

IMMEDIATE

Misappropriation of Village
Panchayat Funds.

GOVERNMENT OF MAHARASHTRA
Rural Development Department,
Resolution No.VPF 1570/21116-E,
Sachivalaya, Bombay-32, 3rd November 1970.

RESOLUTION

A large number of cases of misappropriation of Village Panchayat Funds by Sarpanchas, Upa-Sarpanchas or by Village Panchayat Secretaries are constantly coming to the notice of Government. Various steps have been taken by Government from time to time with a view to minimising such cases. Some of the important measures taken by Government in this regard are as follows:-

(i) The executive powers of the Village Panchayat vest in the Sarpanch. The Bombay Village Panchayats Act, 1958, was amended in 1965 and it has been provided that the Village Panchayat Fund will be operated by the Sarpanch jointly with the Secretary. Such joint operation of the fund acts as a mutual check upon the Sarpanch and the Secretary.

(ii) The rules have suitably been amended to allow Rs.150/- only as cash on hand and Rs.500/- if the Village Panchayat is running a fair price shop. It is thus expected that large amounts will not remain on hand.

(iii) A monthly return showing daily cash balance on hand has been prescribed. The Block Development Officers have to scrutinise it with a view to seeing that large cash balances are not kept by Village Panchayats on hand. Such statements are expected to help Block Development Officers find out suspected misappropriation.

(iv) Running of fair price shops afforded larger scope for misappropriation of funds. Orders have, therefore, been issued to withdraw fair price shops from Village Panchayats. They are, however, to be withdrawn only when alternative arrangements are made. The Food and Civil Supplies Department has now fixed 30th June 1971 as the dead line for keeping shops with the Village Panchayats.

2. Orders have also been issued for dealing with misappropriation cases appropriately and expeditiously and for lodging complaints with the Police so that the defaulters are promptly brought to book. In spite of all this, a large number of cases of misappropriation of Village Panchayat Funds still come to light. Government views this position with grave concern. The whole problem was recently reviewed by Government with particular reference to the following aspects :-

OFFICE OF THE COLLECTOR
RATNAGIRI.

(2) Delays in investigation and launching of prosecution, and

(3) other measures.

After considering the above points carefully, Government is pleased to issue the following orders.

3. Preventive measures:

- (a) Misappropriation cases come to light mainly through audit of accounts or through inspections. It is most essential to see that accounts of Village Panchayats are audited regularly and thoroughly. At present, there is a heavy backlog of audit. The Chief Auditor, Local Fund Accounts has promised that audit upto 1968-69 would be completed by the end of March 1971 and that upto 69-70 by March 1972. He is requested to take all necessary steps to achieve this and to ensure that there is regular annual audit of Village Panchayats thereafter.
- (b) It has been observed that inspections of Village Panchayats by the various officers of the Zilla Parishads tend to be routine. It is essential that the inspections should be intensive and not merely routine. It should also be particularly checked, during inspections, if there are any suspected misappropriations. Government also desires that the Extension Officer (Panchayat) who is directly concerned with the affairs of Village Panchayats is required to inspect at least 10 Village Panchayats per month. The Chief Executive Officers are requested to prescribe this quota of inspections in the duties of Extension Officer (Panchayat). The Chief Executive Officer and the Administrative Officer, should also complete their own yearly quota of inspections of Village Panchayats without fail.
- (c) Government is also pleased to direct that -
 - (i) all individual payments exceeding Rs.500/- to be made by Village Panchayats should be by cheques;
 - (ii) all recoveries made should first be credited into the village fund and no expenditure should be incurred directly from cash collections; and
 - (iii) all collections should be credited to the village fund immediately and in any case within a week.

Suitable amendments to the relevant rules under the Bombay Village Panchayats Act, 1958, will, if necessary, be made in due course. The measures should, however, be brought into effect immediately without waiting for formal amendments.

4. Delays in investigation and launching of prosecution.

There are two stages in investigation and launching of prosecution. The first is the investigation by the Block Development Officer or the Chief Executive Officer and the other by the Police after the case is reported to the Police.

- (a) So far as the delay by the Police, Government is pleased to direct that -
 - (i) the police should not insist on audit of accounts of the Village Panchayat in each and every case. Where the case can be processed on the basis of other available data and evidence, they should proceed to launch prosecution immediately and also try to obtain the decision of the Court as early as possible.
 - (ii) It is necessary to have some time limit within which investigation should be completed by the Police. Such a limit should be of 3 months.

- (b) With a view to achieving uniformity in the matter of preliminary investigation by Zilla Parishad Officers and of lodging complaints with the Police authorities, Government has laid down certain procedure in Government Circular, Co-operation and Rural Development Department, No.VPA 1963/22608(A)-E, dated 4th July 1964 as amended from time to time. As this procedure leads to unnecessary delays in launching prosecutions, where necessary, Government is pleased to lay down, in supersession of the orders mentioned above, the following revised procedure :-
- (i) Cases of misappropriation are unearthed as a result of either audit of accounts or complaints or inspections. Preliminary investigation by the Extension Officer (Panchayat) and the Block Development Officer is necessary to ascertain the position and to come to conclusions. It is observed that even the preliminary investigations take unduly long time. These preliminary investigations should normally be completed within a period of two months. In exceptional or complicated matters the Chief Executive Officer or the Block Development Officer may allow a time limit of 3 months.
 - (ii) As soon as the enquiry is completed the matter should be reported to the Chief Executive Officers if there is a prima-facie case or a reasonable suspicion the Chief Executive Officer should take immediate action to lodge a complaint with the Police.
 - (iii) As the Police are bound to consult the Police Prosecutor as to whether the prosecution can be successfully launched, it is not necessary for the Zilla Parishad authorities to consult either the District Government Pleader or the Zilla Parishad Pleader.

5. Other Measures:-

Government is pleased to direct that -

- (a) if and where a special audit of a Village Panchayat with a view to finding out defalcations becomes necessary, it should be given top priority; and
- (b) in cases of technical offences and cases not likely to succeed in a Court, feasibility of taking action under section 39 of the Bombay Village Panchayats Act, 1958 against the Sarpanch/Upa-Sarpanch should be considered and he should not only be removed from office but also be disqualified for further elections. This is necessary to curb the growing tendency to misappropriate the Village Panchayat money.

By order and in the name of the Governor of Maharashtra,

S.I. KADIRI,
Deputy Secretary to the Government of Maharashtra,
Rural Development Department.

