching were carried out in 13 GPs but payment was made at the rate of kharanja works instead of actual works executed, which resulted excess payment of ₹ 16.48 lakh. The State Government stated (June 2012) that action would be taken as per actual execution of work at site.

- As per the guidelines, all weather roads providing rural connectivity should be taken up. Scrutiny revealed that an expenditure of ₹ 10.79 crore[24] was incurred on 117 rural gravel roads in 67 GPs of 25 Blocks, which neither provided rural connectivity nor could be covered under all weather roads. The State Government stated (June 2012 and March 2013) that roads were used for public of dhani/magara (small village) and are being completed to provide connectivity. Reply was not acceptable because all weather roads (durable assets) were not constructed.

- In 18 districts, an expenditure of ₹ 30.66 crore ***(Appendix-VII)*** was incurred on construction of 509 CC roads, guard walls, rest house and repair of office building which were inadmissible in the Scheme. The State Government stated (June and November 2012) that in the absence of clear directions CC roads were sanctioned in the Scheme. Reply was not acceptable as under the Scheme Guidelines only labour oriented works were to be taken and CC roads were prohibited.

- Expenditure of ₹ 22.96 lakh incurred in eight GPs[25] on digging of pits for plantation was wasteful as no plants were distributed or planted.

- As per the norms fixed (November 1990) by GoR, the survival rate of plantation below 40 *per cent* is treated as failure plantation. Survival rate of plantation in eight districts, one block and three GPs was below the prescribed

24. Non-connectivity: 82 works (₹ 7.96 crore), Not all weather roads: 22 works (₹ 1.80 crore) and neither connectivity nor all weather roads: 13 works (₹ 1.03 crore).
25. GPs: Jamura - ₹ 3.01 lakh, Kanchanpura - ₹ 1.12 lakh, Khedia - ₹ 1.37 lakh, Kota Chhapar - ₹ 0.64 lakh, Lohra - ₹ 2.06 lakh, Maholi - ₹ 0.75 lakh, Raghuvanshi - ₹ 4.88 lakh and Ratiapura - ₹ 9.13 lakh.

limit of 40 *per cent*, resulting in wasteful expenditure of 10.64 crore[26]. The State Government attributed (November 2012) the low survival rate to geographical condition of the State, low rainfall and damage by termite and stray animals. Reply was not acceptable as the threshold limit of 40 *per cent* was fixed by GoR taking into account all these factors.

2.1.7.6 Empowerment of rural women and fostering social equity

As per operational guidelines, women participation in the employment must be at least one third of workers.

It was observed that women workers were 68 *per cent* in the State and 28 to 77 *per cent* in test checked districts. Scheduled Castes (SCs) were 26 *per cent* in the State and five to 36 *per cent* in test checked districts while Scheduled Tribes (STs) were 23 *per cent* in the State and one to 78 *per cent* in test checked districts. Jobs provided in tribal predominantly Dungarpur district comprised only five *per cent* (minimum) to SCs and 78 *per cent* (maximum) to STs according to their population in the district. In Churu district, job provided to STs was only one *per cent* (minimum) but in the survey conducted by audit with departmental officials there was no case of denial of job noticed.

2.1.8 Purchases

RPRRs, 1996 stipulate that the requirement of material was to be properly assessed for the year to avoid splitting of purchases and the specifications laid down in purchase orders were to be strictly adhered. Further, payment of more than ₹ one thousand was to be made through account payee cheques. During scrutiny of records following shortcomings were noticed:

2.1.8.1 Irregular purchases of construction material

- As per prescribed procedure, GPs were responsible for deductions of value added tax (VAT) from supplier bills on purchases prior to 22 October 2010 and thereafter Sales Tax Department was to be intimated about the VAT to be paid by the suppliers. It was noticed that 111 GPs purchased materials costing ₹ 10.72 crore from suppliers (cement: ₹ 2.59 crore, gravel: ₹ 4.38 crore, bricks: ₹ 0.22 crore and others: ₹ 3.53 crore) but GPs neither deducted VAT from suppliers bill nor intimated to Sales Tax Department which resulted in loss of tax revenue of ₹ 1.15 crore.

- Material costing ₹ 20.79 crore was procured without adherence to the prescribed procedure (rate contract, limited and open tenders, valid and proper invoices etc.) in the all test checked GPs of selected districts and PO, Chaksu. Further, in contravention of RPRRs, 1996 an amount of ₹ 4.06 crore was paid in cash. The material was purchased from unregistered firms and hence tax applicable on purchases was not paid in Government account.

26. Districts: Ajmer - ₹ 3.81 crore, Alwar - ₹ 0.72 crore, Bharatpur - ₹ 1.69 crore, Bhilwara - ₹ 0.31 crore, Bundi - ₹ 0.23 crore, Dholpur - ₹ 0.55 crore, Jaipur - ₹ 0.06 crore and Karauli - ₹ 3.15 crore, Block: Anandpuri - ₹ 0.08 crore and three GPs (Bhagauro ka Khera, Dug and Palana) - ₹ 0.04 crore.

- The purchase of material costing ₹ 37.37 lakh[27] was made from the firms which were not found in existence during joint physical verification conducted by audit with villagers and Gram Sevaks and by collecting information in eight GPs of four blocks. Hence, tax applicable on purchases was not levied and paid to Government account.

The State Government accepted (June and November 2012) that the material purchased from local firms without adherence to prescribed procedure upto 2009-10 was due to non-availability of registered firms and lack of directions from GoI. Reply was not correct as RPRRs are very clear and are in force since 1996.

2.1.8.2 Avoidable expenditure on excess purchases

In three test checked districts an expenditure of ₹ 78.22 lakh (District**,** Bhilwara: ₹ 70.01 lakh, Dholpur: ₹ 6.56 lakh and Jaipur: ₹ 1.65 lakh) was incurred on procurement of materials[28] during May 2008 to March 2011 which was lying unutilised in store for the period one to more than three years as of March 2012. The State Government stated (November 2012) that the material would be utilised in the future. The contention of the government was not acceptable as purchases made in excess of requirement. Moreover, these were lying unutilised and possibility of medical kits crossing expiry dates cannot be ruled out.

2.1.9 Social audit, transparency and grievance redressal

2.1.9.1 Social Audit

MGNREGA provides a central role to Social Audit (SA) through the Social Audit Forum, a public assembly where all details of the Scheme are to be scrutinised involving beneficiaries and all stakeholders.

Audit observed that:

- SA Forum was not constituted in six GPs[29], line departments did not participate in SA proceedings in 40 GPs out of 64 test checked GPs of Phase-I. The State Government while accepting the facts stated (June 2012) that instructions had been issued to comply with the deficiencies.

- In Phase-II Audit, line department did not participated in Social Audit proceedings in 120 GPs out of 180 GPs test checked.

- Though SA was required to be conducted twice a year but it was not conducted in Jodhpur upto March 2009 and in Dungarpur district, it was conducted only once during 2009-10.

27. Blocks: Bilara - ₹ 16.72 lakh, Dug - ₹ 0.70 lakh, Karauli - ₹ 12.80 lakh and Kolayat - ₹ 7.15 lakh.
28. Tent 332: (₹ 7.83 lakh), Medical kits 690: (₹ 2.50 lakh), Water tanks 810: (₹ 10.80 lakh), Jhulas 655: (₹ 4.70 lakh), Notice board 1,795: (₹ 37.53 lakh), Misc items: (₹ 14.86 lakh).
29. GPs: Dundhari, Khudasa, Hariyada, Olvi, Ramashani and Rawar.

During 2011-12, SA was conducted only once in the all test checked districts due to proposed change in SA pattern by GoI as decided in National workshop held in November 2011. SA on new pattern conducted in Block, Shiv (District, Barmer) on experimental basis was completed in June 2012 which was scheduled to be completed by March 2012. The State Government stated (March 2013) that SA in Jodhpur is being carried out and SA of Dungarpur for 2009-10 was conducted in 2010-11. The reply was not acceptable as no evidence in support of conduct of SA in respect of Jodhpur and in Dungarpur was made available to Audit.

- Only 20 Bharat Nirman volunteers were imparted training on SA in December 2011 conducted by Ministry of Rural Development (MoRD), GoI against the desired 100 volunteers. Besides this, training on SA was given to Gram Sabha members of selected GPs during March 2012 i.e. after four years of implementation of the Scheme in all districts.

- Vigilance and Monitoring Committees were not formed in 15 test checked GPs out of 64 GPs test checked in Phase-I Audit. Training was not provided to SA Forums in the all 12 test checked GPs of Kolayat, Srinagar and Umrain blocks. SA Forums did not physically inspect the works in 31 GPs.

2.1.9.2 Grievance redressal

- As per Section 36 of the Act, (amended in December 2008), complaints were to be disposed of within 15 days from the date of receipt. It was observed that 52 complaints (year 2010: 10, 2011: 17 and 2012: 25) were pending disposal as of January 2013 at State level. In selected districts, out of 10,228 complaints, 1,672 complaints (2007-08: 02, 2008-09: 127, 2009-10: 411, 2010-11: 730 and 2011-12: 402) were pending for disposal for more than three months to four years as of June 2012. This indicated that the system of timely and effective disposal of complaints was not effective. The State Government stated (November 2012) that investigating offices had been given directions.

- In pursuance of Section 27(1) of Act, GoI directed (September 2009) the State Government to set up the office of the ombudsman in each district within three months for effective redressal of grievances. GoR had not set up such offices in 13 districts[30] as of January 2013. State Government stated (March 2013) that out of 20 districts in which office had been set up, ombudsman in seven districts were working as on date and in three districts additional charge had been given and in the remaining, action was in process.

2.1.10 Non-maintenance of records and reports

Specified records and registers such as application registration register, job card register, employment register, MRs register, assets register and complaint register were required to be maintained at different levels. The position of

30. Districts: Alwar, Baran, Barmer, Bikaner, Chittorgarh, Churu, Dholpur, Dungarpur, Hanumangarh, Jaisalmer, Karauli, Rajsamand and Sirohi.

non-maintenance of records in the test checked GPs/Blocks noticed during the audit is given in **Table 2.7** below:

Table 2.7: Position of non-maintenance of records

Name of records	No. of units
Employment register	5 GPs[31] and 10 blocks
Assets register	31 GPs
Register of receipt and issue of Muster Roll	16 GPs
Works register	36 GPs
Material Stock register	24 GPs
Unemployment register	40 GPs
Complaint register	34 GPs

The State Government accepted (June and November 2012) that all records were not maintained due to lack of clear directions/non-deployment of staff and directions have been issued to all concerned offices for maintenance of records. Thus, the department failed to maintain basic records of the Scheme. Besides this, certification of accounts by CAs in absence of records/registers was also not proper.

2.1.11 Management Information System

The MoRD, GoI (May 2009) emphasised full operationalisation of Management Information System (MIS) from April 2009. State Nodal Officers directed (May 2009) all DPCs to fully computerise the activities with effect from 2009-10.

Audit observed that there was a difference in data of State Annual Report and the MGNREGA website for MIS in Job card issued to HHs, employment provided to HHs and persondays generated. In test checked districts details of technical, financial sanctions and measurements were not entered. The feeding of accounts of the Scheme workers, Below Poverty Line (BPL) status and photos of job cards holders were completed only in 0.34 *per cent* to 81 *per cent* cases. Illustration of differences in data of MPR and MIS for the month of March 2012 are detailed in ***Appendix-IX***.

The State Government accepted (June and November 2012) the facts and stated that MIS feeding was done through outsourcing for the years 2008-09 to 2010-11 without any monitoring. At present the system is online from the year 2011-12 (October 2011). Integrity and reliability of data fed by outside persons could not be relied upon in absence of effective monitoring and verification by departmental officials.

2.1.12 IT Audit of NREGASoft

The operational guidelines of MGNREGA envisaged extensive use of Information Technology (IT) in planning, execution and monitoring of all the vital aspects of the Scheme. IT tools would be used for increasing efficiency and enhance transparency of operations in the following stages:

31. GPs: Hariyada (Bilara block), Dodi, Parapipli (Dug block); Jagpura (Ghatol block) and Garai (Karauli block).

- planning to execution of projects/works undertaken;
- enrollment to employment and payment to workers; and
- transfer of funds to accounting of expenditure.

2.1.12.1 Examination of data

Data generated in the implementation process of the scheme gets collected in National Informatics Centre servers. The data forwarded by National Informatics Centre and relevant tables were checked in audit to ascertain accuracy of information forming the basis of the decision making process and the following were observed:

- In order to ascertain accountability and fix responsibility in data entry/authorisation tasks, the operational guidelines of MGNREGA specifies that "there should be a system of authentication of data to clearly identify the person who prepares and scrutinises the data and the date on which such data is prepared and scrutinised". However, during examination of data of work progress in respect of rural connectivity, water conservation, flood control and drought proofing, it was noticed that in 3,55,051 records these columns were either left blank or have been filled with ambiguous data such as "Guest", "Test", "Computer IP address", numbers or single/double alphabets etc. In the given circumstances, it would not be possible to identify users who actually entered data in database and trace back transactions to originators and fix any responsibility for erroneous data entry.

- Missing/invalid names (containing either numbers or special characters) were noticed of 2,092 registered HHs. Thus, it would not be possible in these cases to cross verify names of registered persons with other databases such as Election Commission, Census, BPL Census etc.

- Missing/invalid house numbers of registered HHs were noticed in 91,27,735 records. In the absence of valid house numbers, it would not be possible to ensure physical availability of beneficiaries.

- Missing/duplicate financial sanction numbers in relation to the works sanctioned were noticed in 1,23,796 records**.** Absence of any check on availability of financial sanction or duplicate sanction number renders the data unsuitable for mapping financial sanctions *vis-à-vis* the works carried out.

- 'Missing work name' in sanctioned works were noticed in 2,22,314 records. In the absence of this physical progress of works would not be verified. Moreover, it renders data unsuitable for checking instances of same work being shown as different works.

- 'Missing/invalid panchayat code' and 'block code' in works sanctioned were noticed in 37,819 records. Absence of this information renders data unsuitable for checking physical progress of work and may lead to instances of same work being shown at more than one place.

2.1.12.2 Faulty programming logic

A computer based transaction recording system can contain programming elements to perform basic calculations and cross check various interrelated bits of information to maintain correct data. It can also generate alerts about summarily incorrect figures being entered/already entered in the data. During the analysis of data collected by NREGASoft it came to notice that this software contains no programming elements even to perform basic calculations conforming to accounting logic. Following instances came to notice during the examination of data:

- Wrong calculation of wages were depicted in 48,03,463 instances which could be worked out by applying the logic "Total wages = wage rate x work days".

- Wrong carry forward of closing balance or wrong entry of closing balance in State, District, Block and Panchayat accounts tables were depicted in 4,83,040 instances which could be worked out by applying the logic "Closing balance = opening balance + all inflow – all outflow".

The above instances clearly indicate weak controls in the system which resulted due to insufficient checks.

2.1.13 Beneficiary survey

Audit and Gram Sevaks of concerned GPs jointly conducted survey/interaction with 2,600 beneficiaries (800 in phase-I and 1,800 in phase-II) for assessment of awareness and impact of the Scheme. Findings of the beneficiary survey were as under:

- More than 70 *per cent* beneficiaries of Phase-II stated that their level of living and capacity of purchasing of food articles, household articles, livestock, care of children's education has improved due to employment under the Scheme.

- All workers of society irrespective of their caste were engaged at one site of work, thus, social relationship among the community stated to have been improved.

- One thousand four hundred two beneficiaries of both Phases were paid their wages with delay ranging from 15 days to three months beyond prescribed time.

- In GP, Siloti (Karauli block) no payment was made to workers by Post Office while full payment was not made to 16 job card holders[32] of four GPs by Post Office. The State Government stated (March 2013) that payment had now been made to all labourers.

32. Blocks: Hindaun (GP, Mandawara: four cases), Dug (GP, Kelu Khera: three cases) and Karauli (GP, Garai: four cases and GP, Jahagirpur: five cases).

- One thousand one hundred eighty six beneficiaries of Phase-II were not aware of individual works of land reform on private land of SC/ST/BPL/beneficiaries and Indira Awas Yojana.

- Seven hundred fifty nine beneficiaries of Phase-I were not aware about unemployment allowance.

- One thousand one hundred twelve beneficiaries did not participate in the meeting of Gram Sabhas. 783 beneficiaries did not respond to the question.

- Five hundred forty three beneficiaries of Phase-I were not aware about the procedure of getting job card. The State Government accepted (June and November 2012) that due to lack of awareness, the public did not participate in Gram Sabha which shows lack of sufficient Information, Education and Communication activity even after lapse of five years of implementation of the Scheme.

2.1.14 Monitoring

2.1.14.1 Monitoring at SEGC level

SEGC constituted in March 2006 was responsible for advising the State Government on implementation, monitoring and evaluation of the Scheme. Half yearly meetings of SEGC were to be held but only three half yearly meetings (May 2007, February 2008 and February 2011) were held against stipulated 10 meetings up to March 2012. Quarterly meeting of a sub-committee which was constituted (March 2006) by SEGC was required to be held but not a single quarterly meeting of sub-committee was held as of March 2012.

Although Annual Reports of SEGC on the MGNREGA for the years 2006-07 to 2010-11 were placed before State Legislature between March 2007 and March 2012, no information about discussion in State Legislature was made available to Audit.

The State Government while accepting the facts stated (June and November 2012) that the Scheme was being monitored through video conferencing with State level officers. However, no documentary evidence was produced to Audit in this regard. This indicated that implementation of the Scheme was not regularly monitored and evaluated at SEGC level.

2.1.14.2 Monitoring at other levels

- Operational guidelines stipulate that (i) two *per cent*, 10 *per cent* and 100 *per cent* of executed works were to be inspected by State, district and block level officials respectively and (ii) Financial audit of all districts was mandatory and District Internal Audit Cell was to be constituted to scrutinize the reports of the GPs.

It was observed in Audit that the State level inspection of works could not be verified by Audit due to non furnishing of records. District level monitor did

not inspect the works in all the test checked districts except Jhalawar district. There was shortfall in inspection carried out at DPC level ranging from 17 *per cent* to 97 *per cent* and at block level from six *per cent* to 89 *per cent* as per details given in ***Appendix-X***. The inspection registers were not maintained in all test checked districts except Barmer district. This reflects that the works were not properly supervised. The State Government stated (June 2012) that instructions for maintenance of proper records and timely inspection of works have been issued. However, the facts remain that even after five years of coming in force of the scheme, the State Government did not developed appropriate system of checking of works.

- The State Government instructed (November 2009) that quarterly reports of inspected works were to be furnished to the Principal Secretary, RD&PRD by DPC and additional DPC but such reports were not furnished regularly in Ajmer, Bikaner, Jhalawar, Jodhpur and Karauli districts.

- Reports of CA on MGNREGA for the year ending March were to be finalised by 30 September of the following year and the second installment was to be released on the basis of CA reports. It was observed that CA reports for test checked districts were finalised with delays of 83 to 106 days for 2007-08 and 24 to 119 days except Churu and Dungarpur districts for 2008-09, 31 to 164 days for 2009-10 and six to 47 days except Churu and Jalore districts for 2010-11.

- The books of accounts and related documents at DPC level were found checked by CAs. But in respect of block level records, the CAs checked the consolidated statement of expenditure with reference to UCs and adjustment orders, but, no vouchers pertaining to block level were checked by CAs. Due to delayed finalisation of accounts, the timely release of second installment of fund could not be ascertained. The State Government accepted (November 2012) the facts and stated that instructions for timely submission of accounts had been issued.

- District Internal Audit Cell was not constituted in Ajmer, Banswara, Barmer, Bikaner, Dholpur, Jodhpur and Karauli districts.

2.1.15 Evaluation

Evaluation studies conducted during March 2008 in respect of six districts[33] for the period 2006-07 and 2007-08 by two private firms revealed that number and quality of human resources deployed so far were inadequate, definition of family needs to be clear and specific, there is need of creating awareness about the Scheme and procedure for demand of jobs by involving Civil Society Organizations, 100 days employment in a year was insufficient to sustain a family and once the work was completed the community did not take the responsibility of its maintenance etc.

The above deficiencies were still persisting, which indicates that suitable efforts have not been taken for redressal.

33. Districts: Banswara, Dungarpur, Jhalawar, Karauli, Sirohi and Udaipur.

2.1.16 Conclusion

There was lack of monitoring which resulted in misclassification of funds, excess expenditure on administrative head and items not related to the Scheme. The Scheme workers were not aware of their rights of compensation for delayed payment and for not providing employment. Slow progress of work, non-availability of year-wise details of incomplete works, non-inspection of executed works reflected lack of monitoring at block, district and State level.

2.1.17 Recommendations

Following recommendations are made:

Government should ensure:

- timely preparation of annual accounts by all the DPCs and their audit through CAs so that actual position of demand and utilisation of funds could be reflected. Data integrity and reliability of the MIS should be ensured;

- that technical sanctions and detailed estimates are available with the executing agencies to ensure proper execution of the works;

- a more vigorous awareness campaign about employment and unemployment allowances; and

- another round of the scheme evaluation.

2.2 Implementation of Backward Regions Grant Fund Programme

Executive Summary

Introduced in January 2007 the Backward Regions Grant Fund programme provides financial resources for supplementing and converging existing developmental inflows to identified backward districts of the Country. In Rajasthan, GoI identified 12 districts for implementation of the programme. Performance audit of the programme revealed that the State lost support of ₹ 188.99 crore from the Central Government due to tardy utilisation of grants and another ₹ 163.83 crore was lying unutilised in the developmental fund. Together they accounted for 35 per cent of the total outlay for the programme. In addition, instances of blocking of funds of ₹ 2.98 crore, diversion of funds of ₹ 13.73 crore, irregular expenditure of ₹ 5.85 crore and non-utilisation of funds for training programme were noticed.

2.2.1 Introduction

Government of India (GoI) introduced (January 2007) Backward Regions Grant Fund (BRGF) programme (henceforth referred to as the programme) for development of backward areas and to provide resources for supplementing and converging existing development inflows to selected backward districts. The objective was to reduce imbalances and speed up development, thereby contribute towards poverty alleviation. The programme was fully funded by GoI and was implemented during the 11th five year plan (2007-12) in 12 GoI identified backward districts[34] of Rajasthan.

2.2.2 Organisational set up

Rural Development and Panchayati Raj Department (RD&PRD) was designated as the Nodal Department to implement the programme in the State. A High Powered Committee (HPC) headed by the Chief Secretary of the State was constituted (March 2007) at the State level for approving, managing, monitoring and evaluating the works proposed by the District Planning Committees. In the field, the executive heads at district level (Zila Parishads (ZPs), block level (Panchayat Samitis (PSs)) and village level (Gram Panchayats (GPs)) were Chief Executive Officers (CEOs)/Additional Chief Executive Officer (ACEOs), Vikas Adhikaris and Secretary-cum-Gram Sevaks respectively and Urban Local Bodies (ULBs) were headed by Executive Officers/Commissioners.

2.2.3 Audit objective

The broad objective of the audit was to examine whether finances were managed effectively to bridge the critical gaps in local infrastructure and other development requirements.

34. Banswara, Barmer, Chittorgarh, Dungarpur, Jaisalmer, Jalore, Jhalawar, Karauli, Sawaimadhopur, Sirohi, Tonk and Udaipur.

2.2.4 Audit criteria

The Audit criteria for the performance audit were derived from:

- Guidelines of the programme and instructions issued by RD&PRD.
- District Annual Action Plans.
- Rajasthan Panchayati Raj Rules (RPRRs), 1996.
- General Financial and Accounting Rules (GF&AR).
- Gramin Karya Nirdeshika (GKN), 2004.

2.2.5 Audit coverage and methodology

The records of Panchayati Raj Department (PRD), seven ZPs[35], 16 PSs[36], 80 GPs (Five GPs in each block), two Municipal Councils[37] (MCs), eight Municipal Boards[38] (MBs) and Indira Gandhi Panchayati Raj Sansthan (IGPRS) were test checked along with physical verification wherever necessary, for the period 2006-07 to 2010-11 during October 2010 to April 2011 and June to August 2011 which were selected by Simple Random Sampling Method. Entry conference was held in September 2010 where audit methodology, audit scope and audit objectives were discussed. Exit conference was held in November 2012 wherein audit findings were discussed in detail.

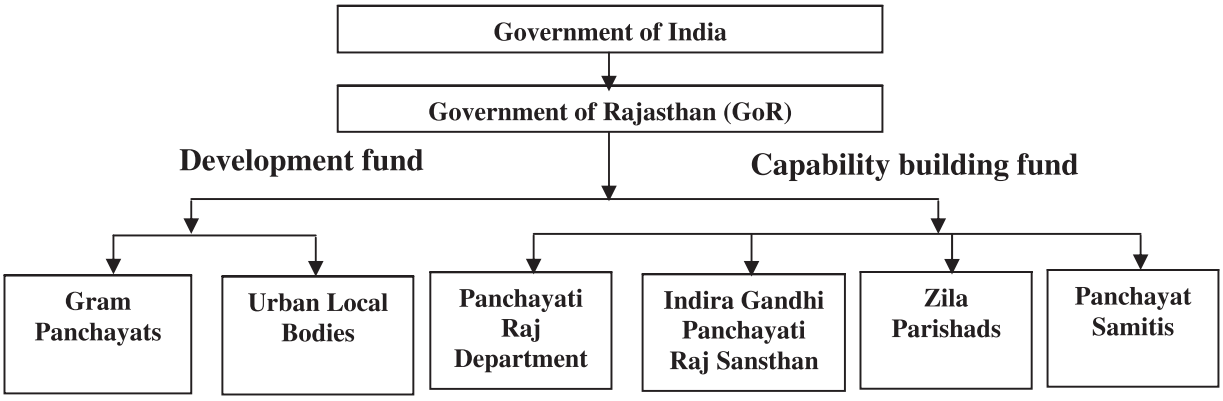
Audit acknowledges the cooperation and assistance of the State Government officials in conducting this audit.

2.2.6 Financial management

BRGF consists of two funding windows namely Capability Building Fund (CBF) and Development Fund. CBF was to be utilised primarily for planning, implementation, monitoring and improving accountability of GPs. Development fund was to be used to fill up critical gaps in integrated development, identified through the participative planning processes in GPs and ULBs. The fund flow of the programme is given in **Chart 2.2** below:

35. ZPs: Barmer, Chittorgarh, Jaisalmer, Jalore, Sawaimadhopur, Tonk and Udaipur.
36. PSs: Balotra, Baytu, Sindhari (District Barmer); Chittorgarh, Gangrar, Nimbahera (District Chittorgarh); Sankra (District Jaisalmer); Sanchore, Sayla (District Jalore); Bonli, Gangapur City (District Sawaimadhopur); Deoli, Tonk (District Tonk) and Jhadol, Kotra, Sarada (District Udaipur).
37. MCs: Tonk and Udaipur.
38. MBs: Barmer, Chittorgarh, Nimbahera (District Chittorgarh), Jaisalmer, Jalore, Sawaimadhopur, Niwai (District Tonk) and Fatehnagar (District Udaipur).

Chart 2.2: Fund flow of the programme



2.2.6.1 Capability Building Fund

- Under CBF, GoI released ₹ 48.40 crore for the plan years 2006-07 to 2010-11 out of which expenditure of ₹ 33.25 crore (68.70 *per cent*) was incurred (upto March 2011). The unspent balance of ₹ 15.15 crore was lying in the Personal Deposit (PD) account of PRD, ZPs, PSs and IGPRS.

- As per the programme guidelines, under CBF, GoI was to release ₹ one crore per BRGF district per year but GoI released ₹ 32.08 crore (against ₹ 36 crore) for the plan years 2007-08 to 2009-10 in lump sum during October 2009 without mentioning any reasons for not releasing funds every year.

2.2.6.2 Development fund

Under the development fund, GoI released ₹ 889.97 crore for the plan years 2006-07 to 2010-11, against which an expenditure of ₹ 726.14 crore (81.59 *per cent*) was incurred on developmental activities (construction of buildings etc.). The position of development funds during 2007-11 is shown in **Table 2.8** below:

Table 2.8: Position of development fund

(₹ in crore)

Financial year	Plan year	Funds released by GoI	Total	Fund released by GoR to implementing agencies	Expenditure incurred	Balance amount
2007-08	2006-07 2007-08	75.00 225.90	300.90	238.37	74.03	
2008-09	2007-08 2008-09	22.54 160.96	183.50	65.15	193.33	
2009-10	2008-09 2009-10	1.80 107.54	109.34	290.22	220.94	
2010-11	2009-10 2010-11	45.24 250.99	296.23	266.71	237.84	
Total		**889.97**	**889.97**	**860.45***	**726.14**	**163.83**

(Source: Information furnished by RD&PRD)

* *Balance amount ₹29.52 crore (₹889.97crore - ₹860.45 crore) was released by GoR to implementation agencies (GPs and ULBs) in 2011-12.*

It may be seen that an amount of ₹ 163.83 crore was lying unutilised.

- As per the programme guidelines, for plan year 2007-08, first installment was to be released on submission of application and the second installment was to be released after deducting unspent balance in excess of 40 *per cent* of the funds available during the previous year. Further, for the plan year 2008-09 and onwards, first installment of 90 *per cent* of grant was to be released after deduction of balance amount of previous year and the second installment was to be released on receiving physical and financial progress reports of full funds of previous year and 75 *per cent* funds of current year.

It was noticed that GoI deducted ₹ 188.99 crore[39] during years 2007-08 to 2009-10 (***Appendix-XI***) due to short utilisation of funds. The State Government stated (July 2012) that GoI initially released the funds by delay of one year, changed the formula for releasing of funds repeatedly and new sanctions of works could not be released due to enforcement of the model code of conduct for elections held during 2008-09 and 2009-10. The reply was not acceptable as the formula was changed in October 2008 and November 2009, which did not affect receipts of 2008-09 and the State Government should have appropriately framed the policy from 2009-10 as per revised formula of GoI to avoid the deduction. Works could also have been sanctioned well in advance keeping in view the enforcement of the model code of conduct. This indicates slackness in achieving the financial targets and lack of proper planning in implementation of the programme by the Department resulting in avoidable deduction of ₹ 188.99 crore by GoI. Together the unspent balance (₹ 163.83 crore) and the amount deducted by GoI (₹ 188.99 crore) add to 35 *per cent* of financial resources not being applied to the programme with the corresponding loss of the opportunity in developing backward regions.

2.2.6.3 Delayed release of funds and non-transfer of interest

As per the programme guidelines, BRGF grants were required to be transferred by the State Government to the GPs and ULBs within 15 days of the same being released to the Consolidated Fund of the State by GoI, failing which as per instruction (June 2009) of GoI, the State Government was liable to transfer penal interest at the rate equal to RBI bank rate, to the GPs and ULBs.

The RD & PRD transferred funds to GPs and ULBs with the concurrence of Finance Department with delays ranging from three to 177 days during 2006-07 to 2010-11, beyond the specified period of 15 days, but the State Government did not transfer penal interest of ₹ 0.63 crore from June 2009 to March 2011 at the rate of six *per cent* (RBI bank rate) to the GPs and ULBs concerned. The State Government stated (June 2010 and July 2012) that funds were released with delays due to insufficient provisions in the State budget. Reply was not acceptable as the State Government had made sufficient

39. 2007-08: ₹ 2.55 crore (Jaisalmer and Jhalawar districts), 2008-09: ₹ 88.23 crore (all BRGF districts) and 2009-10: ₹ 98.21 crore (eight BRGF districts).

provision in the budget for the period of 2009-10 in which major portion of interest amounting to ₹ 0.31 crore became due.

2.2.6.4 Incorrect reporting of UCs

In test checked districts, it was noticed that the State Government released ₹ 250.16 crore to the ZPs for execution of works. Out of this, ZPs submitted utilisation certificates (UCs) of ₹ 241.96 crore to the State Government leaving balance of ₹ 8.20 crore but as per information provided by PSs and ULBs there were actual unspent balances of ₹ 28.18 crore lying with implementing agencies as given in **Table 2.9** below.

Table 2.9: Details of unspent balances

(₹ in crore)

Sl. No.	Plan Year	Fund released by GoR	UCs Submitted by ZPs to GoR	Unspent balance as per ZPs	Actual unspent balance as per PSs and ULBs	Difference of unspent balances
1	2	3	4	5	6	7(6-5)
1	2006-07	40.00	40.00	-	1.53	1.53
2	2007-08	80.28	78.37	1.91	5.41	3.50
3	2008-09	67.14	63.59	3.55	10.00	6.45
4	2009-10	62.74	60.00	2.74	11.24	8.50
	Total	**250.16**	**241.96**	**8.20**	**28.18**	**19.98**

(Source: Information furnished by test checked units)

Above table indicates that UCs had inflated figures of expenditure by ₹ 19.98 crore. The State Government stated (July 2012) that the correct position would be intimated on receipt of actual position of UCs from ZPs. However, no further information was rendered by the State Government till December 2012.

2.2.6.5 Blocking of funds

- With a view to improve performance and service delivery system of GPs, RD&PRD purchased (February 2010) 1,100 computers and accessories at a cost of ₹ 5.09 crore to be supplied to 1,100 GPs. It was noticed that 235 computers and accessories (cost ₹ 1.09 crore) were supplied (April 2010) to 11 PSs of five test checked ZPs for supply to 235 GPs. Out of these 136 computers[40] and accessories costing of ₹ 0.63 crore were lying idle with PSs as of July-August 2011. The State Government stated (July 2012) that in ZP, Chittorgarh**,** computers were not being used in some GPs due to vacant posts of Gram Sevaks and in some GPs due to untrained Gram Sevaks, in respect of other ZPs no reply was furnished. The State Government further stated (November 2012) that in every GP two post of clerical cadre have been created and utilisation of computers will be ensured. The reply was not acceptable as computers were not distributed to GPs.

40. ZPs: Barmer - 18 (PS, Balotra: six, Baytu: three, Sindhari: nine), Chittorgarh - 32 (PS, Chittorgarh - 13, Gangrar: 10, Nimbahera: nine), Jalore - 11 (PS, Sanchore: 11), Sawaimadhopur - 48 (PS, Bonli: 25, Gangapur City: 23) and Udaipur - 27 (PS, Kotra: three and Sarada: 24).

- MB, Jaisalmer retained ₹ two crore for construction of a town hall (approved by District Planning Committee) out of allotted funds of ₹ 5.75 crore (June 2007 to August 2009) which was lying unutilised as of November 2012 for more than three years. The State Government stated (November 2012) that due to lack of approval of Archaeological Department, the work of town hall could not be commenced and the approvals of other works (other than town hall) have been obtained and funds will be utilised in the current financial year.

- The District Planning Committee, Barmer approved (March 2008) a proposal for procurement and installation of dairy machines at Zila Dugdh Utpadak Cooperative Society (ZDUCS), Barmer at a cost of ₹ 85 lakh in the annual Plan 2008-09. ZP, Barmer transferred (September 2009) ₹ 59 lakh to ZDUCS against which an expenditure of ₹ 61.04 lakh (BRGF: ₹ 59 lakh and own fund: ₹ 2.04 lakh) was incurred on procurement and installation of the ghee production machine. Of this, an expenditure of ₹ 11.54 lakh incurred on civil work for Effluent Treatment Plant, ₹ 19.10 lakh on purchase of ghee production machines and ₹ 4.40 lakh on tube well could not be put to use (August 2011). Managing Director, ZDUCS replied (August 2011) that Effluent Treatment Plant and ghee production machines required installation of more machines for their use and tube well required more boring, which could not be purchased/executed because of paucity of funds. Further, ZDUCS demanded ₹ 50 lakh more for functioning of ghee production unit. The State Government stated (July 2012) that after getting factual position of works, efforts would be made to put the machines to use. Thus, ₹ 35.04 lakh was lying blocked as the work was taken up without ascertaining the funds requirement.

Retention of funds for a town hall, execution of works for installation of a dairy without ascertaining the availability of required funds and purchase of computers without assessing requirement, resulted in blocking of ₹ 2.98 crore. Moreover, deterioration of the assets so created cannot be ruled out.

2.2.6.6 Unfruitful expenditure due to non-utilisation of assets

As per GKN, 2004, sanctioning authority should ensure proper utilisation of assets before issuing sanction of the work.

In test checked ZPs, 18 assets ***(Appendix-XII)*** created between March 2008 and March 2010 by incurring an expenditure of ₹ 73.64 lakh were lying unutilised due to non-handing over, non-availability of water and electricity, etc. for more than two to four years as of July 2012, rendering entire expenditure unfruitful. Photograph of some assets lying unutilised are given below:



ANM Quarter constructed at Avadi Bhimji, GP-Kamthai, PS-Sindhari (Barmer)



Nallah and Pulia in Palika Area, Nimbahera (Chittorgarh)

The State Government stated (July 2012) that clarification had been called from concerned ZPs. This indicates lack of control over sanctions, execution and utilisation of assets created.

2.2.6.7 Diversion of funds

As per the programme guidelines, CBF will be utilised primarily to build capacity in planning, implementation, monitoring, accounting, improving accountability and transparency. With the approval (February 2011) by the HPC, the RD&PRD diverted (March - April 2011) the unspent CBF grant of ₹ 13.73 crore available with IGPRS and ZPs to District Programme Coordinators, Employment Guarantee Scheme for establishing solar system in Rajiv Gandhi Seva Kendras (RGSKs) at 770 GPs of all the BRGF districts. The entire amount was utilised in RGSKs, however, these RGSKs were originally sanctioned in Mahatma Gandhi National Rural Employment Guarantee Scheme including provision of ₹ 1.70 lakh for solar system in each RGSK.

The State Government stated (July 2012) that the above decision was taken by HPC for effective operation of RGSKs. The reply was not acceptable as no sanction was obtained from GoI (July 2012) for diverting the funds to RGSKs. Thus, RD&PRD failed to build capacity in planning, implementation monitoring, accounting and improving accountability and transparency as CBF grant of ₹ 13.73 crore meant for imparting training and strengthening PRIs was diverted to provide solar system in 770 RGSKs.

2.2.7 Planning

2.2.7.1 Non-inclusion of suggestions of survey report in District Plans

As per the programme guidelines, integrated development plan in each district was to be prepared on the basis of a diagnostic study of its backwardness including a baseline survey.

It was noticed that RD&PRD awarded (October 2007) two contracts amounting to ₹ 0.75 crore for conducting study/survey on backwardness and development of baseline databank for all the 12 BRGF districts. The work was completed (June 2009) and ₹ 0.68 crore were paid to the two firms. It was noticed that in four districts[41] suggestions given in survey report were not included in their annual plans prepared by the District Planning Committees and survey reports of three districts (Barmer, Jaisalmer and Jalore) were not provided to audit, in the absence of which preparation of annual plans as per survey reports could not be ascertained.

The State Government stated (July 2012) that survey reports were made available to ZPs and instructions for inclusion of suggestion were given but it was for the District Planning Committees/GPs to include the suggestions in

41. Districts: Chittorgarh (Agriculture, Irrigation and Industry), Sawaimadhopur (Agriculture), Tonk (Agriculture and Irrigation) and Udaipur (Agriculture, Irrigation and Industry).

annual plans. Replies were not acceptable because annual plans were not based on the survey/study report as envisaged in the guidelines and the purpose of conducting survey/study was not fully achieved which rendered expenditure of ₹ 0.68 crore wasteful.

2.2.7.2 Expenditure on unapproved works

As per the programme guidelines, plan prepared by each GP or ULB was to be consolidated into the District Plan by District Planning Committee and to be further approved by the HPC at the State level.

It was noticed that MC, Udaipur and MB, Barmer incurred an expenditure of ₹ 1.55 crore[42] irregularly from the programme fund on 19 road works which were not included in the Annual Plan approved by District Planning Committee. MC, Udaipur stated (October 2010) that executed works were according to their plan. The reply was not acceptable as executed works were not included in the approved plan of District Planning Committee. The State Government stated (July 2012) that clarification from concerned ZPs had been called for.

2.2.7.3 Unjustified construction of houses without assessing critical gap

As per the programme guidelines, BRGF funds can be utilised for augmenting the funds of Indira Awas Yojana (IAY) to meet a portion of the backlog in the provision of new housing, if District Planning Committee aims at making the district free from housing problems and the local PRIs see this as a priority.

The ZP, Jaisalmer sanctioned (2008-09 and 2009-10) construction of 1,124 houses costing ₹ 3.93 crore for weaker sections without passing any resolution by the District Planning Committee in this regard and without conducting any survey for identification of critical gap of housing sector. Of this, 196 houses at the cost of ₹ 0.70 crore were completed (August 2011) in 27 GPs and remaining 928 houses were under construction. CEO, ZP, Jaisalmer stated (February 2011) that though District Planning Committee did not prepare any plan for making the district completely free from housing problem, the intention was to construct the houses under various schemes to make the district free from the housing problem. The reply was not acceptable as per information furnished by CEO, ZP, Jaisalmer the targets set for IAY during 2008-09 to 2011-12 were fully realised and there was no gap. The State Government stated (November 2012) that with effect from 25 June 2012 sanctions of IAY houses under BRGF was discontinued. Thus, construction of houses without assessing of requirement and following the procedure laid down in the guidelines was irregular.

42. MC: Udaipur - 17 road works (2006-07) (expenditure incurred ₹ 1.17 crore) and MB: Barmer - two road works (2009-10) (expenditure incurred ₹ 0.38 crore).

2.2.8 Execution of works

Basic objective of the programme was to execute the development works in backward areas, which were either not got executed under the other developmental activities or were essential to bridge the gap in critical areas.

At State level 32,968 works of human development, 19,292 works of infrastructure sector and 35 works of production sector were sanctioned under the programme, out of which 12,713, 9,054 and 24 works respectively completed by the implementing agencies. Out of 1,524 completed works in test checked GPs and ULBs of districts selected for Performance Audit, 718 works amounting to ₹ 24.45 crore (human development: 288 works of ₹ 8.12 crore and infrastructure development: 430 works of ₹ 16.33 crore) were scrutinised in the audit.

The irregularities noticed in execution of works are given in succeeding sub paragraphs.

2.2.8.1 Incomplete works

As per GKN, 2004 the time limit for completion of works should generally not exceed nine months. In test checked ZPs, as of August 2011 out of total 25,606 sanctioned works, 17,277 works were completed, 5,588 were incomplete and 2,741 works were not started. The percentage of works remaining incomplete ranged from 2.39 *per cent* in 2007-08 to 45.28 *per cent* in 2010-11 as per details given in **Table 2.10** below:

Table 2.10: Details of works executed under BRGF

Plan year	Works sanctioned during the year	Status of works			Percentage of incomplete works
		Not started	Completed	Incomplete	
2006-07	2,201	-	2,201	-	-
2007-08	6,453	57	6,242	154	2.39
2008-09	7,161	719	4,700	1,742	24.33
2009-10	4,080	368	2,606	1,106	27.11
2010-11	5,711	1,597	1,528	2,586	45.28
Total	**25,606**	**2,741**	**17,277**	**5,588**	**21.82**

(Source: Information furnished by test checked ZPs)

Audit observed that reasons for works lying incomplete/not started were neither mentioned in the Monthly Progress Reports of ZPs nor in the various reports of executing agencies submitted to ZPs. The State Government stated (July 2012) that incomplete works would be completed in next financial years. Incomplete/not started works, not only deprived the intended benefit of the programme to people of backward areas but also the possibilities of deterioration of assets could not be ruled out.

2.2.8.2 Irregular charging of administrative charges

It was noticed that IGPRS irregularly charged ₹ 37.06 lakh (up to March 2011) as administrative charges on training programmes without any provisions either in the programme guidelines or in GKN, 2004. The State

Government stated (July 2012) that factual position had been called from the IGPRS.

2.2.9 Procurement of construction material from unregistered suppliers/firms

RPRRs, 1996 stipulate that construction material should be procured from manufacturers or whole sellers at the minimum possible rate by inviting tenders.

In 31 GPs of seven PSs of five test checked districts, construction material worth ₹ 1.31 crore was procured (November 2007 to March 2011) from unregistered suppliers/firms without inviting tenders for execution of 146 works[43] of construction of building and roads. The State Government stated (July 2012) that after receiving the factual position necessary direction would be given to the concerned units.

2.2.10 Misuse of assets

GF&AR stipulates that assets created from the specific grants must be utilised for the purpose for which these were sanctioned. On joint inspection of 73 buildings conducted (February to April 2011) with executing agencies, it was observed that five buildings constructed under the programme at the cost of ₹ 21.48 lakh were being used unauthorisedly by local residents for purpose other than intended as shown in **Table 2.11** below:

Table 2.11: Details of misuse of assets

(₹ in lakh)

Sl. No.	Name of constructed building	Expenditure incurred	Date of completion	Building being used by
1.	Day care home for old age persons in MB, Sawaimadhopur	13.36	16.06.2009	MB, Sawaimadhopur for office purpose
2.	Work Shop for SC/ST, Avadi Bhimji in GP, Kamthai, PS-Sindari, Barmer	2.12	15.10.2009	A local resident
3.	Public Sabha Bhawan, (Daimani Meghwal Basti), GP-Kawas, PS-Baytu, Barmer	1.50	30.10.2009	A local resident
4.	Public Sabha Bhawan, Sammeloni Meghwalo ki Basti in GP, Kawas, PS-Baytu, Barmer	1.50	15.07.2008	Deputy Sarpanch of the GP
5.	Public Sabha Bhawan, Bakani Meghwalo ki Basti in GP, Kawas, PS-Baytu, Barmer	3.00	30.12.2009	Ex-Sarpanch of the GP
	Total	**21.48**		

The State Government stated (July 2012) that comments had been called for from the concerned ZPs. Thus, misuse of assets frustrated the very purposes of the programme.

43. ZPs: Barmer (four GPs of one PS) - 16 works, cost ₹ 22.10 lakh; Jalore (nine GPs of two PSs) - 44 works, cost ₹ 54.66 lakh; Sawaimadhopur (10 GPs of two PSs) - 51 works, cost ₹ 35.33 lakh; Tonk (five GPs of one PS) - 27 works, cost ₹ 16.12 lakh and Udaipur (three GPs of one PS) - eight works, cost ₹ 2.87 lakh.

2.2.11 Training

2.2.11.1 Shortfall in employment oriented training

As per the Annual Plans 2007-08 to 2010-11 of test checked districts, 55,522 candidates were to be given employment oriented training. It was noticed that after incurring expenditure of ₹ 16.43 lakh, only 576 candidates were trained in bare foot engineering during October 2007 to June 2008, in all the BRGF districts. Besides this, out of ₹ 10.11 crore (June-August 2009) provided to all the BRGF districts for conducting training, only ₹ 0.84 crore was utilised by Tonk district for training (details not furnished), ₹ 6.40 crore[44] were utilised for construction of hostels in eight districts as per instruction of the State Government and the remaining amount ₹ 2.87 crore[45] was lying idle (July 2012).

The State Government accepted the facts and stated (July 2012) that due to non-availability of qualified training institutes, training targets could not be achieved. Thus, purpose of capability building could not be achieved.

2.2.11.2 Non-creation of helpline centres and diversion of capacity building funds

As per the programme guidelines, 12 telephone help line centres at BRGF districts and one at the State Headquarter were to be set up to provide a speedy channel of clarification and information to trained persons and to link help seekers. It was observed that none of the BRGF district and State Headquarters had set up these centres even after providing funds of ₹ 1.15 crore[46] (November 2009) from CBF. Of this ₹ one crore was diverted (March 2011) for installation of solar system in RGSKs.

The State Government stated (July 2012) that help line centres were not created in view of available limited resources with ZPs. Reply was not acceptable as the available fund of ₹ one crore was not used and diverted.

2.2.12 Monitoring and controls

2.2.12.1 Non-formation of review committee at district level

As per programme guidelines, a review committee shall be constituted at district level consisting of Chairperson of district panchayat (ZP), intermediate panchayats (PSs) and ULBs in the district on rotation basis in such a way that

44. Districts: Banswara - ₹ 0.73 crore, Barmer - ₹ 0.86 crore, Chittorgarh - ₹ 0.60 crore, Dungarpur - ₹ 0.87 crore, Jaisalmer - ₹ 0.90 crore, Sirohi - ₹ 0.72 crore, Sawaimadhopur - ₹ 0.77 crore and Udaipur - ₹ 0.95 crore.
45. ZPs: Chittorgarh - ₹ 0.39 crore, Jalore - ₹ 0.85 crore, Jhalawar - ₹ 0.80 crore and Karauli - ₹ 0.83 crore.
46. State Headquarter: ₹ 15 lakh; ZPs: Banswara - ₹ 10.35 lakh, Barmer - ₹ 9.20 lakh, Chittorgarh - ₹ 16.10 lakh, Dungarpur - ₹ 5.75 lakh, Jaisalmer - ₹ 3.45 lakh, Jalore - ₹ 9.20 lakh, Jhalawar - ₹ 6.90 lakh, Karauli - ₹ 5.75 lakh, Sawaimadhopur - ₹ 5.75 lakh, Sirohi - ₹ 5.75 lakh, Tonk - ₹ 6.90 lakh and Udaipur - ₹ 14.90 lakh.

the committee does not consist of more than eight to 10 members. The committee would peer review reports prepared by GPs.

In seven test checked ZPs (except Sawaimadhopur) no such review committees at district level were constituted.

The State Government stated (July 2012) that monitoring of the programme was done by District Planning Committee only. The reply was not acceptable as constitution of separate review committee at district level in the Programme for monitoring was mandatory, which was not followed.

2.2.13 Evaluation

For conducting midterm evaluation of the programme, PRD transferred ₹ 60 lakh (November 2009) to own accounts from CBF which was further transferred (July 2010) to IGPRS but IGPRS did not conduct any evaluation and the amount was further transferred (July 2012) by PRD to National Institute of Rural Development, Hyderabad. Thus, evaluation was not conducted even lapse of more than two years as of July 2012 in spite of funds available since November 2009 to PRD, due to which the impact of implementation of the programme could not be studied. The State Government accepted (July 2012) the facts.

2.2.14 Conclusion

Planning, execution and monitoring of the funds were not adequate resulting in almost 35 *per cent* of the financial resources not being used. There were also instances of diversion of resources, incomplete works and assets not put to use. Only one per cent of targeted personnel were provided training in employment oriented trades. In the absence of specified monitoring and evaluation the State did not get assurance on the success of the programme.

2.2.15 Recommendations

- The State Government should take appropriate action for timely utilisation of funds to avoid deductions and unspent balances.

- ZPs and executive agencies should ensure that assets created are put to use for the intended purpose.

- Capacity building component should be fully utilised to derive envisaged benefits.

AUDIT OF TRANSACTIONS

Rural Development Department

2.3 Irregular utilisation of funds

Sanction of funds of ₹ 1.75 crore by Zila Parishads (Rural Development Cell) from Swarnjayanti Gram Swarojgar Yojana infrastructure funds to line department and cooperative societies instead of utilising the same towards filling critical gaps to enable Swarojgaries to utilise their assets, was in contravention of the guidelines.

Paras 2.1 to 2.7 of Chapter II of Swarnjayanti Gram Swarojgar Yojana (SGSY) guidelines, provide that the infrastructure funds (20 *per cent* of total SGSY funds) were required to be used to bridge small/critical gaps in investments which enable SGSY Swarojgaries full utilisation of the assets and in no case be used to augment resources of the line department for development of their general infrastructure, which is essentially the responsibility of the line department. Assistance for development of infrastructure to cooperative societies can be given with the condition that at least 50 *per cent* of members of the cooperative societies should be Swarojgaries on the date of sanction of funds from SGSY.

Test check (March 2008 to April 2009) of records of six Zila Parishads[47] (Rural Development Cell) (ZP RDC) for the year 2007-08 and 2008-09 revealed that ZPs (RDC) issued sanctions (November 2005 to February 2009) for ₹ 1.93 crore[48] from SGSY infrastructure fund to Animal Husbandry Department (AHD), Hanumangarh, 16 Gram Panchayats[49] (GPs) and five Dugdh Utpadak Sahkari Sangh Limited[50] (being cooperative societies), towards purchase of various items[51] which were not admissible under the scheme, without ascertaining the required percentage of Swarojgaries in the cooperative societies and an expenditure of ₹ 1.75 crore[52] was incurred (September 2006 to December 2009).

The State Government stated (December 2010 and July 2012) that (i) in Hanumangarh mobile laboratory was purchased for providing medical facilities to animals of Swarojgaries and bulls/buffaloes were purchased by GPs for the benefit of Below Poverty Line (BPL) families, (ii) in Chittorgarh,

47. ZPs (RDC): Bikaner, Chittorgarh, Churu, Hanumangarh, Karauli and Sirohi.
48. ZPs (RDC): Bikaner - ₹ 35.73 lakh, Chittorgarh - ₹ 13.47 lakh, Churu - ₹ 80.75 lakh, Hanumangarh - ₹ 36.03 lakh, Karauli - ₹ 16 lakh and Sirohi - ₹ 11.25 lakh.
49. ZP (RDC): Hanumangarh - 16 GPs.
50. Bhilwara-Chittorgarh Dugdh Utpadak Sangh, Chittorgarh; Churu Zila Dugdh Utpadak Sahakari Sangh Limited, Sardarshahar; Jalore-Sirohi Zila Dugdh Utpadak Sangh Limited, Sirohi; Sawaimadhopur-Tonk Zila Dugdh Utpadak Sahakari Sangh Limited, Hindaun and Uttari Rajasthan Cooperative Milk Union Limited, Bikaner.
51. Tanker, turbo truck, mobile laboratory, bulls, buffaloes, dairy equipments and packing machine, etc.
52. ZPs (RDC): Bikaner - ₹ 23.78 lakh, Chittorgarh - ₹ 13.34 lakh, Churu - ₹ 76.36 lakh, Hanumangarh - ₹ 34 lakh, Karauli - ₹ 16 lakh and Sirohi - ₹ 11.43 lakh.

Churu, Karauli and Sirohi districts, dairy and livestock are main occupations of rural area and more than 50 *per cent* families belonging to BPL benefited from these cooperative societies and (iii) Bikaner is desert area and looking at its climate and geographical conditions funds were sanctioned. The replies of the State Government were not acceptable as (i) purchase of mobile laboratory and bulls/buffalos were the responsibility of AHD, Hanumangarh, (ii) verification (August 2012) from ZPs revealed that 50 *per cent* of members of cooperative societies at time of sanction of funds from SGSY were not Swarojgaries and (iii) in Bikaner, funds from SGSY should have been sanctioned by taking into account numbers of Swarojgaries amongst the members of the cooperative society instead of considering its geographical conditions.

Thus, sanction of funds of ₹ 1.75 crore by six ZPs (RDC) from SGSY infrastructure funds to AHD and cooperative societies instead of towards filling critical gaps to enable Swarojgaries to utilise their assets, was in contravention of the SGSY guidelines.

2.4 Unfruitful expenditure on school buildings

Improper planning in construction of residential school buildings without the consent and coordination of Education Department by ZP (RDC), Bharatpur rendered the expenditure of ₹ 1.59 crore unfruitful.

Gramin Karya Nirdeshika (GKN), 2004 stipulates that authority issuing administrative and financial sanctions for a particular work should ensure that sanctions are not issued for work on which expenditure is likely to prove unfruitful.

Scrutiny (February-March 2011) of records of the Zila Parishad (Rural Development Cell) (ZP RDC), Bharatpur revealed that Mewat Region Development Board (MRDB)[53] decided (September 2006) to construct upper primary school buildings for girls with hostel facility for 30 girls at five villages of three Panchayat Samitis[54] (PSs) in Bharatpur district under Mewat Region Development Programme, a State sponsored scheme under Rural Development Department. As per decision of MRDB, these residential schools were to be run by either Education Department or Social Welfare Department.

The ZP (RDC), Bharatpur accorded (May-June 2007) administrative and financial sanction of ₹ 1.25 crore (subsequently revised to ₹ 1.88 crore in July 2008) for construction of these school buildings. Executive Engineer, Public Works Department, Division Kumher being executing agency, completed these buildings between March 2009 and January 2010 by incurring

53. Constituted by State Government in February 1987 for approving plan, supervising and reviewing progress of schemes of socio-economic development of Mewat Region (Alwar and Bharatpur) under Mewat Region Development Programme through Zila Parishad.
54. PSs: Deeg (Tora village), Kama (Sahsan and Jotruhalla villages) and Nagar (Gulpara and Kaithwara villages).

an expenditure of ₹ 1.59 crore[55]. The Minister, Rural Development and Panchayati Raj Department (RD&PRD) in a meeting directed (February 2010) that these schools buildings should be handed over to Sarva Shiksha Abhiyan (SSA), Education Department to run as residential schools on the lines of Kasturba Gandhi Residential Schools[56].

However, Divisional Commissioner (DC), Bharatpur found during his inspection conducted (September 2010) with public representatives that these buildings were unsuitable for residence of girls owing to social restrictions and unsafe atmosphere. He suggested shifting of the already running upper primary girls school at Sahsan to newly constructed building as existing building was not sufficient and to open new upper primary girls schools at remaining four villages[57] as there were no separate primary girls schools. Principal Secretary, Education Department and Commissioner, SSA did not accept this proposal (October 2010) because new upper primary school cannot be opened within the radius of one kilometer of existing upper primary school.

Further, Principal Secretary, RD&PRD decided (March and May 2011) to shift the already running upper primary girls school at Sahsan village and classes of 6th to 9th of existing upper primary schools at Jotruhalla, Tora villages to these residential school buildings, to transfer Gulpara building to Education Department for opening new upper primary girls school and to hand over building at Kaithwara to Minority Affairs Department, PS, Nagar. However, these proposals did not fructify and these buildings were not handed over to Education Department and PS, Nagar as of May 2012 and were lying unused for more than two to three years due to lack of coordination between Education, Social Welfare and Rural Development Departments defeating the objective of providing residential schools to girls.

Chief Executive Officer, ZP (RDC), Bharatpur intimated (March 2011) that sanctions were issued on approval of MRDB meeting held in September 2006 and opening of school was to be decided by Education Department. The fact remains that sanctioning authorities did not assess the requirement and suitability of the sites before sanction and construction of these buildings. Thus, improper planning of construction of residential school buildings without the consent and coordination of Education Department led to unfruitful expenditure of ₹ 1.59 crore on construction of these buildings lying unutilised.

The matter was referred to the State Government in February 2012; reply was awaited (February 2013).

55. Residential school building at Gulpara village: ₹ 0.39 crore; Jotruhalla: ₹ 0.32 crore; Kaithwara: ₹ 0.28 crore; Sahsan: ₹ 0.31 crore and Tora: ₹ 0.29 crore.
56. Scheme launched by GoI in July 2004 (merged with SSA from April 2007) for setting up residential schools at upper primary level for girls belonging to Scheduled Castes, Scheduled Tribes, Other Backward Class and minor communities in educationally backward areas of the country.
57. Gulpara, Jotruhalla, Kaithwara and Tora villages.

Panchayati Raj Department

2.5 Irregular diversion of grants

Panchayati Raj Department irregularly diverted Third State Finance Commission grants of ₹ 13.68 crore in 13 Zila Parishads for Indira Awas Yojana which was not in accordance with its recommendations.

Third State Finance Commission (SFC) recommended (February 2008) that funds should be transferred to Zila Parishads (ZP), Panchayat Samitis (PS) and Gram Panchayats (GP) in the ratio of 3, 12 and 85 respectively as untied grants for creation, up-gradation, maintenance of basic civic services, repair and maintenance of buildings, promotion of elementary education, better supervision and monitoring of various rural development schemes in their respective jurisdiction. The State Government accepted these recommendations in March 2008.

Scrutiny (December 2011 to February 2012) of records of ZPs (Panchayat Cell) (PC), Dausa and Jaisalmer and information collected (August 2012) from other 11 ZP[58] (PC) revealed that Principal Secretary-cum-Commissioner, Panchayati Raj Department (PRD) sanctioned (March 2010) second installment of Third SFC grants of ₹ 119.64 crore for the year 2009-10 against share of GPs of 13 ZPs (PC) with the condition that an amount of ₹ 15.98 crore[59] would be utilised for individual beneficiaries of Indira Awas Yojana (IAY) as additional State share of IAY for the year 2009-10. Finance Department of the State Government transferred (March 2010) the same amount in Personal Deposit accounts of ZPs (PC) concerned. Out of ₹ 15.98 crore, all 13 ZPs (PC) transferred ₹ 13.68 crore[60] to ZPs (Rural Development Cell) of concerned districts being implementing agency of IAY, as additional State share (₹ 15,000 per beneficiary) of IAY and nine ZPs had utilised ₹ 8.95 crore[61] on IAY beneficiaries. The objectives of IAY being to help construction/up-gradation of dwelling units of Schedule Castes/Schedule Tribes, etc. was not covered in the scope of grants recommended by Third SFC.

The Secretary-cum-Commissioner, PRD stated (February 2013) that Third SFC recommended transfer of State share to Panchayati Raj Institutions as untied grants and these grants were to be utilised as per the guidelines issued

58. ZPs (PC): Bhilwara, Bundi, Chittorgarh, Churu, Dholpur, Jalore, Jhunjhunu, Karauli, Sawaimadhopur, Sirohi and Udaipur.
59. ZPs (PC): Bhilwara - ₹ 1.34 crore, Bundi - ₹ 0.53 crore, Chittorgarh - ₹ 0.61 crore, Churu - ₹ 2.54 crore, Dausa - ₹ 1.45 crore, Dholpur - ₹ 0.92 crore, Jaisalmer - ₹ 0.98 crore, Jalore - ₹ 2.26 crore, Jhunjhunu - ₹ 1.56 crore, Karauli - ₹ 1.20 crore, Sawaimadhopur - ₹ 0.63 crore, Sirohi - ₹ 0.27 crore and Udaipur - ₹ 1.69 crore.
60. ZPs (PC): Bhilwara - ₹ 1.01 crore, Bundi - ₹ 0.26 crore, Chittorgarh - ₹ 0.61 crore, Churu - ₹ 2.54 crore, Dausa - ₹ 1.45 crore, Dholpur - ₹ 1.16 crore, Jaisalmer - ₹ 0.43 crore, Jalore - ₹ 0.87 crore, Jhunjhunu - ₹ 1.56 crore, Karauli - ₹ 1.20 crore, Sawaimadhopur - ₹ 0.63 crore, Sirohi - ₹ 0.27 crore and Udaipur - ₹ 1.69 crore.
61. ZPs (Rural Development Cell): Bundi - ₹ 0.14 crore, Chittorgarh - ₹ 0.37 crore, Churu - ₹ 1.40 crore, Dausa - ₹ 1.45 crore, Jalore- ₹ 0.87 crore, Jhunjhunu - ₹ 1.56 crore, Karauli - ₹ 1.20 crore, Sirohi - ₹ 0.27 crore and Udaipur - ₹ 1.69 crore.

by the department concerned. The reply was not acceptable as Third SFC recommended untied grants for creation, up-gradation and maintenance of basic civic services, promotion of elementary education etc. and not for construction of houses under IAY.

Thus, the diversion of Third SFC grants of ₹ 13.68 crore for individual beneficiaries of IAY was not in accordance with the recommendations of Third SFC.

2.6 Unfruitful expenditure on incomplete works

Panchayat Samiti, Bengu failure to raise funds by auctioning the shops resulted in unfruitful expenditure of ₹ 12.34 lakh provided under Member of Parliament Local Area Development Scheme, Member of Legislature Assembly Local Area Development Scheme and Third State Finance Commission. Besides, the villagers were deprived of envisaged bus stand and shopping complex.

Gramin Karya Nirdeshika (GKN), 2004 stipulates that works of all Central sponsored/State sponsored scheme running through Rural Development and Panchayati Raj Department (PRD) would be executed as per norms prescribed under GKN and the sanctioning authority should ensure not to issue any sanction for work on which expenditure is likely to be proved unfruitful.

Scrutiny (October 2008) of the records of Panchayat Samiti (PS), Bengu, Chittorgarh revealed that the General Body of PS approved (August 2004) the proposals for construction of a bus stand and a shopping complex of 42 shops on its land with the objective of raising its revenue and to solve the problem of bus stand. The work was to be constructed in two phases at an estimated cost of ₹ 79.54 lakh[62]. The construction cost was to be met by taking advance of ₹ 1.50 lakh per shop at the time of its allotment and drinking water and other facilities were to be met from the funds of Member of Parliament Local Area Development Scheme (MPLADS) and Member of Legislature Assembly Local Area Development Scheme (MLALADS). The buses from the bus stand were to be run by the Rajasthan State Road Transport Corporation (RSRTC) on monthly rental basis.

Commissioner, Panchayati Raj Department (PRD) sanctioned (November 2004) the project with the condition that consent of RSRTC to run the bus stand and to take administrative room on rent would be obtained first and construction work of first phase would be started only after collection of advance amount by auctioning 21 shops. PS, Bengu postponed auction of shops in January and August 2005 due to unavoidable reasons and thereafter no further action was taken. RSRTC issued (June 2005) no objection certificate with the condition that PS would construct by-pass road from main road to bus stand and also provide rooms for booking, shed, water hut and other facilities. However, PS neither executed any memorandum of

62. Construction of shops: ₹ 31.64 lakh, drinking water facility: ₹ five lakh, administrative room: ₹ 20.52 lakh, road and drainage: ₹ 22.38 lakh.

understanding with RSRTC for running of buses from bus stand nor collected advance amount by auctioning the shops. It incurred ₹ 12.34 lakh[63] upto March 2007 on construction of halls, toilets, cement concrete road and divider in the bus stand premises which were lying unutilised as of May 2012 for last five years. The PS, Bengu decided (November 2007) to transfer the incomplete bus stand to Municipal Board (MB), Bengu for completion and a proposal to this context was sent (January 2008) to PRD which was yet to be finalised (June 2012).

Vikas Adhikari, PS, Bengu stated (October 2008) that construction work was executed in compliance with orders of PRD (November 2004) and that the matter was pending with PRD for transfer of bus stand to MB. The reply was not acceptable as the PRD's instructions that the work was to be commenced only after collection of advance amount from 21 shops which was not adhered to resulting in incomplete works and unfruitful expenditure of ₹ 12.34 lakh. Besides, the villagers were deprived of envisaged bus stand and shopping complex.

The matter was referred to the State Government in February 2010; reply was awaited (February 2013).

63. Construction of hall from MLALAD funds: ₹ 4.99 lakh, cement concrete road from MPLAD funds: ₹ 4.98 lakh, gravel road, divider at bus stand and electricity fitting from Third State Finance Commission grant: ₹ 2.37 lakh.