

Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and III of this Report contain observations arising from examination of accounts and finances of Panchayati Raj Institutions and Urban Local Bodies respectively.
3. Chapters II and IV deal with performance reviews, long paragraph and the findings of audit in respect of financial transactions of Panchayati Raj Institutions and Urban Local Bodies respectively.
4. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 2005-06 as well as those which had come to notice in earlier years but could not be dealt with in previous Report; matters relating to the period subsequent to 2005-06 have also been included wherever necessary.

OVERVIEW

This Report includes four Chapters. Chapters I and III present an overview of the accounts and finances of the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. Chapter II comprises of one performance review, one long paragraph and five transaction audit paragraphs and Chapter IV comprises one performance review and four transaction audit paragraphs arising out of the audit of financial transactions of the PRIs and ULBs respectively.

A synopsis of important findings contained in this Report is presented in this overview.

(A) Panchayati Raj Institutions

1. An Overview of Accounts and Finances of Panchayati Raj Institutions

- Although the State Government had accepted (August 2003) the formats of annual accounts prescribed by the Comptroller and Auditor General of India, PRIs were maintaining the accounts in conventional formats. Database on the finances of PRIs were not yet created.

(Paragraph 1.3)

- 'Own Revenue' of the PRIs constituted an insignificant 3.83 *per cent* of their total receipts during 2005-06 making them largely dependent on Government funds.

(Paragraph 1.6.1.1(i))

- In *Panchayat Samiti*, Deeg, there was a difference of Rs 32.01 lakh between the balances as per cash books and PD/Bank pass books due to non-reconciliation which was fraught with risk of misappropriation/embezzlement of funds.

(Paragraph 1.7.2)

- Budgetary and internal control mechanism in PRIs was weak. Instance of excess expenditure (Rs 5.17 crore), non-refund of unspent balances of closed schemes (Rs 6.86 crore), unadjusted amount (Rs 13.54 lakh) and outstanding utilisation certificates (Rs 1,056.81 crore) were noticed.

(Paragraphs 1.8.1 to 1.8.4)

- Audit fee of Rs 1.99 crore for the period up to March 2006 remained to be paid (March 2009) to Director, Local Fund Audit Department by PRIs.

(Paragraph 1.8.5)

2. Performance Review on Desert Development Programme

'Desert Development Programme' (DDP) was launched in the State as a Centrally Sponsored Scheme in 1977-78 for combating desertification and sustainable development. Though the State Government incurred an expenditure of Rs 592.78 crore on 5,524 watershed projects under DDP during 1999-2006, yet the achievements of objectives was not upto the desired level as the programme was implemented in isolated patches wherein, mostly construction activities were taken up ignoring other important areas to increase productivity of land and bio-mass for overall sustainable development. A sum of Rs 29.38 crore meant for development of watershed on community land was spent on development of private arable land. Contribution of Rs 13.87 crore was short collected/deposited by Forest Department/Watershed Committees into the Watershed Development Fund required for maintenance/sustainable use of assets created on community land. Despite provision of Rs 2.88 crore, plantation and silviculture activities were not taken up in 109 watersheds/ clusters and no provision was made for plantation in Detailed Project Reports of 21 watershed projects.

(Paragraph 2.1)

3. Long Paragraph on Disposal of *Abadi* Land by Panchayati Raj Institutions

'*Abadi* land' means *Nazul* and land lying within the inhabited areas of the *Panchayat* circle, which vests or has been vested in or has been placed at the disposal of a *Panchayat* by or under an order of the State Government. It shall be managed, controlled and held by *panchayat* as a trustee. The sale, auction, purchase, possession, etc. of the *abadi* land in PRIs are regulated according to relevant rules contained in the Rajasthan Panchayati Raj Rules (RPRRs), 1996 made under Rajasthan Panchayati Raj Act (Act), 1994. During audit it was noticed that 575 *pattas* were issued by 40 *Gram Panchayats* (GPs) of 16 *Panchayat Samitis* (PSs) during 2001-06 through sale or negotiations without realising the index price which resulted in loss of Rs 3.21 crore. In contravention of rules 143, 144 and 157 of RPRRs, 1996, 905 *pattas* were issued in 72 GPs of six PSs on nominal rates, which led to loss of revenue of Rs 5.15 crore. Land allotted free of cost/at concessional rates in contravention of rules 158 (Proviso), 159 (2) and 162 of RPRRs, 1996 in case of 47 GPs of six PSs resulted in loss of revenue of Rs 62.96 lakh. Other irregularities noticed included non-conducting of survey of trespassers, issuing of *pattas* without signatures of authorised signatories and unauthorised issue of *pattas*, etc.

(Paragraph 2.2)

4. Audit of Transactions

- Twenty one *Gram Panchayats* in *Panchayat Samiti*, Itawa irregularly diverted *Sampoorna Grameen Rozgar Yojana* funds amounting to Rs 17.37 lakh on repair and maintenance works.

(Paragraph 2.3)

- Failure of two *Panchayat Samitis* in timely completion of works resulted in wasteful expenditure of Rs 20.86 lakh incurred on these works remaining incomplete for 13 to 21 years.

(Paragraph 2.4.1)

- Assets constructed to provide educational, residential and drinking water facilities in one ZP and three PSs were lying unused resulting in unfruitful expenditure of Rs.25.98 lakh.

(Paragraph 2.4.2)

- Non-commissioning of an irrigation scheme in Bundi district led to blocking of funds of Rs 13.50 lakh for more than five years.

(Paragraph 2.5)

- Failure of *Panchayat Samiti*, Hindoli to remove encroachment from the land resulted in non-utilisation of land worth Rs 37.88 lakh.

(Paragraph 2.6)

(B) Urban Local Bodies

5. An Overview of Accounts and Finances of Urban Local Bodies

- 'Own revenue' of Urban Local Bodies accounted for only 26 *per cent* of their total receipts during 2005-06 and as such they were dependent on grants and loans from the Central and State Governments.

(Paragraphs 3.3.2 (i) and 3.3.3 (i))

- The share of assigned revenue (entertainment tax) declined by 54 *per cent* in 2005-06 as compared to 2002-03 due to relaxation in rate of entertainment tax.

(Paragraph 3.3.4)

- Out of grants of Rs 42.90 crore released under Twelfth Finance Commission during 2005-06, only Rs 6.65 crore (16 per cent) could be utilised by Urban Local Bodies as of January 2007.

(Paragraph 3.4.2 (ii))

- Instance of excess expenditure (Rs 1.08 crore) over the sanctioned budget grant and outstanding advances (Rs 39.08 lakh) given to contractors/suppliers/ individuals, etc. for long period were noticed in audit.

(Paragraphs 3.6.2 and 3.6.3)

- Rupees 11.67 crore was recovered during 2004-05 at the instance of C&AG's audit.

(Paragraph 3.10)

6. Performance Review on Integrated Development of Small and Medium Towns Scheme

The 'Integrated Development of Small and Medium Towns' (IDSMT) is a Centrally Sponsored Scheme launched in the State in December 1979 for arresting the increasing trend of migration from small and medium towns to larger cities by integrated development of the towns through economic growth and creation of employment opportunities. Funding pattern of the scheme was revised from loan basis to grant-in-aid since August 1995. Performance review of the IDSMT scheme revealed that as of March 2009, out of 242 projects (56 residential, 58 commercial and 128 infrastructural) in 42 Municipal Boards/Urban Improvement Trust, only four residential, six commercial and 28 infrastructural projects were completed. IDSMT funds of Rs 4.73 crore were diverted on works/activities not covered under the scheme. Eleven local bodies did not arrange institutional finance of Rs 7.57 crore though it was required under guidelines of the scheme. A sum of Rs 2.89 crore incurred on works of residential/ commercial/infrastructural nature was rendered unfruitful due to their non-completion/non-utilisation, which also deprived beneficiaries of the intended benefits.

(Paragraph 4.1)

7. Audit of Transactions

- Municipal Board, Sawai Madhopur failed to recover compensation and risk and cost amounting to Rs 13.05 lakh from defaulting contractors.

(Paragraph 4.2)

- Two Working Women hostels and two 'Ren Baseras' in Municipal Councils, Ajmer and Beawar and Municipal Corporation, Jodhpur completed during 1989-2003 at a cost of Rs 51.76 lakh have never been put to use for the intended purposes.

(Paragraph 4.3)

- In Municipal Council, Beawar and ten Municipal Boards statutory recoveries on account of General Provident Fund/Contributory Provident Fund made from salary of employees and pension contribution/gratuity contributions aggregating to Rs 1.20 crore had not been deposited in the prescribed funds for the last four to 24 years.

(Paragraph 4.4)

- In disregard to Government instructions, Municipal Council, Bhilwara incurred an expenditure of Rs 54.23 lakh on works/activities other than pollution control in excess of prescribed limit.

(Paragraph 4.5)

CHAPTER-I

AN OVERVIEW OF ACCOUNTS AND FINANCES OF PANCHAYATI RAJ INSTITUTIONS

1.1 Introduction

The Rajasthan Panchayat Act, 1953 was enacted keeping in view the philosophy enshrined in Article 40 of the Constitution of India, which lays down that the State shall take steps to organise Village *Panchayats* and endow them with such powers and authority so as to enable them to function as units of self Government. Subsequently, with a view to bringing in conformity with the new pattern of Panchayati Raj, the Rajasthan Panchayat Samiti and Zila Parishad Act was enacted in 1959 which provided for a three tier¹ structure of local self governing bodies at district, block and village levels and further decentralized powers. As a consequence of the 73rd Constitutional Amendment, the Rajasthan Panchayati Raj Act, 1994 (Act) came into force in April 1994, which apart from mandatory provisions delineated functions and powers of Panchayati Raj Institutions (PRIs). Later, Rajasthan Panchayati Raj Rules, 1996 were incorporated to ensure the smooth functioning of PRIs.

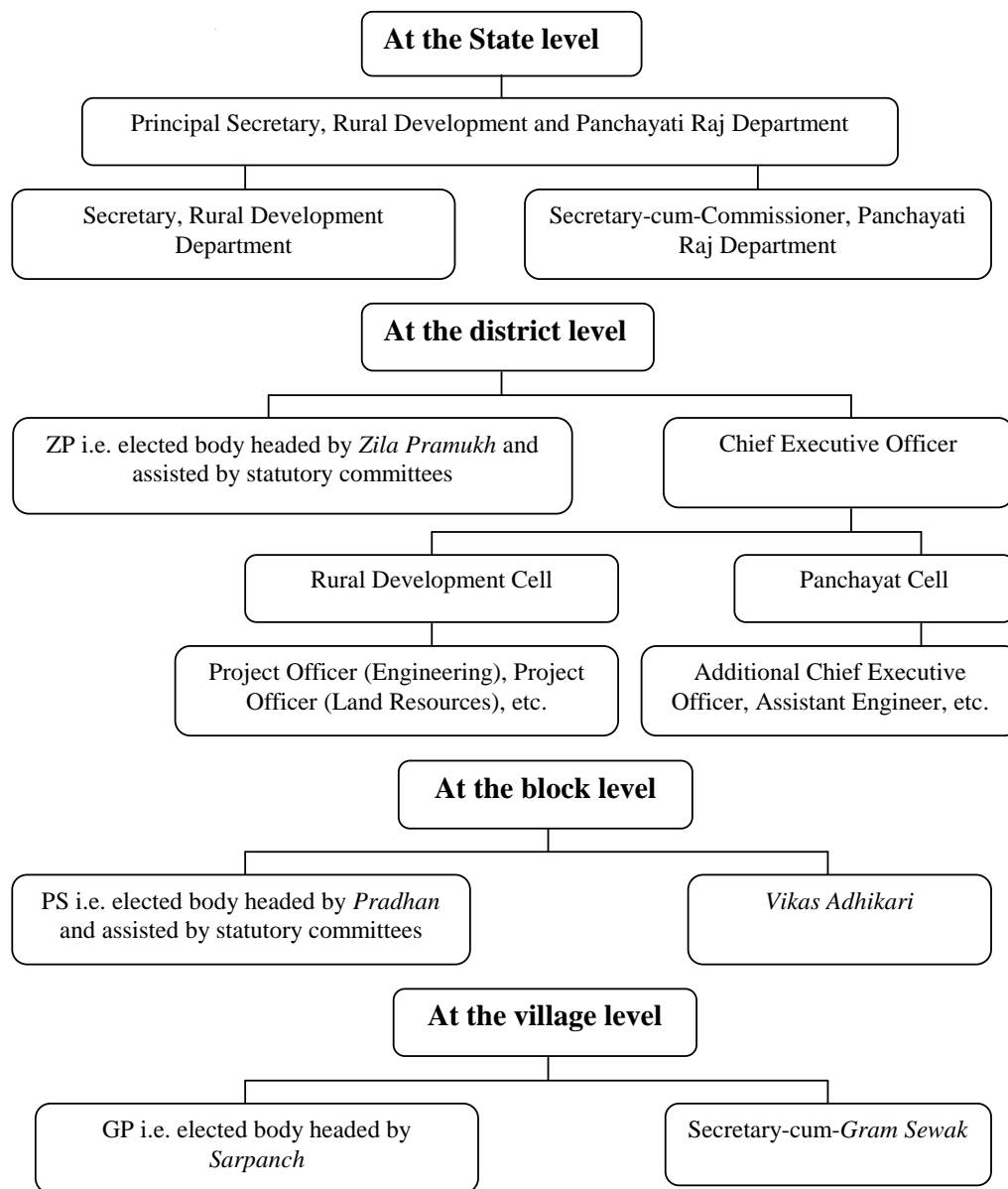
There are 32 *Zila Parishads* (ZPs) with two cells in each ZP i.e. Rural Development Cell (RDC) and Panchayat Cell (PC), 237 *Panchayat Samitis* (PSs) and 9,189 *Gram Panchayats* (GPs) in the State with a total population of 4.33 crore (76.60 per cent of the State's total population of 5.65 crore²).

1.2 Organisational set up

The overall administration of the PRIs vests with the Principal Secretary, Rural Development and Panchayati Raj Department.

1. *Zila Parishad* at District level, *Panchayat Samiti* at Block level and *Gram Panchayat* at Village level.
2. As per Census, 2001.

The organisational structure of PRIs is given below:



1.3 Accounting arrangements

Although the State Government had accepted (August 2003) the formats of accounts prescribed by the Comptroller and Auditor General of India (C&AG), annual accounts for the year 2005-06 were maintained by the PRIs in conventional formats. Further, database on the finances of PRIs to be maintained in the formats suggested by C&AG as recommended by Eleventh Finance Commission (EFC) was not yet implemented inspite of provision of earmarked funds. Meanwhile in view of significant increase in the responsibilities related to PRIs after the seventy third amendment in the

Constitution and multifold increase in the quantum of funds flowing towards PRIs, the Rural Development and Panchayati Raj Department (RD&PRD) has taken up a project, called Computerisation Automation Refinement of Integrated System of Management and Accounts (CARISMA) for computerising and interconnecting the PRIs. The project includes software pertaining to Accounting, Management Information System, statutory duties (birth and death registration) and village database. The project is intended to cover all the 32 ZPs, 237 PSs and 1,100 out of 9,189 GPs at the initial stage. The project is scheduled to be completed by February 2011. The Panchayati Raj Department (PRD) intimated (August 2009) that Panchayati Raj Headquarters, 32 ZPs, 237 PSs and 1,114 GPs have been inter connected as on 31 March 2009 at a cost of Rs 44.94 crore.

1.4 Audit arrangements

The Director, Local Fund Audit Department (DLFAD) is the primary auditor of accounts of the PRIs under the Act. Test check of such accounts is also being conducted by the C&AG under Section 14 of C&AG's (DPC) Act, 1971 and under the enabling provisions contained in Section 75 (4) of the Act.

1.5 Audit coverage

Test check of accounts of 29 ZPs (PC), 27 ZPs (RDC), 211 PSs and 2,025 GPs for the period up to 2004-05 was conducted during 2005-06.

1.6 Financial management, devolution of funds and functions

1.6.1 Financial position of PRIs

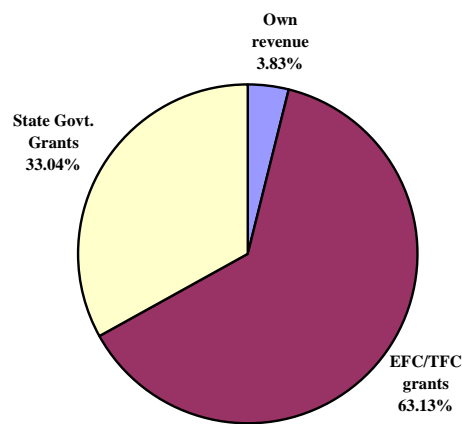
1.6.1.1 Panchayati Raj Department

Apart from own resources of tax and non-tax revenue e.g. fair tax, building tax, fees, rent from land and buildings, water reservoirs, etc. and capital receipts from sale of land, the PRIs receive funds from the State Government and Government of India (GOI) in the form of grants-in-aid/loans for general administration, implementation of developmental schemes/works and creation of infrastructure in rural areas, etc. Funds are also provided under recommendations of the Central/State Finance Commissions.

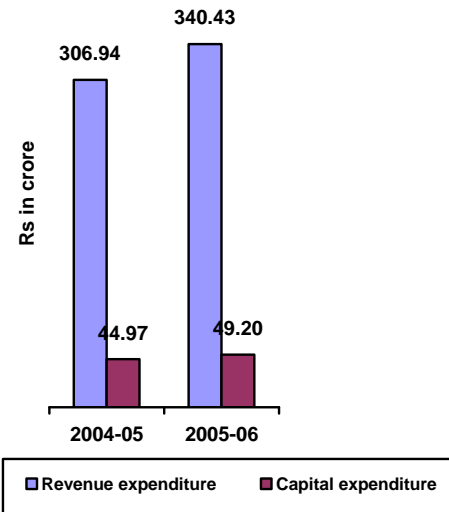
There was no mechanism with the PRD for centralised collection of data on the receipts and expenditure of the various tiers of PRIs for further compilation and processing. However, the position of receipts and expenditure of PRIs for the period 2004-05 and 2005-06 as furnished by PRD (June 2009) was as under:

(Rupees in crore)

Particulars	2004-05	2005-06
(A) Revenue receipt		
Own Tax	1.68	2.59
Own Non-Tax	13.51	12.33
Own Revenue	15.19	14.92
Grants-in-Aid from State Government	111.83	128.72
EFC/TFC grants	224.89	245.99
Total Receipts	351.91	389.63
(B) Expenditure		
Revenue expenditure (Pay and allowance and maintenance expenditure)	306.94	340.43
Capital expenditure	44.97	49.20
Total Expenditure	351.91	389.63



PRI Receipts 2005-06



PRI Expenditure

The above position indicates that:

(i) 'Own Revenue' of the PRD in 2005-06 constituted only 3.83 per cent of their total receipts. Thus, they were largely dependent on Government funds.

(ii) While grants-in-aid from State Government and EFC/TFC grants had increased by 11.28 per cent from Rs 336.72 for the year 2004-05 to Rs 374.71 crore in the year 2005-06, the own revenue of PRD came down marginally by 1.78 per cent from Rs 15.19 crore in 2004-05 to Rs 14.92 crore in 2005-06.

1.6.1.2 Rural Development Department

The position of receipts and expenditure of Rural Development Department (RDD) for the period 2004-05 and 2005-06 has furnished by RDD (October 2009) was as under:

(Rupees in crore)

Particulars	2004-05						2005-06					
	Opening Balance	Receipts	Total Available Fund	Expenditure	Percentage of expenditure	Closing Balance	Opening Balance	Receipts	Total Available Fund	Expenditure	Percentage of expenditure	Closing Balance
Central Sponsored Schemes	295.96	648.52	944.48	661.75	70.07	282.73	346.81	805.67	1,152.48	843.85	73.22	308.63
State Sponsored Schemes	130.26	125.22	255.48	113.50	44.43	141.98	181.86	173.35	355.21	172.70	48.62	182.51
Total	426.22	773.74	1,199.96	775.25	64.61	424.71	528.67	979.02	1,507.69	1,016.55	67.42	491.14

The above table reveals that :

(i) There was difference of Rs 103.96 crore between the closing balance of 2004-05 and the opening balance of 2005-06. RDD attributed (January 2010) the difference to non-inclusion of release made by the Central and State Governments at the end of 2004-05 and interest accrued for 2004-05 but credited at the beginning of next financial year. The procedure adopted by the State Government was not appropriate as the receipts should have been credited under the Receipt Head of the relevant year instead of increasing the opening balance with reference to closing balance of preceding year.

(ii) Under SSS, expenditure during 2004-05 and 2005-06 was less than the opening balances, which indicates that State Government transferred funds to RDD without assessing the requirements.

(iii) During 2004-05 and 2005-06 the PRIs could utilise only 64.61 and 67.42 per cent of the total available funds under CSS and SSS.

1.6.2 Devolution of funds

Financial assistance to PRIs as a percentage of the total expenditure (revenue and capital) of the State Government increased from 4.75 per cent during 2004-05 to 5.25 per cent in 2005-06 as shown below:

(Rupees in crore)

Year	Total expenditure (Revenue and Capital) of the State	Financial assistance to PRIs	Percentage
2004-05	23,394.48	1,110.46	4.75
2005-06	25,793.69	1353.73	5.25

1.6.3 Short release of funds

State Government released Rs 3 crore against Rs 4.76 crore towards grants-in-aid in lieu of octroi to GPs during 2004-05 resulting in short release of Rs 1.76 crore. Reason for short release was attributed by RD&PRD to less provision of funds by Finance Department of the State Government.

1.6.4 Deduction of central assistance

While own revenue of PRIs constituted only 4.32 and 3.83 *per cent* of the total receipts during 2004-05 and 2005-06 respectively, any deduction in Central/State grants due to under-utilisation of funds by PRIs further worsens their financial condition thereby affecting the activities of developmental works and civic amenities for rural people.

As per guidelines of *Swarnjayanti Gram Swarozgar Yojana* (SGSY), a Centrally Sponsored Scheme launched by GOI with the objective of creation of assets for *swarozgaries* below poverty line (BPL), proportionate deduction in Central share during current year would be made if opening balance of the scheme funds exceeds 15 *per cent* of the funds allocated during the previous year.

During test check of records of RDD, Jaipur, it was observed that due to under-utilisation of SGSY funds by 13 ZPs and 17 ZPs during 2003-04 and 2004-05 respectively, opening balances had exceeded the prescribed limit of 15 *per cent*. Consequently, GOI deducted Rs 4.81 crore from the Central share released to ZPs during 2004-05 and 2005-06. This deprived the rural BPL beneficiaries of the benefits envisaged under the scheme.

On being pointed out (October 2006), the department while accepting the facts stated (November 2006) that due to non-submission of utilisation certificates, the opening balances exceeded the permissible limit.

This, however, indicated lack of effective monitoring in implementation of the scheme by ZPs, which led to deduction in Central assistance depriving the rural poor of the envisaged benefits.

1.6.5 Finance Commission Grants

The position of grants to be released vis-à-vis actually released to the PRIs by State Government under recommendations of the Twelfth Finance Commission (TFC) during 2005-06 was as under:

(Rupees in crore)

Year	Grants to be released	Grants actually released	Short (-)/Excess (+) released
2005-06	246.00	245.99	(-) 0.01

As per guidelines issued by GOI, grants of TFC were required to be transferred by State Government to the PRIs within 15 days of the same being credited to the State Government's account failing which State Government was liable to transfer interest amount at RBI Bank rate.

The first and second installments of TFC grants for the year 2005-06, which were credited to the State Government's account on 16 November 2005 and 23 March 2006 respectively, were transferred to ZPs and PSs within the prescribed period. However, grants of GPs were not directly released to them

by State Government, but were first transferred to the jurisdictional PSs. Test check of 50 PSs revealed that they could release the grants (Rs 32.66 crore) to the concerned GPs in first installment between 9 December 2005 and 30 January 2006 and second installment between 12 April 2006 and 22 August 2006. Thus, TFC grants to these GPs were provided with delays ranging from seven to 138 days

The matter was brought to the notice of PRD in December 2007, but no reply has been received (July 2009).

1.6.6 Devolution of functions

State Government decided (June 2003) to devolve all 29 subjects listed in the Eleventh Schedule of the Constitution to the PRIs. However, funds, functions and functionaries of only 18 subjects were transferred as of March 2007. Eleven functions not yet transferred to PRIs includes important areas like Public health, Animal husbandry, Small scale industries, *Khadi* village and cottage industries, Rural electrification, Technical and vocational education and Family welfare etc.

1.7 Maintenance of accounts

1.7.1 Delayed submission of annual accounts

Annual accounts of ZPs are required to be sent to the State Government by 15 May of the following year. It was, however, observed that annual accounts for 2004-05 were sent (June 2005-March 2006) by 23 ZPs with delays ranging from 25 to 314 days.

1.7.2 Non-reconciliation of differences between Cash Books and Personal Deposit/Bank pass books

In *Panchayat Samiti*, Deeg there was a difference (as on 31 March 2005) of Rs 32.01 lakh between the cash book balance (Rs 67.62 lakh) and PD/Bank Account pass book (Rs 99.63 lakh) for want of reconciliation with treasuries/banks. The PS has not yet (March 2009) reconciled the difference. Non-reconciliation of balance is fraught with the risk of misappropriation/embezzlement of funds.

1.8 Budgetary and internal controls

The performance of the PRIs in relation to their functions was not effective due to weak internal control mechanism as detailed in the succeeding paragraphs.

1.8.1 Excess expenditure over the allotted funds

Eight ZPs and four PSs incurred excess expenditure over the funds authorised/received due to which there were minus balances of funds of Rs 5.17 crore under various heads of accounts/schemes as on 31 March 2005 (*Appendix-I*). This reflects weak internal control and financial indiscipline in PRIs.

Five ZPs and two PSs while accepting the facts stated (April 2005 to February 2006) that action was being taken for obtaining reimbursement of funds from the concerned departments. No reply was furnished by remaining three ZPs and two PSs.

1.8.2 Non-refund of balances lying unutilised under closed/inactive schemes

1.8.2.1 Rural Development Department instructed (November 1997 and March 2004) the ZPs to transfer the unspent amounts of closed schemes to the scheme; in which the closed schemes had been amalgamated or to refund the same to the respective departments.

Test check of records of PSs, Asind, Raipur and Neemrana for the year 2004-05 revealed that unspent funds aggregating to Rs 17.24 lakh (PSs, Asind: Rs 4.37 lakh, Raipur: Rs 7.34 lakh and Neemrana Rs 5.53 lakh) were lying in their PD accounts pertaining to various closed/inactive schemes where no transaction has taken place during last two to eight years (as of March 2005). These were neither refunded to Government nor the balance transferred to the amalgamated scheme (*Appendix-II*).

On being pointed out PSs, Raipur and Neemrana stated (May 2005 and July 2005) that action was being taken to refund the funds. No reply was furnished by PS, Asind.

1.8.2.2 Similarly, in two ZPs unspent funds relating to various closed schemes aggregating Rs 6.69 crore (Jaipur: Rs 5.63 crore and Nagaur: Rs 1.06 crore) were lying blocked in their PD Accounts for two to 16 years as of March 2005. These were neither utilised in accordance with the guidelines of the schemes nor refunded to the department concerned (*Appendix-II*).

ZP, Jaipur while accepting the facts stated (November 2005) that action to refund the balance amount to PRD/other departments was being taken. No reply was furnished by ZP, Nagaur.

1.8.3 Advances lying unadjusted/ unrecovered

In five ZPs and five PSs, advances aggregating Rs 13.54 lakh for purchase of petrol, diesel, transfer travelling advance, to attend *Mahila sammelan* and food grains etc. disbursed up to March 2005 were outstanding against 89 officials for the last one to 46 years as of March 2009 (*Appendix-III*). This indicated lack of effective and efficient control mechanism in these PRIs.

On being pointed out, five ZPs and three PSs while accepting the facts stated (May 2005 to December 2005) that action for adjustment/recovery of outstanding advances was being taken. Remaining two PSs did not furnish replies.

1.8.4 Outstanding utilisation certificates

1.8.4.1 Utilisation certificates (UCs) of Rs 226.23 crore for the period up to March 2005 were pending against PRIs as of February 2007 in respect of the following two major schemes of Panchayati Raj Department:

(Rupees in crore)

S. No.	Name of scheme	Amount of UCs pending
1.	Mid Day Meal Scheme	222.04
2.	National Family Benefit Scheme	4.19
	Total	226.23

1.8.4.2 As regards other schemes implemented through *Zila Parishads* (Rural Development Cell), UCs of Rs 830.58 crore for the period up to March 2006 were pending as of December 2006 against different executing agencies out of which UCs for Rs 174.21 crore (21 per cent) were more than one year old as detailed under:

(Rupees in crore)

Executing agencies from whom pending	Period of UCs		
	Up to March 2005	2005-06	Total (up to March 2006)
PRIs	66.84	453.89	520.73
Line departments (PWD, PHED, Irrigation, Forest, Watershed Development and Soil Conservation)	50.51	125.55	176.06
Others	56.86	76.93	133.79
Total	174.21	656.37	830.58

Due to non-furnishing of UCs, utilisation of grants for the intended purpose could not be ascertained. Although, position of outstanding UCs as of March 2009 was called for (August 2009), the same was not made available to audit.

1.8.5 Arrears of Audit fees

Director, Local Fund Audit Department (DLFAD) is the statutory auditor for the accounts of PRIs. Audit fee at prescribed rate is paid to the DLFAD by PRIs. Audit fee of Rs 1.99 crore for the period up to March 2006 remained to be paid to DLFAD by 93 PRIs as of March 2009.

1.9 Lack of response to audit observations

1.9.1 As of March 2006, 4,04,418 paras of 25,378 Inspection Reports³ (IRs) in respect of PRIs issued by DLFAD were pending for settlement at the end of March 2009. First compliance of 160 IRs was also not received up to March 2009. Besides above, 51,050 cases of embezzlement pertaining to the period up to March 2006 and involving Rs 101.48 crore were pending as of March 2009.

1.9.2 A total number of 1,354 IRs comprising 10,008 paragraphs and involving a monetary value of Rs 1,561.37 crore issued by office of the Principal Accountant General (up to August 2004) and thereafter by office of the Senior Deputy Accountant General (Local Bodies Audit & Accounts) (i.e from August 2004 to March 2006) were pending for settlement at the end of March 2009 as detailed below:

Year	Inspection Reports	Paragraphs	Money Value (Rupees in crore)
Up to 1999-2000	104	301	27.59
2000-01	73	92	64.19
2001-02	145	639	104.52
2002-03	189	1012	145.67
2003-04	256	1595	292.57
2004-05	343	3626	410.20
2005-06	244	2743	516.63
Total *	1,354	10,008	1,561.37

*This includes 162 IRs comprising 634 outstanding paras of Soil Conservation Department

1.10 Impact of audit

During 2005-06, the following actions were taken by the PRIs at the instance of C&AG's audit:

- Excess payments, double payments, dues, interest on excess cash balances, rent of shops etc. aggregating to Rs 3.06 crore were recovered in 217 cases.
- Rupees 3.68 lakh diverted from one scheme to another in two cases was credited back to the schemes concerned.
- Unutilised funds of Rs 6.32 crore in 29 cases were surrendered to Government/funding agencies.
- In 10 cases involving Rs 88.35 lakh, remedial actions such as amendment in rules/orders, disciplinary action against erring officials. etc. were taken.
- *Panchayat Samiti* (PS), Data Ramgarh (Rs 4.82 lakh); PS, Neem ka Thana (Rs 10 lakh) and PS, Khandela (Rs 3.50 lakh) unauthorisedly retained education cess amounting to Rs 18.32 lakh. Rs 11.59 lakh (PS, Data Ramgarh: Rs 2.95 lakh; PS, Neem ka Thana: Rs 7.58 lakh and PS, Khandela: Rs 1.06 lakh) have been recovered as of April 2009.

3. Number of IRs issued upto 2001-02 not made available by DLFAD.

1.11 Conclusion

The 'own revenue' of PRIs was meagre and therefore the rural local bodies were largely dependent on Government grants eroding their financial autonomy.

There was no mechanism with the PRD for centralised collection of data on the receipts and expenditure of various tiers of PRIs for further compilation and processing.

Widespread and persistent irregularities and deviations from prescribed accounting and budgetary control procedures indicating lack of adequate internal control mechanism in PRIs such as non-reconciliation and differences in cash balances, expenditure in excess of the allotted funds, non-adjustment/recovery of outstanding advances for a long period and non-refund of unspent balances of closed/inactive schemes were noticed in audit.

There were huge pendency of audit observations and delays in their settlement.

1.12 Recommendations

- PRIs should be encouraged to augment their own resources so as to reduce dependency on the Government assistance.
- PRIs should ensure optimum utilisation of the available resources.
- Government should ensure full and timely release of funds to PRIs.
- Internal control and monitoring mechanisms should be strengthened.
- Special and concerted efforts are needed to adjust/recover the outstanding advances.
- Special drive should be launched for refund of the unutilised funds of closed/inactive schemes by PRIs to the Government department/funding agency concerned.

CHAPTER-II
PERFORMANCE REVIEW AND
AUDIT OF TRANSACTIONS
PANCHAYATI RAJ INSTITUTIONS

This chapter contains one performance review on 'Desert Development Programme', one long paragraph on 'Disposal of *abadi* Land by Panchayati Raj Institutions' and five paragraphs relating to Transaction Audit of Panchayati Raj Institutions.

PERFORMANCE REVIEW

2.1 Desert Development Programme

Highlights

Desert Development Programme (DDP), a Centrally Sponsored Programme was launched in 1977-78 in the State for combating desertification and sustainable development. A performance review conducted on implementation of DDP in Rajasthan covering the period from 1999 to 2006 revealed that the programme was implemented in isolated patches, wherein mainly construction activities were taken up ignoring the other important areas of increasing productivity of land, bio-mass and overall sustainable development etc. The State incurred an expenditure of Rs 592.78 crore on 5,524 watershed projects under DDP during 1999-2006, but the achievements of objectives was not upto the desired level.

Contribution of Rs 13.87 crore was short collected/deposited by watershed committees/Forest Department into the Watershed Development Fund required for maintenance/ sustainable use of assets created on community land.

(Paragraphs 2.1.9.1 (vii) and 2.1.12.6)

In violation of the guidelines, Rs 29.38 crore for watershed was spent on development of private arable land instead of community land.

(Paragraph 2.1.12.1)

In 40 watersheds, earthen bund/*medbundi*/boundary walls were constructed on existing field boundaries at a cost of Rs 2.18 crore instead of contour vegetative bunds on contour lines.

(Paragraph 2.1.12.2)

Land and moisture conservation activities carried out at a cost of Rs 1.76 crore in 33 watersheds were not followed by production measures depriving the cultivators of the intended benefits.

(Paragraph 2.1.12.3)

Despite provision of Rs 2.88 crore, plantation and silviculture activities were not taken up in 109 watersheds/clusters whereas no provision for plantation (physical and financial) was made in Detailed Project Reports of 21 watershed projects.

(Paragraph 2.1.12.5)

2.1.1 Introduction

Desertification means degradation of land in arid, semi-arid and sub-humid areas. It has been showing increasing trends in several parts of western Rajasthan and the desert area has been estimated to be 20.8 million hectare (ha). For combating desertification and sustainable development, DDP was launched in the year 1977-78. Presently DDP is being implemented in 85 blocks of 16 districts¹ in the State covering an area of 1,98,744 square kilometres on an integrated watershed² area development plan basis in batches³. In 10 districts⁴ out of these 16 DDP districts, 50 per cent of funds allocated under DDP were earmarked since 1999-2000 for DDP-Special projects to cover three specific activities viz. shelter belt plantation, sand dunes stabilisation and afforestation.

Performance review of DDP batch-I (1995-2002) covering expenditure of Rs 168.95 crore up to March 2002 on 917 watersheds (4.17 lakh hectare) had already been printed under paragraph 6.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2002 (Civil) - Government of Rajasthan. New projects under DDP batches II to IV (1996-99) were not sanctioned by the Government of India (GOI) to the State due to partial utilisation of released funds by the *Zila Parishads* (ZPs) during the project period.

2.1.2 Aims and objectives of DDP

The aims and objectives of DDP are:

- To develop wastelands/degraded lands, drought-prone and desert areas on watershed basis, keeping in view the capability of land, site-conditions and local needs.

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1. Ajmer, Barmer, Bikaner, Churu, Hanumangarh, Jaipur, Jaisalmer, Jalore, Jhunjhunu, Jodhpur, Nagaur, Pali, Rajsamand, Sikar, Sirohi and Udaipur.
 2. Watershed or catchment of a watercourse is a natural hydrological entity in which water from all sides collects and passes through a single drain.
 3. Projects of five years duration sanctioned in a particular year commencing from the date of sanction by GOI for development of watershed area of 500 ha in each project.
 4. Barmer, Bikaner, Churu, Jaisalmer, Jalore, Jhunjhunu, Jodhpur, Nagaur, Pali and Sikar.

- To improve the economic and social condition of the poor and disadvantaged sections of the watershed community.
- To mitigate the effects of desertification and adverse climatic conditions on crops, human and livestock population.
- To restore ecological balance by harnessing, conserving and developing natural resources i.e. land, water and vegetative cover.
- To encourage village community for post-maintenance of assets, adopt local technological solutions/material and development of human and other economic resources of the village.

2.1.3 Organisational structure

The Principal Secretary, Rural Development and Panchayati Raj Department (RD & PRD) is responsible for overall implementation of the Programme at the State level. Besides, Commissionerate/Directorate of Watershed Development and Soil Conservation at the State level and ZP (Rural Development Cell) at the district level are entrusted with co-ordination, planning, supervision and monitoring of the activities. The departments of Soil Conservation and Forest and Panchayati Raj Institutions (PRIs) are the main Project Implementation Agencies (PIAs). The PIAs operate through Watershed Development Team (WDT), a multi-disciplinary team for handling 10-12 Watersheds. The day-to-day developmental activities of a watershed project were carried out by a Watershed Committee (WC) consisting of 10 to 12 members from amongst the Users Groups (UGs), Self-Help Groups (SHGs), WDT and *Gram Panchayat* (GP). WC was responsible for liaising with all the agencies concerned and had an elected chairman.

2.1.4 Funding pattern and release of funds

The DDP is a Centrally Sponsored Programme and cost of the watershed project of approximate size of 500 ha is to be shared between GOI and State in the ratio of 75:25 since April 1995. The project cost was revised from Rs 5,000 per ha to Rs 6,000 per ha from DDP batch-VI (April 2000). The period of each watershed project is five years from the date of GOI's first sanction and the funds are released in seven installments⁵ (six at 15 *per cent* each and seventh at 10 *per cent* of the project cost). The amount allocated for each watershed project was to be spent at 10 *per cent* on administrative overheads, five *per cent* each on entry point activities⁶ of community organization and training and 80 *per cent*⁷ on watershed treatment/development works.

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5. In five installments w.e.f. 1 April 2003 (*Hariyali* guidelines) viz. first and fourth at 15 *per cent* each, second and third at 30 *per cent* each and fifth at 10 *per cent*.
 6. Entry point activities included (paragraph 36 of Guidelines, 2001) renovation of *Panchayat*/school buildings, common places, drinking water sources/wells etc. as a part of confidence building exercise of the local people.
 7. 80 *per cent* (including 5 *per cent* for entry point activities) under DDP batch-V, 80 *per cent* under DDP batch-VI and 85 *per cent* under DDP batches-VII to XI.

2.1.5 Audit Objectives

The objective of the performance audit was to ascertain whether the DDP was successful in :

- combating desertification,
- conserving natural resources viz. land, water, vegetative cover,
- creating sustainable sources of income for the village community, and
- encouraging village community for post-maintenance of assets created in the State.

2.1.6 Audit criteria

The audit criteria used for the performance audit were the guidelines for Watershed development issued by GOI in October 1994 (effective from April 1995) which were subsequently revised in August 2001 (effective from April 2000) and April 2003 (*Hariyali*)⁸ and circulars issued by GOI/State Government from time to time.

2.1.7 Audit methodology and coverage

Out of 16 districts, four districts⁹ were selected on the basis of expenditure and geographical considerations where both DDP-Normal and DDP-Special Projects were implemented. Audit of records of DDP under batches-V and VI including special projects, wherein four to five installments were released and projects were nearer to completion, for the period 1999-2006 was conducted in ZPs, *Panchayat Samitis* (PSs), Watershed Development & Soil Conservation and Forest Offices in the selected four districts involving an expenditure of Rs 156.05 crore (47 per cent of total expenditure of Rs 332.88 crore incurred in the State batches-V and VI) during May to September 2006. In addition, records of 192 Watershed Committees relating to DDP batches-V and VI were also test checked in the selected districts.

Audit Findings

2.1.8 Planning

2.1.8.1 Non- preparation of perspective plan

Watershed guidelines (August 2001) envisaged preparation of a perspective plan for treatment of waste/degraded land keeping in view the availability of funds, indicating ongoing project areas and new project areas to be taken up in a phased manner. It was observed that perspective plan during the period

8. Name of Watershed Guidelines, 2003.

9. Barmer, Jaisalmer, Jhunjhunu and Jodhpur (besides pilot study was also conducted in Bikaner district during July/August 2005).

2001-2008 was not prepared. No exercise was done to find out the present status of the desert, though increase has been mainly attributed to increase in population, soil/water erosion, pollution, high temperature, low/uncertain rainfall, high wind velocity, overgrazing by herds of cattle, intensive cultivation, deforestation for mining, poverty and illiteracy of the people of the region. Thus, due to non-preparation of the plan, the DDP did not yield the desired results as discussed in the succeeding paragraphs.

2.1.8.2 Non-utilisation of database for watershed planning

The State Remote Sensing and Application Centre (SRSAC) had prepared (1999) a database¹⁰ for Watershed planning. It was observed that the database was not appropriately put to use by the executing agencies as reflected from its non-utilisation in preparation of master plan, fair selection of sites, proper monitoring and prioritization of cluster/index catchments/*khadin* etc.

2.1.8.3 Lack of introduction of River Basin Management

The rivers of the State are rain-fed and are identified by 14 river basins. Audit observed that the watershed projects based on River Basin Management were not started by the Rural Development Department (November 2008) so far in disregard of draft State Water Policy, 2006. This resulted in lack of selection of need-based watershed projects in scientific manner.

2.1.9 Funds management

The GOI (75 per cent) and the State Government (25 per cent) released funds directly to the ZPs, which in turn released funds to Project Implementation Agencies/WCs. The ZPs were the monitoring agencies at the district level which furnished utilisation certificates directly to GOI with copy to the State Government. The position of projects sanctioned, release of funds and expenditure under DDP in the State during 1999-2006 is given in the table below:

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10. (i) Watershed Atlas of the State, (ii) delineation of block-wise macro (3,149) and micro (17,829) watersheds in all the 14 river valley catchments in the State, (iii) district-wise Anicut sites (2,120), (iv) delineation of 874 Index catchments (areas having drainage but sandy terrain only) in six districts (Barmer, Bikaner, Churu, Jaisalmer, Jalore and Jodhpur), (v) sites for recharging of wells, (vi) identification and delineation of *Khadin* (topographical depressions having capacity for water retention), (vii) district-wise waste land distribution and (viii) input requirement in clusters (sandy areas where watersheds are not feasible).

(Rupees in crore)

S.No.	Batch No. of DDP	Project period	Nature of projects DDP Normal (N)/DDP Special (S)	Number of projects sanctioned by GOI	Project cost	Funds due for release	Funds released	Expend-iture	Savings (8)-(9)	Funds short released (7)-(8)
1	2	3	4	5	6	7	8	9	10	11
1	V	1999-2005 (extended up to 31.3.2007) ¹¹	N	269	67.25	67.25	61.71	55.77	5.94	5.54
			S	614	153.50	153.50	138.59	123.39	15.20	14.91
2	VI	6.9.2000 to 5.9.2005 (extended up to 31.3.2007)	N	388	116.40	116.40	92.22	88.49	3.73	24.18
			S	293	87.90	87.90	73.09	65.23	7.86	14.81
3	VII	31.10.2001 to 30.10.2006	N	245	73.50	73.50	42.93	41.80	1.13	30.57
			S	264	79.20	79.20	39.24	42.31	(-)3.07	39.96
4	VIII	20.6.2002 to 19.6.2007	N	417	125.10	125.10	67.32	61.95	5.37	57.78
			S	362	108.60	97.74	38.56	38.26	0.30	59.18
5	IX (Hariyali-I)	31.7.2003 to 30.7.2008	N	418	125.40	94.05	50.31	28.47	21.84	43.74
			S	362	108.60	81.45	30.74	23.83	6.91	50.71
6	X (Hariyali-II)	1.11.2004 to 31.10.2009	N	443	132.90	59.81	28.98	12.48	16.50	30.83
			S	387	116.10	52.25	17.41	8.62	8.79	34.84
7	XI (Hariyali-III)	17.8.2005 to 16.8.2010	N	564	169.20	25.38	25.37	0.59	24.78	0.01
			S	498	149.40	22.41	22.41	1.59	20.82	-
		Total	N	2,744	809.75	561.49	368.84	289.55	79.29	192.65
			S	2,780	803.30	574.45	360.04	303.23	56.81	214.41
		Grand Total		5,524	1,613.05	1,135.94	728.88	592.78	136.10	407.06

Source: Information provided by the Special Secretary, Rural Development Department (Land Resources), Government of Rajasthan.

Audit observed that:

(i) As against sanction of Rs 1,613.05 crore for 5,524 watershed projects under DDP (batches-V to XI), Rs 728.88 crore had been released of which Rs 592.78 crore were spent during 1999-2006.

(ii) Rupees 407.05 crore¹² was short released by GOI under DDP batch-V to X during 1999-2006 due to non/under-utilisation of released funds and the beneficiaries were deprived of benefits to that extent.

(iii) Cost of the watershed project was to be shared between GOI and the State Government in the ratio of 75:25. The State Government was required to release its 25 per cent share to the ZPs within 15

11. GOI extended (October 2007) the project period up to March 2009 in respect of ZP, Churu at the time of release of VII installment.

12. Short released by Government of India under DDP batches V to X during 1999-2006 which increased to Rs 442.39 crore up to 31 March 2008.

days from the date of issue of sanction by GOI. Audit scrutiny of 15 sanctions issued by the State Government under DDP batches IX to XI during 2003-06 revealed that State Government had released its share of Rs 26.09 crore with delays ranging between 43 and 116 days.

(iv) The ZPs were required to release project funds to the PIAs/Watershed Committees/GPs within 15 days of receipt of funds from the Central/ State Government. It was observed that there were delays of six to 27 months in according financial sanctions for projects costing Rs 47.02 crore by the ZP, Jodhpur during 2003-06 which resulted in delayed release of funds and implementation of projects.

2.1.9.1 Implementation of DDP (Special Projects)

Rajasthan has large tracts of hot sandy areas. In view of the distinct problems of sand dunes, GOI relaxed (December 1998) the watershed guidelines for 10 arid districts¹³ out of 16 DDP districts. In these 10 districts, 50 per cent of funds allocated to a district under DDP were to be used as per the normal guidelines for watershed development and remaining 50 per cent of the funds were earmarked for special projects to cover three specific activities viz. (i) sand dunes stabilization, (ii) shelter belt plantation and (iii) afforestation. The PIA of these special projects was the Divisional Forest Officer (DFO)/ Deputy Conservator of Forests (DCF) in district concerned and funds to the PIA were to be released through ZPs and works were to be executed as per approved afforestation models.

(i) As per directives (August 1999/November 2004) of the State Government, Rural Development Department (RDD), any establishment charges such as *pro-rata*, supervision, work charged establishment were not payable to any line departments (PIA) in respect of works relating to schemes being implemented through RDD. Further, any funds earmarked for meeting administrative cost were not to be credited as revenue receipts of the PIA. Contrary to above provisions, DFOs/DCFs of 10 districts charged Rs 34.02 crore on various forestry works during 1999-2006 under DDP as *pro-rata* charges without deploying the work charged staff exclusively for the project purposes. Thus, levying of the *pro-rata* charges and crediting the same in Government accounts without incurring any actual expenditure on administrative costs was irregular as the works were executed by the existing work charged/regular staff (sanctioned under Non-Plan) in addition to their regular duties resulting in diversion of funds.

(ii) The DCF, Desert Afforestation and Pasture Development, Jaisalmer incurred (October 2005 to March 2006) Rs 1.38 crore on purchase of angles and barbed wire at the fag end of DDP – Special Projects (batches-V and VI) to avoid lapse of grant and showed it as rolling stock for future projects which was contrary to provisions in the approved model estimates of DDP – Special Projects.

13. Barmer, Bikaner, Churu, Jaisalmer, Jalore, Jhunjhunu, Jodhpur, Nagaur, Pali and Sikar.

(iii) Watershed guidelines provide for selection of areas having acute shortage of drinking water and having preponderance of non-forest waste/degraded land in the project area for watersheds. It was observed that in violation of the guidelines, plantation works costing Rs 6.09 crore were executed in forest and command areas earmarked on canal side and blocks of *Indira Gandhi Nahar Pariyojana* (IGNP) by the DCF, Overseas Economic Cooperation Fund (Rs 3.24 crore in 1,055 ha) and DCF, Wild Life Forest Project (Rs 2.85 crore in 1,920 ha) divisions of Jaisalmer district under DDP – (Special Project batches-V and VI) during 1999-2005.

(iv) Construction of small percolation tank for recharging of village well/ground water is a permissible activity under DDP Guidelines. It was observed that DFO, Bikaner and DCF, Chhattargarh spent Rs 89.63 lakh under DDP batch-V (Special Project) on construction of 214 *Vanya Jeev Jal Bindu/Jal Sangrahan Kund* (devoid of percolation) during December 2002 to June 2004.

(v) It was observed that against the sanctioned (2000-02) amount of Rs 74.27 lakh for eight Watershed projects under DDP Special Projects, batch-V, three PIAs (DFO, Bikaner; DCF, IGNP Stage-II, Division-II, Bikaner and DCF, Chhattargarh) abandoned (February 2005) sand dunes stabilization/shelter belt plantation and afforestation activities after spending Rs 28.10 lakh (38 *per cent*) rendering the expenditure unfruitful. Reasons for abandoning the works were neither on records nor made available to Audit.

(vi) The State Government prohibited (August 1997) execution of watershed project on Forest and urban land. Audit observed that in violation of these instructions, Forest Department spent Rs 2.28 crore on plantation on forest land (Rs 1.78 crore) and municipal land (Rs 0.50 crore) during 1999-2006, denying the benefits to targeted/rural beneficiaries.

(vii) For maintenance of the assets created, the scheme provided for creation of Watershed Development Fund (WDF) through voluntary contribution covering at least five *per cent* of the cost of investment in case of community works. In violation of guidelines, Forest Department did not collect Rs 13.46 crore (five *per cent* of Rs 269.21 crore¹⁴) from beneficiaries for Watershed Development Fund (WDF) on the works executed under DDP special projects (batches-V to X) in 10 districts during 1999-2006. Thus, non-creation of WDF led to denial of funds for post maintenance and sustainable use of assets.

(viii) GOI fixed cost norms of Rs 5,000 per ha for treatment of land in respect of projects sanctioned under DDP batch-V (1999-2000) and thereafter at Rs 6,000 per ha¹⁵ for the projects sanctioned under DDP batches-VI and onwards. Nine hundred seven projects were sanctioned for Rs 241.40 crore under DDP Special Projects batch-V (614 projects at Rs 25.00 lakh each) and

14. Excluding administrative and work charged *pro-rata* charges of Rs 34.02 crore.

15. With effect from 1st April 2000 the cost norms of watershed were Rs 24 lakh for works and Rs 6.00 lakh for PIA and from 1st April 2003 these were Rs 25.50 lakh and Rs 4.50 lakh respectively.

batch-VI (293 projects at Rs 30.00 lakh each) for treatment of 4,53,500 ha of land. It was observed that as against 4,53,500 ha area to be treated under 907 projects, only 54,911 ha could be treated at a cost of Rs 188.62 crore as the works were executed on the basis of afforestation models approved by the Forest Department which were on higher sides (ranging between Rs 13,270 and Rs 2,19,262 per ha) in comparison to norms prescribed by GOI. Execution of works in contravention of approved norms in guidelines resulted in proportionate excess expenditure of Rs 159.39 crore¹⁶.

(ix) As per sanctions issued by GOI, expenditure on vehicles, office equipment such as photo copiers/video recorders/projectors and items of capital nature was exclusively not permissible out of funds earmarked (10 per cent of total cost) under Administrative overheads. In contravention of above provisions, Rs 13.70 lakh was irregularly spent (2001-03) by DFOs/DCFs of nine districts¹⁷ on purchase of computers and peripherals out of the administrative overheads of DDP- Special Project (batches-V and VI).

2.1.10 Selection of watershed

The State Government made the District Watershed Committees (DWC) responsible for approval of projects. Shortcomings noticed in the selection of projects are as under:

- Guidelines issued (August 1997) by the State Government provide that data of satellite imaging should be used for development of watersheds. Audit observed that 'Cluster'/Index-catchments' were not demarcated on Watershed Atlas (1999) by SRSAC in 44 blocks of 11 districts¹⁸ due to non-existence of drainage lines. It was seen in audit that though there was no scope for watershed in those areas, the DWC sanctioned individual beneficiary activities viz. water storage tanks, *medbundi*¹⁹ etc. in these blocks instead of earmarked works of percolation tank and contour vegetative hedge. Thus, the works were carried out in contravention of the guidelines without identifying the objectives and demarcation of cluster/index-catchments in these 44 blocks where there was no scope for watershed.
- DWC, Jaisalmer selected 14 clusters (under DDP batches-V and VI) despite the fact that the total land of clusters was covered under command of IGNP having sufficient water and was also owned by private persons. Works of *pacca khala* (lined water course), *patti* (covering of water course) and repair works were executed in these clusters at a cost of Rs 3.39 crore though Command Area Development and Water Utilisation Department was already performing such development activities in these areas.
- As per paragraph 42 of the Watershed guidelines, 1995, low cost farm-ponds, *nallah* bunds, check dams, percolation tanks and ground water

16. Rs 188.62 crore - (Rs 241.40 crore x 54,911 / 4,53,500 ha = Rs 29.23 crore) = Rs 159.39 crore.

17. Barmer, Bikaner, Churu, Jaisalmer, Jalore, Jhunjhunu, Jodhpur, Nagaur and Sikar.

18. Barmer : 4, Bikaner : 5, Churu : 6, Hanumangarh : 2, Jaisalmer : 3, Jalore : 2, Jhunjhunu : 5, Jodhpur : 4, Nagaur : 7, Pali : 1 and Sikar : 5.

19. Strengthening of earthen boundary walls of fields.

recharging measures were to be included in the development of small water harvesting structures. It was observed that entire funds of Rs 40 lakh (for entry point activities and works) meant for integrated development of targeted 1,000 ha cluster areas under DDP batch-V in two contiguous clusters viz. Nokh-I and Nokh-II (sanctioned by District Watershed Committee, Jaisalmer), were spent by Executive Engineer, Irrigation Department, Jaisalmer only on one earthen dam.

2.1.11 Role of PIAs

The PIAs were to provide technical guidance, supervision and to manage project implementation. Deficiencies noticed in project implementation at PIA level are as under:

- Rupees 2.13 crore allocated/released during 1999-2006 for payment of honorarium (Rs 1.33 crore) and TA/DA (Rs 0.80 crore) to Watershed Development Team (WDT) members in respect of 192 watershed projects test checked were not utilized by PIAs due to non-appointment of full time employees/members of WDT by ZPs. This deprived the WCs of the benefit of adequate supervision and technical guidance.
- Though on record, persons of different vocations viz. Agriculture, Social Science, Veterinary and Engineering were included in WDT by 152 WCs (40 WCs did not furnish information) to handle 10-12 watersheds, yet all members (except JEN of PS) were not active which led to predominance of construction activities being taken up ignoring other activities.
- Thirteen projects sanctioned (1999-2001) by District Level Watershed Committee under DDP batches-V and VI were abandoned due to non-execution of works/selection of improper sites by the WCs in Barmer and Jaisalmer districts after spending Rs 1.09 crore on PIA activities²⁰ (Rs 0.27 crore) and works (Rs 0.82 crore), thus rendering the expenditure unfruitful.
- Villagers were required to pay user charges for use of assets created in watershed area at the rate prescribed by concerned village level organizations. These user charges were to be utilized on post maintenance of projects. It was observed that user charges were not levied on any of the activities undertaken in districts test checked. This had resulted in lack of creation of fund needed for post maintenance of projects.

2.1.12 Programme implementation

The main activities to be undertaken for Watershed development were (a) soil and moisture conservation measures like contour bunds fortified by vegetation, bench terracing in hilly terrain, drainage line treatment with a combination of vegetative and engineering structures; (b) development of

20. Survey, Preparation of DPR, Entry Point Activities, etc.

small water harvesting structures such as low cost farm ponds, *nallah*, bunds, check-dams and percolation tanks; (c) nursery raising for fodder, timber, fuel wood and horticultural species, afforestation including block plantations, shelter belts, sand dunes stabilization; (d) crop demonstration for popularizing new crops/ varieties or innovative management practices of farm production for land owners; (e) improved livestock farming; and (f) improving the standard of living of poor farmers and landless labourers specially below the poverty line.

The activity-wise physical and financial progress as revealed during performance review of 192 WCs under DDP batches-V and VI in four districts test checked involving expenditure of Rs 38.01 crore is given in table below:

S. No.	Activity	Physical progress (Number)		Financial progress (Rupees in crore)	
		Target	Achievement	Target	Achievement
1.	Development of Water resources				
	(A) Arable land.				
	i. Water harvesting structure (<i>Tanka</i>)	3,847	4,477	11.53	12.40
	ii. <i>Khadin/Nad/Beri/Repair</i>	1,028	712	8.07	9.64
	iii. Water courses/Repair	50	43	1.54	1.66
	(B) Non-arable land				
	i. Water harvesting structures. (<i>Tanka</i>)	411	655	1.58	2.05
	ii. Small water pond (<i>Nadi/Talai/Khadin./Anicut</i>)	368	288	3.79	4.56
	2.	Development of land resources			
(A) Arable land					
(a) Conservation measures					
(i) <i>Medbundi/Bund</i>		NA	NA	1.91	2.18
(ii) Contour Vegetative Hedge (CVH)		NA	NA	2.66	2.88
(b) Production measures					
(i) Demonstration		10,561	4,456	0.66	0.26
(ii) Minikit/Compost pits		2,472	2,178	0.16	0.24
(iii) Distribution of plants		3,81,765	70,820	0.77	0.12
(B) Non-arable land					
(i) Drainage Line Treatment (DLT& CVH, Mulching, Contour Furrow)		NA	NA	0.45	0.25
(ii) Loose stone check dams	NA	NA	0.22	0.19	
3.	Cattle Wealth				
	(i) Organisation of cattle camps.	752	308	1.34	0.35
	(ii) Bull distribution	68	8	0.05	0.01
	(iii) Artificial insemination/breed/milk production activity.	Nil	Nil	Nil	Nil
4.	Bio-mass development				
	(i) Plantation	9,56,525	3,08,256	4.21	1.15
	(ii) Silviculture	3,944 ha	129 ha	0.84	0.07
	Total			39.78	38.01

Source: Physical and financial progress report furnished by 192 Watershed Committee test checked.

Deficiencies noticed during performance audit are discussed in succeeding paragraphs.

2.1.12.1 Less treatment of non-arable land

The Watershed programme was designed to address problems of areas characterized by relatively difficult terrain and preponderance of community resources. Contrary to this, out of Rs 36.43 crore spent on development of water and land resources, Rs 29.38 crore (81 *per cent*) was spent on private arable land neglecting non-arable/ community land. Hence, the area of arable land could not increase and remained static despite implementation of Watershed programme.

2.1.12.2 Absence of soil conservation works

In 110 watersheds (57 *per cent*) out of 192 watersheds test checked, soil conservation measures were not taken up. In another 40 watersheds, earthen bund/*medbundi*/boundary walls were constructed on existing field boundaries at a cost of Rs 2.18 crore instead of contour bunds with vegetative support on contour lines as envisaged which defeated the objective of moisture conservation.

2.1.12.3 Lack of production activities

Production activities on arable land were complementary to the conservation activities. However, in 33 watershed projects, conservation activities carried out at a cost of Rs 1.76 crore were not followed by production measures depriving the cultivators of the intended benefits. In another 36 watersheds, Rs 43 lakh was spent on production measures without taking up prior conservation activities. This indicated defective planning.

2.1.12.4 Cattle wealth

Measures to increase production and productivity of milk (Artificial insemination for breed improvement, fodder arrangement and marketing of milk) were not taken up in any of the 192 watersheds test checked.

2.1.12.5 Failure of bio-mass development activity

Despite provision of Rs 2.88 crore for plantation and silviculture activities in DPRs of 109 watersheds/clusters, no such activities were taken up. Provision for plantation (physical and financial) was not made for 21 watersheds.

2.1.12.6 Watershed Development Fund

For maintenance of the assets created, the scheme provided for creation of Watershed Development Fund (WDF) through voluntary contribution covering at least five *per cent* of the cost of investment in case of community works and at least 10 *per cent* (five *per cent* from Scheduled Caste/Scheduled Tribe and persons

identified as BPL) in case of individual works. Expenditure on maintenance of individual works taken up on private lands was not to be met out of this fund.

The following irregularities were noticed in maintenance of WDF in 192 watersheds test checked:

- In 54 watersheds, Rs 34.42 lakh were less deposited in WDF (August 2006).
- In 104 watersheds, contribution of Rs 6.10 lakh at five *per cent* of expenditure (Rs 1.22 crore) incurred on works under entry point activities was not collected by WCs for depositing into WDF.
- Rupees 58.64 lakh was collected up to March 2006 for WDF from beneficiaries of 49 watersheds even though the works were executed only on private land, which required no maintenance out of this fund and the fund remained idle (March 2009).
- In five clusters²¹ of Jodhpur district sanctioned under DDP batch-V (1999-2006), Rs 3.54 lakh out of WDF was irregularly spent on watch and ward of plants and repair of ditch-cum-bund by the WCs during the currency of project period (October 2003 to April 2004) though WDF was meant for maintenance of community assets during post-project period.

2.1.12.7 Nature and type of assets created and their maintenance

Of Rs 38.01 crore spent under the programme on 192 watersheds test checked, major activities carried out were (i) construction of *tanka* (water harvesting structure) at a cost of Rs 14.45 crore (arable land: Rs 12.40 crore and non-arable land : Rs 2.05 crore) for storage of rain water for drinking purposes, (ii) earthen bunds (Rs 2.18 crore) and (iii) Contour Vegetative Hedge (Rs 2.88 crore) on private arable land.

Watershed Development Fund (WDF) was to be used for maintenance of assets created on community/public land. WDF could not be utilised as majority of works exemplified above were executed on private arable land under DDP-Normal.

Thus, non-availability of funds for maintenance of assets created under DDP-Special Projects and non-utilisation of WDF on maintenance of assets created under DDP-Normal had defeated the envisaged long term objective of the programme for maintenance of assets through public participation.

2.1.13 Public participation

Watershed guidelines, *inter-alia*, provide for conducting various activities viz organizing Self Help Groups (SHGs)/ User Groups (UGs), allowing credit and thrift for starting income generating activities and appointment of social scientist and capable NGO as member of the WDT on a whole time basis for a project area

21. Dhob : Rs 0.76 lakh, Osian : Rs 0.90 lakh, Panditji ki Dhani-I : Rs 0.61 lakh, Panditji ki Dhani -II : Rs 0.69 lakh and Panditji ki Dhani-III : Rs 0.58 lakh.

of 5,000 ha to ensure livelihood support to resource poor. Audit scrutiny of the working of 192 WCs revealed that:

- Only three *per cent* villagers were enrolled (4,713 out of 1,77,906 villagers) in UGs as against 50 *per cent* envisaged and the representation of women out of these was only 16 *per cent*. Further, only 0.65 *per cent* villagers (1,163 out of 1,77,906) inhabiting in cluster/watershed areas were enrolled as members of SHG as against 50 *per cent* envisaged in the guidelines,
- In 112 clusters, villagers were not enrolled in SHGs,
- Social status such as SC/ST was not indicated in 132 clusters,
- Saving bank accounts of SHGs were not opened in any of the watersheds test checked,
- No initial economic assistance from revolving fund was provided to any of SHGs,
- SHGs were not activated for production/income generating activities, and
- Social scientists were not appointed in 115 watersheds/clusters and in 77 watersheds, though social scientists were appointed, their role in encouraging public participation was inadequate.

2.1.14 Capacity building and training

The project guidelines provide for imparting orientation training on Watershed Project Management to all concerned functionaries and elected representatives at all levels before they assume their responsibilities. A provision of five *per cent* of total expenditure on watershed was kept for training. It was observed that: (i) funds of Rs 12.35 lakh received up to March 2004 under DDP batches V and VI for training of WDT members were not utilised by four test checked ZPs, (ii) the number of beneficiaries to be trained was not available in all the four districts and (iii) out of provision of Rs 2.10 crore for training in 153 clusters, Rs 1.25 crore (60 *per cent*) was not spent as of March 2006 by the PIAs in Barmer and Jaisalmer districts. The expenditure incurred on training component in Jhunjhunu and Jodhpur districts was not intimated by the ZPs concerned. Besides, details of any institutional training imparted to WDT/WC/UGs/SHGs were also not provided to Audit. Training was imparted to only 46 members (24 *per cent*) out of 195 members of WDTs in 192 watersheds. It was also observed that contrary to guidelines, Rs 60.72 lakh²² was spent by PS, Bikaner and six WCs on items like swimming pool, *kana bundi*, community hall, etc. not covered under Watershed programme by diversion of funds from other components. The provision for watershed programme/ training was irregularly utilized on other items. Thus, it was clear

22. PS Bikaner: Rs 45.66 lakh and six Watershed Committees viz. (i) Satta (Rs 3.44 lakh), (ii) Chaudhariya (Rs 4.16 lakh), (iii) Jhabra (Rs 1.06 lakh) in Jaisalmer district, (iv) Bhojakor (Rs 0.19 lakh), (v) Bhomsagar (Rs 1.00 lakh) in Jodhpur district and (vi) KVK Abusar (Rs 5.21 lakh) in Jhunjhunu district.

that effective institutional training was not imparted to beneficiaries of watershed projects during 1999-2006.

2.1.15 Transparency in project management

Watershed guidelines, 2001 envisaged that transparency under the programme would be promoted by various agencies. Action Plan for watershed was also to be prepared in a transparent manner. However, it was observed that (i) original/revised watershed plan/action plans were not prepared in consultation with SHGs/UGs, (ii) labourers engaged in construction activities were mostly other than UGs/SHGs, (iii) system of payment to labourers (Group leader of UGs/SHGs) by cheque was not introduced, (iv) only construction activities, ignoring soft activities (e.g. public participation, production measures, artificial insemination etc.), were taken up and (v) the cash book and other relevant documents were not prepared on day to day basis. Thus, transparency in activities was not ensured.

2.1.16 Monitoring and evaluation

- A State Watershed Programme Implementation and Review Committee (SWPIRC) was constituted at the State level after a delay of four year in October 1999. It was reconstituted in May 2001 and again in February 2006 as State Watershed Committee (SWC). It was to meet twice a year. However, as against nine meetings of SWPIRC/SWC to be held during 1999-2006, it met only once on 27 September 2003. The State Government stated (August 2008) that the matter for dissolving this committee was under consideration due to lack of provision for SWC under *Hariyali* Guidelines and this programme was reviewed from time to time in the meeting of State Level Vigilance Committee (SLVC). However, the details of minutes of meetings of SLVC and reasons for not reviewing ongoing watershed projects sanctioned prior to *Hariyali* Guidelines by SWC were not furnished.

- State Government issued²³ instructions to ZPs for constitution of District Watershed Development Committee (DWDC) to monitor the watershed programme in the district. DWDC was to meet quarterly up to March 2002 and thereafter monthly. It was observed that meetings of DWDC were not held regularly in three districts²⁴ test checked. Information of meetings actually held was not furnished by ZP, Jhunjhunu. DWDC was dissolved in March 2007 as per decision of High Court and due to lack of provision for such Committee in *Hariyali* Guidelines (effective from 1 April 2003), and the progress under DDP was to be monitored/reviewed from April 2003 by Standing Committee of *Zila Parishad* and District Vigilance Committee. It was observed in test checked districts that neither these committees were authorized by ZP nor progress was reviewed by these committees during April 2003 to March 2008.

23. October 1999, February 2001, March 2002 and March 2006.

24. (i) ZP, Barmer (35 meetings as against 56 between April 2000 and March 2006), (ii) ZP, Jaisalmer (18 meetings as against 52 between April 2001 and March 2006) and (iii) ZP, Jodhpur (18 meetings as against 58 between October 1999 and March 2006).

- Activity-wise physical/financial progress of actual work executed in watershed projects on the basis of quantifiable parameters was not monitored in any of the four districts test checked during 1999-2006.
- For effective implementation of the programme, physical monitoring through field inspections by officers at various levels was stipulated in DDP guidelines. Director, Watershed Development and Soil Conservation also prescribed (December 1997) norms of such field visits. In test checked districts, no records of such inspections were maintained. Hence, the impact of inspections and remedial action, if any, taken thereon could not be assessed.
- The watershed guidelines envisaged mid-term/post-completion evaluation of Watershed development projects. The mid term evaluations conducted by the evaluators nominated by State Government pointed out weaknesses (such as non-conducting of **PRAs**, non-imparting of institutional training, lack of active participation of WDT, non-taking up of animal husbandry/afforestation activities, non-formation of active SHGs etc.) in implementation of the programme, but no proper follow up action thereon was taken by ZPs/PIAs (June 2006). Despite completion of projects under DDP batches-V to VII in most of the ZPs, post evaluation of projects was not conducted.
- The RDD observed (August 2005) that despite incurring huge expenditure (Rs 592.78 crore) during 1999-06 under DDP at Rs 30 lakh per watershed of 500 ha as of March 2006, its impact was not visible in the areas and District Collectors were asked to physically verify all watershed projects completed during last five years. The impact study of works executed under the programme was stated (June 2006) to be in progress. Further progress, though called for was awaited (September 2009).
- No performance indicators and cost benefit ratio were identified by the Department/ZPs to assess achievement of the envisaged objectives/benefits of the watershed projects and as such the Village Level Organisation / Village Forest Protection Management Committees did not take interest in post management of the completed projects and the projects failed to achieve their objectives.

2.1.17 Conclusion

Though Rs 592.78 crore was spent on 5,524 watershed projects under DDP in the State during 1999-2006, its impact was not visible in the areas, as the programme was continued to be implemented in isolated patches, wherein mainly construction activities were taken up with limited objects ignoring other intended activities to increase production, productivity, bio-mass and overall sustainable development of inhabitants through adequate planning and community participation needed for integrated development of watershed areas. Due to non-involvement of beneficiary Self Help Groups, watershed projects did not satisfy human needs within the project areas. Despite instructions issued by the State Government during 2006-07, corrective measures were not monitored.

2.1.18 Recommendations

- Comprehensive perspective plan for the implementation of the DDP in the State should be prepared.
- Project funds need to be specifically earmarked by the State Government for development of (a) water resources, (b) land resources, (c) cattle wealth and (d) biomass for integrated development of watershed projects and should be utilized for treatment of non – arable community land.
- Unutilised amount of WDF should be utilised gainfully through GPs.
- Component wise and activity wise monitoring (physical and financial) on the basis of quantifiable parameters in respect of PIA and watershed committees/GPs respectively be ensured at all levels.
- GPs/WCs should be trained in plantation activities to ensure availability of bio-mass.
- For assessing the impact of development in watershed area, pre/post project data needs to be analyzed and corrective measures should be taken to rectify the deficiencies noticed.

These points were referred to the Government in January 2007; their reply was awaited (September 2009).

LONG PARAGRAPH

2.2 Disposal of *Abadi* Land by Panchayati Raj Institutions

2.2.1 Introduction

'*Abadi* land' means *Nazul*²⁵ and land lying within the inhabited areas of the *Panchayat* circle, which vests or has been vested in or has been placed at the disposal of a *panchayat* by or under an order of the State Government. It shall be managed, controlled and held by *panchayat* as a trustee. The sale, auction, purchase, possession etc. of the *abadi* land in PRIs are regulated according to relevant rules contained in the Rajasthan Panchayati Raj Rules (RPRRs), 1996 made under Rajasthan Panchayati Raj Act (Act), 1994. As per RPRRs, 1996, the *pattas*²⁶ of land shall be issued under signature of *Sarpanch* and Secretary (*Gram Sevak*) jointly. Income from sale proceeds or lease of "*abadi* land" or through material produced therefrom shall form part of the *Panchayat* fund and would be utilised for socio-economic developmental activities. Since sale proceeds and regularisation fee obtained from the disposal of *abadi* land form the major source of own revenue of the *Gram Panchayats* (GPs), these should be properly managed through adherence to norms, application of correct rates, maintenance of basic records, conduct of regular inspections etc so as to prevent leakage of revenue from the source.

Test check (May-June 2006) of records of 179 GPs of five *Panchayat Samitis* (PSSs)²⁷ for the period 2001-06 and regular audit (2001-06) of other 55 GPs under 15 PSSs²⁸ revealed the following :

2.2.2 Loss of revenue due to sale/allotment of land below the market price

Sale of land below market price led to loss of Rs 3.21 crore.

Rules 141 and 156 of the RPRRs, 1996 provide that any sale of land by a GP shall ordinarily be made through auction unless there are special reasons for not doing so. Land could also be transferred through private negotiation in cases where any person has a plausible claim of title to the land or where there is a trespass or for any other reason. In no case, *abadi* land shall be transferred

25. *Nazul* land means properties received from ex-rulers of the princely states lying within the limits of a municipality or *panchayat* or village or city and title of which vesting in the Government.

26. *Patta*- a sale deed executed between *panchayat* and the purchaser evidencing the sale of *abadi* land.

27. PSSs, Bansoor (Alwar) : 36 GPs, Mundawar (Alwar) : 38 GPs, Kathoomar (Alwar) : 28 GPs, Malpura (Tonk) : 32 GPs and Tonk : 45 GPs.

28. PSSs, Itawa (Kota) : 17 GPs, Sangod (Kota) : 03 GPs, Jawaja (Ajmer) : 02 GPs, Dudu (Jaipur) : 01 GP, Bhadra (Hanumangarh) : 07 GPs, Balotra (Barmer) : 02 GPs, Nainwa (Bundi) : 01 GP, Jhunjhunu : 02 GPs, Bamanwas (Sawai Madhopur) : 03 GPs, Phalodi (Jodhpur) : 01 GP, Bhadesar (Chittorgarh) : 01 GP, Bandikui (Dausa) : 01 GP, Badi-Sadri (Chittorgarh) : 02 GPs, Nokha (Bikaner) : 11 GPs and Hanumangarh : 01 GP.

at a rate below index price²⁹ fixed by Sub-Registrar and conveyed by *Vikas Adhikari* to the *Panchayat* as prevailing market price for the village. Audit scrutiny revealed that 575 *pattas* were issued by 40 GPs of 16 PSs during the year 2001-06 through sale/auction or negotiation, without realising the index price. Against the index price of Rs 3.34 crore to be recovered, only Rs 13.34 lakh was recovered resulting in loss of revenue of Rs 3.21 crore (*Appendix-IV*) to the PRIs.

Further it was seen that market price and index price were not made available to 160 GPs of five PSs³⁰ by the concerned *Vikas Adhikari* of the *Panchayat Samitis*.

2.2.3 Irregular issue of pattas

Irregular issue of 905 pattas in 72 GPs of six PSs for vacant land on the nominal rates applicable to old constructed houses deprived PRIs of own income of Rs 5.15 crore.

According to Rule 157 of the RPRRs, 1996, regularisation of old houses may be done by issuing *pattas* to persons in possession of old houses in *abadi land* by charging Rs 100 for old house constructed more than fifty years ago and Rs 200 for old house constructed during the last fifty years from the date of commencement of these rules. Audit scrutiny of 72 GPs of six PSs³¹ revealed that 905 *pattas* were issued (2001-06) by charging nominal rates of Rs 100/ Rs 200 which were applicable for already constructed old houses whereas their *Site Inspection Reports/site maps* attached with *pattas/reports* of Secretaries to GPs did not show construction on any part of the area. This was in contravention of Rules 143, 144 and 157 of RPRRs 1996, because such *abadi land* had to be sold through auction on prevailing market price for the village. Thus, the *pattas* were issued without verifying the construction on the land by the *Sarpanch/Secretary* of GPs resulting in a loss of revenue to the extent of Rs 5.15 crore to PRIs as shown below:

(Rupees in crore)

Year	Number of PS	Number of GPs	Total number of pattas	Amount due as per DLC*	Amount deposited	Loss
2001-02	3	26	160	0.76	0.01	0.75
2002-03	3	18	68	0.32	0.00	0.32
2003-04	4	21	111	0.53	0.01	0.52
2004-05	5	44	493	3.20	0.03	3.17
2005-06	4	20	73	0.40	0.01	0.39
Total			905	5.21	0.06	5.15

* District Level Committee.

29. **Index price-** The market price below which no sale of land shall be finalised by the *panchayats*.
30. PSs, Bansoor : 36 GPs; Kathoomar : 28 GPs; Malpura : 14 GPs; Mundawar : 37 GPs and Tonk : 45 GPs.
31. PSs, Bansoor (16 GPs and 211 *pattas*) : Rs 84.93 lakh, Mundawar (04 GPs and 06 *pattas*) : Rs 4 lakh, Malpura (21 GPs and 488 *pattas*) : Rs 331.74 lakh, Tonk (23 GPs and 96 *pattas*) : Rs 65.53 lakh, Bhadesar (01 GP and 07 *pattas*) : Rs 2.21 lakh and Bhadra (07 GPs and 97 *pattas*) : Rs 26.84 lakh.

2.2.4 Irregular allotment of extra land to weaker sections

Issue of *pattas* to persons of weaker sections in excess of prescribed area led to loss of Rs 35.75 lakh.

Rule 158 of the RPRRs, 1996 empowers GPs to allot *abadi* land up to 150 square (sq) yards in villages at concessional rate of Rs 2 to Rs 10 per sq metre to the weaker sections of the society who do not have their own house sites/houses. Audit scrutiny revealed that contrary to the rule, 153 *pattas* covering extra land ranging between 151 sq yards to 3,634 sq yards were issued to weaker sections of the society during the period 2001-06 by 19 GPs in nine PSs. Thus, issuing *pattas* of land of bigger sizes led to loss of Rs 35.75 lakh³² (calculated at the rate of market price for land in excess of 150 sq yards). Besides issuing of *pattas* for areas in excess of prescribed limit of area i.e. 150 sq yards, it was also not ensured by *panchayat* authorities/officials before issuing of *patta* that the applicants did not own house sites.

2.2.5 Allotment of land free of cost/at concessional rates

Free allotment of land led to loss of Rs 62.96 lakh

- Rules 158 (Proviso), 159 (2) and 162 of the RPRRs, 1996 stipulate that GPs may allot land of the size not exceeding (a) 150 sq yards free of cost (with prior approval of the State Government) to the weaker sections of the society, (b) 1,500 sq yards at 50 *per cent* of market price to Co-operative Societies (*gram seva sahkari samiti*, primary agriculture co-operative societies) and (c) 500 sq yards free of cost to other Government institutions (schools, dispensaries, *anganwaris*, etc.) subject to confirmation of the ZP (*Panchayat Cell*) concerned,. Audit scrutiny revealed that in 47 GPs under six PSs, plots of sizes up to 8,110 sq yards were allotted free of cost/at concessional rates in violation of the rules in 160 cases³³ during 2001-06 resulting in loss of Rs 62.96 lakh³⁴.

- Rule 158(3) of the RPRRs, 1996 provides that a seal 'Not For Sale' was to be affixed on the face of *pattas* issued to weaker sections at free of cost, to prevent its re-sale. Audit scrutiny revealed that in 971 *pattas* issued by 73 GPs of six PSs³⁵ free of cost, the required seal was not affixed by the concerned officials of GPs. In absence of seal the misuse of such *pattas* can not be ruled out.

32. PS Bamanwas (02 GPs, 45 *pattas*) : Rs 1.30 lakh, Balotra (01 GP, 06 *pattas*) : Rs 3.74 lakh, Bandikui (01 GP, 02 *pattas*) : Rs 0.03 lakh, Bhadesar (01 GP, 10 *pattas*) : Rs 1.35 lakh, Bansoor (02 GPs, 05 *pattas*) : Rs 2.95 lakh, Jawaja (01 GP, 53 *pattas*) : Rs 6.26 lakh, Malpura (08 GPs, 24 *pattas*) : Rs 17.14 lakh, Nainwa (01 GP, 06 *pattas*) : Rs 2.45 lakh and Tonk (02 GPs, 02 *pattas*) : Rs 0.53 lakh.

33. 132 cases (Rule 158) for *awas* to weaker section : Rs 21.96 lakh, 05 cases (Rule 159 (2)) to Cooperative Societies : Rs 3.20 lakh, 23 cases (Rule 162) to Government Institutions : Rs 37.80 lakh.

34. PS, Bansoor (05 GPs) : Rs 5.58 lakh, Bhadra (01 GP) : Rs 0.04 lakh, Kathoomar (02 GPs) : Rs 1.14 lakh, Malpura (17 GPs) : Rs 13.02 lakh, Mundawar (16 GPs) : Rs 32.85 lakh and Tonk (06 GPs) : Rs 10.33 lakh.

35. PS, Bansoor : 7 GPs and 83 *pattas*, Bhadra : 02 GPs and 02 *pattas*, Kathoomar 06 GPs and 157 *pattas*, Malpura : 27 GPs and 445 *pattas*, Mundawar : 23 GPs and 240 *pattas* and Tonk : 08 GPs and 44 *pattas*.

2.2.6 Lack of survey of trespassers

Half yearly survey of trespassers was not conducted.

Rule 165 (1) of the RPRRs, 1996 stipulates that GP shall form a committee of three members of *panchayat* assisted by Secretary to conduct a survey in *abadi* land, tank bed and grazing grounds twice a year (January and July) to detect cases of trespass and all such cases should be entered in a register. Audit scrutiny of 179 test checked GPs revealed that no such survey was conducted by 175 GPs of five PS³⁶. In absence of such surveys, the possibility of encroachment and unauthorised construction cannot be ruled out.

2.2.7 Other irregularities

- As per Rule 167 (2) of RPRRs 1996, the *pattas* are required to be signed by *Sarpanch* and Secretary jointly. However, audit scrutiny revealed that 1,582 *pattas* were irregularly issued by 114 GPs of 14 PSs³⁷ without joint signatures of both the authorised signatories (1,506 and 18 *pattas* were issued only with the signature of *Sarpanches* and Secretaries of GPs respectively while 58 *pattas*³⁸ were issued without signatures). This resulted in issue of invalid *pattas*.
- Rule 154(3) of the RPRRs, 1996 provides that sale of land by GP with cost exceeding Rs 10,000 was to be confirmed by competent authority³⁹ according to price of the land before issue of *pattas*. Test check revealed that in 2,225 cases of 157 GPs of 17 PSs⁴⁰ where market price as worked out by audit was found in excess of Rs 10,000 no confirmation of sale was obtained from the competent authority. This resulted in unauthorised issue of *pattas*.

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36. PS, Tonk : 45 GPs, Bansoor: 33 GPs, Mundawar : 37 GPs, Kathoomar : 28 GPs and Malpura : 32 GPs.
37. PS, Badi Sadri (01 GP, 17 *pattas*), Balotra (02 GPs, 6 *pattas*), Bamanwas (01 GP, 61 *pattas*); Bandikui (01 GP, 29 *pattas*), Bansoor (14 GPs, 188 *pattas*), Bhadesar (02 GPs, 52 *pattas*), Hanumangarh (01 GP, 22 *pattas*), Jawaja (01 GP, 01 *patta*), Kathoomar (15 GPs, 161 *pattas*), Malpura (30 GPs, 771 *pattas*), Mundawar (20 GPs, 143 *pattas*), Nainwa (01 GP, 02 *pattas*), Nokha (03 GPs, 45 *pattas*) and Tonk (22 GPs, 84 *pattas*).
38. PS, Badi-Sadri : 01 *patta*, Bandikui : 08 *pattas*; Bansoor : 01 *patta*; Bhadesar : 01 *patta*; Kathoomar : 01 *patta*; Malpura : 32 *pattas*, Mundawar: 08 *pattas* and Tonk : 06 *pattas*.
39. Not exceeding Rs 50,000 by PS Not exceeding Rs 1,00,000 by ZP (RDC) and exceeding Rs 1,00,000 by State Government.
40. PS, Bansoor (19 GPs, 215 cases), Balotra (2 GPs, 109 cases), Bamanwas (2 GPs, 15 cases), Bandikui (01 GPs, 24 cases), Badi-Sadri (01 GP: 33 cases), Bhadesar (01 GP, 50 cases), Bhadra (07 GPs, 94 cases), Dudu (01 GP, 10 cases), Hanumangarh (01 GP: 22 cases), Jawaja (02 GPs, 69 cases), Kathoomar (20 GPs, 95 cases), Malpura: (30 GPs, 703 cases), Mundawar (27 GPs, 309 cases), Nainwa (01 GP, 13 cases), Phalodi (01 GP, 02 cases); Sangod (02 GPs, 19 cases) and Tonk (39 GPs, 443 cases).

- Eleven *pattas* shown to have been issued by three GPs of three PSs⁴¹ during 2001-02 to allottees were lying with GPs as of March 2009 despite lapse of seven years. Misuse of these *pattas* cannot be ruled out.

2.2.8 Conclusion

Audit of disposal of *abadi* land in selected GPs revealed that the GPs did not adhere to the prescribed rules and rates at the time of sale/auction/regularisation of *abadi* land. *Pattas* for vacant lands were irregularly issued at nominal rates applicable to old constructed houses. There were also instances of sale of land below market price, irregular allotment of land in excess of the prescribed area to weaker sections and free of cost/at concessional rates to beneficiaries.

The audit findings were communicated to the State Government in January 2007. In reply the State Government stated (June 2007) that directions had since been issued to the Chief Executive Officers of the ZPs concerned to take disciplinary action against defaulting officials for irregular disposal of *abadi* land. Orders were also stated to have been issued for cancellation of *pattas* issued wrongly and to recover the dues from the allottees. The Government was further requested (May 2008 and April 2009) to intimate the compliance to the above directions, reply was awaited (August 2009).

41. PS, Kathoomar (01 GP : 01 *patta*), Mundawar (01 GP : 09 *pattas*) and Tonk (01 GP : 01 *patta*).

AUDIT OF TRANSACTIONS

2.3 Non-utilisation/diversion of funds

Irregular diversion of funds

Gram Panchayats irregularly diverted Sampoorna Grameen Rozgar Yojana funds amounting to Rs 17.37 lakh on repair and maintenance works of canals/minors of Irrigation (Command Area Development) Department.

Sampoorna Grameen Rozgar Yojana (SGRY) guidelines issued (April 2002) by Government of India (GOI), permit *Gram Panchayats* to spend a maximum of 15 per cent funds on maintenance of public assets created under any wage employment programme of the Ministry of Rural Development (MoRD).

Test check (March-April 2006) of records of *Zila Parishad* (Rural Development Cell) (ZPRDC), Kota for the year 2004-05, revealed that 21 *Gram Panchayats* (GPs) of *Panchayat Samiti* (PS), Itawa sanctioned (August-December 2004) 40 works relating to repair and maintenance of canals/minors of Right Main Canal, Command Area Development (CAD), Sub-division, Itawa and incurred an expenditure of Rs 17.37 lakh out of SGRY funds. As these canals were not constructed under any wage employment programme of MoRD, undertaking their repair and maintenance tantamount to unauthorised diversion of Rs 17.37 lakh from SGRY. This also led to denial of execution of developmental works to that extent.

Government intimated (August 2009) that (i) the case has been sent to Panchayati Raj Department, Jaipur for initiating necessary action against the then defaulting *Vikas Adhikari*, PS, Itawa, (ii) Charge-sheets have been served (June 2009) upon 16 *Gram Sevaks* and (iii) the case for initiating action against *Sarpanchs* has been sent (June 2009) to Divisional Commissioner, Kota. However, final action in this regard was awaited (September 2009).

2.4 Wasteful /unfruitful/unproductive expenditure

2.4.1 Wasteful expenditure on works lying incomplete/damaged

Failure of Panchayat Samitis and concerned Gram Panchayats in timely completion of works resulted in wasteful expenditure of Rs 20.86 lakh on works lying incomplete for 13 to 21 years depriving rural people of better infrastructure facilities.

The Rajasthan Panchayati Raj Rules, 1996 stipulate that all works taken up for execution should be completed within the stipulated time and while preparing

the annual action plan, completion of the incomplete works should be given priority over new works. No work should be taken up which cannot be completed in two financial years.

Test check (August 2005 and October 2005) of records of *Panchayat Samitis* (PSs), Dhorimanna (District Barmer) and Shahabad (District Baran) for the year 2004-05 revealed that 23 works sanctioned during January 1988 to February 1996 at a cost of Rs 37.80 lakh were lying incomplete after spending Rs 20.86 lakh as per details given below:

Name of PS	Number of works	Name of works	Period of sanction/ amount	Actual expenditure	Period of works lying incomplete as of May 2009	Remarks
Dhorimanna	18	Construction of buildings, <i>varandah</i> in schools and tourist centre	January 1988 to February 1996 Rs 29.77 lakh	Rs 15.56 lakh	13 to 21 years	Works have been lying incomplete due to lack of interest in execution of works by the <i>Sarpanchs</i> .
Shahabad	5	Construction of primary school buildings, training and production centre	March 1995 Rs 8.03 lakh	Rs 5.30 lakh	14 years	While four works have been damaged, one was lying incomplete as of May 2009 despite lapse of more than 14 years due to lack of interest in execution of works by the <i>Sarpanchs</i> /Gram <i>Sevaks</i> .

Thus, failure of *Panchayat Samitis* and concerned *Gram Panchayats* in timely completion of works resulted in wasteful expenditure of Rs 20.86 lakh on works lying incomplete/damaged depriving the rural people of the intended benefits of these works.

The matter was referred to the Government in December 2005; reply has not been received (September 2009).

2.4.2 Unfruitful expenditure

Assets constructed to provide educational, residential and drinking water facilities in one ZP and three PSs were lying unused resulting in unfruitful expenditure of Rs 25.98 lakh.

Test check (July 2005 to April 2006) of the records of *Zila Parishads* (ZPs), Rural Development Cell (RDC), Alwar and *Panchayat Samitis* (PSs), Osian (District Jodhpur), Ratangarh and Sujangarh (District Churu) for the period

2003-2005 revealed that various assets constructed at a cost of Rs 25.98 lakh between May 1995 and September 2004 to provide educational, residential and drinking water facilities under various schemes⁴² were lying unused since their construction as detailed below:

S. No.	Name of PS/ZP (RDC)	Works sanctioned	Month of sanction (estimated cost)	Month of completion (expenditure)	Status of works
1.	ZP (RDC), Alwar	Middle School building at Hamidpur, PS, Behror (11 rooms and one boundary wall)	March 1994 to January 2003 (Rs 14.60 lakh)	May 1995 to June 2003 (Rs 14.68 lakh)	The construction of the rooms was completed between May 1995 and June 2003. However, the building had not yet been handed over to Education Department (September 2008) and was lying unutilised. The constructed rooms got damaged due to passage of time and for want of proper upkeep. An estimate of Rs 4.50 lakh was proposed (October 2006) for repair of damaged rooms. However, no repair had been done as of September 2008 and the school was running in the old building.
2.	PS, Osian (Jodhpur)	Two <i>Girdawar</i> ⁴³ <i>Bhawan</i> under Famine Relief	April 1996 (Rs 4.00 lakh)	June 1996 (Rs 3.51 lakh)	Both the <i>Bhawans</i> , though completed in June 1996 were handed over to Revenue Department only in October 2006 after being pointed out by Audit (July 2005). The <i>Bhawans</i> were however lying unused (May 2009) due to non-posting of officials. The buildings were not put to use even after 12 years which is indicative of the fact that buildings were constructed without assessing its proper requirement. An amount of Rs 1.20 lakh was spent on repair of these buildings during 2006-07 before transferring them to Revenue Department.
3.	PS, Ratangarh (Churu)	Six water tanks under Famine Relief	January 1999 to January 2004 (Rs 1.95 lakh)	March 1999 to March 2004 (Rs 1.93 lakh)	Of 29 water tanks completed between March 1999 and September 2004, eight water tanks (Ratangarh: six - Rs 1.93 lakh and Sujangarh: two - Rs 0.92 lakh) have still not been connected to water source

42. *Jawahar Rozgar Yojana, Apna Gaon Apna Kam*, Tenth Finance Commission, Member of Parliament Local Area Development, Member of Legislative Assembly Local Area Development (MLALAD), Famine Relief Works, Second State Finance Commission (SSFC) and *Sampoorna Grameen Rozgar Yojana (SGRY)*.

43. *Girdawar Bhawan* - Residential building of land revenue inspector.

S. No.	Name of PS/ZP (RDC)	Works sanctioned	Month of sanction (estimated cost)	Month of completion (expenditure)	Status of works
4.	PS, Sujangarh (Churu)	Two water tanks under SGRY and SSFC	September 2003 to May 2004 (Rs 0.92 lakh)	October 2003 to September 2004 (Rs 0.92 lakh)	been connected to water source (May 2009) and 21 water tanks were connected to water source after being pointed out in Audit (July 2005).
		One Police <i>chowki</i> under Relief works and MLALAD	April 2003 (Rs 5.00 lakh)	June 2003 (Rs 4.94 lakh)	The Police <i>Chowki</i> constructed in <i>Gram Panchayat</i> , Randhisar was handed over to Police Department in January 2006 after being pointed out in audit (July 2005). The <i>chowki</i> was however lying unused due to non-posting of staff (May 2009).
Total				Rs 25.98 lakh	

It would be seen from above that the Chief Executive Officer (CEO) of ZP (RDC), Alwar did not hand over school building to Education Department (September 2008) and *Vikas Adhikaris* (VA) of these *Panchayat Samitis* took more than two to 10 years in handing over the completed buildings to respective departments and in connecting water tanks to the source of water for use resulting in additional expenses on repairs in some cases. The buildings were lying unutilised as of May 2009 which indicated that these were constructed without any requirement and eight water tanks were lying unconnected to the source of water. Consequently infrastructure created at a cost of Rs 25.98 lakh could not be put to use for two to 10 years.

On this being pointed out (November 2005), the Government while accepting the facts stated (March 2006) that buildings constructed had been handed over to departments concerned and out of 29 water tanks constructed, 11 water tanks had been connected and the work of connecting the remaining water tanks was stated to be under progress. It was further stated (June 2008) that District Collector and CEO, ZP, Alwar had been directed to initiate action against defaulters. Moreover, information collected (May 2009) by Audit indicated that eight water tanks were yet to be connected and buildings were lying unused, as such the expenditure of Rs 25.98 lakh proved unfruitful.

2.5 Blocking of funds

Blocking of funds on incomplete project

Non-commissioning of an irrigation scheme led to blocking of funds of Rs 13.50 lakh for more than five years.

Tribal Area Development Department (TADD) of the State Government issued (May 2002) sanction for construction of a Community Lift Irrigation Scheme (CLIS) under Modified Area Development Approach (MADA)

scheme in Pali village of *Panchayat Samiti*, Keshoraipatan (District Bundi) to provide irrigation facility in 54.95 hectare (ha) of land belonging to 29 farmers. Based on the technical sanction issued (January 2003) by the Executive Engineer (EE), Irrigation Division, Bundi *Zila Parishad* (ZP) Rural Development Cell (RDC)⁴⁴, Bundi accorded (March 2003) financial sanction for Rs 19.05 lakh (MADA share: Rs 15.47 lakh and beneficiaries/other agency share: Rs 3.58 lakh). The work was to be executed by EE, Irrigation Division, Bundi and completed by June 2003.

ZP (RDC), Bundi transferred Rs 13.92 lakh under MADA scheme to EE, Irrigation Division, Bundi for construction work of the scheme against which Rs 13.50 lakh were spent on supply of material and construction works as of April 2004.

Test check (January 2006) of records of ZP (RDC), Bundi for the year 2004-05 revealed that despite incurring an expenditure of Rs 13.50 lakh, the irrigation scheme could not be made operational as the demand of Rs 2.12 lakh raised (July 2005) by *Jaipur Vidhyut Vitran Nigam Limited* (JVVNL), Lakheri (Bundi) for providing 11 KV line, transformers and other accessories could not be deposited. The ZP (RDC)/ Irrigation Department failed to ensure collection of the beneficiary contribution of Rs 3.58 lakh from the beneficiary farmers as per financial sanction (March 2003). Had this been collected, the same could have been utilised for providing electricity connection. Moreover, ZP (RDC) also could not release the balance amount of Rs 1.55 lakh from MADA scheme funds as the same being last installment was to be released only after completion of the project as envisaged in *Gramin Karya Niradeshika*.

EE, Irrigation Division, Bundi and Chief Executive Officer, ZP (RDC), Bundi while accepting the facts stated (January 2006) that efforts were being made to deposit Rs 2.12 lakh with JVVNL.

Government stated (November 2006) that electric connection of the irrigation scheme would be got installed soon after receiving the contribution from the beneficiaries who had agreed to deposit the amount in November 2006. However, ZP (RDC), Bundi has subsequently intimated (March 2009) that the share of beneficiary farmers had not been received and its possibility is remote.

Thus, non-completion of the project due to non-ensuring availability of adequate funds resulted in blocking of funds of Rs 13.50 lakh for more than five years.

44. Previously known as District Rural Development Agency.

2.6 Non-eviction of unauthorised possessions

Loss of revenue due to encroachment on farm land

Failure of Panchayat Samiti to remove encroachment on its land resulted in non-utilisation of land worth Rs 37.88 lakh.

As per Rule 165 of Rajasthan Panchayati Raj Rules (RPRR), 1996, for prevention of encroachment on land owned by Panchayati Raj Institutions (PRIs) and safeguard the *Gram Panchayat* (GP) properties, the GP should (i) every year conduct a survey of trespassers in *abadi* land, tank bed, grazing grounds, (ii) all such cases of trespassers alongwith details of area and nature of trespass should be entered in a register and (iii) issue notices to such trespassers in *abadi* area for eviction from trespassed land. *Sarpanch* of GP should remove trespass at trespasser's risk and cost.

Test check (October 2005) of *Panchayat Samiti* (PS), Hindoli (District Bundi) for the year 2004-05 revealed that a farm land measuring 178 *bigha* and 15 *biswa*⁴⁵ was allotted to PS by Government of Rajasthan (Prior to 1978) at GP, Chattarganj to generate its own income and registered in *Khatoni*⁴⁶ No 299 (old 262) in the name of PS, Hindoli. Out of 178 *bigha* and 15 *biswa*, 103 *bigha* was being let out for farming on annual contract basis and balance 75 *bigha* 15 *biswa* was encroached prior to 1984 by the adjoining land holding farmers and PS had never tried to vacate that land. A joint physical verification of the land carried out (October 2005) by Audit with *Gram Sevak*, GP, Chattarganj also revealed that no security arrangements like stonewall, barbed wire fencing etc. were made.

On this being pointed out (October 2005), PS, Hindoli while accepting the facts stated (November 2006) that regular correspondence was being made with *Tehsildar* and District Collector, Bundi to get the encroached land vacated. The reply is not tenable as regular correspondence was being made with *Tehsildar* and District Collector only after being pointed out by Audit. The fact remains that due to lackadaisical approach of GP as well as PS, encroached land of 75 *bigha* and 15 *biswa* worth Rs 37.88 lakh⁴⁷ could not be got cleared of encroachers.

The matter was referred (April 2009) to the Government; reply was awaited (September 2009).

45. One *Bigha* = 20 *Biswa*

46. Account No. of land owner.

47. Rs 0.50 lakh per *bigha* as per DLC rates of 2004.

CHAPTER-III

AN OVERVIEW OF ACCOUNTS AND FINANCES OF URBAN LOCAL BODIES

3.1 Introduction

The Rajasthan Municipalities Act, 1959 was enacted by repealing all the prevailing municipal laws and enactments¹. Consequent upon the 74th Constitutional Amendment in 1992, Articles 243-P to 243-ZG were inserted in the Constitution whereby the legislatures could endow certain powers and duties to the Municipalities in order to enable them to function as institutions of Self Government and to carry out the responsibilities conferred upon them, including those listed in the Twelfth Schedule of the Constitution. Accordingly, the Rajasthan Municipalities Act was suitably amended (vide Rajasthan Act No.19 of 1994) to incorporate the provisions of the new articles.

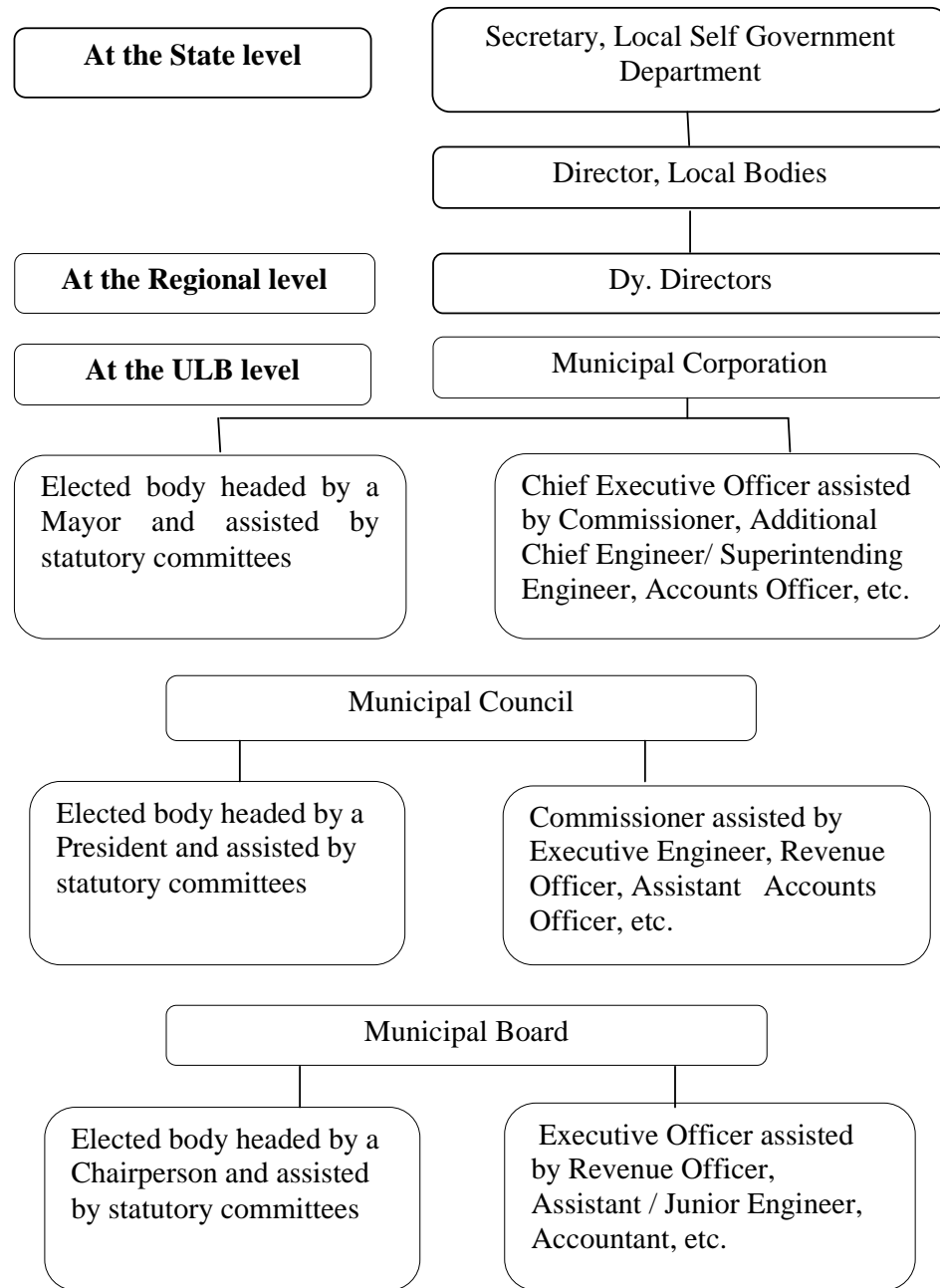
As per census 2001, the urban population of Rajasthan was 1.32 crore, which constituted 23.36 *per cent* of the total population (5.65 crore) of the State. There were three Municipal Corporations², 11 Municipal Councils³ (MCs) and 169 Municipal Boards (MBs)⁴ in Rajasthan as of 31 March 2006. Out of 18 functions listed in the twelfth schedule of the Constitution, 16 functions (*Appendix-V*) were being performed by Urban Local Bodies (ULBs) and remaining two functions i.e Water Supply and Town Planning were not being performed by ULBs as of August 2008.

3.2 Organisational set up

At the State level, Secretary, Local Self Government Department (LSGD) is the administrative head and Director, Local Bodies (DLB) is responsible for monitoring and coordination of various activities of ULBs.

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1. Bikaner Municipal Act, 1923; Udaipur City Municipal Act, 1945; Alwar State Municipalities and Small Towns Act, 1934 etc.
 2. Municipal Corporations of Jaipur, Jodhpur and Kota.
 3. Ajmer, Alwar, Beawar, Bharatpur, Bhilwara, Bikaner, Pali, Sikar, Sriganganagar, Tonk and Udaipur.
 4. Class II-39 (with population 50,000-99,999), Class-III-58 (with population 25,000-49,999) and Class IV-72 (with population less than 25,000).

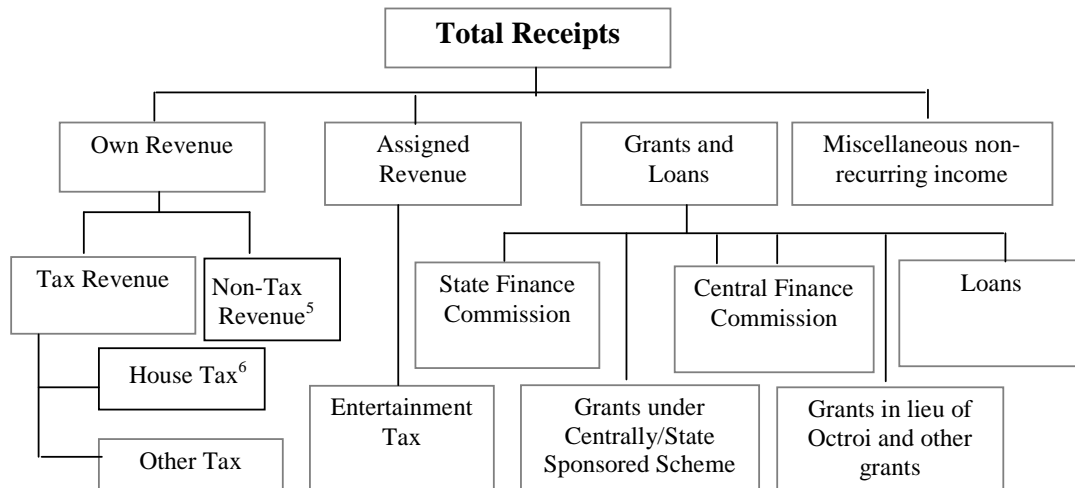
The organisational set up of ULBs is as shown below:



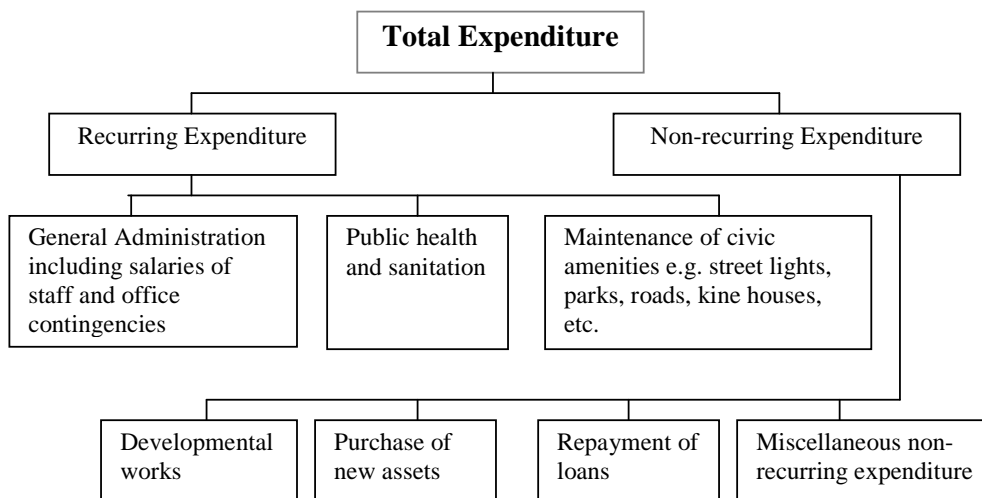
3.3 Financial management

3.3.1 Sources of receipts and items of expenditure

Various sources of receipts of ULBs are depicted as under:



Various items of expenditure of ULBs are depicted as under:



5. Income under by- laws and Acts, income from assets, sale of land, interest on investments and miscellaneous recurring income.
 6. Tax on annual letting value or area of building or land or both.

3.3.2 Receipts and expenditure

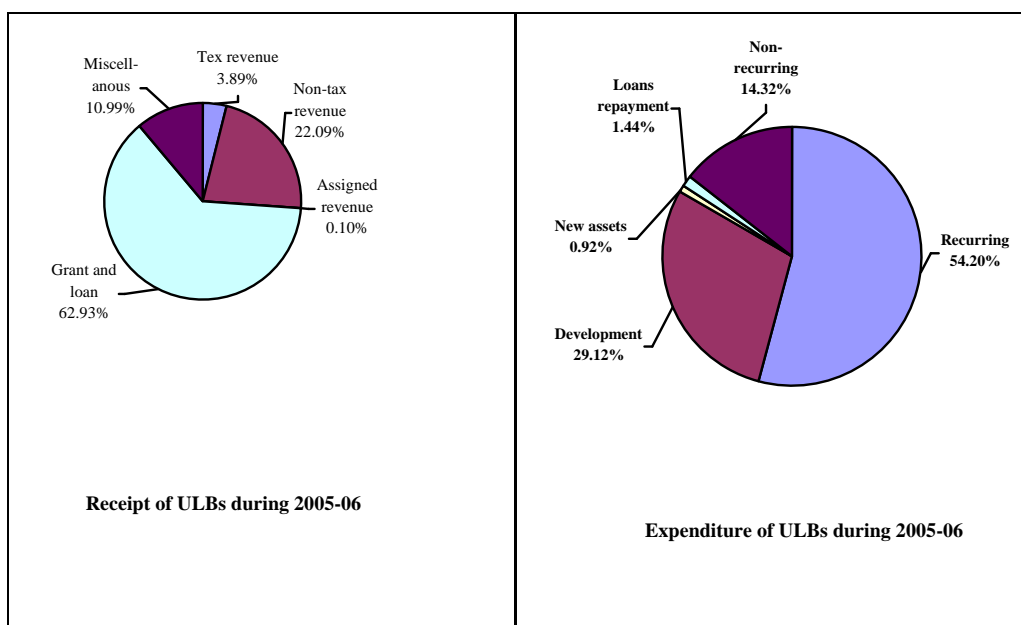
The total receipts and expenditure of the ULBs during 2004-05 and 2005-06 were as under:

(Rupees in crore)

Sources of receipts	2004-05	2005-06
(i) Receipts		
(a) Tax revenue	21.80 (2.48)	41.23 (3.89)
(b) Non-tax revenue	159.93 (18.22)	233.84 (22.09)
Total of own revenue	181.73 (20.70)	275.07 (25.98)
(c) Assigned revenue	1.47 (0.17)	1.07 (0.10)
(d) Grant and loans	602.61 (68.63)	666.24 (62.93)
(e) Misc. non-recurring income ⁷	92.19 (10.50)	116.37 (10.99)
Grand Total	878.00	1,058.75
(ii) Expenditure		
(A) Recurring expenditure	484.38 (58.39)	524.98 (54.20)
(B) Non-recurring expenditure		
(a) Expenditure on developmental works	233.13 (28.11)	282.08 (29.12)
(b) Purchase of new assets	10.90 (1.32)	8.91 (0.92)
(c) Repayment of loans	11.23 (1.35)	13.92 (1.44)
(d) Misc. non-recurring expenditure ⁸	89.85 (10.83)	138.69 (14.32)
Total	829.49	968.58

Note- Figures in brackets denote percentage to the total receipts.

(Source: As per data provided by Directorate, Local Bodies, Rajasthan, Jaipur)



7. It includes deposits and recoveries of loans and advances.

8. It includes refund or deposits, investments made and disbursement of loans and advances.

(iii) The category-wise break-up of receipts and expenditure of ULBs is as under:

(Rupees in crore)

Category of ULBs	2004-05		2005-06		Percentage of increase (+)/ decrease (-)	
	Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure
(A) Municipal Corporations (3)						
(1) Jaipur	158.54	150.01	222.99	206.56	(+) 41	(+) 38
(2) Jodhpur	43.20	40.06	53.04	42.56	(+) 23	(+) 6
(3) Kota	66.08	61.01	67.09	62.83	(+) 2	(+) 3
Total (A)	267.82	251.08	343.12	311.95	(+) 28	(+) 24
(B) Municipal Councils (11)	193.91	183.01	205.58	178.25	(+) 6	(-) 3
(C) Municipal Boards (169)	416.27	395.40	510.05	478.38	(+) 23	(+) 21
Grand Total (A+B+C)	878.00	829.49	1,058.75	968.58	(+) 21	(+) 17

(Source:- As per data provided by Directorate, Local Bodies, Rajasthan, Jaipur).

The above financial trends indicate that:

- Own resources of ULBs were not adequate and they were dependent on grants and loans from the State and Central Governments being 68.63 per cent and 62.93 per cent during 2004-05 and 2005-06 respectively.
- Tax revenue of ULBs had increased by 89 per cent during 2005-06 due to increased recovery of house tax, passenger tax / toll tax etc.
- While recurring expenditure had increased by eight per cent from Rs 484.38 crore in 2004-05 to Rs 524.98 crore in 2005-06, the expenditure on purchase of new assets decreased by 18 per cent from Rs 10.90 crore to Rs 8.91 crore in 2005-06.
- The recurring expenditure on pay and allowances of the staff, office contingencies, maintenance of civic services, public health and sanitation, etc. amounted to 54.20 per cent of the total expenditure in 2005-06.
- Miscellaneous non-recurring expenditure had increased by 54 per cent during 2005-06.

3.3.3 Own Revenue

(i) The category-wise position of 'Own Revenue' realised by the ULBs and the percentages of own revenue to total receipts and recurring expenditure are as under:

(Rupees in crore)

Category of ULBs	2004-05					2005-06				
	Tax	Non-Tax	Total own revenue	Percentage of own revenue to total receipts	Percentage of own revenue to recurring expenditure	Tax	Non-Tax	Total own revenue	Percentage of own revenue to total receipts	Percentage of own revenue to recurring expenditure
(A) Municipal Corporations										
Jaipur	8.73	35.84	44.57	28	45	16.12	78.61	94.73	42	81
Jodhpur	0.68	6.82	7.50	17	24	0.79	16.26	17.05	32	49
Kota	2.87	6.28	9.15	14	24	3.34	3.06	6.40	10	16
Total (A)	12.28	48.94	61.22	23	36	20.25	97.93	118.18	34	61
(B) Municipal Councils	5.70	24.04	29.74	15	27	7.79	27.68	35.47	17	31
(C) Municipal Boards	3.82	86.95	90.77	22	45	13.19	108.23	121.42	24	55
Grand Total (A+B+C)	21.80	159.93	181.73	21	38	41.23	233.84	275.07	26	52

(Source: As per data provided by Directorate, Local Bodies, Rajasthan, Jaipur.)

The analysis of the above indicates that:

- During year 2005-06, total 'own revenue' of ULBs accounted for 26 per cent of their total receipts which was enough to meet only 52 per cent of their recurring expenditure.
- 'Own revenue' of Municipal Corporation, Kota had decreased by 30 per cent from Rs 9.15 crore in 2004-05 to Rs 6.40 crore in 2005-06 owing to short realisation of miscellaneous receipts and interest receipts on investments, while it had increased in Jaipur Municipal Corporation by 113 per cent from Rs 44.57 crore to Rs 94.73 crore in 2005-06 and in case of Municipal Corporation, Jodhpur by 127 per cent from Rs 7.50 crore to Rs 17.05 crore in 2005-06 due to increase in realisation of house tax, income under bye laws, income from assets and sale of land etc.
- 'Own revenue' of Municipal Councils and Municipal Boards had increased by 19 and 34 per cent respectively during 2005-06 mainly due to increased collection of house tax, income under bye laws, income from assets and sale of land.

(ii) The position of tax and non-tax revenue (excluding miscellaneous receipts in respect of which no targets/projections for collection were made) projected and actually realised by Municipal Corporations during 2004-06 was as under:

(Rupees in crore)

Name of Corporation	Tax Revenue				Non-tax Revenue (excluding miscellaneous receipts)			
	2004-05		2005-06		2004-05		2005-06	
	Projected	Actual (percentage)	Projected	Actual (percentage)	Projected	Actual (percentage)	Projected	Actual (percentage)
Jaipur	25.00	8.73 (35)	36.00	16.12 (45)	31.48	18.30 (58)	39.95	33.74 (84)
Jodhpur	2.00	0.68 (34)	5.50	0.79 (14)	4.77	2.48 (52)	4.21	4.48 (106)
Kota	4.10	2.87 (70)	5.06	3.34 (66)	3.21	3.31 (103)	2.72	3.83 (141)

(Source: As per Annual Accounts of Municipal Corporation Jaipur, Jodhpur and Kota)

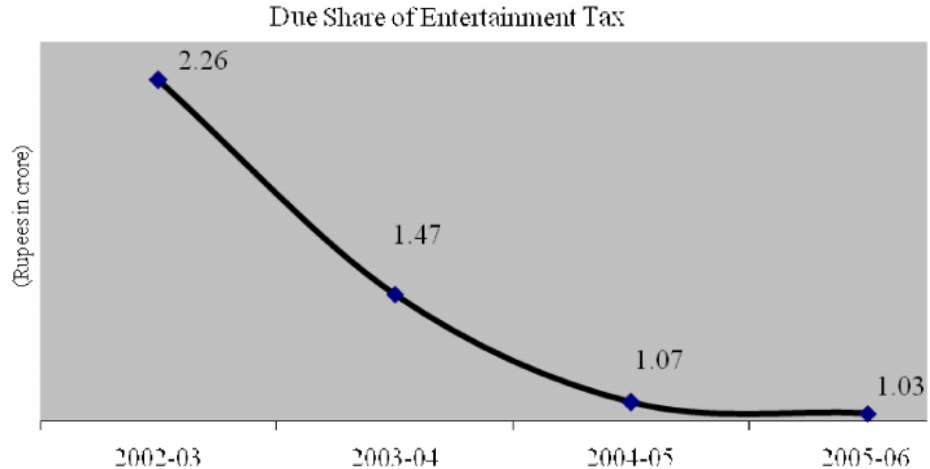
The above trend indicates that during 2005-06 the realisation of tax revenue against the projected revenue in respect of three Municipal Corporations ranged between 14 to 66 *per cent* whereas realisation of the non-tax revenue against the revenue projected was 84 to 141 *per cent*. Thus, the targets were not fixed realistically. The reasons for shortfalls in realisation of tax revenue as attributed by the Municipal Corporations (July 2007) were (i) corporation's decision of non-collection of house tax in Kota, (ii) targets of collection fixed in budget being on higher side and (iii) practical difficulties in collection of revenue in Jaipur and Jodhpur.

3.3.4 Assigned Revenue (Entertainment Tax)

The Second State Finance Commission (SFC) had recommended (2000-01) that the State Government should release 15 *per cent* of net proceeds of entertainment tax⁹ to ULBs.

The share of entertainment tax due to be released by State Government (Commercial Taxation and Finance Departments) to ULBs for the year 2002-03 was Rs 2.26 crore which gradually declined (54 *per cent*) to Rs 1.03 crore for the year 2005-06 (actually released in 2007-08) due to relaxation in entertainment tax on newly constructed cinema halls, theatres etc. and reduction in rate of entertainment tax from 70 *per cent* to 50 *per cent* since January 2004.

9. Collected by Commercial Taxation Department of State Government under Section 14 of the Rajasthan Entertainment Tax and Advertisement Tax Act, 1957.



3.3.5 Recurring and non-recurring expenditure

The position of recurring and non-recurring expenditure incurred in ULBs during 2004-05 and 2005-06 was as under:

(Rupees in crore)

Category of ULBs	2004-05			2005-06		
	Recurring expenditure	Non-recurring expenditure	Total	Recurring expenditure	Non-recurring expenditure	Total
(A) Corporations						
(i) Jaipur	98.23 (65)	51.78	150.01	116.78 (57)	89.78	206.56
(ii) Jodhpur	31.64 (79)	8.42	40.06	34.87 (82)	7.69	42.56
(iii) Kota	38.73 (63)	22.28	61.01	40.58(65)	22.25	62.83
Total (A)	168.60 (67)	82.48	251.08	192.23(62)	119.72	311.95
(B) Councils	111.95 (61)	71.06	183.01	113.10 (63)	65.15	178.25
(C) Boards	203.83 (52)	191.57	395.40	219.65 (46)	258.73	478.38
Grand Total	484.38 (58)	345.11	829.49	524.98(54)	443.60	968.58

Note: Figures in brackets denote the percentage of recurring expenditure to the total expenditure.
(Source: As per data provided by Directorate, Local Bodies, Rajasthan, Jaipur.)

The above financial trend indicates that:

- Recurring expenditure of Jaipur Municipal Corporation grew by 19 per cent from Rs 98.23 crore in 2004-05 to Rs 116.78 crore in 2005-06 due to increase in expenditure on public health services, road light and pay and allowances.
- While non-recurring expenditure of Municipal Boards grew by 35 per cent from Rs 191.57 crore in 2004-05 to Rs 258.73 crore in 2005-06 mainly due to increase in expenditure on developmental works and Miscellaneous expenditure, it declined in Municipal Councils by eight per cent.

3.4 Devolution of funds

3.4.1 Allocation of grants

Despite the substantial dependence of ULBs on assistance from Central/State Governments during 2003-06, such assistance to ULBs constituted only two to three *per cent* of total expenditure (Revenue and Capital) of the State Government as shown below:

(Rupees in crore)

Year	Total expenditure (Revenue and Capital) of the State	Financial assistance to ULBs*	Percentage of financial assistance to total expenditure
2003-04	22029.27	441.48	2.00
2004-05	23394.48	602.61	2.58
2005-06	25793.69	666.24	2.58

*(Source: As per data provided by Directorate, Local Bodies, Rajasthan, Jaipur.)

3.4.2 Twelfth Finance Commission grant

The position of grants released by State Government to ULBs under recommendations of Twelfth Finance Commission (TFC) for core activities of ULBs during 2005-06 was as under:

(Rupees in crore)

Year	Installment	Amount released by GOI	Amount released by State Government	
			2005-06	2006-07
2005-06	First	22.00	20.90	1.10
	Second	22.00	22.00	-
Total		44.00	42.90	1.10

The Audit observed that:

(i) As per guidelines of the TFC, State Government had to mandatorily transfer the grants released by GOI to the ULBs within 15 days of the same being credited to the State Government's account. In case of delayed transfer beyond the specified period of 15 days, the State Government was required to transfer interest at the rate equal to the RBI Bank rate alongwith such delayed transfer of grants to ULBs.

It was observed that the first installment of TFC grant of 2005-06 amounting to Rs 22 crore was credited to the State Government's account on 14 December 2005 which was to be transferred to the PD accounts of ULBs latest by 29 December 2005, but Rs 1.10 crore was credited (February 2007) to the PD Accounts of four¹⁰ ULBs with a delay of 14 months. Further, interest amount of Rs 8.14 lakh at the rate of 6 to 6.5 *per cent* required to be transferred along with delayed grant was also not transferred to these ULBs.

10. Municipal Corporation, Kota: Rs 91.34 lakh; MB, Ramganjmandi: Rs 6.60 lakh; MB, Sangod: Rs 6.05 lakh and MB, Kaithoon: Rs 6.13 lakh.

(ii) Out of the grants (Rs 42.90 crore) released during 2005-06, only Rs 6.65 crore (16 per cent) could be utilised by ULBs as of January 2007 due to non-approval of action plan and non-issuance of guidelines by LSGD. However, out of the total released amount of Rs 44 crore, Rs 37.71 crore was utilised by ULBs as of March 2009.

3.4.3 State Finance Commission grant

Based on the recommendations (August 2001) of Second State Finance Commission (SFC) and Interim Report (February 2006) of Third SFC, State Government was required to provide grants annually to the local bodies at 2.25 per cent of the net State tax revenue (excluding entertainment tax). Of this, 23.4 per cent and 24.3 per cent share was to be released to ULBs during 2000-05 and 2005-10 respectively. The grants released to ULBs by State Government under recommendations of the SFCs during 2003-06 were as under:

(Rupees in crore)

Year	Grants to be released	Grants actually released	short (-) / excess (+) release of Grants
2003-04	27.61	27.61	-
2004-05	48.94	46.01	(-) 2.93
2005-06	50.58	53.75	(+) 3.17

LSG Department intimated (July 2007) that grant of Rs 3.17 crore was released in excess during 2005-06 keeping in view the arrears of previous years.

3.5 Database on finances and Accounting arrangements

National Municipal Accounts Manual (NMAM) for ULBs developed by the Ministry of Urban Development, Government of India under the guidance of C&AG of India was introduced in February 2005. Based on the NMAM, Rajasthan Municipal Accounts Manual has been prepared. To make it legally binding on the ULBs, necessary amendment in the Rajasthan Municipal Accounting Rules was under process (February 2009). In view of recommendations of Eleventh Finance Commission for reforms in accounting system of all ULBs, Accrual Based (Double Entry) Accounting System was to be adopted from October 2004. As regards switching over to Accrual Based Accounting (Double Entry) System in ULBs in first instance, the work was outsourced in respect of six ULBs¹¹, under Asian Development Bank (ADB) project. In respect of remaining 177 ULBs, Rajasthan Urban Infrastructure Finance Development Corporation (RUIFDCO) had been authorised as a Nodal Agency for facilitating the task of outsourcing this work (April 2009).

11. Municipal Corporations Ajmer, Bikaner, Jaipur, Jodhpur and Kota and Municipal Council, Udaipur.

3.6 Irregularities in budgetary control and maintenance of accounts

3.6.1 Non-reconciliation of differences between cash books and Personal Deposit/Bank pass books

Monthly reconciliation of differences between cash books and pass books of Personal Deposit (PD) and/or bank accounts was required to be conducted to avoid risk of fraud and misappropriation of funds.

It was observed that in six MBs there was a difference of Rs 41.45 lakh (*Appendix-VI*) as on 31 March 2005 between cash books and PD/bank pass books for want of reconciliation with treasuries/banks. This was fraught with the risk of misappropriation of funds.

On this being pointed out, four MBs stated (December 2005 to February 2006) that reconciliation would be carried out. MB, Bayana stated (December 2005) that the difference was due to issuance of cheques and charging of bank commission at the end of the financial year. However, the facts could not be verified in audit due to non-availability of details regarding cheques issued and deduction of bank commission. MB, Dholpur did not furnish any reply.

3.6.2 Irregular/excess expenditure over the sanctioned budget

No expenditure can be incurred out of municipal funds unless it is covered by a budget grant and the controlling officer should initiate action against the Drawing and Disbursing Officers (DDOs) who incur excess expenditure over the sanctioned budget grant¹².

It was observed that seven MBs had irregularly incurred excess expenditure of Rs 1.08 crore (*Appendix-VII*) over the sanctioned budget grant under different items/schemes/heads of account during 2004-05, which indicated improper budget estimation and financial indiscipline requiring regularisation or action against concerned DDOs.

On this being pointed out, all the seven ULBs stated (August 2005-April 2009) that the excess expenditure would be regularised by obtaining ex-post facto sanction.

3.6.3 Non-adjustment/recovery of advances

In seven MBs advances of Rs 39.08 lakh were outstanding against contractors/suppliers/individuals/Government departments/ undertakings in 146 cases¹³ for four to 36 years as of March 2009 (*Appendix-VIII*).

On this being pointed out, no reply was furnished by these ULBs.

12. Paragraphs 29 and 32 of Appendix-A to the Rajasthan Municipalities (Budget) Rules, 1966.

13. Contractors/suppliers (15 cases: Rs 20.25 lakh), Employees/individuals (85 cases: Rs 6.93 lakh) and Government Departments/undertakings (46 cases: Rs 11.90 lakh).

The inaction on the part of these ULBs in timely adjustment/recovery had resulted in accumulation of advances of Rs 39.08 lakh besides, loss of interest. This was also indicative of lack of effective internal control in these ULBs.

3.7 Audit arrangement

The Comptroller and Auditor General of India conducts audit of local bodies under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

3.8 Arrears of audit fee of Director, Local Fund Audit Department

Director, Local Fund Audit Department (DLFAD) is the Statutory Auditor for Accounts of ULBs. Audit fee at prescribed rate is paid to DLFAD by ULBs. As of March 2009, Rs 14.44 lakh towards audit fees for the year 2005-06 remained outstanding from 70 ULBs as arrears of audit fee.

3.9 Lack of response to Audit observations

For early settlement of audit observations, Departmental Administrative Officers were required to take prompt steps to remove defects and irregularities brought to their notice during the course of audit and/or pointed out through Inspection Reports (IRs)¹⁴.

It was observed that:

(i) At the end of March 2009, 23,468 IRs issued up to 2005-06 containing 6,23,845 paragraphs issued by DLFAD remained pending for settlement. These included 1610 cases of embezzlement of money amounting to Rs 12.02 crore of which Rs 4.06 lakh was recovered. Further, first compliance to 95 IRs was still awaited.

(ii) Three hundred eighty four IRs containing 3,719 paragraphs issued during the years 2002-06 by office of the Principal Accountant General (Civil Audit) up to July 2004 and thereafter by office of the Senior Deputy Accountant General (Local Bodies Audit & Accounts) with effect from August 2004 to March 2006 were also pending for settlement as of March 2009. These included three IRs containing 239 paragraphs for which even first compliance was not furnished. These were pending for 42 to 45 months as of March 2009 as under:

¹⁴ Section 307 (3) of Rajasthan Municipalities Act, 1959 and Rule 15 (1) of Rajasthan Municipalities Accounts Rules, 1963.

Year	Pending		First compliance not furnished	
	IRs	Paras	IRs	Paras
2002-03	3	115	-	-
2003-04	74	493	-	-
2004-05	127	1,382	-	-
2005-06	180	1,729	3	239
Total	384	3,719	3	239

This indicated lack of prompt response on the part of the municipal/departmental authorities which not only resulted in recurrence of the deficiencies and lapses pointed out earlier but also eroded the accountability of the ULBs/departmental officers.

3.10 Impact of Audit

During 2004-05 recoveries amounting to Rs 11.67 crore were made at the instance of C&AG's audit for excess payment, dues etc. in 89 cases and rectifications of mistakes/irregularities involving Rs 1.07 crore was done in six cases. Similarly, during 2005-06 recoveries amounting to Rs 3.62 crore were made at the instance of C&AG's audit for excess payments, dues, etc. in 128 cases and rectification of mistakes/irregularities involving Rs 3.05 crore was also done in 87 cases.

3.11 Position of entrustment of audit/TGS to C&AG

The State Government is yet to entrust audit/Technical Guidance and Supervision (TGS) of audit of DLFAD to the C&AG.

3.12 Conclusion

While both the receipts and expenditure of ULBs showed an increasing trend, they were largely dependent on Government funds because of low 'Own Revenue' base. The expenditure on purchase of assets declined in comparison to the increase in recurring expenditure.

Inadequate budgetary and internal control mechanisms in ULBs resulted in excess expenditure over allotted funds, piling up of differences in balances as per cash books and bank/PD accounts and non-adjustment/recovery of outstanding advances against contractors/ suppliers/individuals/ Government departments for a long time.

Annual accounts of ULBs were still being maintained in the conventional formats on cash basis instead of accrual basis in double entry accounting system which is yet (June 2009) to be introduced in 177 out of 183 ULBs.

The huge pendency of audit observations and delays in their settlement is fraught with the risk of continuance of irregularities/deficiencies observed during audit.

3.13 Recommendations

- The ULBs should take effective steps to augment their own resources so as to minimize dependency on government assistance and to provide better civic facilities.
- ULBs should ensure that effective budgetary controls are in place. The internal control mechanism needs strengthening to ensure prompt adjustment/recovery of advances and regular reconciliation of the differences between balances as per cash books and PD/Bank pass books.
- The system of preparation of accounts on accrual basis should be introduced in all the ULBs in order to improve the financial information system and to ensure accountability and transparency of financial transactions.
- To facilitate meaningful analysis of the decentralisation process and monitoring and evaluation of financial and physical performance of the ULBs, completion of database on their finances in the prescribed formats should be expedited.
- The Government should issue suitable instructions to ULBs to ensure prompt response to the audit observations.

**CHAPTER-IV
PERFORMANCE REVIEW AND AUDIT OF
TRANSACTIONS
URBAN LOCAL BODIES**

This chapter presents one performance review on "Integrated Development of Small and Medium Towns" Scheme of Local Self Government Department and four paragraphs related to Transaction Audit of Urban Local Bodies.

PERFORMANCE REVIEW

4.1 Integrated Development of Small and Medium Towns Scheme

Highlights

The Centrally Sponsored Scheme of "Integrated Development of Small and Medium Towns" (IDSMT) was launched in December 1979 to arrest the increasing trend of migration from small and medium towns to larger cities by "Integrated" development of the towns through economic growth and creation of employment opportunities. Funding pattern of the scheme was revised from loan basis to grant-in-aid since August 1995. Only 42 towns were covered under the scheme during 1995-2005. Project execution was not satisfactory as none of the 42 projects could be completed and only sixteen per cent schemes/works (38 out of 242) were completed as of March 2009. The inability to raise institutional finance or to generate internal resources was a major factor for slow progress in completion of the project. Training and up-gradation of the skills of the personnel dealing with the implementation of the Scheme was inadequate. Significant points noticed are given in succeeding paragraphs.

Due to lack of vigorous pursuance for recovery, Rs 16.60 crore on account of loan and interest were outstanding against loan sanctioned prior to August 1995.

(Paragraph 4.1.7)

For execution of the projects, requisite institutional finance of Rs 7.57 crore was not arranged by eleven bodies out of 12 test checked MBs/UIT.

(Paragraph 4.1.8.1(a))

Grants of Rs 10.06 crore required to be released within one month were released to 12 local bodies by State Government with delays of one to 23 months.

(Paragraph 4.1.8.2(a) (ii))

Rupees 4.73 crore were diverted by 10 local bodies on unapproved works/activities adversely affecting the approved works/activities under the projects.

(Paragraph 4.1.8.4 (i))

In 12 projects/towns test checked, idle expenditure of Rs 1.66 crore was incurred on construction of two bus stands lying unutilised.

(Paragraph 4.1.9.2 A(a)(b))

Unfruitful expenditure of Rs 2.89 crore was incurred on residential/commercial schemes, hotel complex and other infrastructure works, which were lying incomplete/unutilised denying the envisaged benefits under test checked projects.

(Paragraphs 4.1.9.1 and 4.1.9.2(B)(C))

4.1.1 Introduction

The centrally sponsored scheme of "Integrated Development of Small and Medium Towns" (IDSMT) was launched by Government of India (GOI) in December 1979 to arrest the increasing trend of migration of people from rural areas and smaller towns to large cities by providing infrastructure and other facilities and to generate economic growth and employment opportunities in the small and medium towns. While selecting the towns, preference was to be given to district headquarters followed by *mandi* towns and industrial growth centres, tourist places, pilgrim centres, etc. The scheme was not applicable to the towns covered by Integrated Urban Poverty Eradication Programmes, towns where elected bodies were not in position and whose population exceeded five lakh.

The IDSMT scheme envisaged a comprehensive programme for a selected town/growth centre covering all facets of development. Project reports under the scheme had to be drawn up, indicating the type of urban infrastructural facilities that were required to be provided in the towns keeping in view their projected growth profile and functional activities. Project Reports of all the 42 towns were prepared/sanctioned (1995-2005) in formats prescribed in the guidelines.

The project reports were to be submitted by the local bodies to the State level Sanctioning Committee for their examination and approval. The sanctioning committee was to approve the projects keeping in view the basic objectives and the broad parameters laid down by the Sanctioning Committee. After scrutiny, the recommendations (alongwith the Minutes of the Meeting) were to be sent to the Ministry of Urban Affairs and Employment through Town and Country Planning Organisation (TCPO) for release of Central assistance. The TCPO of Ministry of Urban Department, GOI decided (August 2007) that the State Governments would complete the remaining ongoing works under IDSMT scheme from their own sources, as the IDSMT scheme was subsumed

with the Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) from the year 2006 onwards.

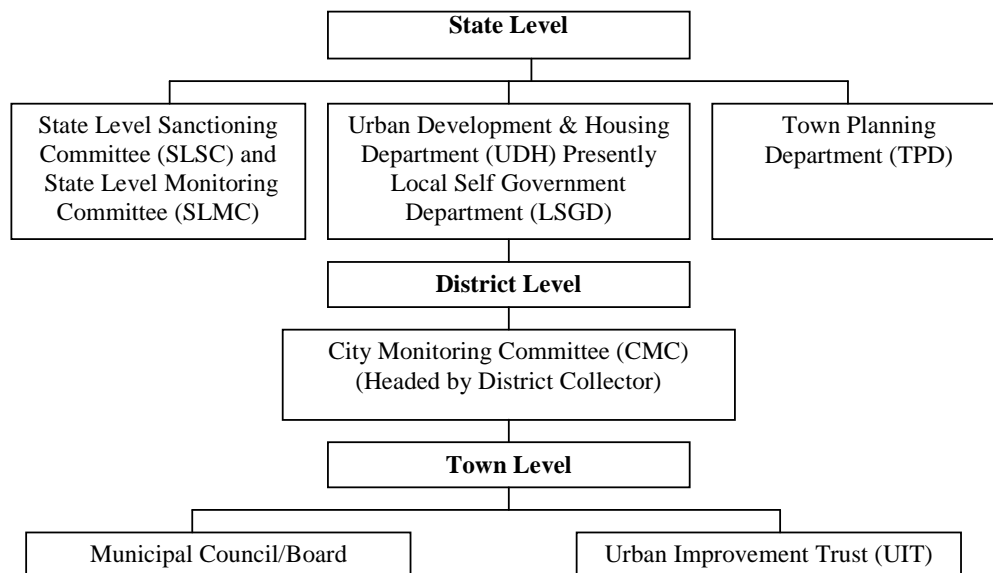
4.1.2 Objectives of the Scheme

The IDSMT Scheme was launched with a view to:

- improve infrastructural facilities and create durable public assets in small and medium towns having potential to emerge as regional centres of economic growth and employment;
- decentralise economic and employment opportunities;
- increase the availability of serviced sites for housing, commercial and industrial uses and to promote the principles of planned and orderly development;
- integrate special and socio-economic planning; and
- promote resource-generating schemes to improve the overall financial position and ability of the urban local bodies.

4.1.3 Organisational set-up

The organisational set-up of the IDSMT programme is given below:



The Scheme was implemented through Urban Improvement Trusts (UITs) and Municipal Councils (MCs)/Municipal Boards (MBs) at the town level under the overall control of Principal Secretary, Urban Development and Housing Department of the State Government. Secretary, Local Self Government Department (LSGD) was the administrative head of the Scheme and Town Planning Department, Rajasthan, Jaipur was the nodal agency to monitor the implementation of the project at local bodies level.

4.1.4 Audit objectives

Audit was conducted to ascertain whether:

- economic growth and employment opportunities were decentralised to provide advantage through a regional planning approach;
- the projects were implemented in an economical, efficient and effective manner;
- mechanism for monitoring the programme worked efficiently; and
- the assets created were being managed and utilised properly.

4.1.5 Audit criteria

The main criteria used for the Performance Audit were:

- IDSMT revised guidelines (August 1995) issued by Ministry of Urban Affairs and Employment.
- Financial sanctions issued by GOI and State Government.
- Physical and Financial progress reports submitted by TPD.
- Minutes of SLMC and CMC meetings.
- Rajasthan Municipal Act, 1959 and Municipal Rules.
- General Financial and Accounts Rules of the State Government.
- Public Works Financial and Accounts Rules of the State Government.
- Various orders/directions issued by State Government/Local Self Government Department.
- Project reports, expenditure statements, utilisation certificate, estimates, vouchers and measurement books of works executed etc.

4.1.6 Audit coverage

Of 42 Municipal Bodies/Urban Improvement Trust (UIT) to whom grants were given under IDSMT Scheme, 12 Municipal Bodies/UIT¹ (28 per cent) were selected on the basis of their location at district headquarters followed by mandi towns, industrial growth centres, tourist places and pilgrim centres. Records of Town Planning Department, Rajasthan, Jaipur and 12 Municipal Boards/UIT (comprising 75 schemes sanctioned for the period 1995-2006) were test checked during January to June 2006. Significant audit findings are discussed in the succeeding paragraphs.

1. **Category – A** : Deshnok, Kapasan, Rawatbhata, **Category – B** : Anoopgarh, Balotra, Jaisalmer, Nokha, Pratapgarh, Shahpura, Suratgarh, **Category – C**: Hanumangarh, **Category – E** : Bikaner (UIT).

4.1.7 Funding pattern

Under the Scheme, funds were to be provided as loan by the Central and State Governments in the ratio of 50:50 up to July 1995. As of 31 March 2009, loan of Rs 16.60 crore was outstanding (principal: Rs 3.09 crore and interest: Rs 13.51 crore) in respect of the projects sanctioned prior to August 1995. The funding pattern was revised with effect from August 1995 wherein the assistance of GOI/State Government was modified from "loan" to "grant-in-aid" and *inter alia* envisaged that after excluding 20 to 40 per cent of minimum project cost to be arranged by the local body as institutional finance, the balance cost was to be shared by GOI and State Government in the ratio of 60:40 as per table below:

(Rupees in lakh)

Category of town (Population)	Minimum project cost	Grant-in-aid		Loan from HUDCO/ Financial Institution loan / other sources (Percentage)
		Central share	State share	
A (<20,000)	100	48	32	20 (20)
B (20,000<50,000)	200	90	60	50 (25)
C (50,000<1,00,000)	350	150	100	100 (29)
D (1,00,000<3,00,000)	550	210	140	200 (36)
E (3,00,000<5,00,000)	750	270	180	300 (40)

While the project costs were based on a "Minimum Project Cost" concept, project of higher size could also be sanctioned subject to availability of extra loan/other resources including municipal share with the condition that the central assistance would have to be restricted based on minimum project cost.

The Central share was to be passed to the State Government as grant and thereafter both the Central and State shares were to flow as grant to a special Revolving Fund to be set up at the municipal level. Institutional finance and receipts on account of rent, sale proceeds, user charges, etc. were also required to be credited to the Revolving Fund of the IDSMT project concerned.

4.1.8 Financial management

TCPO, Ministry of Urban Development, GOI approved 242 schemes for 42 towns of the State under IDSMT Scheme at a total project cost of Rs 100.09 crore² during 1995-2005. Against this, grants of Rs 53.55 crore (Central share : Rs 32.49 crore and State share : Rs 21.06 crore) were released to the implementing agencies for developmental works. A comprehensive position of grants released *vis-à-vis* expenditure incurred under IDSMT Scheme during 1995-2009 was as under:

2. Central share: Rs 37.31 crore; State share: Rs 24.95 crore and Institutional finance/share of implementing agencies: Rs 37.83 crore.

(Rupees in crore)

Year of approval	Number of towns (Projects)	Number of schemes	Approved project cost	Eligible share			Grants released			Expenditure* up to March 2009
				Central	State	Total	Central	State	Total	
1995-96	5	30	9.40	3.79	2.52	6.31	3.58	2.39	5.97	7.79
1996-97	2	11	12.03	4.28	2.85	7.13	4.28	2.85	7.13	12.16
1997-98	2	10	1.71	0.81	0.54	1.35	0.81	0.54	1.35	1.38
2000-01	3	19	8.43	3.30	2.20	5.50	3.30	2.20	5.50	4.03
2001-02	3	17	5.92	2.28	1.52	3.80	2.28	1.22	3.50	3.37
2002-03	5	34	15.24	5.90	3.94	9.84	3.88	2.59	6.47	4.71
2003-04	6	33	17.39	5.58	3.72	9.30	5.13	3.42	8.55	5.27
2004-05	16	88	29.97	11.37	7.66	19.03	9.23	5.85	15.08	10.05
Total	42	242	100.09	37.31	24.95	62.26	32.49	21.06	53.55	48.76

Source: Progress report of IDSMT scheme (up to March 2009) furnished by Chief Town Planner, Rajasthan, Jaipur.

* (including grants, institutional finance and other sources)

(i) Out of 242 schemes sanctioned in these 42 projects, only 38 (15.70 per cent) were completed, 132 (54.55 per cent) were in progress and 72 (29.75 per cent) had not been started as of March 2009. It was further noticed that out of 75 schemes sanctioned during 1995-2004 in 12 test checked MBs/UIT, there was delay of 2 to 10 years in 50 schemes which were either incomplete or not started. Out of the total release of grants of Rs 53.55 crore, only Rs 48.76 crore could be utilised on implementation of the projects including institutional finance and the remaining amount of Rs 4.79 crore was lying unutilised (March 2009) with the local bodies concerned.

(ii) Under the IDSMT projects, mainly residential/commercial/infrastructural facilities were to be developed for economic growth and providing employment. However, as of March 2009, out of 242 schemes (56 residential, 58 commercial and 128 infrastructural schemes) for 42 MBs/UIT only four residential (seven per cent), six commercial (10 per cent) and 28 infrastructural (22 per cent) were completed which resulted in denial of scheme's benefits of economic growth and employment to the people of these towns.

4.1.8.1 Non-contribution of institutional finance by the implementing agencies

(a) A detailed position of grants released vis-à-vis expenditure incurred under IDSMT scheme during 1995-2009 regarding the 12 test

checked MBs/UIT was as under:

(Rupees in lakh)

S. No.	Name of town	Year of approval	Number of schemes	Approved Project cost	Eligible share			Grant released			Expenditure up to March 2009
					Central	State	Total	Central	State	Total	
1.	Jaisalmer	1995-96	8	272.00	90.00	60.00	150.00	90.00	60.00	150.00	320.26
2.	Kapasan	1995-96	3	100.00	48.00	32.00	80.00	48.00	31.99	79.99	101.23
3.	Nokha	1995-96	9	232.04	90.00	60.00	150.00	90.00	60.00	150.00	143.25
4.	Pratapgarh	1995-96	4	134.62	60.58	40.39	100.97	40.00	26.67	66.67	85.59
5.	Shahpura	1995-96	6	201.29	90.00	60.00	150.00	90.00	60.00	150.00	128.80
6.	Bikaner	1996-97	7	764.88	270.00	180.00	450.00	270.00	180.00	450.00	816.86
7.	Deshnok	1997-98	6	102.50	48.00	32.00	80.00	48.00	32.00	80.00	81.48
8.	Balotra	2000-01	3	220.36	90.00	60.00	150.00	90.00	60.00	150.00	99.84
9.	Hanumangarh	2000-01	9	399.12	150.00	100.00	250.00	150.00	100.00	250.00	257.76
10.	Suratgarh	2001-02	10	274.20	90.00	60.00	150.00	90.00	60.00	150.00	188.11
11.	Anoopgarh	2002-03	6	420.69	90.00	60.00	150.00	90.00	60.00	150.00	166.11
12.	Rawatbhata	2002-03	4	216.28	90.00	60.00	150.00	90.00	60.00	150.00	158.76
	Total		75	3,337.98	1,206.58	804.39	2,010.97	1186.00	790.66	1,976.66	2,548.05

Source: Progress report of IDSMT scheme (up to March 2009) furnished by Chief Town Planner, Rajasthan, Jaipur.

It was observed that a sum of Rs 13.27 crore was to be arranged as institutional finance by the 12 test checked MBs/UIT. However, full amount (Rs 71 lakh) was contributed only by MB Balotra and no amount was arranged as institutional finance by four³ local bodies against Rs 2.61 crore. The remaining seven⁴ MBs/UIT contributed Rs 4.99 crore only against Rs 9.95 crore during 1995-2009. Non/short contribution of the institutional finance by the local bodies due to non-availability of funds with them was the major factor for tardy progress/non-completion of project. Incidentally it was also observed that Jaisalmer MB invested an amount of Rs 5.93 crore realised from sale of land as institutional finance though the same was to be deposited in the Revolving Fund.

(b) Work Status of Selected MBs/UIT

(Rupees in lakh)

S. No	Name of M.B/UIT	Sanctioned works	Expenditure On Works						Total Expenditure	Works not Started	
			Works Completed			Works Not completed				No.	Project cost
			No.	Project cost	Exp.	No.	Project cost	Exp.			
1	Nokha MB	9	3	36.82	33.49	5	178.50	109.76	143.25	1	16.72
2	Pratapgarh MB	4	1	18.60	25.52	2	59.36	60.07	85.59	1	56.66
3	Shahpura MB	6	-	-	-	6	201.29	128.80	128.80	-	-
4	Kapasan MB	3	1	30.00	35.97	2	70.00	65.26	101.23	-	-
5	Jaisalmer MB	8	7	180.00	232.72	1	92.00	87.54	320.26	-	-
6	Bikaner UIT	7	5	334.88	382.08	1	309.00	434.78	816.86	1	121.00

3. Deshnok (Rs 0.22 crore), Jaisalmer (Rs 1.22 crore), Rawatbhata (Rs 0.66 crore) and Shahpura (Rs 0.51 crore).

4. Kapasan (Rs 8 lakh out of Rs 20 lakh), Nokha (Rs 77.04 lakh out of Rs 82.04 lakh), Suratgarh (Rs 42.58 lakh out of Rs 124.20 lakh), Anoopgarh (Rs 254.58 lakh out of Rs 270.69 lakh), Bikaner (Rs 13.60 lakh out of Rs 314.88 lakh), Hanumangarh (Rs 71.08 lakh out of Rs 149.12 lakh) and Pratapgarh (Rs 31.99 lakh out of Rs 33.65 lakh).

S. No	Name of M.B/UIT	Sanctioned works	Expenditure On Works						Total Expenditure	Works not Started	
			Works Completed			Works Not completed				No.	Project cost
			No.	Project cost	Exp.	No.	Project cost	Exp.			
7	Deshnok MB	6	1	12.60	12.60	4	86.40	68.88	81.48	1	3.50
8	Hanumangarh MB	9	4	105.98	101.53	2	268.46	156.23	257.76	3	24.68
9	Balotra MB	3	-	-	-	3	220.36	99.84	99.84	-	-
10	Suratgarh MB	10	1	12.82	12.82	6	237.62	175.29	188.11	3	23.76
11	Rawatbhata MB	4	2	88.63	97.19	2	128.25	61.57	158.76	-	-
12	Anoopgarh MB	6	-	-	-	6	420.69	166.11	166.11	-	-
	Total	75	25	820.33	933.92	40	2,271.93	1,614.13	2,548.05	10	246.32

Source: Information provided by Chief Town Planner, Rajasthan, Jaipur in Progress reports (up to March 2009) of IDSMT scheme.

It was observed that in the test checked 12 projects in 12 MBs/UIT, 75 schemes were sanctioned at a cost of Rs 33.38 crore during 1995-2003, which were required to be completed within March 2006. However, as of March 2009 none of the projects could be completed and only 25 schemes (33.33 per cent) could be completed in the stipulated period of five years after spending Rs 9.33 crore against project cost of Rs 8.20 crore whereas 10 schemes (13.33 per cent) sanctioned for Rs 2.46 crore could not be started by the concerned local bodies. This is indicative of slow progress of the projects/schemes sanctioned under IDSMT scheme. Non-completion of projects in prescribed time schedule led to denial of the scheme's benefits of economic growth and employment to the people of these towns, besides possibility of cost overrun.

4.1.8.2 Short/ delayed release of funds

(a) As per GOI sanctions, State Government was required to release its matching share along with Central assistance to the implementing agencies within one month for execution of the approved projects.

It was observed that:

(i) State Government did not release its share of Rs 2.24 crore⁵ to seven test checked local bodies and instead, directed them (between February 1997 and November 2002) to contribute the amount out of the grant received by them in lieu of octroi abolished by Government or from their own resources. This led to extra financial burden on the already financially deprived ULBs.

(ii) Grants of Rs 10.06 crore (Central share: Rs 7.31 crore and State share: Rs 2.75 crore) were released (February 1997- March 2006) by State

5. Balotra : Rs 0.13 crore, Bikaner: Rs 1.37 crore, Hanumangarh: Rs 0.01 crore, Nokha: Rs 0.09 crore, Pratapgarh: Rs 0.13 crore, Shahpura: Rs 0.21 crore and Suratgarh: Rs 0.30 crore.

Government in the Personal Deposit (PD) Accounts (non-interest bearing) of 12 implementing local bodies⁶ with delay of one to 23 months; and

(iii) State share of Rs 20.34 lakh was released (March 2002) to MB, Hanumangarh with a delay of 13 months which was lying unutilised in the PD Account of MB due to the condition imposed (March 2002) on withdrawal of the amount of State share with the prior permission of Finance Department. The MB informed (May 2009) that it was awaiting permission of Finance Department for transfer of money from PD account to the Scheme Account.

(b) Seven local bodies belatedly transferred (August 1996-August 2005) funds of Rs 6.79 crore⁷ from their PD accounts to the saving bank accounts of the Scheme with delays of one to 40 months.

Non/short release/delayed transfer of funds to the implementing agencies/ Scheme accounts not only affected the implementation of the projects adversely but also resulted in loss of interest of Rs 28.17 lakh to the Scheme funds which could have been utilised as additional resources to meet the cost overrun by the projects.

4.1.8.3 Release of grants at the fag end of the financial year

Grants of Rs 6.91 crore were released by the State Government at the fag end i.e. during the month of March of the respective financial years 1995-2006 making it difficult for the implementing local bodies to spend the money during the financial year itself. Non-availability of funds throughout the year affected the *pro rata* progress of works leading to delay in completion of projects.

4.1.8.4 Diversion of funds

The scheme funds were required to be utilised for implementation of the IDSMT projects/schemes for which these were released.

It was observed that in contravention of guidelines:

(i) 10 local bodies⁸ spent Rs 4.73 crore either on unapproved works/activities or on those not covered under the Scheme e.g. advertisement, legal charges, stationery and printing, acquisition of land, investment in Fixed Deposit Receipts (FDRs), etc.

6. Anoopgarh: Rs 0.75 crore, Balotra: Rs 1.09 crore, Bikaner: Rs 3.13 crore, Deshnok: Rs 0.60 crore, Hanumangarh: Rs 0.16 crore, Jaisalmer: Rs 0.94 crore, Kapasan: Rs 0.41 crore, Nokha: Rs 0.41 crore, Pratapgarh: Rs 0.20 crore, Rawatbhata: Rs 0.30 crore, Shahpura: Rs 0.87 crore and Suratgarh: Rs 1.20 crore.

7. Balotra: Rs 0.97 crore, Deshnok: Rs 0.41 crore, Hanumangarh: Rs 1.50 crore, Jaisalmer: Rs 0.96 crore, Kapasan: Rs 0.80 crore, Nokha : Rs 1.41 crore and Shahpura: Rs 0.74 crore.

8. Anoopgarh (Rs 24.22 lakh), Balotra (Rs 170.89 lakh), Bikaner UIT (Rs 147.50 lakh), Hanumangarh (Rs 17.16 lakh), Kapasan (Rs 68.21 lakh), Nokha (Rs 6.22 lakh), Pratapgarh (Rs 0.62 lakh), Rawatbhata (Rs 34.24 lakh), Shahpura (Rs 2.30 lakh) and Suratgarh (Rs 2.13 lakh).

(ii) Scheme funds of Rs 88.75 lakh were diverted for temporary investments in FDRs/ Post Office or for incurring expenditure on other works by four MBs for seven to 19 months, which resulted in loss of interest of Rs 3.09 lakh as detailed below:

(Rupees in lakh)

Name of Municipal Board	Nature of diversion	Amount diverted	Period of diversion	Loss of interest	Remarks (Reasons of diversion/loss of interest)
Jaisalmer	Loan by MB	10.00	December 1996 to August 1997 (9 months)	0.29	To meet expenditure on other works.
Pratapgarh	FDRs	17.54 1.21	September 2002 to May 2003 (9 months) August 2003 to February 2004 (7 months)	0.44	FDRs of Rs 17.54 lakh and Rs 1.21 lakh which had matured in December 2002 and December 2003 respectively, but amounts were withdrawn in May 2003/ February 2004 after delays of one to four months.
Rawatbhata	Loan by MB	25.00 25.00	June 2005 to April 2006 (11 months) June 2005 to May 2006 (12 months)	1.53	For payment of cost of land to Irrigation Department.
Shahpura	Investment in Small Saving Scheme in the Post Office	10.00	December 1997 to August 1999 (19 months)	0.83	Investment in small saving scheme in the Post Office. Interest earned from the Small Saving Scheme was not credited to the IDSMT scheme fund.
Total		88.75		3.09	

4.1.8.5 Non- maintenance of separate books of accounts/ bank account

Scheme funds were to be credited to a separate bank account to be operated jointly by the Chief Executive of the local body and Chief Town Planner or an officer designated by the State Government. Separate books of accounts for Central assistance, State share and Institutional finance were also to be maintained by the local bodies in respect of the approved projects and these were not to be mixed up with any other funds.

It was observed that UIT, Bikaner received (February 1997 to October 2002) Rs 4.50 crore (Central assistance: Rs 2.70 crore; State share: Rs 1.80 crore) for implementation of the IDSMT project, but in contravention of guidelines, the funds were kept in PD account by the local body instead of opening a separate

account due to which the actual financial status of schemes could not be ascertained.

4.1.8.6 Loss of interest due to parking of funds in current bank accounts

As per guidelines of the scheme, the funds were required to be kept in saving bank account. However, MBs, Deshnok and Suratgarh kept the scheme funds in current bank accounts during July 1998 to March 2009 and January 2003 to March 2009 respectively. This resulted in loss of interest of Rs 8.19 lakh (Deshnok: Rs 3.42 lakh and Suratgarh: Rs 4.77 lakh), which could have accrued in saving bank account and used as additional resources for developmental works in scheme.

On being pointed out, both the MBs stated (June 2006) that action would be taken for opening the saving bank accounts, but no action was taken up till May 2009, in this regard.

4.1.9 Programme implementation

Projects under IDSMT envisaged development of selected 42 small and medium towns by improving infrastructural and residential/commercial facilities with a view to enhancing their capacity to attract private investment thereby reducing migration of people of these towns to bigger cities and towns for jobs. However, in the test checked 12 MBs/UIT, it was seen that while formulating project reports no yardsticks were prescribed to ascertain the migration of people of these towns to big urban cities. Hence no specific survey was conducted to know the number of persons of these small and medium towns who had actually migrated to big urban centres.

4.1.9.1 Unfruitful expenditure on incomplete works

(i) The scheme guidelines provide that in cases where the land is not readily available, advance action should be initiated by the local body of city/town concerned before drawing IDSMT project proposals and the stage of acquisition of land should be indicated in the project report. The title of land should be clear and without dispute. It was observed that construction of ring road by MB, Nokha was lying incomplete after incurring an expenditure of Rs 5.20 lakh out of Rs 23.17 lakh during 1998-99 to June 2003 for want of acquisition of 1,778 metres private land (May 2009). This resulted in unfruitful expenditure of Rs 5.20 lakh on the scheme.

(ii) The UIT, Bikaner and MB Jaisalmer awarded (August 1997 to March 1998) three works for Rs 26.00 lakh to contractors for construction of *nallah*, boundary wall of park and footpath. However, the works were left incomplete after incurring expenditure of Rs 11.59 lakh⁹ as (i) the local residents protested because of their plots on the sides of *nallah*, (ii) there was unauthorised possession by slum dwellers in the park and (iii) abandoning of work by

9. UIT, Bikaner (two works : Rs 10.62 lakh) and MB, Jaisalmer (one work : Rs 0.97 lakh).

contractor. Thus, Rs 11.59 lakh spent on works lying incomplete for more than 10 years proved unfruitful (May 2009).

On being pointed out (May 2006), UIT Bikaner, MBs Jaisalmer and Nokha did not furnish any reply.

4.1.9.2 Idle expenditure on infrastructure works

(A) Construction of bus stands

(a) Shahpura (Bhilwara district)

With a view to shift the present bus stand situated in the congested area of Shahpura town, MB Shahpura proposed to construct a bus stand with 88 shops at Deoli Road under IDSMT scheme, which was approved (1995-96) by TCPO at a cost of Rs 78.91 lakh (Bus stand: Rs 47.92 lakh and shops: Rs 30.99 lakh). Sale proceeds of 88 shops were estimated at Rs 1.57 crore. Subsequently on being proposed by the MB, Urban Development Department of State Government approved (November 1997) the change in the site of bus stand from Deoli Road to Bhilwara Road. The work of construction of bus stand at changed site initially awarded (August 1998) by MB, Shahpura to *Avas Vikas Sansthan (AVS)*, Bhilwara was completed (May 2005) (with 6 shops) by Rajasthan Housing Board, Bhilwara due to liquidation of AVS in March 1999 at a total cost of Rs 84.61 lakh. However, the newly constructed bus stand, though inaugurated in May 2005 could not be made operational (April 2009) as it was constructed two km away from the main town. Since the bus stand was constructed without the consent of Rajasthan State Road Transport Corporation (RSRTC) buses were still being operated from the old bus stand. Thus, defective planning by MB resulted in idle expenditure of Rs 84.61 lakh on construction of bus stand and six shops, besides loss of projected income of Rs 1.57 crore (from sale of 88 shops) to the scheme funds thereby defeating the purpose of shifting of the present bus stand outside the congested area.

On being pointed out, MB Shahpura informed (April 2009) that as the bus stand was constructed away from present bus stand, the public was being prepared mentally and action for using the bus stand was being taken on priority.

(b) Suratgarh (Sriganganagar district)

A bus stand was constructed at Suratgarh town at a cost of Rs 81.27 lakh against the approved cost of Rs 76.50 lakh (2001-02) with a projected income of Rs 9.96 lakh to be received from sale of plots/shops developed under IDSMT Scheme. The bus-stand was being operated by RSRTC without pre-settlement of terms and conditions regarding parking charges and rent of bus stand between Local Self Government Department and RSRTC. This had resulted in non-realisation of the revenue from these sources. Executive Officer (EO), MB, Suratgarh intimated (May 2009) that action was being taken to handover the bus stand to RSRTC.

(B) Residential/commercial schemes

Under three IDSMT projects (Balotra, Deshnok and Shahpura) test checked, five residential/commercial schemes (to be completed in three years) were approved (1995-2001) to be developed at a cost of Rs 1.99 crore and income from disposal of 873 residential and 146 commercial plots was estimated at Rs 3.94 crore. It was, however, observed that though Rs 1.66 crore was spent during 1996-97 to 2008-09 by the concerned MBs on development works such as construction of internal roads, laying of pipeline, installation of electric line, etc., only 33 residential plots were disposed out of 873 and 09 commercial plots could be disposed out of 146 till March 2009, due to non-participation of bidders, high reserve price and dispute over land etc. This deprived the MBs of the targeted income, besides resulting in deterioration of the executed works and idling of expenditure as detailed below:

(Rupees in lakh)

Name of project	Name of scheme	Approved cost	Residential plots		Commercial Plots		Income From Plots		Expenditure
			Proposed	Sold	Proposed	Sold	Proposed	Receipts	
Balotra	Residential scheme	86.53	435	-	24	-	150.23	-	94.31
Deshnok	(i) Residential scheme on Bikaner - Nagaur road	31.00	96	-	-	-	60.04	-	31.84
	(ii) commercial schemes at Bikaner-Nagaur Road	21.20	-	-	72	9	34.41	2.86	22.90
Shahpura	Gokul Lal Asawa Nagar								
	(i) Sector 'A'	24.56	102	33	-	-	46.52	15.72	8.51
	(ii) Sector 'B'	35.68	240	-	50	-	102.58	-	8.10
	Total	198.97	873	33	146	9	393.78	18.58	165.66

On being pointed out, while no reply was furnished by MB Balotra, MBs Deshnok and Shahpura stated (June 2006 and May 2009) that auctions were organized from time to time, but only 33 residential plots (Shahpura) and nine commercial plots (Deshnok) could be sold realising only Rs 18.58 lakh (4.72 per cent) due to non-participation by residents of the town/bidders. This indicated improper selection of sites for the residential/ commercial schemes or preparation of the schemes without actual requirements resulting in unfruitful expenditure of Rs 1.66 crore and deprivation of the envisaged income of Rs 3.75 (Rs 3.94 crore - Rs 0.19 crore) crore to the Scheme funds.

(C) Hotel complex

A project approved (1995-96) at a cost of Rs 2.72 crore for Jaisalmer under IDSMT included sanction of Rs 87.00 lakh for development of infrastructure for a hotel complex in an area of 30 acre at Barmer road. The developmental works were to be completed by 2001. The proposals envisaged development of 14 plots with expected sale return of Rs 5.97 crore. It was observed that though auctions were arranged many times but due to non-participation of bidders the sale could not materialise. Subsequently, at the instance of CMC, the Sr. Town Planner, Jodhpur submitted the revised plan (June 2001) which

envisaged development of facilities like road, LT line, *nallah* etc. It was further seen (May 2009) that an expenditure of Rs 1.06 crore was incurred on these works and 14 plots were fragmented into 217 plots of small size with a view to attract bidders. However, only 18 plots could be sold for Rs 4.59 crore and 199 plots remained unsold up to May 2009. Thus, due to lack of proper planning, the MB was not able to generate the targeted revenue to be realised from this project and further the object of tourism promotion and infrastructure development could not be achieved.

4.1.9.3 Irregular/excess expenditure over the approved cost

Expenditure on execution of works (schemes) should not exceed the costs approved in the project in respect of the concerned town. It was observed that out of test checked 12 MBs/UIT, nine MBs irregularly incurred excess expenditure of Rs 3.49 crore¹⁰ on execution of the schemes/works. As a result of excess expenditure the other schemes under the project remained incomplete/under progress/could not be taken up.

On being pointed out the EOs of the concerned MBs/UIT stated (June 2006 and March 2009) that the excess expenditure was got approved in the meetings of CMCs. The reply is not tenable, as incurring excess expenditure on works/activities against the scheme guidelines had adversely affected other components of the project resulting in non-completion of project.

4.1.10 Execution of works- Extra avoidable expenditure due to unnecessary re-invitation of tenders

Construction of a community hall was approved (1995-96) at a cost of Rs 18.60 lakh under IDSMT project in Pratapgarh town. Tenders for this work were invited (September 1996) by MB Pratapgarh and as the lowest rate of tenderer "A" at 19 *per cent* below Schedule 'G' of Rs 9.90 lakh based on BSR 1993 was considered unworkable, second lowest tenderer "B" who had offered 26 *per cent* above Schedule 'G' aggregating Rs 12.47 lakh was directed (October 1996) to deposit five *per cent* performance guarantee before issuing the work order. The contractor's request for deducting performance guarantee from his first running bill though acceptable in accordance with the condition No.7 of NIT¹¹, was turned down by CMC and fresh tenders (based on BSR 1996) were invited in April 1997. The work order for Rs 14.92 lakh at 12.99 *per cent* above Schedule 'G' (Rs 13.20 lakh) was issued (August 1997) to the lowest tenderer "C". It was noticed that in this case, the amount of performance guarantee was deducted from the first running bill. Thus, rejection of the second lowest tenderer "B" merely due to non-depositing of performance guarantee was unjustified resulting in extra avoidable expenditure of Rs 2.45 lakh (Rs 14.92 lakh minus Rs 12.47 lakh).

10. Anoopgarh (Rs 4.62 lakh), Deshnok (Rs 2.54 lakh), Jaisalmer (Rs 52.72 lakh), Kapasan (Rs 20.84 lakh), Pratapgarh (Rs 20.18 lakh), Shahpura (Rs 5.70 lakh), Suratgarh (Rs 4.77 lakh), Balotra (Rs 94.47 lakh) and Bikaner (Rs 143.38 lakh).

11. Also clause 7 of contract prescribed in Appendix-XI of Public Works Finance and Accounts Rules.

4.1.11 Monitoring and evaluation

The overall monitoring and evaluation of the Scheme was to be carried out by TCPO and its officers were also required to conduct inspections of the IDSMT projects. The SLMC under the chairmanship of Principal Secretary, Urban Development Department and the CMC set up under the Chairmanship of District Collectors for proper co-ordination, monitoring and evaluation of the programme and to review the progress, were required to meet once in every three months¹². The SLMC met only eight times¹³ during 2003-09 instead of twenty four times. Therefore, main objective of periodical monitoring of the progress of fund mobilisation and implementation of various projects taken up under the scheme could not be regularly done by SLMCs. Besides, CMCs also failed in watching the progress of work and timely completion of works due to which all 42 projects sanctioned under IDSMT could not be completed fully. Evaluation of the Scheme was not conducted by any agency.

Relevant records/information regarding number of inspections conducted by the concerned officers of TCPO/TPD and pre/post IDSMT data sought by Audit from Chief Town Planner, Jaipur were not furnished due to which the status of monitoring and evaluation of the IDSMT projects could not be ascertained.

4.1.12 Conclusion

Under IDSMT projects mainly residential/commercial/infrastructural facilities were to be developed for economic growth and providing employment opportunities so as to arrest immigration of people from rural areas to smaller towns and large cities. However, as of March 2009, out of 242 schemes (56 residential, 58 commercial and 128 infrastructural schemes) for 42 MBs/UIT only four residential (seven *per cent*), six commercial (10 *per cent*) and 28 infrastructural (22 *per cent*) were completed which resulted in denial of schemes benefits of economic growth and employment to the people of these towns.

None of the 42 projects sanctioned under IDSMT scheme could be completed fully during a period of more than one decade (1995-2005) despite incurring an expenditure of Rs 48.76 crore. As against required institutional finance of Rs 13.27 crore for 12 towns, only Rs 5.70 crore (43 *per cent*) could be contributed by the local bodies. This resulted in non-completion of the projects within the scheduled time. While some works were lying incomplete, some of the remunerative assets created were lying unutilised/undisposed off.

Specific study was not done by the State Government so far to quantify the number of persons of the small and medium towns who had actually been prevented from migrating to large urban centres.

12. SLMC meeting dated 9 December 2002 (Agenda item No. 10.3).

13. Dated 6 March 2003, 12 October 2004, 18 January 2005, 8 June 2005, 25 October 2005, 28 February 2006, 21 August 2006 and 20 February 2009.

AUDIT OF TRANSACTIONS

4.2 Non/short realisation of revenue

Loss due to non-recovery of compensation and risk and cost amount from contractors

Municipal Board, Sawai Madhopur failed to recover compensation and risk and cost amounting to Rs 13.05 lakh from defaulting contractors.

Rule 43 of Rajasthan Municipal Accounts Rules, 1963 envisage adopting the same procedure as adopted in the Public Works Department of the State Government for invitation of tenders, execution of works etc. in municipalities. Conditions of Notice Inviting Tender (NIT) prescribed in Public Works Financial and Accounts Rules stipulate that if any contractor whose tender has been accepted does not execute agreement or start the work or does not complete the work and work has to be put to retendering, Earnest Money/Security Deposit/Performance Guarantee should be forfeited and other action as specified in the agreement should be initiated. Further, clauses 2 and 3(c) of conditions of contract agreement provide for recovery of 10 *per cent* compensation of contracted work remaining unexecuted and execution of work through another contractor at the risk and cost of the original contractor.

Test check (April 2006) of records of Municipal Board (MB), Sawai Madhopur for the period 2003-06 revealed that seven works awarded (December 2004 and February 2005) to three contractors for Rs 47.14 lakh were not started by them. Consequently, the works after retendering had been allotted (February - April 2005) to other contractors at a cost of Rs 56.53 lakh. While the MB forfeited the Earnest Money of Rs 1.05 lakh belonging to defaulting contractors, the compensation of Rs 3.66 lakh (Rs 4.71 lakh - Rs 1.05 lakh) and risk and cost amount of Rs 3.40 lakh (in respect of five works) from the original contractors as per provisions of clause 2 and 3 (c) of contract agreement (*Appendix-IX*) had not been recovered. Further, due to failure of the department in observing due formalities in respect of two works (S. No. 6 and 7 of *Appendix-IX*), recovery of Rs 5.99 lakh leviable against the contractors under clause 3 of the agreements is doubtful as agreements were not got executed before issuing work orders to the contractors.

On being pointed out (April 2006), the MB stated (June 2008 and April 2009) that recovery notices were issued (December 2007) to the defaulters. However, the recovery had not been effected (April 2009).

Thus, failure of MB, Sawai Madhopur to recover the due amount from defaulting contractors for breach of contracts and also to execute the agreements before awarding the works, led to non-recovery of Rs 13.05 lakh from contractors and consequential loss to the MB.

The matter was referred to Government in June 2006; reply has not been received (September 2009).

4.3 Blocking of funds/unfruitful expenditure

Improper/non-utilisation of assets created for specific purposes

Two Working Women hostels and two 'Ren Baseras' completed during 1989-2003 at a cost of Rs 51.76 lakh have never been put to use for the intended purposes.

Test check of records of Municipal Councils (MCs), Beawar (August 2004) and Ajmer (October 2005) and Municipal Corporation, Jodhpur (MCJ) (July 2006) revealed that two working women hostels and two *Ren Baseras* constructed at a cost of Rs 51.76 lakh to provide secure accommodation to working women and shelter to urban poor in winter and rainy seasons respectively were never put to use for the intended purposes since its construction as detailed below:

S. No.	Name of Municipal Corporation/ Council	Name of building	Month of Administrative and Financial sanction (amount)	Month of completion (cost)	Status of use
1.	Municipal Corporation, Jodhpur	<i>Ren Basera</i> at Kabir Nagar	October 1989 (Rs 9.65 lakh)	February 2002 (Rs 10.16 lakh)	The building was never put to use for the intended purpose and is in dilapidated condition.
2.	Municipal Council, Ajmer	Working Women hostel	March and September 1999 (Rs 20.50 lakh)	July 2003 (Rs 20.30 lakh)	The hostel remained unused for want of woman residents.
		<i>Ren Basera</i> at Harijan Basti	March 1993, March 1995 and March 1999 (Rs 15.00 lakh)	June 1999 (Rs 13.59 lakh)	The <i>Ren Basera</i> was completed in June 1999 except for plastering of a portion of outer wall of first floor due to proximity of an electricity line. On this untenable pretext, the MC did not put the <i>Ren Basera</i> to the intended use.
3.	Municipal Council, Beawar	Working Women hostel	February 1987 (Rs 6.96 lakh)	November 1989 (Rs 7.71 lakh)	Though the hostel building was completed in November 1989, it was never put to use for the intended purpose for want of women residents. Meanwhile the condition of the hostel deteriorated, but could not be repaired due to financial constraints.

On referring the matter (June 2006 and August 2006), Government stated (June 2007) that building of working women hostel at Beawar had been let-out (December 2005) for four years to a *Vridhashram* (an old-age home) on annual rent of Rs 1200. The Executive Engineer, MCJ stated (May 2008) that financial and administrative sanctions has been obtained for repair work of *Ren Basera*. Commissioner, MC, Ajmer stated (June 2008) that the hostel has been allotted for running the Office of Jawahar Lal Nehru Urban Mission from May 2008 and the *Ren Basera* was being used by local people of weaker

sections of *Valmiki Samaj* of *Kacchi basti* for social works. Commissioner, MC, Beawar stated (April 2008) that the hostel building could not be utilised as no working women applied for it and it had not been repaired due to poor financial condition of the MC.

The above facts indicate that the necessity of hostels for women was not assessed before commencing their construction and sufficient efforts were not made to use the *Ren Baseras* leading to improper/non-utilisation of these buildings costing Rs 51.76 lakh for the intended purposes. This defeated the very objective of providing secure accommodation to working women and shelter to urban poor.

4.4 Non-crediting/non-depositing of amounts in prescribed account/fund

Failure to deposit statutory recoveries/contributions in the prescribed funds

In Municipal Council, Beawar and ten Municipal Boards statutory recoveries on account of General Provident Fund/Contributory Provident Fund made from salary of employees and pension contribution/gratuity contributions aggregating to Rs 1.20 crore had not been deposited in the prescribed funds for the last four to 24 years.

The Rajasthan Municipalities (Contributory Provident Fund and Gratuity) Rules, 1969 provide for depositing of subscription to GPF/CPF made from the salary of municipal employees into a separate interest bearing Personal Deposit (PD) Account every month. Similarly, municipalities are to pay every month, an amount to a PD Account, for discharging liability towards gratuity of its employees. Further, the Rajasthan Municipal Service (Pension) Rules, 1989 also provide for creation of a pension fund and depositing monthly pension contribution by all municipalities at the rates prescribed by the Government.

Test check (August 2005 - February 2006) of records of Municipal Council (MC), Beawar and ten Municipal Boards (MBs)¹⁴, for the year 1999-2005 revealed that statutory recoveries towards GPF/CPF, pension and gratuity contributions aggregating to Rs 3.39 crore¹⁵ during 1984-2005 were not deposited in the prescribed funds. This was not only contrary to rules but also resulted in loss of interest to the prescribed funds. Besides, it enhanced the risk of delay in final payments and short payments of PF, gratuity and pension at the time of retirement/death of municipal employees. On this being pointed out in audit an amount of Rs 2.19 crore¹⁶ was deposited during 2005-09 leaving an outstanding balance of Rs 1.20 crore (*Appendix-X*) for four to 24 years.

14. MB - Bhadra, Bhinder, Churu, Deeg, Gajsinghpur, Indergarh, Kishangarh-Renwal, Mandalgarh, Srivijaynagar and Todabhim.

15. GPF/CPF Rs 1.21 crore, Pension contribution Rs 1.55 crore and Gratuity Rs 0.63 crore.

16. GPF/CPF Rs 0.49 crore, Pension contribution Rs 1.29 crore and Gratuity Rs 0.41 crore.

Departmental authorities while admitting the facts stated (May 2008-July 2009) that amounts deducted from the salary of employees had not been deposited in the prescribed funds due to poor financial position of the municipalities.

Matter was reported to State Government in October 2005, October 2006 and July 2007; reply had not been received (September 2009).

4.5 Irregular expenditure/excess payments

Irregular utilisation of funds meant for pollution control/ treatment on other activities.

In disregard to Government instructions Municipal Council Bhilwara incurred an expenditure of Rs 54.23 lakh on works/activities other than pollution control in excess of prescribed limit.

The water used during processing in the textile and textile related industries in Bhilwara after getting contaminated with chemicals flows back into open and causes abnormal levels of environmental pollution. To address this problem, the State Government, (Local Self Government Department) approved (December 2001) Municipal Council, Bhilwara (Tax on Pollution Generating Trades) Rules, 2001 thereby authorising Municipal Council (MC), Bhilwara to levy tax on importer at the rate of Rs 20 per quintal of yarn, gray cloth and fibre and at the rate of 0.5 *per cent* on chemicals brought/used/sold in textile mills and cloth processing units established within the municipal areas. The State Government instructed (April 2002) MC that at least 75 *per cent* amount of tax so collected would be incurred on execution of works and activities relating to pollution control/treatment and be kept in a separate account. The rules (*ibid*) were repealed (September 2004) by the State Government.

However, the quantum of tax collected in pursuance of the Government instructions (*ibid*) and the expenditure incurred there against as revealed during test check (November 2005) of the records of MC, Bhilwara is enumerated in the table below:

(Rupees in lakh)

Year	Income from tax collection	Expenditure against tax collection	Expenditure on non-pollution control activities	Expenditure allowed for non-pollution control activities (25 <i>per cent</i> of tax collected)	Amount spent in excess (4)-(5)
1	2	3	4	5	6
2001-02	49.00	--	-		
2002-03	187.67	--	-		
2003-04	201.64	367.64	185.16 ¹⁷	130.93	54.23
2004-05	85.40	21.35			
Total	523.71	388.99	185.16¹⁸	130.93	54.23

¹⁷ The year wise segregation of the expenditure could not be ascertained as no separate accounts were maintained.

¹⁸ Purchase of escort loader (Rs 8.83 lakh), expenditure on hiring of vehicles for inspection works (Rs 1.53 lakh) and pay and allowances of staff (Rs 174.80 lakh).

It would be seen that an amount of Rs 54.23 lakh was irregularly spent on non-pollution control activities in contravention of the Government instructions (*ibid*) which in turn adversely impacted the activities aimed at controlling abnormal levels of pollution in Bhilwara.

On this being pointed out (May 2009), the Commissioner, MC, Bhilwara stated (May 2009) that there was no mention in the Government instructions (*ibid*) about the manner in which the expenditure against the income earned through tax collection was required to be incurred and accordingly this income was treated as synonymous with income from other sources. The MC, Bhilwara thus failed to interpret the explicit provision in the Government instructions (*ibid*) that restricted the expenditure on activities not related to controlling pollution to 25 *per cent* and as such the reply was not sustainable. Further, the test reports in respect of contamination level of water though called for (May 2006) were not made available to Audit. Thus, the pollution control/treatment activities so crucial for bringing down level of pollution in Bhilwara were adversely affected to the extent.

The matter was referred to the State Government in May 2006 and the State Government confirming the reply of Commissioner, MC, Bhilwara (May 2009) stated (October 2009) that there was no restriction imposed on the expenditure incurred from the income earned by way of tax on pollution generating trades. The reply is not correct, as it is contradictory to the instructions of the Government issued in this regard in April 2002.



JAIPUR,
The

(SUMAN SAXENA)
Principal Accountant General (Civil Audit), Rajasthan

Countersigned



NEW DELHI,
The

(VINOD RAI)
Comptroller and Auditor General of India

APPENDIX-I

(Refer paragraph 1.8.1; page 8)

Statement showing excess expenditure over the funds authorised/received by PRIs during 2004-05

(Rupees in lakh)

S. No.	Name of Zila Parishads/ Panchayat Samitis	Number of Heads/Schemes	Excess expenditure over allotted funds	Reply/Remarks
(A) Zila Parishads				
1.	Jaipur	15	43.01	Funds are being demanded and excess expenditure would be adjusted on receipt of funds.
2.	Bharatpur	06	32.53	Reply not furnished.
3.	Nagaur	13	24.97	Action to get the reimbursement of excess expenditure is being taken.
4.	Baran	06	13.92	Zila Parishad stated that adjustment would be done by demanding budget.
5.	Sirohi	07	26.49	Action to get the reimbursement of excess expenditure is being taken.
6.	Rajsamand	15	64.94	Reply not furnished.
7.	Sikar	06	69.26	Reply not furnished.
8.	Ajmer	05	65.17	Excess expenditure relates to previous years and action to get the amount reimbursed was being taken.
	Total A	73	340.29	
(B) Panchayat Samitis				
1.	Asind	18	86.91	Reply not furnished.
2.	Sahada	17	33.97	Excess expenditure relates to previous years which is being got reimbursed.
3.	Neemrana	21	10.94	Reply not furnished.
4.	Badi Sadri	38	45.06	Reconciliation of the annual accounts is being done.
	Total B	94	176.88	
	Grand Total (A +B)		517.17	

APPENDIX-II

(Refer paragraphs 1.8.2.1 and 1.8.2.2; page 8)

Statement showing non-refund of unspent funds of closed schemes as on 31 March 2005

(Rupees in lakh)

S. No.	Name of Zila Parishads/ Panchayat Samitis	Number of Schemes/ Heads of Accounts	Period of blockage	Amount	Remarks
(A) Zila Parishads					
1.	Jaipur	29	2 to more than 5 years	562.97	Action to refund the balance amount to Panchayati Raj Department/other departments was being taken.
2.	Nagaur	21	3 to 16 years	106.35	Reply not furnished.
	Total A	50		669.32	
(B) Panchayat Samitis					
1.	Asind	07	8 years	4.37	Reply not furnished.
2.	Raipur	14	2 to 7 years	7.34	Action to refund the funds was being taken.
3.	Neemrana	15	more than 2 years	5.53	Action to refund the funds was being taken.
	Total B	36		17.24	
	Grand Total (A+B)			686.56	

APPENDIX-III

(Refer paragraph 1.8.3; page 8)

Details of advances lying outstanding against officials as on 31 March 2009

(Rupees in lakh)

S. No.	Name of Zila Parishads/ Panchayat Samitis	Amount lying unadjusted/ unrecovered	No. of officials	Period from which outstanding	Reply/ Remarks
(A) Zila Parishads					
1	Jaipur	0.25	13	2 to 25 years	The officials have been transferred and their concerned Head of Office has been asked to recover the amount of advance.
2.	Churu	0.76	12	2 to 20 years	Action would be taken for expeditious adjustment.
3.	Jhunjhunu	0.18	03	4 to 12 years	Action was being taken for adjustment after recovery.
4.	Baran	0.55	06	3 to 15 years	Action for recovery is being taken.
5.	Sikar	0.28	04	1 to 14 years	Action for recovery is being taken.
	Total A	2.02	38		
(B) Panchayat Samitis					
1.	Riyabadi	2.92	06	2 to 9 years	Action for recovery is being taken.
2.	Mandalgarh	0.25	05	1 to 41 years	Action for recovery is being taken.
3.	Neemrana	2.88	12	1 to 13 years	Reply not furnished.
4.	Khairabad	0.03	11	22 to 46 years	Reply not furnished.
5.	Chhipabarod	5.44	17	2 to 43 years	Action for recovery is being taken.
	Total B	11.52	51		
	Grand Total (A + B)	13.54	89		

APPENDIX-IV

(Refer paragraph 2.2.2; page 31)

Statement showing the loss of revenue due to sale/allotment of land below the market price

(Rupees in lakh)

S.No.	Name of Panchayat Samitis	Number of pattas (GP)		Balance amount for		Total
		Auction cases	Non-auction cases (private negotiation)	Auction cases	Non-auction cases (private negotiation)	
1.	Dudu	10 (1)		3.15		
2.	Bandikui	24 (1)		25.00		
3.	Badi Sadri	19 (2)	15 (1)	4.18	6.79	
4.	Bansur		2 (2)		0.19	
5.	Mundawar		135 (9)		44.55	
6.	Kathumar		70 (6)		23.57	
7.	Malpura		45 (7)		30.46	
8.	Sangod		29 (3)		16.87	
9.	Jawaza		16 (1)		2.66	
10.	Bhadra		24 (1)		2.14	
11.	Nainwa		7 (1)		2.64	
12.	Bamanwas		13 (1)		5.62	
13.	Phalodi		1 (1)		0.15	
14.	Bhadesar		38 (1)		18.71	
15.	Balotra		105 (2)		111.64	
16.	Hanumangarh		22 (1)		22.53	
	Total	53 (4)	522 (37)	32.33	288.52	320.85
			Amount recovered	2.26	11.08	13.34
			Total amount as per market value	34.59	299.60	334.19

Grand Total of PS: 16, GPs: 40, Cases: 575 and loss Rs 320.85 lakh

* Note: GP, Badi Sadri is common in both type of cases, hence total GPs are 40 instead of 41.

APPENDIX-V

(Refer paragraph 3.1; page 41)

Statement showing devolution of functions to Urban Local Bodies

A. Functions fully devolved to ULBs

- (i) Regulation of land use and construction of buildings.
- (ii) Slum improvement and upgradation.
- (iii) Urban poverty alleviation.
- (iv) Burials and burial grounds etc.
- (v) Vital statistics including registration of births and deaths.
- (vi) Public amenities including street lighting, parking lots etc.
- (vii) Regulation of slaughter houses.
- (viii) Planning for economic and social development.
- (ix) Roads and bridges.
- (x) Public health and solid waste management.
- (xi) Fire Services.
- (xii) Urban forestry, protection of the environment and promotion of ecological aspect.
- (xiii) Provision of urban amenities and facilities such as parks, gardens and play grounds.
- (xiv) Safeguarding the interests of weaker sections of society including the handicapped and mentally retarded.
- (xv) Promotion of cultural, educational and aesthetic aspects.
- (xvi) Prevention of cruelty to animals.

B. Functions yet to be devolved to ULBs

- (i) Urban planning including town planning.
- (ii) Water supply for domestic, industrial and commercial purposes.

APPENDIX-VI

(Refer paragraph 3.6.1; page 51)

Differences between balances as per Cash Books and PD/Bank Pass Books lying un-reconciled

(Rupees in lakh)

S. No.	Name of MBs	PD/Bank Account No.	Balances as on 31 March 2005 as per			Remarks/reasons
			Cash Book	PD/Bank Pass Book	Difference	
1.	Takhtgarh	-	30.13	34.10	3.97	Reconciliation is being done.
2.	Sumerpur	-	57.91	54.24	3.67	Action was being taken to reconciliation the difference.
3.	Merta City	PD A/c Head 8338	13.64	31.59	17.95	Reconciliation will be done and intimated to Audit.
		PD A/c Head 8448	108.17	112.10	3.93	
		CBI A/c	0.14	-	0.14	
		SBBJ A/c No. 11492 (NSDP)	7.69	7.83	0.14	
					22.16	
4.	Bayana	-	2.06	6.39	4.33	Difference attributed to non-payment of cheques and charging of bank commission but details of cheques and bank commission not made available.
5.	Taranagar	PD A/c Head 8338	3.64	3.79	0.15	Reconciliation will be done and intimated to audit.
		Gen Cash Book	8.20	3.50	4.70	
		SJSRY Cash Book	4.13	5.50	1.37	
		NSDP Cash Book	2.33	2.35	0.02	
					6.24	
6.	Dholpur	SBBJ	6.78	6.87	0.09	No reply furnished.
		PNB	0.62	0.77	0.15	
		PNB A/c No. 2512	0.93	0.80	0.13	
		SBI	0.09	0.80	0.71	
					1.08	
	Grand Total				41.45	

APPENDIX-VII

(Refer paragraph 3.6.2; page 51)

Details of excess expenditure over sanctioned budget during 2004-05

(Rupees in lakh)

S. No	Name of ULBs	Amount involved			Number of heads/items	Remarks/Reply
		Expenditure	Approved budget	Excess expenditure		
Municipal Boards						
1.	Nathdwara	64.58	43.89	20.69	15	Excess expenditure will be got regularised.
2.	Rajakhera	25.22	11.58	13.64	17	Excess expenditure will be got regularised by obtaining competent sanction.
3.	Kapasan	17.21	5.29	11.92	5	Matter has been sent to Dy. Director (Regional) for regularisation of excess expenditure.
4.	Jhalara-patan	32.25	17.74	14.51	9	Excess expenditure will be got regularised.
5.	Jaitaran	80.54	51.26	29.28	26	Excess expenditure will be got regularised.
6.	Sangod	60.19	48.35	11.84	8	Excess expenditure will be got regularised.
7.	Pushkar	27.73	22.00	5.73	5	Excess expenditure will be got regularised.
Grand Total		307.72	200.11	107.61		

APPENDIX-VIII

(Refer paragraph 3.6.3; page 51)

Statement showing details of outstanding advances

(Rupees in lakh)

S. No.	Name of MBs	Contractors/suppliers		Employees/individuals		Government Department/undertakings/institutions		Total		Period	Years
		No.	Amount	No.	Amount	No.	Amount	No.	Amount		
1.	Navalgarh	01	8.50	08	0.19	08	1.13	17	9.82	9/73 to 9/05	4 to 35
2.	Aklera	NA	4.00	NA	1.21	-	-	NA	5.21	5/03 to 10/03	06
3.	Nimbahera	07	1.97	05	0.27	26	6.93	38	9.17	10/73 to 11/04	05 to 35
4.	Jhunjhunu	05	2.33	05	0.32	09	3.51	19	6.16	8/79 to 5/05	04 to 29
5.	Khetri	02	3.45	21	2.13	02	0.28	25	5.86	2/73 to 3/04	06 to 36
6.	Rawatbhata	-	-	10	1.33	01	0.05	11	1.38	3/04 to 3/05	04 to 05
7.	Mundawa	-	-	36	1.48	-	-	36	1.48	5/88 to 2/98	11 to 21
	Grand Total	15	20.25	85	6.93	46	11.90	146	39.08		

APPENDIX-IX

(Refer paragraph 4.2; page 70)

Statement showing the details of non-recovery of compensation and risk and cost amount on account of re-tendering of works

(Amount in Rupees)

S. No.	Name of contractors	Name of works	Work order amount	Percentage of TP below/ above	Schedule 'G' amount	Percentage of TP below/ above on account of re-tendering	Amount of work order on re-invitation of tenders	Amount of 10 per cent compensation recoverable under clause 2	Recovery due under clause 3(c) (Column 8-4)	Total amount recoverable (Column 9+10)	Amount forfeited i.e. 2 percent E.M.	Net amount recoverable (Column 11-12)
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
1.	M/s Ravindra Kumar Raiger	Construction of <i>Nallah</i> from Tikalani house to Shambhu Dayal's House via Prithi Raj's House	3,71,425	10.50 below	415000	7.21 above	4,44,921	37,143	73,496	1,10,639	8,300	1,02,339
2.	M/s Man Mohan Gautam	Repair of Ranthombhore Chauraha and construction of circle	4,47,000	10.60 below	500000	5 above	5,25,000	44,700	78,000	1,22,700	10,000	1,12,700
3.	M/s Man Mohan Gautam	Construction of road divider between Police Line at Hamir Pulia	7,40,690	12.86 below	850000	1.11 below	8,40,565	74,069	99,875	1,73,944	17,000	1,56,944
4.	M/s Man Mohan Gautam	Construction of road divider between Truck Union Chauraha to Bus Stand	6,11,800	12.60 below	7,00,000	1.11 below	6,92,230	61,180	80,430	1,41,610	14,000	1,27,610

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S. No.	Name of contractors	Name of works	Work order amount	Percentage of TP below/ above	Schedule 'G' amount	Percentage of TP below/ above on account of re-tendering	Amount of work order on re-invitation of tenders	Amount of 10 per cent compensation recoverable under clause 2	Recovery due under clause 3(c) (Column 8-4)	Total amount recoverable (Column 9+10)	Amount forfeited i.e. 2 percent E.M.	Net amount recoverable (Column 11-12)
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
5.	M/s Radhey Shyam Chandel	Construction and repair of road from Surendra Cycle Store to Durga Mandir	1,72,000	14.70 below	2,00,000	9.86 below	1,80,280	17,200	8,280	25,480	4,000	21,480
		Total	23,42,915		26,65,000		26,82,996	2,34,292	3,40,081	5,74,373	53,300	5,21,073
6.	M/s Man Mohan Gautam	Construction of Nallah from Chhogani Hotel to Sharma Hotel, either side of road ⁺	12,19,960	12.86 below	14,00,000	4.99 above	14,69,860	1,21,996	2,49,900	3,71,896	28,000	3,43,896
7.	M/s Man Mohan Gautam	Widening and repair of road from Mahaveer park to Hamir Pulia [*]	11,50,800	4.10 below	12,00,000	24.99 above	14,99,880	1,15,080	3,49,080	4,64,160	24,000	4,40,160
		Total	23,70,760		26,00,000		29,69,740	2,37,076	5,98,980	8,36,056	52,000	7,84,056
		G. Total	47,13,675		52,65,000		56,52,736	4,71,368	9,39,061	14,10,429	1,05,300	13,05,129

* Agreements were not executed.

APPENDIX-X

(Refer paragraph 4.4; page 72)

Statement showing deductions made from employees' salary on account of GPF/CPF, Pension and Gratuity but not deposited in prescribed funds

(Rupees in lakh)

S. No.	Name of ULBs	Amount of GPF/CPF / Pension/ Gratuity outstanding up to 2004-05	Amount of GPF/CPF/ Pension/ Gratuity recovered at the instance of audit	Amount of GPF/CPF/ Pension/ Gratuity still to be deposited in prescribed funds						Reply of the ULBs
				Employees' contribution (GPF/CPF)	Employers' contribution		Total	Duration/ period to which deductions relate		
					Pension	Gratuity		Period	Duration	
1	2	3	4	5	6	7	8	9	10	11
(A) Municipal Council										
1.	Beawar	68.33	68.33	-	-	-	-	-	-	-
(B) Municipal Boards										
1.	Bhinder	20.36	20.36	-	-	-	-	-	-	-
2.	Deeg	86.00	15.00	60.00	11.00	-	71.00	NA	NA	Amount not deposited due to weak financial condition.
3.	Indergarh	10.85	9.62	-	-	1.23	1.23	Upto 03/2005	More than 4 years	Amount not deposited due to weak financial condition.
4.	Mandalgarh	16.20	12.94	-	-	3.26	3.26	2/2000 to 3/2005	4 to 9 years	Amount not deposited due to weak financial condition.
5.	Churu	28.89	28.89	-	-	-	-	-	-	-
6.	Srivijaynagar	29.09	22.79	-	6.30	-	6.30	1996-97 to 2004-05	4 to 12 years	Amount not deposited due to weak financial condition.

S. No.	Name of ULBs	Amount of GPF/CPF / Pension/ Gratuity outstanding up to 2004-05	Amount of GPF/CPF/ Pension/ Gratuity recovered at the instance of audit	Amount of GPF/CPF/ Pension/ Gratuity still to be deposited in prescribed funds						Reply of the ULBs
				Employees' contribution (GPF/CPF)	Employers' contribution		Total	Duration/ period to which deductions relate		
					Pension	Gratuity		Period	Duration	
1	2	3	4	5	6	7	8	9	10	11
7.	Kishangarh Renwal	12.19	12.19	-	-	-	-	-	-	-
8.	Bhadra	54.90	27.36	10.38	-	17.16	27.54	10/1987 to 8/2001	7 to 21 years	Amount not deposited due to weak financial condition.
9.	Gajsinghpur	3.77	2.02	1.75	-	-	1.75	10/1984 to 7/2003	5 to 24 years	Amount not deposited due to weak financial condition.
10.	Todabhim	8.63	-	-	8.63	-	8.63	10/1987 to 3/2004	5 to 21 years	Amount not deposited due to weak financial condition.
Total		339.21	219.50	72.13	25.93	21.65	119.71			

APPENDIX-XI
Glossary of Abbreviations

ACEO	:	Additional Chief Executive Officer
ADB	:	Asian Development Bank
AG	:	Accountant General
AVS	:	Awas Vikas Sansthan
BPL	:	Below Poverty Line
CAD	:	Command Area Development
CARISMA	:	Computerisation Automation Refinement of Integrated System of Management and Accounts
C&AG	:	Comptroller and Auditor General of India
CEO	:	Chief Executive Officer
CLIS	:	Community Lift Irrigation Scheme
CPF	:	Contributory Provident Fund
CSS	:	Centrally Sponsored Scheme
CVH	:	Contour Vegetative Hedge
DCF	:	Deputy Conservator of Forest
DDOs	:	Drawing and Disbursing Officers
DDP	:	Desert Development Programme
DFO	:	Divisional Forest Officer
DLB	:	Director, Local Bodies
DLFAD	:	Director, Local Fund Audit Department
DLT	:	Drainage Line Treatment
DPC	:	Duties, Powers and Conditions of Service
DRDA	:	District Rural Development Agency
DWDC	:	District Watershed Development Committee
EFC	:	Eleventh Finance Commission
EOs	:	Executive Officers
FDRs	:	Fixed Deposit Receipts
FIR	:	First Information Report
GKN	:	Gramin Karya Nirdeshika
GLR	:	Ground Level Reservoir
GOI	:	Government of India
GP	:	Gram Panchayat
GPF	:	General Provident Fund
HUDCO	:	Housing and Urban Development Corporation
IDSMT	:	Integrated Development of Small and Medium Towns
IR	:	Inspection Report
JVVNL	:	Jaipur Vidhyut Vitaran Nigam Limited
LSGD	:	Local Self Government Department
LBA&A	:	Local Bodies Audit and Accounts
MADA	:	Modified Area Development Approach
MBs	:	Municipal Boards
MCs	:	Municipal Councils

MLAs	:	Members of Legislative Assembly
MLALADS	:	Member of Legislative Assembly Local Area Development Scheme
MoRD	:	Ministry of Rural Development
MPLADS	:	Member of Parliament Local Area Development Scheme
NGO	:	Non-Government Organisation
NIT	:	Notice Inviting Tender
NMAM	:	National Municipal Accounts Manual
PAG	:	Principal Accountant General
PD	:	Personal Deposit
PDR	:	Public Demand Recovery
PHED	:	Public Health and Engineering Department
PIA	:	Project Implementation Agency
PRD	:	Panchayati Raj Department
PRI	:	Panchayati Raj Institution
PS	:	Panchayat Samiti
PWD	:	Public Work Department
PUF&ARs	:	Public Works Financial and Accounts Rules
RDC	:	Rural Development Cell
RDD	:	Rural Development Department
RD&PRD	:	Rural Development and Panchayati Raj Department
RPRA	:	Rajasthan Panchayati Raj Act
RSRTC	:	Rajasthan State Road Transport Corporation
RUIFDCO	:	Rajasthan Urban Infrastructure Finance Development Corporation
SFC	:	State Finance Commission
SGRY	:	Sampoorna Grameen Rojgar Yojana
SGSY	:	Swarnajayanti Gram Swarozgar Yojana
SHG	:	Self Help Group
SLVC	:	State Level Vigilance Committee
SRSAC	:	State Remote Sensing and Application Centre
SWC	:	State Watershed Committee
SWPIRC	:	State Watershed Implementation and Review Committee
TADD	:	Tribal Area Development Department
TCPO	:	Town and Country Planning Organisation
TGS	:	Technical Guidance and Supervision
UCs	:	Utilisation Certificates
UIDSSMT	:	Urban Infrastructure Development Scheme for Small and Medium Towns
UITs	:	Urban Improvement Trusts
ULBs	:	Urban Local Bodies
VLO	:	Village Level Organisation
WDF	:	Watershed Development Fund
WDT	:	Watershed Development Team
ZP	:	Zila Parishad