

CHAPTER- IV

IMPLEMENTATION OF SCHEMES BY URBAN LOCAL BODIES

4.1 Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

The Swarna Jayanti Shahari Rozgar Yojana (SJSRY) was launched in December 2007. It subsumed the earlier three schemes for urban poverty alleviation, namely, Nehru Rozgar Yojana (NRY), Urban Basic Services for the Poor (UBSP) and Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP). The key objective of the SJSRY was to provide gainful employment to the urban unemployed or underemployed through the setting up of self employment ventures or provision of wage employment. This programme relied on creation of suitable community structures, and delivery of inputs under this programme was to be through the medium of ULBs and such community structures. The funding pattern in respect of Special Category States like Manipur was to be in the ratio of 90:10 Central and the State Government funding and consists of five major components, namely:

- The Urban Self Employment Programme (USEP);
- The Urban Wage Employment Programme (UWEP);
- Urban Women Self -help Programme (UWSP);
- Skill Training for Employment Promotion amongst Urban Poor (STEP-UP); and
- Urban Community Development Network (UCDN)

In the State, the two components *viz.*, USEP and UWEP were implemented. The UWEP sought to provide wage employment to beneficiaries living below poverty line (BPL) by utilizing their labours for construction of socially and economically useful public assets. The material and labour ratio for works under the UWEP was to be maintained at 60:40 and the prevailing minimum wage rate was to be paid to the beneficiaries. The USEP gave assistance to individual urban poor beneficiaries and groups of urban poor women for setting up gainful self employment ventures. It also gave training to beneficiaries for up-gradation and acquisition of vocational and entrepreneurial skills.

Irregularities in management of fund and implementation of scheme under USEP and UWEP components are disclosed in the succeeding paragraphs:

4.1.1 Temporary diversion of SJSRY fund

It was observed that the funds provided by MUDA for UWEP components were found temporarily diverted for payment of salaries for the staff of

Imphal MC. As a result, some of the works like community structure *etc.*, could not be undertaken as per schedule.

Details of delay in implementation of UWEP components are shown in **Table 4.1** below:

Table 4.1: Delay in implementation of scheme due to temporary diversion of fund

Sanction order No. & date	Amount released (in ₹)	Purpose of fund released	Amount temporarily diverted (in ₹)	Date of diversion	Purpose of diversion	Date of recoupment	Remarks
No.18/51/M UDA-05 dt. 23.10.06	18,13,234	UWEP	17,36,271	23.10.06	Salary for Sanitary Staff of IMC	23.03.07	Five months delay. (Relevant work started on 29.03.07)
No.18/60/M UDA-2007 dt. 3.12.07	35,60,662	Community structure and UWEP	18,98,339	22.12.07	Payment of Salary for general Staff	02.05.08	Four months delay. (After recovery, the work was undertaken)

It is evident that there was abnormal delay in implementation of the works under UWEP due to temporary diversion of funds. Further, it was also observed that a sum of ₹ 97,800 (25.01.2010) was found diverted for meeting expenditure on “Celebration of Republic Day, 2010”. Utilisation of SJSRY funds towards payment of salary, though for temporary nature, was unauthorized and violated scheme guidelines. Also, this was indicative of inadequate internal control mechanism in the Imphal MC.

4.1.2 Improper utilization of funds under USEP

The objective of USEP scheme was to address Urban Poverty alleviation through gainful employment to the urban unemployed or underemployed poor by encouraging them to set up self-employment ventures. It also supported skill development and training programmes to enable urban poor to have access to employment opportunities. The delivery of inputs under the scheme was through ULBs. This Scheme had two components: (i) Assistance to individual urban poor beneficiaries for setting up gainful self-employment ventures (Loan & Subsidy) (ii) Technology/marketing/ infrastructure/knowledge and other support provided to the urban poor in setting up their enterprises as well as marketing their products (Technology, Marketing & Other Support).

The Community Organizer would be the main link between the urban poor community {represented through the Community Development Society (CDS)} and the implementation machinery *i.e.* Urban Poverty Alleviation Cell at the ULB level. CDS was responsible for identification of suitable beneficiaries for self-employment ventures, preparing

applications for securing bank credit after approval of the names of beneficiaries.

However, it was observed in all the test-checked ULBs that the money was spent only for training purposes. The other component of the scheme was ignored. This was in violation of scheme guidelines. This indicated inadequate monitoring by the CDS for successful implementation of the scheme.

4.1.3 Excess Payment of wages under UWEP

In December 2006 the Finance Department, Government of Manipur had fixed minimum wages for non-scheduled employment of various categories viz., Casual/Muster Roll/Daily Basis Employees/Beneficiaries at the revised rate of ₹ 81.40 per day w.e.f. 01.01.2007. However, it was observed that Yairipok NP paid daily wages to the labourers @ ₹ 120 per day. The Yairipok NP issued a work order (December 2007) of ₹ 1.44 lakh for construction of drain at Yairipok Bazar, to the Secretary, CDS Yairipok under UWEP. The Muster Roll of the work revealed that the Yairipok NP engaged 35 beneficiaries from 04.12.2007 to 17.12.2007 to complete the work. The beneficiaries were paid @ of ₹ 120 per day as wages which was in excess of the rate fixed by the Government of Manipur. Thus, the Yairipok NP made excess payment of wages of ₹ 0.19 lakh against the rate fixed by the Government of Manipur.

4.1.4 Delay in Submission of Utilization Certificate for SJSRY

Utilization Certificates should be submitted to the concerned authority in time as directed from time to time. However, delay in submission of utilization certificates was noticed in Moirang, Ningthoukhong and Imphal MCs (**Appendix III**).

As a practice, the MUDA which releases SJSRY funds to ULBs does not release subsequent funds unless the Utilisation Certificates of the funds last released are submitted. As such, delayed submission of UCs resulted in delay in implementation of the scheme.

4.1.5 Non-existence of Urban Poverty Eradication/Alleviation Cell

The SJSRY Scheme guidelines contemplated that there shall be a Town Urban Poverty Eradication/Alleviation (UPE/UPA) Cell under the Executive Officer of the ULBs. The UPE/UPA Cell is responsible to identify the urban poor clusters and area for setting up of Community Structures. The other functions of the UPE includes conducting slum household and livelihoods surveys, identifying beneficiaries for various

schemes, promoting convergence between various development programmes, mobilizing human and financial resources at the city level and monitoring programme activities.

However, in all test-audited ULBs, no ULB had formulated UPA/UPE Cell, though funds were earmarked for the purpose. The ULBs had, where there was a scope to spend for the purpose for which funds was released, diverted the funds towards purchase of office furniture, stationery *etc.*

Thus, the funds were not utilized for the purpose for which they were sanctioned which was violation of the Scheme guidelines.

4.1.6 Non-maintenance of BPL Register

SJSRY is an Urban Poverty Alleviation scheme under which a house-to-house survey for identification of genuine beneficiaries has to be done. Non-economic parameters would also be applied to identify the urban poor in addition to the economic criteria of the urban poverty line. Community structures like the CDS would be involved in this task under the guidance of the UPE/UPA of the ULB. BPL list/register was a must for selection of beneficiaries under various scheme components in all ULB.

However, it was noticed in audit that no BPL list/register was maintained in any of the test-audited ULBs. Thus, audit could not ascertain the correctness of the list of beneficiaries in the absence of BPL register in the ULBs.

4.1.7 Internal Control Mechanism in implementation of SJSRY

Internal controls consist of rules, orders and procedures designed to provide management with a reasonable assurance that the entity is functioning in the manner intended to achieve its objectives. A good internal control system ensures optimum utilization of resources. The following lapses of internal controls were noticed in audit:

1. No system existed to monitor/watch the financial discipline. As such the funds meant for implementation of SJSRY scheme were found diverted.
2. Vital accounting records were not properly maintained; this resulted in partial disclosure of assets created under the Scheme.
3. No control measure in operational activities was taken up. This resulted in delay in implementation of schemes.
4. Implementation of SJSRY scheme depended on establishment and nurture of community organization and structures like Neighborhood groups (NHGs), Neighborhood committee (NHCs) and CDS. Due to the ineffectiveness of such

organizations/structures in all test-audited ULBs, UWEP and USEP couldn't be implemented effectively.

4.2 Urban Development Fund

4.2.1 Suspected Misappropriation of Urban Development Fund

The Urban Development Fund (UDF) which is a State Scheme was launched in the year 2005-06. The objective of the scheme was to integrate development of infrastructure services in the urban areas for which the ULBs are to prepare Detailed Project Reports (DPRs) for undertaking the schemes. The scheme is a contribution to the growing urbanization in the State.

In March 2007, Joint Director, MAHUD released grant of ₹ 42 lakh under UDF to Imphal MC. The fund so released was to be utilized to improve infrastructure facilities and help in creating durable public assets and quality oriented services. During test check, it was noticed that a sum of ₹ 40.74 lakh out of total grant of ₹ 42 lakh was withdrawn from the bank in March 2007 and disbursed on the same day it was drawn, amongst the 27 Councillors @ ₹ 1.5 lakh as advance payment to carry out work in respective Wards. Though three years had lapsed from the date of drawal of advance, the Councillors had not submitted adjustment bills for the advance drawn. Also, the management authority could not produce to audit the relevant records/documents related to utilization of funds viz., scheme file, technical sanction, administrative approval and estimates of works. Further, the details of utilization of balance amount of ₹ 1.26 lakh were not produced to audit.

Thus, the possibility of misappropriation of ₹ 42 lakh could not be ruled out.

4.2.2 Final Payment before completion of work

The Joint Director, MAHUD, Government of Manipur vide letter dated 02.03.2007 released ₹ 14 lakh to the Executive Officer (EO), Ningthoukhong MC being grants-in-aid for Urban Infrastructure and Other Development Works.

The works were to be executed departmentally without any middleman or a contractor. However, the EO, Ningthoukhong MC issued 14 work orders at an estimated cost of ₹ 78,571 for each of the 14 wards to the concerned Councillors for execution. The Cash Book disclosed that the EO/ Ningthoukhong MC made cash payment of works advances upto 90 per

cent of the cost of the work (i.e. ₹ 71,428) to each Councilor on 17.03.2007.

However, the Ningthoukhong MC could not produce any Muster Rolls in support of execution of the works in the wards concerned.

On test check of final bill in respect of 'Construction of drainage around Radha Mandhop Mandir/complex in ward No.8, it was observed that as per entries made in the First and Final Bill, the date of start of the work was 17.03.2007 and completed on 16.10.2007. However, as per entry made in the Cash Book, the final payment of bill for each work was made on 07.04.2007. Hence, it is apparent that the final payments have been made before completion of the work in violation of General Financial Rules. The entry regarding the final payment was attested by both the Chairperson and Executive Officer which indicates lack of internal control mechanism in the Ningthoukhong MC.

4.3 Twelfth Finance Commission Award

4.3.1 Diversion of Fund

The TFC Cash Books and the Bank Pass Books maintained in Imphal MC disclosed that an amount of ₹ 42.05 lakh out of ₹ 150.58 lakh of TFC grants was diverted towards payment of Pay and allowances of Imphal MC staff including wages for Muster Roll, Contract Workers/Drivers as well as for payment of pension and other retirement benefits of the retired employees of the Imphal MC.

Further, an amount of ₹ 9.28 lakh was utilized for payment of Councilors' honorarium for four months as in **Table 4.2** below:-

Table 4.2: Diversion of TFC grants towards payment of honorarium

Sl.No.	Amount (in ₹)	Month	Date of Payment	Remarks
1	2,72,200	May & June, 2007	13.07.2007	For 2 months @ ₹ 5000 to 25 councillors and ₹ 5700 for Chair Person (CP) and ₹ 5400 for Vice C.P.
2	3,28,000	Nov., 2009	10.12.2009	@ ₹ 12,000 for 25 councillors and ₹ 15,000 for C.P. and ₹ 13,000 for vice C.P.
3	3,28,000	Feb., 2010	25.02.2010	

Similarly, an amount of ₹ 10.43 lakh as part of ₹ 18.23 lakh released by MAHUD on 12.07.2006 in connection with the purchase of two Tata Tippers with Spare Tyres under Solid Waste Management was diverted

towards payment of wages for Muster Roll Staff, Contract Employees (Drivers) and Consultation Fee *etc.*, by the Imphal MC.

Besides, an amount of ₹ 1.43 lakh was diverted towards construction of three Bus Waiting Sheds in the Ningthoukhong MC out of the earmarked amount of ₹ 1.66 lakh for Solid Waste Management under the TFC Award in April 2008.

4.3.2 Operation of two Bank Accounts with two Cash Books

As per guidelines issued from time to time, a separate Cash Book and a separate Bank account should be maintained for each scheme. However, Imphal MC has operated two current Bank Accounts at Allahabad Bank and Bank of Baroda, Imphal Branch mixing National Urban Information System (NUIS) Scheme with TFC grants. Moreover, it was also observed that two separate Cash Books for TFC were maintained in Imphal MC.

Thus, due to operation of more than one Bank account and Cash Book and mixing of funds of two schemes, the balance available for the one particular scheme could not be readily worked out. Linking the nature of work done with the fund available under TFC was also not possible as there was no clear picture of fund availability under the TFC due to operation of multiple Bank Accounts.

4.3.3 Non-production of TFC documents

MAHUD released ₹ 30 lakh to Imphal MC for creation of database and maintenance of accounts under TFC with an instruction that an amount of ₹ 3 lakh be earmarked for office expenditure (OE) and ₹ 5 lakh for training and procurement of software. Out of the OE sanctioned, an amount of ₹ 1.30 lakh was drawn by Engineering Section in January 2008 for repairing and installation of six computer rooms. However, no documents on utilization of funds were produced to audit. Similarly, money receipts for ₹ 3.75 lakh dated 08.11.2007 and ₹ 1.25 lakh dated 07.02.2008 from M/S Oinam Ibohal Polytechnic, Imphal representing training fee as well as procurement of software was produced to audit in support of the voucher. However, detailed records such as names of the trainees, number of employees trained, number of days of training imparted, relevant orders for selection of trainees and details of the software procured from Oinam Ibohal Polytechnic *etc.*, could not be produced to audit. Due to non-production of basic documents audit observed that the expenditure incurred was doubtful.

The matter was referred to the Department. However, no reply has been furnished on the irregularities pointed out by the audit.

4.4 Excess drawal of honorarium

The rate of honorarium for the Chairpersons, Vice Chairpersons and Councilors of the MCs/NPs/STC in Manipur was revised in July, 1998 with retrospective effect from 01.03.1997.

Under the said revision, the monthly rates of Honorarium prescribed for the representatives of the ULB in Manipur were as follows:

Table 4.3: Prescribed rates of honorarium (per month) of elected body of ULBs

Sl.No.	Designation	Municipal Council	Nagar Panchayat/STC
1.	Chairperson	₹ 1,500	₹ 1,000
2.	Vice-Chairperson	₹ 1,200	₹ 800
3.	Councillors (both elected and nominated)	₹ 800	₹ 500

Prior to 01.03.1997, the rate of honorarium for the President, Vice-President and Commissioners of the then Imphal Municipal Board were ₹ 850 p.m, ₹ 600 p.m and ₹ 500 p.m respectively.

The Imphal MC had enhanced the rates of honorarium of their representatives without any Government approval on four occasions (August 1995, April 1997, April 2004 and April 2007) under various orders issued by the Imphal MC subject to post facto approval of the State Government. However, audit noticed that no such post facto approval of the State Government was obtained by Imphal MC as on March 2011. Under Section 35 of the Manipur Municipalities Act, 1994, the Chairman, the Vice-Chairman or any other Councillor may be granted such remuneration or such allowance as may be prescribed. However, the expenditure to be incurred under this Section shall not be contradictory to the provision of Section 71 of Manipur Municipalities Act 1994. This Section prohibits municipalities to incur any expenditure under any of the heads without the approval of the State Government.

Due to excess payment of honorarium during the period from August 1995 to March 2010, an amount of ₹ 2.18 crore is feared to be siphoned off from the exchequer of the Imphal MC, details of which are shown in **Appendix-IV**.

4.5 Conclusion

Temporary diversion of SJSRY funds delayed the implementation of works under UWEP. The wages paid under UWEP by Yairipok NP were in excess of the rate fixed by the Government of Manipur resulting in excess payment of ₹ 0.19 lakh. Due to delay in submission of utilization

certificates by MCs subsequent installments were not released in time. This resulted in delay in implementation of the Scheme. The correctness of the list of beneficiaries under SJSRY could not be ascertained due to non-maintenance of BPL list/beneficiaries by ULBs. Due to ineffectiveness of NHGs, NHCs and CDS, UWEP and USEP could not be effectively implemented.

Advances of ₹ 40.74 lakh under UDF paid to the Councillors of Imphal MC were outstanding due to non-submission of adjustment bill. In Ningthoukhong MC final payment of ₹ 14 lakh was made even before the completion of works.

TFC grants of ₹ 42.05 lakh were diverted for payment of pay and allowances, wages and other retirement benefits of Imphal MC staff. Due to excess payment of honorarium to the Chairperson, Vice-Chairperson and Councillors of Imphal MC during the period from 1995 to 2010, an amount of ₹ 2.18 crore is feared to be siphoned off from the exchequer of Imphal MC.



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