

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)