

CHAPTER-II

AUDIT PARAGRAPHS - PANCHAYATI RAJ INSTITUTIONS

2.1 Embezzlement/ theft

2.1.1 Non-reporting of embezzlement/theft cases

Any loss of public money, departmental revenue or receipts, stamps, stores or other properties held by or on behalf of government caused by misappropriation, fraudulent drawal/payment or otherwise, which is detected is to be reported immediately to the Accountant General (AG)¹ by the officer concerned. Further, the Head of Office is responsible for making prompt recovery of the amount of loss and for lodging First Information Report (FIR) with the Police. Departmental investigation is also required in such cases followed by a report on causes or circumstances leading to the misappropriation or loss, steps taken to prevent its recurrence and the disciplinary or any other action against the person responsible.

In the Panchayati Raj Department, of 8285 embezzlement/theft cases involving Rs 14.94 crore pending as of November 2005, only 34 cases were reported to the AG. These cases were analysed jointly with Panchayati Raj Department during February to April 2005 and their scrutiny revealed the following:

(A) Embezzlement cases

(a) Non/short recovery of amount embezzled

(i) Against Rs 29.81 lakh involving nine embezzlement cases detected during 1998-2003, only Rs 6.06 lakh (*20 per cent*) was recovered till December 2005. These recoveries pertained mainly to cashiers, Gram Sewak-cum-Secretaries and Sarpanchs.

(ii) While no action was taken in respect of four embezzlement cases involving Rs 16.14 lakh detected during the period 2000 to 2003 by the department under the Rajasthan Land Revenue (RLR) Act, 1956 and/or Public Demand Recovery (PDR) Act, 1952, action in two other cases was taken after abnormal delays ranging from two to six years. Sending recovery proposals belatedly under RLR/PDR Acts² increased the possibility of alienation of the properties and hence reduced the chances of recovery.

(b) Non-filing/ delay in filing of FIRs

(i) While no First Information Report (FIR) was lodged in seven cases involving Rs 12.57 lakh, in one case involving Rs 1.36 lakh, FIR was lodged after a delay of 10 months.

¹ Now Principal Accountant General (PAG).

² Rajasthan Land Revenue Act, 1956/Public Demand Recovery Act, 1952.

(ii) In two cases where the cashiers of Panchayat Samitis committed embezzlement, no action was taken against the officers responsible for the supervisory negligence.

(c) Non-initiation of departmental proceedings against delinquents

In six cases, penal action could not be imposed against officials/*Sarpanchs* involved in embezzlement since no departmental proceedings had been initiated. Further, in two cases where officials had been put under suspension and were getting subsistence allowance from September 1998 and August 2001, no departmental inquiry has been instituted as of April 2005.

(B) Theft cases

(a) Non/short recovery of theft amount

(i) In the departmental inquiry conducted in connection with a theft of Rs 0.88 lakh which had occurred (March 1998) in Panchayat Samiti, Bandikui (District Dausa) both *Vikas Adhikari* and cashier were held guilty and equal amount was directed (August 2000) to be recovered from them in a month's time. While Rs 0.44 lakh was recovered (April 2001) from the cashier, no recovery was made from *Vikas Adhikari* (December 2005).

(ii) In a Departmental inquiry conducted with reference to a theft of Rs 0.72 lakh in Panchayat Samiti, Buhana (District Jhunjhunu), although the then *Vikas Adhikari* and cashier were found guilty, no recovery could be made as of March 2005. Moreover, the cashier was again (June 2004) given the same assignment.

(b) Non-release of recovered vehicle

In a theft case in Panchayat Samiti, Sridoongargarh (District Bikaner), the office Jeep which was stolen (January 1996) had been recovered in September 1998 by the Police Station, Kishangarhbas (District Alwar). The Panchayat Samiti had not taken any action to get the vehicle back inspite of request (March 2002) from the Police Station. Consequently, the jeep was lying in the campus of Police Station, Kishangarhbas for more than six years.

The government, while accepting the facts in the above cases, stated (November 2005) that instructions have since been issued to the concerned CEOs and *Vikas Adhikaris* to expedite recovery of the embezzled amounts. It added that in order to ensure financial discipline and improve the financial management system in PRIs, Accounts Officers of Zila Parishads have also been directed to conduct monthly inspection of books of accounts.

2.2 Non-utilisation/diversion of funds

2.2.1 Non-utilisation of incentive grant

Failure of the department in formation of committees/non-selection of best performing Panchayati Raj Institutions led to non-utilisation of incentive grant of Rs 7.41 crore.

In pursuance of the First State Finance Commission (SFC) recommendations (December 1995), the Government decided (February 1996) to provide incentive grant³ ranging from Rs 0.50 lakh to Rs 8 lakh to three best performing Zila Parishads (ZPs), 18 Panchayat Samitis and 96 Gram Panchayats selected annually throughout the State. For this purpose, Rs 7.41 crore was released by Panchayati Raj Department to 32 ZPs during 1995-2000.

During test-check (June-September 2004) of records of the Director, Panchayati Raj Department, Rajasthan, Jaipur for the period April 2003 to March 2004, it was observed that incentive grant released to 32 ZPs during 1995-2000 was not utilised since either the committees were not formed or where formed, the work of selection of the best performing PRIs for providing incentives was not done in any of the year. On the advice (March 2001) of the Finance Department, ZPs were directed (April 2001) to deposit the unutilised amount into the Government account. As of July 2005, Rs 6.84 crore had been deposited into Government account and balance of Rs 0.57 crore was lying with two ZPs⁴.

The department attributed (July 2005) the reasons for non-selection to non-receipt of proposals from the PRIs. However, the contention of the department was not tenable as there was delay of more than one year in formation of committees and no efforts were made by the department for obtaining the proposals after October 1998.

Thus, failure of the department either to get the committees formed or to ensure selection of best performing PRIs led to non-utilisation of incentive grant of Rs 7.41 crore, of which Rs 0.57 crore were still lying with ZPs. Consequently, the objective of improving the working of PRIs by offering incentives was also not achieved.

On being referred, the government confirmed the facts and stated (September 2005) that efforts were being made by the department to get Rs 0.57 crore deposited into the government account.

2.2.2 Diversion of Central grant

State Government had diverted Rs 1.63 crore from one centrally sponsored scheme to another in lieu of the state share to be contributed.

For imparting training to the newly elected representatives of Panchayats and its functionaries for capacity building of Panchayati Raj Institutions (PRIs), a perspective training plan of Rs 13.38 crore was prepared by Indira Gandhi

³ ZPs ranking first Rs 8 lakh, second Rs 5 lakh and third Rs 2 lakh; Panchayat Samitis ranking first Rs 5 lakh, second Rs 3 lakh and third Rs 2 lakh and Gram Panchayats ranking first Rs 2 lakh, second Rs 1 lakh and third Rs 0.50 lakh.

⁴ Dholpur: Rs 3.50 lakh and Kota: Rs 54 lakh.

Panchayati Raj and Gramin Vikas Sansthan (Sansthan), Jaipur and sent (February 2000) to Government of India (GOI), Ministry of Rural Development (MoRD) for approval. MoRD approved the plan for Rs 11.41 crore (Central share: Rs 3.81 crore and State share: Rs 7.60 crore) as per norms and sanctioned (March 2000) Central share of Rs 3.81 crore and released (March 2000) Rs 1.72 crore as its first instalment to the State Government.

During test-check (June-September 2004) of records of Panchayati Raj Department, Jaipur for 2003-04, it was observed that GOI released second instalment of Central share amounting to Rs 1.72 crore in March 2003. The State share of Rs 2.98 crore was released (October 2001-March 2003) to the Sansthan through four departments⁵, including Rs 1.63 crore withdrawn (March 2003) from 'Training' component of Integrated Child Development Services (ICDS) Programme-a centrally sponsored scheme being run by Child and Women Development Department. This resulted in unauthorised and irregular diversion of Central grant of Rs 1.63 crore, thereby defeating the purpose of imparting training to functionaries of ICDS for which the grant was provided by GOI.

On being pointed out (August 2004), the department contended (September 2004) that although the amount of Rs 1.63 crore pertained to GOI, this was provided by a State department and as such was treated as State share. The contention of the department was not tenable as the Government was liable to arrange State share from its own sources and not divert Central grants relating to other schemes.

The matter was referred to the Government in June 2005; reply has not been received (March 2006).

2.2.3 Unauthorised diversion of educational cess

Rs 18.55 lakh of educational cess was diverted (2003-05) for construction of non-educational buildings despite schools of the block lacking adequate educational infrastructure and materials.

Rajasthan Panchayati Raj Rules, 1996 envisaged that income from educational cess was to be spent only on educational buildings/activities. In addition to this, own income from other sources could also be spent on such buildings/activities. These instructions were reiterated in Panchayati Raj Department's order of June 2003.

During audit of Panchayat Samiti, Khandela (District Sikar) for the period April 2002 to March 2004 it was observed that Rs 18.55 lakh⁶ of educational cess was irregularly diverted by the Panchayat Samiti on construction of office building and shops during 2003-05. This was despite the fact that out of 197 primary/upper-primary schools in the block, 13 primary schools were functioning without buildings and 79 schools were without library and store rooms. Besides this, there was

⁵ Medical and Health Department: Rs 1 crore; Rajasthan Prathmik Shiksha Parishad under District Poverty Initiatives Project (DPEP): Rs 0.30 crore; Rural Development Department under DPEP: Rs 0.05 crore and Finance Department under Integrated Child Development Services Programme: Rs 1.63 crore.

⁶ Block Elementary Education Office building (Rs 8.00 lakh), Construction of 15 shops in Panchayat Samiti campus (Rs 6.48 lakh), Construction of four shops in Panchayat Samiti campus (Rs 1.80 lakh), Construction of five shops in Panchayat Samiti campus (Rs 2.27 lakh) and Construction of canteen in Panchayat Samiti campus (Nil).

shortage of 192 classrooms, furniture, sports and teaching materials, etc. (April 2005), inspite of which the educational cess was utilised for construction of non-educational buildings/activities by the Panchayat Samiti.

On this being pointed out, Vikas Adhikari, Panchayat Samiti, Khandela accepted the facts and stated (May 2005) that the amount of educational cess was spent on these non-educational buildings as sufficient funds were not available under 'Own Income' of the Panchayat Samiti. The reply is not tenable as the diversion was unauthorised and was against the provisions of the Rules.

Government stated (March 2006) that the amount has since been recouped by the Panchayat Samiti on maturity of a Fixed Deposit Receipt of 'Own Income' (Rs 20.96 lakh) in January 2006. The facts, however, remain that Rs 18.55 lakh of educational cess was unauthorisedly diverted for one to three years thereby reducing the overall availability of dedicated funds for creating educational infrastructure that was lacking.

2.3 Unfruitful /unproductive expenditure

2.3.1 Unproductive expenditure on biogas plants

Failure of the department in selection of proper executing agency led to unproductive expenditure of Rs 1.77 crore on installation of 20 biogas plants.

Government of India (GOI), Ministry of Non-conventional Energy Sources had launched (1990-91) a programme of development of non-conventional energy sources through installation of Community/Institutional/ Night-Soil Biogas Plants (CBPs/IBPs/NBPs). The main objectives of the programme were (i) to develop alternative source of energy, (ii) to make available pollution free fuel and good quality fertiliser as an alternative to chemical fertilisers, (iii) to link toilets/sewerage lines with Biogas plants to improve the environmental and sanitary conditions, and (iv) to use Biogas as a gas light.

The Special Schemes and Integrated Rural Development Department (now Rural Development Department) of the State Government decided (September 1997) to get the IBPs/NBPs installed through Khadi and Village Industries Commission or other recognised institutions/Non-Governmental Organisations (NGOs) having past experience. For the installation of each IBP⁷ and NBP⁸, subsidy of Rs 2.30 lakh and Rs 9.20 lakh respectively was to be provided to the executing agency/NGOs by District Rural Development Agencies (DRDAs) and the executing agency was required to install the plants within six months from the award of the work.

Test-check of the records (April 2004-April 2005) of the Rural Development Department and six Zila Parishads⁹ for the period 1997-2004 revealed that expenditure of Rs 1.77 crore (including subsidy of Rs 1.68 crore) incurred on the installation of 20 IBP/NBPs proved unproductive owing to non-completion/non-functioning of the IBP/NBP (*Appendix-III*).

⁷ Of 60 cum, based on animal excreta.

⁸ Of 35 cum, based on human excreta.

⁹ Erstwhile DRDA, Ajmer, Jaipur, Jodhpur, Rajsamand, Tonk and Udaipur.

Other shortcomings/deficiencies as observed on the part of the department and DRDAs leading to failure of IBP/NBPs were as under:

- While allotting work, the prerequisite that the NGO should have a past experience of construction of biogas plants was ignored by the department.
- An NGO- Aryan Society for Environmental Research and Development¹⁰ (ASERD), Jaipur, barely seven days after its coming into existence/registration and having no past experience was given work of installation of IBP/NBPs. As a result, while three Biogas plants installed by this NGO stopped functioning immediately after their installation, three others were left incomplete. The department while accepting that ASERD was technically incompetent stated (March 2001) that in future no work of installation of Biogas plant would be given to this NGO.
- 14 NBPs installed by M/s Aryan Associates, Jaipur also stopped working after a few days mainly due to non-functioning of toilets, construction of the NBPs without conforming to the prescribed designs/standards and without carrying out feasibility of the sites before installation of the NBPs.
- After installation of plants neither the department nor the DRDAs ever had verified/tested the feasibility/benefits of IBP/NBPs as projected by the NGOs. Had the department got the benefits/performance of plants evaluated immediately after their installation, allotment of further work to an unqualified NGO and the resultant infructuous expenditure on the IBP/NBPs installed subsequently could also have been avoided.
- Progress of setting-up of IBP/NBPs and quality of construction/ installation was not closely monitored by the concerned officers of DRDAs. Further, out of 17 NBPs installed, eight¹¹ were not completed within the stipulated period of six months for which no penalty was imposed on the NGOs.

Thus, failure of the department in proper implementation of the programme led to unproductive expenditure of Rs 1.77 crore on installation of IBP/NBPs in six districts. The Biogas plants were thus rendered non-functional/closed/incomplete defeating the very objectives of the programme.

On being referred, Government stated (September 2005) that action against concerned NGOs has since been initiated to recover the loss of public money spent on the Biogas plants left incomplete and the matter would be pursued with the concerned beneficiary organisations to make the closed plants functional.

However, due to lack of monitoring and informed selection, the scheme did not succeed in providing the intended benefits besides the funds remaining unfruitful and lying blocked for so many years.

¹⁰ An NGO formed by an ex-employee of M/s Aryan Associates and came into existence by getting registration on 17 September 1998.

¹¹ Three each at Municipal Corporations, Jaipur and Jodhpur and one each at Police Line and Central Jail, Udaipur.

2.3.2 Unfruitful expenditure on assets lying unutilised

(i) Water reservoirs and school building

Failure of Panchayati Raj Institutions to ensure utilisation of 36 water reservoirs and one school building led to unfruitful expenditure of Rs 17.12 lakh incurred on their construction.

The Panchayati Raj Institutions (PRI) were responsible for proper utilisation and maintenance of all the assets created under various schemes.

Test-check of records in Panchayat Samitis, Bhinmal and Sayala (District Jalore) for the period April 2002 to March 2004 revealed that 36 Ground Level Reservoirs (GLRs) and a school (*Rajeev Gandhi Pathshala*) building created between March 2001 and July 2004 at a cost of Rs 17.12 lakh¹² were lying unused for one to four years as the GLRs were not connected to water sources and no teacher was posted in the school. On being pointed out, while Panchayat Samiti Bhinmal accepted the facts and stated (March 2006) that action would be taken to connect the GLRs with water sources, PS Sayala did not furnish reply.

Government stated (January 2006) that efforts would be made to get the remaining GLRs connected with water sources and that the District Education Officer was being asked to utilise the school building.

Thus, failure of PRI to ensure utilisation of these assets for intended purposes as of March 2006 led to expenditure of Rs 17.12 lakh incurred on their construction remaining unfruitful, besides denying people of the benefits of the assets/facilities.

(ii) Tube-well bores

Expenditure of Rs 5.42 lakh incurred on the construction of 20 tube well bores proved unfruitful.

Rural Development Department directed (January 2000) the District Rural Development Agencies (DRDAs)¹³ that under the Member of Parliament Local Area Development (MPLAD)/ Members of Legislative Assembly Local Area Development (MLALAD) schemes, works of water supply be sanctioned in totality with end results. Accordingly, drilling of tube-wells alone was not to be sanctioned and it had to be sanctioned instead with power connection/pump sets, panel boards, pipe lines and/or Ground Level Reservoirs (GLRs), so that the system could be used by the public after completion of the work without incurring any extra expenditure.

Test-check of records of Zila Parishad, Chittorgarh for 2003-04, revealed (January-February 2005) that drilling works of 20 tube-well bores alone were sanctioned under MLALAD scheme during March 2001-October 2003 for Rs 5.64 lakh. However, as of December 2005 the works executed through Panchayat Samiti, Chittorgarh and 15 Gram Panchayats at Rs 5.42 lakh could not be commissioned for supply of water to the public as the bores, though having sufficient water, had not

¹² Bhinmal (36 GLRs: Rs 14.78 lakh) and Sayala (1Rajeev Gandhi Pathshala building: Rs 2.34 lakh).

¹³ Now Zila Parishads.

been equipped with power connection/pump sets and pipelines/GLRs. Thus, expenditure of Rs 5.42 lakh incurred thereon became unfruitful.

On being pointed out, Chief Executive Officer of the Zila Parishad stated (February 2005) that the works of water supply were sanctioned according to recommendations of MLAs and availability of funds. The reply was not acceptable as contrary to directives, the works were not sanctioned in totality with power connection, pump sets and pipelines, etc. due to which tube well bores could not be commissioned for supply of water.

On being referred, Government stated (September 2005) that all the tube well bores had since been connected under other schemes and were being used now for supply of water to public. The reply was, however, not tenable as subsequent verification revealed (December 2005) that these 20 tube well bores were still lying unconnected/uncommissioned.

Thus, expenditure of Rs 5.42 lakh incurred on the construction of 20 tube well bores, lying unconnected/uncommissioned for the last one to two years as of December 2005, proved unfruitful and also denied the benefits of water supply to the public.

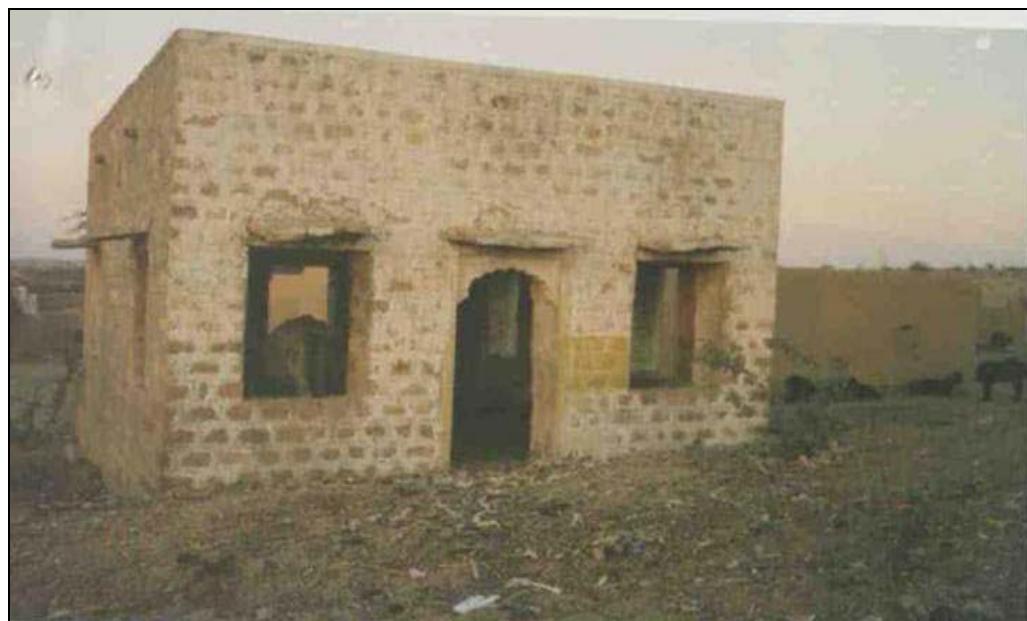
2.3.3 *Blockage of funds on construction of community halls*

Non-completion/lack of proper maintenance of community halls resulted in blockage of funds amounting to Rs 18.34 lakh.

Jawahar Rojgar Yojana guidelines issued by Government of India (effective from April 1991) stipulated that completion of incomplete works should be given priority over taking up of new works in the annual action plan of DRDAs / Zila Parishads and that no work should be taken up which could not be completed within two financial years. This position was further reiterated by the Rajasthan Panchayati Raj Rules, 1996 which came into effect from December 1996. Further, the *Gramin Karya Nirdeshika* (GKN), 1997 which compiled instructions relating to execution of works in rural areas, envisages that only those works which can be completed during the same financial year should generally be taken up. In case works which cannot be completed in the same financial year are taken up under special circumstances, the executing agency will be responsible to ensure their completion in the next financial year. It was the duty of work sanctioning authority to ensure that there was no possibility of wasteful expenditure on construction of the works.

During test-check of records of Zila Parishad, Jaisalmer (June 2004) for April 2002 to March 2003, it was observed that construction works of 23 community halls in various villages of Panchayat Samitis, Sam (21 halls) and Jaisalmer (2 halls) were sanctioned during 1991-2000 under *Jawahar Rojgar Yojana*. These halls were constructed at a cost of Rs 18.34 lakh and were shown as completed. Zila Parishad intimated (November 2005) that 21 halls of Panchayat Samiti Sam were being utilised for intended purposes. However, verification of these halls of Panchayat Samiti Sam revealed (December 2005) that these were still lying unutilised as work on 10 halls was incomplete and these did not have doors and windows. Eleven halls had been damaged due to lack of proper maintenance. This facilitated the unhindered entry of stray animals and villagers into these halls causing further

damage to the construction and their misuse for storing fodder, etc. Two community halls in Panchayat Samiti Jaisalmer were also lying incomplete.



A view of the community hall at Mairasi Pada (Baiya village) with a cow inside and garbage dumped outside

Thus, non-completion/lack of proper maintenance of 23 community halls resulted in their non-utilisation and blockage of funds of Rs 18.34 lakh.

The matter was referred to the Government in April 2005; reply has not been received (March 2006).

2.3.4 Unfruitful expenditure on works lying incomplete

(i) Incomplete projects

Failure of department and executing agencies in effective implementation of schemes resulted in unfruitful expenditure of Rs 30.02 lakh on projects lying incomplete besides, depriving the villagers of intended benefits.

Rural Development and Panchayati Raj Department (Department) sanctioned (April 1993) two projects under Site and Service Scheme for Rural Housing (SSH) and Rural Growth Centre Scheme (RGC) for Bandanwara village (Tehsil Bhinai of Ajmer district) at a cost of Rs 18.72 lakh and Rs 57.32 lakh respectively. In 1998, the cost was subsequently revised to Rs 37 lakh and Rs 1.02 crore. After acquiring land, rural housing sites were to be developed in a systematic manner by providing roads, drainage, drinking water, sanitation, electricity etc., and thereafter, plots were to be sold at a suitable price to all categories of society. Under RGC, commercial plots were to be sold after development of missing links of infrastructure facilities.

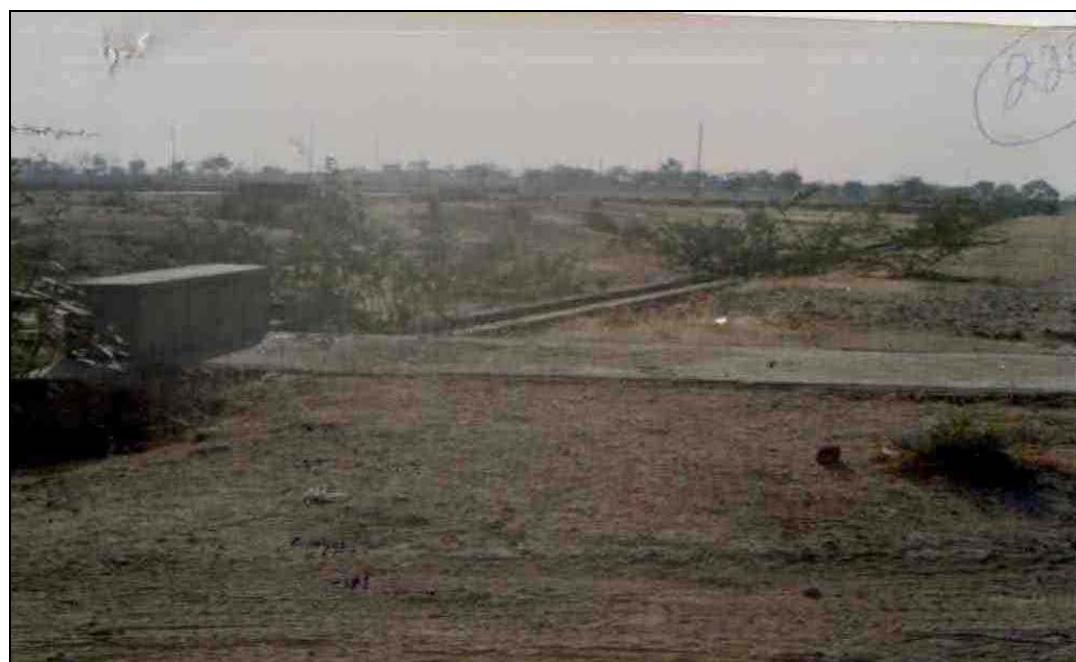
The works were to be got executed through Public Works Department (PWD) and Rajasthan State Road Development and Construction Corporation Limited¹⁴.

Audit scrutiny (October-November 2004) of the records of Zila Parishad, Ajmer revealed that against Rs 30 lakh released to the executing agencies, an amount of Rs 30.02 lakh¹⁵ was spent during 1996-2000 on development works and many works like bituminisation of roads, lighting and water facilities etc. could not be executed by the executing agencies due to non-sanctioning of revised estimates of the works and funds not being released by the department/Zila Parishad. As the developmental works remained incomplete, the plots could not be sold (June 2003). Subsequently, the Panchayati Raj Department of State Government decided (September 2003) to transfer semi-developed schemes (through PWD/RSBCC) to Gram Panchayat, Bandanwara on an "as is where is" basis for disposal of plots by auction and to maintain common facilities as per direction/guidelines of the department. However, none of the plots could be sold by the Gram Panchayat as of September 2005 due to its high prices and large size, apart from the sites being located far off the main village/habitation.



¹⁴ Previously known as Rajasthan State Bridge and Construction Corporation (RSBCC) Limited.

¹⁵ SSH: Rs 12.13 lakh and RGC: Rs 17.89 lakh.



Views of incomplete project works at Bandanwara village

Thus, failure of the department and executing agencies in effective implementation of schemes resulted in unfruitful expenditure of Rs 30.02 lakh on projects lying incomplete, besides depriving the villagers of the intended benefits.

On being pointed out, Government while confirming the facts stated (October 2005) that Chief Executive Officer, Zila Parishad, Ajmer has since been instructed to reconsider size and price of the plots. However, the fact remains that works are yet to be completed.

(ii) Incomplete stadium

Commencement of work on forest land without ensuring clear title of the land led to unfruitful expenditure of Rs 7.75 lakh.

Under the Forests (Conservation) Act, 1980 no works on forest land are to be executed unless prior approval of Government of India for its dereservation is obtained.

Test-check (January 2005) of the records of *Panchayat Samiti*, Kolayat (District Bikaner) for the year 2003-04 revealed that the work of 'Construction of Stadium in Kolayat', for which an amount of Rs 10 lakh was sanctioned (January 2002) by the District Rural Development Agency¹⁶, Bikaner. The work which was to be completed by March 2002, had to be abandoned by the executing agency Gram Panchayat, Kolayat in May 2002, after incurring an expenditure of Rs 7.75 lakh, since the work had been undertaken on forest land and clear title of the land was not ensured before commencement of the work.

On this being pointed out, Vikas Adhikari, Panchayat Samiti, Kolayat accepted the facts and stated (January 2005) that the work would be resumed after obtaining approval from the Forest Department.

¹⁶ Now Zila Parishad.

The expenditure of Rs 7.75 lakh has proved unfruitful till date due to failure of the Panchayat Samiti/Gram Panchayat to ensure clear title of the land before commencement of work. The stadium is lying incomplete for more than two years and the beneficiaries have also been deprived of the benefits of the Stadium.

The matter was referred to Government in April 2005; reply has not been received (March 2006).

2.3.5 Unfruitful expenditure on pay and allowances of surplus employees

Failure of department to adjust surplus staff of octroi branch of Gram Panchayats led to unfruitful expenditure of Rs 1.49 crore on pay and allowances of 58 employees during August 1998 to December 2004.

The Octroi leviable under Section 65 (b) of Rajasthan Panchayati Raj Act, 1994 was abolished by the State Government with effect from 1 August 1998 and therefore, employees engaged for collection of Octroi were rendered surplus. Such surplus employees who were matriculate and above were adjusted against the posts of *Gram Sewak-cum-Secretary of Gram Panchayat (GP)*, but non-matriculate employees had not been adjusted and their pay and allowance were paid from grant provided by the State Government in lieu of Octroi.

During audit of Zila Parishad, Sriganganagar and Panchayat Samitis (PS), Bhensrodgarh (District Chittorgarh) and Shahpura (District Jaipur) for the period April 2002 to March 2004, it was observed that even after six years of abolition of octroi, the department could not adjust 58 surplus employees of three Gram Panchayats (GPs)¹⁷ by posting them against appropriate vacant posts in other offices. Consequently, Rs 1.49 crore¹ incurred on their pay and allowances during August 1998-December 2004 was rendered unfruitful.

Government in the Panchayati Raj Department stated (January 2006) that redeployment of the surplus employees in other departments was under consideration of the State Government as there was no vacancy in the Panchayati Raj Department.

Thus, failure to redeploy the surplus staff over seven years resulted in unfruitful expenditure of Rs 1.49 crore on idling staff.

¹⁷ Gram Panchayat, Rawala of PS, Anoopgarh (16 employees: Rs 8.31 lakh during August 1998-March 2004); Gram Panchayat, Badoliya of PS, Bhensrodgarh (32 employees as 15 out of 47 surplus employees had been adjusted from September 2002: Rs 128.29 lakh during August 1998-March 2004) and Gram Panchayat, Manoharpur of PS, Shahpura (10 employees: Rs 12.67 lakh during August 1998-December 2004).

2.4 Irregularities in implementation of schemes

2.4.1 Member of Parliament Local Area Development Scheme

- (i) Irregular allotment of land and release of scheme fund to a trust engaged in commercial activities

Allotment of land at concessional rates as well as release of scheme funds of Rs 20 lakh to a trust engaged in commercial activities was irregular.

The guidelines issued by Government of India in February 1994 for the implementation of Member of Parliament Local Area Development Scheme (MPLADS) prohibit sanctioning of works belonging to commercial organisations, private or cooperative institutions. With the partial amendment in the guidelines in January 2001, sanctioning of the works belonging to registered societies and trusts were made permissible subject to the conditions that (i) beneficiary organisation shall be engaged in social service/welfare activities and not in profit earning and (ii) assets created with the scheme funds should be available for public use.

Test-check (January 2005) of records of Zila Parishad¹⁸, Sirohi for 2003-04 revealed that on the recommendations of two Members of Parliament, the construction work on the second floor of 'Shri Raghunath Das Parihar Dharamshala Trust, Mount Abu' was sanctioned (April 2003) and Rs 20 lakh was released (July 2003) from the scheme. The trust claimed that it was engaged in social service by providing accommodation/room facility to the public at a very nominal rate of Rs 25 per day for a double bed room and functioning at no profit no loss basis. Further, the Municipal Board, Mount Abu had also allotted (June 1994) land to the same trust at 50 *per cent* reserve price for construction of *Dharamshala* on the basis of its not being run for profit. As per the lease deed issued by Municipal Board, Mount Abu, the trust was to provide free of cost stay to the public for first three days.

During inspection (January 2005), Project Officer of the Zila Parishad observed that the trust was charging room rent ranging from Rs 350 to Rs 1000 per day and also providing dining facilities to the public at commercial rates. The '*Dharamshala*' was actually functioning in the name of 'Seth Shri Raghunath Das Parihar Inn' which was like a hotel. Thus, assets created by the trust were not made available for public use at large but were used for commercial purposes with profit motives which was in violation of the scheme guidelines.

¹⁸ Earlier District Rural Development Agency (DRDA).



A view of Seth Shri Raghunath Das Parihar Inn, Mount Abu.

On being referred, Government stated (August 2005) that legal action against the trust was being taken by the Zila Parishad for violation of terms and conditions of the agreement. However, the fact remains that allotment of land at concessional rates as well as sanctioning of scheme funds of Rs 20 lakh to a trust without ensuring the nature of its activities was irregular.

(ii) Irregular expenditure

Irregular expenditure of Rs 19.77 lakh on providing computers and construction of computer room under MPLADS.

The works permissible under MPLADS included installation of computers in high schools/colleges not belonging to trusts, registered societies, private or co-operative institutions. In April 2002, GOI clarified that installation of computers is permissible only in government or government aided schools/educational institutions.

During test-check of the records of Zila Parishad¹⁹, Jodhpur for 2002-04, it was observed that expenditure of Rs 19.77 lakh²⁰ was incurred under MPLADS on providing computers and construction of computer room in non-government aided schools and a caste based hostel during February 2000 to June 2003 in contravention of the scheme guidelines thereby depriving more needy projects of such funds.

The Government while accepting the other facts stated (March 2006) that one of the schools²¹ was government aided and construction of computer room in the hostel was covered under the scheme guidelines. The reply was not tenable as the school was not a government aided school as per records of District Education Officer (Secondary), Jodhpur and the caste based hostel did not belong to the State Government or to any local body.

¹⁹ Formerly District Rural Development Agency.

²⁰ Non-Government aided schools (Primary: 1; Upper Primary: 4 and Higher Secondary: 1): Rs 15.27 lakh; and caste based hostel: Rs 4.50 lakh.

²¹ Adarsh Bal Senior Higher Secondary School, Jodhpur.

(iii) Unfruitful expenditure on construction of auditorium

Release of funds amounting to Rs 21 lakh to an institution in violation of the MPLADS guidelines resulted in the work of construction of auditorium remaining incomplete and the expenditure becoming unfruitful.

Under Member of Parliament Local Area Development Scheme (MPLADS) funds upto Rs 25 lakh could be spent for a particular society/trust irrespective of the number of institutions/works under that society/trust. It was also clarified (November 2001) that the scheme funds could be shared with funds from other sources for larger works. In such cases, however, funds from the scheme should be released towards the end after release of funds from other sources. Further, funds should be provided with reference to a clearly identifiable part of the work, so that the use of the scheme funds would result in completion of at least that part of the work and not in wastage in case of non-receipt of funds from other sources due to any reason.

Test-check (September 2004) of the records of Zila Parishad²², Jaipur for 2002-03 revealed that an Institution²³ was sanctioned Rs 21 lakh and Rs 25 lakh in June 2001 and February 2003 for the construction of eight rooms and an auditorium respectively. While all the rooms had been constructed at a cost of Rs 20.99 lakh, the work of construction of the auditorium at an estimated cost of Rs 32.82 lakh was incomplete (December 2005) after incurring expenditure of Rs 25 lakh up to June 2003 reportedly due to paucity of funds with the Institution.

Thus, not only was the Institution irregularly sanctioned Rs 21 lakh over the prescribed limit for construction of auditorium, the release of such funds without first ensuring availability of funds from other sources as envisaged in the guidelines resulted in the expenditure becoming unfruitful, besides the Institution being deprived of the facility of an auditorium.

On being referred, the State Government stated (December 2005) that sanctioning of excess funds was not irregular as administrative sanction of the work of auditorium for Rs 35 lakh had been issued (February 2002) by the DRDA prior to the GOI's clarification (April 2002) prescribing the limit of Rs.25 lakh and efforts were being made to get the work completed by the Institution. The reply was not tenable as the revised administrative-cum-financial sanction for Rs 25 lakh was issued only in February 2003 i.e. after issuance of the clarification by GOI.

2.4.2 Belated financial assistance under National Family Benefit Scheme

The Panchayat Samitis failed to provide timely financial assistance of Rs 11.20 lakh to 112 bereaved BPL families under the National Family Benefit Scheme.

The Centrally Sponsored National Family Benefit Scheme, 1995 provides for a lump sum financial assistance of Rs 10,000 to each bereaved family living below the poverty line (BPL) on death of a family member in the age group 18-64 years, whose earnings contributed substantially to the total household income. According to the instructions issued (September 1998) by the Rural Development and Panchayati Raj Department, the financial assistance was to be provided within a

²² Erstwhile DRDA.

²³ Agrawal P.G. College, Jaipur run by Sri Agrawal Shiksha Samiti, Jaipur.

period of four weeks after the death of the family member. The payment of assistance in rural areas was to be made by *Vikas Adhikari* of concerned *Panchayat Samiti*. The Supreme Court also directed (November 2001) the State Governments that payment of assistance should be made within four weeks.

Test-check (September-October 2004) of records in four Panchayat Samitis²⁴ for the period 2001-04 revealed that out of 119 cases where primary earners of BPL families had died, in 112 cases²⁵ financial assistance of Rs 11.20 lakh was provided with delays ranging from one to 19 months.

On being pointed out, *Vikas Adhikaris* of the concerned Panchayat Samitis attributed (September-October 2004) the delays to belated receipt of funds from State Government and/or Zila Parishads and delayed receipt of applications from the bereaved families. The reply is not tenable as, there was no record to show that concerned Gram Panchayats and/or Panchayat Samitis had reported shortage of funds in their fortnightly/monthly reports. Besides, Gram Panchayats/Panchayat Samitis were required to get the beneficiaries identified on the basis of record relating to Death Register being maintained by them and collect applications²⁶ to avoid delay in providing assistance to the bereaved BPL families.

While confirming the facts, Government attributed (February 2006) the belated payments to non-availability of funds with PRIs and delayed allotment of funds by the State Government due to the scheme being new during 2002-03.

Thus, the State Government/Panchayat Samitis failed to provide financial assistance to the bereaved BPL families within four weeks time as envisaged in the scheme guidelines and as stipulated by the Supreme Court. This defeated the very purpose of providing immediate monetary relief to the bereaved families.

2.4.3 *Other/miscellaneous schemes*

(i) **Irregular expenditure under MPLAD and MLALAD schemes**

Expenditure of Rs 66.65 lakh incurred on construction of caste/ community based Sabha Bhawan/Community Centres and places of worship was against the guidelines of MPLAD/MLALAD schemes.

Member of Parliament Local Area Development Scheme (MPLADS) provides that the funds may be used for creation of durable assets, which shall always be available for public use at large, and the ownership of such assets created would vest in the Government. Likewise, Rural Development Department of State Government prohibited (December 2001) District Rural Development Agencies (DRDAs) from sanctioning of works under Member of Legislative Assembly Local Area Development Scheme (MLALADS) on lands, the ownership of which does not vest in the Government/Panchayati Raj Institutions. The schemes also prohibit execution of works in places of worship.

²⁴ Dungala (District Chittorgarh), Malpura (District Tonk), Newai (District Tonk) and Sujangarh (District Churu).

²⁵ Dungala 8 cases: Rs 0.80 lakh, Malpura 42 cases : Rs 4.20 lakh, Newai 41 cases: Rs 4.10 lakh and Sujangarh 21 cases: Rs 2.10 lakh.

²⁶ As per guidelines issued by the Rural Development and Panchayati Raj Department, Jaipur in September 1998.

During audit of the records of Zila Parishad, Jodhpur and Panchayat Samitis, Ratangarh, Sujangarh (District Churu), Bikaner and Nokha (District Bikaner) for 2002-04, the following irregularities were noticed:

(a) Construction of caste/community based buildings not meant for public use at large

Expenditure of Rs 63.57 lakh was incurred on construction of caste/community based sabha bhawan/community centres, etc., the ownership of which does not vest in the Government. The expenditure was thus incurred in violation of the schemes.

(b) Irregular expenditure on places of worship

Expenditure of Rs 3.08 lakh²⁷ was incurred on construction of boundary walls, pillar gates on places of worship, violating the provisions of the schemes.

Thus, expenditure of Rs 66.65 lakh incurred on construction of caste/community based sabha bhawan/community centres, etc., the ownership of which does not vest in the Government and on places of worship was not only against the guidelines of MPLADS/MLALADS, but also against the standards of financial propriety that expenditure from public money should not be incurred for the benefit of a particular person or a section of the people.

The matter was referred to the Government in June 2005; reply has not been received (March 2006).

(ii) Execution of sub-standard works and non-recovery of amount of works over valued

Use of short quantity of cement in construction of roads by 18 Gram Panchayats (GPs) resulted in sub-standard works worth Rs 1.02 crore, besides non-recovery of amount of works over-valued by Rs 14.91 lakh from the Sarpanchs/Secretaries of GPs concerned.

As per norms prescribed in the material consumption statement of Integrated Basic Schedule of Rates of the Public Works Department, 6.44 bags, 4.51 bags and 2.82 bags each of 50 kg cement are required for one cubic metre of Cement Concrete (CC) mortar in the ratio of 1:2:4, 1:3:6 and 1:5:10 (being the ratio of cement: coarse sand: stone grit) respectively. Further, expenditure incurred in excess of valuation of works was recoverable from Sarpanch/Secretaries of Gram Panchayats (GPs) concerned.

Test-check (August to October 2004) of the records of Panchayat Samitis (PSs) Kathumar, Kotkasim and Ramgarh (District Alwar) for 2002-04 revealed that during 2001-04, 101 works of CC roads were got executed by 18 Gram Panchayats under six schemes²⁸ by incurring expenditure of Rs 1.02 crore²⁹. Scrutiny revealed

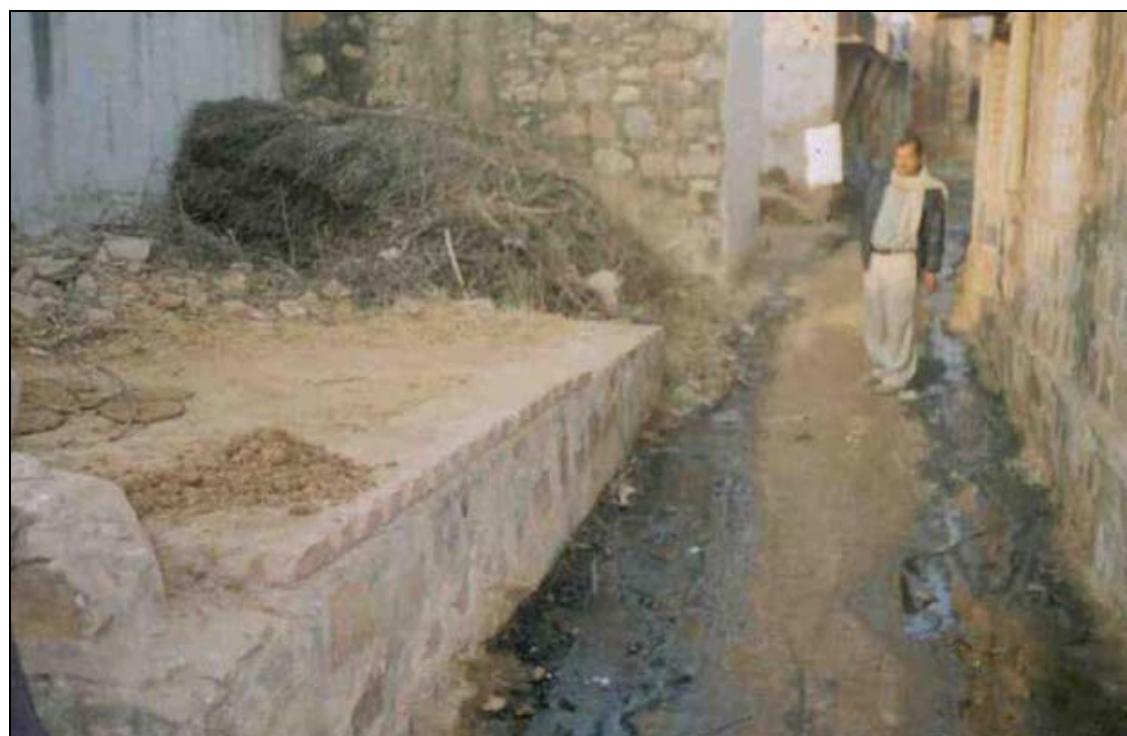
²⁷ Rs 0.97 lakh on construction of boundary wall and pillar gate around 'Ram Deo ji ki Khejari', in village Kakku (Panchayat Samiti, Nokha) under MPLADS and Rs 2.11 lakh on construction of boundary walls around 'Peer Baba Ki Mazaar' (Panchayat Samiti, Sujangarh) under MLALADS.

²⁸ Employment Assurance Scheme, Sampoorna Gramin Rojgar Yojana, Member of Parliament Local Area Development Scheme, Member of Legislative Assembly Local Area Development Scheme, State Finance Commission and Eleventh Finance Commission.

²⁹ Panchayat Samitis: Kathumar 47 works: Rs 35.85 lakh, Kotkasim 22 works: Rs 38.07 lakh and Ramgarh 32 works: Rs 28.22 lakh.

that as against the standard, for construction work of 5966.03 cum CC mortar (4403.68 cum in 1:2:4, 1464.34 cum in 1:3:6 and 98.01 cum in 1:5:10) requiring 35,658 cement bags, only 23,287 bags (*65 per cent*) were used. The road works were thus executed by using less quantity of cement ranging between 24 and 59 *per cent*.

Thus, CC roads were constructed without conforming to standard specifications resulting in execution of sub-standard works worth Rs 1.02 crore. Besides, valuation of works done by Junior Engineers were on full item rates of *Gramin Karya Nirdeshika* (GKN) instead of taking into account reduced rates in view of lesser quantity (12371 bags) of cement used. This resulted in overvaluation of works by Rs 14.91 lakh³⁰, which was recoverable from the *Sarpanchs*/Secretaries of GPs concerned. The condition of 35 roads inspected in December 2005 by the Assistant/Junior Engineers of Panchayat Samitis and Secretaries of Gram Panchayats had deteriorated by 15 to 75 *per cent*. No responsibility for execution of such sub-standard works has been fixed.



A view of damaged CC road of village Indravali

On being pointed out (August to October 2004) while the Vikas Adhikaris, PS, Kathumar and Kotkasim did not furnish replies, Vikas Adhikari, PS, Ramgarh accepted (September 2004) the facts.

The Government stated (February 2006) that cement for construction of CC roads was consumed as per norms prescribed in GKN 2000 according to which there was no short consumption of cement and the roads are in good condition. The reply is not tenable as no norms for cement consumption were prescribed in the GKN 2000 and inspection of the roads had revealed (December 2005) deterioration in the condition of the roads by 15 to 75 *per cent*.

³⁰ Panchayat Samitis, Kathumar: Rs 6.02 lakh; Kotkasim: Rs 5.01 lakh and Ramgarh: Rs 3.88 lakh.

(iii) Non-reclamation of wastelands

Besides non-utilisation of Central assistance of Rs 27.59 lakh, failure of State Government to release its full share led to non-receipt of Central assistance of Rs 72 lakh resulting in shortfall in reclamation of 2033 hectares of water logged land.

Rawatsar (District Hanumangarh) has been facing problem of water logging since long. In March 2000, Government of India granted financial assistance under Technology Development Extension and Training (TDET) Scheme to District Rural Development Agency (DRDA), Hanumangarh for implementation of a pilot project on Reclamation of Wastelands of waterlogged area in Rawatsar, for enhancing its productivity. Irrigation Division, Rawatsar was the executing agency.

The project envisaged reclamation of 5633 hectares of land at an outlay of Rs 4.61 crore (GOI share: Rs 3.05 crore and State/beneficiaries share: Rs 1.56 crore). The project period which was initially for three years (1999-2002) was extended upto March 2003.

A test-check of records of Zila Parishad³¹, Hanumangarh for 2001-04 revealed that as of March 2003, against Rs 3.33 crore provided (GOI: Rs 2.33 crore and State Government/beneficiaries: Rs 1.00 crore), Rs 3.05 crore (GOI: Rs 2.05 crore and State Government/beneficiaries: Rs 1.00 crore) was incurred for reclamation of 3600 hectares of land. The State Government did not release its full share which led to non-receipt of balance central assistance of Rs 72 lakh. Further, central assistance of Rs 27.59 lakh was lying unutilised with the Irrigation Department although the extended period of the programme had expired in March 2003. This resulted in non-reclamation of 2033 hectares of waterlogged area thereby defeating the objective of the scheme to enhance the productivity.

On being referred, the State Government while accepting the facts stated (February 2006) that the GOI has been requested in February 2006 to release the balance funds and extend the project period upto March 2007.

Thus, slackness of the State Government in providing its full share and non-utilisation of central funds by executing agency led to shortfall in reclamation of 2033 hectares of land thereby depriving the people from the benefits of enhanced productivity.

³¹ Erstwhile DRDA.

2.5 Non-recovery of excess expenditure/rent/other dues

2.5.1 Non-recovery of expenditure incurred on works in excess of their valuation

Expenditure of Rs 17.65 lakh incurred on 176 works in excess of their valuation had not been recovered from concerned Sarpanchs/Secretaries of Gram Panchayats.

Gramin Karya Nirdeshika (GKN) as amended from time to time envisaged that valuation of works executed under various schemes would be done by the competent technical officers with reference to the item-wise rates specified therein and the amount of actual expenditure or valuation whichever is less would be adjusted in the accounts. Expenditure incurred by Gram Panchayats on works in excess of their valuation was recoverable from the concerned *Sarpanchs/Gram Sewaks-cum-Secretaries* who were responsible for execution of the works.

During test-check of the records of 18 Panchayat Samitis for the years 2002- 2004, it was observed that 224 works executed (2001-04) by 152 Gram Panchayats at a cost of Rs 2.96 crore under different schemes such as Member of Parliament Local Area Development Scheme, *Sampoorna Gramin Rojgar Yojana* and grants made under Eleventh Finance Commission recommendations, etc., were valued by technical officers at Rs 2.74 crore only. Accordingly, expenditure of Rs 21.99 lakh was incurred on these works in excess of their valuation, which was to be recovered from the concerned *Sarpanchs/Secretaries* of the Gram Panchayats.

On being referred, Government stated (February 2006) that out of the recoverable amount of Rs 21.99 lakh, an amount of Rs 4.34 lakh had since been recovered in respect of 48 works and efforts were being made to recover the balance amount of Rs 17.65 lakh in respect of 176 works.

The fact remains that excess expenditure of Rs 17.65 lakh relating to the period 2002-04 is still lying unrecovered from the concerned *Sarpanchs/Secretaries* of Gram Panchayats.

2.5.2 Non-recovery of outstanding advances from Ex-Sarpanchs

Inaction on the part of Panchayat Samitis in effecting timely recovery or adjustment of the outstanding advances resulted in accumulation of dues of Rs 1.15 crore.

The Rajasthan Panchayati Raj Act, 1994 provides that any sum due against Chairpersons of Panchayati Raj Institutions owing to lapse, defalcations or other reasons shall be recoverable as arrears of land revenue³². Further, Rule 215 (2) of Rajasthan Panchayati Raj Rules, 1996 envisaged that advances given to individuals for works or other specific purposes shall be got adjusted at the most within three months failing which it will amount to temporary embezzlement and unutilised cash balances shall be deposited along with interest at 18 per cent.

³² The departmental officer is required to issue certificate of recovery to the concerned Collector (Recovery Officer) where the defaulter is having property.

Test-check (March 2005) of the records of Panchayat Samitis (PSs) Karanpur (District Sriganganagar) and Lalsot (District Dausa) for 2003-04 revealed that advances of Rs 40.44 lakh³³ in 227 cases given to Ex-Sarpanchs of Gram Panchayats dating as far back as the year 1962 to March 2004 for works/other purposes were lying unadjusted/ unrecovered. Effective action, if any, for adjustment/recovery of such advances by PS concerned was not on record.

On being pointed out, *Vikas Adhikaris*, PSs, Karanpur and Lalsot stated (March 2005) that the recovery/adjustment of advances was in progress and old cases were being sent to Panchayati Raj Department for writing off the advances, as the whereabouts of Ex-Sarpanchs are not known. However, no case had been sent to the Department for writing off as of February 2006.

Due to inaction/laxity for timely recovery or adjustment on the part of Panchayat Samitis, huge outstanding advance of Rs 1.15 crore (including interest of Rs 75.05 lakh³⁴) is yet to be recovered. In most cases, in the absence of the details of the whereabouts of the Ex-Sarpanchs, possibility of recovery of amount outstanding for long is remote.

The matter was referred to the Government in June 2005; reply has not been received (March 2006).

2.5.3 Non-recovery of outstanding rent

Six Panchayat Samitis failed to effect recovery of outstanding rent of Rs 14.42 lakh from occupants and evict the defaulters from the premises.

Panchayati Raj Institutions are authorised to let out shops and other commercial sites for not more than three years and only through open auction by the prescribed committee. The agreements for leasing out shops and sites on rent shall include the condition of 10 *per cent* increase of rent every year. In case the premises are not vacated after three years or it is sub-let to some other persons or rent is not deposited regularly, the Chief Executive Officer of Zila Parishad, on the request of Gram Panchayat or Panchayat Samiti, shall get the premises vacated after giving notice for eviction of premises. Gram Panchayats and Panchayat Samitis may also negotiate for extending the terms of three years by mutual agreement subject to 20 *per cent* yearly increase in rent.

Test-check of the records of Panchayat Samiti (PS), Reodar (District Sirohi) for the period April 2002 to March 2004 revealed that since November 1979, the PS had let out 52 plots and 15 shops (including one video hall) on rent. Rent of Rs 7.46 lakh (including interest³⁵ Rs 2.64 lakh) for the period from December 1995 to December 2004 was not recovered from 45 occupants³⁶. Similarly, in five other PSs³⁷ rent of Rs 9.06 lakh for the period from October 1988 to January 2005 was not recovered from the occupants of 65 shops.

³³ PS Karanpur: Rs 28.22 lakh (47 cases) and PS Lalsot: Rs 12.22 lakh (180 cases).

³⁴ PS Karanpur: Rs 39.13 lakh and PS Lalsot: Rs 35.92 lakh.

³⁵ At 18 *per cent* per annum as per agreement.

³⁶ 33 plots and 12 shops (including one video hall).

³⁷ PSs Ataru (Baran): Rs 3.06 lakh of 13 shops ; Chaksu (Jaipur): Rs 1.62 lakh of 17 shops ; Dudu (Jaipur): Rs 1.31 lakh of 15 shops ; Mundawa (Nagaur): Rs 1.34 lakh of 13 shops and Talera (Bundi): Rs 1.73 lakh of 7 shops.

Government stated (March 2006) that out of Rs 16.52 lakh, recovery of Rs 2.10 lakh³⁸ had since been made by four PSs and action for recovery of the remaining amount was being taken.

Thus, the failure of the PSs in taking timely action for effecting recovery of outstanding rent from occupants and non-eviction of premises from defaulters resulted in accumulation of rent of Rs 14.42 lakh (including interest of Rs 2.64 lakh).

2.5.4 Excess charging of administrative overheads

Excess administrative overheads of Rs 64 lakh were charged by PIA on watershed development projects.

Watershed development schemes envisaged that each Project Implementation Agency (PIA) shall carry out its duties through a Watershed Development Team (WDT) having at least four members, one each from the disciplines of plant sciences, animal sciences, civil/agriculture engineering and social sciences. The WDT was required to work exclusively and full time for 10-12 Watershed Development Projects (WDPs) in the selected villages. The PIA was at liberty to either engage its own staff or recruit fresh candidates. Where the Government department acted as a PIA it was also entitled to draw establishment charges subject to the prescribed limits³⁹ provided the services of WDT were exclusively utilised on full time basis for the WDP.

During audit (November 2004) of records of Zila Parishad (Rural Development Cell), Pali for the period April 2003 to March 2004 it was observed that 86 WDPs⁴⁰ were undertaken under five Centrally sponsored schemes during 1996-2003 for which Deputy Director, Watershed Development and Soil Conservation (WD and SC), Pali was the PIA.

The PIA had charged administrative overheads of Rs 1.16 crore on the WDP funds on *pro rata* basis at 4.7 per cent of funds released for the projects and deposited (March 1996-July 2003) the same in the State Government account as departmental receipts, instead of ascertaining and charging the actual expenditure incurred on administrative overheads. The action of PIA was not justified because (a) except Junior Engineer of PIA, all other members of WDT did not work exclusively and full time on the projects and they were drawing their pay and allowances from their departments and (b) one WDT was handling only 4-5 WDPs as against 10-12 WDPs. Thus, maximum administrative overheads admissible to the PIA for 86 WDPs worked out to Rs 52.20 lakh⁴¹ thereby resulting in excess charging of administrative overheads amounting to Rs 64 lakh on the WDP funds which could have been spent on development works under the projects.

³⁸ PSs Dudu: Rs 0.25 lakh, Mundawa: Rs 0.47 lakh, Reodar: Rs 0.88 lakh and Talera: Rs 0.50 lakh.

³⁹ At PIA/WDT level for 10 WDPs : WDT members honorarium/TA/DA (Rs 12.00 lakh) and Office staff/contingencies (Rs 3.00 lakh).

⁴⁰ (a) Desert Development Programme (DDP)-I (41), (b) DDP II (10), (c) DDP III (08), (d) Employment Assurance Scheme (17) and (e) Gandhi Gram Yojana (10).

⁴¹ (i) For honorarium/TA/DA of 22 WDTs (86/ 4 WDPs) each having one full time member handling 4 WDPs : Rs 26.40 lakh (Rs 12.00 lakh/4 members x 4/10 x 22) and (ii) For office staff/contingencies for 86 WDPs : Rs 25.80 lakh (Rs 3.00 lakh for 10 WDPs x 1/10 x 86).

On being referred, the State Government stated (October 2005) that since its exchequer had borne the expenditure on payment of salaries to the Government employees engaged in WDT, the same was deposited into the Government account by drawing the *pro rata* amount from the WDP funds. The reply was not tenable as full establishment charges were not admissible to the PIA because services of three members of the WDT were not exclusively utilised on full time basis for the WDPs and each WDT was handling only 4 WDPs.

Thus, an amount of Rs 64 lakh, which could have been spent on watershed development works, was credited to the State Government account as departmental receipts.

2.6 Other points

2.6.1 Non-deposit of statutory recoveries in concerned accounts/departments

Statutory recoveries made from salaries of employees on account of General Provident Fund, State Insurance, income tax, etc. aggregating Rs 60.20 lakh had not been deposited in the concerned accounts/departments by nine Panchayat Samitis.

The cheques prepared for the amounts deducted from the salary bills of employees on account of subscription/contribution to General Provident Fund (GPF), State Insurance (SI), premium of Life Insurance Corporation (LIC), Income-Tax (IT), Licence fee etc. were required to be forwarded to the concerned departments by the first week of the next month⁴².

Test-check of the records of nine Panchayat Samitis revealed that Rs 60.20 lakh⁴³ deducted from salary bills of employees as their subscription/contribution towards GPF/SI/LIC/ income tax etc. was not deposited into concerned heads of account/departments even after a lapse of five months to four years of its recovery as of March 2006. Besides loss of interest on employees' GPF accounts, Panchayat Samitis would also be liable to pay penal interest for delayed remittance of statutory recoveries.

On being pointed out, six Panchayat Samitis stated that the amount of statutory deductions made would now be deposited in concerned heads of account/departments; no reply was furnished by the remaining three⁴⁴ Panchayat Samitis (March 2006).

Government stated (March 2006) that complete details of these recoveries being very old were not available and as such difficulties were being faced in depositing the amount in the concerned accounts/departments.

⁴² Rule 212 of Rajasthan Panchayati Raj Rules 1996.

⁴³ GPF: Rs 14.64 lakh, SI: Rs 15.12 lakh, LIC: Rs 6.34 lakh, IT: Rs 0.01 lakh, Rajasthan Pensioners Medical Fund: Rs 1.77 lakh, Term Deposits, license fee, repayment of loan etc.: Rs 5.37 lakh and Rs 16.95 lakh for which item-wise break-up was not available.

⁴⁴ Bonli (Sawaimadhopur), Neemkathana (Sikar) and Piprali (Sikar).

Thus, the fact remains that the concerned Vikas Adhikaris of these Panchayat Samitis not only violated the rules warranting fixation of responsibility, but also created a liability on the Panchayat Samitis on account of interest payable to employees on their subscription/contribution to GPF, SI, Term Deposits and instalments towards repayment of loan, etc, remaining un-deposited.