

10. Miscellaneous

10.12 Centrally sponsored scheme works – Execution of works Departmentally or through beneficiaries – Deduction of Security Deposit from the payment being made – Not to be insisted upon

Roc.No.1697/98 JVVT-2 dated 08.01.1998

CIRCULAR

To

All Collectors - cum - Chairmen, DRDA

- Sub : Centrally sponsored Scheme works – Execution of Works departmentally or through beneficiaries – Deduction of Security Deposit from the payment being made – Not to be insisted upon – Instructions – Issued
- Ref : 1. Letter dated 19.06.97 from the President J.Thathanur Panchayat, Perambalur district
2. This Office Letter L.Dis.51699/97/JVVT-2 Dt.22.07.97 addressed to Project Officer, DRDA, Perambalur
3. DRD's Circular No.56354/95/Plg.1.1 Dt.09.07.96. DRD's D.O.Lr.No.74549/96/JVVT-1 Dt.02.04.97

Several representations have been received from the elected representatives of Local bodies regarding the system of deduction of 5% of estimate cost by the Block Development Officers at the time of settlement of final bills as a safeguard against possible audit objections in the future. This is not correct especially in respect of Centrally sponsored schemes such as IAY, MWS, JRY, EAS, CRSP etc. which are executed through beneficiaries or which are executed departmentally (by the Panchayat Unions/Village Panchayats) for the following reasons:-

1. A work involves both 'materials' and 'labour'. When 100% of the cost is being paid towards the materials such as cement, steel etc. any deduction from the bill means a 'cut' in the labour component only. since many of these Centrally sponsored schemes are employment – oriented schemes, withholding 5% of the estimated cost (which works out to 8 1/3% of the wage component meant for the rural unemployed and poor persons) is highly improper.
2. It has been reported that the deducted amount which ought to be returned is not disbursed subsequently and allowed to accumulate. It is also not practically possible to disburse the withheld amount to the labourers after a lapse of one year or more. There are also reports that this sum is disbursed to ineligible parties or otherwise misutilised.
3. The system of deduction also affects the full financial achievement. For instance, the aggregate outlay on works schemes at the State Level comes to about Rs.1000 crores per annum and the 5% deduction works out to a staggering figure of Rs.50 crores being retained per annum. The quality of the work is also adversely affected when the work is to be executed 'within 95 percent of the allotment.

In view of the foregoing, in modification of any instructions that may have been issued on this subject, all Collectors and Project Officers, DRDA are requested to ensure that no deduction is made by BDOs in the manner indicated above while making payment of final bills from the Centrally sponsored schemes (non-tender works) and the entire amount shall be paid in full. In fact, any BDO making such unauthorized deduction shall be liable for disciplinary action. [The earlier instructions issued in Circular No.56354/95/Plg.I.1 dated 09.07.96 and in D.O.Lr.No.74549/96/JVVT-1 dated 02.04.97(para 5 of guidelines) to withhold 25%of the part-bill for WBM roads and realse the same at the time of final bill after laying of BT is an altogether different issue and will continue to be in force].

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The Collectors are requested to communicate the copies of this Circular to all Panchayat Union Chairmen/Village Panchayat Presidents/BDOs / ABDOs and other technical staff. It should be specifically ensured that a copy of this Circular finds place in the stock files of DRDAs and all Block Offices.

K. ASHOK VARDHAN SHETTY
DIRECTOR OF RURAL DEVELOPMENT