
CHAPTER-II

COMPLIANCE AUDIT

(PANCHAYATI RAJ INSTITUTIONS)

- 2.1 Implementation of Scheme for Distribution of Milch Animals to Scheduled Caste and Scheduled Tribe Population**
- 2.2 Unfruitful Expenditure on Construction of Permanent Sale Centres**
- 2.3 Misappropriation of Government Money of ₹ 2.29 lakh**

CHAPTER II

COMPLIANCE AUDIT OF PANCHAYATI RAJ INSTITUTIONS

ANIMAL HUSBANDRY DEPARTMENT

2.1 Implementation of Scheme for Distribution of Milch Animals to Scheduled Caste and Scheduled Tribe Population

2.1.1 Introduction

The Animal Husbandry Department, Government of Maharashtra introduced (November 2011) a Scheme 'Distribution of two milch animals (cows/buffalos) to the beneficiaries belonging to Scheduled Caste under Special Component Plan (SCP) and Scheduled Tribes under Tribal Sub Plan (TSP) and Other Tribal Sub Plan (OTSP)' with a view to creating a source of income through self-employment. As per the Scheme guidelines, the cost of two milch animals was fixed at ₹ 80,000 and insurance for three years at ₹ 5,061 (total ₹ 85,061). Government was to provide financial assistance of 75 per cent of cost (₹ 63,796) and the remaining 25 per cent (₹ 21,265) was to be contributed by the beneficiary. The Scheme was to be widely publicised so as to provide appropriate coverage to the targeted beneficiaries.

The Scheme was implemented by District Animal Husbandry Officer, Zilla Parishad (DAHO) at the district level and Livestock Development Officer (LDO) at block level.

Audit test-checked (March to June 2016) the records of (i) Commissioner, Animal Husbandry, Pune (ii) Regional Joint Commissioner, Animal Husbandry (RJC), Nagpur (iii) six¹ DAHOs and (iv) twelve² LDOs (two from each district) for the period 2011-16 to assess whether selection of beneficiaries, allocation and utilisation of grants and implementation of the Scheme were effective. Physical verification of 68 (123 animals) of 366 beneficiaries in selected 12 blocks was conducted along with departmental staff. During 2011-16, the selected six districts received funds of ₹ 11.69 crore and a financial assistance of ₹ 11.64 crore was provided to 2,372 beneficiaries.

2.1.2 Audit Findings

2.1.2.1 Inadequate Extension of Benefit to Targeted Population

DAHOs placed the demands for fund based on the funds received in the previous year. Accordingly, budget provision was made by Tribal Development Department and Social Welfare Department for the current year.

¹ Bhandara, Chandrapur, Gadchiroli, Gondia, Nagpur and Wardha

² Bhandara, Chandrapur, Desaijanj, Gadchiroli, Gondia, Hinganghat, Kalmeshwar, Lakhni, Nagbhid, Ramtek, Tiroda and Wardha

Details of applications received, funds demanded/received, benefits given are given in **Table 2.1.1**.

Table 2.1.1: Details of application received and benefit given

Year	Number of valid applications received	Funds demanded (₹ in crore)	Fund Received (₹ in crore)	Number of applicants given benefit	Number of applicants given benefit	Number of not given benefit
2011-12	880	1.20	1.05	281		599
2012-13	1054	1.71	1.52	242		812
2013-14	1825	2.20	2.19	420		1405
2014-15	1813	2.96	2.84	526		1287
2015-16	2883	4.30	4.09	903		1980
Total	8455	12.37	11.69	2372		6083

Source: Information furnished by DAHOs

Audit observed that during 2011-16 though 8,455 valid applications were received, benefit under the Scheme was given to only 2,372 applicants (28 per cent) as per the availability of funds. Since demand for funds was made based on previous year's fund receipt without considering the number of valid applications received during last years, the benefit under the Scheme could not be provided to 6,083 (i.e. 72 per cent) applicants.

As there was wide variation between the number of eligible beneficiaries (valid applications) and actual benefit given in a year, the projection for requirement of fund for next year should have been based on number of valid applications received so as to provide benefit adequately. As against the demand of ₹ 12.37 crore fund received was ₹ 11.69 crore during 2011-16, which was utilised. It was also observed that no supplementary demand was made by the DAHOs during 2011-16 to extend benefit to these 72 per cent applicants.

Audit further observed that in Chandrapur and Gadchiroli, both tribal dominated districts, the DAHO failed to demand funds and call for applications during 2011-16 under TSP and OTSP. As a result, tribal people in these two districts were kept out of the ambit of the Scheme. In Bhandara district during the years 2011-13 and 2014-16 and in Nagpur district during the years 2011-14, tribal population was not benefitted as demands for fund were not placed by the DAHOs concerned.

In reply, the DAHOs stated (March and April 2016) that the beneficiaries were selected on the basis of availability of funds. Regarding not extending benefit to tribal population, the DAHOs added that no grant was received under TSP and OTSP.

Reply is not acceptable as the demands for fund was placed without considering the actual number of valid applications received. Further, the DAHOs of Bhandara, Chandrapur, Gadchiroli and Nagpur failed to place the demands for fund under TSP and OTSP, depriving the tribal population of the Scheme benefits.

2.1.2.2 Delayed Distribution of Milch Animals

Scheme guidelines stipulated that applications should be called for from the beneficiaries in the month of June-July every year by LDO and forwarded to

DAHO. The beneficiaries were to be selected by the end of September by a Committee headed by Deputy Director, Animal Husbandry of the district duly following the norms prescribed in the Scheme guidelines.

Scrutiny revealed that applications were obtained in the month from June to August every year but the grants were received in the months from August to March. Thereafter, beneficiaries were selected during October to March on the basis of grants received resulting in delay in purchase and distribution of animals. Due to this, animals could be distributed only between January (current financial year) and August (succeeding financial year).

Failure to adhere to the time schedule at various levels resulted in delay of four to 11 months to eligible beneficiaries.

In reply, the DAHOs stated (April 2016) that the delay occurred due to administrative reasons at various levels. The fact remained that the beneficiaries were deprived of the intended benefits due to administrative delay, which could have been avoided.

2.1.2.3 Purchase of Over-aged Cows

As per the report of the Indian Council of Agriculture Research, age of Jersey cow is 26-30 months at the first calving. The Scheme guidelines stipulated that animals that had calved two to three times are to be purchased *i.e.* desirable age at purchase should be three and half years to four and half (first calving - 2.5 years, second calving - 3.5 years and third calving - 4.5 years).

Scrutiny of records of 12 test checked LDOs revealed that out of 364 cows purchased for 217 beneficiaries between 2011-16, 158 (43 *per cent*) were between five and seven years old. Thus, over-aged animals with declining lactating ability were purchased.

In reply, the LDOs stated (March to May 2016) that the animals were purchased according to the choice of the beneficiaries. Reply is not acceptable as the Purchase Committee should have followed the Scheme guidelines while purchasing animals.

2.1.2.4 Distribution of Animals without Maintaining Prescribed Gap

Scheme guidelines stipulated that initially one milch animal would be distributed to the beneficiary and after a period of six months or after cessation of milk production of first milch animal, whichever is earlier, second animal should be distributed to ensure continuous production of milk and consequently, continuous income for beneficiaries.

Scrutiny revealed (March to May 2016) that in five³ LDOs, 76 beneficiaries were given two animals in one go whereas in eight⁴ LDOs, 163 beneficiaries were given the second animal after a gap of 10 to 13 months from distribution of first animal.

In reply, LDO Gadchiroli and Desaiganj stated (April and May 2016) that two animals were given at a time since the beneficiaries were not ready to pay transportation charge twice for both the animals. LDOs, Lakhni, Ramtek and Kalmeshwar stated (March and May 2016) that two animals were given

³ Desaiganj, Gadchiroli, Kalmeshwar, Lakhni and Ramtek

⁴ Bhandara, Chandrapur, Gondia, Hinganghat, Lakhni, Nagbhid, Tiroda and Wardha

simultaneously as there was uncertainty about receipt of adequate funds for second animal after the prescribed gap. In respect of gaps of 10 to 13 months, the LDOs concerned stated (March to May 2016) that purchase procedure was followed after receipt of funds.

Reply is not acceptable as in case of unwillingness of the beneficiaries, wait listed beneficiaries were required to be selected. Besides, funds as demanded by DAHOs were received and hence there was no uncertainty about receipt of funds. This resulted in the beneficiaries not getting benefit of continuous production of milk and regular income.

2.1.2.5 Selling of Animals by Beneficiaries

As per Scheme guidelines, the beneficiary was required to keep the animals up to three years from the date of purchase. In case of failure to keep the animals for three years, government assistance along with interest was to be recovered in lump sum from the beneficiary.

Out of 12 test checked LDOs, only five⁵ LDOs had physical verification reports of the sold animals. The Report revealed that during 2011-16, 73 out of 155 beneficiaries sold 107 animals valuing ₹ 42.80 lakh within three years of purchase and no recovery was done in these cases.

During joint physical verification (April and May 2016) of the beneficiaries by the audit, it was observed that in addition to above, six beneficiaries of two LDOs (Chandrapur and Lakhni) sold 10 animals valuing ₹ four lakh within a period of three years of their purchase but there was no recovery. In respect of 12 beneficiaries of five⁶ LDOs having 23 animals, 18 animals were not available during joint physical verification and were stated to have gone for grazing. As such audit could not ascertain the existence of animals in these cases.

When enquired, the beneficiaries attributed the sale of animals to non-availability of sufficient fodder, poor health of animal, low milk yield, infertility in animals, difficulty in handling the cows, *etc.* In the above cases, despite specific provision for recovery, the DAHOs failed to recover the same from the defaulted beneficiaries.

In reply, the DAHOs of Bhandara, Gadchiroli, Gondia and Nagpur stated (July 2016) that action would be taken to effect recoveries. The RJC, Nagpur while accepting the facts of non-recovery stated (May 2016) that instructions had been issued (May 2016) to the field offices to take action against the beneficiaries who sold animals within the three years period.

2.1.2.6 Irregular Purchase of Milch Animals

As per Scheme guidelines, the animals were required to be purchased through a Committee that comprised LDO, head of veterinary hospital, member of milk co-operative society of village, bank representative, insurance representative and beneficiary. Audit observed that in LDO, Gadchiroli all 24 animals valuing ₹ 11.20 lakh were purchased by LDOs without forming

⁵ Bhandara, Desaijanj, Gadchiroli, Kalmeshwar and Tiroda

⁶ Chandrapur, Gadchiroli, Gondia, Hinganghat and Kalmeshwar

Purchase Committee during 2012-15. The RJC, Nagpur stated (May 2016) that the DAHO concerned would be directed to take action.

2.1.2.7 Non-registration of Animals with Maharashtra Animal Identification and Recording Authority

The Maharashtra Animal Identification and Recording Authority (MAIRA) has been set up by the Maharashtra Livestock Development Board to implant tags and register cattle. MAIRA was also responsible for maintaining online animal and premises registration records.

As per Scheme guidelines, it was mandatory to register all the animals purchased with MAIRA with a view to ascertain their locations and keeping online data of animals. In test checked 12 LDOs, it was observed that none of the 627 animals purchased during 2011-16 under the Scheme were got registered with MAIRA.

All the LDOs stated (March to May 2016) that there were no instructions for registration of animals with MAIRA.

The reply is not acceptable since as per Scheme guidelines it was mandatory to register all animals purchased under the Scheme with MAIRA.

2.1.2.8 Delay in Insurance of Milch Animals

Animals distributed under the Scheme were required to be insured jointly in the name of the beneficiary and the DAHO for three years. Audit observed that insurance was made in the name of the beneficiary and the LDO concerned instead of the DAHO. Further, as the LDO could not draw funds for insurance premium at the time of purchase of the animals, there was delay in taking insurance up to 126 days in case of 620 out of 627 animals.

The LDOs concerned stated (March to May 2016) that the delay occurred due to administrative reasons. The reply is not acceptable as the BDOs concerned should have avoided this administrative delay.

2.1.2.9 Training to Beneficiaries

As per Scheme guidelines, every beneficiary should have been imparted training for care of animals. Audit observed that in five⁷ DAHOs out of 1,492 beneficiaries, training was imparted to 273 (18 *per cent*) beneficiaries while in Gondia all the 880 beneficiaries were imparted training.

The five DAHOs stated (March to April 2016) that due to non-availability of budget provision, training was not imparted. The fact remained that the five DAHOs did not place demands for fund to Commissioner for imparting training to beneficiaries.

2.1.2.10 Lack of Awareness among Public about the Scheme

Scheme guidelines stipulated that application form for getting benefit under the Scheme should be called for from the beneficiaries by giving wide publicity to the Scheme.

⁷ Bhandara, Chandrapur, Gadchiroli, Nagpur and Wardha

Publicity was not given at the DAHO and BDO level except by Bhandara DAHO. As a result, Bhandara alone had received 3,393 applications (39 per cent) out of total 8,673 applications in all six districts.

The remaining five⁸ DAHOs replied that there was no fund provision for publicity, hence, it could not be done.

Reply is not acceptable as the publicity of the Scheme is an integral part of the Scheme and this could have been factored in while raising demand for fund by the authorities concerned.

2.1.3 Monitoring and Evaluation

2.1.3.1 Inadequate Monitoring

Scheme guidelines stipulated that all animals purchased under the Scheme were to be physically verified quarterly by Veterinary Hospitals (VHs) in villages. LDOs and DAHOs were to verify 25 per cent and 10 per cent respectively of the animals purchased annually. Records of verification were to be maintained and submitted to the higher authorities *i.e.* by the VH to LDO, by LDO to the DAHO and by DAHO to the RJC. The VH was to provide health and artificial insemination facilities to the animals. VHs were required to record animal history in a separate register *viz.*, date of oestrus (heat) of animal, date of artificial insemination, date of pregnancy test and the result, date of calving, gender of new born calf, weight of calf at the time of delivery and quantity of milk during lactation period. Scrutiny of records of test checked LDOs revealed that:

- Out of 117 VHs under 12 LDOs, only 22 VHs under LDO Chandrapur and Nagbhid had carried out physical verification and submitted reports for the period 2011-2016 to LDOs.
- 117 VHs under 12 LDOs had not maintained separate register to record animal history.
- Out of 12 LDOs, six LDOs Bhandara, Desaignanj, Gadchiroli, Gondia, Lakhni and Tiroda did not carry out physical verification of animals for the period 2011-16, whereas Nagpur and Ramtek did not carry out verification for the period 2011-13.
- None of the six DAHOs submitted physical verification reports to the RJC, Nagpur.

The above position was brought to notice of RJC, Nagpur and the Commissioner. While accepting the observation, the Commissioner replied (July 2016) that directions were issued to field offices to submit the reports.

2.1.3.2 Non-evaluation of Scheme

The purpose of the Scheme was to create source of income for beneficiaries. However, there was no mechanism with the department to measure income generation of the beneficiaries through the Scheme. Thus, audit could not assess the benefits derived from the Scheme.

⁸ Gondia, Gadchiroli, Nagpur, Chandrapur and Wardha

Further, the Commissioner was responsible to carry out evaluation of Scheme after every six months from date of completion of financial year by establishing a Committee under the chairmanship of RJC, Animal Husbandry for each division and evaluation report so prepared was required to be submitted to Government along with remarks.

Scrutiny of records of the Commissioner and the RJC, Nagpur revealed (February and May 2016) that the Commissioner had not established any Committee for Nagpur division for evaluation of the Scheme during the period 2011-16 and thus, there was no evaluation of the Scheme.

The Commissioner in the reply stated (July 2016) that the evaluation reports were available with the regional heads. The reply is not tenable as RJC, Nagpur had already replied (May 2016) that no such evaluation was made during the period covered in audit and would be done in future.

2.1.4 Conclusion

The Animal Husbandry Department, Government of Maharashtra introduced (November 2011) a Scheme 'Distribution of two milch animals (cows/buffalos) to the beneficiaries belonging to Scheduled Caste and Scheduled Tribe' under Special Component Plan, Tribal Sub Plan and Other Tribal Sub Plan with a view to create source of income through self-employment. Audit was conducted to assess procedure adopted for selection of beneficiaries, allocation and utilisation of funds and the benefits derived by the beneficiaries. Audit observed that the demands were not placed adequately so as to give maximum coverage to targeted beneficiaries. This led to depriving the benefit to 72 per cent of valid applicants. In Gadchiroli and Chandrapur districts (tribal dominated) tribal people were kept out of the ambit of the Scheme as the district authorities failed to demand funds for implementing the Scheme. Delay in receipt of funds, beneficiary selection process and distribution of funds resulted in delay of four to eleven months in purchase and distribution of animals. Over-aged animals were purchased and instances of sale of animals by the beneficiaries were observed. Monitoring at all levels was inadequate. No attempt was made to evaluate the Scheme to ascertain the benefits derived from the Scheme.

The above deficiencies indicated that the implementation of the Scheme was not effective and therefore, the Government needs to evaluate the implementation and monitoring process.

The matter was referred to the State Government in July 2016; their reply was awaited as of February 2017.

RURAL DEVELOPMENT AND WATER CONSERVATION DEPARTMENT

2.2 Unfruitful Expenditure on Construction of Permanent Sale Centres

Poor planning and implementation of the Scheme for construction of Permanent Sale Centres to facilitate marketing of products of rural artisans resulted in unfruitful expenditure of ₹ 14.58 crore and blocking of ₹ 33.65 crore for three to seven years.

Rural artisans do not have wherewithal to access the market as they lack adequate capacity, marketing intelligence and negotiation skills. In order to promote marketing of rural products and boost socio-economic development of the rural poor, GoM introduced (February 2009) a Scheme for construction of Permanent Sale Centres (PSCs) at taluka level for providing marketing facilities to Self Help Groups (SHGs). As per Scheme, 180 taluka-level PSCs were to be constructed in the State at a total cost of ₹ 45 crore (₹ 25 lakh per PSC) in a time frame of three years (February 2012). The Scheme was to be implemented through District Rural Development Agencies (DRDAs).

Scrutiny of Scheme documents (February 2016) in Rural Development Department (Department) revealed the following:

- Of the 180 PSCs, construction of 101 PSCs did not commence as of February 2017 due to non-availability of land. Of the remaining 79 PSCs, only 39 were completed and 40 were being constructed as of February 2017. Of the 39 completed PSCs, only nine PSCs were allotted and the remaining 30 could not be allotted (February 2017) due to non-construction of compound walls, non-provision of electricity and water connection *etc.*
- Of the nine PSCs which were allotted, audit conducted joint inspection of four PSCs with Departmental staff and found that three⁹ of them had not been allotted to SHGs. These were being used as office, bank and meeting hall. Only one was being used by a SHG¹⁰.
- Between August 2009 and February 2014, the Department released ₹ 64.12 crore¹¹ to DRDAs for construction of 180 taluka-level PSCs. Of ₹ 64.12 crore, the DRDAs spent ₹ 16.74 crore on completion of 39 PSCs and ₹ 13.73 crore on 40 ongoing works. The remaining ₹ 33.65 crore pertaining to 101 works (which did not commence) was held by DRDAs for a period ranging from three to seven years as of February 2017.

⁹ Ambernath, Mulshi and Shirur

¹⁰ Handed over to Mahila Bachat Gat at Ambegaon for maize corn business

¹¹ The Department met the additional ₹ 19.12 crore (₹ 64.12 crore - ₹ 45 crore) from Swarnajayanti Gram Swarozgar Yojana (a self-employment Scheme of GoI for rural poor)

The State Government accepted the facts and stated (January 2017) that 30 completed PSCs would be put to use early after provision of necessary facilities and funds available for 101 works would be used for completion of 40 ongoing works.

Thus, poor planning and implementation of the Scheme for construction of taluka-level Permanent Sale Centres not only resulted in unfruitful expenditure of ₹ 14.58 crore on 33¹² completed PSCs and blocking of ₹ 33.65 crore for three to seven years, it also defeated the objective of extending marketing facilities to the Self Help Groups.

2.3 Misappropriation of Government Money of ₹ 2.29 lakh

Failure of the Block Development Officer/Chief Executive Officer to take action led to misappropriation of Government money of ₹ 2.29 lakh.

General Administration Department, Government of Maharashtra framed the Departmental Enquiry Rules, 1991 which states that “preliminary enquiry regarding fixing of responsibility for mistakes, negligence, misappropriation, irregular matters, loss of government money *etc.* is to be conducted as early as possible and in any case, this period was not to exceed two months from the date of taking decision of enquiry”.

During the audit (July 2015) of Block Development Officer (BDO), Panchayat Samiti (PS) Aheri, District: Gadchiroli, records of release of grants under Backward Regions Grant Fund (BRGF) were scrutinised. It was revealed that there was misappropriation of money in two Gram Panchayats (GP) under BDO Aheri as detailed below:

- In GP Kishtapur Daud, the then Gram Sevak (GS) withdrew ₹ 0.70 lakh (October 2010) and ₹ 0.10 lakh (December 2010) without any administrative approval for execution of work or authorisation from BDO concerned. The BDO issued three letters in January 2011 to the GS to deposit ₹ 0.80 lakh in the bank account of BRGF and submit explanation for withdrawing fund without any authorisation. The GS did not deposit the amount nor furnished any explanation. However, no action was initiated by the BDO/CEO, though matter was reported to Chief Executive Officer, Gadchiroli.
- In GP Kamlapur, the same GS when posted subsequently, incurred an expenditure of ₹ 1.49 lakh from BRGF for purchase of material *viz.*, metal, steel, sand, cement *etc.* between March and April 2014 but the GS did not submit vouchers in support of expenditure incurred. Physical verification by Engineer, BRGF, PS confirmed (February 2015) about non-availability of above material at work site. Despite knowing the facts, BDO failed to initiate any action against the GS.

¹² 30 completed PSCs which were not at all allotted and three completed PSCs which were not being used for the intended purpose

On this being pointed out, BDO accepted (July 2015) the audit observation and agreed to investigate the matter.

On investigation (September 2015) the BDO accepted that the GS had misappropriated ₹ 2.29¹³ lakh. The BDO proposed (December 2015) departmental enquiry against the GS which was initiated by CEO, Gadchiroli in February 2016. The enquiry report was awaited (January 2017). Incidentally, the BDO observed that the same GS while working in three GPs (Kamlapur, Kishtapur Daud and Wadampalli) had misappropriated Government money to the tune of ₹ 32.46 lakh between October 2010 and February 2015 under 11 various types of works/schemes.

The matter was referred to the Government in June 2016; their reply was awaited as of February 2017.

¹³ ₹ 0.70 lakh + ₹ 0.10 lakh + ₹ 1.49 lakh