

CHAPTER – VI

**FINANCIAL ASSISTANCE TO LOCAL BODIES AND
AUTHORITIES**

6.1 General

6.1.1 Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities by and large receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956 etc. to implement certain programmes of the State Government.

6.1.2 The grants are intended essentially for maintenance of educational institutions, hospitals, charitable institutions, construction and maintenance of schools and hospital buildings improvement of roads and other communication facilities under municipalities and local bodies.

6.1.3 During 2001-02, financial assistance of Rs. 156.33 crore was paid to various autonomous bodies and others broadly grouped as under :-

TABLE 6.1

Sr.No.	Name of Institution	Assistance paid	
		Grants	Loans
(Rupees in crore)			
1.	Universities and Educational Institutions	115.22	0.01
2.	Municipal Councils	14.55	-
3.	Zilla Panchayat and Panchayati Raj Institutions	10.50	0.05
4.	Sports & Youth Affairs	6.94	-
5.	Development Agencies	4.80	0.02
6.	Scientific Research	0.06	-
7.	Art & Culture	3.41	-
8.	Others	0.76	0.01
	TOTAL	156.24	0.09

6.2 Delay in submission of Accounts

6.2.1 In order to identify, the institutions which attract audit under Section 14/15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of service) Act, 1971, Government is required to furnish to audit every year detailed

information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and total expenditure of the institutions. Information for the year 2000-2001 was called for in June 2001. Out of 74 bodies/authorities, whose accounts were received by audit, 29 bodies/authorities attracted audit under the provisions of Sec. 14 of the Act. Of these 13 bodies/authorities were audited during 2001-2002.

6.2.2 The audit of the accounts of the following bodies has been entrusted to the Comptroller and Auditor General of India for a period of 5 years as follows :-

Sr. No.	Name of the body	Period of entrustment	Date of entrustment
1.	Goa Housing Board, Porvorim	1997-2002	7.4.1997
2.	Goa University, Taleigao	2000-2005	10.4.2001
3.	Goa, Daman & Diu Khadi & Village Industries Board, Panaji	1998-2003	27.5.1999
4.	Goa State Commission for Backward classes	1999-2004	11.10.1999
5.	Goa Board of Secondary & Higher Secondary Education, Porvorim	2000-2005	March 2001
6.	Tillari Irrigation Development Corporation	2000 to 2004	8.11.2001

There are no arrears in audit in respect of the above bodies and authorities.

6.3 Delay in furnishing Utilisation Certificates

6.3.1 Financial rules of the Government require that where grants are given for specific purposes, certificates of utilization should be obtained by the departmental officers from the grantees and after verification these should be forwarded to Director of Accounts within eighteen months from the date of sanction unless specified otherwise.

6.3.2 Of the 1956, Utilisation certificates due in respect of grants aggregating to Rs.44.26 crore paid upto end of March 2001, only 63 utilisation certificates for Rs.8.07 crore had been furnished by the department as on September 2002. Department-wise break up of outstanding utilization certificates is given in Appendix-IV

6.4 Audit Arrangement

6.4.1 Primary audit of local bodies (Panchayati Raj, Municipal Councils) is conducted by Director of Accounts, Panaji, Goa.

SECTION-A : REVIEWS

RURAL DEVELOPMENT DEPARTMENT

6.5 Review on Swarnajayanti Gram Swarojgar Yojana

Introduction

6.5.1 Swarnajayanti Gram Swarojgar Yojana (SGSY) a Centrally Sponsored Scheme aimed at covering all aspects of Self Employment and organization of the poor into Self Help Groups, imparting training, extending credits, building technology, infrastructure and marketing was introduced in April 1999 after restructuring the Self Employment Programmes. The programme focused on the vulnerable groups among rural poor and envisaged establishing micro enterprises with emphasis on group approach. The programme envisages assisting the poor families Below Poverty Line (BPL) so as to bring at least 30 *per cent* of them above poverty line over a period of three years.

6.5.2 Important audit findings are brought out in succeeding paragraphs:

Physical and Financial performance

Financial outlay and expenditure

6.5.3 The scheme is funded in ratio of 75 : 25 by the Centre and Government of Goa respectively. The funds allocated, released and expenditure incurred under the scheme was as under :

TABLE 6.5.3

Year	Opening balance	Central release	State release	Miscellaneous receipts [^]	Total funds available	Expenditure	Balance
(Rupees in lakh)							
1999-2000	₹72.13	29.89	11.58	10.14	123.74	114.30	9.44
2000-2001	9.44	54.89	16.67	5.04	86.04	24.76	61.28
2001-2002	61.28	32.35	10.78	10.63	115.04	28.48	86.56
Total		117.13	39.03	25.81		167.54	

[^] Miscellaneous receipts include interest, refund of subsidy and DWCRA Revolving Fund of earlier schemes by the beneficiaries at DRDAs North and South.

^ψ Unspent balance on 1.4.1999 of the previous Self Employment Schemes closed and merged i.e. IRDP, TRYSEM, DWCRA, SITRA, GKY & MWS.

Test check of records revealed the following:-

- i) Rs.25.81 lakh was shown as expenditure in earlier years but was refunded as miscellaneous receipts as the beneficiaries were found to be not fit for assistance, and hence banks had returned the subsidy component to DRDA.
- ii) The high savings were attributed by DRDA to non formation of District SGSY Committees and non-approval of the key activities.
- iii) Out of total expenditure of Rs.1.68 crore during 1998-2002, Rs.1.14 crore (68 per cent) were expended in first year due to payment of subsidy of Rs.110.31 lakh and the total subsidy of Rs.143.11 lakh paid during 1999-2002 constituted 85 per cent of the total expenditure.
- iv) SGSY guidelines provide 10% of the allocation for skill upgradation. The expenditure was only Rs.5.15 lakh during 1999-2002 against availability of Rs.24.42 lakh. The meagre expenditure indicated lack of interest in implementing the scheme.
- v) As per the guidelines DRDA could spend 20 per cent of the allocated fund towards the infrastructure creation. However, it was noticed that only Rs.6.27 lakh was spent against the availability of Rs.48.83 lakh. This again showed that the scheme was not properly implemented.

6.5.6 Rs.32 lakh were diverted (April to December 2001) from the funds of SGSY to DRDA administration. Agency further stated that the funds were temporarily transferred from SGSY fund and same was recouped before the closing of the financial year on the approval of the Government.

Physical performance

6.5.7 The physical performance under SGSY during 1999-2002 is indicated below:

TABLE 6.5.7

Sr. No.	Scheme	1999-2000		2000-2001		2001-2002	
		Target	Achievement	Target	Achievement	Target	Achievement
(in numbers)							
1	Supply of work animals	50	38	50	23	100	32
2	Construction of well pumps	50	10	50	10	50	6
3	Supply of milch animals	100	85	300	67	200	82

4	Supply of goats	-	4	-	19	-	5
5	Supply of fisheries requisites	50	18	100	6	50	15
6	Trainees provided with assets	400	215	-	-	-	-
7	Industries service and business	450	197	1550	119	700	433
Total		1100	567	2050	244	1100	573

As can be seen from above targets in respect of none of the activities were achieved during these years and that the overall shortfall ranged between 48 and 88 per cent.

6.5.8 As per the BPL survey of 1997-98, there were 23101 BPL families in the State. Against 23101 BPL families in the State, 4250 families (18 per cent) were targeted for being brought above BPL levels during 1999-2002 but only 33 per cent (1384 families) were covered under the programme.

Monitoring and Evaluation

6.5.10 The monitoring and supervision of the various schemes under the SGSY is the joint responsibility of the Central, State, DRDAs North and South and at the Block level Panchayat Raj Institutions.

6.5.11 The guidelines prescribed that monthly, quarterly and annual reports should be submitted to Government of India by 20th of every succeeding month. These reports were required to be based on the returns/reports received from the BDOs at Block level. However, it was noticed that BDOs at the Block level were not sending any returns/ reports and RDA was compiling the returns on the basis of their own records.

6.5.12 Though the SGSY was introduced from April 1999 onwards no Monitoring and Evaluation Committees were formed.

6.6 Review on Rural Housing Schemes including Indira Awaas Yojana

Introduction

6.6.1 Indira Awaas Yojana (IAY) was launched by the Government of India (GOI) in 1985-86 as a sub-scheme of the Rural Landless Employment Guarantee Programme (RLEGP) for providing houses to the Scheduled Castes (SC), Scheduled Tribes (ST) and free bonded labour below poverty line (BPL). The scheme was extended to BPL families of other than SC/ST in rural areas with effect from 1993-94. It was made an independent scheme from January 1996 and the benefit of the scheme was also extended to widows or next of kin of defence personnel and disabled persons. Conversion of un-serviceable kutcha houses to semi-pucca/pucca houses in rural areas was also included within the scope of the scheme from April, 1999. Pradhan Mantri Gramodaya Yojna (PMGY) was launched in April 2000 to supplement efforts made under IAY.

Funding pattern

6.6.2 The Indira Awaas Yojana is funded on cost sharing basis between Government of India and the State Government in the ratio of 80:20 (75:25 from April 1999). The ratio was similar for Pradhan Mantri Gamodaya Yojana (PMGY).

Indira Awaas Yojana

Funds released and expenditure

6.6.3 The funds released and expenditure was as under:

Year	Opening Balance	Release of funds by				Total funds available	Expenditure	Shortfall in Utilization (Percent)
		GOI	State Government	Total	Miscellaneous receipts*			
1997-1998	6.67	72.17	21.90	94.07	0.96	101.70	88.90	12.80 (13)
1998-1999	12.80	30.66	20.00	50.66	0.42	63.88	59.86	4.02 (6)
1999-2000	4.02	61.20	20.39	81.59	0.71	86.32	43.90	42.42 (49)
2000-2001	42.42	28.26	9.42	37.68	2.50	82.60	66.57	16.03 (19)
2001-2002	29.09*	67.80	14.48	82.28	0.57	111.94	63.32	48.62 (43)
Total		260.09	86.19		5.16	446.44	322.55	

* Miscellaneous receipts include the interest earned by RDA.

* Figures shown for 2001-02 include the figures of DRDA South, which was created in April 2001.

6.6.4 Savings ranged between 6 to 49 *per cent* during the period. Further, there was delay of 1 to 3 months in release of funds by the State Government.

Targets and Achievements

6.6.5 The physical performance under IAY during 1997-2002 was as under :

(In numbers)

Year	Targets	Achievements	Percentage of achievement	Sectoral beneficiaries	
				SC/ST	Non SC/ST
1997-1998	548	395	72	49	346
1998-1999	130	482	371	8	474
1999-2000	544	347	64	7	340
2000-2001	544	323	59	9	314
2001-2002	609	391	64	22	369
Total	2375	1938		95	1843

6.6.6 The shortfall in achievement of targets ranged from 28 to 41 per cent. There was excess achievement of 271 per cent during 1998-99 as the targets prescribed were far less as compared to other years. Audit observed that targets fixed had no relation to availability of funds and number of BPL families. Though the DRDA maintained inventory of houses constructed under Rural Housing Scheme, it was seen that no physical verification of these houses was conducted. It was also noticed during audit scrutiny that 268 houses were incomplete as of March 2002.

Diversion of funds

6.6.7 GOI guidelines prescribed 60 *per cent* of funds for SC/ST BPL households and 40 *per cent* for non-SC/ST BPL households. The position of funds available, amount spent on beneficiaries and diversion of funds from SC beneficiaries to non-SC beneficiaries was as under:

(Rupees in lakh)

Year	Funds available	Available funds for		Funds spent		Excess expenditure on Non-SC/ST
		SC/ST (60 Percent)	Non SC/ST (40 Percent)	SC/ST	Non SC/ST	
1	2	3	4	5	6	(6-4)
1997-1998	94.07	56.44	37.63	2.95	85.95	48.32
1998-1999	50.66	30.40	20.26	0.51	59.36	39.10
1999-2000	81.59	48.96	32.63	-	43.90	11.27
2000-2001	37.68	22.61	15.07	2.00	64.57	49.50
2001-2002	63.03	37.82	25.21	2.60	60.72	35.51
TOTAL	327.03	196.23	130.80	8.06	314.50	183.70

6.6.8 Scrutiny revealed that SC/ST population in the State was about 0.25 lakh as per 1991 census, which is 2 per cent of total population. In view of this funds meant for SC/ST were also utilized on non-SC/ST beneficiaries.

Pradhan Mantri Gramodaya Yojana (PMGY)

6.6.9 The GOI introduced PMGY in April 2000 to supplement the efforts made in IAY. The GOI had released Rs.11.70 lakh during 2000-2001, out of which Rs.11.20 lakh were utilized for 78 houses against a target of 65 houses. There was no further release of funds by the GOI and the State Government.

Monitoring and evaluation

6.6.10 The monitoring and supervision of the IAY is the joint responsibility of the Central and State Governments, DRDAs (North and South), BDOs and Village Panchayats. The guidelines prescribed that monthly and annual reports about implementation of the scheme should be submitted to the Government of India. These reports were required to be based on the returns received by the Rural Development Agency from the BDOs and VPs. However it was noticed that RDA compiled the periodical returns on the basis of records maintained by them.

6.6.11 Though the IAY was a continuing programme from 1980 onwards no evaluation was conducted on its implementation for assessment of qualitative and quantitative achievements of the objectives and the impact on the needy segments of the society.

SECTION-B : PARAGRAPHS

DEPARTMENT OF HOUSING AND HOUSING BOARD

6.7 Extra liability due to non-utilization of loan

Extra liability of Rs.77.39 lakh due to non-utilisation of loan for housing schemes and its partial investment in fixed deposits at lower rate of interest than that payable on the loan

The Goa Housing Board (Board), Porvorim had obtained a loan of Rs.5 crore and Rs.2 crore in March 1999 and March 2000 respectively from the Life Insurance Corporation of India (LIC), through Government of Goa for implementation of Rural Housing Scheme. The loan carried an interest rate of 13.27[♦] *per cent* per annum and was repayable in 25 annual instalments.

Audit scrutiny (February 2002) revealed that out of Rs. 7 crore received, the Board had utilized only Rs.1.21 crore for housing schemes during 1999-2002. The balance was partly invested in FDRs[▲] during 1999-2002 for 3 months to 1 year duration. Rs.49.31 lakh was utilized for repayment of previous loan from LIC and Rs.28.69 lakh remained in the Current Account during 2000-2001. Rs.57.31 lakh and Rs.85.96 lakh were utilized during 2001-2002, for repayment of previous loan and interest on loan from LIC, respectively. The interest on FDRs ranged from 7.5 to 11.5 *per cent*, whereas the interest payable to LIC was at the rate of 13.27 *per cent* during 1999-2002. The interest differential amounted to Rs.0.77 crore.

Thus, the very purpose of obtaining loan for housing schemes was not achieved. The Board should have assessed its requirements correctly as non-utilisation of major part of the loan amount and its partial investment in FDRs at lower interest rates resulted in an extra liability of Rs.0.77 crore to the Board till March 2002.

The matter was referred to Government in July 2002; their reply had not been received (December 2002).

[♦] Including interest tax @ 2%

[▲] Amount invested in FDRs 1999-2000: Rs.4 crore : 2000-01: Rs.5.22 crore; 2001-02 : Rs.4.35 crore.