

**Audit Matters/Time Bound**

No.G-25012/1/2024-B&F  
Government of India  
Ministry of Panchayati Raj  
(B&F Section)

11<sup>th</sup> Floor, Jeevan Prakash Building,  
25 Kasturba Gandhi Marg, New Delhi - 110001

Dated: - 24<sup>th</sup> May, 2024  
27<sup>th</sup>

**Office Memorandum**

Subject: Issue of Inspection Report : PR-107910 Transaction and Grants- in-aid audit of Ministry of Panchayati Raj 9th Floor T-2 Jeevan Bharati Building Connaught Place New Delhi-110001 for the years 2020-21 to2022-23.

Please find enclosed letter No. Audit Management Group-V/2024-25/DIS- 1694314 dated 17th May, 2024 alongwith Inspection Report concerning Transaction and Grants-in-Aid Audit in respect of Ministry of Panchayati Raj for the Years 2020-21 to 2022-23 received from Senior Audit Officer, O/o. DG of Audit (Central Expenditure) with the request for furnishing of replies by the concerned Divisions/Sections to O/o. Director General of Audit (Central Expenditure).

2. Respective Divisions/Sections concerned with the Inspection Reports for Transaction and Grants-in-Aid Audit are requested to furnish their replies to the respective Para(s) contained in the Inspection Report positively on or before 31st May, 2024 so that a consolidated Action Taken Report (ATR) can be furnished by Ministry of Panchayati Raj to O/o. Director General of Audit (Central Expenditure) in time.

This issues with the approval of Financial Advisor, Ministry of Panchayati Raj.

  
(Tara Chandel)  
Under Secretary (B&F/ IFD)

To

All Under Secretaries concerned with the Inspection Report through email.

Copy to:

- i. All JSs/EA, MoPR,
- ii. All Directors/Deputy Secretaries, MoPR.

Copy for information to: PPS to Financial Advisor, MoPR.



सत्यमेव जयते

DIRECTOR GENERAL OF AUDIT (CENTRAL  
EXPENDITURE), NEW DELHI  
DGACR Building, I.P. Estate, New Delhi-110002.  
pdahwrd@cag.gov.in



लोकहितार्थं सत्यनिष्ठा  
Dedicated to Truth in Public Interest

Ltr No: Audit Management Group - V/2024-2025/DIS-1694314  
Date: 17 May 2024

To,

Dr. Bijaya Kumar Behera, IES  
Economic Adviser  
Ministry of Panchayati Raj,  
Tower-2, 9th Floor, Jeevan Bharati Building  
New Delhi - 110001

Subject: Issue of Inspection Report : PR-107910 Transaction and Grants-in-aid audit of Ministry of Panchayati Raj 9th Floor T-2 Jeevan Bharati Building Connaught Place New Delhi-110001 for the years 2020-21 to 2022-23

Sir/Madam,

I am to forward herewith the Inspection Report, Inspection Report of (FV-81228)

Transaction and Grants-in-aid audit of Ministry of Panchayati Raj 9th Floor T-2 Jeevan Bharati Building Connaught Place New Delhi-110001 for the years 2020-21 to 2022-23 and to request that your replies may be arranged to be furnished to this office along with your specific remarks within four weeks from the date of receipt of this report.

The receipt of the Inspection Report may kindly be acknowledged.

Yours faithfully,

Encls: As above

Deepti J Singh  
Senior Audit Officer

Copy to:-

Ltr No : Audit Management Group - V/2024-2025/DIS-1694314/C1  
Secretary,  
Ministry of Panchayati Raj,  
Room No. 7-B, Ground Floor,  
Krishi Bhawan,  
New Delhi-110003





**OFFICE OF THE DIRECTOR GENERAL OF AUDIT (CENTRAL EXPENDITURE)**

**DGACR BUILDING, I.P ESTATE, NEW DELHI-110002**

**Inspection Report on the accounts of Ministry of Panchayati Raj, New Delhi for the year 2020-21 to 2022-23**

**PART-I**

**(i) Introduction**

The transaction & Grant-in-aid audit on the accounts of the Ministry of Panchayati Raj for the year 2020-21 to 2022-23 was conducted by the local audit party comprising of Shri Virendra Singh Jakhar, Sr. Audit Officer, Shri Jai Prakash Kumawat, Assistant Audit Officer and Shri Sudhir Kumar, Assistant Audit Officer of the office of the Director General of Audit (Central Expenditure), New Delhi from 21.02.2024 to 16.04.2024 (35 working days). The last audit of the Ministry was conducted from 06.01.2021 to 03.03.2021(40 working days) by local audit party headed by Sh. Rajender Kumar, Sr. Audit Officer.

**(ii) Organizational set up and activities**

The Ministry of Panchayati Raj was created in May 2004, primarily to oversee the implementation of Part IX of the Constitution, inserted by the 73<sup>rd</sup> Constitutional Amendment Act 1992 and provision of the Panchayats (Extension to the Scheduled Areas) Act, 1996 which has institutionalized Panchayati Raj Institution at the village, intermediate and the District level as a distinct unit of Self-Government. The aim was to combine social justice with devolution, with an emphasis on reservations for the deprived classes of the population in Panchayats including leadership positions.

**(iii) Financial Position:**

The Budget Allocation and Actual Expenditure of the Ministry for the last three years are as under:

(Rs. In Crore)

Year	Budget Estimate		Revised Estimate		Actual Expenditure	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
2020-21	900.94	-	690.00	-	686.27	-
2021-22	913.43	-	868.38	-	864.84	-
2022-23	868.57	-	905.77	-	901.18	-

**(iv) Scope of the Compliance audit**

The proposed Grant in aid and Transaction Audit entails scrutiny of records of Ministry of Panchayati Raj for the years 2020-21 and 2022-23 in light of Government Rules, Regulations and Scheme Guidelines formulated by Ministry.

In addition, the audit checked the remedial actions taken by the Ministry on the audit observations pointed out in previous Inspections Reports.

**(v) Internal Audit**

Internal Audit of the Ministry for the period up to 2022-23 was conducted from 07.08.2023 to 12.08.2023.

**PART-II**  
***(Audit Findings)***

**PART-II-(A)**  
**(Significant Audit Findings)**

**Para 1: Excess payment of ₹ 2.56 crore to LIC**

As per Rule 144 General Financial Rules, every authority delegated with the financial powers of procuring in public interest shall have the responsibility and accountability to bring efficiency, economy, and transparency in matters relating to public procurement.

The Ministry of Panchayati Raj (MoPR) was created in May 2004 after being carved out of from Ministry of Rural Development. In September 2017, National Security Council Secretariat requested MoPR to remove its structure/office on the ground floor in Sardar Patel Bhawan, New Delhi.

The Ministry was searching for new office space subsequent to vacating premises at Sardar Patel Bhawan, New Delhi. A discussion for hiring of office space was held between MoPR and Life Insurance Corporation. On the basis of discussion held between MoPR and Life Insurance Corporation, LIC on 14.02.2019, offered a proposal for leasing out office space spanning 12,938 square feet located on the 9th floor, Tower-2, Jeevan Bharti Building, New Delhi. LIC proposed the rent @₹ 400 pm per sq. feet inclusive of property tax plus applicable GST. The lease shall be for ten years with an escalation of 35% over the last paid rent after 5 years as per the Estate policy of the corporation.

A Lease Agreement was signed on December 2, 2019 between the Ministry and the Life Insurance Corporation (LIC) for a period of 3 years w.e.f. 02.09.2019 to 01.09.2022. The agreed rent amount of the said premises by Lessee & Lessor was ₹40,75,008/- every month plus GST as applicable + Property tax of Rs. 11,00,252/- per month (which is equal to ₹ 400/- per sq. ft. as offered by LIC) and parking charges @ ₹1000/- for one parking for 10 slots i.e. Rs. 10,000/- Plus applicable GST.

The Ministry rendered its willingness on 04.10.2022 to LIC to continue the rented accommodation for further period of 3 years w.e.f. 02.09.2022 to 01.09.2025 on same terms and conditions. In reply, LIC offered revised rent @ 510 psf pm plus GST for a period of 5 years from 01.10.2022 to 30.09.2027.

The Ministry accepted the revised rate without considering the fact that the initial offer of the rent @ ₹ 400 pm per sq. feet was for 5 years.

The above decision of MoPR was injudicious and resulted in excess payment of ₹ 2.56 crore for the period from September 2022 to February 2024. Reasons for entering into a 3-year lease deed instead of 5/10 years as offered by LIC may be furnished to audit.

The matter was referred to the Ministry vide Half Margin No. 05 dated 21.03.2024, reply is still awaited.

## **PART-II-(B)**

### **(Other incidental Audit Findings)**

#### **Para 2: Fund of Rs.3.2 crore lying idle in Mission Mode Project (MMP)**

Ministry of Panchayati Raj (MoPR) has undertaken Mission Mode Project (MMP) on e-Panchayat for development and maintenance of Panchayat Enterprise Suite (PES), mobile apps for strengthening planning, budgeting, accounting, dashboard for monitoring of utilization of funds, Geo tagging of assets, service delivery, reporting and related capacity building of PRIs. On 17.02.2009, the Mission Mode Project was awarded to NICSI on nomination basis and the activities under MMP are still being run by NICSI.

Audit noticed that the funds allocated during 2015-16 to 2022-23 to NICSI were distributed for various projects on a year-wise basis, with no comprehensive record of expenditure maintained by NICSI as a whole for the project detailed in Annexure A.

Consequently, an amount of Rs. 3.2 crore remains unutilised in old projects (as detailed in Annexure B) without being reflected in the current utilization certificates submitted by NICSI, though these projects are either completed or lying dormant without any progress.

This indicates lackadaisical approach by the Ministry while monitoring the financial management and the risk of misusing of the idle fund lying in old projects by NICSI cannot be ruled out.

The matter was referred to the Ministry vide Half Margin No. 04 dated 20.03.2024. The Ministry in its reply dated 09.04.2023 accepted that they had found amount lying in old projects as NICSI were giving combined UC's on or after 2017-18.

Complete reconciliation along with interest on idle fund may be done by the Ministry and, if necessary, recovery may be done from the NICSI. Outcome of the action taken in this regard may be intimated to audit.

#### **Para 3: Irregular award of contract.**

Rule 144 of GFR 2017 states that every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, and transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement. Further, CVC guidelines for transparency in procurement also stipulates that it is needless to state that tendering process or public auction is a basic requirement for the award of contract by any Government agency as any other method, especially award of contract on nomination basis, would amount to a breach of Article 14 of the Constitution guaranteeing right to equality, which implies right to equality to all interested parties.

The Ministry floated a bid on GeM for hiring the services of Drivers on outsourced basis for the period of 3 years (1 November 2021 to 31st October 2024) at a total estimated cost of Rs. 85.78 lakh. In response, 196 agencies have submitted their quoted bid. After evaluation of the Technical Bids, 125 firms/agency were found qualified and the financial bids were opened on 15.09.2021. On evaluation of Financial Bid, 111 firms/agencies were found as L1 as they all have quoted same rate. The contract was awarded to M/s Rama Krishna Enterprises on

‘Run L1 Selection’ basis. Therefore, the contract awarded to M/s Rama Krishna Enterprises has been cancelled on GeM portal.

The Ministry awarded the contract manually on the basis of ‘choose and select’ to M/S Vintage Facility Management Solutions Private Limited which qualified L1 seller among 111 firms/agency.

The Ministry's decision to award the contract lacks logical approach. This resulted into undue favour or unfair treatment to other qualified agencies.

The matter was referred to the Ministry vide Half Margin No. 01 dated 13.03.2024. The Ministry in its reply dated 19.03.2024 stated that they were unable to re-run L1 option and shortlisted the M/S Vintage Facility Management Solutions Private Limited through Select & Choose method. However, this indicates that fair and transparent treatment was not offered to other qualified agencies. Justifications for not going for re-tendering may be furnished to audit.

#### **Para 4: Non following of GFR provisions for Logo Designs**

As per GFR Rule 196 for public competition for Design of symbols/logos- Design competition should be conducted in a transparent, fair and objective manner. Wide publicity should be given to the competition so as to ensure that the information is accessible to all possible participants in the competition. This should include publication on the website of Ministry/Department concerned, as also the Central Public Procurement Portal. If the selection has been by a jury of experts nominated for the purpose, the composition of the jury may also be notified.

The period from 11th April to 17th April 2022 was allocated to Ministry of Panchayati Raj for celebrating as Iconic Week of *Azadi Ka Amrit Mahotsav* for better visibility and acceptance of the vision in the Panchayats. MoPR decided to design a logo for Localisation of Sustainable Development Goals (LSDGs) which could be a Word-Mark, Visual Abstraction or a combination logo. National Institute of Design (NID), Andhra Pradesh was selected through Single Tender Basis for “Word-Mark & Visual Abstraction Combination Logo Designing” for designing of single logo on Localization of Sustainable Development Goals (LSDGs) @ Rs. 5.06 lakh and cluster logos on 9 themes for Rs 9.00 lakh. The work order was awarded to NID on 27.04.2022 and payments were made on 18.07.2022 to National Institute of Design (NID), Andhra Pradesh.

Audit observed that work was awarded to NID, Andhra Pradesh on single Tender Basis in violation of GFR.

The matter was referred to the Ministry vide Half Margin No. 03 dated 20.03.2024. Ministry in its reply dated 10.04.2024 stated that work on SDG was going on since beginning of the financial year 2021-22. The reply is not acceptable. This indicates that there was sufficient time available with the Ministry to follow the GFR provisions, however the Ministry still went for nomination basis for LOGO Designs.

#### **Para 5: SVAMITVA Scheme**

SVAMITVA (Survey of Villages and Mapping with Improvised Technology in Village Areas) is a Central Sector Scheme launched on 24<sup>th</sup> April 2020. It aims to provide the ‘records



of rights' to village households owners in rural abadi areas and issuance of property Cards. It enables monetization of rural residential assets for credit and other financial services.

The scheme aims to provide an integrated property validation solution for rural India. The demarcation of abadi areas (the abadi area includes inhabitant land, inhabited areas contiguous to Abadi and wadis/basties in rural areas ) would be done using Drone Surveying technology, with the collaborative efforts of the Ministry of Panchayati Raj, State Panchayati Raj Department, State Revenue Departments and Survey of India. This would provide the 'Record of Rights' to village household owners possessing houses in inhabited rural areas in villages which, in turn, would enable them to use their property as a financial asset for taking loans and other financial benefits from Banks.

### **Objectives of the Scheme**

- Creation of accurate land records for rural planning and reduce property related disputes.
- To bring financial stability to the citizens in rural India by enabling them to use their property as a financial asset for taking loans and other financial benefits.
- Determination of property tax, which would accrue to the GPs directly in States where it is devolved or else, add to the State exchequer.
- Creation of survey infrastructure and GIS maps that can be leveraged by any department for their use.
- To support in preparation of better-quality Gram Panchayat Development Plan (GPDP) by making use of GIS maps.

As per, SVAMITVA Scheme framework, the estimated total number of villages targeted for drone flying was approximately 6.62 lakh across all Indian States/UTs (as per the Local Government Directory). The entire work is likely to be spread over a period of five years from April 2020 to March 2025. 101097 villages were to be covered in pilot phase (2020-2021) and remaining villages during the Scheme phase (2021-2025).

#### **(A) Non-achievement of target of Pilot Phase even after 3 years**

The funds were released to Survey of India for Large Scale Mapping (LSM) component using Drones. Under this phase, 1,01,097 villages were identified to be covered during 2020-21 with the total budget of ₹48.5 crores (@ Rs. 4800 per village) in six States viz. Haryana, Karnataka, Madhya Pradesh, Maharashtra, Uttar Pradesh and Uttarakhand.

As per Memorandum of Understanding (MOU) between Survey of India and the Ministry of Panchayati Raj dated 10.07.2020, Pilot phase was to be completed by 30<sup>th</sup> November 2020. The Ministry released 98% payment to Survey of India for all Pilot Phase villages, but drone flying could be completed only for 39376 villages even after a lapse of 3 years (as on 16.04.2024).

The matter was referred to the Ministry vide Half Margin No. 06 dated 03.04.2024. Ministry in its reply dated 09.04.2024 stated that against the pilot phase 90.5% villages were covered. The reply is not acceptable as, while furnishing number of village covered, the Ministry has provided current progress across pilot States instead of village covered during pilot phase. Further, no supporting documents have been provided to support contention of 90.5% coverage during pilot phase.

**(B) Inadmissible release of fund for non-participating state**

SVAMITVA (Survey of Villages and Mapping with Improvised Technology in Village Areas) is a Central Sector Scheme launched on 24<sup>th</sup> April 2020. It aims to provide the ‘records of rights’ to village households owners in rural abadi areas and issuance of property Cards. It enables monetization of rural residential assets for credit and other financial services. The funds were released to Survey of India for LSM component for using Drones.

As per Memorandum of Understanding (MOU) between Survey of India and Ministry of Panchayati Raj dated 11.06.2021, in Bihar total 45265 villages were to be covered under the Scheme during the years 2022-23 and 2023-24. Audit noticed that Bihar is a non-participating State under the Scheme but Ministry made the payment of Rs. 15,00,000.00 on 09.12.2022 to GDC, Patna without scrutinizing the GDC wise fund requirement from Survey of India, which was not admissible.

Thus, the Ministry released the amount to the state which was not on board for this Scheme.

The matter was referred to the Ministry vide Half Margin No. 07 dated 03.04.2024. Ministry in its reply dated 12.04.2024 stated that Bihar GDC had been engaged to support other GDCs for SVAMITVA activities.

The reply of the Ministry is not justifiable as the state finally could utilize only Rs. 6.69 lakh out of released funds and surrendered balance Rs. 8.31 lakh on 22.02.2023. Thus, funds were released to a state which was not on-board for the scheme, without demand from state and without assessment of requirement.

**(C) Non-achievement of targets/ objectives of the Scheme**

As per the direction issued by the Committee of Secretaries dated 12.11.2021 to review the SVAMITVA Scheme, the Ministry conveyed to Survey of India that Drone flying should be planned to saturate all UTs by January 2022 and completion of drone flying across the country by March 2024. Further the Ministry vide its letter dated 23.09.2022 informed PMO that there was reduction of target from 6.62 lakh to 3.73 lakh in 27 States/UTs owing to non-participating States or partially participating States or issue pertaining to Tenancy Act.

As per the Framework, the progress of the SVAMITVA Scheme would be regularly tracked through the online dashboard developed for this purpose. As per the latest report (01.04.2024) from online dashboard, the number of targets further reduced to 3.57 lakh. Details as per dashboard as on 01.04.2024 are as below:

<u>Notified Village</u>	<u>Drone Survey Details completed Village</u>	<u>Maps Handed Over To State (SOI) completed Village</u>	<u>Property Parcels Digitised</u>	<u>Maps Provided For Enquiry (SOI)</u>	<u>Property card prepared completed Village</u>	<u>completed Village</u>	<u>Property Count (Unique )</u>	<u>All Property Count</u>
3,57,688	2,90,583	2,44,660	8,98,03,623	1,46,588	98,121	67,929	74,84,563	1,19,35,576

Therefore, apart from pilot phase, only 2,56,591 villages remained to be covered under scheme phase.

Audit noticed the following:

- a) As against the reduced target, only 81% villages were completed for Drone flying whereas Survey of India has to complete the survey in all notified Villages by March, 2024.
- b) Out of total drone flying completed villages, maps of 50% villages were provided for enquiry.
- c) Out of total drone flying completed villages, property cards for only 23% villages were distributed that too restricted to only 12 States/UTs which are to be completed by March 2025.
- d) Records relating to meetings of National Steering Committee and Inter-Ministerial Committee (IMC) to review/oversee/monitor implementation of the scheme and to provide guidance for the smooth operation of the Scheme were not made available to audit.

This indicates slow progress of the implementation of the scheme and shrinkage of target deprived off the beneficiaries of non-participating states.

The matter was referred to the Ministry vide Half Margin No. 08 dated 04.04.2024. Ministry in its reply dated 09.04.2024 stated that as on 01.04.2024, out of 3.45 lakh villages in 3.04 (81%) lakh villages drone flying completed and 48 % of villages were provided for enquiry and 39 % of villages have been covered with Property cards. The Ministry further provided the copies of minutes of the Meetings of NSC and IMC.

The reply of the Ministry also reflects slow progress of work. Further, following further clarifications/ records need to be provided by the Ministry:

- i. Supporting documents from Survey of India to substantiate above figures
- ii. There is mismatch in progress shown on the Dashboard and progress shown in the reply. This needs reconciliation.
- iii. Minutes of meetings of NSC and IMC show irregularity in the conduct of such meetings. Reasons for irregular conduct of these meetings needs to be furnished.

**(D) Excess release due to reduction of target to the tune of Rs. 16.02 crore.**

The Ministry vide letter dated 12.01.2023 informed Survey of India (SOI) regarding reduction of target for drone flying under SVAMITVA Scheme from 6.62 lakh villages across all States/UTs to 3.73 lakh villages.

It was noticed that in non-pilot phase, the targets were reduced from 2.72 lakh villages to 2.70 lakh villages. The Ministry vide sanction letter dated 23.05.2023 released the final payment for 2.70 lakh villages @ Rs 6000/- per village.

As per the latest report (01.04.2024) from SVAMITVA dashboard, the targets of non-pilot phase were further reduced to 2.55 lakh villages. Thus, the Ministry made an excess payment for 15656 villages to SOI amounting to Rs. 9.40 crore (Rs. 6000 x 15656 villages).

The matter was referred to the Ministry vide Half Margin No. 09 dated 04.04.2024. The Ministry in its reply dated 09.04.2024 stated that the overall target is further reduced to 3.45 lakh

approximately and final reconciliation would be done once the drone survey completed in all States.

The reply of the Ministry may be seen in light of the fact that due to further decrease (3,45,306-1,01,097=2,44,209 for scheme phase) in target resulted in excess release for scheme phase (2,70,903-2,44,209=26,694) with Survey of India to the tune of Rs. 16.02 crore (26,694\*6000 per villages) still pending to be recovered. Reconciliation in this regard may be done at the earliest and reasons for non-recovery of excess amount may be furnished to audit.

#### **Para 6 : Short deposition of interest to CFI by NICSI.**

e-Panchayat MMP is a Central component of the Revamped Rashtriya Gram Swaraj Abhiyan (RGSA) scheme, where there is no state share and funds are released directly to the implementing agency by the Ministry.

For maintenance & training of e-GramSwaraj and other e-Panchayat Applications, a Tripartite Memorandum of Understanding cum Agreement between MoPR, NIC and NICSI was renewed for the period of one year i.e. 01-04-2021 to 31-03-2022 under the Mission Mode Project on e-Panchayat which is a central component of the RGSA to be implemented from 01.04.2018 to 31.03.2022.

As per Rule 230 (8) of GFR,2017 all interests or other earnings against Grants in aid or advances (other than reimbursement) released to any Grantee institution should be mandatorily remitted to the Consolidated Fund of India immediately after finalization of the accounts. Such advances should not be allowed to be adjusted against future releases.

NICSI vide letter dated 25.08.2023 informed the Ministry that they had earned an interest of Rs. 10,53,755/- for the period from 01.04.2021 to 31.03.2022 on which Income Tax of Rs. 2,65,209.66/- had been paid by NICSI. Further NICSI had refunded an amount of Rs.7,88,545/- excluding income tax paid on interest earned to MoPR on 20.10.2022.

Audit noticed that interest amount of Rs.2,65,209.66/- which was mandatorily to be remitted to the Consolidated Fund of India was not refunded by NICSI, the same may be recovered under intimation to audit.

The matter was referred to the Ministry vide Half Margin No. 10 dated 04.04.2024, reply is still awaited.

#### **Para 7: Diversion of fund amounting to ₹ 4.99 lakh**

Rule 26 of General Financial Rules, 2017 stipulates that Chief Accounting Authority of the Ministry/ Department shall ensure that the public funds appropriated to the Ministry or Department are used for the purpose for which they were meant and shall be responsible for the effective, efficient, economical and transparent use of the resources of the Ministry or Department in achieving the stated project objectives.

For the FY 2022-23, the annual proposal of NIC/NICSI for Maintenance and Training of e- Gram SWARAJ and other e-Panchayat Applications, with fund requirement of Rs. 19.99 Crore was approved. NICSI in its UC for FY 01.04.2022- 31.03.2023 stated that an amount of Rs.4,98,763/- transferred to project No.C142590WCND. Further, NICSI had informed that Rs. 4,98,763/- had been utilized for Webcasting Services during the Azadi Ka Amrit Mahotsav from 11th April to 17th April 2022 from the above fund and the tax invoice for that expenditure would be submitted soon.

Audit noticed that NICS I diverted the fund for other scheme without the approval of the Ministry and without producing any invoice. This expenditure should have been provided for in the Budget and booked under appropriate functional heads.

Thus, an amount of ₹ 4.99 lakh was diverted from the funds meant for the other scheme. The diversion of fund indicates poor budget planning and was against the canons of Budgetary Management and expenditure control.

The matter was referred to the Ministry vide Half Margin No. 11 dated 04.04.2024, reply is still awaited.

### **Para 8: Outstanding Utilization Certificate**

As per Rule 238(1) of the GFR 2017, a certificate of actual utilization of the grants received for the purpose for which it was sanctioned should be insisted upon in the order of sanctioning the grant-in-aid. They should contain an output based performance assessment instead of input based performance assessment. The Utilization Certificate (UC) should be submitted within twelve months of the closure of the financial year by the Grantee. Where such certificate is not received from the Grantee within the prescribed time, the Ministry or Department will be at liberty to blacklist such Institution or Organization or stop releasing any financial assistance in future.

As per information provided by the Ministry shows that 152 UCs amounting to Rs. 11064.87 lakh pertaining to the period from 2014-15 to 2023-24 were pending in respect of various schemes.

The matter was referred to the Ministry vide Half Margin No. 12 dated 10.04.2024. The Ministry in its reply dated 14.04.2024 stated that under RGSA 3 UC's amounting to Rs.73.53 crore pending as well. Therefore, the total 155 UC's amounting to Rs. 18,417.87 lakh were pending.

This concludes that grants may remain unutilized under various schemes and the Ministry has not made any efforts to ensure utilization of grants released for the intended purpose. Appropriate action may be taken and outcome of the action taken may be intimated to audit.

### **Para 9: Outsourcing of Senior Office Assistant/office assistant**

The Ministry of Panchayati Raj is outsourcing the services of 28-30 Office Assistants through Government e-Marketing (GeM) for the functioning of the Ministry. As per the contract agreement dated 18.03.2019 for the period from 20.03.2019 to 19.03.2021, Office Assistant were hired as per Minimum wages per day. The duties assigned to outsourced Office Assistants were mainly typing, diary, dispatch, e-office, cash, stores etc. The assigned work comes under clerical / Data Entry operator related works which do not require any specialization.

In outsourcing of Office Assistants the following irregularities were noticed:

#### **A) Engagement of Excess Staff Beyond Sanctioned Strength:**

Despite the sanctioned strength of three posts for Office Assistants (SSA & JSA) within the Ministry, it has been observed that the Ministry consistently outsourced office assistants for routine administrative tasks instead of considering an increase in the sanctioned strength. Excess outsourcing of the officials by the Ministry indicates that they were not engaged against the

sanctioned strength. Thus, outsourcing of officials in excess of sanctioned strength is in contravention of the laid down norms.

**B) Non-Compliance with Minimum Wages Act and Lack of GFR Provisions:**

Office Assistants and Senior Office Assistants are assigned with work related to clerical and data entry nature such as typing, diary management, dispatch, e-office coordination, cash handling, and inventory management. These responsibilities fall under the purview of the Minimum Wages Act due to their routine and regular nature. However, it has been observed that the Ministry consistently engages in outsourcing practices without adhering to Minimum Wage Act.

Though, the Ministry decided to hire Office Assistants on fixed remuneration, the Remuneration Committee repeatedly revised remuneration rates without following GFR provisions. Notably, the inclusion of Employee Provident Fund (EPF) facilities for office assistants from 12.09.2023 was made without adhering to GFR guidelines. This non-compliance with statutory provisions and financial regulations highlights significant gaps in governance and oversight mechanisms within the Ministry.

**C) Creation of Posts and Contractual Irregularities:**

The Ministry initially awarded a contract for Office Assistants to M/s Bright Heaven for a two-year period from 20.03.2019 to 30.04.2021 @ Rs. 19,338/- per month for each assistant. Subsequently, the Ministry entered into a contract with M/s Siddhima Mechanical Systems for a three-year term from 01.05.2021 to 31.04.2024, at a higher rate of Rs. 24,000/- per month per assistant.

Notably, the contract with M/s Siddhima did not allow for revisions or modifications by mutual consent during the contract period. As per recommendations from the Remuneration Review Committee to enhance remuneration, the Ministry opted to terminate the contract with M/s Siddhima on 28.02.2023, citing the absence of provisions for remuneration revision as grounds for termination. This decision raises concerns regarding the validity of the grounds cited for contract termination and the potential bias towards providing undue benefits to office assistants.

Subsequently, the Ministry awarded a fresh contract to M/s JMJ HR Support & Services Pvt. Ltd for a three-year term from 01.03.2023 to 28.02.2026 at an enhanced rate of Rs. 31,000/- per month per assistant, based on the recommendations of the Remuneration Review Committee in 2022. It's pertinent to note that terms of the contract with M/s JMJ HR Support & Services Pvt. Ltd allow the Ministry to redeploy existing office assistants and revise their monthly remuneration at any time during the contract period.

Further, following an increase in remuneration from 01.03.2023, a meeting of the Remuneration Review Committee held on 21st June 2023 recommended revised monthly remuneration based on work experience, certified by the Divisional Head. These developments underscore a pattern of contractual irregularities and potential conflicts of interest, necessitating a thorough review of procurement processes and contract management practices within the Ministry.

S. No.	Work Experience in Government Set-up	Monthly Remuneration
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1	More than 10 Years	Rs.40,000/-
2.	5- 10 Years	Rs.37,000/-
3.	0 -5 Years	Rs. 34,000/-

In response, the Ministry issued a letter dated 29.09.2023, notifying the service provider of the enhancement in remuneration effective from 12.09.2023. As per the terms of the agreement, the service provider is designated as the "Employer" with regards to the deployed manpower, absolving the Ministry of any employer-employee relationship liabilities. Additionally, the Ministry included a clause granting itself the right to redeploy all existing 30 office assistants within the Ministry of Panchayati Raj and revise their monthly remuneration at any point during the contract period, based on recommendations from the Remuneration Review Committee.

However, the audit observed a twofold increase in the remuneration of office assistants within a span of less than three years, without any corresponding request from the service provider for such an increase. It was noticed that a significant number of office assistants had been serving in the Ministry for extended periods, potentially circumventing the obligations of the service provider.

The Ministry's decision to cancel contracts without valid reasons and insert conditions to benefit already engaged office assistants deviates from sound economic measures expected from a government Department. Moreover, the creation of pseudo posts violates Ministry of Finance guidelines regarding post creation, leading to the treatment of outsourcing staff as regular employees. Lack of transparency and apparent bias within the Ministry jeopardizes the principles of efficiency, economy, and accountability in procurement processes, as mandated by Rule 174 of the General Financial Rules (GFR).

**D) Avoidable Expenditure on hiring of Office Assistant.**

The Ministry initially awarded a contract to M/s Bright Heaven for 28 Office Assistants for a period of 2 years from 20.03.2019 to 30.04.2021 at a rate of Rs. 19,338/- per month. Subsequently, the Ministry entered into a contract with M/s Siddhima Mechanical Systems for 30 office assistants for a 3-year term from 01.05.2021 to 31.04.2024 at a higher rate of Rs. 24,000/- per month.

However, due to the absence of provisions for remuneration revision in the contract, the contract with M/s Siddhima was terminated prematurely on 28.02.2023. Subsequently, the Ministry awarded a new contract to M/s JMJ HR Support & Services Pvt. Ltd for 30 Office Assistants, starting from 01.03.2023 to 28.02.2026 at an enhanced rate of Rs. 31,000/- per month, with a condition to allow the Ministry to revise the remuneration at any time during the contract period.

Following the recommendation of the Remuneration Review Committee, the remuneration was further revised from 12.09.2023, based on the experience of office assistants. For those with more than 10 years' experience, the remuneration was set at Rs. 40,000/-, for 5-10 years' experience it was Rs. 37,000/-, and for 0-5 years' experience it was Rs. 34,000/-.

However, this regular increase in remuneration without adhering to minimum wages guidelines resulted in significant excess expenditure incurred by the Ministry. The lack of compliance to Minimum Wage regulations compounded the financial burden, as depicted below:

Period of contract	No. of office Assistants	Amount as per Minimum wages	Actual payment in Rs.	Excess payment in Rs.
20.03.2019 to 30.04.2021	28	Rs.1.44 crore	19,338/-*28*25=Rs.1.35 crore (approx.)	-0.09 crore
01.05.2021 to 28.02.2023	30	Rs. 1.42 crore	24,000*30*22=Rs.1.58 crore (approx.)	0.16 crore
01.03.2023 to 28.09.2023	30	Rs.0.48 crore	31,000*30*7=Rs.0.65 crore	0.18 crore
29.09.2023 to 31.03.2024	29	Rs. 0.40 crore	(40,000*12*6+37000*2*6+34,000*15*6) = Rs.0.64 crore	0.24 crore
<b>Total</b>				<b>0.49 crore</b>

From the above table it is evident that Ministry had made avoidable expenditure to the tune of 0.49 crore by not fixing remuneration as per the minimum wages as well as depriving the benefits of minimum wages to office assistants as well.

#### **E) Conflict of Interest**

The contractual agreement explicitly outlines the Service Provider's responsibilities, clarifying that personnel deployed by the Service Provider are not considered employees of the Buyer department. Therefore, compliance with applicable acts and laws rests solely on the Service Provider, and any grievances or disputes related to deployed personnel are to be addressed by the Service Provider. The Buyer, in this case, the Ministry, bears no responsibility for settling such matters.

On 31st May 2022, office assistants directly approached the Ministry, requesting remuneration enhancements, citing extensive work experience and academic qualifications. Notably, there was no corresponding request from the service provider on behalf of the engaged personnel.

Subsequently, the Ministry acted upon the representations of the office assistants, by revising remuneration without obtaining written consent from the service provider. It is noteworthy that individuals who represented remuneration enhancements were also engaged in decision-making processes related to remuneration enhancements, raising concerns of bias and unfair decision-making.

This conflict of interest undermines the integrity of the contractual agreement and decision-making processes within the Ministry. It is imperative to address these discrepancies promptly and ensure compliance with contractual obligations to uphold transparency and fairness in procurement practices. Measures should be implemented to mitigate conflicts of interest and uphold the principles of accountability and impartiality in decision-making.

#### **F) Failure to address Office Assistants' Complaints**

As per the commitments outlined in the bid documents, the Service Provider is obligated to refrain from imposing any unauthorized deductions or charges on the compensation of deployed personnel. Any breach of this undertaking is deemed a material breach of the contract, empowering the Buyer, including the Ministry and GeM, to take appropriate actions, including contract termination and compliance with the GeM Incident Management Policy.



However, despite complaints lodged by Office Assistants on 31st May 2022 regarding unauthorized deductions from their remuneration by M/s Siddhima Mechanical Systems, no adequate independent actions were taken by the Ministry. The office assistants stated that the service provider had illicitly deducted a significant portion, ranging between 5% to 10%, from their monthly remuneration.

Audit findings reveal a lack of proactive measures by the Ministry to address these grievances, including the failure to initiate appropriate independent actions or adhere to the GeM Incident Management Policy. Consequently, the Ministry did not take any punitive actions against M/s Siddhima Mechanical Systems, despite the contractual breach and the substantial impact on the office assistants' compensation.

This oversight highlights a significant lapse in the Ministry's oversight and compliance mechanisms, undermining the trust and confidence of the deployed personnel.

The matter was referred to the Ministry vide Half Margin No. 13 dated 12.04.2024, reply is still awaited.

### PART-III

#### *(Follow up on findings outstanding of previous Inspection Reports)*

At the commencement of current audit 8 Inspection Reports with 65 paras were outstanding for settlement. During course of audit 65 paras remained outstanding due to non-submission of reply and compliance not shown. The details of paras taken afresh/settled and outstanding are given below:

#### **List of paras outstanding (Grant in Aid)**

S. No.	Year of the IR	Para No.	Brief of para	Remarks
1.	2006-07	1 Part-II-A	Irregularities in the implementation of the scheme "Panchayat Empowerment and Accountability by Incentive scheme"	Reply received not
2.	2011-13	2	Unrealistic budget assumptions	Reply received not
3.	-do-	3	Shortcomings in implementation of RGSY	Reply received not
4.	-do-	5	Irregularities in training of elected representatives of RGSY	Reply received not
5.	2013-15	2	Unfruitful Expenditure of Rs. 2.50 lakh	Reply received not
6.	2015-16	1	Irregular release of fund amounting to Rs.5.10 lakh to M/s. Mahila Chetana Manch, Bhopal	Reply received not
7.	-do-	2	Undue benefit to the agency	Reply received not
8.	-do-	5	Non-finalization of underway projects under Action Research & Research Studies	Reply received not
9.	-do-	6	Delay in production and broadcast of programmes	Reply received not
10.	2016-18	3	Non-finalization of underway projects under Action Research & Research Studies	Reply received not
11.	-do-	4	Delay in completion of films	Reply received not
12.	-do-	5	Diversion of funds	Reply received not
13.	-do-	6	Undue benefit to the agencies for publication of newsletter without due diligence	Reply received not
14.	-do-	7	Excess payment of Rs. 4.35 lakh on account of travel charge	Reply received not
15.	-do-	8	Inordinate delay in production of film	Reply received not
16.	2018-20	01 II-A	Blockade of funds and loss of interest due to non-adherence to financial rules	Reply received not

17.	-do-	03	Inadmissible grant of Rs. 25.06 crore released under RGSA to Jammu & Kashmir	Reply received	not
18.	-do-	04	Excess release of fund to states under RGSA I. State government of Maharashtra II. State government of Madhya Pradesh State government to Assam	Reply received	not
19.	-do-	05	Irregularity in awarding the study "Utilization and Impact Evaluation of Fourteenth Finance Commission to Gram Panchayats in Selected Indian States"	Reply received	not
20.	-do-	06	Excess payment of Rs. 4.75 lakh paid to BOC	Reply received	not
21.	-do-	07	Irregularity in award of work under Action Research and Research Studies	Reply received	not
22.	-do-	08	Delayed acceptance of evaluation study on the implementation of e-Panchayat Mission Mode Project (MMP) and pending Utilization certificate	Reply received	not
23.	-do-	09	Unspent balances of Rs. 96.80 lakh lying with the states	Reply received	not
24.	-do-	10	Non finalization of projects under Action Research and Research Studies	Reply received	not
25.	-do-	11	Irregular expenditure of Rs. 1.62 crore towards distribution of newsletters	Reply received	not

**List of paras outstanding  
(Transaction Audit)**

<b>S. No.</b>	<b>Year of the IR</b>	<b>Para No.</b>	<b>Brief of para</b>	<b>Remarks</b>
1.	2006-07	1 Part-II-A	Irregularities in the implementation of the scheme "Panchayat Empowerment and Accountability by Incentive scheme"	Reply not received
2.	2009-10	2 Part-II-A	Extra expenditure of Rs. 3.78 crore on account of rent due to non-utilization of office accommodation hired at Jeevan Prakash Building	Reply not received
3.	-do-	1	Financial Assistance under Rashtriya Gram Swaraj Yojana and Irregularities therein	Reply not received
4.	-do-	2	Financial Assistance released under Rural Business Hubs and shortcoming therein	Reply not received
5.	-do-	3	Financial Assistance released under "Panchayat Mahila Evan Yuva Shakti Abhiyan" scheme and irregularities therein	Reply not received
6.	2010-11	4	Parking of precious funds /huge unspent balances lying under schemes resulting in slow progress	Reply not received
7.	-do-	8	Suspected Miss-appropriation of Funds	Reply not received
8.	-do-	12	Non Recovery of Rs. 3.15 Lakh with interest	Reply not received
9.	-do-	13	Poor Funds Flow and Utilization	Reply not received
10.	2011-13	1	Irregular expenditure of Rs. 71.06 lakh on deployment of excess staff	Reply not received
11.	-do-	2	Lack of propriety in hiring of private taxis	Reply not received
12.	-do-	4	Irregular drawl and retention of government money	Reply not received
13.	-do-	7	Avoidable expenditure of Rs. 1.10 lakh	Reply not received
14.	-do-	8	Contingent advance Rs. 63,000	Reply not received
15.	-do-	9	Discrepancies in maintenance of valuable register	Reply not received
16.	-do-	10	Budgeting assumptions	Reply not received
17.	2013-15	8	Irregular extension of contract of Rs. 1.97 cr.	Reply not received
18.	-do-	13	Purchase of Stores in excess of requirement	Reply not received
19.	-do-	15	Purchase of Staff cars worth Rs. 33.88 lakh	Reply not received

20.	-do-	17	Avoidable expenditure of Rs. 68.05 lakh on hiring of private vehicles.	Reply not received
21.	2015-16	7	Engagement of consultant in contravention of GFR Provision	Reply not received
22.	-do-	8	Irregular extension of contract	Reply not received
23.	-do-	9	Un-fruitful expenditure on Purchase of Computers, Printers and I-Pad	Reply not received
24.	-do-	10	Outstanding Advances	Reply not received
25.	2016-18	10	Expenditure of Data Cards in contravention of Rules	Reply not received
26.	-do-	11	Excess deployment of outsourced staff	Reply not received
27.	-do-	12	Avoidable expenditure on purchase of Desktop computers.	Reply not received
28.	-do-	13	Non Operation of Detailed Head 99 for purchases related to Information Technology	Reply not received
29.	-do-	14	Splitting of purchase order	Reply not received
30.	-do-	16	Non-deduction of Tax Deducted Source (TDS)	Reply not received
31.	-do-	19	Irregular reimbursement of TA Claim	Reply not received
32.	-do-	20	Non-adherence to tendering process	Reply not received
33.	-do-	21	Non-adherence to guidelines for Software Asset Management.	Reply not received
34.	2018-20	02 II-A	Infructuous expenditure of Rs. 4.99 crore on hiring of excess office space.	
35.	-do-	12	Irregularities in award of contracts A. Excess expenditure of Rs. 15.48 lakh due to delay in award of contract for hiring of taxies. B. Irregular awarding of photocopy work without following tender process.	Reply not received
36.	-do-	13	Irregular expenditure on deployment of excess staff	Reply not received
37.	-do-	14	Irregular awarding of photocopy work without following tender process	Reply not received
38.	-do-	15	Inadmissible payment of Rs. 25,272/- in respect of transport allowance	Reply not received
39.	-do-	16	Non recovery of interest on advance	Reply not received
40.	-do-	17	Irregular reimbursement of Rs. 12,333/- on account of LTC	Reply not received

**PART-IV**  
**(Best Practices)**

The Ministry of Panchayati Raj has implemented e-Office and the record/files are being maintained electronically. The efforts of the Ministry in implementation of e-Office are commendable.

**PART-V**  
**(Acknowledgement)**

Audit acknowledges the co-operation and assistance extended by the Ministry, and their officials, at various stages during conduct of the audit.

The following officials held the charge of the respective posts indicated below for the period mentioned against each: -

<b>Name of the Post</b>	<b>Name of officer and Designation</b>	<b>Period</b>
Head of the Department	Sh. S.S. Prasad, Director (Admn.) (01.04.2020 to 09.09.2020) Shri Dr. Srirampappa V., Director (10.09.2020 to 31.03.2023)	2020-23
Head of the Office	Sh. Basudeb Das, Dy. Director (01.04.2020 to 31.05.2021), Shri Puneet Sharma, US (01.06.2021 TO 12.07.2022), Shri Subhash Sangwan, US (13.07.2022 to 31.03.2023)	2020-23
DDO	Shri Subhash Sangwan, SO/US (01.04.2020 to 31.12.2020), Shri Pramod Kumar, SO (01.01.2021 to 31.08.2021), Shri Kumar Shyamal Parthasarathi, SO/US(01.09.2021 to 14.01.2022), Shri Santosh Kumar Sinha, Dy. Director (15.01.2022 to 31.08.2022), Shri Ram Babu Jangir, SO (01.09.2022 to 31.03.2023)	<b>2020-23</b>
Cashier	Ms. Reetu Meena, ASO (01.04.2021 to 31.03.02023_	2020-23

**General**

The general condition of the accounts of Ministry of Panchayat Raj for 2020-21 and 2022-23 was found to be satisfactory subject to the observations made in the draft inspection report.

The draft inspection report has been prepared on the basis of records/information furnished and made available by the Ministry of Panchayat Raj. The office of the Director General of Audit (Central Expenditure), New Delhi -110002 disclaims any responsibility for any mis-information and/or non-information on the part of auditee.

**Sr. Audit Officer (AMG-V)**

## Annexure A

### Project wise Details

Year	Project ID	Opening balance	Amount transferred from the project	Amount transferred	Amount released	Total Amount	Interest earned	Total Amount	Amount utilized	Amount transferred	balance amount	Interest deposited	Balance amount blocked in project
<b>Unspent balance as on 01.04.2015</b>													
2015-16	C150019		C132034	44411591	143188408	187599999		187599999	156775842	25000000	5824157		44411591
2016-17	C160092		C150019	30824157	165500000	196324157		196324157	106931751		89392406		25150831
2017-18	C170093	0	C160092	64241575	126000000	190241575	3144224	193385799	148124082	0	42117493		1953315
2018-19	C170093	40164178			150500000	190664178	4451066	195115244	129297073	74025	65818171		26682002
2019-20	C190054	0	C170093	39136169	70870961	110007130	2279042	112286172	95932440	0	14074690		-5676756
2020-21	C200026	19751446			176825029		1677653	200533170	156551033		43982137		
2021-22	C210099	43982115			62156233								
			C120488	5077384	50000000								
			C132034	2721009	4943767								
				7798393	117100000	168880508	185213	169065721	146320592		22745129		
							1053755						
2022-23	C210099	22745129	S220146	20746830	73142727								
			TDS	3912066	50000000								
				24658896	123142727	170546752		170546752	132863783	498763	37184206	788545	
				162747124	1073127125	1214264299	12790953	1424857014	1072796596				48109392

50.77 lakh transferred to C210099  
6.42 crore transferred to C170093



**Annexure B****Blocked Amount**

Particulars	Amount (in crore)
Unspent balance as on 01.04.2015	4.44
Amount released 2015-16 to 2022-23	107.31
Interest earned from the project	1.28
TDS receipt	0.39
Receipt from other project (C120488 & C132034)	0.78
<b>Total amount (A)</b>	<b>114.20</b>
Amount utilized for the project during 2015-16 to 2022-23	107.28
Unspent balance shown as on 31.03.2023	3.72
<b>Total amount (B)</b>	<b>111</b>
<b>Amount blocked in the project (A-B)</b>	<b>3.2</b>

**Email****Sushil kumar Sharma****Fwd: Inspection Report on the accounts of Ministry of Panchayati Raj**

**From :** Chayanika Chatterjee <c.chatterjee72@gov.in> Tue, May 21, 2024 12:56 PM  
**Subject :** Fwd: Inspection Report on the accounts of Ministry of Panchayati Raj 1 attachment  
**To :** Sushil kumar Sharma <sk.sharma62@govcontractor.in>  
**Cc :** Ramit Maurya <ramit.maurya@gov.in>, TARA CHANDAR <tara.chandar@nic.in>, DeependraKumar <lakra.deependra@gov.in>

Sir,

PFA for f.n.a.

--  
Regards,

Chayanika Chatterjee  
Sr.AO, B&F(PR).

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**From:** "Sachin Kumar" <sachinkumar.del.au@cag.gov.in>  
**To:** "Chayanika Chatterjee" <c.chatterjee72@gov.in>  
**Sent:** Tuesday, May 21, 2024 11:03:09 AM  
**Subject:** Inspection Report on the accounts of Ministry of Panchayati Raj

Respected Madam,

Kindly find enclosed the Inspection Report on the accounts of Ministry of Panchayati Raj.

With regards


Sachin Kumar, Assistant Audit Officer

AMG V

O/o the DGA (CENTRAL EXPENDITURE)



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