

CHAPTER -5

OTHERS

5.1 Excess payment of Octroi compensation Rs 60.61 lakh

The Octroi leviable under Section 65(b) of the Rajasthan Panchayati Raj Act 1994 was abolished by the State Government in August 1998. To compensate loss of revenue due to abolition of the octroi, the State Government decided to give grant in lieu of the octroi. The amount for compensation was to be worked out taking 1997-98 as base year. Broadly compensation was to be equal to octroi received during 1997-98 plus 10 *per cent* increase per annum. However, for the year 1998-99 the compensation was to be 10 *per cent* more than 2/3rd octroi received during 1997-98.

During audit, it was observed that in Panchayat Samiti Osian, three GPs were paid compensation of Rs 65.94 lakh during 1998-2000 by the Department against Rs 5.33 lakh payable as worked out on the basis of figures of income from the octroi as shown in their annual accounts for the year 1997-98.

(Rs.in lakh)

S. No	Name of Gram Panchayat	Income of GP from collection of Octroi during 1997-98	Year	Compensation payable	Amount paid as compensation by the department	Excess amount paid
1	Osian	2.01	1998-1999 1999-2000	1.47 2.43	13.20 14.73	11.73 12.30
2.	Tinwri	0.59	1998-1999 1999-2000	0.43 0.71	3.30 3.68	2.87 2.97
3	Mathania	0.15	1998-1999 1999-2000	0.11 0.18	14.67 16.36	14.56 16.18
		2.75		5.33	65.94	60.61

Thus the department paid excess compensation of Rs 60.61 lakh based on incorrect figures provided by three GPs.

5.2 Irregular payments and outstanding dues

The test check of records of two ZPs and 12 PSs revealed excess payment to the extent of Rs 4.02 lakh to the employees due to incorrect pay fixation , irregular payment on encashment of leave salary, TA, HRA and irregular promotion etc. (Annexure XXIII).

No action was reported to have been taken by the Panchayat Samitis for requisite recoveries (October 2003).

5.3 Unauthorised allotment of Abadi land to allottees not belonging to weaker section led to a loss of Rs 87.08 lakh

The Panchayat may allot Abadi land up to 150 Sq. yards in village Abadi at concessional rates of Rs two to Rs 10 per Sq. yard depending upon population of village to members of Schedule Caste, Schedule Tribe, Harijans, Backward Classes, village artisans, landless persons dependent on wage labour, families selected under IRDP, Handicapped, Nomadic Tribes who do not possess own house site/ house and also to flood victims whose houses have been washed away or the house sites have been rendered unfit for future habitation¹. In other cases, the Panchayat would sell land through open auction as per provisions of Panchayati Raj Rules 1996.

During the course of audit of Panchayat Samiti, Mahuwa, District Dausa (April 2000 to March 2003) it was observed (September 2003) that the Ex Sarpanch of Gram Panchayat Mahuwa irregularly allotted 13 'Pattas' for commercial land and one 'Patta' for residential purpose at nominal rates of Rs 1.50 to Rs 25 per Sq. yard to persons not belonging to weaker sections (Annexure XXIV).

As per Dy. Director of stamps, the market rates of residential and commercial lands were Rs 185 and Rs 335 per Sq. feet respectively. Thus, due to irregular and unauthorised allotment of land at nominal rates to allottees not belonging to weaker section resulted into direct loss of Rs 87.08 lakh to Gram Panchayat , besides loss to State Government on account of stamp duty of Rs 10.40 lakh.

An enquiry was conducted (August 2003) by the Additional Chief Executive Officer, Zila Parishad Dausa which held the Ex- Sarpanch/ Vice- Sarpanch responsible for these irregular allotments but no action to cancel all these allotments was initiated as of March 2004. Unauthorised allotment of abadi land calls for serious action against the ex-sarpanch under the Public Demand Recovery Act .

5.4 Irregular expenditure on Telephone Calls from residence Rs 1.70 lakh

As per instructions issued by the State Government's General Administration Department (October 1995 and March 1996), Zila Pramukh and Additional Chief Executive Officer (ACEO) of ZP were allowed 900 and 720 calls bimonthly respectively from telephone provided at their residence. Expenditure incurred on calls beyond this limit should have been either recovered from the concerned official or got regularized from the government.

During 2000 - 03, an excess expenditure of Rs 1.70 lakh incurred on Telephone calls from residence of Zila Pramukhs/ Additional Chief Executive

¹. Rajasthan Panchayati Raj Rules, 1996 - Rule 158.

Officers of four Zila Parishads² was noticed in audit. Neither the excess expenditure was recovered from the Zila Pramukh/ ACEO concerned nor it was got regularized (March 2004).

5.5 Unauthorised use of Vehicles

(a) Irregular and excess expenditure on maintenance of vehicles- Rs.-1.60 crore

The annual limit for repair and maintenance of vehicles of Panchayat Samiti and Zila parishad was Rs 15,000 and Rs 30,000 respectively which were subsequently revised to Rs 30,000 and Rs 75,000 in June 2003.

In 11 ZPs and 80 PSs expenditure of Rs 1.60 crore (Annexure XXV) was incurred on repair and maintenance of vehicles more than the ceiling limit during the period 1996 - 2003. Out of 80 PSs having incurred expenditure in excess over the prescribed limit, 54 PSs spent more than a lakh each and ZPs at Alwar, Banswara and Kota spent more than Rs 4.00 lakh each on POL and maintenance of vehicles .

(b) Irregular Journeys

(1) The vehicles should not be used for journeys outside the jurisdiction of PS/ ZP without the previous sanction of the Director, Panchayati Raj Department except that they may be taken for repairs or servicing to the places duly approved by the standing committee of the PS / ZP³. Further, in terms of State Government Instructions (September 2000) journeys outside the jurisdiction of the units without prior sanction would be treated as personal journeys and expenditure incurred on them would be recoverable from the concerned officers. In violation of the above, Zila Pramukh and other officers of two ZPs (Bhilwara and Dungarpur) used vehicles on 11 occasions during 2002-03 for attending meetings at Jaipur without obtaining the sanction of the Director. The expenditure of Rs 0.38 lakh (Rs. 0.32 lakh Bhilwara and Rs 0.06 lakh Dungarpur) was not yet recovered/regularized(May 2004).

(2) As per instructions of the State Government, Rural Development Department (January 1996) Zila Pramukh may use vehicle for performing journeys within the jurisdiction of ZP up to 75 days in a year. Two Zila Pramukhs during 2002-03 performed 130 days journeys beyond the prescribed limit which resulted in irregular expenditure of Rs 1.69 lakh (ZP Jhalawar Rs 0.38 lakh and ZP Jaipur Rs 1.31 lakh) on POL.

². Alwar - Rs 0.60 lakh (Zila Pramukh Rs 0.36 lakh and Additional Chief Executive Officer Rs 0.24 lakh), Kota - Rs 0.66 lakh (Zila Pramukh Rs 0.54 lakh and Additional Chief Executive Officer Rs 0.12 lakh), Jhalawar - Rs 0.14 lakh (Zila Pramukh Rs 0.14 lakh) and Jaipur Rs 0.30 lakh (Zila Pramukh Rs 0.23 lakh and Additional Chief Executive Officer Rs 0.07lakh).

³. Rajasthan Panchayati Raj Rules 1996 - Rule 313.

5.6 Use of Educational Cess on works other than educational buildings/activities

Panchayat Samiti may impose and levy certain taxes including primary education cess. Income from education cess will be spent only for educational activities.⁴

In 11 PSs, it was noticed that a sum of Rs 44.56 lakh (Annexure XXVI) collected as education cess during 2001-03 was spent on purposes not related to education such as hiring of vehicle, payment of electricity and telephone bills, expenditure on office contingencies etc. which was irregular.

5.7 Non production of records

Records maintained by 107 GPs of 46 PSs were not produced to audit for scrutiny (Annexure XXVII)

This was against the audit mandate provided to the C&AG and the provision of test check enshrined in section 75 (4) of the Rajasthan Panchayati Raj Act 1994. It also restricted scope of audit which could encourage financial indiscipline in these GPs.

5.8 Lack of responsiveness to Audit

Audit observations on financial irregularities and defects in initial accounts/records noticed during local audit but not settled on the spot are communicated to Heads of Offices and departmental authorities through Inspections Reports (IRs). The more important and serious irregularities are reported to the Government. Besides, statements indicating the number of observations outstanding for over six months are also sent to the Government for expediting their settlement.

At the end of June 2004, 819 IRs of ZPs and PSs issued by PAG containing 5436 paragraphs issued during the period 1986-87 to 2002-03 were pending settlement. The yearwise break up of the outstanding IRs at the end of June 2004 was as under

Year	Inspection Reports	Paragraphs
Upto 1999-2000	444	1251
2000-2001	61	309
2001-2002	140	1384
2002-2003	174	2492
Total	819	5436

⁴. Section 68(2) of Rajasthan Panchayati Raj Act 1994 and Rule 214(4) of Rajasthan Panchayati Raj Rules 1996.

A review of the IRs which were pending due to non- receipt of replies revealed that the Heads of the offices whose records were inspected, failed to send any reply to a large number of IRs / Paragraphs. The Secretary of the PRD, also failed to ensure that the concerned officers of the Department had taken prompt and timely action.

5.9 Conclusion and Recommendations:

(I) Conclusion

The management of finances of PRIs and their accounting needs improvement and the Department of Panchayati Raj was unable to provide complete information regarding inflow and outflow of funds at three levels of PRIs.

The Accounting irregularities such as unreconciled balances, excess expenditure over allotted funds, long outstanding advances, non depositing of statutory recoveries, keeping unspent balances, pending UCs/CCs were widespread.

Cash payment continued under Balika Samaridhi Yojna and irregularities like not spending on SC/ST beneficiaries, sanction to non BPL families, diversion of funds, absence of action plan were prominent in SGRY. There were bottlenecks in downward flow of funds . Transportation of wheat in Mid day meal was rife with hazards of embezzlement. Implementation of schemes and execution of works by the PRIs also involved financial irregularities and guidelines were not followed in implementation of SGRY, TSC and National Family Benefit schemes. Discriminatory distribution and improper utilisation of funds were noticed in TFC and EFC grant.

Non-observance of instructions laid down in GKN was common in PRIs in execution of works and their valuation. While fraudulent, irregular and excess payment on muster rolls were found in some PRIs, cases of excess payment of wages than task rates were also noticed in some GPs. Unfruitful expenditure was also noticed in execution of works which remained incomplete. Likewise, irregular expenditure was also incurred on a training centre, developmental works in Mewat Area etc. Rules and Government instructions were also not followed in procurement and purchase of material. Non production of records and lack of responsiveness to audit also featured in some of the auditee units.

(II) Recommendations

Following measures are recommended to ensure financial discipline in PRIs and improve efficiency of implementation of various development programmes and schemes:-

1. Un-reconciled differences should be adjusted/rectified immediately.

2. Internal control mechanism in the Panchayati Raj Department needs to be strengthened to prevent excess expenditure and keeping unspent balances of closed/inactive schemes.
3. Action to recover/adjust/write off the advances to individuals needs to be initiated and monitoring mechanism should be strengthened to ensure speedy and timely recovery. Unrecoverable amounts on account of death etc. need to be written off.
4. Bottlenecks in downward transfer of funds should be minimised.
5. Security deposit/Bank guarantee for transportation of wheat under Mid Day Meal Scheme should be increased so as to cover cost of transported grain for two months.
6. Incomplete works should be given priority for completion before commencing any new work.
7. Expenditure incurred in excess of works valuation needs to be recovered regularly.
8. Sanction under Shilp Shala/Bunkar Shala Programme should be given only to artisans who are actually involved with this work.
9. For fraudulent/irregular/excess payment, responsibility should be fixed and mandatory checking by JEN/AEN/VAPS of works as per GKN should be strictly ensured. Payments to labourers should be made strictly as per task rate.
10. Adequate internal controls may be put in place to ensure that allotment of land at GPs is done as per the rules.
11. Responsibility should be fixed for non production of records.
12. Time bound programme should be carried out to investigate the irregularities pointed out in audit and responsibilities should be fixed.
13. Data base of Finances in PRIs should be prepared and maintained at (i) all levels of PRIs, (ii) Director, Panchayati Raj Department, (iii) DLFAD and (iv) Finance Department to facilitate proper monitoring and evaluation of various schemes.

JAIPUR,
The

(B.R. Mandal)
Principal Accountant General(Civil Audit),Rajasthan