

CHAPTER-II

PANCHAYATS, RURAL HOUSING AND RURAL DEVELOPMENT DEPARTMENT

CHAPTER – II

This Chapter contains findings of one Performance Audit of “Implementation of Integrated Watershed Management Programme”, one Compliance Audit paragraph of “Implementation of Setting-up of *haats* for promotion of rural products at village, district and State levels under Swarnjayanti Gram Swarozgar Yojana” and two individual paragraphs on Audit of transactions.

PERFORMANCE AUDIT

PANCHAYATS, RURAL HOUSING AND RURAL DEVELOPMENT DEPARTMENT

2.1 Implementation of Integrated Watershed Management Programme

Executive Summary

The Government of India (GoI) launched (February 2009) “Integrated Watershed Management Programme (IWMP)” with the main objectives to conserve natural resources of water, soil and vegetation, to increase groundwater table by enhanced recharge by watershed intervention, to increase in cropping intensity and agricultural productivity reflecting in overall increase in agricultural production, to improve rural livelihoods through participatory watershed development with focus on integrated farming systems for enhancing income, productivity and livelihood security in a sustainable manner. The Performance Audit of “Integrated Watershed Management Programme (IWMP)” was conducted for the period 2009-14 during March and October 2014 and the following deficiencies were noticed -

- In five test-checked districts, areas already treated in pre-watershed programmes (7,933.45 hectares) and canal irrigation areas (1,456.30 hectares) were included in the project in contravention to the provisions of the programme guidelines.*
- In four test-checked districts, 51,734.20 hectares (₹ 68.83 crore) of land were selected in 11 projects without considering geo-contiguity and in five test-checked districts, 35,445.87 hectares (₹ 44.10 crore) of land were selected in eight projects without considering hydrological contiguity contrary to the ‘cluster approach’ envisaged in the programme guidelines.*
- Seven projects of Navsari district and one project of Bhavnagar district were taken up first though they were required to be taken up later as per priority fixed by Gujarat State Watershed Management Agency (GSWMA).*
- The expenditure against available funds during 2009-14 ranged between one and 58 per cent.*

- *Contour trenches costing ₹ 87.80 lakh in nine projects of five test-checked districts were not constructed in areas with adequate slopes as envisaged in the technical manual.*
- *Proper sites were not selected for construction of watershed structures such as: 26 check dams were constructed (₹ 90.71 lakh) at sites where there was no stream, gabion structures (₹ 45.48 lakh) constructed under the programme was not as per the design, check wall was constructed on a farm boundary where there was no flow of water or stream, the level of 164 field outlets constructed (₹ 29.96 lakh) was below the field level, farm ponds constructed were found empty in July 2014, etc.*
- *Infrastructure created under the programme were not put to use viz. water storage structures were not utilised for want of water connection from Gujarat Water Supply and Sewerage Board and Reverse Osmosis plants were lying uninstalled due to non-creation of required infrastructure by the village panchayats.*
- *Funds for creation of Revolving Funds were not provided to Self Help Groups (SHGs)/Self Help Federations (SHFs) under the livelihood component of the programme.*
- *Desired outcome of income generation was not achieved under the activity of vermi composting in test-checked districts.*
- *Payment of ₹ 8.23 crore pertaining to supply of materials and wages to labourers were made in cash under 25 projects, in eight test-checked districts, in contravention to provision in guidelines.*
- *In six test-checked districts, 368 labourers were shown to have worked at two different places during same period and a payment of ₹ 13.12 lakh was made to them. In three test-checked districts, 152 labourers were paid ₹ 4.03 lakh on blank muster rolls.*
- *Instances of suspected misappropriation of ₹ 9.04 lakh in IWMP-3 of Dahod district, ₹ 1.81 lakh in IWMP-5 and ₹ 0.12 lakh in IWMP-10 of Narmada district and ₹ 0.69 lakh in IWMP-9 of Vadodara district were noticed in Audit.*
- *Convergence of IWMP with other schemes was not taken up in any test-checked district though it was emphasised in the guidelines and Detailed Project Report.*
- *Monitoring and Evaluation system was not effective.*

2.1.1 Introduction

In order to overcome the problems of drought, land degradation and to improve the socio-economic conditions of economically weaker sections, Watershed¹ Development Projects were taken up in the State under the Centrally Sponsored Schemes “Drought Prone Area Programme (DPAP)” since 1973-74, “Desert Development Programme (DDP)” since 1977-78 and “Integrated Wasteland Development Programme” (IWDP) since 1989. The guidelines for these

¹ A watershed is a geo-hydrological unit for an area that drains at a common point

programmes were revised between 1994-95 and 2003. In 2003, these guidelines were renamed as ‘Hariyali’. The primary objectives of these programmes, *inter-alia*, included conservation of soil, water and other natural resources through watershed development programmes with the help of low cost and locally accessible technologies such as *in-situ* soil and moisture conservation measures, afforestation and pasture development, *etc.*

The technical committee on DPAP, DDP and IWDP addressed major issues in watershed programmes and recommended viable strategies and mechanisms for effective implementation of these programmes. Accordingly, National Rainfed Area Authority (NRAA) in Ministry of Rural Development (MoRD), Government of India (GoI) in coordination with Planning Commission formulated (2008) “Common Watershed Guidelines (CWG)” to give an impetus to watershed programmes. All the three programmes were integrated and consolidated (February 2009) into a single modified programme as “Integrated Watershed Management Programme (IWMP)” and governed by the CWG. Department of Land Resource (DoLR) in MoRD is responsible for implementation of the scheme.

The main objectives of the programme, *inter-alia*, were to:

- conserve natural resources of water, soil and vegetation;
- increase groundwater table by enhanced recharge by watershed intervention;
- increase in cropping intensity and agricultural productivity reflecting in overall increase in agriculture production; and
- improve rural livelihoods through participatory watershed development with focus on integrated farming systems for enhancing income, productivity and livelihood security in a sustainable manner.

2.1.2 Organisational set-up

For smooth implementation of the scheme dedicated agencies have been established at every level. An organogram depicting different levels of responsibility for implementation of IWMP is as below-



At National Level, NRAA had been designated as National Level Nodal Agency (NLNA). At State level, GSWMA has been designated as State Level Nodal Agency (SLNA). District Watershed Development Unit (DWDU) at district level is responsible for overall implementation and monitoring of the programme. Project Implementing Agency² (PIA) established for each project³ is responsible for implementation of projects with the help of WC at village level. The committee shall be registered under the Societies Registration Act, 1860 and shall comprise of at least 10 members, out of which half shall be representatives of Self-Help Groups and User Groups, SC/ST community, women and landless persons in the village.

The Commissioner and Secretary of Rural Development, Panchayats, Rural Housing and Rural Development Department is the administrative head of the Department and was responsible for the overall implementation of the programme in the State. NRAA helps the GSWMA for identifying and planning watersheds, and preparing strategic plans. GSWMA is responsible for implementation of the programme and preparation of the perspective and strategic plan of watershed for the State and indicating implementation strategy and expected outputs/outcomes as well as financial outlays.

2.1.3 Audit Objectives

The broad objectives of the Performance Audit were to ascertain whether-

- planning for the projects was carried out in a scientific manner and projects were selected on the basis of criteria as per the scheme guidelines;
- funds were released, accounted for and utilised efficiently and in compliance with the provisions of the Guidelines/Rules;
- execution of work was efficient and effective and institutional arrangements at the State, District and Village levels were in place; and
- monitoring and evaluation mechanism was adequate and effective.

2.1.4 Audit criteria

The Audit criteria applied for this Performance Audit was -

- “Common Watershed Guidelines” 2008 for watershed development projects as amended from time to time;
- Operational Guidelines - 2011 prepared by GSWMA;
- Human Resource Manual, Technical Manual, Livelihood Manual and Capacity building manual prepared by GSWMA;
- General Financial Rules, Gujarat Treasury Rules, Procurement Rules and Financial Rules; and
- Guidelines/rules/resolutions issued by GoI and State Government from time to time.

² Line departments, State/Central Autonomous organisations, Government institutes/research bodies, intermediate panchayats and voluntary organizations.

³ A project is a cluster of villages consisting of approximately an area of 4,000-5,000 hectares.

2.1.5 Audit scope and methodology

To provide adequate coverage and reasonable assurance in audit, the records at GSWMA and 10 out of 26 districts (selected on the basis of Stratified Simple Random Sampling without Replacement (SSRSWOR) method) covering the period 2009-14 were test-checked (March 2014 to October 2014).

Under the programme, the GoI had approved 549 watershed projects⁴ with total project cost of ₹ 3,595.43 crore covering an area of 27.63 lakh hectares during the period 2009-14 for the State. The records of 64 out of 128 watershed projects (selected on the basis of SSRSWOR method) sanctioned in the selected districts during 2009-11 (Batch Number I and II)⁵ were test-checked at PIA and WC (**Appendix-II**). Joint field visits of watershed projects in selected districts were also carried out. An entry conference was held with the Commissioner of Rural Development (CRD) (29 April 2014) to apprise the Audit objectives and Audit methodology to the State Government. An exit conference was held (16 March 2015) with the Chief Executive Officer, GSWMA to discuss the Audit findings. The views of the State Government, GSWMA, DWDUs, PIAs and WCs have been duly incorporated in the Report.

2.1.6 Acknowledgement

Audit acknowledges the co-operation and assistance extended by the CRD, GSWMA, DWDUs and their officials at various stages during conduct of the Performance Audit.

Audit findings

2.1.7 Planning

“Common Watershed Guidelines” provide for preparation of a State Perspective and Strategic Plan (SPSP) for the State on the basis of plans prepared at the taluka and district levels. The guidelines further provide for preparation of plans by using technological tools such as Geographical Information System (GIS) and Remote Sensing with the help of criterion⁶ fixed by DoLR to prioritise watershed areas to be covered. The projects sanctioned under the programme are required to be completed within four to seven years in three phases viz. (i) Preparatory phase (1 to 2 years) (ii) Work phase (2 to 3 years) and (iii) Consolidation phase (1-2 years).

GSWMA prepared (2009) SPSP for the State covering a treatable area⁷ of 98.63 lakh hectares with the help of Bhaskaracharya Institute of Space Application and Geo Informatics (BISAG), with a plan to cover the area in next 18 years from 2009-10. The priority map for the State prepared by GSWMA is as follows –

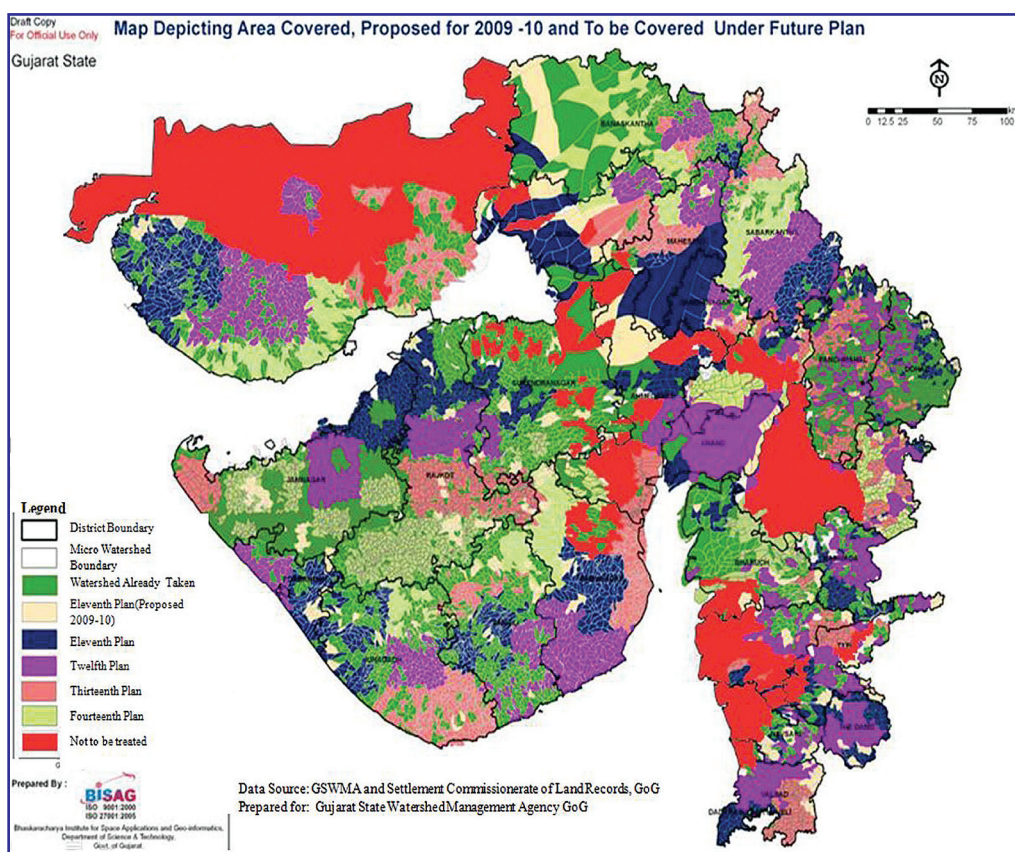
⁴ Batch-I: 151 (2009-10), Batch-II: 141 (2010-11), Batch-III: 138 (2011-12), Batch-IV: 59 (2012-13) and Batch-V: 60 (2013-14).

⁵ Allowing for the stipulated preparatory phase of two years, projects sanctioned during 2009-11 only were scheduled to enter into the work phase in a substantive manner. Out of total expenditure of ₹ 612.41 crore incurred during 2009-11 for all batches, 81 per cent (₹ 496.87 crore) pertains to the expenditure incurred under Batches I and II. Hence, the projects upto 2011 were selected for Audit scrutiny.

⁶ Acuteness of drinking water scarcity, extent of over exploitation of ground water resources, preponderance of wastelands/degraded lands, contiguity to another watershed that has already been developed/treated, area of the project should not have been covered under assured irrigation and productivity potential of the land, etc.

⁷ It is an area selected under the project to stop soil erosion and harvest water by construction of various structures which in turn would enhance agricultural production and livelihood of the persons dependent on it.

MAP 1 : PRIORITY MAP OF GUJARAT STATE



(Source: State Perspective and Strategic Plan)

District-wise priority maps were prepared by GSWMA and provided to the districts for preparing Preliminary Project Report (PPR) as per the priority indicated in the maps. The GSWMA allocates year-wise targets to DWDUs based on the targets communicated by DoLR. The DWDUs based on the area allocated as target, prepares a Preliminary Project Report (PPR) with the help of priority map by selecting cluster of villages covering approximately 4,000-5,000 hectares of land for each project and submits the same to GSWMA. The GSWMA prepares the list of projects based on the PPRs received from DWDUs and submits the same to DoLR for approval. Thereafter, the DWDUs are required to prepare the Detailed Project Reports (DPRs) and obtain the approval of the SLNA (GSWMA). GSWMA submitted (2009-14) total 549 PPRs which have been approved by DoLR and GSWMA approved 292 DPRs (Batch I and II) for 26 districts. The deficiencies noticed in planning the projects under the programme are discussed in the succeeding paragraphs.

2.1.7.1 Inclusion of ineligible/excess area for treatment

The operational guidelines provide that areas already treated in pre-watershed programmes and assured irrigation (canal irrigation) areas are to be excluded from the project area planned under IWMP. However, Audit observed at five out of ten test-checked districts that in contravention to above provisions, the DWDUs had included ineligible area of 7,933.45 hectares in 49,381.30 hectares

of project area intended to be covered in these 10 projects with treatment cost of ₹ 12.23 crore as detailed in **Table 1** below –

Table 1 : Ineligible area included for treatment in the project

Name of District	Project Number	Project Area	Ineligible area (in hectares)		Cost for treatment (₹ in crore)
			Already treated	Assured Irrigation	
Banaskantha	IWMP-1	4,900.00	1,000.00	-	1.50
Kachchh	IWMP-14	6,710.20	500.00	-	0.75
	IWMP-20	4,792.00	500.00	-	0.75
	IWMP-25	4,850.90	500.00	-	0.75
Kheda	IWMP-5	5,583.60	2,084.90	-	2.50
	IWMP-7	5,869.60	2,987.60	-	3.59
Narmada	IWMP-1	4,731.00	192.35	-	0.23
	IWMP-2	5,038.00	168.60	-	0.41
Navsari	IWMP-4	2,906.00	-	606.30	0.73
	IWMP-8	4,000.00	-	850.00	1.02
Total		49,381.30	7,933.45	1,456.30	12.23

(Source : Information obtained from DPR and Census Handbook)

In addition to above, DWDU Dahod had included 300 hectares of land of kuvero village for treatment at a cost of ₹ 0.36 crore; however, Audit observed that the village was not in existence as per the census and revenue records, which is taken as a base for preparation of PPR. This indicated that the inclusions of watershed areas in the watershed projects were made in contravention to scheme guidelines.

DWDU, Kachchh agreed (October 2014) to take corrective action. DWDU, Navsari stated (August 2014) that the facts would be verified and necessary action would be taken under intimation to Audit. DWDU, Banaskantha stated (September 2014) that the entire area was included based on the demand from the village. DWDU Kheda stated (June 2014) that as the cost for treatment under earlier schemes (₹ 6,000 *per* hectares) was very less, very few structures had been constructed and as people were demanding retreatment, previously treated area was included. However, Audit observed that ineligible areas were included in the project in contravention to the provisions of the guidelines.

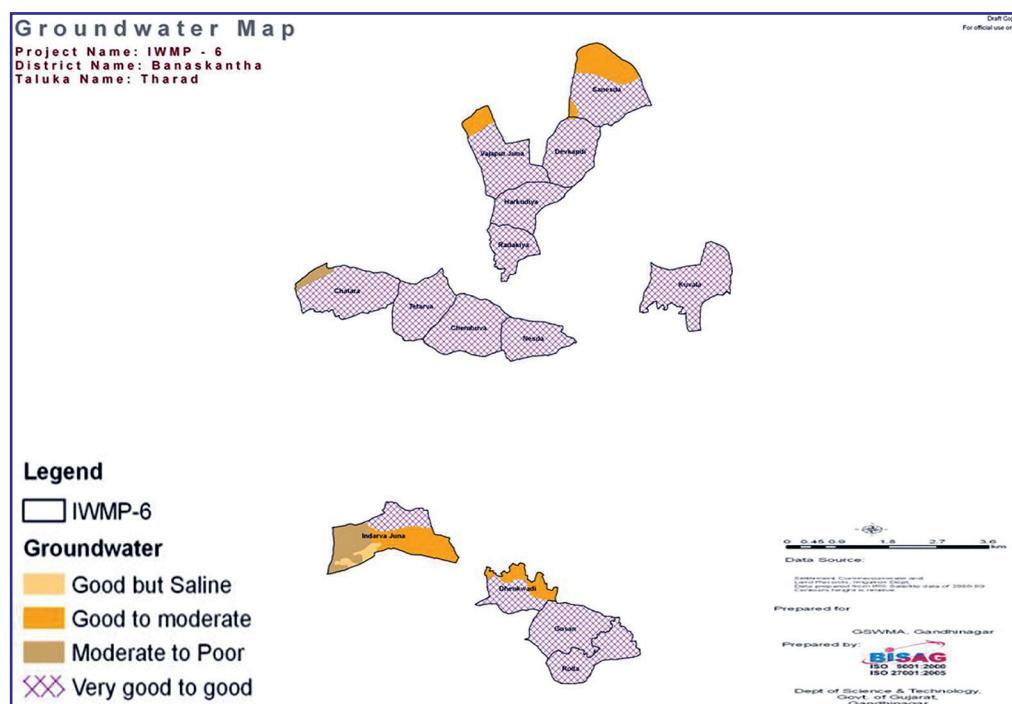
2.1.7.2 Non-consideration of Cluster approach

The Common Watershed Guideline envisages a broader vision of geo-hydrological units comprising of clusters of micro-watersheds. Thus, the selection of villages in geo-contiguity and in hydrological order is very important for right kind of treatment.

On scrutiny of records of test-checked projects of Ahmedabad (IWMP-1 and 2), Banaskantha (IWMP-2, 5, 6, 7 and 8), Bhavnagar (IWMP-5 and 10) and Narmada (IWMP-1 and 2) districts, it was observed that the villages selected in 11 out of 46 projects and with a project cost of ₹ 68.83 crore covering an area of 51,734.20 hectares, were not in contiguity.

An illustrative example of selection of villages in IWMP-6 project of Banaskantha district is shown in **Map 2** -

Map 2 : Showing location of villages in IWMP-6 (Banaskantha district)



(Source: DPR)

The Map shows that 14 villages were selected in the project, and the said villages are located in five different geographical locations and are thus, not in contiguity.

Audit further observed that the villages selected in eight out of 38 projects of five test-checked districts covering an area of 35,445.87 hectares were not in geo-hydrological contiguity of water flow as shown in **Table 2** below -

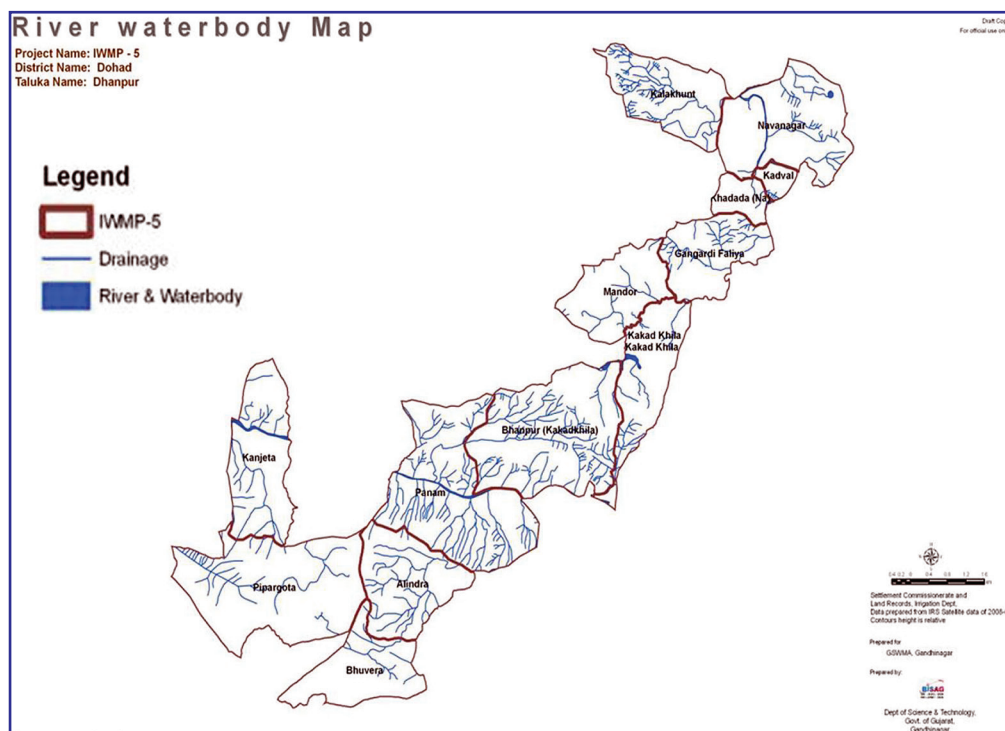
Table 2 : Details of projects with villages selected without following geo-hydrological contiguity of water flow

Name of district	Project Number	Number of villages	Treatment Area (in hectares)	Project Cost (₹ in crore)
Ahmedabad	IWMP-1	7	4,303.00	5.16
Dahod	IWMP-2	14	4,739.08	5.57
	IWMP-4	10	4,887.62	4.87
	IWMP-5	13	5,139.27	6.17
Bhavnagar	IWMP-5	9	4,715.00	5.66
Kachchh	IWMP-1	2	2,385.10	2.75
	IWMP-10	6	5,043.80	7.57
Surendranagar	IWMP-1	4	4,233.00	6.35
Total		65	35,445.87	44.10

(Source : Information obtained from the respective DPR)

The **Map 3** below shows that the villages selected in IWMP-5 project of Dahod district were not as per hydrological flow of water as the stream of water flow was in different direction.

MAP 3 : Showing location of villages in IWMP-5 (Dahod district)



(Source : DPR)

Almost each village selected in the project has its own hydrology which was not fit for integrated treatment of the project villages *e.g.* water flow of Panam and Bhanpur villages was opposite to each other; water flow of Pipargota and Kanjeta villages was in different directions *vis-a-vis* rest of the villages, *etc.*

As the selection of villages under cluster approach and following geo-hydrological order was prerequisite for selecting and implementing right kind of treatment for deriving optimal benefits, selection of villages by not following these parameters would result in disjointed treatment structures and defeat the very purpose of programme.

GSWMA stated (December 2014) that projects are in contiguity with projects selected in subsequent batches. Audit is of the view that the guidelines envisage contiguity within the projects, as contiguity with other projects is to be considered subsequently to achieve the benefit of scientific planning.

2.1.7.3 Wrong prioritisation of projects

The Common Watershed Guidelines provide broad criteria for selection and prioritisation of watershed development projects. GSWMA based on these criteria prepared the priority maps of areas to be treated by each district and the DWDUs were required to take up the projects based on the priorities fixed. Priorities have been decided on a scale of 195 points. Projects which score more points are included in first priority.

On scrutiny of records at test-checked DWDUs, Audit observed that –

- Seven projects⁸ of Navsari district⁹ sanctioned in Batch-I (2009-10) and Batch-II (2010-11) and covering an area of 30,216 hectares with project cost of ₹ 36.26 crore were selected first, though these projects were required to be taken up under third (IWMP-1,4,6,7,8,9) and fourth (IWMP-3) priority fixed by GSWMA. The projects of Navsari and Jalalpore talukas were required to be taken up first; however, these projects were not selected in the first batch. No reasons for selection of projects with lesser priority being selected before the projects with higher priority were available on record. Thus, the provision for selection of projects on priority basis as provided in the guidelines was not followed and the beneficiaries of most needy areas were denied early benefits.

DWDU Navsari stated (August 2014) that there might have been some discrepancies in priority maps prepared by Bhaskaracharya Institute of Space Application and Geo-Informatics (BISAG); however, it would be verified with the BISAG.

- IWMP-6 project of Bhavnagar district covering an area of 5,355 hectares with project cost of ₹ 6.43 crore was taken up in first priority though it was under second priority.

Changing the priority indicates that projects which are lower down the order were selected first resulting in most needy projects left behind. Thus, selection of areas and villages with lesser priorities without specific reasons defeated the primary objective of scientific planning as envisaged in the programme guidelines.

2.1.8 Financial Management

2.1.8.1 Flow of funds

The programme is financed on cost sharing basis between GoI and State Government in the ratio of 90:10. The scheme is funded at the rate of ₹ 12,000 *per* hectare for plain areas and ₹ 15,000 *per* hectare for hilly areas/DDP areas. Separate percentages of funds are earmarked for each component¹⁰ of the project. Funds for incurring expenditure on salary and office expenditure of SLNA and DWDUs are provided separately by GoI. The funds under the programme were to be released by GoI and State Government in three instalments¹¹ to GSWMA. From 2012-13, funds were released on lump-sum basis as per annual financial requirement submitted by the GSWMA and the funds were further released to the DWDUs according to the requirement of the projects. A chart depicting the flow of funds is shown as follows –

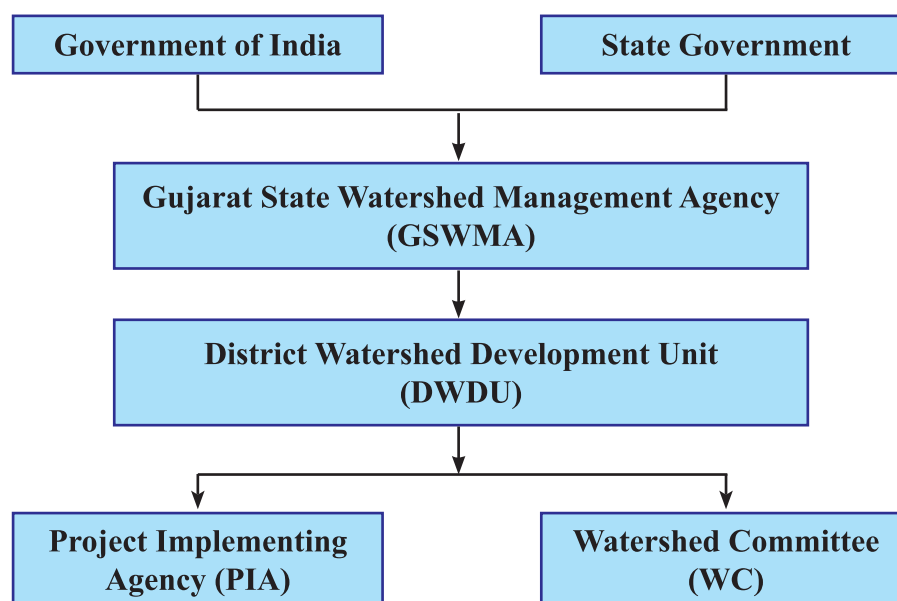
⁸ IWMP-1 : 5,400 hectares (₹ 6.48 crore), IWMP-3 : 5,530 hectares (₹ 6.64 crore), IWMP-4 : 2,906 hectares (₹ 3.49 crore), IWMP-6 : 4,010 hectares (₹ 4.81 crore), IWMP-7 : 4,370 hectares (₹ 5.24 crore), IWMP-8 : 4,000 hectares (₹ 4.80 crore) and IWMP-9 : 4,000 hectares (₹ 4.80 crore)

⁹ For Navsari district priority starts from second as no village falls under first priority.

¹⁰ Administration - 10 *per cent*, Monitoring - one *per cent*, Evaluation-one *per cent*, Entry Point Activities - four *per cent*, Institution and Capacity building - five *per cent*, DPR - one *per cent*, Watershed Development Works - 50 *per cent* (revised to 56 *per cent* from October 2011), Livelihood for assetless persons - 10 *per cent* (revised to nine *per cent* from October 2011), Production System and Micro enterprise - 13 *per cent* (revised to 10 *per cent* from October 2011) and Consolidation Phase - five *per cent* (revised to three *per cent* from October 2011)

¹¹ 20, 50 and 30 *per cent* respectively

Flow of funds



2.1.8.2 Receipt and Expenditure

The details of funds received and expenditure incurred under the programme during the period 2009-14 are shown in **Table 3** below -

Table 3: Funds received and expenditure incurred

(₹ in crore)

Year	Opening Balance	Funds received		Interest earned	Total funds available	Expenditure incurred	Closing Balance	Percentage of expenditure against available funds
		GoI	State Government					
2009-10	0.00	50.23	0.00	0.18	50.41	0.50	49.91	01
2010-11	49.91	161.73	23.55	3.22	238.41	20.76	217.65	09
2011-12	217.65	157.71	17.53	12.54	405.43	63.51	341.92	16
2012-13	341.92	332.23	36.91	16.87	727.93	157.39	570.54	22
2013-14	570.54	60.00	6.67	00.00	637.21	370.25	266.96	58
Total		761.90	84.66	32.81		612.41		

(Source: Annual accounts of the programme)

Analysis of the above table showed that –

- The expenditure against available funds during 2009-14 increased from one (2009-10) to 58 *per cent* (2013-14).
- Against available funds of ₹ 879.37 crore¹², ₹ 612.41 crore (70 *per cent*) were spent during the years 2009-14. Thus, ₹ 266.96 crore (30 *per cent* of the total available funds) remained unutilised at the end of March 2014. The main reasons for the low expenditure were, the slow progress of work, late release of State's share, delayed release of funds to DWDU by GSWMA, *etc.* as discussed in the succeeding paragraphs.

¹² ₹ 761.90 crore (GoI share) + ₹ 84.66 crore (State share) + ₹ 32.81 crore (interest earned)

- Batch-I and Batch-II sanctioned in 2009-10 and 2010-11 respectively are in the work phase. However, against available funds of ₹ 436.50 crore (Batch-I) and ₹ 200.20 crore (Batch-II), ₹ 332.31 crore (76 per cent) and ₹ 164.56 crore (82 per cent) respectively were spent during the years 2009-14.

Audit also observed that due to huge unspent balance (₹ 570.54 crore) at the end of the year 2012-13, GoI's share of ₹ 513.48 crore out of the demand of ₹ 1,076.31 crore submitted by the GSWMA, was not released during the period 2013-14. This signified inefficient harness of resources by the programme implementing machinery.

2.1.8.3 Slow pace of expenditure against prescribed timeline

Operational guidelines provide that work phase of a batch/project would be completed by the fourth year of its implementation. Work phase consists of three components viz. works, livelihood and micro-enterprise system. Thus, the work phase of Batch-I and Batch-II sanctioned in 2009-10 and 2010-11 was required to be completed by 2013-14 and 2014-15 respectively.

Audit observed that the projects sanctioned under Batch-I and Batch-II were still under execution stage as on March 2014. Had the work phase of Batch-I and Batch-II been completed as scheduled, GSWMA could have availed ₹ 1,367.29 crore as against ₹ 347.62 crore actually availed as of March 2014 as shown in **Table 4** below -

Table 4 : Available funds against earmarked funds in Batch-I and Batch-II as of March 2014

(₹ in crore)

Batch Number	Number of projects	Project cost	Funds earmarked for work phase				Available funds for work phase			
			Water-shed works	Livelihood	Production System and Micro enterprise	Total	Water-shed works	Livelihood	Production System and Micro enterprise	Total
I	151	930.10	465.05	93.01	120.91	678.97	186.02	27.91	46.50	260.43
II	141	917.77	513.95	82.60	91.77	688.32	68.83	9.18	9.18	87.19
Total	292	1,847.87	979.00	175.61	212.68	1,367.29	254.85	37.09	55.68	347.62

(Source : Information provided by GSWMA)

This indicated that the progress of the programme was slow which might result in cost escalation due to delay in completion of work and delayed accrual of related benefits from the programme.

GSWMA stated (October 2014) that slow progress of scheme was due to change in scheme guidelines three times and changes in funding pattern. It was further stated that as most of the funds rest with village-level institutions, it was difficult for them to adopt to frequent changes in the implementation process. However, the fact remains that as dedicated institutions have been established at every level to expedite the implementation process, slow pace of programme indicate that these institutions might not be working effectively and efficiently.

Implementation of the Programme

2.1.9 Execution of Works

2.1.9.1 Construction of contour trenches

Contour trenches are curved ditches dug along the hillsides perpendicular to the flow of water. Contour trenches help improve soil moisture and check soil erosion as it is constructed on hillside to break the slope, slow down the flow of water and allow infiltration to trap sediment. Technical Manual of the programme provides that contour trenches are required to be constructed at places with 10 to 25 *per cent* slope, in areas without dense vegetation and, with low and medium rainfall. **Picture 1** below shows an ideal contour trench.



Picture 1: An Ideal picture of contour trench (from DPR)

On scrutiny of records and joint field visit of nine projects at five test-checked districts, Audit observed that trenches constructed were not in consonance with the technical manual and the very idea of soil and moisture conservation was defeated.

- In five projects¹³ of three test-checked districts, the contour trenches were constructed at the cost of ₹ 51.71 lakh in plane areas instead of constructing the same at places with required slope (**Picture 2, 3 and 4**).

¹³ Ahmedabad (IWMP-8) - ₹ 7.83 lakh, Kachchh (IWMP-1) - ₹ 4.71 lakh, (IWMP-4) - ₹ 19.05 lakh, (IWMP-12)- ₹ 11.48 lakh and Kheda (IWMP-1) - ₹ 8.64 lakh



Picture 2 : Staggered Contour trench at village Bhojva in IWMP-8 of Ahmedabad (photo taken at the time of completion of construction work obtained from the records of DWDU)



Picture 3 : Contour trench constructed at foothill and parallel to water flow instead of perpendicular to water flow in IWMP-1 of Kachchh (photo taken at the time of completion of construction work obtained from the records of DWDU)



Picture 4 : Contour trench constructed in flat area in IWMP-4 of Kachchh (photo taken at the time of completion of construction work obtained from the records of DWDU)

- In four projects¹⁴ of two test-checked districts, the contour trenches constructed at a cost of ₹ 36.09 lakh were in areas where either the slope was inadequate, had dense vegetation or received heavy rainfall (Picture 5 and 6).



Picture 5 : Contour trench constructed in area without adequate slope in IWMP-3 of Dahod district (03.09.2014)



Picture 6 : Contour trench constructed in area with dense vegetation in IWMP-10 of Narmada district (19.08.2014)

DWDU Ahmedabad stated (May 2014) that the areas where Contour Trenches were constructed were waterlogged ones and were constructed to give safe passage to water. However, the reply should be viewed in the light of the fact that the objective of contour trenches to slow down the water coming down from hills and conserve some water in trenches on

¹⁴ Dahod (IWMP-3 - ₹ 1.17 lakh and IWMP-4 - ₹ 1.86 lakh) and Narmada (IWMP-5 - ₹ 19.85 lakh and IWMP-10 - ₹ 13.21 lakh)

the way to increase moisture profile was not achieved. DWDU Kachchh stated (October 2014) that in Kachchh district, proper site for Contour Trenches were not available, so they were constructed on available sites. Three other DWDUs stated that these works fall under soil and moisture conservation and were approved in the DPRs; so they were executed. However, construction of contour trenches in contravention to the provision of technical manual would not yield desired result of soil and moisture conservation.

2.1.9.2 Improper selection of sites

Common Watershed Guidelines envisage more emphasis in selection of suitable and proper sites for watershed works to achieve optimum benefit from the same. On scrutiny of records and joint field visit of 15 projects at seven test-checked districts, Audit observed that –

- Technical Manual stipulates that a check dam should be constructed on a stream bed with at least five meter width and one meter depth. It further provides that the banks of the stream should be high and firm. On scrutiny of river body maps of three projects in two test-checked districts, Audit observed that 26 check dams¹⁵ had been constructed at a cost of ₹ 90.71 lakh in areas where there was no stream or drain in the land survey numbers. During joint field visit of a check dam constructed at village Dedarda, Bhavnagar district under IWMP-5, it was observed that check dam had been constructed in an area where there was no stream or drain (**Picture 7**).



Picture 7: A check dam at village Dedarda, Bhavnagar under IWMP-5, Bhavnagar (28.04.2014)

DWDU, Bhavnagar stated (April 2014) that the check dams had been constructed at places where there were enough water flow. However, the reply was not in consonance with the facts observed during joint field visit. DWDU Banaskantha stated (September 2014) that there was enough slope on the sites where the check dams had been constructed. However, as the technical manual envisaged that check dams were required to be constructed on streams/drains and not at places with slope, the technical manual guidelines should have been adhered to. Construction of check dams at improper sites may not yield the desired benefits and entail wasteful expenditure.

¹⁵ Banaskantha (IWMP-5 and 6) - ₹ 13.47 lakh (seven check dams) and Bhavnagar (IWMP-5) - ₹ 77.24 lakh (19 check dams)

- Gabion structure is a kind of structure constructed across small streams to conserve stream flows with practically low submergence beyond the stream course with a catchment area of 30-150 hectares. Small bund (wall) across the stream is erected by keeping boulder (stone) in a mesh of steel wires (**Picture 8**). This is put up across the stream to make it as a small dam by anchoring it to the stream banks.



Picture 8 : Design of gabion structure (Technical Manual)

The objective of constructing gabion structure is to reduce the velocity of water flowing through the drainage line which in turn helps in reduction of siltation in the lower reaches of the watershed.

On scrutiny of records and photographs of gabion structures constructed at a cost of ₹ 45.48 lakh in three projects (IWMP – 1, 3 and 6) of Narmada district, Audit observed that the gabion structures were erected in farm fields instead of erecting them on small streams and the designs were not as per gabion structure. Joint field visit of one such structure constructed under IWMP-3 revealed that the designs were not as per gabion structure and were erected on the boundaries of a farm (**Picture 9**).



Picture 9 : Gabion structure constructed in a farm field under IWMP-3 Narmada district (19.8.2014)

DWDU, Narmada stated (September 2014) that the construction of gabion structures were done as per demand from the residents of the village. This indicated that the selection of the site was not done as per the criteria envisaged in the technical manual and intended benefits might not be realised.

- Check walls are required to be constructed on small streams to conserve water; however, during joint field visit of a check wall constructed at Moti-bedvan under IWMP-3 in Narmada district, it was observed that the check wall was constructed on a farm boundary though there was no flow of water/stream (**Picture 10**). Thus, the purpose of conserving water was defeated and the expenditure incurred towards construction of check wall proved wasteful.



Picture 10: Check wall constructed at Moti-bedvan village in IWMP-3 of Narmada district (19.8.2014)

DWDU, Narmada stated (September 2014) that the construction of check walls was done as per demand from the residents of the village. This indicated that the villagers and Panchayati Raj Institutions (PRIs) were not sufficiently sensitised with Information, Education and Communication (IEC) and other educational programmes which led to selection of incorrect sites against criteria envisaged in the technical manual and the intended benefits might not be realised. Taking Gram Sabhas and PRIs into confidence is an important component of project management. The following observations were made in addition to the above mentioned points regarding incorrect site selection.

- Field outlets are constructed on the boundaries of farm field to conserve water and maintain required water level. The structure of the outlet should be above the field level. DWDU, Navsari had constructed (March to December 2013) 164 field outlets at a cost of ₹ 29.96 lakh under IWMP-8; however, verification of the photographs of the field outlets available on record revealed that the level of outlets was below the field level. During joint field visit of a field outlet constructed under the project in Khambla village, Navsari, Audit observed that the level of the outlet was below the field level and the farmer had placed stones to stop the flow of water from the field (**Picture 11**). This resulted in wasteful expenditure

and non-achievement of the intended objective of soil and moisture conservation of agricultural land.



Picture 11: Overflowing Field outlet at village Khambla, Navsari under IWMP-8 (07.08.2014)

DWDU, Navsari attributed (August 2014) the same to land levelling by farmers after construction of the outlet. The reply was not convincing as the works were executed in 2013-14 and this aspect could have been considered at the time of construction of the outlet.

- Under IWMP-1, structure of farm ponds was included in the DPR as a surface water storage structure. Further, the Technical manual provides that the site for construction of farm ponds (van talavadi) should contain soil with the ability to hold water with a layer of impervious material thick enough to prevent excessive seepage. DWDU, Navsari had constructed 30 farm ponds under IWMP-1 at a cost of ₹ 17.00 lakh. During joint field visit of the sites (July 2014), Audit observed that the farm ponds were lying empty (**Picture 12**), though there was normal rainfall during the monsoon in the district as per the data of Indian Metrological Department (July 2014).



Picture 12: Empty Farm pond constructed at village Vangan (Survey No. 70) under IWMP-1 of Navsari (07.08.2014)

DWDU, Navsari stated (August 2014) that due to high degree of seepage, the ponds were lying empty, but it served the purpose of moisture conservation. GSWMA stated (November 2011) that many farm ponds are constructed on ridge line and their objective was to store and let water to percolate so that water table could be increased. However, Audit observed that the site selected was not proper as the technical manual clearly envisages that selected site should contain soil capable of preventing seepage. Further, the objective of construction of farm ponds was not ground water recharge but storage of surface water.

- Contour bund¹⁶ is a structure excavated on contour lines as a part of ridge area treatment. DWDU, Navsari had constructed five contour bunds at a cost of ₹ 5.12 lakh under IWMP-1. Audit observed that though GSWMA had instructed (April 2011) to remove this structure from the project, the DWDU had executed (between February and December 2013) the structure. Further, during joint field visit (August 2014) of these contour bunds, it was observed that the design of the work executed was not as per designs of contour bunds but was merely of a farm bund¹⁷ and the same was found empty (**Picture 13**).



Picture 13: Contour bund constructed under IWMP-1, Navsari district (from the records of DWDU)

DWDU, Navsari stated (October 2014) that these structures were constructed based on the demand of the Watershed Committee. GSWMA stated (November 2014) that contour bunds were constructed to act as “level terraces” and as a barrier to flow of water. However, the fact remains that the design of the structure and selection of site should be decided as per the provisions of the technical manual, as improper structure selection for a site would not yield the intended benefits from the structure.

¹⁶ Contour bund is construction of horizontal lines of small earthen or boulder bunds across the sloping land surface

¹⁷ Farm bund is constructed on farm boundary to stop water flow out of the field

In view of above instances noticed in Audit it is pertinent to mention that though the Watershed projects were to be implemented by the WC at the village with the technical support of the WDT, to give a grassroots orientation to the projects, it is essential that the provisions of Technical Manual are adhered to, in order to yield the intended benefits from the projects. Further, monitoring mechanism may be strengthened at the execution level to avoid improper site selection and non-adherence to technical guidelines.

2.1.9.3 Non-utilisation of works/infrastructures

(i) On scrutiny of the records of two projects at DWDU, Banaskantha, Audit observed that water storage structures constructed (2012) at a cost of ₹ 28.44 lakh were not put to use till date (September 2014) for want of water supply connection from Gujarat Water Supply and Sewerage Board (GWSSB).

DWDU, Banaskantha stated (September 2014) that the village panchayat was responsible for obtaining water connection from GWSSB. ***It is recommended that better co-ordination among different agencies of the State Government and community participation may be ensured for optimum utilisation of works to achieve intended benefits from the investment made in the works.***

(ii) Similarly, Audit observed at DWDU, Navsari that an overhead water storage tank constructed (July-August 2011) at a cost of ₹ 8.28 lakh under IWMP-5 had not been put to use till date (August 2014) for want of water connection from GWSSB. Audit also observed that 10 Reverse Osmosis (RO) plants purchased in 2010 under Entry Point Activities¹⁸ under the project (IWMP-5) at a cost of ₹ 8.24 lakh were lying uninstalled (**Picture 14**) till date (August 2014).



Picture 14 : RO plant lying unutilised at DWDU, Navsari (10.08.2014)

¹⁸ Entry Point Activities include works based on urgent needs of the local communities such as revival of common natural resources, drinking water, development of local energy potential, augmenting ground water potential, etc.

DWDU, Navsari stated (August 2014) that the village panchayat was responsible for obtaining water connection from GWSSB; however, efforts would be made to get the connection soon. As regards RO Plant, it was stated that the same was not installed due to non-creation of required infrastructure by the village panchayat and watershed committee for fixing the RO plant. Audit observed that the even after four years, the infrastructure created under the programme was lying unutilised and the expenditure proved infructuous. ***It is recommended that immediate action may be taken to put the already created infrastructure to use.***

2.1.9.4 Loss of plantation on account of deficient maintenance

Plantation activity requires regular and timely maintenance for the survival of the plants. Even the technical sanction accorded by the Forest department stipulated three years of maintenance of the plantation under the programme.

On scrutiny of records of five projects at four DWDUs¹⁹, Audit observed (between June to September 2014) that plantation done (2010-11 and 2013-14) under the projects at a cost of ₹ 35.84 lakh did not survive due to non-maintenance of the same by the Project Implementing Agencies.

DWDU, Ahmedabad and Kheda attributed (June 2014) the aforementioned non-maintenance to water scarcity. DWDU, Narmada attributed (August 2014) the reason of non-availability of maintenance grant for plantation. DWDU, Dahod stated (September 2014) that plants were distributed to individual beneficiaries and the responsibility of their maintenance lay with them.

The above cases indicated that the activity of plantation was carried out without proper planning and inadequate follow-up for its subsequent maintenance resulting in non-survival of plantations. The expenditure incurred on these plantations, thus, proved infructuous.

2.1.10 Micro-enterprise and Production System improvement

One of the major objectives of the programme was productivity enhancements along with conservation measures. Common Watershed Guidelines provide that Project Implementing Agencies (PIAs) must facilitate improvements in productivity and income. The Livelihood guidelines envisage maximum utilisation of potential generated by watershed activities.

2.1.10.1 Revolving Fund

Livelihood guidelines provide that at least 70 *per cent* of the funds available for livelihood component should be provided to Self Help Groups (SHGs) and enterprising individuals for creation of a Revolving Fund (₹ 25,000) with a condition to return the same in maximum eighteen months.

Audit observed that only two²⁰ out of 10 test-checked DWDUs had provided funds to SHGs for creation of a Revolving Fund. In remaining DWDUs, no

¹⁹ Ahmedabad (IWMP-1) - ₹ 1.12 lakh, Dahod (IWMP-3) - ₹ 2.23 lakh, Kheda (IWMP-1) - ₹ 7.89 lakh and (IWMP-2) - ₹ 7.72 lakh and Narmada (IWMP-10) - ₹ 16.88 lakh

²⁰ Banaskantha and Kachchh

provision for Revolving Fund was made in the DPR and the funds were utilised for individual activities in contravention to the provision of the guidelines.

GSWMA stated (October 2014) that their focus was on monitoring of works rather than distribution of funds for Revolving Fund. However, Audit is of the view that creation of Revolving Funds could help the SHGs finance their members in enhancing their income.

2.1.10.2 Vermi composting

Vermi composting is a process of using earthworms as natural bio-reactors for conversion of any organic waste into manure. The earthworms feed on the organic waste and produce waste by way of excreta which is called vermi compost and is used as an organic fertilizer.

(i) Livelihood Manual prescribes usage of 1.5 kilogram (kg.) of worms for Vermi Compost Bed (VCB) with size of 10 x 6 x 2.5 cubic feet. On scrutiny of records at four test-checked districts, Audit observed that there was wide variation in quantity of worms used in different districts for VCBs as shown in **Table 5** given below –

Table 5: Details of worms used in VCBs at test-checked districts

Name of the district	Length (in feet)	Breadth (in feet)	Depth (in feet)	Volume (in cubic feet) (Col.2x3x4)	Quantity of worms used (in kgs.)	Quantity per unit (Col. 6 divided by Col.5)
1	2	3	4	5	6	7
Livelihood Manual	10	6	2.5	150	1.50	0.01
Ahmedabad	40.26	20.13	0.66	534.89	250.00	0.47
Kheda	4.00	12.00	2.00	96.00	5.00	0.05
Narmada	4.00	12.00	2.00	96.00	3.00	0.03
Vadodara	15.15	3.33	1.66	83.75	14.00	0.17

(Source : Information provided by the test-checked DWDUs)

The above table shows that the use of worms in Ahmedabad district was very high as compared to the quantity envisaged in the Livelihood Manual. Comparing the quantity per unit utilised by Ahmedabad district with that of Vadodara district (being the maximum quantity per unit utilised among remaining three districts), the maximum quantity of worms (to be utilised based on the size of the VCB) at Ahmedabad should have been 91 kgs.²¹, whereas the actual utilisation was 250 kgs. Thus, at Ahmedabad district 159 kgs. of worms per bed were used in excess as compared to Vadodara district which resulted in excess expenditure on purchase of worms to the tune of ₹ 8.90 lakh²² for 14 VCBs.

²¹ 534.89 (volume) x 0.17 (quantity per unit of Vadodara district)

²² 159 Kgs. x 14 VCBs x ₹ 400 (value of per kg worms purchased at Ahmedabad for each VCBs)

GSWMA stated (December 2014) that works were executed as per the technical sanction given by the Agriculture Officer. However, Audit observed that the said technical sanction by Agriculture Officer was not used while executing the work but a separate technical sanction was obtained from MDT which specified 250 kgs. of worms per VCBs.

(ii) Audit observed that the desired outcome of income generation was not achieved under the activity of vermi composting. The details of expenditure incurred on construction of VCBs, quantity of vermi compost produced and income generated by sale of vermi compost in test-checked districts are shown in **Table 6** as below –

Table 6: Details of expenditure incurred on VCBs, quantity of vermi compost produced and income generated in test-checked districts

District	Number of projects	Number of beneficiaries		Expenditure incurred on VCBs	Quantity of vermi compost produced (in kgs.)	Quantity of vermi compost sold (in kgs.)	Income generated (₹ in lakh)	Number of beneficiaries who continued the activity	
		Individuals	SHGs					Individuals	SHGs
1	2	3	4	5	6	7	8	9	10
Ahmedabad	5	187	17	26.66	1,11,200	91,200	3.19	0	8
Banaskantha	5	325	-	88.79	14,500	0	0	1	0
Bhavnagar	4	87	-	13.05	0	0	0	0	0
Kheda	8	339	-	52.08	4,91,634	1,000	0.04	28	0
Narmada	7	678	57	96.30	10,520	0	0	0	51
Navsari	5	59	-	8.47	24,160	13,200	0.39	44	0
Surendranagar	1	10	-	2.50	2,400	0	0	10	0
Vadodara	12	536	-	67.94	10,90,100	0	0	536	0
Total	47	2,221	74	355.79	17,44,514	1,05,400	3.62	619	59

(Source: Information furnished by GSWMA)

The above table shows that only three out of eight test-checked districts reported generation of income from the activity to the tune of ₹ 3.62 lakh. Further, only 619 out of 2,221 beneficiaries and 59 out of 74 SHGs had continued the activity as of January 2015. This indicated that the activity could not achieve its objective of income generation.

GSWMA stated (December 2014) that the main objective of the activity was to change the practice of usage of chemical fertilizers by farmers as well as to decrease the cost of production and therefore such activity may not derive direct profit. The reply should be viewed in the context that one of the main objectives of programme was to generate sustainable source of income for people through implementation of livelihood activities. The above instances noticed in test-checked districts bring out the fact that the activities were neither planned nor executed efficiently resulting in non-achievement of intended objectives of sustainable livelihood generation and production system improvement. The State Government may consider taking up adequate IEC activities to promote the ultimate objectives of the IWMP.

2.1.11 Irregular payment

(i) Gujarat Treasury Rules and Operational Guidelines provide that payment of all government dues should be made only through account payee cheques. On scrutiny of records of 25 out of 52 projects in eight test-checked districts, Audit observed that payment of ₹ 8.23 crore²³ pertaining to supply of materials and wages to labourers were made in cash in contravention to the above provision.

The DWDUs attributed (between May to October 2014) the cash payment to lack of knowledge of payment procedure in the initial phase of programme implementation and non-availability of suppliers/labourers with bank accounts at village level. However, Audit is of the view that necessary instructions may be issued to enforce payment by cheques to avoid any irregular/fraudulent payment under the programme.

(ii) Payment of wages to labourers employed in works executed under the programme was to be made based on the attendance noted in the Muster Roll (MR). On scrutiny of MRs of 12 out of 33 projects in six test-checked DWDUs, Audit observed that 368 labourers were shown as having worked at two different sites during same period and a payment of ₹ 13.12 lakh²⁴ was made to them. Audit further observed at three test-checked DWDUs that payment of ₹ 4.03 lakh²⁵ to 152 labourers were made on blank MRs. In view of these, Audit could not vouchsafe whether the payments were made to genuine workers as per the actual work done. Further, the possibility of fraudulent payments cannot be ruled out.

DWDUs stated (April to September 2014) that there was a mistake in mentioning the dates of work in the MRs. As regards blank MRs, it was stated that the lapses was due to musters being recorded by the Secretary of WC who are not qualified and that such instances would not be repeated in future. However, details of actual date of work were not provided to Audit in support of the replies of DWDUs. Since MRs are very important documents and proper care should have been taken to ensure correct recording to avoid duplicate/irregular payment of wages to labourers as well as to avoid possible fraudulent payments, the State Government may consider investigating the matter further and issue necessary directions to avoid recurrence of such instances.

2.1.11.1 Suspected misappropriation of funds

Some of the suspected misappropriation cases noticed during the course of Audit are indicated below -

(i) On scrutiny of records and joint field visit of IWMP-3 of Dahod district, Audit observed that 12 Nala Plug²⁶ works were executed at the cost of ₹ 9.04 lakh under the project. Construction of toe wall for each Nala Plug was recorded in the measurement book (MB); however, site visit revealed that toe wall was

²³ Ahmedabad (₹ 0.99 crore), Dahod (₹ 3.36 crore), Kachchh (₹ 0.83 crore), Kheda (₹ 0.72 crore), Narmada (₹ 1.18 crore), Navsari (₹ 0.41 crore), Surendranagar (₹ 0.48 crore) and Vadodara (₹ 0.26 crore)

²⁴ Ahmedabad - ₹ 7.50 lakh (192 labourers), Banaskantha - ₹ 0.05 lakh (six labourers), Dahod - ₹ 0.94 lakh (50 labourers), Kheda - ₹ 2.90 lakh (68 labourers), Narmada - ₹ 0.29 lakh (20 labourers) and Surendranagar - ₹ 1.44 lakh (32 labourers)

²⁵ Ahmedabad - ₹ 2.85 lakh (88 labourers), Kheda - ₹ 0.75 lakh (25 labourers) and Vadodara - ₹ 0.43 lakh (39 labourers)

²⁶ Nala plug is a small checkdam

not constructed (**Picture 15**). Thus, possibility of misappropriation of payment of ₹ 1.00 lakh made towards construction of toe walls could not be ruled out.



Picture 15: Nala plug without toe wall at IWMP-3, Dahod (02.09.2014)

DWDU, Dahod stated (September 2014) that toe wall would be constructed and Audit would be intimated accordingly.

(ii) Construction of contour trench at village Bensa, Narmada district in IWMP-5 was completed in March 2012 at the cost of ₹ 5.00 lakh. On scrutiny of records at DWDU, Narmada, Audit observed that subsequent to completion of work, payments in cash to labourers to the tune of ₹ 5.18 lakh (between March and June 2012) and ₹ 1.63 lakh (May 2013) were made which was in excess by ₹ 1.81 lakh as against the amount quoted in the completion certificate. Thus, it raises serious doubts about the genuineness of the subsequent payments made and the possibility of misappropriation exists.

The DWDU Narmada stated (August 2014) that the matter would be investigated and the outcome would be reported to Audit.

(iii) In IWMP-10 at Nani Chikhli village, Narmada district, Audit observed that a payment of ₹ 0.12 lakh was made as wages to labourers for work done for construction of contour trench during 29th, 30th and 31st February 2013 though these dates were not available in the month of February. Thus, the payment of such doubtful nature increases the possibility of misappropriation.

The DWDU Narmada stated (August 2014) that matter would be investigated and the outcome would be reported to Audit.

(iv) In IWMP-9 of DWDU, Vadodara, an amount of ₹ 0.69 lakh had been misappropriated by a Watershed Development Team (WDT) Accountant in December 2012 and January 2013 by crediting the salary of WDT staffs²⁷ in his personal account by replacing the payment sheet annexed to the cheque.

The DWDU stated (July 2014) that the misappropriated amount had been recovered from the concerned WDT Accountant and the delinquent staff has been removed from the service. However, Audit could not vouchsafe the recovery made, as the details of amount taken into Government account and release of salary to the WDTs were not made available to Audit.

²⁷ Total four WDT staff including the delinquent himself

The above instances noted in Audit, highlight the lack of adequate internal control mechanism in the implementation of IWMP at the execution level. Further, these were only those instances that came to the knowledge of Audit during test-check. Possibility of more such cases cannot be ruled out.

The State Government may investigate the matter further and devise a strong internal control mechanism along with other checks and balances to avoid such occurrences in the on-going and future projects.

2.1.12 Convergence

Operational guidelines provide utmost importance to convergence and have been made mandatory as an integral part of every DPR. While preparing the DPR, the project management team was required to study the total funds requirement of the village or the project area as well as the funds availability. The gap between funds availability and funds requirement was to be filled up by other schemes implemented in the same area such as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Backward Region Grant Fund (BRGF), Tribal Area Sub Plan (TSP), etc.

DPR of test-checked districts for Batch-I and Batch-II had included the funds receivable by convergence of IWMP with other schemes as shown in **Table 7** below –

Table 7: Details of convergence funds included in the DPRs of test-checked districts

(₹ in crore)			
Name of the test-checked districts	Total funds required	Funds available under IWMP	Funds from convergence
Ahmedabad	37.79	32.75	5.04
Banaskantha	23.47	21.85	1.62
Bhavnagar	48.69	44.48	4.21
Dahod	41.19	30.96	10.23
Kachchh	160.82	116.85	43.97
Kheda	25.49	22.57	2.92
Navsari	35.75	29.06	6.69
Narmada	43.02	33.31	9.71
Surendranagar	34.45	27.47	6.98
Vadodara	22.28	15.00	7.28
Total	472.95	374.30	98.65

(Source : Information obtained from the DPRs (Batch-I and Batch-II) of test-checked districts)

On scrutiny of records, Audit observed that though the amount of convergence was specified in the DPR, no efforts were made by any of the test-checked DWDUs to obtain the funds from other schemes. Thus, till date (October 2014) convergence of different schemes with IWMP in test-checked districts could not be achieved.

GSWMA stated (October 2014) that IWMP is a time bound programme and implementation of the programme rests with the Watershed Committees. It was further stated that to achieve convergence, capacity building of the Watershed Committees needs to be strengthened.

Availing convergence funds would bolster the total availability of the funds for IWMP which can be utilised for augmenting the resources for projects to be taken up in future.

2.1.13 Maintenance of Measurement Books

Operational guidelines provide that Measurement Books (MBs) for each work would be recorded by the President of Watershed Committee concerned and WDT engineer. The Nodal Officer with the help of WDT, would scrutinise the works, verify the measurements on the spot and would check the entries of the same in the MB.

On scrutiny of MBs at test-checked districts, Audit observed deficiencies in maintenance of MBs of 11 out of 36 projects executed in five test-checked districts such as non-maintenance of MBs, incomplete MBs, recording made in the MBs after completion of the work, MBs not signed by the competent authority, etc. (**Appendix-III**). Proper maintenance of MBs could have avoided the instance of possible misappropriation of programme funds as discussed in Paragraph 2.1.9.

2.1.14 Human Resource Management

The Project Director assisted by Multi-Disciplinary Team (MDT) at DWDU was responsible for implementation of the programme in the District and Watershed Development Team (WDT) of Project Implementing Agency (PIAs) was responsible for execution of the watershed works. The details of men-in-position as against the sanctioned post at DWDUs and PIAs for the State as on December 2014 is shown in **Table 8** below -

Table 8 : Details of men-in-position in DWDUs and PIAs as on 31 December 2014

Sr. No.	Designation	Sanctioned Posts	Men-in-position	Vacancy	Percentage of vacancy
1	Project Director	26	15	11	42
2	MDT	441	345	94	21
3	WDT	3,728	1,985	1,743	47

(Source : Information provided by GSWMA)

The above table shows that the vacancy in the post of Project Director at DWDUs was 42 *per cent* and that of WDT in PIAs was 47 *per cent*. The slow progress in implementation of the programme in the State was also attributable to huge vacancy in WDTs.

2.1.15 Monitoring and Evaluation

2.1.15.1 Monitoring

Monitoring is a continuous process and would start immediately with commencement of the implementation of the project till the project is handed over to the Gram Sabha. Common Watershed Guidelines provide for regular monitoring of the projects at each stage. Further, the operational guidelines provide for regular monitoring by Watershed Committee, WDT, MDT, Technical Expert and Professional Expert.

On scrutiny of records at PIA, DWDU and GSWMA, Audit observed that GSWMA had not fixed any targets for inspection of works at any level to

strengthen the monitoring of the projects under the programme. Further, Audit could not vouchsafe the actual inspections carried out by designated officials, as no records were maintained at any level regarding inspection done, inspection reports issued and corrective actions taken. The improper selection of sites discussed in Paragraph 2.1.10.2 of the report indicates the lack of monitoring at various levels.

GSWMA stated (October 2014) that though targets were not prescribed for regular monitoring, the same was being done at each level. ***It is recommended that the GSWMA may fix number of inspections to be carried out by each designated official and implement a system of documentation of inspection done to ensure effective monitoring.***

2.1.15.2 Evaluation

As per the provision of Common Watershed Guidelines, the SLNA would identify institutions and agencies, and prepare panel of evaluators. Evaluation of the programme would include physical, financial and Social Audit of the works done. The evaluation of projects executed under Batch-I and Batch-II was got done by GSWMA through various evaluators in May 2012 and July 2013; however, Audit observed that there was no mention of achievements/deficiencies of the projects evaluated. The report consisted of basic information such as introduction, State profile, percentage of funds utilised, creation of village level institutions, capacity building, procedure of preparation of DPR, etc.

GSWMA stated (October 2014) that only preliminary evaluation was done based on the suggestive guidelines issued by the GoI. However, the evaluation report should have indicated the objectives of the programme, the status of objectives achieved and future course correction required.

2.1.16 Other topics of interest

2.1.16.1 Conflict of interest

Operational guidelines provide that Watershed Committee shall invite quotations for purchase of materials upto the cost of ₹ 0.40 lakh. Audit observed at three DWDUs²⁸, the members of the Watershed Committee had submitted their quotations and the same were approved by the committee. This indicated conflict of interest and subverted the process of quotation. The members were also paid an amount of ₹ 22.64 lakh against supply of material.

2.1.17 Conclusion and Recommendation

In order to overcome the problems of drought, land degradation and to improve the socio-economic conditions of economically weaker sections, IWMP was launched in February 2009. The main objectives of the programme are to conserve natural resources of water, soil and vegetation, to increase groundwater table by enhanced recharge by watershed intervention, to increase in cropping intensity and agricultural productivity reflecting in overall increase in agricultural production, to improve rural livelihoods through participatory watershed development with focus on integrated farming systems for enhancing income, productivity and livelihood security in a sustainable manner. In Gujarat,

²⁸ Ahmedabad (IWMP-3) - ₹ 9.79 lakh, Bhavnagar (IWMP-10) - ₹ 8.10 lakh and Narmada (IWMP-1) - ₹ 4.75 lakh

State perspective and strategic plan for covering a treatable area of 98.63 lakh hectares over the period of 18 years from 2009-10 was prepared. District-wise priority maps were prepared and provided to the districts for preparing Preliminary Project Report. Against the available funds of ₹ 879.37 crore during 2009-14, ₹ 612.41 crore (70 *per cent*) was spent. Projects under both Batch-I and Batch-II were in the execution stage (October 2014). The Performance Audit of the IWMP revealed some areas of concern and gaps in implementation, which are highlighted below alongwith a set of recommendations as a way forward –

- Areas already treated in pre-watershed programmes and canal irrigation areas were included in the project, which were not in consonance with the programme guidelines. Selection of villages was not done as per the cluster approach as the villages selected under the projects were not in geo-contiguity and hydrological contiguity. Further, Audit observed that watershed structures were constructed at improper sites and infrastructure created under the programme was not being put to use.

GSWMA may issue instructions to DWDUs and WC to select villages by considering cluster approach and the areas may be selected based on the geo and hydrological contiguity.

The selection of sites may be given utmost importance so as to achieve the maximum benefit of soil conservation and moisture retention.

- Funds for creation of Revolving Funds were not provided to Self Help Groups (SHGs)/Self Help Federation (SHFs) under the livelihood component of the programme. Desired outcome of income generation was not achieved under the livelihood activity of vermi composting in test-checked districts.

The State Government may consider taking up adequate IEC activities to promote the objectives of the IWMP for generating sustainable sources of income for people through implementation of livelihood activities.

- Instances of payment by cash instead of account payee cheque for supply of materials and wages to labourers, doubtful payment to labourers having worked at two different sites during same period and payment of wages on blank muster rolls were noticed in test-checked districts. Suspected misappropriation of ₹ 9.09 lakh were noticed in three test checked districts

GSWMA may issue instructions to DWDUs and WCs to ensure proper maintenance of records and scrutiny of bills so as to avoid instances of suspected misappropriation of funds, as a measure of strengthening internal control mechanisms.

The matter was reported to Government (February 2015); but reply is awaited (March 2015).

COMPLIANCE AUDIT

Panchayats, Rural Housing and Rural Development Department

2.2 Implementation of Setting-up of *haats* for promotion of rural products at village, district and State levels under Swarnjayanti Gram Swarozgar Yojana

2.2.1 Introduction

Government of India (GoI), Ministry of Rural Development (MoRD) introduced (April 1999) Swarnjayanti Gram Swarozgar Yojana (SGSY) to cover all aspects of self-employment such as training, credit, technology, infrastructure and marketing by organising the poor into Self Help Groups (SHGs). The objective of the SGSY was to bring the assisted poor (*swarozgaris*²⁹) above the poverty line in three years, by providing them income-generating assets through a mix of bank credit and Government subsidy.

As the rural artisans covered under the SGSY did not have adequate wherewithal to connect themselves to the market, lacking adequate capacity, market intelligence and negotiation skills, the GoI formulated (February 2009) guidelines for “setting-up of *haats* (permanent marketing centres) for promotion of rural products at village, district and State levels under SGSY”. Financial assistance for construction of one *haat* at State capital, one *haat* at each district headquarters and three *haats* in each district at village level were envisaged in the scheme. The land for the proposed *haats* was to be owned by the Gram Panchayat/State Government. GoI restructured (2013) the SGSY as “National Rural Livelihood Mission (NRLM)” and all incomplete projects sanctioned under the SGSY were to be completed from the funds allocated under NRLM and no funds were supposed to be released by GoI for setting-up of new *haats* from April 2014. The Gujarat Livelihood Promotion Company Limited (GLPC), Gandhinagar established in April 2010 was appointed as the Nodal agency for implementation of NRLM and GLPC took over the incomplete projects from 2014-15.

The Secretary and the Commissioner of Rural Development (CRD) is responsible for implementation of the scheme in the State and Director, District Rural Development Agency (DRDA) is responsible for execution of the project at the district level. The CRD is assisted by the Managing Director (MD), GLPC at State level (w.e.f. April 2014).

Audit was conducted in eight³⁰ out of 25 districts³¹ with the objective of deriving an assurance about the efficacy of implementation of the scheme “Setting-up of *haats* for promotion of rural products at village, district and State levels under SGSY”. Joint field visits³² of 17 out of 24 village *haats* (completed/

²⁹ Swarozgaris can be either individuals or groups

³⁰ Ahmedabad, Anand, Bharuch, Navsari, Patan, Rajkot, Sabarkantha and Surendranagar

³¹ The State had only 25 districts on the date of introduction of the scheme

³² Audit team alongwith concerned DRDA staff

under progress) sanctioned in the eight selected districts were also conducted (**Appendix-IV**).

2.2.2 Planning

2.2.2.1 Beneficiary Survey

As per the provisions of the scheme guidelines, the village *haats* were to be set-up for marketing of products of rural BPL artisans. As such, before selection of village and location for construction of *haats*, a survey of availability of targeted beneficiaries for operation of *haats* was to be conducted.

Audit observed in test-checked districts that the selection of village and location for construction of village *haats* was done by the DRDAs without conducting any survey of availability of targeted rural BPL artisans. This was one of the primary reasons for the village *haats* remaining non-functional, as discussed in succeeding paragraphs.

The Directors of concerned DRDAs stated (July to August 2014) that the survey was not conducted due to absence of clear provision for beneficiary survey in the guidelines and non-issuance of instructions from CRD.

2.2.2.2 Village haats not constructed at places where markets existed

The scheme guidelines provide that the *haats* were to be constructed at the places where markets existed *i.e.* places where weekly *haats* were already existing. However, Audit observed in the test-checked districts that five *haats* had not been constructed where markets existed. For example, a *Haat* at Piranna village of Ahmedabad district was constructed in an interior area of a society where no markets existed, three *haats*³³ were constructed on the highway which was about one to two kilometers away from the village and a *haat* at Kungher village of Patan district was constructed at a place where pilgrims gathered only on Sundays. This indicated that the selection of location for construction of *haats* was without any survey where markets existed and availability of targeted beneficiaries.

The Directors of concerned DRDAs stated (July to August 2014) that due to non-availability of land where markets presently existed, the *haats* were constructed at other places. However, Audit is of the view that the alternate sites were required to be selected, considering the availability of artisans and sites being easily accessible to the villagers.

2.2.3 Financial Management

2.2.3.1 Funding pattern

The scheme envisaged financial assistance to be shared between Central and State Government in the ratio of 75:25. Financial assistance upto ₹ 3.00 crore, ₹ 1.50 crore and ₹ 0.15 crore for construction of *haats* at State Capital, district and village levels respectively was admissible.

³³ Dasada (Surendranagar district), Lingda (Anand district) and Punsari (Sabarkantha district)

2.2.3.2 Funds received and expenditure incurred

The details of funds received and expenditure incurred during the period 2009-14 are shown in **Table 1** below –

Table 1: Funds received and expenditure incurred

(₹ in crore)

Year	Opening Balance	Funds received			Total available funds	Expenditure incurred	Closing Balance
		GoI	State	Total funds received			
2009-10	0.00	4.22	1.41	5.63	5.63	0.21	5.42
2010-11	5.42	0.00	0.00	0.00	5.42	0.94	4.48
2011-12	4.48	0.00	0.00	0.00	4.48	0.75	3.73
2012-13	3.73	0.33	0.11	0.44	4.17	0.89	3.28
2013-14	3.28	0.00	0.00	0.00	3.28	0.31	2.97
Total		4.55	1.52	6.07		3.10	

(Source : Information received from MD, GLPC, Gandhinagar)

The above table shows that against total funds of ₹ 6.07 crore received during 2009-14, only ₹ 3.10 crore (51 *per cent*) had been utilised for construction of *haats* and the remaining funds of ₹ 2.97 crore remained with the DRDAs. Audit observed that the reasons for less utilisation of funds were non-commencement and slow progress of construction works, as discussed in the succeeding paragraphs.

2.2.3.3 Non-release of second instalment

The scheme guidelines provide for release of financial assistance in two instalments. First instalment (50 *per cent*) at the initial stage and second instalment (50 *per cent*) on submission of physical and financial progress reports along with Audit Report and Utilisation Certificate for utilisation of at least 60 *per cent* of available funds. The Central share is released directly to the DRDAs and the State share is required to be released within one month from the date of release of Central share.

Audit observed that out of 25 districts, only two districts³⁴ had received (July 2012) the second instalment from GoI under the scheme. On scrutiny of records at four selected districts, it was observed that construction of one to three *haats*³⁵ had been completed in each of the districts, more than 60 *per cent* of available funds had been utilised and proposals for second instalment had been submitted (between November 2011 and February 2014) to GoI by these districts. However, due to non-submission of Audit Report, complete Utilisation Certificates and compliances to GoI queries, *etc.* by concerned DRDAs, the second instalment of ₹ 67.50 lakh³⁶ was not released by GoI. Paucity of funds under the scheme resulted in construction not being taken up in the remaining three village *haats* in these districts and non-completion of ancillary works in eight village *haats* though the construction of these *haats* had been completed between August 2010 and August 2013 (**Appendix-V**).

³⁴ Patan and Surendranagar³⁵ Ahmedabad (two), Anand (one), Navsari (two) and Sabarkantha (three)³⁶ ₹ 11.25 lakh (75 *per cent* of ₹ 15.00 lakh) divided by 2 (50 *per cent* already received) x 12 (three *haats* each of four district)

The matter was reported (December 2014) to the CRD; however, reply is awaited (March 2015).

2.2.4 Programme Management

2.2.4.1 Overall physical progress of haats

The scheme envisaged financial assistance for construction of one *haat* at State capital, one *haat* at each of the district headquarters and three *haats* in each district at village level. However, Audit observed that the State Government had not submitted any proposal for construction of *haats* at district level and State capital. In its absence, GoI had only sanctioned 75 village *haats* (three in each district) in the State.

GoI released (March 2009) the first instalment (50 *per cent*) of financial assistance of ₹ 16.875 lakh³⁷ to each DRDA for construction of 75 village *haats* (three in each district) in the State. Accordingly, the State Government released (July and September 2009) its share of ₹ 5.625 lakh to each DRDA. Though no timeframe or schedule was fixed in the guidelines for completion of *haats*, the MoRD and the CRD had issued instructions to all DRDAs for early completion of construction of village *haats* and the work orders issued by the DRDAs stipulated its completion within a period ranging from six to 12 months. However, Audit observed from the information provided by the CRD that-

- Out of 75 village *haats*, construction of only 32 *haats* had been initiated. Out of these 32 *haats*, construction of only 26 *haats* had been completed and construction of six *haats* was under progress as of September 2014 (**Appendix-VI**). In test-checked districts, Audit observed that sites approved for construction of *haats* were found unsuitable and were changed frequently which resulted in delay in construction of *haats*.
- Construction of 43 village *haats* (57 *per cent*) had not been taken up (September 2014) due to non-identification of land (**Appendix-VI**).
- Out of 25 districts, only in three districts (12 *per cent*) the construction of targeted three village *haats* in a district had been completed. In nine districts³⁸, construction of not a single village *haat* had begun as of September 2014 (**Appendix-VI**).

This resulted in rural artisans being deprived of the benefit of promoting their products.

The matter was reported (December 2014) to the CRD; however, reply is awaited (March 2015).

2.2.4.2 Non-operational village haats

The scheme guidelines provide for construction of village *haats* at the existing market places *i.e.* places where weekly *haats* were taking place and at strategic locations in the district headquarters and State capitals.

³⁷ 75 *per cent* of ₹ 15.00 lakh (financial assistance for one village *haat*) x 3 village *haats* (per district) divided by two.

³⁸ Amreli, Dahod, Dang, Jamnagar, Junagadh, Kheda, Porbandar, Vadodara and Valsad

During joint field visit of 15 completed village *haats* in test-checked districts, Audit observed that only one *haat* in Rajkot district was operational while 10 could not be made operational since last two to three years and four are operational partially³⁹ (**Appendix-VII**). The *haats* are not operational due to non-availability of targeted beneficiaries *i.e.* BPL artisans of SHGs, Rural *Haat* Management Committees not constituted and non-construction of *haats* at existing market places or at places having the potential to attract large number of visitors. This indicates that the locations for the *haats* were selected without proper survey of beneficiaries and their requirements.



Picture 1: Non-operational village *haat* at Dasada village, district Surendranagar (13.08.2014)



Picture 2: Non-operational village *haat* at Limzer village, district Navsari (20.06.2014)

The Directors of concerned DRDAs agreed (June to August 2014) that the village *haats* were non-operational due to lack of demand from beneficiaries. The CRD stated (February 2015) that the village *haats* were constructed at other places due to non-availability of suitable land in existing market places.

³⁹ (i) Jetalpur (Ahmedabad) – two out of four shops were allotted, (ii) Pirana (Ahmedabad) – one out of two shops were allotted, (iii) Punsari (Sabarkantha) – five out of eight shops were allotted and (iv) Khali (Patan) – five out of eight shops were allotted

2.2.4.3 Basic infrastructure facility not provided

The scheme guidelines provide that each village *haat* should have basic infrastructural facilities such as (i) open raised platforms, (ii) covered platforms (iii) toilets (separate for men and women), (iv) drinking water facility through installation of Indian Mark II hand-pumps, (v) drainage, (vi) brick soling in the moving space, (vii) garbage pits/corner, (viii) office block, (ix) parking space and (x) drinking water for animals.

However, during joint field visit of 15 completed village *haats* in eight test-checked districts, it was observed that basic infrastructural facilities like toilets for men and women, drinking water, drainage, open raised platforms, warehouse for storage, *etc.* were not provided at 11 completed village *haats* in five districts (**Appendix-VIII**).

The Directors of concerned DRDAs stated (June to August 2014) that corrective measures would be taken as far as possible.

2.2.4.4 Wasteful expenditure of ₹ 3.88 lakh

The construction work of Zadeshwar village *haat* (district Bharuch) was completed (October 2010) at a cost of ₹ 13.20 lakh. During joint field visit of the village *haat* (July 2014), it was observed that instead of providing reinforced cement concrete (RCC) slabs as roof for the *haats*, 3 mm thick Fibre-reinforced plastic (FRP) sheets were fixed on MS angles as roof. These sheets were found damaged/blown away in heavy rains and high wind on 5 June 2011 (**Picture 3**). Thus, the expenditure of ₹ 3.88 lakh incurred towards FRP sheets proved wasteful due to faulty design.



Picture 3: FRP sheet damaged/blown during monsoon at Zadeshwar village *haat* (Picture taken from file)

The DRDA subsequently accorded (February 2013) technical sanction of ₹ 9.11 lakh to provide RCC slab for the *haats* and released (March 2013) funds to the Executive Engineer, Roads and Buildings (R&B) Panchayat, Bharuch. The work was completed (September 2013) at a cost of ₹ 8.65 lakh

(Picture 4). This resulted in excess expenditure of ₹ 6.85 lakh⁴⁰ as against maximum admissible expenditure of ₹ 15.00 lakh per village *haat*.



Picture 4: Renovated Zadeshwar village haat (02.07.2014)

The CRD stated (February 2015) that instructions have been issued to the Director, Bharuch DRDA for taking action against responsible officer for the financial loss. The Director, Bharuch DRDA stated (February 2015) that action was being initiated against the official as per the instruction of CRD.

2.2.4.5 Irregularities in execution of Sayla village haat

The construction of Sayla village *haat* (district Surendranagar) was completed (November 2012) by the Executive Engineer (R&B) Panchayat at a cost of ₹ 11.96 lakh. During joint field visit of the *haat* (August 2014), it was observed that -

- though the works of drainage and garbage pits were provided in the plans and estimates, the same were not executed (**Picture 5**).



Picture 5 : Sayla village haat without drainage and garbage pit (14.08.2014)

⁴⁰ Total expenditure ₹ 21.85 lakh (₹ 13.20 lakh + ₹ 8.65 lakh) (-) ₹ 15.00 lakh

- The quality of construction work of platform was found to be sub-standard, as the tiles fixed were found coming apart in some places (**Picture 6**).
- A separation wall was to be constructed in every open raised platform for earmarking the allotment of space to individual artisans; however, the same was not constructed (**Picture 6**).



Picture 6 : Sayla village haat without separation wall and floor tiles coming apart (14.08.2014)

The Director, DRDA Surendranagar stated (August 2014) that necessary investigation would be carried out and Audit would be intimated accordingly.

2.2.5 Monitoring

2.2.5.1 Lack of periodical monitoring by State Government

The scheme guidelines provide that the Department of Rural Development of the State Government would be primarily responsible for monitoring the progress and operation of *haats* in the State, periodically. The concerned DRDA would furnish the monthly progress report (MPR) on sale of product and functioning of the *haats* to the CRD and the CRD in turn would report the findings to the Ministry of Rural Development.

On scrutiny of records, it was observed that the CRD had not established any monitoring system as regular MPRs were neither called for from the concerned DRDAs nor submitted to the GoI. Audit observed that only two meetings of all Directors of DRDA and three meetings of Assistant Project Managers had been held at State level till date to discuss the progress of construction of village *haats*. Thus, regular monitoring of construction of village *haats* and their operation was not being carried out from the State level. Delays in construction/ non-construction of *haats* due to not identifying land and non-operation of constructed *haats* could have been mitigated to some extent, if there was regular and effective monitoring by the State Government.

2.2.5.2 Non-constitution of Rural Haat Management Committee

The scheme guidelines provide for constitution of a Rural *Haat* Management Committee (RHMC) at village, district and State level for management and maintenance of *haats*. The RHMC at village level may comprise of Gram Pradhan, representatives of Gram Panchayat, representatives of Self Help Group/leader of village federation and Gram Panchayat Officer/Gram Development Officer. The RHMC had been proposed to be a sub-committee of the Gram Panchayat and is responsible for allotment of the stalls of the *haat* and maintenance of the *haats* from the rental and other fees/funds collected from the occupants of the stalls.

During joint field visit of 15 completed village *haats*, Audit observed that RHMCs had been constituted in only three out of five village *haats* which were operational/partially operational. Constitution of RHMC could have expedited the operationalisation of completed village *haats*, as discussed previously in paragraph 2.2.4.2.

2.2.6 Conclusion

Audit observed certain critical areas of concern in the implementation of the village *haats* scheme that may need urgent attention of the State Government. As against total funds of ₹ 6.07 crore received during 2009-14, only ₹ 3.10 crore was utilised for construction of *haats*. Proposals for construction of *haats* at district and State levels were not submitted to GoI by the State Government and construction of only 32 out of 75 sanctioned village *haats* had been taken up in the State. During joint field visit of 15 completed village *haats* in eight test-checked districts, it was observed that 10 *haats* were not operational and four were partially operational due to non-availability of targeted beneficiaries and non-construction of *haats* in existing market places. At Zadeshwar village *haat*, district Bharuch, expenditure of ₹ 3.88 lakh incurred proved wasteful due to faulty design of roof, as FRP sheets were used instead of RCC slabs, which also got damaged during the monsoon. Monitoring of the implementation of the scheme by CRD was found to be deficient. Rural *Haat* Management Committees for completed village *haats* were found to have been constituted only in three out of 15 village *haats*, which were jointly visited by Audit.

The matter was reported to Government (January 2015); but reply is awaited (March 2015).

2.3 Suspected fraudulent payment of ₹ 8.20 lakh and doubtful payment of ₹ 37.32 lakh for Vermi Compost Beds created under Backward Region Grant Fund

Failure of District Rural Development Agency, Dahod in monitoring and of Gujarat State Rural Development Corporation, Vadodara in ensuring satisfactory execution of work resulted in suspected fraudulent payment of ₹ 8.20 lakh and doubtful payment of ₹ 37.32 lakh on creation of Vermi Compost Beds under Backward Region Grant Fund (BRGF)

Government of India (GoI) introduced (January 2007) a centrally sponsored scheme “Backward Region Grant Fund (BRGF)”, which was designed to redress regional imbalances in development. The scheme was being implemented with a view to providing financial resources for supplementing and converging existing development inflows into identified districts.

Under BRGF, the work of creation of 2,000 Vermi Compost Beds⁴¹ (VCBs) across seven talukas⁴² of Dahod district at a unit cost of ₹ 10,000 was approved (September 2009) for the benefit of Self Help Groups⁴³ (SHGs) to produce organic fertilizer for the purpose of agriculture. Accordingly, District Rural Development Agency (DRDA), Dahod accorded administrative approval and sanctioned (February 2010) ₹ 2.00 crore to Gujarat State Rural Development Corporation (GSRDC) for execution of the work. The DRDA was also responsible for monitoring the execution of the work.

DRDA, Dahod released (March 2010) ₹ 1.80 crore to GSRDC, Vadodara, which in turn, awarded (March 2010) the work for 1,800 VCBs to Gurumukhi Adivasi Vikas Trust (GAVT), Tilakwada. The terms and conditions of the sanction order of DRDA *inter alia* provided for submission of photographs of the site before and after creation of VCBs to the DRDA. Payments amounting to ₹ 1.55 crore⁴⁴ were made between March 2010 and June 2011 to the GAVT for creation of 1,640 VCBs in 332 villages of six Talukas.

Audit observed (October 2013) that out of 1,640 VCBs stated to have been created, no information was found on record in respect of 355 VCBs. This indicated that payment of ₹ 33.46 lakh⁴⁵ made towards these VCBs was doubtful. As regards the remaining 1,285 VCBs, the list was available with the DRDA, Dahod but only 1,272 cases were supported by photographs of VCBs created. On further scrutiny of these cases, it was noticed that payment for 166 VCBs was made against 79 photographs *i.e.* some photographs were used more than once for different VCBs. In order to explore the facts further, Audit jointly visited (7 May to 10 May 2014) 96 VCB sites⁴⁶ with the departmental officials⁴⁷.

⁴¹ Vermi compost is the product or process of composting using various worms to create a heterogeneous mixture of decomposing vegetable or food waste, bedding materials and vermicast.

⁴² Dahod – 237 units, Devgadhbharia – 189 units, Dhanpur - 140 units, Fatehpura – 201 units, Garbada - 282 units, Limkheda – 246 units and Zalod - 705 units

⁴³ 1,539 Sakhi Mandals and 461 Hariyali Groups

⁴⁴ at the rate of ₹ 9,450 (for 225 VCBs) and ₹ 9,425 (for 1,415 VCBs)

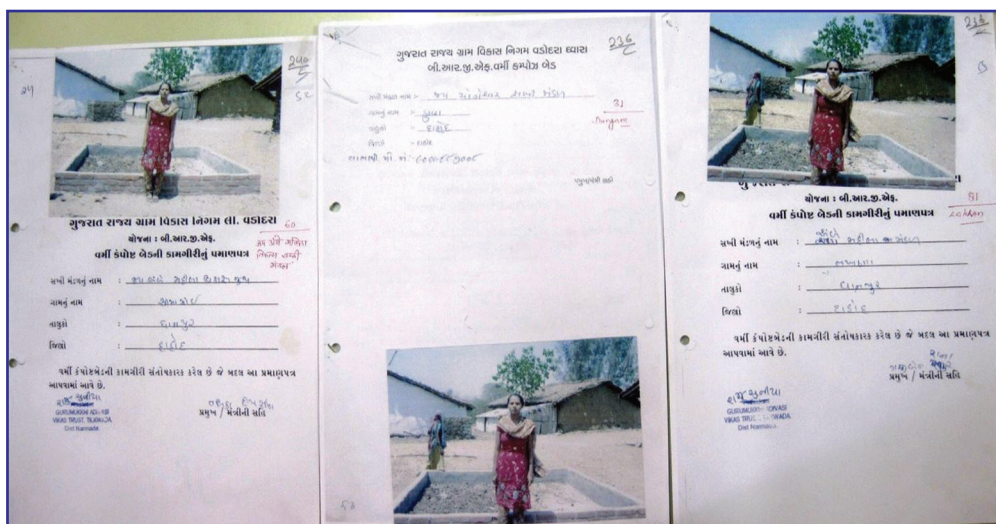
⁴⁵ 355 units x ₹ 9,425

⁴⁶ 41 out of 166 VCBs wherein single/same photographs were used for multiple works + 55 other VCBs shown as completed and not involved in 166 VCBs.

⁴⁷ Alongwith (i) Assistant Project Officer, DRDA, Dahod, (ii) Junior Clerk, District Panchayat, Dahod and (iii) Junior Project Clerk, GSRDC, Dahod

During joint field visit, it was established that in 23 out of 41 VCBs, same photographs had been used for multiple cases and no VCBs were found to have been constructed. In an illustrative case, a single photograph was used in support of works done for three different VCBs as depicted in the pictures given below -

Photograph of one VCB used in support of other two VCBs



**Jai Ambe Mahila Vikas
Juth (SHG) in village
Simamoi of Dhanpur
Taluka**

**Jay Yogeshwar Sakhi
Mandal (SHG) in village
Dugara of Dahod Taluka**

**Ambe Mahila Mandal
(SHG) in village Lakhana
of Dhanpur Taluka**

(Source : GSRDC, Vadodara and DRDA, Dahod)

This indicated a suspected fraudulent payment of ₹ 8.20 lakh⁴⁸, involving 87 works.

During joint field visit of remaining 55 VCBs, it was noticed that 41 VCBs were found non-existent as SHGs denied the creation of VCBs. This indicated the payment of ₹ 3.86 lakh⁴⁹ made towards these VCBs may have been fraudulent.

Thus, failure on the part of DRDA, Dahod in monitoring and on the part of GSRDC, Vadodara in ensuring satisfactory execution of work resulted in suspected fraudulent payment of ₹ 8.20 lakh and doubtful payment of ₹ 37.32 lakh.

When the matter was reported (July 2014), the Development Commissioner formed (August 2014) a team headed by Assistant Commissioner to investigate the matter. Panchayats, Rural Housing and Rural Development Department endorsed the findings of Development Commissioner wherein the Audit observations were accepted and confirmed. Government stated (December 2014) that the disciplinary action was being taken against the concerned responsible officers/officials.

⁴⁸ 87 cases (166 – 79) x ₹ 9,425

⁴⁹ 41 cases x ₹ 9,425

2.4 Excess payment towards price variations due to adoption of incorrect star rate

Non-adherence to tender stipulations and Government directions resulted in excess payment of ₹ 3.30 crore towards price variation for asphalt used in the construction of roads

The Roads and Buildings Department (R&B) circular of November 1998 and October 2005, stipulated that the base rate of asphalt for the calculation of price variation would be the rate prevalent in the month of approval of Draft Tender Papers (DTPs) which was to be specified as “star rate”. The ex-refinery rate of asphalt of Indian Oil Corporation Limited (IOCL), Koyali, Vadodara prevailing at the time of approval of DTP was to be fixed as star rate. As per the tender conditions, the difference between the prevailing ex-refinery rate as per the purchase bill produced by the contractor and the star rate shown in the tender agreement was to be paid/recovered for the quantity of asphalt actually used in the works.

The Executive Engineer (EE), Panchayat R&B Division, District Panchayat, Dahod awarded contract of 13 road work packages with estimated cost of ₹ 36.38 crore during 2008-09 and 2010-11 with tender provisions for adjustment of price variation on asphalt. For execution of these, the contractors procured 4,763.618 Metric Tonne (MT) asphalt between 2008-09 and 2010-11.

On scrutiny of the records, it was observed that, the Executive Engineer of the Division adopted incorrect star rate in the tender document, by adopting the rate prevailing on the date of preparation of estimate instead of adopting the rate prevailing in the month of approval of DTP. This was in deviation to the above circular.

As such the price variation became payable to the contractor with respect to the price of asphalt prevailing at the time of preparation of the estimate instead of the price prevailing at the time of approval of DTP. The difference between the star rate adopted in the tender agreement and the rate prevailing in the month of approval of DTP ranged from ₹ 510 to ₹ 11,737 in the above works as shown in **Appendix-IX**. The price variation for 4,763.618 MT of asphalt used in the above works was thus paid on incorrect star rate which resulted in excess payment of ₹ 3.30 crore.

Executive Engineer stated (October 2014) that the rates of asphalt mentioned in clause 59-A of B2 tender agreement were the rates prevailing at the time of approval of DTP. Hence payment of star rate made to the contractor was in order. However, in the tender document (B-2 booklet), it was mentioned that the star rate for asphalt was based on the rate of Koyli Refinery prevailing on the date on which the estimate was prepared which was found lower than the rates of asphalt prevailing at the time of approval of DTP.

The matter was reported to Government (August 2014); but reply is awaited (March 2015).