

CHAPTER III

Compliance Audit of Panchayati Raj Institutions

Chapter-III

COMPLIANCE AUDIT OF PRIs

3.1 Audit of National Family Benefit Scheme and Indira Gandhi National Widow Pension Scheme

3.1.1 Introduction

The National Social Assistance Programme (NSAP) was launched in 1995 by Government of India (GoI) as a Centrally Sponsored Scheme (CSS) with an aim to provide basic level of financial support to any person who has a little or no regular means of subsistence.

NSAP comprises five schemes as shown in the **Table 3.1** below:

Table 3.1: List of schemes under NSAP

Sl. No.	Scheme	Beneficiary profile
1	Indira Gandhi National Old Age Pension Scheme (IGNOAPS)	A monthly pension to a person who is 60 years or above.
2	National Family Benefit Scheme (NFBS)	A lump sum family benefit in case of the death of the primary bread-winner between 18-59 years of age.
3	Indira Gandhi National Widow Pension Scheme (IGNWPS)	A monthly pension to a widow in the age group of 40-79 years.
4	Indira Gandhi National Disability Pension Scheme (IGNDPS)	A monthly pension to a person with severe or multiple disabilities in the age group of 18-59 years.
5	Annapurna	Providing food grains every month free of cost to the senior citizens who, though eligible, remained uncovered under the IGNOAPS.

A Performance Audit of IGNOAPS was included in the Audit Report for the year 2013-14. This present audit examines the implementation of NFBS and IGNWPS for which Central assistance of ₹ 203.81 crore was released by the GoI during 2012-13 to 2016-17.

NFBS: One-time financial assistance of ₹ 20,000 is extended to the households below poverty line (BPL) on death of primary bread-winner in the age group of 18 to 59 years. The deceased must be a primary bread-winner in the bereaved family whose earning contributed substantially to the total household income. A woman in the family, who is a home maker, is also considered as a 'bread-winner' for this purpose. The family benefit is paid to such surviving member of the household of the deceased poor, who after local inquiry, is found to be the head of the household.

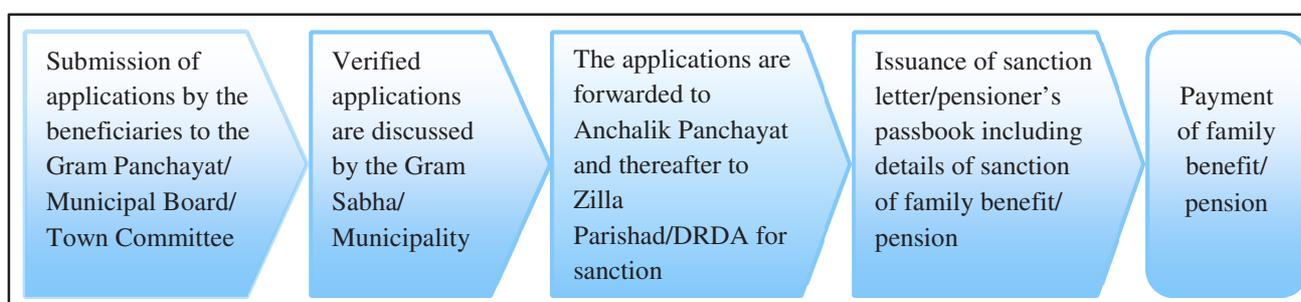
IGNWPS: BPL widows in the age group of 40-79 years are entitled to a monthly pension of ₹ 300 and ₹ 500 per month after attaining the age of 80 years.

Panchayat and Rural Development (P&RD) Department, Government of Assam (GoA) implements these schemes in Assam.

Ministry of Rural Development (MoRD) allocated funds to States based on the estimated number of beneficiaries under the different schemes of NSAP. The payment to the beneficiaries is to be made through Banks, Post Office and Money Order. If payment through these modes is not workable, cash may be disbursed only in public meetings such as Gram Sabha/Ward Sabha.

The process of selection of beneficiaries and sanction of family benefit/pension is explained in the **Figure 3.1** below:

Figure-3.1: Diagrammatic representation of selection cycle of the NFBS and IGNWPS beneficiaries



3.1.2 Fund position

During 2012-13 to 2016-17, GoI released ₹ 203.81 crore to GoA for NFBS and IGNWPS, out of which GoA utilised ₹ 192.43 crore as shown in **Table-3.2** below:

Table-3.2: Statement showing central assistance released by GoI and utilised by GoA (₹ in crore)

Year	Fund received			Expenditure		
	NFBS	IGNWPS	Total	NFBS	IGNWPS	Total
2012-13	26.48	26.63	53.11	26.48	26.63	53.11
2013-14	2.67	9.49	12.16	2.67	9.49	12.16
2014-15	13.16	38.24	51.40	13.16	38.24	51.40
2015-16	13.47	43.99	57.46	11.99	42.67	54.66
2016-17	7.68	22.00	29.68	6.26	14.84	21.10
Total	63.46	140.35	203.81	60.56	131.87	192.43

Source: Data furnished by the office of the Commissioner, PRDD, Guwahati

3.1.3 Audit objectives, Scope and Sampling

The audit of NFBS and IGNWPS was carried out with the objective to assess:

- the planning for implementation of the schemes;
- the allocation, release and utilisation of funds;

- implementation including payment of the benefits to the beneficiaries; and
- monitoring and evaluation.

The audit, covering the period 2012-13 to 2016-17, was conducted during April-June 2017. The audit involved collection of information from Commissioner, P&RD and test check of records of 27 units³², involved in implementation of NFBS and IGNWPS, selected randomly from four districts³³. Beneficiary survey was also conducted in the selected units.

The draft compliance audit report was forwarded to the Government in August 2017 for eliciting its response on the audit findings. However, Government's reply was not received (December 2017).

The findings of this audit have been discussed in the succeeding paragraphs.

3.1.4 Planning

- As per NSAP guidelines Annual Action Plan (AAP) was to be prepared by District Programme Co-ordinator (DPC) and Additional District Programme Co-ordinator (ADPC). However, AAP as envisaged in the guidelines were not prepared as none of the four selected districts had DPC and ADPC designated at district level and Programme Officer (PO) and Additional Programme Officer (APO) at Block levels. The Chief Executive Officer (CEO) of ZP and EO-cum-BDO of Development Blocks were discharging the duties of DPC and PO respectively.
- As per NSAP guidelines, a Verification Officer or a team under an authorised officer was to verify the applications within two weeks from the date of receipt of application. However, neither any Verification Officer was appointed nor was any verification team constituted, due to which verification of beneficiaries was not done as envisaged.
- As per NSAP guidelines, State level and District level committees were to be constituted for implementation, review and evaluation of NSAP including Social Audit. However, the State and District level committees for review and evaluation of the schemes were not constituted.
- As per NSAP guidelines, for generating awareness among the people, wide and continuous publicity through posters, brochures, media and other means was to be done. However, except Nagaon ZP none of the four selected districts had conducted awareness programmes properly. Further they failed to produce the relevant records about conducting of awareness programmes.

³² Three Zilla Parishads (ZPs), six Anchalik Panchayats (AP), (two from each selected ZP), 12 Gram Panchayats (GP), (two from each selected AP), three Municipal Boards (MBs), one Town Committee (TC), one District Rural Development Agency (DRDA) and one Block Development Office,

³³ Kamrup, Cachar, Nagaon and Karbi Anglong

3.1.5 State's contribution not provided

As per NASP guidelines, for all pension schemes of NSAP, the States were strongly urged to provide an additional amount at least an equivalent amount to the assistance provided by the Central Government so that the beneficiaries can get a decent level of assistance.

Accordingly, 20 states and seven Union Territories contributed widow pension ranging from ₹ 100 to ₹ 1700 per beneficiary in addition to GoI's contribution of IGNWPS (*Appendix-IX*). However, GoA did not contribute any fund as state's contribution in respect of NFBS and IGNWPS. As a result, the beneficiaries in Assam received less assistance as compared to the other 20 states.

3.1.6 Delay in release of fund

As per the NSAP guidelines funds are provided as Additional Central Assistance (ACA) to the states who in turn should pass the ACA to the implementing departments immediately and not later than 15 days. State should release funds regularly and establish an appropriate mechanism for monthly disbursement of pension and timely disbursement of assistance.

However, GoA released funds with a delay of 90 to 307 days as shown in the **Table-3.3** below:

Table-3.3: Statement showing delay in release of fund by GoA to P & RD, Assam

(₹ in crore)

Sl No.	Year	Amount released by GoI to GoA	Date of fund released by GoI to GoA	Amount released by GoA to P&RD	Date of Fund released by GoA to P&RD	Delayed by (in days)
1	2012-13	91.28	14.08.2012	91.28	22.01.2013	144
2		64.86	20.09.2102 & 13.12.2012	64.86	25.03.2013	176 & 86
3	2013-14	53.96	26.04.2013 & 11.06.2013	53.96	03.03.2014	307 & 262
4		17.99	08.11.2013	17.99	29.03.2014	119
5	2015-16	67.17	21.05.2015	67.17	29.08.2015	90
6	2016-17	129.55	29.02.2016	103.40	22.06.2016	114
7		174.55	21.06.2016	174.55	10.11.2016	127

Delay in release of funds would have resulted in delayed payment of family benefit and pension to respective beneficiaries.

3.1.7 Retention of NSAP fund by implementing agencies

GoA instructed (October 2015) the CEOs of ZP and PDs of DRDA to make payment of pension to the beneficiaries within 30 days by online transfer to their accounts. Consequently, the APs and Development Blocks were to close their bank accounts in respect of NSAP and return the unspent balance to the respective CEDOs/ PDs as ZPs/ DRDAs were disbursing pension online (RTGS) directly to beneficiaries' account since financial year 2014-15.

21 APs under Nagaon and Kamrup districts and five Block offices under Karbi Anglong district returned NSAP fund (including IGNWPS fund) of ₹ 273 lakh to their respective ZP and DRDA during August 2015 to August 2016 as shown in the **Table-3.4** below:

Table-3.4: Details of NSAP funds including NFBS & IGWPS lying unspent.

Sl. No.	Name of Districts	Name of AP	Date of return	Cheque No./Demand Draft No.	Amount (₹)	Remarks
1	Nagaon	Raha AP	09.10.2015	045476	129568	The amount was lying in ICICI bank, Haibargaon saving account No-070701000891. Fund related to IGWPS only.
2		Pakhimoria AP	05.11.2015	014803	50787	
3		Khagrijan AP	12.12.2015	514829	330955	
4		Raha AP	11.02.2016	161441	277275	
5		Odali AP	11.02.2016	616887	41976	
6		Batadraba AP	15.02.2016	00643	156673	
7		Dolong Ghat AP	23.02.2016	498795	498035	
8		Barhampur AP	29.03.2016	N/A	76851	
9		Juria AP	23.08.2016	237321	1068000	
10	Kamrup	Bezera AP	31.08.2015	N/A	3865065	Fund related to NSAP (including NFBS & IGWPS).
11		Chaygaon AP	31.08.2015	N/A	1358186	
12		Bongaon AP	31.08.2015	N/A	45385	
13		Goraimari AP	31.08.2015	N/A	2977205	
14		Kamalpur AP	31.08.2015	N/A	2439216	
15		Rampur AP	31.08.2015	N/A	1643599	
16		Rani AP	31.08.2015	N/A	1089994	
17		Rangia AP	31.08.2015	N/A	1095064	
18		Soalkuchi AP	31.08.2015	N/A	4295840	
19		Badarpur AP	16.09.2015	N/A	2379058	
20		Boko AP	10.09.2015	N/A	2036004	
21	Behadia AP	08.09.2015	N/A	1059570		
22	Karbi Anglong	Socheng Block	28.09.2012	483402	65000	Fund related to IGWPS only.
23		Nilip Block	28.10.2013	169845	42000	
24		Rongmongwe Block	13.01.2016	N/A	151165	
25		Amri Block	13.01.2016	N/A	108771	
26		Rongkhang Block	13.01.2016	N/A	18497	
Total					27299739	

However, the funds returned by the APs and Block offices were retained by Nagaon ZP, Kamrup ZP and PD, DRDA, Karbi Anglong till the date of audit (May 2017) without citing any reason. The funds were lying unspent with them without disbursement of the same to beneficiaries. In reply to audit query only the CEO, Nagaon ZP stated (June 2017) that suggestion for utilisation of funds will be sought from the PRDD. Kamrup ZP and DRDA, Karbi Anglong did not furnish any reply.

3.1.8 Inadmissible expenditure under NSAP

As per NSAP guidelines, GoI laid down list of permissible, non-permissible and one-time expenditure from Administrative Expenses (AE).

However, three ZPs, one AP and one DRDA covered under this audit, incurred expenditure of ₹ 48.86 lakh from the AE head during 2012-13 to 2016-17 on inadmissible items as detailed in **Table-3.5** below:

Table-3.5: Statement showing details of inadmissible expenditure

			(₹ in lakh)
Sl. No.	Implementing agency	Purposes	Amount spent
1	Cachar ZP	Salary, wages to DEOs, repair/renovation of building, hiring charges of vehicle <i>etc.</i>	20.89
2	Narsinghpur AP, Cachar	Civil works, Electrical fittings/accessories <i>etc.</i>	1.29
3	DRDA, Karbi Anglong	Purchase of Sony LCD TV, Camera, hiring charges of vehicles <i>etc.</i>	16.41
4.	Kamrup ZP	Purchase of mobile, aqua guard, repairs and renovations, hiring charges of vehicles <i>etc.</i>	5.58
5.	Nagaon ZP	Civil works, payment of VAT <i>etc.</i>	4.69
Total			48.86

Further, except in Nagaon ZP, there was no record showing any expenditure incurred by other implementing agency on permissible items *viz.*, printing and distribution of Pension Passbook, Information, Education and Communication (IEC), *etc.*

3.1.9 Assistance to doubtful beneficiaries

PD DRDA, Karbi Anglong was responsible to verify relevant documents forwarded by BDOs before sanctioning assistance under NFBS. In May 2013, PD, DRDA Karbi Anglong sanctioned ₹ 5.10 lakh to the BDO, Bokajan Development Block as NFBS assistance in respect of 51 beneficiaries @ ₹ 10,000/- each. Scrutiny of documents attached along with the beneficiaries' application sanctioned by PD DRDA, Karbi Anglong showed that death certificates in respect of 20 out of 51 deceased persons bear same certificate number (0014385). All these certificates were issued by the same issuing authority on the same date *i.e.* on 24-9-2002, (*Appendix-X*). It was also noticed that in one³⁴ case, the date of issue of death certificate was prior to occurrence of death of the bread-winner. This indicated that PD, DRDA, Karbi Anglong sanctioned NFBS assistance of ₹ 5.10 lakh without verifying relevant documents forwarded by BDO, Bokajan Development Block leading to payment of assistance to doubtful beneficiaries.

3.1.10 Payment of benefits under NFBS without verifying age of the deceased

As per NSAP guidelines, a lump sum family benefit for household below poverty line is eligible if the death of a primary bread-winner occurred while he/she was in the age group of 18-59 years³⁵. All applications under NSAP was required to be verified before being selected as beneficiaries. Scrutiny of records of NSAP in four districts covered in this audit revealed that, DRDA, Karbi Anglong and three ZPs³⁶ disbursed family benefit of ₹ 9.92 crore under NFBS

³⁴ Lt. Ananoda Kaso died on 10-11-2006 but death certificate issued on 24-09-2002

³⁵ Revised to 18-59 years from October 2012.

³⁶ Kamrup ZP, Nagaon ZP and Cachar ZP

to 5729 beneficiaries. However, while sanctioning the benefits the sanctioning authority did not verify the primary bread-winner's age at the time of death. On random verification of 400 application forms (100 from each district) by audit, it was found that except in Cachar district, age of the primary bread-winner was not recorded in application form submitted by the beneficiaries of other three districts covered in audit. Scrutiny of application forms of beneficiaries in Cachar district showed that family members of 20 deceased persons got benefit from NFBS even though the age of the deceased person was between 60 and 79 years at the time of death. Thus, making payment without proper verification of age of the deceased bread-winner was irregular and fraught with the risk of misutilisation of NFBS funds.

3.1.11 Irregular sanction of benefits under NFBS

As per NSAP guidelines, assistance has to be provided within 15 days from the occurrence of death in the BPL family as it is meant for providing immediate relief to the bereaved family.

Scrutiny of records showed that in 69 cases, Nagaon ZP, Kamrup ZP and DRDA, Karbi Anglong sanctioned applications for benefits sought by beneficiaries where death of the primary bread winner occurred more than 3 to 28 years back. The details are shown in *Appendix-XI*.

As the objective of the scheme was to provide immediate relief to the bereaved family, providing financial assistance to the family of deceased whose death occurred three to 28 years back was not in line with the objectives of NFBS.

3.1.12 Short payment of assistance to NFBS beneficiaries

The rate of one-time assistance under NFBS was increased from ₹ 10,000 to ₹ 20,000 per beneficiary from October 2012. However, in three³⁷ out of 27 units covered in audit it was found that NFBS assistance of ₹ 10,000 instead of ₹ 20,000 was paid to family member of the deceased who died after October 2012 as shown in **Table-3.6** below:

Table-3.6

Sl No.	Name of District/ unit	Name of the beneficiary	Date of death of deceased
1	Nagaon/ Nagaon MB	Manju Khetawat, W/o Lt. Sushil Khetawat	14.12.12
2		Bakul Rai W/o Lt. Gautam Rai	23.02.13
3		Uma Bora W/o Lt. Hema Changmai	11.03.13
4		Jhuma Saha W/o Lt. Gour Ch, Saha	26.03.13
5	Cachar/ Cachar ZP	Smt Bemcha Singha, W/o Lt Kaminibabu Singha	14.06.13
6		Ambika Barman W/o Lt Dhrubjyoti Barman	05.05.13
7		Smt Ranjita Das W/o Lt Hrishikesh Das	22.02.13
8		Lalrokim Hmar W/o Lt Ramsan Hamar	22.12.13
9		Smt Protima Deb W/o Lt Kanchan Deb	22.12.12
10		Afia Begum Laskar W/o Lt Abdul Jalil Laskar	11.08.13

³⁷ Nagaon MB, Rangia MB and Cachar ZP

11	Kamrup/ Rangia MB	Elima Buegum, W/o Lt. Ruhul Ali	02.02.13
12		Samsa Parves, W/o Lt. Abdul Kalam	10.06.13
13		Dipali Mandal, W/o Lt. Manoranjan Mandal	16.11.13
14		Gitika Das, W/o Lt. Pranab Das	09.06.13
15		Parbati Lohar, W/o Lt. Ramjit Lohar	25.10.12
16		Rukia Siddique, W/o Lt. Samir Ali	02.04.13
17		Nilima Khatun, W/o Lt. Saifuddin Ahemed	14.02.13
18		Asfia Rassul, W/o Lt. Fainul Ali	14.05.13
19		Puspa Ram, W/o Lt. Raja Ram	18.03.13
20		Sofiya Begum, W/o Lt. Soyed Ali	25.10.12
21		Nibu Mandal, W/o Lt. Sukumar Mandal	17.01.13
22		Minu Wara Begum, W/o Lt. Habib Ali	30.12.12
23		Khadija Begum, W/o Lt. Gamir Ali	25.01.13
24		Asha Das, W/o Lt. Ajanta Das	29.12.12
25		Hasina Begum, W/o Lt. Ayub Khan	21.10.12

Due to short payment of assistance in violation of guidelines, the beneficiaries were deprived of their due benefit.

3.1.13 Unauthorised payment to additional beneficiaries under NFBS

As per NSAP guidelines, payment of assistance to beneficiaries under NFBS requires prior approval of Gram Sabha/Ward Sabha or the Commissioner, P&RD. The CEO, Cachar ZP made payment of ₹ 32.40 lakh from interest fund of NSAP to 162 additional NFBS beneficiaries. The payments were made on the basis of recommendation of ZP member. However, neither the Gram Sabha/Ward Sabha nor the Commissioner, P&RD approved the names of the beneficiaries.

Thus, payment of NFBS assistance to the additional beneficiaries without any approval was unauthorised.

3.1.14 Under-aged beneficiaries included in the approved list of beneficiaries for IGNWPS

As per NSAP guidelines, the eligibility criteria with respect to age for IGNWPS was 40 years and above. However, in two out of four test-checked districts (*viz.*, Karbi Anglong and Cachar), approved lists of beneficiaries contained 75 beneficiaries aged below 40 years. Summarised position as shown in **Table-3.7** below:

Table 3.7

District	Karbi Anglong			Cachar				Total
	Block/AP	Howraghat	Rongkhang	Rongmongwe	Baskandi	Borkhola	Katigorah	
No. of cases	10	1	7	5	5	40	7	75

Selection of under aged beneficiaries indicated lacunae in scrutiny of beneficiary application.

3.1.15 Short release of pension to the IGNWPS beneficiaries

GoI increased the pension under IGNWPS to ₹ 300 from ₹ 200 per month from October 2012. Test check of records showed that the BDO Lumbajong Dev Block (under Karbi Anglong DRDA) paid 105 beneficiaries at the rate of ₹ 200 per month for 48 months (from July 2009 to June 2013). The PD, DRDA, Karbi Anglong did not consider the increased rate and sanctioned previous rate i.e. at the rate of ₹ 200 instead of ₹ 300 per month for the period from October 2012 to June 2013.

This resulted in short release of pension to 105 beneficiaries for nine months (October 2012 to June 2013) amounting to ₹ 94,500 depriving the beneficiaries of their due benefit.

3.1.16 Withdrawal of fund by means of self-cheque

As per NSAP guidelines, all benefits extended under NSAP are to be credited either in the bank accounts or post office account. Gaon Sabha can make cash payment where banking or post office facilities are not available or to those old beneficiaries who are unable to collect pension.

Scrutiny of bank statement of NSAP account of the ZPs covered in audit revealed that CEO, Nagaon ZP withdrew an amount of ₹ 6,62,867 by presenting self-cheque as shown in **Table-3.8** below.

Table-3.8:Details of amount withdrawn by self-cheque

Sl. No.	Cheque No.	Date of withdrawal	Amount (₹)	Purpose of withdrawal
1	42183	22.11.2013	4,76,000	Payment of IGNOAP fund to BDO Dolonghat
2	42215	30.06.2014	70,000	
3	17283	04.01.2013	1,00,000	Payment of Contingency fund to BDO Kathiatoli
4	4585	28.01.2013	8,096	Payment of Income Tax
5	17298	28.01.2013	8,771	
Total			6,62,867	

Withdrawal of fund by means of self-cheque was irregular and against the government directive.

3.1.17 Operation of multiple Bank Accounts

The Commissioner, P&RD issued instructions (May 2015) to all CEOs of ZPs and PDs of DRDAs, to maintain only one bank account against a specific programme.

It was found that in two out of the four districts covered in audit, the CEO of Kamrup ZP and Nagaon ZP were operating more than one bank account for a single scheme. Further, five bank accounts, {three (Kamrup ZP) and two (Nagaon ZP)} were having funds pertaining to more than one scheme. Details are shown in **Table-3.9** below:

Table-3.9: Details of multiple bank accounts

Name of Districts	Name of Bank	Account No	Name of Scheme	Bank Balance (₹)	As on Date
Kamrup	Allahabad Bank, Panbazar	50382948559	IGNWPS	2,55,92,546	05.04.2017
	Allahabad Bank, Panbazar	50149662260	IGNWPS	14,12,339	03.12.2016
	ICICI Bank, Fancy Bazar	54301003553	NSAP (including IGNWPS & NFBS)	20,69,72,525	31.03.2017
	ICICI Bank, Christian Basti	245501000138	Annapurna, IGNWPS & IGNDPS	2,30,40,573	21.12.2016
	United Bank of India, Panbazar	2010341653	NFBS and IGNOAPS	12,79,03,469	31.03.2017
Nagaon	ICICI Bank, Nagaon Branch	070701000891	NSAP (NFBS, IGNWPS etc.)	38,93,29,013	31.03.2017
	AGVB, Nagaon Branch	7257050002098	NSAP (NFBS, IGNWPS etc.)	4,73,83,886	31.03.2017

Operation of multiple bank accounts against one scheme and depositing funds of different schemes in one bank account was in violation of Government instructions. Further, segregation of interest amount earned against each scheme fund was difficult to ascertain where one bank account was maintained for multiple schemes.

3.1.18 Beneficiary survey

Audit carried out beneficiary survey covering 178 beneficiaries from four districts covered in this audit based on different parameters. Followings were the findings of the survey:

- Only 63 pensioners under IGNWPS (35 per cent) were able to show valid age proof.
- 57 pensioners (32 per cent) had expressed that they never received their pension in time. Delay in certain cases ranged between six to 18 months.
- 162 (91 per cent of beneficiaries) widow pensioners expressed need to increase the amount of pension.
- 13 persons stated that they did not receive benefit under NFBS despite applying for the same.

3.1.19 Monitoring and evaluation

As per the NSAP guidelines, State level Committee headed by Chief Secretary or Additional Chief Secretary were responsible for implementation, monitoring and evaluation of the programme and related matters at State level. District Level Committees headed by the Chairperson ZP/ CEO, ZP/ District Collector were responsible for implementation, monitoring and evaluation of the programme within the district and for matters concerned therewith. The District Level Committees were to submit reports to PRDD.

However, the District, Block and GP level monitoring were not done as envisaged even though State level and District level committees were constituted. Inadequate monitoring resulted in

delayed release and short release of pension to eligible beneficiaries and irregular release of family benefit to the ineligible beneficiaries. With proper monitoring, many of the lapses as discussed above could have been avoided and timely corrective action could have been taken up.

3.1.20 Conclusion

The schemes of NFBS and IGNWPS could provide family benefit and monthly pension to a number of beneficiaries in the State. However, deficiencies were observed as follows:

- Inadequate mechanism for identification of the beneficiaries.
- GoA did not contribute State share depriving beneficiaries of a decent level of assistance.
- Lapses in implementation indicated inaction for timely disbursement of benefits.
- Instances of doubtful, unauthorised and inadmissible expenditure indicated financial mismanagement.
- Due to lack of monitoring and evaluation, no timely action was taken to overcome the lapses.

Thus, benefits were not provided to all eligible beneficiaries of NFBS and IGNWPS as envisaged under the schemes, while many ineligible persons got benefited by the Scheme by fraudulent method.

3.1.21 Recommendations

For better implementation of NFBS and IGNWPS the department may take up following steps:

- Ensure planning to cover all eligible beneficiaries including awareness programmes.
- Timely release of funds by GoA including state contribution, as envisaged.
- Mechanism for identification of eligible beneficiaries and timely disbursement of benefits.
- Financial control to avoid any cases of financial mismanagement.
- Monitoring mechanism including timely intervention.
- Weeding out of all ineligible beneficiaries.

3.2 Suspected misappropriation in Sonitpur Zilla Parishad

Only three out of five market sheds were constructed by the Construction Committee though full amount of ₹25 lakh was withdrawn for construction of Market Shed in Chariduar weekly bazar under Sonitpur Zilla Parishad leading to suspected misappropriation of ₹16.25 lakh.

GoA sanctioned an amount of ₹ 25.00 lakh for construction of new market shed for Chariduar weekly bazar under the award of 13th Finance Commission during 2012-13 and 2013-14.

As per the release order of the GoA, the Chief Executive Officer (CEO) of Zilla Parishad (ZP) was to submit the physical and financial progress report to head of the department from time to time and was responsible for any misuse and misappropriation of the funds.

As per the model estimate, ₹ 20 lakh was meant for construction of five similar market sheds each amounting to ₹ 4.00 lakh and an additional amount of ₹ 5.00 lakh was allocated for raising low site around the building by earth filling and brick soiling. The CEO, Sonitpur ZP while releasing the fund, issued order specifically mentioning that for claiming the next instalment, the Member Secretaries have to submit Utilisation Certificate (UC) to the CEO, Sonitpur ZP along with report of the Monitoring Committee constituted for the purpose.

Test check (November 2016) of records of the CEO, Sonitpur ZP revealed that full amount of ₹ 25.00 lakh was released (April 2013-April 2015) to the construction committee in four instalments and the Committee withdrew the amount during May 2013 to September 2015. However, the CEO, Sonitpur ZP furnished records viz., bills, vouchers, UCs for only ₹ 8.75 lakh. With respect to utilisation of the remaining amount of ₹ 16.25 lakh, the CEO, Sonitpur ZP could not furnish any record.

Joint physical verification (October 2016) of the site revealed that the construction committee had constructed only three out of five market sheds in Chariduar weekly bazar and raising of low site and brick soiling works were not executed.

The CEO, Sonitpur ZP replied (November 2016) that due to price escalation, the amount was utilised for construction of only three market sheds. The reply was not tenable as the CEO could furnish UCs along with bills and vouchers for ₹ 8.75 lakh only against ₹ 25 lakh released for the construction. Against utilisation of remaining ₹ 16.25 lakh, the CEO could not furnish any details of expenditure or any supporting bills and vouchers.



Photograph showing three units of Chariduar Weekly Market with no trace of brick soiling work

The CEO, Sonitpur ZP also failed to monitor the progress of the work as he released the full amount in four instalments whereas UCs for only ₹ 8.75 lakh were submitted.

Thus, non-execution of market sheds as per the model estimate and absence of records in respect to utilisation of ₹ 16.25 lakh led to suspected misappropriation of ₹ 16.25 lakh by the construction committee.

The matter was reported to the Department in July 2017; reply was awaited (February 2018).

3.3 Fictitious expenditure on procurement of Hand Tube Wells in Sipajhar Anchalik Panchayat

The BDO of Sipajhar Anchalik Panchayat made payment of ₹28.11 lakh and ₹8.07 lakh on fictitious procurement and installation of 412 and 374 Hand Tube wells respectively.

The Chief Executive Officer, Darrang ZP released ₹ 45.51 lakh³⁸ to the Executive Officer (EO), Sipajhar Anchalik Panchayat (AP) for implementation of schemes under 13th Finance Commission (FC) during 2010-11 to 2011-12.

Out of ₹ 45.51 lakh, the EO, Sipajhar AP incurred ₹ 40.77 lakh {₹ 32.70 lakh for procurement of 533 Hand Tube wells (HTWs) with accessories and ₹ 8.07 lakh for installation of 374 HTWs} as per cash book as detailed in **Table 3.10** below:

³⁸

Sl. No	Cheque No. and Date	Amount	Year
1	127456 dated 29.03.2012	9.63 lakh	2010-11
2	128490 dated 11.06.2012	25.88 lakh	2011-12
3	133411 dated 01.08.2012	10.00 lakh	2011-12
Total		45.51 lakh	

Table-3.10: Details of expenditure incurred by Sipajhar AP for procurement and installation of HTWs.

				(Amount in ₹)
Sl. No	Particulars	Voucher No. and date	Amount (in ₹)	To whom paid
1	121 HTWs	75 dated 16.05.2012	4,58,517	M/s P. P. Enterprise
2	100 HTWs	93 dated 25.06.2012	6,38,700	
3	72 HTWs	92 dated 25.06.2012	4,59,864	
4	100 HTWs	94 dated 25.06.2012	6,38,700	
5	70 HTWs	234 dated 31.08.2012	4,47,090	
6	70 HTWs	235 dated 31.08.2012	4,47,090	
7	75 PVC pipes	78 dated 18.05.2012	1,80,000	
Total	533 HTWs & 75 pipes		32,69,961	
8	Labour payment for installation of 256 HTWs	Paid in cash on 20-10-2012 as per Cash book.	5,95,754	JE of Sipajhar AP ³⁹
9	Labour payment for installation of 118 HTWs	Paid in cash on 20-11-2012 as per Cash Book.	2,11,320	
Total	Installation of 374 HTWs		8,07,074	
Grand Total			40,77,035	

Test-check (September 2016) of records of EO, Sipajhar AP revealed that:

- The EO Sipajhar AP made payment for procurement of 533 HTWs but delivery challans of 533 HTWs were neither found in records nor produced to audit.
- Entries for 533 HTWs were also not made in the Stock Register (entries for only 261 HTWs were recorded in the stock register).
- The EO made payment for installation of 374 HTWs in cash to the Junior Engineer (JE) of Sipajhar AP. However, the EO could not provide details of expenditure on installation, installation report, handing and taking over report *etc.*, during audit (September 2016) and subsequent requisition (May 2017).
- The BDO, Sipajhar AP stated (September 2016) that installation charges were paid in respect of 374 HTWs and installation was completed. He further stated that installation report, handing and taking over report was not submitted by the JE. Thus, the basis on which the 374 HTWs were claimed to be installed could not be justified by records.
- The BDO, Sipajhar further stated that details of the remaining 159 HTWs were neither on records nor the HTWs and accessories were found in stock and store.
- The Sipajhar AP had shown to have procured HTWs and PVC pipes worth ₹ 32.70 lakh from the supplier (2012-13). During audit, however, the 'Annual Return of Turnover' of the supplier collected from the Superintendent of Taxes, Mangaldoi, revealed that the supplier (M/s P.P. Enterprise) had a turnover of ₹ 8.76 lakh only during 2012-13. The owner

³⁹ Shri Nagen Talukdar

of the firm also admitted (May 2017) that he had supplied only 121 HTWs for ₹ 4.59 lakh to Sipajhar AP.

- The BDO, Sipajhar AP furnished beneficiary list of 393 (first list: 121 and second list: 272) individuals only against the procurement of 533 HTWs. The beneficiary lists include names of five beneficiaries whose names were listed in both the lists. Further, the name of one beneficiary was listed twice in the same beneficiary list, thereby raising doubt about the genuineness of the beneficiary list as well.
- The status of distribution as per the provided beneficiary lists was checked in Deomorno GP under Sipajhar AP. The list included five beneficiaries from Patidarrang village under Deomorno Gaon Panchayat (GP). The *Gaon Burah*⁴⁰ of the village stated that out of five beneficiaries under Patidarrang village, one person was shown as beneficiary in both the lists. Another beneficiary had received HTW seven to eight years back whereas procurement was made in 2012-13. He further stated that installation expenses in respect of all HTWs were incurred by the beneficiaries themselves. The other two beneficiaries had never received any HTW. He also submitted a memorandum (May 2017) addressed to the Deputy Commissioner, requesting him to investigate the matter.

Thus, the above facts indicated that the BDO of Sipajhar AP made payment of ₹ 36.18 lakh {₹ 28.11 lakh (₹ 32.70 lakh - ₹ 4.59 lakh) on fictitious procurement of 412 (533-121) HTWs and ₹ 8.07 lakh for installation of 374 HTWs} which was meant for providing HTWs to beneficiaries.

The matter was reported to the Department in July 2017; reply was awaited (February 2018).

3.4 Loss of revenue in Nagaon Zilla Parishad

Nagaon Zilla Parishad suffered a loss of revenue amounting to ₹1.01 crore due to settlement of markets/hats/beels⁴¹ at lower bid value ignoring the highest bidder.

As per Rule 47 (1) of the Assam Panchayat (Financial) Rules, 2002 regarding sale and settlement of markets/fisheries *etc.*, shall be settled by inviting sealed tenders for a period coinciding with one panchayat financial year (July-June). Further, sub-rule 10 envisaged that the tender of the highest bidder shall be accepted. Acceptance of tender other than highest bid shall require the Government's prior and formal approval.

Test-check (January 2017) of records of the CEO, Nagaon ZP showed that during 2013-14 to 2015-16 the CEO leased out markets/*beels etc.*, to bidders other than the eligible highest

⁴⁰ Village head man.

⁴¹ Beel means a large water body.

bidders in 16 cases as summarised in **Table-3.11** below. The details of the 16 cases are given in *Appendix-XII*.

Table-3.11: Statement showing year-wise loss due to settlement of markets/beels at lower bid

(Amount in ₹)

Sl. No.	Year	Number of markets/beels leased during the period	Aggregate of highest bid value	Settled bid value	Loss
1	2013-14	4	24,63,423	14,66,276	9,97,147
2	2014-15	5	67,22,636	11,47,031	55,75,605
3	2015-16	7	51,44,370	16,22,712	35,21,658
Total		16	1,43,30,429	42,36,019	1,00,94,410

Scrutiny further revealed that of these 16 leases executed, Nagaon ZP had settled the lease of *Kandulimari Beel* for ₹ 1.00 lakh against the highest eligible bid value of ₹ 51.00 lakh in 2014-15 and for ₹ 2.22 lakh against the highest eligible bid value of ₹ 29.01 lakh in 2015-16.

The CEO, Nagaon ZP stated (January 2017) that highest bidders were not selected as per decision taken up by the General Standing Committee in view of public interest. He also stated that excessive value may result in hardship to cultivators and common people.

The reply was not tenable as:

- The CEO, Nagaon ZP did not take Government approval for allotting any of the markets/beels to bidder other than the eligible highest bidder thereby violating the Assam Panchayat (Financial) Rules, 2002.
- Government had already fixed (November 2011 and in March 2015) the rates of revenue to be collected from the respective shops/vendors for the year 2013-14 to 2015-16. Bidders did not have authority to charge higher rates of revenue from the public.
- The CEO, Nagaon ZP did not mention any specific reasons in the Comparative Statement for selecting the lower bid.

The Annual Technical Inspection Report (Government of Assam) for the period ended 31 March 2012 had also incorporated similar observation relating to loss of revenue of ₹ 2.45 crore in Nagaon ZP due to accepting the tenders other than the highest bidder during 2006-07 to 2010-11.

In response, the CEO, Nagaon ZP, assured (December 2012) to avoid recurrence of such irregularity. However, the same irregularity was repeated during 2012-13 resulting in loss of ₹ 46.83 lakh which was reported (*vide* Para No. 2.14) in the CAG's Audit Report on Local Bodies-Government of Assam for the year ended March 2014.

Thus, the CEO, Nagaon ZP, despite assurance (December 2012) persistently repeated the irregularity of leasing out the markets/*beels* to the lower bidders. This resulted in loss of revenue of ₹ 1.01 crore to the Nagaon ZP during the years 2013-14, 2014-15 and 2015-16.

The Government may issue direction to the defaulting CEO to strictly follow the provisions of AP Act/AP (F) Rules while leasing out Markets *etc.*, to avoid such irregularity and loss to the Government exchequer.

The matter was reported to the Department in July 2017; reply was awaited (February 2018).

3.5 Undue financial benefit to lessees and loss of Government revenue in Sonitpur Zilla Parishad.

Sonitpur Zilla Parishad caused loss of Government revenue of ₹ 43.85 lakh by not registering lease deeds of markets, fisheries, etc., thereby undue financial benefit to lessees to that extent.

As per Rule 47, sub-rules 11 and 16 of AP (F) Rules, 2002, the successful bidder within seven days of acceptance of the bid for settlement of markets, shall deposit with the Panchayat concerned not less than 30 *per cent* of his quoted amount as security and sign a lease deed on stamp paper at his own cost. The Panchayat shall also take steps to register every lease deed. Further, as per the Indian Stamp (Assam Amendment) Ordinance, 2008, stamp duty at the rate of two *per cent* in case of women and three *per cent* in case of others of the value of the deed instrument is leviable on all deeds along with registration fee.

Test check (November 2016) of records of the CEO, Sonitpur ZP revealed that during 2013-14 to 2015-16 tenders were invited to lease out 35, 44 and 36 markets during 2013-14, 2014-15 and 2015-16 respectively involving settlement value of ₹ 4.06 crore. However, the CEO, Sonitpur ZP took no action to enforce the above mentioned provisions of the Act. As a result, no deed for settlement of the markets were registered causing loss of Government revenue of ₹ 43.85 lakh (Registration fees ₹ 31.68 lakh and cost of stamp paper ₹ 12.17 lakh) as shown in

Table 3.12 below:

**Table-3.12: Position of registration fee and stamp duty not collected by Sonitpur ZP
(Amount in ₹)**

Year	Number of the market/ Mahal/lease of land <i>etc.</i>	Settled value	Registration fee due	Stamp duties due (3 <i>per cent</i> of Col 3)	Total (4+5)
(1)	(2)	(3)	(4)	(5)	(6)
2013-14	35	1,21,61,064	9,50,688	3,64,832	13,15,520
2014-15	44	1,39,12,466	10,86,326	4,17,374	15,03,700
2015-16	36	1,44,84,154	11,31,091	4,34,525	15,65,616
Grand Total		4,05,57,684	31,68,105	12,16,731	43,84,836

The CEO, Sonitpur ZP initiated action (October 2016) to recover the due amount from the lessees. But the lessee approached the Gauhati High Court citing reasons that nothing was mentioned in the Notice Inviting Tender (NIT) regarding registration of the lease deed or stamp duty on the value of the deed instrument. Hon'ble High Court stayed the impugned order issued by the CEO, Sonitpur ZP dated 28.10.2016. Further, the period of agreements between the lessee and the CEO, Sonitpur ZP had also expired. As such, the scope of recovery of registration fee and stamp duty from the lessees was very remote.

Thus, the CEO, Sonitpur ZP caused a loss of revenue of ₹ 43.85 lakh to the Government exchequer besides giving undue financial benefits to the lessees due to non-compliance of AP(F) Rules, 2002 and the Indian Stamp (Assam Amendment) Ordinance, 2008.

The Government may initiate action to instruct all Panchayati Raj Institutions to insert a clause in the NIT regarding registration of the lease deed and payment of stamp duty to avoid such loss of revenue to the Government.

The matter was reported to the Department in July 2017; reply was awaited (February 2018).

3.6 Avoidable extra expenditure in Kamrup Zilla Parishad

Avoidable extra expenditure of ₹22.55 lakh was incurred as 10 per cent contractor's profit was not deducted in the estimate for the works executed departmentally.

Government of Assam, Finance (Economic Affairs) Department, accorded sanction and released (March 2012) ₹ 7.06 crore to Kamrup Zilla Parishad (ZP) for construction of Multipurpose Hall for Anchalik Panchayats (AP), new office building of Gaon Panchayats (GPs), extension of AP and GP buildings and construction of staff quarters for APs and GPs under the award of 4th Assam State Finance Commission (ASFC) during 2011-12.

The CEO, Kamrup ZP released the funds to the construction committee during September 2012 to October 2016. The Junior Engineer, Kamrup ZP prepared the estimates and the Executive Engineer, Kamrup ZP accorded Technical Sanction of the works. The estimates were prepared on the basis of Assam Public Works Department (APWD) (Roads/Buildings) Schedule of Rates (SOR), 2010-11.

As per APWD (Roads/Buildings) SOR, 2010-11 all items of civil works include 10 per cent contractor's profit over the cost of material and wages of labourers. However, when works are departmentally executed, without engaging contractors, the contractor's profit element is to be deducted from the estimated cost as the work will involve only cost of material and wages of labourers.

Test-check of records of the CEO, Kamrup ZP revealed that 72 works were executed departmentally under the supervision of the technical officials of the Department at the cost of ₹ 2.48 crore without engaging contractors.

However, contractors' profit of ₹ 22.55 lakh ⁴² was paid to construction committees (September 2012 to October 2016) over and above the cost of material and wages of labourers.

Thus, CEO, Kamrup ZP did not deduct 10 *per cent* contractors' profit element from the estimated value of work departmentally executed. As a result, Kamrup ZP incurred avoidable extra expenditure of ₹ 22.55 lakh which extended undue financial benefit of the said amount to construction committees.

The matter was reported to the Department in July 2017; their reply was awaited (February 2018).

⁴² Estimates for 72 works including 10 per cent Contractor's Profit (CP): ₹2.48 crore
As work was done departmentally, element of CP would be: (₹2.48 crore × 10 ÷ 110) = ₹22.55 lakh
