

P R E F A C E

1. This report has been prepared for submission to the Government of Madhya Pradesh in accordance with terms of Technical Guidance and Supervision over the audit of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) by the Comptroller and Auditor General of India as envisaged by the Eleventh Finance Commission.
2. This report has been prepared in two Parts. Part - I deals with the observations on ULBs and Part – II with the observations on PRIs.
3. Chapter I of this Report contains a brief introduction on the functioning of ULBs; Chapter II deals with observations and comments on the accounting procedures of ULBs.
4. Chapter III of the report deals with audit observations and comments on Transfer of Functions, Functionaries and Funds; Release and utilisation of Twelfth Finance Commission Grants (TFC);
5. Chapter IV deals with execution of works; Chapter V includes observation on revenue receipts; Chapter VI includes other points of interests and Chapter VII consists of recommendations on ULBs.
6. Chapter VIII of this report contains a brief introduction on the functioning of PRIs; Chapter IX deals with observations and comments on the accounting procedures of PRIs.
7. Chapter X deals with the observations on Transfer of Functions, Functionaries and Funds; Release and utilisation of Twelfth Finance Commission Grants (TFC);
8. Chapter XI deals with execution of works of PRIs; Chapter XII consist of recommendations on PRIs.
9. The cases mentioned in the report are those, which came in to notice during course of audit of transactions/inspection of accounts relating to periods 2006-07 and earlier years.

OVERVIEW

The Report consists of two Parts. Part – I on Urban Local Bodies (ULBs) consists seven chapters and Part – II on Panchayati Raj Institutions (PRIs) consisting five chapters which contain introduction, audit comments on accounting procedures, deficiencies/lacunae in implementation of schemes, irregularities in execution of works, loss of revenue receipts and other points of interest. A synopsis of audit findings contained in the report is presented in this overview.

Part – I

URBAN LOCAL BODIES

The Structure and Finances of the Urban Local Bodies

The accrual system of accounting was made applicable from April 2008 only in 14 Municipal Corporations (MCs) and was yet to be applied in remaining ULBs.

(Paragraph 1.3.1.)

The provisions of Model Municipal Law (MML) with modification as suggested by CAG for section 93 to 96 of MML were not incorporated in the concerned Acts of ULBs.

(Paragraph 1.3.2)

The Steering Committee to see the implementation of budget and accounting formats, as suggested by the Task Force, was not formed (October 2008)

(Paragraph 1.3.3.)

The IInd State Finance Commission (SFC) recommended (December 2003) the need for building up database in respect of municipal finances which was accepted by the Government (March 2005). The Government agreed (June 2004) in principle to adopt the formats of database as prescribed by CAG but the final action for development of database was awaited (October 2008).

(Paragraph 1.3.4)

The SFC grants of Rs. 3.51 crore under the sub-component of Gandhi Basti pertaining to the year 2005-06 to 2006-07 were retained by the Directorate and lying unutilised (April 2008).

(Paragraph 1.6.4)

Accounting Procedures

Reconciliation of difference of Rs. 35.87 crore in balances of cash book and bank accounts was not done by 18 ULBs.

(Paragraph 2.2)

Non-recovery of advances of Rs. 2.62 crore from individuals of 20 Nagar Nigam/ Nagar Palika.

(Paragraph 2.3)

Non-recovery of premium of shops (Rs. 2.24 crore) and rent (0.73 crore).

(Paragraph 2.9)

Non- deduction of Labour Welfare Cess of Rs. 0.63 crore from contractors bill of construction work.

(Paragraph 2.10)

Non-realisation of Rs. 1.77 crore being loan amount and contribution from the beneficiaries for conversion of dry latrines into pour flush latrines.

(Paragraph 2.12)

Implementation of Schemes

The 74th Constitutional Amendment Act, 1992 (effected from June 1993) had defined the process of decentralisation of governance in India to empower Urban Local Bodies (ULBs). This led to transfer of functions, functionaries and funds to ULBs. Functions relating to Public Health, Education and Poverty Alleviation were not being performed by the ULBs. Functions devolved to the ULBs were being performed by the PRIs. Five thousand two hundred and fifty functionaries though stated to have been transferred to ULBs were not found actually transferred.

(Paragraph 3.1)

Interest payable to ULBs for the delay in release of TFC grants was not paid.

(Paragraph 3.2.1)

Non-utilisation of IInd instalment of TFC grants of Rs. 7.84 crore during the financial year 2006-07.

(Paragraph 3.2.2.2)

Non-fulfillment of all parameters of Solid Waste Management.

(Paragraph 3.2.3)

Execution of Works

Loss of revenue of Rs. 1.10 crore due to short collection and deposit of Terminal Tax.

(Paragraph 4.1)

Revenue Receipts

Irregular award of contract and payment of Rs. 1.11 crore for computerisation work from corporation funds.

(Paragraph 5.1)

Other Points of interest

Diversion of funds of Rs. 1.40 crore.

(Paragraph 6.1)

Part – II

PANCHAYATI RAJ INSTITUTIONS

The Structure and Finances of the Panchayati Raj Institutions

“Pancha Lekha” Software not utilised.

(Paragraph 8.4.2)

Database on finances of PRIs not developed.

(Paragraph 8.4.3)

SFC grants lying undisbursed.

(Paragraph 8.9.5)

Accounting Procedures

Non reconciliation of balances of cash book and bank accounts.

(Paragraph 9.2)

Non-refund of unspent balances of closed/ non-operational schemes.

(Paragraph 9.3)

Non utilisation of government grants.

(Paragraph 9.6)

Irregular drawal of TFC grants.

(Paragraph 9.7)

Incomplete works (1043) amounting to Rs. 19.97 crore in 19 units.

(Paragraph 9.8 (i))

Implementation of Schemes

The 73th Constitutional Amendment Act, 1992 (effected from June 1993) had defined the process of decentralisation of governance in India to empower Local Bodies upto Village level (PRIs). This led to transfer of functions, functionaries and funds to these Local Bodies. Out of 29 functions, only 8 functions were found devolved to PRIs. CEOs of ZPs accorded administrative approval for works below 5 lakh each which was within the power of the GPs. Functionaries attached to the devolved functions were not transferred to the PRIs. Budget for devolved functions was not provided in the grants prescribed for PRIs.

(Paragraph 10.1)

Other Points of interest

Unfruitful expenditure on the establishment of Dairy farm.

(Paragraph 11.2)

Blocking of funds due to non-utilisation on sanctioned works and non-sanctioning of remaining works.

(Paragraph 11.3)

PART – I URBAN LOCAL BODIES

CHAPTER – I

The Structure and Finances of the Urban Local Bodies

1.1 Introduction

1.1.1 Constitutional back ground

The 74th Constitutional Amendment envisaged a three-tier system of Urban Local bodies (ULBs) in the state which were as under:-

- A Municipal Corporation for a larger urban area
- A Municipal Council for a smaller urban area and.
- A Nagar Panchayat for a transitional area.

The ULBs Acts were modified in accordance with the 74th Constitutional Amendment. The last election for the ULBs was held during the year 2005-06.

1.1.2 Brief profile and population covered

The number of ULBs at each level as on 31 March 2007 are given below which covered 1.52 crore urban population. The urban population covers 25 per cent of the total population (6.03 crore) of the State as per 2001 census.

Category of ULBs	Number of local bodies	Average population covered (as per 2001 census)
Municipal Corporations	14	70,71,237
Municipal Councils	87	47,17,360
Nagar Panchayats	237	34,05,240
Total	338	1,51,93,837

1.1.3 Classification of ULBs

The Municipal Councils were classified into different grades based on the annual income as follows:-

Category of ULBs	Grade	Annual income	Number
Municipal Corporations	Not prescribed	--	--
Municipal Councils	AA	Above Rs. 20 lakh	5
	A ¹	Above Rs. 5 lakh but below Rs. 20 lakh	50
	B	Rs. 1 lakh and above but below Rs. 5 lakh	17
	C	Below Rs. 1 lakh	15
Nagar (Town) Panchayats	Not prescribed	--	--
			87

¹ A, B & C = Ka, Kha & Ga alphabet of Hindi language

1.2 Administrative arrangements

The over all administration of ULBs vests with the Principal Secretary to Government of Madhya Pradesh, Urban Administrative and Development Department (UADD) at Government level. The organizational structure of the Department is given in **Appendix - I**.

1.3 Accounting arrangements

1.3.1 After adopting budget and accounts format prescribed by the Task Force constituted by Comptroller and Auditor General of India (CAG) which inter alia suggested adoption of accrual based accounting by ULBs, the UADD published Madhya Pradesh Municipal Accounts Manual (MPMAM) in July 2007. However, as per orders of the UADD (July 2007) the accrual system of accounting was to be made applicable with effect from April 2008 in 14 Municipal Corporations only. The above system was yet to be made applicable in remaining ULBs.

1.3.2 Government of India (GOI) forwarded (September 2004) extracts of section 93 to 96 of Model Municipal Law (MML) along with CAG's suggestions thereon for adoption by State Government. However, no action has so far (June 2008) been taken by State Government despite repeated requests from audit.

1.3.3 As per the decisions taken in the National Seminar organised in September 2003 by the Ministry of Urban Development, a Steering Committee was to be formed in all the States to see the implementation of budget and accounting formats as suggested by the CAG's Task Force. Even after regular correspondence, the committee was not formed so far (October 2008).

1.3.4 Database on finances of ULBs

The IInd State Finance Commission (SFC) (Beyond the Fiscal Package) recommended (December 2003) the need for building up database in respect of municipal finances. This recommendation was accepted by the State Government (March 2005). The database need to be collected, compiled and maintained in standard formats as prescribed by the CAG. UADD agreed (June 2004) in principle to adopt the formats of database as prescribed by CAG but the final action for development of database was awaited (October 2008).

1.4 Audit arrangements

1.4.1 The Commissioner, Local Fund Audit (CLFA) was the statutory auditor for the audit of accounts of ULBs. Till June 2008 the Resident Audit Scheme has been made applicable in 50 ULBs including all MCs as envisaged in Chapter-VII of Local Fund Audit Manual 1981. Audit fees were being charged at prescribed rates by the CLFA. The Government of Madhya Pradesh, Finance Department (FD) decided (November 2001) that the CLFA shall work under the Technical Guidance and Supervision (TGS) of the CAG as recommended by Eleventh Finance Commission (EFC). But neither ULB

Acts were amended accordingly nor any response was given after regular correspondence (October 2008). Some other important points of audit arrangements are given below:-

1.4.2 Approval of PAG on audit plans not obtained by CLFA

The CLFA was required to prepare the audit plan in consultation with the Principal Accountant General (PAG), as a part of the TGS arrangement. However, in spite of request to the Government (April 2007 and February 2008), the audit plans of CLFA were never got approved by the PAG.

1.4.3 Non constitution of State Legislature Committee

Finance Department (FD) informed (December 2001) that the XIth Finance Commission recommended that the report of CAG relating to audit of accounts of ULBs was to be placed before Committee of the State legislature constituted on the same lines as Public Accounts Committee. In spite of request to Government by Principal Accountant General (up to October 2008) and reminder (October 2008) the Committee was yet to be constituted (October 2008).

1.4.4 Non creation of Internal Audit System

According to para 7.2 of the recommendations submitted (July 1996) by the Ist SFC and decision of the FD an Internal Audit System was to be implemented to ensure the accountability of ULBs. Such provision was also mentioned in para 2.2.1 of MPMAM for creation of internal audit department. However in test-checked MCs (Bhopal, Jabalpur and Rewa) no arrangement was made (April 2008) for internal audit.

1.5 Source of revenue

There were mainly two sources of revenue for local bodies (i) Government grants (ii) own revenues. Own revenue resources of ULBs comprise of tax and non-tax revenues realised by them. Property Tax is the major source of tax revenue. Government grants comprise of funds released by the State Government and Government of India (GOI) based on the recommendation of SFC, Eleventh & Twelfth Finance Commission (EFC & TFC) and GOI's share for various central sector schemes. Besides loans being obtained by them for implementation of various schemes relating to urban development, water supply, roads, etc.

1.6 Receipts and expenditure

1.6.1 Funds (Share of tax revenue of the state, schemes funds and grants etc.) allocated to ULBs by the State Government through budget including GOI's share of the schemes² and grants recommended by EFC & TFC were as under:-

² Schemes like: Sawran Jaynti Shari Rojgar Yojana (SJSRY), Jawaharlal Nehru National Urban Renewal Mission (JNNURM), National Urban Information System (NUIS), Integrated Slum Area Development Programme (ISADP) and Mid-day-Meal (MDM) etc.

(Rs. in crore)

Sl. No.	Year	Head of Accounts Grant Nos.	Items of Budget provisions and expenditure	Total Grant ³ (Budget Provisions)	Actual Expenditure*	Excess (+)/ Saving (-)
1.	2004-05	22,53,81,83 and 94 (Complete grant) Financial Assistance to Urban Bodies (ULBs)	State Government and GOI's Share of schemes, grants and own tax revenue (Assigned revenue) etc collected by the State Government.	1020.30	933.41	(-) 86.89
2.	2005-06	22,53,81,83 and 94 (Complete grant) Financial Assistance to Urban Bodies (ULBs)	--do--	1266.87	1177.57	(-) 89.30
3.	2006-07	22,53,68 and 81 (Complete grant) Financial Assistance to Urban Bodies (ULBs)	--do--	1891.90	1643.38	(-) 248.52

* 2004-05 Actual Expenditure: Rs. 933.41 crore (Revenue: Rs. 879.98 and Capital Rs. 53.43 crore)

2005-06 Actual Expenditure: Rs. 1177.57 crore (Revenue: Rs. 1158.12 and Capital Rs. 19.45 crore)

2006-07 Actual Expenditure: Rs. 1643.38 crore (Revenue: Rs. 1614.57 and Capital Rs. 28.81 crore)

The above figures indicate that the budget provisions increased by 46 per cent in ULBs sectors during the year 2006-07 as compared to the year 2004-05. Details of receipts of ULBs from their own sources and loans and expenditure thereagainst was not available with Directorate UADD. The Commissioner, (UADD) stated (April 2008) that the same would be collected and furnished to audit. The position of State & Central grant, own revenue realized and classification of expenditure into capital and revenue heads of the test checked ULBs (Bhopal, Jabalpur and Rewa) has been mentioned in the **Appendix –II**.

1.6.2 State Finance Commission (SFC)

FD accepted (March 2005) the recommendation of IInd SFC for devolution of 1.07 per cent of 90 per cent⁴ of state own tax revenue to ULBs. Accordingly grants released to ULBs through state budget during 2004-05 to 2006-07 were as given below:-

(Rs. in crore)

Year	Head of Accounts	Amount of own tax revenue of the state		Amount of share of own tax revenue to be allocated as per prescribed percentage (i.e. 1.07%)	Amount of share of own tax revenue (SFC grants) released to ULBs	Short fall (with percentage)
		Total ⁵	Net (After deduction of 10%)			
1	2	3	4	5	6	7
2004-05	81-3604-5866 - Financial Assistance to LB (Lump sum grant to ULBs for basic services under recommendations of SFC).	7773	6995.70	74.85	62.32	12.53 (17)
2005-06	--do--	9115	8203.50	87.77	83.14	4.63 (5)
2006-07	--do--	10473	9425.70	100.85	87.77	13.08 (13)

Reasons for shortfall were called for. FD replied (October 2008) that the required information would be furnished soon.

³ The figures of budget provisions and actual expenditure were worked out on the basis of the Appropriation Accounts of State Government.

⁴ 90 per cent after deducting 10 per cent collection charges of tax revenues.

⁵ Figures of own tax revenue taken out from the CAG's Audit Report (Civil) for the year ended 31 March 2007.

These funds were meant to cover the works relating to basic services, development of slum areas and mid-day-meals programme etc. Some important observations made during test-check are given below:-

1.6.3 Non submission of utilisation certificates (UCs)

Directorate UADD circular (December 2004) stipulates that grants should not be released before obtaining UCs of previous years. Audit scrutiny (April 2008) of records relating to the release of SFC funds by the Directorate UADD Bhopal revealed that funds were released during the year 2004-07 without obtaining UCs of previous years from ULBs. On being pointed out, the Commissioner UADD stated (April 2008) that the orders are being issued again for submission of UCs regularly as per conditions of financial sanctions. During test-check of records (May-June 2008) of MC Jabalpur and Rewa, it was noticed that UCs for SFC grants (Jabalpur: Rs. 6.09 crore, Rewa: Rs. 7.95 crore) released during 2004-05 to 2006-07 were not sent to the Directorate. ULBs stated (May 2008) that UCs could not be sent due to rush of work.

1.6.4 SFC grants lying unutilised

Scrutiny of records revealed that out of SFC grant drawn, a sum of Rs. 3.51 crore (pertaining to the year 2005-06 and 2006-07) was retained by the Directorate UADD Bhopal under the sub component of Gandhi Basti and lying unutilised (April 2008). The Commissioner UADD stated (April 2008) that funds were to be released only after receipt of proposals from ULBs and assured that funds will be utilised in current financial year.

1.6.5 Non-reconciliation of EFC grants

Scrutiny of information made available (April 2008) by the Directorate UADD revealed that as per UC submitted to GOI a sum of Rs. 127.40 crore was received from GOI as EFC grants during the years 2000-05. While the drawal of Rs. 123.26 crore only was made by the Directorate, the UC was sent to GOI for whole amount of Rs. 127.40 crore. The difference of Rs. 4.14 crore needs to be reconciled. The matter was referred (July 2008) to the FD and UADD.

1.7 Position of outstanding loans

The position of outstanding loans taken by all ULBs was not available with the Directorate UADD. Scrutiny (April-May 2008) of records in MC Bhopal and Jabalpur revealed that against the outstanding loans of Rs. 42.14⁶ crore as on 31 March 2007 from Housing and Urban Development Corporation LTD Bhopal (HUDCO), no amount was over due for repayment.

1.8 Position of outstanding audit paragraphs

The number of outstanding audit paragraphs of ULBs included in the Inspection Reports (IRs) of the CLFA were 1,19,401 as of March 2008 Details as shown in **Appendix - III** and 3062 paragraphs of AGs Technical Inspection Reports which also require pursuance by CLFA.

⁶ Rs. 34.59 crore and Rs. 7.55 crore in Municipal Corporation Bhopal and Jabalpur respectively.

1.9 Conclusion

Database in the formats prescribed by CAG on finances of ULBs were not yet developed. Maintenance of accounts on budget and accounts format, prescribed by the CAG, was not started in all ULBs. The provisions of MML along with suggestion of CAG on section 93 to 96 of MML were not incorporated in the concerned Acts. The information regarding receipts and expenditure of all ULBs was not being maintained by the Directorate UADD. Approval of PAG on audit plan was not obtained by the CLFA. The Steering Committee and State Legislature Committee were not formed. ULB Acts were not amended as per TGS module of CAG.

1.10 Recommendations

- Database in the formats may be developed expeditiously.
- The provisions of MML should be incorporated in the Act of Municipal Corporations and Municipalities.
- Arrangements for maintenance of information at state level of receipts and expenditure of all ULBs should be made for easy analysis of ULB data.
- Procedure prescribed by the CAG for consultation and approval of PAG on audit plans of CLFA should be followed.
- Necessary amendment in ULB Acts to empower the CAG should be made.
- Arrangements for speedy settlement of outstanding audit objection of Local Fund Audit Department should be made and the pendency should be reduced in a phased manner.

CHAPTER - II

Accounting Procedures

2.1 Non implementation of Budget and Accounts Format recommended by Comptroller and Auditor General's (C&AG's) task force

A state level steering committee was to be constituted to see and help to speed up the implementation of Budget and Accounts format. Secretary Urban Administration and Development Department (December 2003) intimated that the Budget and Accounts Format as recommended by the C&AGs task force have been accepted by the Government but the implementation has not been made in the State. No instructions were issued by the Government to the field units to prepare the Budget and maintain Accounts in the prescribed format. Scrutiny of records of 23 Nagar Palikas by the audit had revealed that the Budget and Accounts Format have not been implemented by any of the Nagar Palikas.

2.2 Bank-reconciliation statement not prepared

Rules 97-98 of Madhya Pradesh Nagar Palika Lekha Niyam 1971, provides that the reconciliation of any difference between the balances of cash book and bank accounts is required to be conducted every month. Difference of cash balance of Rs. 47.73 crore between Cashbook and Bank statement at the close of the year (2001-02 to 2006-07) was not reconciled by 18 ULB's. Due to non-reconciliation of cash balance, possibility of embezzlement of funds could not be ruled out. The authenticity of cash balance in the cashbook also remained doubtful in the absence of reconciliation with bank statement as shown in **Appendix - IV**.

2.3 Non-recovery of advances from individuals

Temporary advances were paid to Staff/officials for making petty payments. The accounts of the same should be closed as soon as possible and unutilised cash balances should be refunded/recovered. In 20 Nagar Nigam/Nagar Palika/Nagar Panchayat a sum of Rs. 2.62 crore paid to officials/ staff for various purposes were outstanding against them for the last one to thirteen years as shown in **Appendix - V**. Scrutiny of the records of Nagar Nigam Jabalpur revealed that Rs. 33.23 lakh was also outstanding against five companies (October 2008) for more than two years as shown in the **Appendix -VI**. Lack of effective action to recover/adjust the old outstanding advances may lead to loss with the passage of time.

2.4 Diversion of funds

Central Government / State Government released funds in the shape of grants-in-aid for development of urban areas which were to be spent exclusively on the projects for which these were sanctioned. Diversion of funds from one scheme to another was not to be made without prior approval of the Central/ State Government.

Scrutiny of records revealed irregular diversion of funds amounting to Rs. 2.89 crore for the purposes not covered under the schemes or for routine municipal activities as shown in **Appendix - VII**.

2.5 Non utilisation of government grants within stipulated period

Centrally Sponsored Schemes such as Conversion of dry latrines, Mid-day-meal, Integrated Development of Small and Medium Towns (IDSMT) Swarna Jayanti Shahari Swarojgar Yojna (SJSSRY) etc. and State Plan Schemes were being implemented through ULB's during 2001-07

Scrutiny of records revealed that grants of Rs. 5.61 crore released to 12 ULB's for aforesaid specific purposes were lying unspent for a period ranging from one year to eight years as shown in **Appendix - VIII**. No action was taken to refund the unspent balance of grants to government. The ULB's also did not review the implementation of schemes to ascertain reasons for the non-utilisation of grants. This deprived the public from intended benefits.

2.6 Non recovery of taxes

Urban Local Bodies earn their revenue from their own resources through taxes, rent, fees, issue of licenses etc. In (20) test checked Nagar Nigam/Nagar Palika/Nagar Panchayat, demand for Rs. 190.44 crore tax was raised for the year 2001-07 out of which only Rs. 90.21 crore (47 percent) were recovered during the years. A sum of Rs. 100.23 crore (53 percent) was outstanding against the taxpayers as shown in **Appendix - IX**.

Non-recovery of outstanding taxes by the ULBs under Madhya Pradesh Municipalities Act, 1956, resulted in resource crunch and subsequent hindrance in development works.

2.7 Non depositing of amount in Provident Fund Accounts

Rule 102 (4) of M.P. Nagar Palika Lekha Niyam 1971 provides that the deduction of P.F. subscription will be credited in P.F. Account. Government of Madhya Pradesh, Department of Local Bodies further directed (February 1998) to all Commissioners / Chief Municipal Officers that Provident Fund (PF) subscriptions collected by deductions from salary was required to be credited to the fund account of the employees and Dy. Directors will keep a note on records of irregularities, if any, while visiting the units. However it was noticed that one Nagar Nigam, nine Nagar Palikas and six Nagar Panchayats did not deposit provident fund subscription of Rs. 3.01 crore in the fund account of the employees during 2001 to 2006 which resulted not only in loss of interest on provident fund account but also put additional burden on the ULBs as shown in **Appendix - X**.

2.8 Non-creation of Reserve Fund of ULB's

Sub rule 3 (3) of Madhya Pradesh Nagar Palika Budget Rules, 1962 provides that every Nagar Palika is required to create a reserve fund account (Sanchit

Nidhi) and five per cent of net income should be deposited in this account every year.

Scrutiny of records of twenty Nagar Panchayat/ Nagar Palika / Nagar Nigam revealed that a sum of Rs. 5.03 crore was not deposited in the reserve fund account from their net income during 2001-06 as shown in **Appendix - XI**.

2.9 Non recovery of rent and premium of shops.

Shops were constructed at various places by the ULBs with the object to increase the revenue by way of premium and monthly rent of these shops.

Test check of records of two Nagar Nigam, one Nagar Palika and eleven Nagar Panchayat revealed that the premium of 823 shops amounting to Rs. 2.24 crore and rent of shops amounting to Rs. 0.73 crore was not recovered for the last three to five years.

This resulted in loss of revenue of Rs. 2.97 crore to the ULBs as shown in **Appendix - XII**.

2.10 Non deduction of Labour Welfare Cess from contractor on bills of construction work

According to the provisions of Section 3 (2) of M.P. Bhawan and Sannirman Karmkar Kalyan (Regulation of employment and service condition), Rules 2002 read with Rule 4 (3) of Central Rules 1998, labour welfare cess at the rate of one percent of the construction cost was to be deducted from the bill of the construction works done by the contractor and sent to Madhya Pradesh Bhawan and Sannirman Karmkar Kalyan Mandal, Madhya Pradesh, Bhopal (Mandal).

Test check of records of four Nagar Nigams, two Nagar Palikas and one Nagar Panchayat revealed that the during the year 2001-06 the cess of Rs. 63 lakh was not deducted from the contractor's bill as per details shown in the **Appendix - XIII**.

2.11 Purchases of material without inviting tender or purchases not made from LUN

According to the provisions of Madhya Pradesh Store Purchase Rules and notification issued by the Government (April 1978 and September 1997) it was directed that the purchases must be made from M.P. Laghu Udyog Nigam (LUN) or otherwise after obtaining no objection certificate from LUN, the purchases should be made after inviting open tenders.

Test check of records of one Nagar Nigam, 4 Nagar Palika and 4 Nagar Panchayat revealed that the purchases amounting to Rs. 2.31 crore as shown in **Appendix - XIV** were made from local market without inviting tender and also without obtaining no objection certificate from LUN.

2.12 Non-realisation of loan amount and contribution from the beneficiaries for conversion of dry latrines into pour flush latrines.

In pursuance of Centrally Sponsored Scheme Government of Madhya Pradesh decided (1982-83) to convert the dry latrines into pour flush latrines. The programme was to be implemented from grants from GOI (50 per cent), loan from HUDCO (45 per cent) and contribution from beneficiaries (5 per cent).

The repayment of HUDCO loan was to be made from the Octroi compensation fund by the Directorate Urban Administration and Development. Subsequently the recovery of loan and contribution from beneficiaries was to be collected by the ULBs.

Test check of records of one Nagar Nigam, Three Nagar Palika and six Nagar Panchayat revealed that an amount of Rs. 1.77 crore on account of repayment of loan and contribution from 18916 beneficiaries was not recovered as shown in **Appendix - XV**. Though no reasons were intimated but the recovery could not be effected as the agreements were not executed between the beneficiaries and the Panchayats.

2.13 Pending Utilisation Certificate

Funds were to be given to executing agencies for execution of works in two or three instalments and they were required to submit utilisation certificates (UCs) within 14 days of incurring expenditure to obtain subsequent instalments of funds. UCs/CCs worth Rs. 7.30 crore pertaining to various schemes in 2 Nagar Palika and 3 Nagar Panchayat were awaited for the last five years as shown in **Appendix - XVI**.

CHAPTER – III

Implementation of Schemes

(Urban Administration and Development Department)

3.1 Transfer of Functions, Functionaries and Funds to Urban Local Bodies (ULBs)

Highlights

The 74th Constitutional Amendment Act, 1992 (effected from June 1993) had defined the process of decentralisation of governance in India to empower Urban Local Bodies (ULBs). This led to transfer of functions, functionaries and funds to the ULBs. Functions devolved to ULBs were being performed by the PRIs. Functionaries were not found transferred to the ULBs. Some important findings were as under:-

- Functions relating to Public Health, Education and Urban Poverty Alleviation though devolved were not being performed by the ULBs.

(Paragraph 3.1.5.1)

- Functions devolved to the ULBs were being performed by the PRIs.

(Paragraph 3.1.5.2)

- 5250 functionaries though stated to have been transferred to ULBs were not actually transferred.

(Paragraph 3.1.6.1)

3.1.1 Introduction

The 74th Amendment of the Constitution Act, 1992 (effected from June 1993) had defined the process of decentralisation of governance in India. Subsequently the State Government of Madhya Pradesh had passed legislation to empower the establishment of Local Bodies up to village level. This process had led to transfer of functions, functionaries and funds to these bodies through various mechanism. In this regard the State Government had issued various orders between 1994 to 1998. The major elements of devolution were transfer of administrative control over staff and freedom to take administrative and financial decision at local level. The functions relating to the matter as enumerated in the 12th schedule of the above mentioned constitutional amendment were required to be transferred accordingly to the three levels (Nagar Nigam, Nagar Palika and Nagar Panchayat) of Urban Local Bodies (ULBs).

3.1.2 Organisational Setup

In urban areas functions devolved to the ULBs were to be executed by the Commissioner, Municipal Corporation, Chief Municipal Officer, Nagar Palika and Nagar Panchayat, under the over all control of Principal Secretary and Commissioner Urban Administration and Development Department, Madhya Pradesh, Bhopal. At present these authorities were implementing the functions devolved as listed in the 12th schedule of the constitutional amendment.

3.1.3 Audit objectives

The audit objectives were to evaluate whether:

- The functions, functionaries and funds envisaged to be transferred to the ULBs were actually transferred.
- The transferred functions were carried out effectively and efficiently and whether there were any overlapping in performing the functions.
- The ULBs were suitably empowered administratively and financially to discharge the enhanced responsibilities.
- Functionaries transferred were adequate and fully under the control of ULBs.
- Adequate monitoring and internal control system exists for effective planning and execution of transferred functions/ activities.

3.1.4 Audit Coverage

The audit coverage of performance audit was for the period 2002-07. The records of the Commissioner, Urban Administration and Development, Commissioner, Municipal Corporation, Satna and Chief Municipal Officer, Nagar Palika Balaghat, Jhabua and Seoni were test checked during the period March - June 2008.

3.1.5 Audit Findings

The audit findings are summarised in the succeeding paragraphs:-

3.1.5.1 Transfer of functions

Test-check of records of selected Municipal Corporation and Nagar Palikas revealed that the functions relating to Public Health, Education and Urban Poverty Alleviation, though devolved to the ULBs, were being performed by Government departments itself. The 18 functions devolved to ULBs were exhibited in **Appendix - XVII**.

3.1.5.2 Functions devolved to ULBs were being performed by PRIs

Test-check of records of Commissioner, Municipal Corporation (MC) Satna revealed that Mid Day Meal programme was implemented by the Municipal Corporation (MC) up to October 2006. Thereafter funds were directly made available by the CEO, ZP to the concerned Parent Teacher Association (PTA) of schools. Thus MDM programme was not implemented through ULBs in Urban areas.

Test-check of records of Municipal Corporation, Satna revealed that relief to the beneficiaries under the scheme, Rashtriya Parivar Sahayata was to be disbursed through the Municipal Corporation. But the relief was being disbursed by the CEO, ZP., Satna directly to the beneficiaries. Thus the function of ULB was being performed by the PRI in contravention of the constitutional amendment.

3.1.6 Transfer of functionaries

3.1.6.1 Non-transfer of functionaries

Devolution of powers and functions to ULBs required availability of staff (functionaries) for efficient discharge of these functions. The ULBs should have full administrative control over the functionaries. The State government had also issued orders (1994 to 1998) to transfer the staff to ULBs to discharge the duties, relating to devolved functions. Further it was also seen from the consolidated information on release and utilisation of Twelfth Finance Commission (TFC) grant furnished by the State government to the Government of India that 5250 functionaries along with functions were transferred to the ULBs.

Test check of records in selected districts, however, revealed that the functionaries attached to devolved functions have not been actually transferred to the ULBs with the result that the functions stated to have been transferred to the ULBs, could not be performed effectively.

On being pointed out the Commissioner/CMOs of selected districts stated that the departments did not transfer any functionaries to ULBs. This was also confirmed by the Commissioner, Urban Administration and Development Department Bhopal (March 2008).

3.1.7 Transfer of funds

3.1.7.1 Non-providing budget allotment to ULBs

The Government of Madhya Pradesh stated that budget was to be provided to the ULBs for implementation of devolved function under the grant No. 82. The funds provided under this grant was to be drawn and utilised by the ULBs. Test-check of records of selected ULBs revealed that no specific budget for devolved functions was provided in the above mentioned grant. On being pointed out the department replied (March 2008) that the lump sump funds instead of function wise funds were provided to the ULBs and ULBs made provisions of expenditure according to their requirement of functions.

3.1.8 Decentralisation cell not constituted

A decentralisation cell was required to be constituted at district level to effectively review the progress of transfer of functions along with functionaries, and funds. The decentralisation cell was not constituted at any district level. This shows that the concerned departments were irregularly enjoying the administrative and financial powers of ULBs regarding the implementation of devolved functions.

3.1.9 Rules for implementation of devolution of functions etc. not framed

The State Government did not frame any rules for proper and effective implementation of devolution of functions, functionaries and funds. In the absence of rules, there was no system to watch implementation of transfer process.

3.1.10 Conclusion

Though the functions were devolved to ULBs but the functionaries and funds have not been transferred accordingly. Thus there was no realistic devolution of functions.

3.1.11 Recommendations

Following recommendations were proposed:-

- (1) State Government should take strict measures for transfer of functions to ULBs along with functionaries.
- (2) Budget for implementation of transferred functions should strictly be provided under grant No 82 for ULBs.
- (3) The budget provided under these grants should be drawn and utilised by the Municipal authorities of ULBs instead of respective departments.

3.2 Audit findings on release and utilisation of Twelfth Finance Commission's (TFC) grants of ULBs

3.2.1 Interest payable to Urban Local Bodies (ULBs) not drawn and paid

According to para 6.1 and 6.4 of Government Of India's (GOI) guidelines¹, States had to mandatorily transfer the grants released by the Centre to the ULBs within 15 days from the date of its credit into the State Government's accounts. In case of delayed transfer of grant to ULBs beyond the specified period of 15 days, the State Government was required to pay interest to ULBs at the rate equal to the RBI rate. The details of TFC grant released by GOI and State Government were shown below:-

(Rs. in crore)

Sl. No.	Year	I st instalment			II nd instalment			Total
		Date of release by GOI	Date of release by State Govt.	Amount	Date of release by GOI	Date of release by State Govt.	Amount	
1.	2006-07	6 Sept. 06	15 Nov. 06	36.10	22 Mar. 07	26 Mar. 07	36.10	72.20

¹ Guidelines for release and utilization of grant recommended by the Twelfth Finance Commission (TFC) were issued by the Government of India, Ministry of Finance, Department of Expenditure vide DO letter No. 12 (1) FCD/2005 dated 15 June, 2005

Scrutiny of records of the Finance Department (FD) revealed (July 2007) that the GOI released first instalment of grant of Rs. 36.10 crore for the year 2006-07 on 6 September 2006 and credited into State Government's accounts on the same date. But the copy of GOI's sanction letter (dated 6 September 2006) was received on 8 November 2006 in FD and it was sent to Principal Secretary / Commissioner, Urban Administration and Development Departments (UADD) (Directorate) in November 2006. Therefore, there was delay of 69 days in releasing the amount of first instalment to ULBs. Accordingly FD issued (March 2007) a financial sanction of Rs. 0.34 crore of interest payment for 69 days to ULBs on delayed transfer of grant but the amount of the interest was not drawn and distributed to ULBs by the UADD Department /Directorate (October 2008) due to non receipt of the copy of financial sanction from FD. Comments of FD were called for (December 2007 and October 2008). FD replied that information will be furnished soon (October 2008).

3.2.2.1 Delay in release of grant by GOI

According to para 6.1 of guidelines¹ local bodies grants were to be released in two equal instalments in July and January every year. Scrutiny of records of the FD revealed (July 2007) that the amount of Rs. 404.80 crore² for the year 2006-07 were released by GOI on 6 September 2006 and 22 March 2007 respectively and credited into State Government's accounts on the same dates. This resulted in delay ranging 36 to 49 days in release of the grant by the GOI.

According to para 6.2 of the guidelines¹ two sets of details i.e. one on allocation of funds and another on release of funds were to be furnished to GOI by the State government in the prescribed format prior to the release of each instalment by the GOI. State Finance Secretary was also required to provide a certificate within 15 days of the release of each instalment. But it was noticed that the above prescribed certificate and information for release of second instalment (2006-07) were sent to the GOI on 29 January 2007 after 128³ days delay excluding prescribed period of 15 days.

3.2.2.2 Delay in release of grant by UADD

It was further noticed during test check of records of Nine ULBs as shown in **Appendix -XVIII** that an amount of Rs. 7.84 crore of IInd instalment of 2006-07 was credited by UADD in their bank accounts in the month of April 2007 while the grant was released by GOI on 22 March 2007. Therefore, the second instalment of the grant for the year 2006-07 could not be utilised by the ULBs in the same year (2006-07). Reasons for the same were called for (December 2007) reply of the Commissioner (UADD) was awaited. (October 2008)

² Total amount received: Rs. 404.80 crore—Ist instalment: Rs. 202.4 crore (PRIs Rs. 166.30 crore and ULBs: Rs. 36.10 crore) and IInd instalment: Rs. 202.4 crore (PRIs Rs. 166.30 crore and ULBs: Rs. 36.10 crore).

³ Prescribed date for mailing the certification and information was 21.9.2006 as the date of receipt of Ist instalment was 6.9.2006. Therefore, further delay was 128 days (22.9.2006 to 28.1.2007)

3.2.3 Non-fulfilment of all parameters of Solid Waste Management (SWM)

GOI published (September 2000) Urban Solid Waste Management (Management and Handling) Rules (June 2000) in gazette. According to the schedule 2 of the rules (Rule 6 (i) and (iii), 7 (i)) some parameters were fixed along with its compliance criteria for collection, segregation, storage, transportation, processing and disposal of municipal solid wastes. Fifty per cent of TFC grant pertaining to ULBs were earmarked for the work of SWM, which was to be executed through public private partnership. Test check of records of seven ULBs⁴ revealed that Rs. 12.56 crore were incurred during 2005-06 to 2006-07 for SWM as detailed in **Appendix - XIX** only on collection and transportation of waste and other remaining activities (like: Segregation, Storage, Processing and Disposal of Municipal Solid Waste) were not taken-up. This resulted in non-fulfillment of all the parameters of TFC recommendations. On being pointed out, these ULBs (except Bhopal) stated (September - November 2007) that the work according to all the parameters were not started due to delay/non-allocation of land for trenching ground. Reply of Nagar Nigam Bhopal was awaited. It was further noticed that five test-checked ULBs (Bairasia, Dabra, Gwalior, Nagda and Ujjain) did not carryout the work of SWM through Public Private Partnership.

3.2.4 Irregular utilisation of grant for meeting out the old liability

TFC grant was released to execute all the works related with TFC objectives. Therefore, the grant received in a financial year was to be utilised for the expenditure pertaining to that year and not to discharge the old liability. Scrutiny of records of MC Gwalior revealed that out of TFC grant of 2006-07, an amount of Rs. 24.04 lakh was paid (February 2007) for 750 Wheel Barrows (Total cost: Rs. 29.24 lakh) purchased during the year 2004-05 for the objectives of Asian Development Bank Project (ADBP). Utilisation of these Wheel Barrows was also started in the year 2004-05. This resulted in meeting out the old liability of the year 2004-05 from the current year's grant of TFC. On being pointed out in audit, the Commissioner (MC) Gwalior stated (September 2007) that the payment of such purchase could not be made at that time due to inquiry and subsequently such liability to the extent of Rs. 24.04 lakh was met out from the head of SWM of TFC grant for 2006-07. The reply was not acceptable as the TFC grant released during the year 2006-07 was not to be utilised for payment of old liability.

⁴ Seven ULBs: Berasia, Bhopal, Dabra (Gwalior), Gwalior, Indore, Nagda and Ujjain

CHAPTER – IV

Revenue receipts

(Urban Administration and Development Department)

4.1 Loss of revenue due to less deposit of terminal tax by the manufacturer

Loss of revenue of Rs. 1.10 crore due to less deposit of terminal tax by the manufacturer

Sub-rule (3) and (4) of Rule 1 of Madhya Pradesh Terminal Tax (Assessment and collection) Rule 1996 notified by the Government in Madhya Pradesh Gazette dated 7th March 1997 provides that it would be the responsibility of each individual, trader etc to collect the terminal tax on export of goods or sale of goods for the purpose of export out of Municipal Jurisdiction and to deposit in the treasury of Nagar Palika. Terminal tax was leviable on export of all types of Electrical and Electronic goods at the rate 0.50 percent.

Test check of records (April 2008) of Chief Municipal Officer, Nagar Palika Parishad, Mandideep, District Raisen (M.P.) for the period April 2001 to March 2006 revealed that M/S Insulator and Electrical Company (Proprietor Hindustan Vidyut Manufacturing Product & Ltd.) was manufacturing electrical and electronic goods and exporting out of municipal jurisdiction. The company had collected terminal tax at the rate of 0.10 percent on the cost of goods instead of 0.50 percent and deposited during April 2001 to March 2007. The short collection and deposit of terminal tax in municipal treasury resulted in loss of revenue of Rs. 1.10 crore as shown in **Appendix - XX**.

On being pointed out in audit CEO replied that terminal tax will be collected as per rule in future. The fact remains that the short collection resulted in loss of revenue of Rs. 1.10 crore.

The matter was reported to Government (May 2008); reply had not been received (October 2008).

4.2 Loss of interest of Rs. 34.26 lakh in Short Terms Deposits

Loss of interest of Rs. 34.26 lakh due to investment in Fixed Deposit Receipts (FDRs) of banks paying lesser rate of interest

Rule 3 of Madhya Pradesh Nagar Palika Lekha Niyam, 1971 (Rules) provides that all the receipts will be credited in the treasury or Bank keeping accounts of Nagar Palika Nidhi. With a view to earn higher interest on unutilised balances, the amount may be invested in Short-term deposits.

Test check of records (November 2006) of Nagar Nigam, Gwalior for the period April 2004 to March 2006 revealed that against the available balance of

Rs. 26.16 crore in the Banks, Rs. 24.67 crore (PF Rs. 17.44 crore; FBF Rs. 0.92 crore and Nigam Fund/Pension Rs. 6.31 crore) were invested in Short-term deposits in the month of March 2006 in Vijaya Bank, Allahabad Bank, Punjab National Bank at the rate of interest ranging from 6.85 to 7 per cent as against the 8.75 per cent in State Bank Indore. Thus depositing money at lower rate of interest resulted in loss of Rs. 34.26 lakh to Nigam. The details were shown in **Appendix – XXI**.

On being pointed out in audit, Nigam replied that actual position could not be ascertained as the concern file was not available.

The matter was reported to the Government in March 2007 and May 2007; reply had not been received (October 2008).

Chapter – V

Execution of Works

(Urban Administration and Development Department)

5.1 Irregular award of contract of Computerisation

Irregular payment of Rs. 1.11 crore to the contractor

Test Check of records (December 2006) of Commissioner, Municipal Corporation, Gwalior (Nagar Nigam) for period April 2004 to March 2006 revealed that Mayor-in-Council, Gwalior (MIC) decided (approval No. 524 dated February 2003) to get the work of computer operations, design and implementation done in the Nigam. The expenditure incurred thereon would be met from the service tax to be charged from the citizens. Further MIC had agreed (approval No. 689 of June 2004) that the computerisation work would be done by the implementing agency on the basis of Build Operate and Transfer (BOT) with no initial cost to Nagar Nigam.

In response to the notice for expression of interest, 32 firms applied for computerisation in Nagar Nigam. A committee consisting of Municipal Officer, Computer Specialist of MITS, IITM, NIC and representative of Collector (Committee) was constituted to short list the firms from the willing firms (32) for the computerisation work. The committee short listed 16 suitable firms and invited them for presenting their programme of computerisation (March 2004). Only 11 firms submitted their draft proposal of computerisation.

The committee, after evaluation of presentation, selected (March 2004) two firms (a) M/S C DEC New Delhi (b) M/S Oswala Data, Indore out of 11 firms and recommended both the firms for further discussion and submission of concrete proposal. Both the firms submitted their registration certificate (April 2004) but the Nagar Nigam had not awarded the contract to any of them. Overlooking the recommendation of the Committee, the Nigam awarded (July 2004) the work of Computerisation and Networking to M/S AGL Technology on the similar terms of agreement of M/S Oswala Data, Indore with MC, Indore. There was no clause of BOT in the agreement of M/S Oswala Data, Indore. Later on an agreement was also executed (August 2004) with the firm consisting of the clause of BOT. Thus agreement executed was not in accordance of award of work. Issue of work order without prior execution of agreement was irregular and resulted in non-provision of BOT in award of work. Hence the orders issuing the work awarded to M/S AGL (July 2004) was irregular. The payment of Rs. 1.11 crore was made to the firm during November 2004 to March 2007 though it was decided earlier that the same would be on BOT basis.

The condition of increases in revenue up to 40 percent was decided (Approval No. 689 of June 2004) by the Nigam but on the request of the firm, (August 2004) the condition was relaxed to increase of revenue up to 15 per cent while M/S Oswala Data Indore, the firm recommended by the committee was ready to accept the condition of 40 per cent increase. This had resulted in undue advantage to the firm along with reduction in proposed increase of revenue.

On being pointed out in audit Commissioner stated (December 2006) that M/S AGL had requested for inclusion its presentation which was accepted by the Committee and since the rates of M/S AGL were found comparatively suitable these were accepted on the line of Nagar Nigam Indore.

The reply was not acceptable as the committee had recommended only two firms and no record in support of reply was shown to audit.

The matter was reported to the Government (May 2007); reply was awaited (October 2008).

Chapter – VI

Other Points of Interest

(Urban Administration and Development Department)

6.1 Diversion of Funds

Diversion of Funds of Rs. 1.40 crore

Government of Madhya Pradesh Urban Administration and Development Department, Bhopal laid down (December 2004) the guideline for the utilisation of financial assistance to urban local bodies where in it was stated that funds provided for the maintenance of roads should be utilised for the same purposes.

Test check (September 2007) of records of Chief Municipal Officer Nagar Palika, Vidisha (Nagar Palika) for the period April 2004 to March 2007 revealed that Nagar Palika had taken a loan of Rs. 35 lakh from UCO Bank during 1987-90 for the construction of shops at Bus stand which was refundable from the expected revenue from Bus stand. The Nagar Palika could not refund the loan in time to Bank, hence Tribunal awarded (September 2002) the payment of Rs. 2.36 crore including interest and legal charges to Bank. Nagar Palika showed their inability for making the above payment and sent a compromise proposal of Rs. 1.41 crore. The bank agreed (October 2005) to accept the payment of Rs. 1.41 crore which was paid from the grant-in-aid for maintenance of roads (Rs. 129.09 lakh) and (Rs. 11.40 lakh) from assistance of State Finance Commission Fund for the year 2005-06, without obtaining the sanction from Parishad and the Government.

Thus, Nagar Palika diverted the funds of grant-in-aid provided for maintenance of roads and from the assistance of State Finance Commission towards repayment of loan, in contravention of above directions. This led not only to irregular diversion of fund, but the public at large was also deprived of the facility of smoother roads in absence of their maintenance.

On being pointed out in audit, the CMO replied (September 2007) that the matter will be investigated and the results will be intimated through Government.

The matter was reported to Government (April 2008); reply was awaited (October 2008).

6.2 Irregular/ avoidable payment of Stamp Duty and Registration fee

Irregular/ avoidable payment of Stamp Duty and Registration fee of Rs. 25.72 lakh by Nagar Palika Nigam, Singroli

Rule 34 of the Madhya Pradesh Urban and Rural Development, Land, Houses, Buildings and other construction Rule 1975 provides that the registration fee as well as stamp duty should be paid by lessee.

Test check of records (July 2007) of Nagar Palika Nigam, Singroli (Nigam) for the period April 2001 to March 2006, revealed that 233.98 Acre land worth Rs. 87.11 lakh was allotted to M/s Northern Coal Field Limited Singroli on lease for the period of 99 years for construction of office Building, Residential Complex and other construction works.

Contrary to the provision of rules the stamp duty and registration fee on lease deed was paid by Nigam as per details given below:

Date 27.3.2003	Rs. 20,57,943 (Cheque No. 941744)
Date 26.2.2005	Rs. <u>5,14,485</u> (Cheque No. 30332)
Total	<u>25,72,428</u>

This has resulted in avoidable irregular payment of Rs. 25.72 lakh.

On being pointed out, Nigam replied that it was erroneously mentioned in the deed that the payment shall be born by the lessor. However, M/s Northern Coal Field, Limited has been requested (March 2005) for payment of said amount to Nigam. Recovery is still awaited.

The matter was reported to Government (February 2008) and reminder issued (May 2008); reply was awaited (October 2008).

CHAPTER – VII
Recommendations

In the light of audit findings the following recommendations are made for consideration of Government:-

- (1) Data base should be developed on the prescribed formats.
- (2) Functions, Functionaries and funds should be transferred to ULBs by the concerned departments.
- (3) Effective steps should be taken to adjust/ recover the various outstanding advances granted to individuals/staff/ working agencies
- (4) Assessment of grants should be a time bound programme so that unutilised grants could be refunded.
- (5) Expeditious action should be taken by ULBs to recover taxes, rent, fees and issue of licenses.
- (6) ULBs should deposit regularly the PF subscription in the PF accounts of employees.
- (7) ULBs should deposit the prescribed share of their income in the Reserve Fund Account.
- (8) Reconciliation of cash book with the bank pass book should be carried out on a regular basis.

PART – II PANCHAYATI RAJ INSTITUTIONS

CHAPTER - VIII

The Structure and Finances of the Panchayati Raj Institutions

8.1 Introduction

8.1.1 Constitutional background

To promote greater autonomy at the grass root level and to involve people in identification and implementation of development programmes involving gram sabhas, the Seventy-third Constitutional Amendment Act, 1992 was promulgated (April 1993). According to the provisions of Article 243 G of the constitution, the legislature of a state may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provision for the devolution of powers and responsibility upon Panchayat at the appropriate level, subject to such conditions as may be specified therein with respect to --

- (a) the preparation of plans for economic development and social justice;
- (b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule¹;

Similarly according to provisions of Article 243 H of constitution, the legislature of state may

- (c) authorise a panchayat to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits and
- (d) assign to a Panchayat such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits.

Consequently, a three-tier system of Panchayati Raj Institutions (PRIs) had been established in the State by Madhya Pradesh Panchayat Raj Avam Gram Swaraj Adhiniyam (Act.) 1993. (MPPRGSA) which came into force from January 1994.

- Zila Panchayat (ZP) for a district.
- Janpad Panchayat (JP) for a block; and
- Gram Panchayat (GP) for a village;

¹ Article 243 G and H of the Constitution (Seventy - third Amendment) Act. 1992.

At present there are 48 ZPs, 313 JPs and 23051 GPs in the state. The last general elections for the Gram Panchayats were held during 2004-05.

8.2 Area and Population

Total areas (3,08,000 sq. km.) of the state was covered by 4.51 crore of rural population being 75 per cent of the total population of 6.03 crore as per 2001 census. Of this, 0.90 crore (15 per cent) and 1.21 crore (20 per cent) were Schedule Caste and Schedule Tribe.

8.3 Administrative arrangements

The over all administration of PRIs vests with the Principal Secretary to Government of Madhya Pradesh, Panchayat and Rural Development Department at Government level. The organisational structure of the Department, at District, Block and Village level is given in **Appendix - XXII**.

8.4 Accounting arrangements

8.4.1 Amendment in the Act not carried out

According to the recommendations of the Eleventh Finance Commission (EFC) the Government of Madhya Pradesh, Finance Department (FD) decided (November 2001) that the Commissioner, Local Funds Audit (CLFA) shall be responsible for audit of accounts of local bodies and shall work under the Technical Guidance and Supervision (TGS) of the Comptroller and Auditor General of India (CAG). But PRIs' Act was neither amended to empower the CAG nor any response was given even after regular correspondence with the State Government (February 2008). On being pointed out, the Commissioner, Panchayati Raj Directorate (PRD) Bhopal Stated (April 2008) that amendment in the Act was not required as the consent on the role of CAG was given by the FD (November 2001). The reply was not acceptable as this was required to empower the CAG by making amendment in the relevant Act.

8.4.2 "Pancha Lekha" Software lying idle

The development of "Pancha Lekha" Software was required through National Information Science Centre (NISC) by adopting the format of budgets and accounts. Rs. 12.03 crore⁸ was released to NISC MP Bhopal unit by the PRD under the recommendation of the EFC. NISC provided Computers² embodied with above software (including UPS and Printers etc.) in all JPs (313). According to instructions of the PRD (November 2005) GPs were required to make available data to JPs for feeding in JPs Computers and JPs would send data to PRI/NISC through E-mail for monitoring. It was however noticed that 41 GPs test checked of Bhopal, Jabalpur and Rewa not provided the information to JPs. This resulted unfruitful expenditure in these districts on Computers provided in JPs. On being pointed out, the Commissioner, PRD stated (April 2008) that the action for monitoring would be taken in future and instructions would be issued to JPs/ZPs for e-mailing (website: priasoft@mp.

² Five multimedia computers, five UPS, two dot matrix printers, one Switch and seven Patch Card (For networking) were provided to each JPs.

nic.in) required informations/ data. During test-check of records (April-June 2008) of JP Bhopal, Jabalpur and Rewa, it was found that the data pertaining to “Pancha Lekha” Software was not being e-mailed to the PRD through prescribed website.

8.4.3 Database in the formats on finances of PRIs not developed

According to recommendations of EFC the data on finances of PRIs need to be collected, compiled and maintained in standard formats as prescribed by CAG. However database formats have not so far been developed. On being pointed out, the Commissioner, PRD stated (April 2008) that the action was being taken in this regard.

8.5 Audit arrangements

The audit of PRIs was entrusted to the CLFA vide section 4 (i) (Notification dated 30th June 1975) under Madhya Pradesh Sthaniya Nidhi Sampariksha Adhiniyam, (Act) 1973. The CAG was entrusted to conduct the audit of units which have already been audited by the CLFA. The Act was further modified (December 2001) to include the audit of Gram Panchayats. But the audit of 47 GPs (Out of 23051) only could be conducted by CLFA due to lack of staff and facilities. However Finance Department issued orders (January 2007) for providing additional staff from Panchayat Department for audit of GPs from 2008-09.

Some other important points of audit arrangements are given below:

8.6 Approval of PAG on audit plans not obtained by CLFA

The CLFA was required to prepare the audit plan in consultation with the Principal Accountant General (PAG) as a part of the TGS assignment. However, in spite of request to the Government (April 2007 and February 2008) the audit plans of CLFA were never got approved by the PAG.

8.7 Non constitution of State Legislature Committee

The FD informed (December 2001) that the XIth Finance Commission recommended that the report of CAG relating to audit of accounts of PRIs was to be placed before a Committee of the State Legislature constituted on the same lines as Public Accounts Committee. In spite of request by the Principal Accountant General to the Government (up to February 2008) the Committee was yet to be constituted (October 2008).

8.8 Source of revenue

There were mainly two sources of funds for Local Bodies (i) Government grants (ii) own revenues. Own revenue resources of PRIs comprise of tax and non-tax revenues realised by them. Other resources comprise (a) funds released by the State Government and Government of India (GOI) based on the recommendation of SFC, Eleventh & Twelfth Finance Commission (EFC & TFC) etc. (b) GOI's share released for various central sector schemes.

8.9 Receipts and expenditure of PRIs

8.9.1 Funds (Share of tax revenue of the state, schemes and grants etc.) allocated to PRIs by the State Government through budget including GOI's share of the schemes and grants recommended by EFC & TFC were as under:-

(Rs. in crore)

Sl. No.	Year	Head of Accounts Grant Nos.	Items of Budget provisions and expenditure	Total Grant ³ (Budget Provisions)	**Actual Expenditure	Excess (+)/ Saving (-)
1.	2004-05	15,62,68,80 and 82 (Complete grant), 64 (2515) Financial Assistance to three tier Panchayati Raj Institutions.	State government and GOI's Share of schemes, grants and own tax revenue (Assigned revenue) etc collected by the State Government.	1576.30	1437.45	(-) 138.85
2.	2005-06	15,62,80 and 82 (Complete grant), 64 (2515) Financial Assistance to three tier Panchayati Raj Institutions.	--do--	1957.96	1839.30	(-) 118.66
3.	2006-07	15,52,62 and 80 (Complete grant), 64 (2515) Financial Assistance to three tier Panchayati Raj Institutions.	--do--	2720.40	2241.77	(-) 478.63

** 2004-05 Actual Expenditure: Rs. 1437.45 crore (Revenue: Rs. 1430.82 and Capital Rs. 6.63 crore)

2005-06 Actual Expenditure: Rs. 1839.30 crore (Revenue: Rs. 1832.67 and Capital Rs. 6.63 crore)

2006-07 Actual Expenditure: Rs. 2241.77 crore (Revenue: Rs. 2241.73 and Capital Rs. 0.04 crore)

The above figures indicate that the budget provisions increased by 42 per cent in PRIs sectors during the year 2006-07 with reference to the year 2004-05. The details of receipts of own revenue and expenditure there against in all PRIs were not being maintained at the PRD level. On being enquired, PRD replied (April 2008) that the same would be collected and furnished to audit. The details of schemes of PRIs sectors implemented through the Commissioner, Rural Development (including GOI's share) were given in **Appendix -XXIII**.

8.9.2 State Finance Commission (SFC)

The FD accepted (March 2005) the recommendation of IInd SFC for devolution of 2.93 per cent of 90 per cent state own tax revenue to PRIs. The position of grants devolved to PRIs through state budget during 2004-05 to 2006-07 were as under:

³ The figures of budget provisions and actual expenditure were worked out on the basis of the Appropriation Accounts of State Government.

(Rs. in crore)

Year	Head of Accounts	Amount of own tax revenue of the state		Amount of share of own tax revenue to be allocated as per prescribed percentage (i.e. 2.93%)	Amount of share of own tax revenue (SFC grants) released to PRIs	Short fall (with percentage)
		Total ⁴	Net (After deduction of 10%)			
1	2	3	4	5	6	7
2004-05	15,64,68,80 and 82-2515/3604-5185 and 7668- Financial Assistance to three tier Panchayati Raj Institutions (Lump sum grant to PRIs for basic services under recommendations of SFC).	7773	6995.70	204.97	185.16	19.81 (10)
2005-06	--do--	9115	8203.50	240.36	207.91	32.45 (13)
2006-07	--do--	10473	9425.70	276.13	208.70	67.43 (24)

Reasons for shortfall were called for. FD replied (October 2008) that the required information would be furnished soon.

The devolution of funds under recommendations of SFC was meant to cover the tasks of basic services, vis-à-vis development of water supply and sanitation and mid-day-meals programme etc. The utilisation of SFC grants in three districts (Bhopal, Jabalpur and Rewa) was reviewed and some important points noticed during test-check are given below:

8.9.3 Non submission of utilisation certificates (UCs):

According to guidelines of basic services (issued by Government of Madhya Pradesh, Panchayat Department), UCs of SFC grants of basic services made available to GPs during the year 2004-05 to 2006-07 were to be sent to the PRD by each CEO of ZP. Test-check (April-June 2008) of records of ZP Bhopal and Rewa revealed that UCs⁵ (Rs. 28.51 crore) were not sent to PRD. On being pointed out, the CEO (ZP) Bhopal and Rewa stated (April-June 2008) that the UCs would be prepared.

8.9.4 Delay in release of grants

Budget of SFC grants for basic services was allocated to CEO ZPs for drawing and disbursing to GPs as required in the guidelines. Such grants were to be released by ZP within 10 days of allocation. Scrutiny of records of ZP Bhopal, Jabalpur and Rewa revealed that the grants amounting to Rs. 31.38 crore were released with delay ranging between 67 and 375 days as shown in **Appendix - XXIV**. On being pointed out, the CEOs (ZP) Bhopal, Jabalpur and Rewa stated (April-June 2008) that delay in release of such grants was due to non receipt of progress report/UCs from GPs and rush of works etc. The replies were not acceptable in audit because releasing of grants within the prescribed time limit was mandatory.

⁴ Figures of own tax revenue taken out from the CAG's Audit Report (Civil) for the year ended 31 March 2007.

⁵ Bhopal: Rs. 8.57 crore, Rewa: Rs. 19.94 crore.

8.9.5 SFC grants lying undisbursed

SFC grants for basic services were to be allocated to GPs on the basis of following formula:-

- (a) 70 per cent on population basis
- (b) 25 per cent on area basis
- (c) 5 per cent on the basis of revenue collected by GPs

Out of SFC grants drawn by ZP Bhopal up to 2006-07, a sum of Rs. 1.64 crore was lying un-disbursed (April 2008). Out of Rs. 1.64 crore a sum of Rs. 0.73 crore pertains to formula (c) above as under:-

(Rs. in lakh)

Year	Details of 5% grant of revenue collected by GPs				
	Opening balance lying un-disbursed	Share of grants earmarked under the component of 5% of revenue collected	Total share of grants available under the component of 5% of revenue collected	Amount of 5% grant distributed to the GPs in the year	Closing balance of 5% grant lying un-disbursed
2004-05	67.76	14.60	82.36	Nil	82.36
2005-06	82.36	15.90	98.26	24.85	73.41
2006-07	73.41	Nil	73.41	Nil	73.41

On being pointed out CEO (ZP) Bhopal stated (April 2008) that the action for releasing the grants would be taken on receipt of information regarding revenue collected by GPs and receipt of previous UCs from GPs.

8.9.6 Eleventh and Twelfth Finance Commission (EFC & TFC) grants to GPs

Grants released by the Government of India based on the recommendations of EFC & TFC were shown below:

(Rs. in crore)

Category of PRIs to whom grants released	Grants released during the years			
	2004-05 (EFC)	2005-06 (TFC)	2006-07 (TFC)	Total
GPs	101.08	332.60	332.60	766.28

Important points noticed during test-check of records (April-June 2008) of utilisation of grant were as under:

8.9.7 EFC grants not reconciled

Out of total EFC grants (Rs. 501.25 crore) pertaining to year 2000-05, a sum of Rs. 20.11⁶ crore was allocated to the Head of Department (PRD). The amount was allocated under the budget component "Computerisation and preparation of database recommended by EFC, financial assistance of local bodies and maintenance of Panchayat accounts".

⁶ Rs. 20.11 crore (2002-03: Rs. 4.03 crore, 2003-04: Rs. 4.04 crore and 2004-05: Rs. 12.04 crore).

Scrutiny of information made available (April 2008) by the PRD revealed that out of Rs. 20.11 crore allocated to the PRD, a sum of Rs. 11.70⁷ crore were released to the NISC for the above purposes. The details of release and utilisation of remaining amount of Rs. 8.41 crore allocated to the PRD were not furnished to audit. On being enquired, the Commissioner, PRD stated (April 2008) that the total amount (Rs. 501.25 crore) of EFC grants were utilised and information of incomplete works would be collected from the districts and furnished to audit.

8.9.8 EFC grants lying idle

EFC grants allocated to ZPs during the years 2000-05 were to be released to GPs for basic services etc. Scrutiny of records of ZP Bhopal and Rewa revealed that an amount of Rs. 1.89 crore⁷ was lying un-disbursed with the above ZPs even after lapse of three years (March 2008). On being enquired, the CEO (ZP) Bhopal and Rewa stated (April-June 2008) that the above amount was not disbursed due to incomplete works and it would be released after receipt of UCs/ demands from GPs. The reply was not acceptable as the reason of the above amount lying un-disbursed even after lapse of three years was not justified.

8.9.9 Non receipt of UCs of NISC

Out of EFC and TFC grants, a sum of Rs. 12.03 crore⁸ was released to the NISC during the years from 2003-04 to 2006-07. But UCs, purchase files and expenditure vouchers of such amount were not made available to audit for test-check. On being pointed out, the Commissioner, PRD stated (April 2008) that the UCs were being obtained from the NISC. Therefore, proper utilisation as envisaged could not be ascertained by audit in the absence of UCs and expenditure vouchers etc.

8.9.10 Parking of funds into Personal Deposit (PD) account

Scrutiny of records made available (July 2007 and April 2008) by the PRD revealed that the TFC grants amounting to Rs. 13.94 crore⁹ earmarked for construction of Panchayat Building-cum-E-Governance and maintenance of Panchayat accounts etc. were parked (March 2006 & 2007) into PD accounts of the Director, Panchayat and Social Justices Bhopal (PRD) on the basis of sanctions issued by the FD (February 2006 and March 2007). This was contrary to the GOI guideline as the grants were not utilised for the above purposes and was parked in PD accounts. On being enquired, the Commissioner, PRD confirmed the details of funds parked into PD accounts (April 2008).

⁷ ZP Bhopal: Rs. 0.16 crore and ZP Rewa: Rs. 1.73 crore.

⁸ The details of Rs.: 12.03 crore (2003-04: Rs. 4.04 crore, 2004-05: Rs. 7.66 crore and 2005-06: Rs. 0.33 crore) were:
Rs. 2,23,36,000/- (BD No. 093677/ Date 31.3.2004), 40,18,000/- (093678/ 31.3.2004), Rs. 21,34,000/- (093679/31.3.2004), Rs. 1,18,66,000/- (093680/ 31.3.2004), Rs. 2,80,30,000/- (125587/ 31.3.2005), Rs. 4,85,54,000/- (125585/ 31.3.2005), Rs. 19,00,000/- (125356/ 2.4.2006), Rs. 5,00,000/- (353181/ 2.4.2006), 9,00,000/- (353180/2.4.2006)

⁹ Rs. 6.75 crore pertained to the year 2005-06 (Financial sanction of FD vide No.L-1/10/ 2003/ B-7/4, dated 28 February 2006) and Rs. 7.19 crore pertained to the year 2006-07 (Financial sanction of FD vide No. L.17-30/4/B-7/2007 dated 30 March 2007).

8.10 Conclusion

PRIs' Act was not amended to empower the CAG. "Pancha Lekha" Software was lying non-operational. The information regarding receipts of own revenue and expenditure of all PRIs was not being maintained by the PRD at state level. The State Legislature Committee for discussion of ATIR on LBs were not formed. Approval of PAG on audit plans was not obtained by CLFA.

8.11 Recommendations

- Necessary amendment in PRIs Act should be made to empower the CAG to perform a roll of TGS mode and place the audit report on LBs before the State Legislature.
- Procedure prescribed by the CAG for consultation and approval of PAG in audit plans by CLFA should be followed.
- Arrangements may be made for consolidation of data on finances of PRIs at state level.
- Arrangements for release of SFC grants directly to GPs as adopted in ULBs should be made to avoid further delay.

CHAPTER - IX

Accounting Procedures

9.1 Non-maintenance of accounts in “Pancha Lekha” software

Comptroller and Auditor General of India (CAG) had prescribed formats of accounts, budget and database for Zila Panchayats (ZPs), Janpad Panchayats (JPs) and Gram Panchayats (GPs) under three tier Panchayati Raj System.

Directorate, Panchayat and Social Justice, Bhopal had intimated that “Pancha Lekha” software had been developed for the maintenance of above information and made available (November 2005) to ZPs and JPs. The information was required to be provided in the above software to the Directorate by the Zila Panchayats every month.

Test check of records of 18 Janpad Panchayats revealed that the accounts were not being maintained in the prescribed formats as shown in **Appendix - XXV**.

9.2 Non reconciliation of balances of cash book and bank pass book.

Rule 25 of Madhya Pradesh Zilla Panchayat (Lekha Niyam), 1999 and Rule 25 and 26 of Madhya Pradesh Janpad Panchayat (Lekha Niyam) 1999 enjoin that the balances of bank pass book shall be checked with reference to the balances of cash book at the close of every month and differences if any reconciled. Test check of records of two Zilla Panchayats, eighteen Janpad Panchayats and one Gram Panchayat revealed that a total amount of Rs. 7.19 crore remained un-reconciled at the end of financial year as per details in **Appendix- XXVI**.

The possibilities of embezzlement cannot be ruled out due to non-reconciliation of balances.

9.3 Non-refund of unspent balances of closed/non-operational schemes

As per guidelines of the schemes and instructions contained in the sanction by the Government the unspent balances of closed and non-operational schemes/ programmes should be refunded to the concerned department. Test check of records of 10 Panchayati Raj Institutions (PRIs) revealed that a sum of Rs. 7.4 1 crore pertaining to various closed/non-operational schemes and programmes were lying in the bank account and not refunded to the Departments which resulted in blocking of these funds as detailed in **Appendix - XXVII**.

9.4 Diversion of funds

Central Government released grants-in-aid for development of rural areas which were to be spent exclusively on the projects for which these were sanctioned. Diversion of funds from one scheme to another should not be made without prior approval of the Central Government.

Test check of records of six PRIs revealed irregular diversion of funds amounting to Rs. one crore for the purposes not covered under the schemes as shown in **Appendix -XXVIII**.

9.5 Outstanding advances against individuals/executing agencies

Rule 51 of Madhya Pradesh Zilla Panchayat (Lekha Niyam), 1999 provides that advances to individuals/executing agency (Sarpanchs/Pradhans/Officials etc.) should be got adjusted immediately after incurring such expenditure failing which the entire amount of advance should be recovered from the next salary or sums payable to them.

Test check of records of 13 PRIs revealed that in contravention/violation of the above provision a sum of Rs. 2.63 crore was outstanding against individuals/executing agencies for the last five years as shown in **Appendix - XXIX**. Action to recover/adjust the advances needs to be initiated and the monitoring mechanism should be strengthened to ensure speedy and timely recovery.

9.6 Non utilisation of government grants within stipulated period

Centrally Sponsored Schemes such as Jawahar Gram Swarojgar Yojana (JGSY), Sampoorna Gramin Rojgar Yojana (SGRY), Indira Awas Yojana (IAY), National Family Benefit Scheme (NFBS), Total Sanitation Campaign (TSC), etc. and State Plan Schemes were being implemented through PRI's during 2002-05.

Test check of records revealed that grants of Rs. 3.49 crore released to six PRIs were lying unspent for a period ranging one year to four years as shown in **Appendix-XXX**. No action was taken to refund the unspent grants to government. The PRIs also did not review the implementation of schemes to ascertain reasons for the non-utilisation of grants.

This also resulted in depriving the rural population from intended benefits.

9.7 Irregular drawal of TFC grants

Commissioner, Panchayat and Social Justice, (P&SJ) Bhopal directed (April 2006) all the CEOs (ZPs) that the expenditure may be incurred from the TFC budget provision only after the amount is credited by Government of India (GOI) in the account of State Government. It was further directed (May 2006) that the amount of TFC may not be drawn as the amount was not received from GOI. The first and second instalment of TFC were credited in the accounts of State Government on 6 September 2006 and 22 March 2007 respectively.

Scrutiny of records (October – November 2007 and May-June 2008) of CEO, Zilla Panchayats Indore, Jabalpur, Rewa and Satna revealed that despite

instructions of the commissioner Rs. 18.18 crore were drawn during May to July 2006 against the anticipated credit of Ist instalment.

Similarly scrutiny of records (September-December 2007 and May-June 2008) revealed that CEO Zilla Panchayat Bhopal, Gwalior, Jabalpur, Rewa, Satna and Ujjain had drawn Rs. 15.94 crore during September to December 2006 against the anticipated credit of IInd instalment. Thus irregular drawals were made by the CEO's as detailed in **Appendix -XXXI**.

On being pointed out in audit, CEO (ZPs) Indore, Jabalpur, Rewa, Satna and Ujjain replied (October-November 2007 and May-June 2008) that the amount was drawn due to availability of budget provision of TFC and non-receipt of information about the date of crediting etc. while CEO (ZPs) Bhopal and Gwalior replied (September & December 2007) that amount was drawn as per instructions given by the Principal Secretary, Panchayat and Rural Development Department in the meeting of CEOs held on 19 September 2006.

The replies were not acceptable as these were contrary to the above directions of Commissioner.

The matter was reported to Commissioner (October 2007) with the request to furnish a copy of minutes of the meeting of 19 September 2006; the reply was awaited (June 2008).

9.8 (i) Incomplete works

In general the construction works taken up by Janpad Panchayat and Gram Panchayat should be completed within one year.

Test check of records in 4 Zilla Panchayats, 15 Janpad Panchayats revealed that 1043 works taken up under various schemes were lying incomplete from 2000-01 onwards on which expenditure of Rs. 19.97 crore was incurred as shown in **Appendix -XXXII**.

As the works relating to buildings, roads and deepening of tanks etc. were lying incomplete from the year 2000-01 to 2006-07, possibility of deterioration of quality of works can not be ruled out by the passage of time.

9.8 (ii) Incomplete works under SGRY

According to guidelines of SGRY only those works should be taken up which could be completed within one year and in exceptional cases within two years.

Test check of records of one Zila Panchayat and five Janpad Panchayats revealed that 63 works could not be completed after a lapse of four to five years from its sanction and after incurring expenditure of Rs. 76.45 lakh as shown in **Appendix-XXXIII**. The intended benefit of the assets could not be provided to the public as well as the deterioration of properties can not be ruled out with the passage of time.

9.9 Non-utilisation of SGRY grant for SC/ST beneficiary component (22.5%) & for maintenance of assets (15%)

According to Para 4.4 and 5.5 of the guidelines of Sampoorna Gramin Rojgar Yojna (SGRY), (effective from April 2002), 22.5 per cent grant from the allotment of funds at Janpad level should be utilised on the works relating to SC/ST beneficiaries and 15 per cent grant should be utilised on the maintenance of assets created from this fund for the prolonged use of such assets.

Test check of records of eight Janpad Panchayats revealed that against the requirement of Rs. 2.19 crore (22.5 percent), only Rs. 0.99 crore (10.16 percent) were utilised on the works relating to SC/ST beneficiaries and no expenditure was incurred on the maintenance of assets as shown in **Appendix – XXXIV**.

9.10 Irregular allotment of houses to the male beneficiaries under Indira Awas Yojna (IAY)

According to Para 6 of the guidelines of IAY issued by Government of India (GOI) and para 5.5 of the guidelines issued by Government of Madhya Pradesh, the allotment of Plots and Awas should be made in name of unmarried woman or widow in the family or in the joint name of husband and wife.

Test check of records of two Zila Panchayats and 13 Janpad Panchayats revealed that 4300 Awas costing Rs. 8.17 crore as shown in **Appendix - XXXV** were allotted to male beneficiaries against the provisions of the Yojna.

9.11 Irregularities in maintenance of Muster Rolls (MRs)

Muster Roll is a very important and basic record for the departmental works. Following instructions were issued for the preparation of muster rolls in Madhya Pradesh Public Works Department Code.

- (i) The MRs should bear serial number.
- (ii) The MRs should be issued under the dated initial of issuing authority.
- (iii) Separate MRs should be used for each work.
- (iv) Thumb impression of the labourer receiving the payment should be attested by some responsible officer.
- (v) The name, age, sex, caste, village etc. of the labourer engaged on work should be mentioned.
- (vi) The measurements of work done on MRs should be recorded in the Measurement Book (MB) and reference of MB should be recorded on MRs under the proper attestation by sub-engineer.

- (vii) If any payment could not be made on MRs to the labourer, such payment should be made on separate vouchers in the presence of Secretary or Sarpanch of GPs.

Scrutiny of records of eight GPs revealed that the MRs as shown in **Appendix - XXXVI** were not prepared according to the instructions of MP PWD code *ibid*. The possibilities of false payments, preparation of duplicate MRs can not be ruled out.

9.12 Non maintenance of assets register and physical verification of assets

Rule 55 and 60 of Madhya Pradesh Gram Panchayat (Lekha Niyam), 1999, provides that all the public properties situated under the jurisdiction of Gram Panchayats will be the assets of that Gram Panchayat. A register should be maintained and all the assets should be entered there in as soon as they were completed or transferred to Gram Panchayats. The physical verification of assets entered in the register should be conducted once in a year by the CEO, Zila Panchayat or by any officer appointed by Govt.

Test check of records of 21 Gram Panchayats revealed that the properties as shown in **Appendix – XXXVII** worth Rs. 1.56 crore situated, constructed or transferred to 16 Gram Panchayats were not found entered in the asset registers and in four GPs the asset register was not maintained. The physical verification was not conducted by any officer.

Due to non-maintenance of assets register, total assets of the Gram Panchayats could not be ascertained. Further the duplicacy in selection of area or construction work in the same area can not be ruled out.

9.13 Pending Utilisation Certificate

Funds for execution of works were to be given to executing agencies in two or three installments and they were required to submit utilisation certificates (UCs) within 15 days of incurring expenditure to obtain subsequent installments of funds. UCs/ Completion Certificates (CCs) pertaining to various schemes worth Rs. 35.06 crore in six Zila Panchayats and Rs. 4.86 crore in seven Janpad Panchayats as shown in **Appendix - XXXVIII** were awaited for the last five years.

Chapter – X

Implementation of Schemes

(Panchayat and Rural Development Department)

10.1 Transfer of Functions, Functionaries and Funds to Panchayati Raj Institutions (PRIs)

Highlights

The 73rd Constitutional Amendment Act, 1992 (effected from June 1993) had defined the process of decentralisation of governance in India to empower Local Bodies up to village level. This led to transfer of functions, functionaries and funds to these bodies through various mechanism. Out of 29 functions, envisaged in the 11th Schedule of the Constitution only eight functions were found devolved to the PRIs and remaining 21 functions were being performed by the respective departments. Functionaries attached to devolved functions were not found transferred. The departments were not providing budget in the budget grants prescribed for PRIs. Some of the important findings were as under:-

- Out of 29 functions only 8 functions were found devolved to PRIs.

(Paragraph 10.1.5.1)

- CEOs, ZPs accorded administrative approval of works below 5 lakh each which were within the powers of the GPs.

(Paragraph 10.1.6.2)

- Functionaries attached to the devolved functions were not transferred to the PRIs.

(Paragraph 10.1.7.1)

- Budget for devolved functions was not provided in the budget grants prescribed for PRIs.

(Paragraph 10.1.8.1)

10.1.1 Introduction

The 73rd amendment of the Constitution (brought in 1993) had defined the process of decentralisation of governance in India. Subsequently the State government of Madhya Pradesh had passed legislation to empower the establishment of Local Bodies up to village level. This process had led to transfer of functions, functionaries and funds to these bodies through various mechanism. In this regard the State Government had issued various orders between 1994 to 1998. The major elements of devolution were transfer of administrative control over staff and freedom to take administrative and financial decisions at local level. The functions relating to the matter as enumerated in the 11th schedule of the above mentioned constitutional

amendment were required to be transferred accordingly to three tiers (Zila Panchayats (ZPs), Janpad Panchayats (JPs) and Gram Panchayats (GPs)) of Panchayat Raj Institutions (PRIs).

10.1.2 Organisational Setup

The functions after actual devolution to the PRIs were to be implemented by Chief Executive Officer (CEO) Zila Panchayat (ZPs), Janpad Panchayat (JPs) and Secretaries, Gram Panchayats (GPs) at district, block and village level under the over all control of Principal Secretary, Panchayat & Rural Development Department and Commissioner, Panchayat and Social Justice at State level. The 21 functions which were being implemented by the respective departments before devolution, were still being implemented though these were devolved to the PRIs by them.

10.1.3 Audit objectives

The audit objectives were to evaluate whether:

- The functions, functionaries and funds envisaged to be transferred to the PRIs were actually transferred.
- The transferred functions were carried out effectively and efficiently and whether there were any overlapping in performing the functions.
- The PRIs were suitably empowered administratively and financially to discharge the enhanced responsibilities.
- Functionaries transferred were adequate and fully under the control of PRIs.
- Adequate monitoring and internal control system exists for effective planning and execution of transferred functions/ activities.

10.1.4 Audit Coverage.

The audit coverage of performance audit was for the period 2002-07. The records of the Commissioner, Panchayat and Social Justice, Rural Development, Tribal Department, Health Services and Engineer-in-chief, Public Health Engineering Department (E-in-C PHED) were test-checked at State level and CEO, ZPs (4)¹, JPs (8)², GPs (16) were test checked at district, block and village level respectively during the period March-June 2008.

Audit Findings

The audit findings are summarised in the succeeding paragraphs:-

¹ Balaghat, Jhabua, Satna and Seoni

² Balaghat, Baihar, Meghanager, Ranapur, Mazgawan, Suhawal, Seoni and Barghat

10.1.5 Transfer of functions

10.1.5.1 Transfer of a few functions

The state government stated (December 2006) that all 29 functions were devolved by the respective departments to PRIs but test check of records in selected districts revealed devolution of only eight functions to PRIs as shown below:

Sl. No.	Name of function and Department	Functions Devolved to		
		Z.P.	J.P.	G.P.
1.	Rural Housing (R.D.)	Z.P.	J.P.	G.P.
2.	Roads Bridges and other communications means (R.D.)	--do--	--do--	--do--
3.	Libraries (P. & S.J.)	--do--	--do--	--do--
4.	Other Cultural Activities (P. & S.J.)	--do--	--do--	--do--
5.	Market and fairs (P. & S.J.)	--do--	--do--	--do--
6.	Social Welfare including welfare of disabled person (RD)	--do--	--do--	--do--
7.	Poverty alleviation programme (RD)	--do--	--do--	--do--
8.	Maintenance of rural assets.	--do--	--do--	--do--

On being pointed out the CEO, ZPs stated (February, May and June 2008) that other 21 devolved functions were still being performed by the respective departments. The Director Health Services (DHS) M.P. Bhopal replied (April 2008) that after annulment of Panchayat Raj in the state, the department was performing the devolved functions. However no such orders of annulment of Panchayat Raj in the state were made available to audit by the DHS.

10.1.5.2 Non observance of activity mapping

For balancing the distribution of powers and functions among the PRIs, the basic criteria for such distribution was that a function should be performed by one tier of PRI to which it belongs naturally. In case of any overlapping of functions, there should be a mechanism for inter-tier coordination. For this purpose a detailed activity mapping of transferred functions should be conducted for clear distribution of functions among three tiers of the PRIs.

Test-check of records of Commissioner, Panchayat and Social Justice Department Bhopal revealed that though the activity mapping was prepared regarding devolutions of 29 functions of 23 departments and issued to PRIs in August 1998, these functions, were still not being performed at ZP/JP and GP level. Most of the departments were performing the devolved functions themselves, whereas the CEO, ZPs of test checked districts were denying the existence of any activity mapping prepared and issued by the state government for devolutions of 29 functions.

10.1.6 Performance of devolved functions

Following irregularities were noticed in performance of devolved functions:-

10.1.6.1 Implementation of Total Sanitation Campaign (TSC) through Women and Child Development Department

The TSC programme was to be implemented by the PRIs. Test-check of records of CEO, ZP, Satna revealed that this programme was implemented through Women and Child Development Department Satna during 2006-07. This was against the spirit of the 73rd constitutional amendment. On being pointed out no reply was given by the CEO, ZP, Satna (June 2008).

10.1.6.2 Misutilisation of financial powers

The state government devolved financial powers to the three tiers of PRIs as under:

- (1) To accord administrative approval regarding construction works upto Rs. 5 lakh by the Sarpanch, Gram Panchayat.
- (2) To accord administrative approval regarding construction works between Rs. 5 lakh to Rs. 10 lakh by the CEO, Janpad Panchayat
- (3) To accord administrative approval regarding construction work above Rs. 10 lakh by the CEO, Zila Panchayat

Test-check of records in selected districts revealed that CEOs of ZPs³ accorded the administrative approval for 707 works valuing Rs. 20.54 crore below Rs. 5 lakh each which were within the financial powers of Sarpanch, GPs. Thus the CEOs of ZPs were performing the functions of GPs. This shows that financial powers of GPs were usurped by ZPs.

10.1.7 Transfer of functionaries

10.1.7.1 Non-transfer of functionaries

Devolution of powers and functions to PRIs required availability of staff (functionaries) at each levels for efficient discharge of these functions. The PRIs should have full administrative control over the functionaries. The state government had also issued orders to transfer the staff to PRIs to discharge the duties, relating to devolved functions.

Test check of records in selected districts revealed that the functionaries attached to transferred functions had not been transferred to the PRIs. Non-transfer of functionaries to PRIs resulted in devolution of functions being ineffective.

On being pointed out the CEO, ZPs of selected districts stated that the departments did not transfer any functionaries to PRIs.

³ Balaghat (185 Rs. 7.11 crore), Jhabua (182 Rs. 2.58 crore), Satna (135 Rs. 8.16 crore) and Seoni (205 Rs. 2.69 crore)

10.1.7.2 Withdrawal of transferred staff

The state government issued orders (October 1996) that one Sub- Division (local) of PHED in each district along with staff was to be transferred to the Zila Panchayat for maintenance of hand pumps in rural areas (Panchayat Sector). Accordingly the Sub-Division along with staff was transferred to ZPs. The same was withdrawn subsequently and the maintenance of hand pumps in rural areas was being performed by the PHED. On being pointed out it was stated by the EEs that the staff was withdrawn on the basis of the orders of the government, but no such orders were made available to audit. This was in contravention of the spirit of decentralisation of powers.

10.1.8 Transfer of funds

10.1.8.1 Non-Providing Budget allotment to ZPs.

The Government of Madhya Pradesh stated that budget for PRIs had to be provided in the State Budget under the grant No. 15, 52 and 80 for implementation of transferred functions. The funds provided under these grants were to be drawn and utilised by the PRIs.

It was observed that the Budget for all 29 functions stated to have been transferred to PRIs were not provided in the above mentioned budget grants. The concerned departments were regularly providing budget under their own budget grants. Some examples were as under:

Sl. No.	Name of Department	Grant No.
1.	Medical and Public Health Department	19 (Medical) 41 (Tribal Sub Plan) 64 (Special Component S.C.)
2.	Tribal Department	33, 41
3.	Agriculture	38
4.	Public Health Engineering	20

Thus it was evident that the budget windows developed in the State budget were of no use. The departments were not providing budget under these grants to PRIs despite orders of the government. The budget provided was also drawn and utilised by the respective departments instead of CEOs of ZPs.

10.1.9 Internal Control

A strong internal control mechanism facilitates smooth functioning of an institution. The internal control should be effective at all level i.e. from Gram Panchayat to Directorate level. Test check of records revealed that there were three Directorate viz Panchayat and Social Justice, Rural Development Department and Tribal Development Department controlling the PRIs, under the overall control of Principal Secretary, Panchayat, Rural Development and Tribal, Schedule caste and other Backward class Development Department. It was further observed that no single authority was available for internal control. the CEOs, ZP were under the control of the Development Commissioner. The

224 CEOs, JP of Community Development (CD) blocks and GPs were under the control of Commissioner, Panchayat and Social Justice Department and 89 CEOs JP of Tribal Development (TD) block were under the control of Commissioner, Tribal Development. The budget allotment for pay and Allowances of ZP/JP was provided by the respective controlling departments. There were no correlation or coordination between these departments. Thus due to lack of coordination at Directorate/Government level, no effective internal control mechanism could be developed. This also affected the planning, programme implementation, funds management and monitoring of transferred activities and resulted in lack of control in execution of devolved functions. However, State Government constituted an independent Directorate Panchayati Raj (December 2007).

10.1.10 Decentralisation cell not constituted

A decentralisation cell was required to be constituted at district level to review the progress of transfer of functions along with functionaries and funds. The decentralisation cells were not constituted at any district level with the result that the implementation of devolved functions could not be monitored effectively.

10.1.11 Rules for implementation of devolved functions not framed

The state government did not frame any rules for proper and effective implementation of devolution of functions, functionaries and funds. In the absence of rules, there was no system to watch implementation of transfer process.

10.1.12 Conclusion

The functions, functionaries and funds, in fact have not been transferred to PRIs though state government issued orders in this regard. Thus there was no realistic devolution of functions.

10.1.13 Recommendations

Following recommendations are proposed:-

- (1) State government should take strict measures for transfer of functions to PRIs along with functionaries.
- (2) Budget for implementation of transferred functions should strictly be provided under the grant Nos 15, 52, 80 for PRIs.
- (3) The budget provided under these grants should be drawn and utilised by the CEOs of ZPs instead of respective departments.

10.2 Audit findings on release and utilisation of Twelfth Finance Commission's (TFC) grants

10.2.1.1 Interest payable to Panchayati Raj Institutions (PRIs) not drawn and paid

According to para 6.1 and 6.4 of Government of India's (GOI) guidelines⁴, States had to mandatorily transfer the grants to the PRIs within 15 days of the same being credited by the Centre into the State government's account. In case of delayed transfer of grant to PRIs beyond the specified period of 15 days, the State Government was required to pay the amount of interest to PRIs at the rate equal to the RBI rate. The details of TFC grant released by GOI and State Government were shown below:-

(Rs. in crore)

Sl. No.	Year	I st instalment			II nd instalment			Total
		Date of release by GOI	Date of release by State Govt.	Amount	Date of release by GOI	Date of release by State Govt.	Amount	
1.	2006-07	6 Sept. 06	15 Nov. 06	166.30	22 Mar. 07	26 Mar. 07	166.30	332.60

Scrutiny (July 2007) of records of the Finance Department (FD) revealed that the GOI released first instalment of grant of Rs. 166.30 crore for the year 2006-07 on 6 September 2006 and credited into State government's account on the same date. But the copy of GOI's sanction letter (dated 6 September 2006) was received on 8 November 2006 in FD and it was sent to Principal Secretary/Commissioner, Panchayat and Social Justices (P&SJ) Departments Bhopal (Directorate) in November 2006. Therefore, there was delay of 69 days in releasing the amount of the first instalment. In this connection FD issued (March 2007) a financial sanction of Rs. 1.28 crore of interest payment for 69 days to PRIs on delayed transfer of grant to them but the amount of the interest was not drawn and paid to PRIs by the P&SJ Department /Directorate (July 2007 and October 2008) due to non receipt of the copy of financial sanction from FD. Comments of FD called for (December 2007 and October 2008). FD replied that information will be furnished soon (October 2008).

10.2.1.2 Non payment of interest on further delayed transfer of grant to PRIs

According to the provision of TFC guidelines, interest was to be paid on delayed transfer of grant to PRIs. Scrutiny of records of 47⁵ test checked PRIs (Gram Panchayats) of five districts revealed that the first instalment of TFC grant amounting to Rs. 37.85 lakh for the year 2006-07 was received in Gram Panchayats during 22 November 2006 to 10 March 2007 beyond the period of delay of 69 days⁶. Thus there was further delay in distribution of first instalment ranging between 7 and 115 days. Similarly second instalment of Rs. 25.58 lakh was also transferred beyond specified period of 15 days, which

⁴ Guidelines for release and utilization of grant recommended by the Twelfth Finance Commission (TFC) were issued by the Government of India, Ministry of Finance, Department of Expenditure vide DO letter No. 12 (1) FCD/2005 dated 15 June, 2005

⁵ Bhind (1), Bhopal (11), Gwalior (1), Mandasaur (25) and Satna (9).

⁶ Period of 69 days (i.e. 7.09.2006 to 14.11.2006) for which interest was sanctioned by FD as stated in sub para - I (a)

resulted in delay ranging between 5 and 121 days in case of 28⁷ test checked GPs of four districts. Therefore, interest on such delayed transfer of grant was to be paid, but no interest was paid on further delay to such PRIs. The matter was reported to the Commissioner (P&SJ); reply was awaited (October 2008).

10.2.2.1 Delay in release of grant by GOI

According to para 6.1 of guidelines⁴ grants to local bodies were to be released in two equal instalments in July and January every year. Scrutiny of records of the FD revealed (July 2007) that the amount of Rs. 404.80 crore⁸ for the year 2006-07 were released by GOI on 6 September 2006 and 22 March 2007 respectively and credited into State government's account on the same dates. This resulted in delay ranging from 36 to 49 days in release of the grant by the GOI. According to para 6.2 of the guidelines⁴ two sets of details i.e. one on allocation of funds and another on release of funds were to be sent by the State government in the prescribed format prior to the release of each instalment by the GOI. State Finance Secretary was also required to furnish a certificate within 15 days of the release of each instalment. But it was noticed that the above prescribed certificate and sending of information for release of second instalment (2006-07) to the GOI was delayed by 128⁹ days excluding prescribed period of 15 days.

10.2.2.2 Delay in release of grant by ZPs

Government of Madhya Pradesh, Panchayat and Rural Development Department (PRDD) also issued (July 2006) a separate guideline (Revised)¹⁰ for utilisation of TFC grant. As per para 3 of the guideline, Zila Panchayats should provide funds to all the Gram Panchayats within 15 days. Scrutiny of records of ZPs Gwalior, Indore, Satna and Ujjain revealed that Rs. 20.67 crore (out of funds drawn: Rs. 27.35 crore) were distributed to Gram Panchayats with delay of 18 days to 159 days (excluding normal period of 15 days). On being pointed out in audit, the CEOs (ZPs) Gwalior, Indore, Satna and Ujjain stated (September-November 2007) that delay was due to late depositing of funds by banks in the accounts of Gram Panchayats (GPs), revision of guidelines, spending of more time to complete formalities etc. as detailed in **Appendix XXXIX**. The replies of all the CEOs were not acceptable as it was mandatory for ZPs to ensure that the funds were to be deposited in the accounts of GPs within specified time.

⁷ Bhopal (3), Indore (6), Mandsaur (18) and Satna (1).

⁸ Total amount received: Rs. 404.80 crore—Ist instalment: Rs. 202.4 crore (PRIs Rs. 166.30 crore and ULBs: Rs. 36.10 crore) and IInd instalment: Rs. 202.4 crore (PRIs Rs. 166.30 crore and ULBs: Rs. 36.10 crore).

⁹ Prescribed date for mailing the certification and information was 21.9.2006 as the date of receipt of Ist instalment was 6.9.2006. Therefore, further delay was 128 days (22.9.2006 to 28.1.2007)

¹⁰ Revised guidelines issued by PRDD vide letter No. 1-11/22/05/च-1 Dated 27.07.2006.

10.2.3 Unauthorised drawl of grant resulted in grant lying idle

Contrary to the above circulars, CEO (ZP) Bhopal drew both the instalments (October 2006) of Rs. 2.70 crore and distributed to the GPs by way of depositing in their bank accounts. However the CEO (ZP) Bhopal ordered GPs (November 2006) for non-drawal of second instalment from bank (50 per cent) till March 2007. This resulted in the grant of Rs. 1.35 crore (IInd instalment) lying idle in the bank accounts of GPs for the period of four months. On being pointed out in audit, the CEO replied (December 2007) that due to instructions issued (November 2006) by the Commissioner (P&SJ) for drawal of Ist instalment only the GPs were asked not to draw from bank. The reply was not acceptable as CEO, ZP should not have drawn the amount from treasury till instructions from Commissioner

10.2.4 With holding of grants

GOI released TFC grant of Rs. 332.60 crore for PRIs during the year 2006-07. Scrutiny of information made available (July 2007) by the Commissioner (P&SJ) Bhopal revealed that the provision of Rs. 328.41 crore only was made in the budget. This resulted in short provision and with holding of Rs. 4.19 crore whereas utilisation certificate of Rs. 332.60 crore was sent to GOI. On being pointed out in audit, the Commissioner (P&SJ) stated (July-2007) that the information regarding such difference would be furnished separately. The comments of FD were called for (September 2007) and reply was awaited (October 2008).

10.2.5 Unauthorised financial aid to the Bank

TFC grant was to be utilised by the Panchayats in respect of Water Supply and Sanitation. The funds were to be transferred to Gram Panchayats within 15 days. Scrutiny of cashbook of TFC grant in Zila Panchayat Gwalior revealed that out of Rs. 4.85 crore drawn (September 2006) on account of TFC grant, Rs. One crore were transferred (29 September 2006) from State Bank of India, Bada Branch (Regular Account) to Punjab National Bank, Morar (Gwalior) without any reason thereof and returned back (10 October 2006) after expiry of eleven days. This resulted in violation of procedure and financial aid to the bank in an irregular manner. On enquiry (September 2007), the CEO (ZP) Gwalior did not offer any reason.

10.2.6 Non-submission of utilisation certificate on the basis of expenditure incurred

Secretary FD was required to furnish a utilisation certificate every year for the grants spent by the ULBs as well as PRIs. According to the para 14 (format- 1) of the revised guidelines¹⁰ of State government, all the CEOs (ZPs) were required to submit Utilisation Certificates (UCs) on the basis of expenditure incurred by the GPs. Test check of records of Zila Panchayats Bhopal, Gwalior, Indore and Satna revealed that the UCs of Rs. 22.60 crore as shown in **Appendix XXXX** for the year 2006-07 were prepared and sent to the Commissioner (P&SJ), on the basis of amount drawn from treasury by the ZPs although a sum of Rs. 66.16 lakh were lying unspent in the bank accounts of

67^① test checked GPs of six districts. When pointed out in audit, Zila Panchayat Bhopal, Indore and Satna stated (October - December 2007) that in future the UCs would be prepared as per the guidelines⁴. No reason was given by Zila Panchayat Gwalior. Reply of the Zila Panchayat Ujjain was awaited (October 2008).

10.2.7 Bank account not opened for maintenance funds of assets

According to the para 4.1.1 of guidelines¹⁰ (Revised 2006) and circular issued (July-August 2006) by the PRDD, the assets created and handed over by the various departments to the Gram Sabhas (Village Assemblies) were to be listed in a register and maintenance of such assets to be carried out from 15 per cent of TFC grant. Therefore, a separate Bank account for maintenance funds of assets was to be opened. Test-check of information of 33^② GPs of five districts revealed that 736 assets were handed over to such GPs but no assets register/records was maintained and in 64^③ test-checked GPs a separate bank account for maintenance funds of assets were not opened. In the absence of such record, maintenance of assets could not be ascertained. The main reasons for non-maintaining the same were reportedly lack of knowledge/information etc.

10.2.8 Non-Recovery of pending user charges

The PRIs should be encouraged to take over the assets relating to Water Supply and Sanitation and utilise the grants for repairs/rejuvenation and O&M costs as mentioned in the para 2.3 (XII) of GOI guidelines¹. The PRIs should, recover at least 50 per cent of recurring costs in the form of user charges. As per revised guidelines¹⁰ of State government (para 4.2.1.1), recovery of user charges was to be made from the consumers of water connections under the Water Supply scheme of “Naljal”. Test-check of information made available by 18 GPs revealed that the amount of Rs. 14.59 lakh was pending for recovery from the consumers of water connections, as detailed in **Appendix XXXI**. The reasons for pending recovery of user charges were attributed to lack of interest/cooperation of the representatives of public and non-supply of adequate drinking water and it was stated (September – November 2007) that recovery would be made. Besides, State was required to intimate details of recurring O&M cost recoverable by the PRIs on the scheme of Water Supply to the GOI. But no such information was supplied to GOI. On being called for, the Directorate (P&SJ) replied (December 2007) that the same would be furnished after examination of facts.

10.2.9 Non-conducting of Social Audit

Social Audit of each construction and development work was to be conducted mandatorily by the Gram Sabhas (Village Assemblies) as per para 13 of the revised guidelines¹⁰. Scrutiny of information of 30^④ test checked GPs of four districts revealed that the Social Audit was not conducted by the concerned Gram Sabhas for want of instructions/knowledge and work load etc. as replied by the such PRIs.

① Bhopal (19), Gwalior (7), Indore (11), Mandsaur (17), Satna (9) and Ujjain (4)
② Bhopal (3), Gwalior (8), Indore (7), Satna (7) and Ujjain (8)
③ Bhopal (24), Gwalior (8), Indore (12), Satna (11) and Ujjain (9)
④ Bhopal (15), Gwalior (7), Indore (5) and Ujjain (3)

10.2.10 Execution of non-permissible works

TFC felt that grants for PRIs should be used to improve the service delivery by the panchayats in respect of Water Supply and Sanitation according to the para 2.1 of the GOI guidelines⁴. It was also recommended in Chapter 8 (Para 8.40)¹¹ of the Report that the TFC grants for the PRIs should be utilised for such purpose. The expenditure under the separate head of Maintenance of Civic Services (like: works of primary health care, cremation & burial grounds, street lighting and public conveniences etc.) was recommended in Chapter 8¹² of the report of Eleventh Finance Commission (Para: 8.18 and 8.22) but not in the report of TFC. Therefore, TFC grant was not to be utilised for the works under the head of minimum needs for Gram Panchayats. Scrutiny of information as made available by the Commissioner (P&SJ) Bhopal revealed that the budget provision of Rs. 325.77 crore under the scheme head of minimum basic needs to Gram Panchayats was made and an expenditure of Rs. 331.97 crore was incurred for the construction of Approach roads, Internal and other works (like: Roads, Boundary wall, Chabutra, Cremation & Burial Grounds, Street lighting and Buildings) etc. under the head of minimum basic needs to Gram Panchayats as detailed in **Appendix XXXXII**. This fact was confirmed from the records of the test checked Zila Panchayats of Gwalior, Indore, Satna, Ujjain as detailed in **Appendix XXXXIII** and in 41¹³ GPs of six districts. This resulted in non-follow up of the report and guidelines⁴ of TFC as well as execution of non-permissible works. The matter was brought (November 2007) to the notice of the Finance Department and Commissioner (P&SJ); reply had not been received (October 2008).

10.2.11 Best practices to be followed for augmenting the resources

TFC recommended best practices for augmenting the resources of the PRIs which, inter alia, included followings-

- (i) Levy of certain major taxes and exploitation of non-tax revenue sources be made obligatory for the Panchayats. The minimum rates for all such levies be fixed by the State government.
- (ii) A minimum revenue collection from the Panchayat taxes be insisted;
- (iii) All common property resources vested in the village Panchayats may be identified, listed and made productive of revenue;
- (iv) Valuation of taxable lands and buildings should be done by a separate cell in the Panchayati Raj Department of the State government and not left to the Panchayats;

¹¹ Chapter 8 (Local Bodies) of report of the Twelfth Finance Commission (2005-10) published in November 2004.

¹² Chapter 8 (Local Bodies) of report of the Eleventh Finance Commission (2000-05) published in June, 2000.

¹³ Bhopal (14), Gwalior (6), Indore (10), Mandasaur (1), Satna (3) and Ujjain (7).

- (v) Powers to levy a tax/surcharge/cess on agricultural holdings should be given to the intermediate or district Panchayats:

Scrutiny of records/information as made available by the Directorate (P&SJ) revealed that none of the above practices being followed. The Directorate stated (December 2007) that the same would be collected from the districts and furnished to audit after examination.

Chapter – XI

Execution of Works

(Panchayat and Rural Development Department)

11.1 Blocking of funds due to non-receipt of contribution from Gram Sabha

Funds amounting to Rs. 3.17 crore were blocked on incomplete works due to non-receipt of contribution from Gram Sabha.

As per para (4.10) of the guidelines of Eleventh Finance Commission issued by the Government of India, Ministry of Finance, the Local Bodies shall raise matching resources not less than 25 per-cent of the grant received from GOI. The Commissioner Panchayat & Social Justice, M.P. issued (March 2001) further guidelines for the works being executed by the Gram Sabha, the contribution may be made in the shape of grains, labour, material and from receipts from their own resources. Besides, the contribution from “Regional Development funds” provided by Hon’ble Members (MLA/MP) could also be treated as contribution by the Gram Sabha.

Commissioner Panchayat and Social Justice has further directed (October 2001) that proposal of works should be sanctioned by Zila Panchayat only after ascertaining the availability of 25 per-cent contribution from Gram Sabha/ Gram Panchayats.

Test check of records (July 2007) of Chief Executive Officer (CEO) Zila Panchayat Sidhi for the period of April 2002 to March 2006 revealed that 57¹ construction works amounting to Rs. 4.12 crore were sanctioned during 2001-02 to 2005-06 without ascertaining 25 per-cent contribution of Gram Sabha and released the funds amounting to Rs. 3.17 crore during same period. All the aforesaid works remained incomplete due to non-receipt of contribution from Gram Sabha resulting in blocking of funds as well as depriving beneficiaries from intended benefits.

On being pointed out, CEO stated (July 2007) that the works were taken up on the assurance of Hon’ble Members (MPs/MLA’s) that their contribution will be paid. However, the incomplete works will be completed on receipt of the contribution form MPs/MLAs.

¹
9 Works sanctioned during the year 2001-02
3 Works sanctioned during the year 2002-03
12 Works sanctioned during the year 2004-05
33 Works sanctioned during the year 2005-06

The reply of the department was not acceptable as the proposals for construction of works were to be sanctioned only on the availability of 25 per cent contribution.

The matter was reported to Government (December 2007); but despite of reminder (March 2008) reply was awaited (October 2008).

11.2 Unfruitful expenditure on the establishment of Dairy farm

Unfruitful expenditure of Rs. 3.14 crore on the establishment of Dairy farm for rural BPL families

Government of India, Ministry of Rural Development, New Delhi had approved (27.3.2002) a special project of "Establishment of Dairy Farm for rural BPL beneficiaries" under Swarnjayanti Gramin Swarajgar Yojna (SGSY) in Chhindwara District. The project cost of Rs. 563.59 lakh was to be shared between Central and State in the ratio of 75:25. The project was launched during 2001-02, the project period was expired on 15 March 2007. The target was to establish 33 units in 11 Janpad Panchayats against which construction of infrastructure work for 23 dairy units was awarded to Rural Engineering Services (RES), Chhindwara.

Test check of records (January 2008) of Chief Executive Officer, Zila Panchayat Chhindwara for the period from April 2006 to March 2007 revealed that against the receipt of Rs. 4.60 crore an expenditure of Rs. 3.45 crore (75 per cent) was incurred up to March 2007 for the establishment of 23 dairy units in the first phase including construction of infrastructure work by the RES. It was noticed from the assessment report of the project furnished to Development Commissioner, Bhopal (August 2006) that out of 23 dairies, only 12 dairies were constructed and 11 dairies were operated, of which 9 dairies were unsuccessful due to reasons shown in the **Appendix -XXXXIV** and there was no possibility of reforms. Further, it was also noticed from the minutes of meeting held during 6th June to 8th June 2007 under the chairmanship of Additional Chief Secretary, Panchayat and Rural Development Department that the financial and physical achievement against the proposed activities of the project (23 units) were not satisfactory as the selection of site by the CEO, ZP for the construction of dairy sheds was not proper. Therefore, the scheme was not considered to be fruitful. Hence it was decided to send either revised proposal to Govt. of India or proposal for the closure of the scheme. However the scheme was closed by the Government of Madhya Pradesh (December 2007) without taking 3rd instalment.

Thus, entire expenditure of Rs. 3.14² crore on the construction of infrastructure by RES remained unfruitful and the intended benefit of the project was not reached to the beneficiaries. Though the funds of Rs. 4.60

² Rs. 313.68 lakh (Rs. 180.45 lakh on 13 completed works and Rs. 133.23 lakh on 10 incomplete works)

crore was available but only Rs. 3.08 crore was allotted to the RES which resulted in non construction of remaining dairies.

On being pointed out in audit the CEO replied (January 2008) that 13³ units were completed and 10 units were incomplete, 11 units were operated of which 9 units were unsuccessful due to various reasons, hence decided for the closure of the project.

The matter was referred to government (May 2008) reply was awaited (October 2008).

11.3 Blocking of funds due to non-sanction of work/ non completion of works.

Funds of Rs. 1.15 crore were blocked in Bank due to non utilisation on sanctioned works and non-issue of administrative sanction of remaining works.

For the implementation of recommendation of 10th Finance Commission, Rs.1.25 crore were allotted by the Directorate Public Instructions and M.P. Pathya Pusthak Nigam during the year 1999-2001 to the Collector Chhattarpur for construction of additional rooms in primary and middle schools in the district along with arrangement of drinking water through digging of hand pumps, construction of toilets and residential quarters for teachers.

Test check of records (November 2007) of CEO, Zila Panchayat Chhattarpur for the period April 2004 to March 2007 revealed that the works for Rs. 73.63 lakh were sanctioned by the Collector to implementing agencies (PHE and CEOs) and paid Rs. 23.20 lakh only to these agencies. The Collector transferred (April 2003) remaining amount of Rs. 1.02 crore to the Chief Executive Officer (CEO) Zilla Panchayat, Chhattarpur for the above purpose. This amount was not spent by CEO. Instead Rs. 50.40 lakh were retained due to non receipt of utilisation certificates from the implementing agencies for amount paid by Collector and Rs.51.68 lakh were kept due to non issue of administrative sanction of remaining works.

Thus the amount of Rs.1.15 crore including interest (Rs. 0.13 lakh) was lying unspent (March 2007) in Bank since April 2003 which resulted in blocking of funds as well as depriving the benefits of the recommendation of 10th Finance Commission. The unspent balance should have been refunded to the Government.

On being pointed out, CEO Chhattarpur (November 2007) replied that the amount will be released after getting the utilisation certificates of incomplete works and the guidelines are being sought from the Government.

³

As per implementation report furnished to Dy. Commissioner, Jabalper (September 2007)

The reply of the department was not acceptable as the amount of Rs. 1.02 crore was sent to the CEO, Chhattarpur (March 2003) and it was the responsibility of the CEO to incur expenditure on the remaining works after March 2003 or to refund the unutilised funds to the Government.

The matter was reported to Government (May 2008) reply was awaited (October 2008).

11.4 Irregular purchase of cement

Irregular purchase of cement amounting to Rs. 53.62 lakh without adopting the procedure laid down by the Government.

Rule 3 (3) of the M.P. Panchayat (Material and Goods Purchase) Rules 1999 provide that any purchase exceeding Rs. 15,000 should be made by inviting open Tenders. Rule 56 (2) of M.P. Janpad Panchayat (Accounting) Rule 1999 provides that the stock entry of the material purchased should be made in the register after verifying the correctness of quality, quantity and record a certificate to that effect on the bill before passing for payment and the account of the receipts and issues should be maintained accordingly.

Test check of records (May 2007) of Chief Executive Officer (CEO) Janpad Panchayat, Jeerapur, District Rajgarh for the period from April 2001 to March 2005 revealed that 47450 bags of cement amounting to Rs. 53.62 lakh were purchased (January - December 2003) without inviting tenders. It was also noticed that neither the stock entry for purchase of cement was made in the register nor physical verification was conducted by the department for ensuring the quality and quantity of the cement purchased and a certificate to the effect was also not recorded on the bill. The verification of consumption of cement in various construction works was also not done.

On being pointed out in audit the CEO replied that works were to be completed in hurry, hence the cement was purchased on market rates.

The reply of the CEO was not acceptable as the construction works are regularly taken up by Panchayats for which cement is an essential component and as such rate contract should have been executed after observing purchase rules. Due to non-adherence of the prescribed procedure, department could not get the advantage of competitive rates. Besides, in the absence of proper accountal of receipt and consumption of cement, the possibility of misappropriation/ short receipt/excess consumption cannot be ruled out.

The matter was reported to the Government (October 2007) and reminder issued (March 2008); reply was awaited (October 2008).

CHAPTER – XII
Recommendations

In the light of findings by audit, the following recommendations are made for consideration of Government:-

- (1) Necessary amendment in PRIs Act to empower the CAG should be made.
- (2) Functions, Functionaries and funds should be transferred to PRIs by the concerned departments.
- (3) “Pancha Lekha” Software should be made operational.
- (4) Reconciliation of cashbook with the bank passbook should be carried out on a regular basis.
- (5) Ensure availability of information of receipts and expenditure of all PRIs at state level should be made for easy analysis of PRIs’ data.
- (6) Assets register should be maintained by the Gram Panchayats and Physical verification of assets should be conducted by the some responsible authority.
- (7) The unspent balances of non-operational schemes/closed schemes should be refunded to the Department.
- (8) Parking of funds should be avoided.
- (9) Best practices recommended by the TFC for augmenting resources of PRIs should be followed.

Date: 2nd December, 2008

Place: Gwalior

(SANAT KUMAR MISHRA)

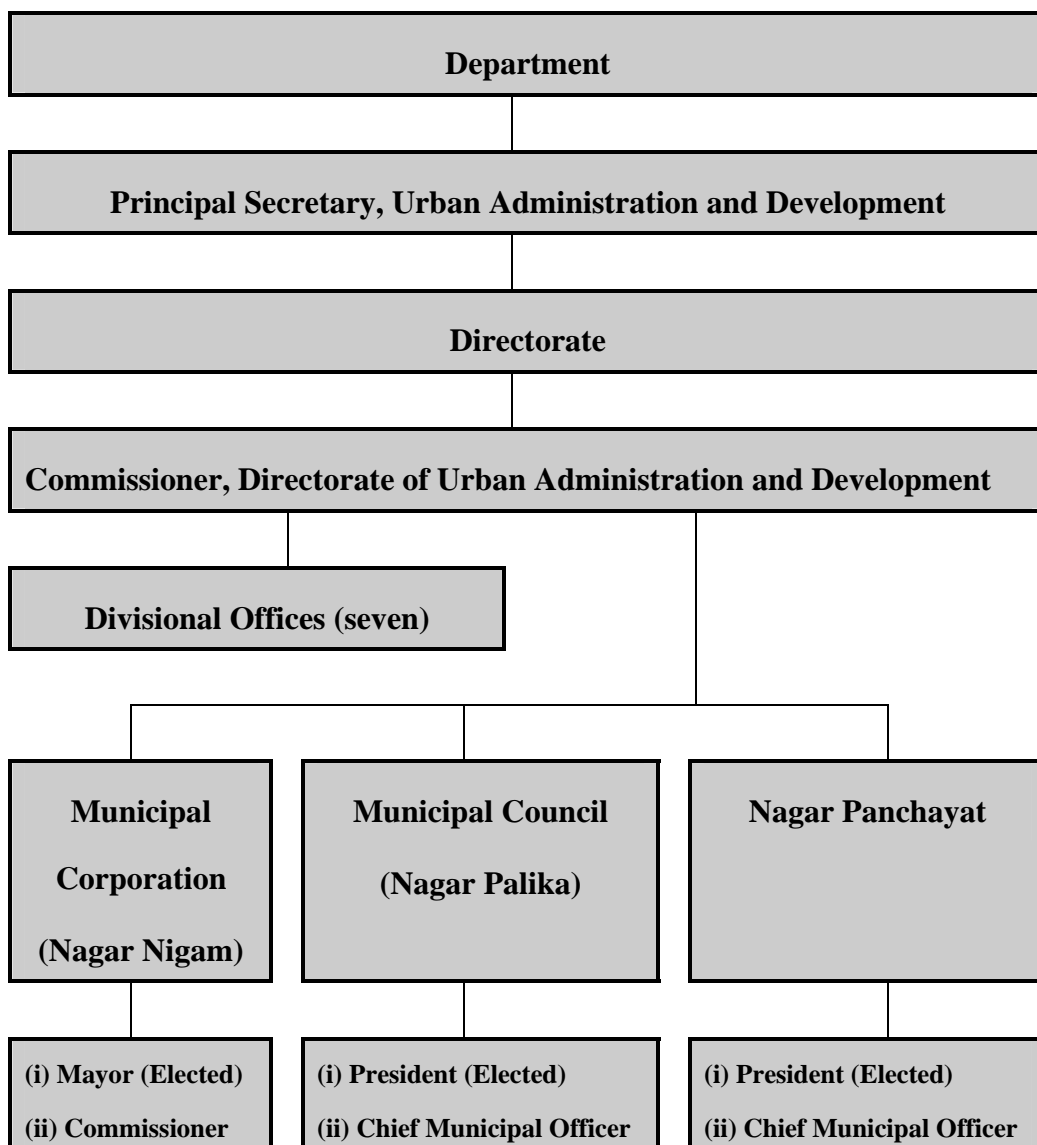
Principal Accountant General

(Civil and Commercial Audit)

Madhya Pradesh

Appendix – I
Reference: Paragraph 1.2 page-2)

Organisational Chart of ULBs



Appendix – II

(Reference: Paragraph – 1.6.2 page -4)

Statement showing the details of own revenue realised, grants received from state and central government,
Revenue and Capital expenditure during the year 2004-05 to 2006-07 in test checked ULBs.

(Rs. in crore)

Sl. No.	Name of test checked	Year	Details of own revenue realised and grants received			Expenditure	
			Own revenue realised	Grant of State Government	Grant of Central Government	Revenue	Capital
1	2	3	4	5	6	7	8
1.	MC Bhopal	2004-05	43.32	64.59	5.52	112.72	11.04
		2005-06	53.75	74.28	5.14	128.36	61.48
		2006-07	62.43	93.65	30.64	157.23	64.68
		Total	159.50	232.52	41.30	398.31	137.20
2.	MC Jabalpur	2004-05	28.29	46.37	0.89	64.76	11.04
		2005-06	36.18	58.46	4.61	70.73	22.13
		2006-07	24.89	102.51	1.52	73.28	19.34
		Total	89.36	207.34	7.02	208.77	52.51
3.	MC Rewa	2004-05	3.70	6.41	0.17	7.22	3.40
		2005-06	4.97	10.32	0.68	8.87	7.30
		2006-07	6.56	10.37	0.30	9.99	6.37
		Total	15.23	27.10	1.15	26.08	17.07

Note:- The above figures were worked out from the budget estimates of these ULBs for the year 2006-07 to 2008-09

Appendix – III
(Reference: Paragraph 1.8 Page -5)
Statement showing the details of outstanding audit paragraphs of ULBs
included in the Inspection Reports (IRs) of the CLFA

(As on 31 March 2008)

Sl. No.	Name of revenue division	Total number of outstanding audit paragraphs	Number of paragraphs settled	Number of paragraphs outstanding
1.	Bhopal	29438	4424	25014
2.	Gwalior	8663	325	8338
3.	Indore	21770	1174	20596
4.	Jabalpur	14321	84	14237
5.	Rewa	23480	5567	17913
6.	Sagar	19081	2597	16484
7.	Ujjain	16945	126	16819
	Total	133698	14297	119401

**Appendix - IV
(Reference: Paragraph 2.2 Page -7)
Bank-reconciliation statement not prepared**

(In rupees)

SL. No.	Name of Units	Period of Audit	Amount as per cash book	Amount as per passbook/ Bank Statement	Net Balances remained unreconciled
1.	Nagar Nigam Jabalpur	2005-07	729602914	275868976 *	453733938
2.	Nagar Nigam Burhanpur	2004-06	40434669	46407271	5972602
3.	Nagar Palika Aagar	2001-05	1811636	2061106	249470
4.	Nagar Palika Mohgaon	2003-06	3714944	4014944	300000
5.	Nagar Palika Gadarwara	2001-05	3059917	11695042	8635125
6.	Nagar Palika Aamla	2001-04	1620191	2024120	403929
7.	Nagar Palika Ashok Nagar	2003-05	13505367	16083876	2578509
8.	Nagar Panchayat Jobat	2003-05	346785	453621	106836
9.	Nagar Panchayat Ishagarh, Ashok Nagar	2001-05	818477	1486884	668407
10.	Nagar Panchayat Bawai	2003-05	1746986	1821323	74337
11.	Nagar Panchayat Lahar	2001-04	6796952	7168158	371206
12.	Nagar Panchayat Narayangarh	2001-06	1832459	1890806	58347
13.	Nagar Panchayat Shahpur	2004-06	1262610	1781592	518982
14.	Nagar Panchayat Makshi	2001-05	348837	306848	41989
15.	Nagar Panchayat Amarpatan	2001-06	4509019	3164003	1345016
16.	Nagar Panchayat Kanad	2001-06	5062755	5269802	207047
17.	Nagar Panchayat Patharia	2001-06	2342673	2431170	88497
18.	Nagar Panchayat Morena	2003-06	632796	2612403	1979607
	Total		819449987	386541945	477333844

* The above amount of bank statement does not include the amount of FDR of Rs. 79,06,55,379/- hence reduced the balance of bank statement and increased the balances remained un-reconciled.

Appendix - V
(Reference: Paragraph 2.3 Page -7)
Non-recovery of advances from individuals

(Rupees in lakh)

SL. No.	Name of Unit	Period of Audit	Period from which outstanding	Amount
1.	Nagar Nigam Jabalpur	2005-07	2004-05	13.92
2.	Nagar Nigam Dewas	2004-06	2004-06	51.26
3.	Nagar Nigam Bhopal	2006-07	2005-06	84.98*
4.	Nagar Palika Mohgaon	2003-06	2003-06	4.28
5.	Nagar Palika Gadarwara	2001-05	2001-05	10.73
6.	Nagar Palika Alirajpur	2001-05	2001-04	21.43
7.	Nagar Palika Vidisha	2004-07	2005-06	12.59
8.	Nagar Palika Morena	2003-06	2003-04	10.35
9.	Nagar Palika Sehore	2003-06	2003-06	4.06
10.	Nagar Palika Pansemal	2001-06	1999-2004	1.70
11.	Nagar Palika Anjar	2003-06	2003-04	3.51
12.	Nagar Panchayat Khetia	2001-06	1999-05	1.52
13.	Nagar Panchayat Badoda	2001-06	2001-06	6.68
14.	Nagar Panchayat Narayangarh	2001-06	1996-01	1.16
15.	Nagar Panchayat Chorai	2001-06	2001-06	23.31
16.	Nagar Panchayat Kanar	2001-06	1994-05	2.37
17.	Nagar Panchayat Harrai	2001-06	2001-06	2.20
18.	Nagar Panchayat Betma	2003-05	2003-05	1.00
19.	Nagar Panchayat Mehgaon	2001-04	2001-04	1.27
20.	Nagar Panchayat Jobat	2003-05	2003-04	3.53
	Total			261.85

*उपरोक्त राशि में से रू. 41.40 लाख का समायोजन (अक्टूबर 2008) किया जा चुका है। अग्रिम की शेष राशि रू. 43.58 लाख है इसका विवरण निम्नानुसार है।
अस्थाई अग्रिम रू. 0.30 लाख; स्थाई अग्रिम 0.05 प्रदायकर्ता को अग्रिम 43.23 लाख।

Appendix – VI
Reference: Paragraph – 2.3 page -7)

Details of Advances to Companies
(कम्पनी को प्रदाय अग्रिम का विवरण)

(In rupees)

क्र.	दिनांक	संस्था का नाम	कार्य का विवरण	अग्रिम राशि
1	2	3	4	5
1.	25.8.2005	सुलभ इन्टरनेशनल	हर्ष वर्धन नगर में सुलभ काम्पलेक्स निर्माण	1108960.00
2.	27.7.2005	इम्पिरीयल केमिकल	ब्लिचिंग क्रय हेतु	266228.00
3.	27.9.2005	इम्पिरीयल केमिकल	ब्लिचिंग क्रय हेतु	266228.00
4.	25.1.2006	शेपर्स कन्स्ट्रक्शन	एम.पी. नगर में विकास कार्य	1553900.00
5.	5.12.2006	भोपाल ब्लिच	ब्लिचिंग क्रय हेतु	127260.00
				3322576.00

Appendix – VII
(Reference: Paragraph 2.4 Page -8)
Diversion of funds

(Rupees in lakh)

S. No.	Name of unit	Period	Scheme for which grant was released,	Scheme for which grant was diverted	Amount
1.	Nagar Nigam Bhopal	2006-07	Development of Transport Nagar	Repayment of loan (Kolar Project)	100.00
2.	Nagar Nigam Datia	2004-06	EFC, SFC, Drinking Water.	Electricity Charges	33.63
3.	Nagar Nigam Burhanpur	2004-06	BMS	Repayment of loan	50.00
4.	Nagar Palika Dindori	2001-06	EFC, BMS, Sulabh Complex	Pay & allowances and electricity charges	34.99
5.	Nagar Palika Phooph (Bhind)	2001-06	Dev. in Ayodhya Basti (C.C. Road)	Purchased Water supply material and deposited Income Tax to I.T. Dept.	5.43
6.	Nagar Palika Shahdol	2003-06	Mid-day- meal	C.C. Road work	3.81
7.	Nagar Palika Dhar	2003-06	Fire Brigade Purchase (9.00), conversion of dry latrine (11.51), Road repair (36.48+ 4.41)	Electric item (9.00) chemical, Books purchase, Rent of hired vehicles, Electricity Bill, Water supply metrical (11.51) Street light & Electricity Bill arrear of GPF deposited (40.89)	61.40
	Total				289.26

**Appendix – VIII
(Reference: Paragraph 2.5 Page -8)
Non utilisation of government grants within stipulated period**

(Rupees in lakh)

SL. No.	Name of Unit	Period of audit	Purpose	Period From which outstanding	Amount outstanding
1.	Nagar Nigam Burhanpur	2004-05	TFC	2005-06	90.30
2.	Nagar Nigam Sagar	2005-06	TFC	2005-06	74.24
3.	Nagar Palika Dhar	2003-06	Improvement of Museum, Tribal Special Grant, Conversion of dry latrine, Gandhi Nagar Park	2005-06	37.36
4.	Nagar Palika Shajapur	2004-07	TFC	2005-06	29.44
5.	Nagar Palika Ashok Nagar	2003-05	IDSMT	2002	38.10
6.	Nagar Palika Seoni Malwa	2003-05	SFC, SJSSRY, Road Repair, Dist. Planning grant	1998 to 2002	27.51
7.	Nagar Palika Bar Nagar	2001-04	Water Augmentation Scheme	2001-04	46.34
8.	Nagar Palika Jaora	2002-05	MP, MLA fund, State finance mid-day meal, conversion of dry latrine	2002-05	26.97
9.	Nagar Palika Ganj Basoda	2002-04	EFC, State finance, Road repair, Conversion of Dry latrine, Special Component Grant	2002-03	52.31
10.	Nagar Panchayat Aaron	2003-06	Sulabh Complex, BMS, TFC, Ayodhya Basti, IDSMT	2003-06	65.72
11.	Nagar Panchayat Pansemal	2001-06	EFC, SFC, MLA fund, mid-day meal, BMS, Road Repair	1989 to 2005	49.87
12.	Nagar Panchayat Amar Patan	2001-06	IDSMT & TFC	2003 to 2005	22.76
	Total				560.92

Appendix – IX
(Reference: Paragraph 2.6 Page -8)
Non recovery of taxes

(Rupees in lakh)

S.I. No.	Name of Unit	Period of audit	Total cumulative demand	Total collection	Total un-recovered amount
1.	Nagar Nigam Bhopal	2006-07	10921.33	4275.09	6646.24
2.	Nagar Nigam Dewas	2004-06	568.98	387.28	181.70
3.	Nagar Nigam Burhanpur	2004-06	729.25	131.60	597.65
4.	Nagar Nigam Jabalpur	2005-07	4719.50	3620.20	1099.30
5.	Nagar Palika Sagar	2005-06	512.94	169.89	343.05
6.	Nagar Palika Morena	2003-06	269.99	60.57	209.42
7.	Nagar Palika Ashok Nagar	2003-05	136.38	36.62	99.76
8.	Nagar Palika Gadarwara	2001-05	133.19	24.35	108.84
9.	Nagar Palika Aagar	2001-05	49.17	24.10	25.07
10.	Nagar Palika Hata	2001-04	48.25	13.62	34.63
11.	Nagar Palika Begamgunj	2001-06	148.49	21.26	127.23
12.	Nagar Palika Vidisha	2004-07	300.43	100.38	200.05
13.	Nagar Palika Shajapur	2004-07	159.27	68.17	91.10
14.	Nagar Palika Sahadol	2003-06	146.76	58.80	87.96
15.	Nagar Panchayat Dindori	2001-06	77.47	11.05	66.42
16.	Nagar Panchayat Amar Patan	2001-06	31.30	5.35	25.95
17.	Nagar Panchayat Hindoria	2001-06	18.86	3.58	15.28
18.	Nagar Panchayat Aaron	2003-06	34.36	1.49	32.87
19.	Nagar Panchayat Harrai	2001-06	20.94	4.95	15.99
20.	Nagar Panchayat Soyat Kala	2001-06	17.18	3.03	14.15
	Total		19044.04	9021.38	10022.66

Appendix - X
(Reference: Paragraph 2.7 Page -8)
Non depositing of amount in Provident Fund Accounts

(Rupees in lakh)

SL. No.	Name of Unit	Period for which fund not deposited	Amount
1.	Nagar Nigam Dewas	4/04 to 3/06	31.59
2.	Nagar Palika Sanavad	4/02 to 3/04	12.19
3.	Nagar Palika Sironj	4/02 to 3/04	10.73
4.	Nagar Palika Khargoan	2002 to 3/2005	46.60
5.	Nagar Palika Betul	4/01 to 3/04	10.09
6.	Nagar Palika Pandurna	4/01 to 3/04	24.15
7.	Nagar Palika Hata	4/01 to 3/04	13.14
8.	Nagar Palika Seoni	4/01 to 3/05	4.91
9.	Nagar Palika Itarsi	4/03 to 3/05	74.79
10.	Nagar Palika Panna	2003 to 3/05	25.62
11.	Nagar Panchayat Anjar	4/03 to 3/06	10.69
12.	Nagar Panchayat Betma	3/03 to 3/05	3.52
13.	Nagar Panchayat Bhitwar	2003-04	8.24
14.	Nagar Panchayat Taricharkla	2003-04	2.78
15.	Nagar Panchayat Gotegaon	2001-04	5.30
16.	Nagar Panchayat Chorai	2001 to 3/06	16.82
	Total		301.16

Appendix - XI
(Reference: Paragraph 2.8 Page -9)
Non-creation of Reserve Fund of ULB's

(Rupees in lakh)

SL. No.	Name of Unit	Year	Outstanding Amount
1.	Nagar Nigam Sagar	2005-06	130.35
2.	Nagar Nigam Burhanpur	2004-06	79.96
3.	Nagar Palika Nowgaon	2001-04	18.20
4.	Nagar Palika Sanavad	2001-05	23.79
5.	Nagar Palika Chanderi	2002-05	1.35
6.	Nagar Palika Hosangabad	2002-05	38.05
7.	Nagar Palika Bhind	2003-06	75.71
8.	Nagar Palika Panna	2003-05	32.35
9.	Nagar Palika Sidhi	2003-05	36.66
10.	Nagar Panchayat Narayangarh	2001-06	8.85
11.	Nagar Panchayat Malhargarh	2001-06	4.53
12.	Nagar Panchayat Jobat	2002-05	6.41
13.	Nagar Panchayat Pichor	2003-05	6.04
14.	Nagar Panchayat Bawai	2003-05	6.80
15.	Nagar Panchayat Ishagarh	2001-05	8.49
16.	Nagar Panchayat Rampura	2001-05	12.98
17.	Nagar Panchayat Makshi	2001-05	4.38
18.	Nagar Panchayat Aaron	2003-06	1.64
19.	Nagar Panchayat Mow	2001-05	4.39
20.	Nagar Panchayat Namli	2001-04	1.61
	Total		502.54

Appendix - XII
(Reference: Paragraph 2.9 page -9)
Statement of non-recovery of rent and premium of shops

(Rupees in lakh)

S. No.	Name of Unit	Period of AIR	No. of shops	Arrear of Premium	Arrear of Rent.	Total arrear Amount
1.	Nagar Nigam Bhopal	2006-07	33	47.12	8.30	55.42
2.	Nagar Nigam Dewas	2004-06	19	--	10.43	10.43
3.	Nagar Palika Gadarwara	2001-05	175	--	14.79	14.79
4.	Nagar Panchayat Bawai (Hosngabad)	2003-05	37	13.08	2.19	15.27
5.	Nagar Panchayat Aaron	2003-06	248	--	13.71	13.71
6.	Nagar Panchayat Mow (Bhind)	2001-05	39	--	1.02	1.02
7.	Nagar Panchayat Makshi	2001-05	25	--	0.94	0.94
8.	Nagar Panchayat Pichor (Shivpuri)	2003-05	24	121.07	9.36	130.43
9.	Nagar Panchayat Amar Patan	2001-06	--	6.73	2.08	8.81
10.	Nagar Panchayat Pansemal	2001-06	33	--	1.86	1.86
11.	Nagar Panchayat Kanad	2001-06	49	17.85	3.63	21.48
12.	Nagar Panchayat Patharia	2001-06	42	0.29	1.17	1.46
13.	Nagar Panchayat Harrai	2001-06	24	13.24	0.89	14.13
14.	Nagar Panchayat Soyatkala	2001-06	80	4.47	2.96	7.43
	Total		828	223.85	73.33	297.18

Appendix - XIII
(Reference: Paragraph 2.10 page -9)
Non deduction of Labour Welfare Cess from Contractor on
bills of constructions work

(In rupees)

S. No.	Name of the Unit	Period of AIR	Labour welfare cell amount
1.	Nagar Nigam Gwalior	2004-06	3367000
2.	Nagar Nigam Indore	2002-04	564000
3.	Nagar Nigam Burhanpur	2004-06	226822
4.	Nagar Nigam Rewa	2001-04	1921000
5.	Nagar Palika Gadarwara	2001-05	53891
6.	Nagar Palika Mohgaon	2003-06	123303
7.	Nagar Panchayat Aaron	2003-06	92119
	Total		6348135

Appendix - XIV
(Reference: Paragraph 2.11 page- 9)
Purchases of material without inviting tender or purchases
not made from LUN

(Rupees in lakh)

S. No.	Name of the Unit	Period of AIR	Kind of Material Purchased	Amount
1.	Nagar Nigam Bhopal	2006-07	Electrical item sodium lamp	5.19
2.	Nagar Palika Seoni Malwa	2003-05	Electrical item	9.94
3.	Nagar Palika Alirajpur	2001-04	Water supply material, Alum, Bleaching, phenol	59.39
4.	Nagar Palika Shajapur	2004-07	Electrical item	29.10
5.	Nagar Palika Manawar	2001-04	Electrical & Water Supply item	11.79
6.	Nagar Panchayat Dindori	2001-06	Water Supply Material	3.93
7.	Nagar Panchayat Amar Patan	2001-06	Electrical item	11.15
8.	Nagar Panchayat Pichor	2003-05	Water Supply item & Maintenance material	2.78
9.	Nagar Panchayat Rampura	2001-05	Water Supply item & Maintenance material	97.24
	Total			230.51

Appendix - XV
(Reference: Paragraph 2.12 page -10)
Non-realisation of loan amount and contribution amount from the beneficiaries for conversion of dry latrines into pour flush latrines

(In rupees)

S. No.	Name of the Unit	Period AIR	No. of latrines	Non-realisation from beneficiaries		Total Amount
				Contribution	Loan	
1.	Nagar Nigam Burhanpur	2004-06	12800	--	9702317	9702317
2.	Nagar Palika Agar	2001-05	330	48413	435713	484126
3.	Nagar Palika Begamganj	2001-06	3500	--	4121804	4121804
4.	Nagar Palika Ashok Nagar	2003-05	773	109650	957104	1066754
5.	Nagar Panchayat Amar Patan	2001-06	145	21315	213150	234465
6.	Nagar Panchayat Hindoria	2001-06	181	26698	240278	266976
7.	Nagar Panchayat Patharia	2001-06	250	36875	331875	368750
8.	Nagar Panchayat Rampur Baghelan	2001-06	130	19110	171990	191100
9.	Nagar Panchayat Bawai	2003-05	160	23200	209760	232960
10.	Nagar Panchayat Rampura	2001-05	647	98824	890256	989080
	Total		18916	384085	17274247	17658332

Appendix - XVI
(Reference: Paragraph 2.13 page -10)
Pending Utilisation Certificates

(Rupees in lakh)

Sl. No.	Name of Units	Period of Audit	Name of Government grant	Amount
1.	Nagar Palika Alirajpur	2001-04	BMS, Road Repair, SFC, EFC	351.59
2.	Nagar Palika Begamgang	2001-06	BMS, Road Repair, SFC, EFC	79.46
3.	Nagar Panchayat Jobat	2003-05	State finance, BMS, Road Maintenance, EFC	45.23
4.	Nagar Panchayat Lahar	2001-04	Special Component Grant	90.53
5.	Nagar Panchayat Manawar	2001-04	Water crisis, Road Repair, Conversion of dry latrines	163.34
	Total			730.15

Appendix –XVII
(Reference: Paragraph 3.1.5.1 Page -12)

List of functions devolved to ULBs

1. Urban planning including town planning.
2. Regulation of land-use and construction of buildings.
3. Planning for economic and social development.
4. Roads and bridges.
5. Water supply for domestic, industrial and commercial purposes.
6. Public health, sanitation conservancy and solid waste management.
7. Fire services.
8. Urban forestry, protection of the environment and promotion of ecological aspects.
9. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
10. Slum improvement and upgradation.
11. Urban poverty alleviation.
12. Provision of Urban amenities and facilities such as parks, gardens, playgrounds.
13. Promotion of cultural, educational and aesthetic aspects.
14. Burials and burial grounds; cremations, cremation grounds and electric crematoriums.
15. Cattle pounds; prevention of cruelty to animals.
16. Vital Statistics including registration of birth and deaths.
17. Public amenities including street lighting, parking lots, bus stops and public conveniences.
18. Regulation of slaughter houses and tanneries.

Appendix - XVIII
(Reference Paragraph – 3.2.2.2 Page-15)
Statement showing the details of IInd instalment of TFC grant (2006-07)
released for ULBs in test checked units

S. No.	Name of test checked units of ULBs	Sanction no. & date	Details of bank a/c	Date of depositing of II nd instalment in the a/c of unit	Amount deposit (Rs. in Crore)	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)
01	NAGAR PALIKA NIGAM BHOPAL	3461/28.03.07 4357/28.03.07	SBI Indore Bhopal/53015140959	3/4/07	2.30	217 & 219
02	NAGAR PANCHAYAT BAIRASIA (BHOPAL)	4359/28.03.07 (Nagriya Prasasan Avam Vikas M.P. Bhopal)	NA	4/4/07	0.08	431/A
03	NAGAR NIGAM GWALIOR		SBI Indore Gwalior/53008580319	4/4/07	1.32	65
04	CMO NAGAR PALIKA DABRA		SBI Indore Dabra/53024490051	4/4/07	0.17	21
05	NAGAR NIGAM INDORE		SBI Indore/530031530	3/4/07	2.56	121
06	CMO NAGAR PALIKA MAHOO GAON		NA	3/4/07	0.07	17
07	NAGAR NIGAM UJJAIN		SBI Indore Ujjain/53016270024	3/4/07	0.69	41
08	CMO NAGDA (UJJAIN)		SBI Indore Nagda/52020135384	4/4/07	0.29	11
09	NAGAR NIGAM SATNA		SBI Indore Satna/53052151966	4/4/07	0.36	45
	Total				7.84	

Appendix – XIX
(Reference: Paragraph 3.2.3 Page-16)
Expenditure incurred on the programme of “Solid Waste Management”
but all the parameters were not implemented

(Rs. in crore)

Sr. No.	Name of ULBs	Year	Total expenditure	Expenditure incurred on programme of SWM	Reply/Reasons for non implementation of all the parameters of SWM
(1)	(2)	(3)	(4)	(5)	(6)
01	NAGAR NIGAM BHOPAL	(i) 2005-06 (ii) 2006-07	4.59 4.56	2.30 2.30	Reasons were awaited
02	NAGAR PANCHAYAT BAIKASIA (BHOPAL)	(i) 2005-06 (ii) 2006-07	0.12 Nil	0.07 Nil	The allocated funds would be utilised after allocation of land for trenching ground.
03	NAGAR NIGAM GWALIOR	(i) 2005-06 (ii) 2006-07	2.55 1.33	1.27 0.66	Due to non-completion of formalities the work on all the parameters was pending and same would be started in future.
04	NAGAR PALIKA PARISHAD DABRA (GWALIOR)	(i) 2005-06 (ii) 2006-07	0.22 Nil	0.05 Nil	The allocated funds could not be utilised due to delay in allocation of land for trenching ground. Now grand will be incurred for the purposes.
05	NAGAR NIGAM INDORE	(i) 2005-06 (ii) 2006-07	5.12 5.12	2.47 2.21	Efforts for expenditure in the other parameters are being taken.
06	NAGAR PANCHAYAT MAHOO GAON (INDORE)	(i) 2005-06 (ii) 2006-07	Nil 0.07	Nil Nil	Due to delay/ non-allocation of land for trenching ground.
07	NAGAR NIGAM SATNA	(i) 2005-06 (ii) 2006-07	0.21 0.17	Nil Nil	The allocated funds could not be utilised due to delay in allocation of land for trenching ground. Now grand will be incurred for the purposes.
08	NAGAR NIGAM UJJAIN	(i) 2005-06 (ii) 2006-07	1.17 0.59	0.59 0.59	Action for expenditure in all parameters is being taken.
09	NAGAR PALIKA PARISHAD NAGDA (UJJAIN)	2005-06 & 06-07	0.33	0.05	The allocated funds could not be utilised due to delay in allocation of land for trenching ground. Now grand will be incurred for the purposes.
	Total		26.15	12.56	

Appendix – XX
(Reference: Paragraph 4.1 Page-17)
Details of less collection and deposit of terminal tax

(In Rupees)

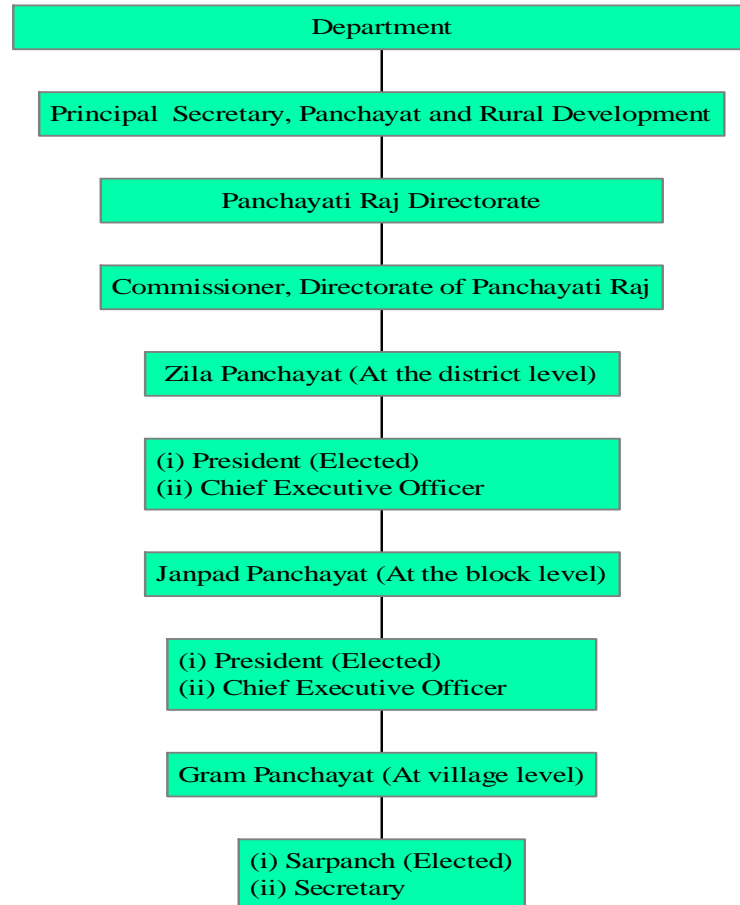
Sl. No.	Year	Name of Manufacturing Co.	Material Manufactured	Cost of Manufactured Material	Amount of terminal tax collected and deposited @ 0.10 per cent	Amount of terminal tax should be collected and deposited @ 0.50 per cent	Amount of terminal tax less collected and deposited
1.	2001-02	M/S Insulators and Electrical Company	Electrical Material	306764000	306764	1533820	1227056
2.	2002-03	--do--	--do--	343064000	343064	1715320	1372256
3.	2003-04	--do--	--do--	425029000	425029	2125145	1700116
4.	2004-05	--do--	--do--	544223000	544223	2721115	2176892
5.	2005-06	--do--	--do--	480261000	480261	2401305	1921044
6.	2006-07	--do--	--do--	653968000	653968	3269840	2615872
			Total	2753309000	2753309	13766545	11013236

Appendix – XXI
(Reference: Paragraph 4.2 Page-18)
Details of investment in FDR during March 2006

Sl. No.	Name of the Bank	FDR No. & Date	Period	Amount (in Rs.)	Rate of interest (percent)	Loss of interest (percent)	Loss of Amount (in Rs.)
1	2	3	4	5	6	7	8
1.	State Bank of Indore, Patankar Bazar	3679381/ 31.3.06	1 year	1,36,84,412	8.75	--	--
2.	ICICI Bank, Padav	2300479/ 23.3.06	379 days	1,36,63,126	8.75	--	--
		2300489/ 27.3.06	379 days	1,45,32,500	8.75	--	--
3.	Allahabad Bank, Jayendra ganj	819856/ 20.3.06	1 year	91,20,125	8.50	0.25	41,235
		819857/ 20.3.06	1 year	73,74,000	8.50	0.25	
4.	Vijaya Bank, Jayendra ganj	250030/ 29.3.06	1 year	2,37,463	7.00	1.75	4,155
5.	Punjab National Bank, Naya Bazar	754616/ 21.3.06	1 year	6,74,07,899	6.85	1.90	14,91,679
		754633/ 31.3.06	1 year	1,11,01,518	6.85	1.90	
6.	Punjab National Bank, Sarafa Bazar	187858/ 21.3.06	1 year	1,53,00,271	6.85	1.90	18,89,248
		187854/ 21.3.06	1 year	17,79,479	6.85	1.90	
		187853/ 21.3.06	1 year	39,74,421	6.85	1.90	
		444066/ 21.3.06	1 year	1,68,08,791	6.85	1.90	
		187855/ 21.3.06	1 year	84,64,193	6.85	1.90	
		444068/ 21.3.06	1 year	4,74,09,106	6.85	1.90	
		444067/ 21.3.06	1 year	56,97,860	6.85	1.90	
7.	ICICI Bank, Padav	2300426/31.3.06	379 days	1,00,98,243	8.75	--	--
		Total		24,66,53,407			34,26,317

Appendix – XXII
Reference: Paragraph - 8.3 page-26)

(i) Organisational Chart of PRIs



Appendix - XXIII
(Reference: paragraph - 8.9.1 page-28)
Details of schemes implemented in PRIs' sectors
(Rupees in crore)

S. No.	Name of the scheme	Amount allocated during the year (Central. + State's share)		
		2004-05	2005-06	2006-07
	(PRIs sector)			
1.	Swarn Jayanti Gram Swarojgar Yojana	80.10	89.67	108.83
2.	Sampurna Gramin Rojgar Yojana	377.44	485.54	346.69
3.	Indira Awas Yojana	143.08	123.25	106.75
4.	Drought Prone Area Eradication/Development Programme	97.92	79.17	79.90
5.	Integrated Waste Land Development Scheme	38.04	48.56	29.30
7.	Indira Gandhi Poverty Elevation	167.96	NA	NA
8.	National parallel Development Yojana	115.00	360.00	270.00
9.	Administrative Scheme (District place)	23.29	25.14	26.67
10.	MP Rural livelihood Project	20.00	56.36	92.10
11.	Prime Minister Gramodaya Yojana	12.75	--	4.01
12.	National Scheme of food for work	259.58	13.70	1.00
13.	Madhya Pradesh Rural Employment Guarantee programme (including Council)	--	105.00	2045.54
14.	Walmi	0.92	1.81	1.99
15.	D.P.I.P.	311.27	346.94	220.46
16.	Madhya Pradesh Rural Road Development Authority	255.00	472.54	1195.00
17.	Community Development Programme	35.71	40.49	40.69
18.	Gokul Gram Infrastructure	--	5.00	--
19.	Gokul Gram Godan Yojana	--	7.28	15.00
20.	Mid-day-meal	268.25	407.42	784.54
21.	Backward Area Development Fund	--	--	28.96
	Total	2206.31	2667.87	5397.43

Appendix- XXIV
(Reference: Paragraph - 8.9.4 Page- 29)
Delay in release of SFC grants

(Rs. in crore)

Name of Zila Panchayat	Year	No. and date of budget allotment letter	Amount	Estimated date of distribution of grants on the basis of budget allotment date (As per Column No. 3)	Date of actual distribution	Period of Delay	Reply/reasons given by ZPs
1	2	3	4	5	6	7	8
Bhopal	2005-06	Letter No.89 अ.लि./J.D. / 2005/ Bhopal, dated 5.4.2005	2.85	30.4.2005	11.5.2006	375 days (Wef. 1.5.2005 to 10.5.2006)	Due to non receipt of UCs and progress reports from the GPs
	(2006-07)	Letter No.1167/Server/अ.लि./ J.D./ 06 Bhopal, dated 3.4.2006	3.26	30.4.2006	7.7.2006	67 days (Wef. 1.5.2006 to 6.7.2006)	--do--
Jabalpur	2006-07	Letter No.469/Server/अ.लि. J.D./ 08 Bhopal, dated 3.4.2006	5.34	30.4.2006	11/2006	185 days (Wef. 1.5.2006 to 31.10.2006)	--do--
Rewa	2004-05	Letter No. Lekha/ Budget-3/ 2004/ 581 Bhopal, dated 12.4.2004	1.91	30.4.2004	18.8.2004	109 days (Wef. 1.5.2004 to 17.8.2004)	Due to rush of work
	2004-05	Letter No. Lekha/Budget/2004-05/1197 Bhopal, dated 25.8.2004	4.18	30.9.2004	17.12.2004	77 days (Wef. 1.10.2004 to 16.12.2004)	--do--
	2005-06	Letter No. अ.लि./ J.D./ 2005/ 1356 Bhopal, dated 1.7.2005	6.84	31.7.2005	22.11.2005	113 days (Wef. 1.8.2005 to 21.11.2005)	--do--
	2006-07	LetterNo.1167/Server/अ.लि./ J.D./06 Bhopal, dated 3.4.2006	7.00	30.4.2006	7.10.2006 23.3.2007	159 days (Wef. 1.5.2006 to 6.10.2006) 326 days (Wef. 1.5.2006 to 22.3.2007)	--do--
Total			31.38				

Appendix – XXV
(Reference: Paragraph 9.1 Page -33)
Non-maintenance of accounts in “Pancha Lekha” software

SL. No.	Name of Unit	Period of audit	Name of formats not prepared	Outstanding from which year
1.	Janpad Panchayat Kareli (Narsinghpur)	2002-05	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
2.	Janpad Panchayat Garoth (Mandsour)	2003-06	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
3.	Janpad Panchayat Kailaras (Morena)	2004-07	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
4.	Janpad Panchayat Dindori (Dindori)	2003-06	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
5.	Janpad Panchayat Ron (Bhind)	2003-05	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
6.	Janpad Panchayat Mawai (Mandla)	2004-06	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
7.	Janpad Panchayat Mahgaon (Mandla)	2000-06	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
8.	Janpad Panchayat Pohri (Shivpuri)	2003-06	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
9.	Janpad Panchayat Thikri (Badwani)	2002-06	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
10.	Janpad Panchayat Narsinhg pur	2001-06	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
11.	Janpad Panchayat Sehore	2003-06	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
12.	Janpad Panchayat Hanumana (Rewa)	2003-05	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
13.	Janpad Panchayat Amarwara (Chindwara)	2004-06	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
14.	Janpad Panchayat Sonsar (Chindwara)	2000-05	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
15.	Janpad Panchayat Maheswar (Kharsoon)	2002-06	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
16.	Janpad Panchayat Malhorgarh (Mandsour)	2003-05	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
17.	Janpad Panchayat Nainpur (Mandla)	2004-07	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02
18.	Janpad Panchayat Badnawar (Dhar)	2003-06	Budget, Receipt & Payment Accounts, Annual Accounts, Balance sheet, Cash Book form General - 1	2001-02

Appendix – XXVI
(Reference: Paragraph 9.2 Page -33)
Discrepancy between cash book and pass book

(In rupees)

SL. No.	Name of Units	Period of AIR	Amount as per cash book	Amount as per passbook/ bank statement	Net Balances remained unreconciled
1.	Zilla Panchayat Katni	2006-07	9424569	44197979	34773410
2.	Zilla Panchayat Badwani	2004-07	8592790	5779457	2813333
3.	Janpad Panchayat Ghoradongri	2002-06	9937204	6457748	3479456
4.	Janpad Panchayat Dindori (Dindori)	2003-06	12979404	12286942	692462
5.	Janpad Panchayat Sailana (Ratlam)	2001-05	492657	3361755	2869098
6.	Janpad Panchayat Bhikangaon (Khargaoan)	2002-05	9988758	10123364	134606
7.	Janpad Panchayat Manavar (Dhar)	2002-06	16031364	14438064	1593300
8.	Janpad Panchayat Garoth (Mandsora)	2003-06	6381143	3080278	3300865
9.	Janpad Panchayat Kailaras (Morena)	2004-07	305185	504024	198839
10.	Janpad Panchayat Ghatigaon (Gwalior)	2003-06	4816984	7133231	2316247
11.	Janpad Panchayat Mawai (Mandla)	2004-06	29306063	35417662	6111599
12.	Janpad Panchayat Mohgaon (Mandla)	2000-06	15172534	15481140	308606
13.	Janpad Panchayat Pohri (Shivpuri)	2003-06	15026815	18065615	3038800
14.	Janpad Panchayat Thikri (Badwani)	2002-06	6281381	7014355	732974
15.	Janpad Panchayat Maheswar (Khargaoan)	2002-06	11499774	8414718	3085055
16.	Janpad Panchayat Kalapipal (Shajapur)	2002-04	6387429	5978433	408996
17.	Janpad Panchayat Malhargorh (Mandsore)	2003-05	4421755	3638444	783311
18.	Janpad Panchayat Nalkheda (Shajapur)	2002-05	2313619	1355440	958179
19.	Janpad Panchayat Badwani	2002-05	6921975	6173149	748826
20.	Janpad Panchayat Jatara (Tikamgarh)	2003-05	5118322	8532684	3414362
21.	Gram Panchayat Mohgaon Raiyat (Mohgaon Mandla)	2001-06	34322	135969	101647
	Total				71863971

Appendix – XXVII
(Reference: Paragraph 9.3 page -33)
Non-refund of unspent balances of closed/ non-operational schemes

(Rupees in lakh)

Sl. No.	Name of the Unit	Period of AIR	No. of Schemes	Amount
1.	Zilla Panchayat Tikamgarh	2004-07	1	203.95
2.	Zilla Panchayat Panna	2004-06	9	36.45
3.	Zilla Panchayat Rewa	2006-07	1	218.91
4.	Zilla Panchayat Sheopur	2005-07	4	246.58
5.	Janpad Panchayat Manavar (Dhar)	2002-06	3	0.82
6.	Janpad Panchayat Garoth (Mandsour)	2003-06	6	4.94
7.	Janpad Panchayat Dindori	2003-06	6	15.11
8.	Janpad Panchayat Mohgaon (Mandla)	2000-06	3	2.37
9.	Janpad Panchayat Pohri (Shivpuri)	2003-06	1	9.46
10.	Janpad Panchayat Narsingpur	2001-06	4	2.58
		Total		741.17

Appendix - XXVIII
(Reference: Paragraph 9.4 page -34)
Diversion of Funds

(In rupees)

Sl. No.	Name of the Units	Period of AIR	Scheme for which grant was released	Scheme for which grant was diverted	Amount	Total Amount
1.	Zilla Panchayat Sehore	2006-07	(i) P.M. Gramodaya Yojana & Gram Awas	IAY	33464	1190470
			(ii) JRY	SJGSY	157006	
			(iii) Millennium Yojana	Hariali Yojana	1000000	
2.	Zilla Panchayat Jabalpur	2003-06	(i) SGRY (22.5%)	IAY	2650000	2650000
3.	Zilla Panchayat Sheopur	2005-07	(i) 11 th Finance	SGRY	2850000	3400000
			(ii) IAY	SGRY	550000	
4.	Janpad Panchayat Garoth (Mandsor)	2003-06	(i) Social Security Pension	EFC	512850	1826312
			(ii) BMS	SGRY	663462	
			(iii) Janpad Fund	MP Fund	200000	
			(iv) SGRY	MP Fund	450000	
5.	Janpad Panchayat Sehore	2003-06	(i) Jivandhara	SGRY	613493	613493
6.	Gram Panchayat Bamora (Ashok Nagar)	2001-05	(i) 12 th Finance	Construction of WBM road & Kharanja	320310	320310
						10000585

Appendix - XXIX
(Reference: Paragraph 9.5 page -34)
Outstanding advances against individuals/executing agencies

(Rupees in lakh)

Sl. No.	Name of the Unit	Period of AIR	Amount
1.	Zilla Panchayat Mandsour	2004-07	154.58
2.	Zilla Panchayat Damoh	2006-07	21.45
3.	Zilla Panchayat Dewas	2005-07	8.11
4.	Zilla Panchayat Panna	2004-06	6.80
5.	Janpad Panchayat Sailana (Ratlam)	2001-05	8.75
6.	Janpad Panchayat Bhikangaon (Khargoan)	2002-05	2.48
7.	Janpad Panchayat Patera (Damoh)	2001-06	4.72
8.	Janpad Panchayat Jabera (Domoh)	2004-07	14.52
9.	Janpad Panchayat Mohgaon (Mandla)	2000-06	21.43
10.	Janpad Panchayat Thikri (Badwani)	2002-06	11.98
11.	Janpad Panchayat Hanumana (Rewa)	2003-05	2.24
12.	Janpad Panchayat Maheswar (Khargoan)	2002-06	3.57
13.	Janpad Panchayat Kalapipal (Shajapur)	2002-04	2.66
		Total	263.29

Appendix – XXX
(Reference: Paragraph 9.6 Page -34)
Non utilisation of grant within stipulated period

(Rupees in lakh)

SL. No.	Name of Unit	Period of AIR	Purpose	Period From which outstanding	Amount outstanding
1.	Janpad Panchayat Kareli (Narshinghpur)	2002-05	Various schemes	2002-05	46.97
2.	Janpad Panchayat Bhikangaon (Khargaon)	2002-05	EFC, MP-MLA fund Siksha Guarantee, SGRY	2001-05	87.89
3.	Janpad Panchayat Gohad (Bhind)	2001-04	EFC, JGSY, EFC,SFC, IAY Gram Swaraj, Gram Nyayalay	2001-04	78.56
4.	Janpad Panchayat Hanumana (Rewa)	2003-05	SGRY, JRY, NFBS, IAY. TSC, Jivandhara	2003-05	62.49
5.	Janpad Panchayat Sonsar (Chindwara)	2000-05	SGRY, Relief fund, Jivandhara, Operation Black Board	2000-05	27.82
6.	Janpad Panchayat Badwani (Badwani)	2002-05	EFC, TFC, Relief fund, Gandi Basti, IAY	2002-05	44.96
				Total	348.69

JGSY Jawahar Gram Swarojgar Yojana
 SGRY Sampoorna Gramin Rojgar Yojana
 IAY Indira Awas Yojana
 NFBS National Family Benefit Scheme
 TSC Total Sanitation Campaign
 SFC State Finance Commission
 EFC Eleventh Finance Commission
 M.P. Fund Sansad Nidhi
 MLA Fund Vidhayak Nidhi

Appendix – XXXI
(Reference: Paragraph 9.7 page -35)
Irregular drawal of TFC grant

(Rs. in crore)

Sl. No.	Name of the district/ ZP	Total allocation of TFC budget grant	Month of drawal	Amount drawn	Amount of drawal made before crediting into account of State Government (i.e. I st : 6.9.06 II nd : 22.3.07) and period thereof			Period	Reasons for drawal before crediting into account of State Government.
					I st Ins.	II nd Ins.	Total		
1	2	3	4	5	6	7	8	9	10
1	Bhopal	2.70	October 2006	2.70	--	1.35	1.35	4 Months (Nov. 06 to Feb. 07)	As per directions given in the meeting of CEOs which was held on 19 th September 2006, both the installments were to be drawn at a time. The reply was not acceptable as copy of minutes of meeting was not made available for further test check and this was also contrary to the circulars issued in the month of April 2006, Nov. 2006 and March 2007 respectively.
2.	Gwalior	4.85	(i) Septembers 2006	4.85	--	2.42	2.42	5 Months (Oct. 20 to Feb. 07)	-----do-----
3.	Indore	4.91	(i) May 2006 (ii) March 2007	2.46 2.45	2.46	--	2.46	3 Months (June to August 06)	There was no basis for drawal. The reply was not acceptable as the instruction for procedure of drawal already issued in April 2007 by the Commissioner PSJ.
4.	Jabalpur	6.31	(i) May 2006 (ii) Sept. 2006	3.16 3.15	3.16 --	-- 3.15	3.16 3.15	3 Months (June 06-to Aug. 06) 5 Months (Oct. 06-to Feb. 07)	Due to non-receipt of information from Directorate about the date of crediting TFC grant into State account.
5.	Rewa	10.60	(i) May 2006 (ii) Dec. 2006	9.76 0.84	9.76 --	-- 0.84	9.76 0.84	3 Months (June 06-to Aug. 06) 2 Months (Jan. 07-to Feb. 07)	Due to non-receipt of information from Directorate about the date of crediting TFC grant into State account.
6.	Satna	10.14	(i) June 2006 (ii) July 2006 (iii) Sept. 2006 (iv) Oct. 2006 (v) Dec. 2006	1.00 1.80 2.72 1.32 3.30	1.00 1.80 Nil -- Nil	-- -- 1.32 3.30	1.00 1.80 Nil 1.32 3.30	2 Months (July to August 06) 2 Months (--do--) 4 Months (Nov. 06-Feb. 07) 2 Months (Jan.-Feb 2007)	Due to non-receipt of information from Directorate about the date of crediting TFC grant into State account. The reply was not acceptable as the instructions for procedure of drawal were already there. The Zilla Panchayat (i.e. subordinate unit) was responsible to enquire form the Directorate about the date of crediting the TFC grant into State account.
7.	Ujjain	7.45	(i) Sep. 2006 (ii) Oct. 2006	3.89 3.56	Nil --	Nil 3.56	Nil 3.56	4 Months (Nov. 06-to Feb. 07)	The information regarding date of crediting of TFC grant into account of State Government was not available. The reply was not acceptable as the Commissioner PSJ already issued (April-May 2006) instructions for drawal of GOI's funds.
	Total	46.96		46.96	18.18	15.94	34.12		

Appendix - XXXII
(Reference: Paragraph 9.8 (i) page -35)
Incomplete works

(Rupees in lakh)

Sl. No.	Name of the Unit	Period of AIR	No of works	Amount
1.	Zilla Panchayat Katni	2006-07	7	5.87
2.	Zilla Panchayat Hosahgabad	2004-06	408	887.84
3.	Zilla Panchayat Badwani	2004-07	68	60.62
4.	Zilla Panchayat Sidhi	2002-06	244	715.99
5.	Janpad Panchayat Manawar (Dhar)	2002-06	10	6.92
6.	Janpad Panchayat Dindori	2003-06	2	6.00
7.	Janpad Panchayat Ghatigaon (Gwalior)	2003-06	10	6.31
8.	Janpad Panchayat Jabera (Damoh)	2004-07	14	11.74
9.	Janpad Panchayat Mohgaon (Mandla)	2000-06	24	42.17
10.	Janpad Panchayat Hanumana (Rewa)	2003-06	103	106.33
11.	Janpad Panchayat Sonsar (Chindwara)	2000-05	1	8.20
12.	Janpad Panchayat Maheswar (Khargosan)	2002-06	21	11.00
13.	Janpad Panchayat Kalapipal (Shajapur)	2002-04	18	11.54
14.	Janpad Panchayat Malhargarh (Mandsaur)	2003-05	3	1.94
15.	Janpad Panchayat Nalchha (Dhar)	2005-07	81	56.40
16.	Janpad Panchayat Nalkheda (Shajapur)	2002-05	4	29.87
17.	Janpad Panchayat Badwani (Badwani)	2002-05	4	6.38
18.	Janpad Panchayat Jatara (Tikamgarh)	2003-05	8	10.74
19.	Janpad Panchayat Badnawar (Dhar)	2003-06	13	11.57
		Total	1043	1997.43

Appendix - XXXIII
(Reference: Paragraph 9.8 (ii) page -35)
Incomplete work under SGRY

(Rupees in lakh)

Sl. No.	Name of Unit	Period of AIR	No. of Works	Since in complete	Amount
1.	Zilla Panchayat Sidhi	2002-06	5	2002-06	14.06
2.	Janpad Panchayat Garoth (Mandsor)	2003-06	13	2003-06	13.38
3.	Janpad Panchayat Patera (Damoh)	2001-06	1	2005-06	6.15
4.	Janpad Panchayat Pohri (Shivpuri)	2003-06	27	2005-06	9.53
5.	Janpad Panchayat Thikri (Badwani)	2002-06	10	2004-06	24.77
6.	Janpad Panchayat Jatara (Tikamgarh)	2003-05	7	2003-05	8.56
		Total	63		76.45

Appendix - XXXIV
(Reference: Paragraph 9.9 page -36)
Non-utilisation of SGRY grant to S.C./S.T. beneficiary component (22.5%) &
Maintenance head (15%)

(Rupees in lakh)

Sl. No.	Name of the unit	Period of AIR	Allotment Received	22.5% of allotment	Actual expenditure	Less expenditure	15% of allotment	Actual expenditure	Less expenditure
1.	Janpad Panchayat Garoth (Mandsor)	2003-06	148.77	33.47	9.93	23.54	22.32	--	22.32
2.	Janpad Panchayat Patera (Damoh)	2001-06	76.55	17.22	3.81	13.41	11.48	--	11.48
3.	Janpad Panchayat Jabera (Damoh)	2004-07	117.95	26.54	13.40	13.14	17.69	--	17.69
4.	Janpad Panchayat Thikri (Badwani)	2002-06	181.31	40.79	13.01	27.78	27.20	--	27.20
5.	Janpad Panchayat Kalapipal (Shajapur)	2002-04	58.83	13.24	2.51	10.73	8.82	--	8.82
6.	Janpad Panchayat Malhargarh (Mandsour)	2003-05	151.67	34.12	22.10	12.02	22.75	--	22.75
7.	Janpad Panchayat Jatara (Tikamgarh)	2003-05	138.28	31.11	31.11	--	20.74	--	20.74
8.	Janpad Panchayat Prithvipur (Tikamgarh)	2002-05	100.77	22.67	2.69	19.98	15.12	--	15.12
		Total	974.13	219.16	98.56	120.60	146.12		146.12

Appendix - XXXV
(Reference: Paragraph 9.10 page- 36)
Irregular allotment of houses to the male beneficiaries under
Indira Awas Yojana

(Rupees in lakh)

Sl. No.	Name of the unit	Period of AIR	No of house allotted to male beneficiaries	Money value involved
1.	Zilla Panchayat Badwani	2004-07	1005	228.25
2.	Zilla Panchayat Jabalpur	2003-06	444	88.80
3.	Janpad Panchayat Garoth (Mardsour)	2003-06	106	18.85
4.	Janpad Panchayat Kailaras (Morena)	2004-07	425	83.55
5.	Janpad Panchayat Dindori (Dindori)	2003-06	81	16.08
6.	Janpad Panchayat Mawai (Mandla)	2004-06	38	8.15
7.	Janpad Panchayat Mohgaon (Mandla)	2000-06	117	19.30
8.	Janpad Panchayat Pohri (Shirpuri)	2003-06	609	105.60
9.	Janpad Panchayat Thikri (Badwani)	2002-06	351	59.11
10.	Janpad Panchayat Narsingpur	2001-06	350	59.50
11.	Janpad Panchayat Hanumana (Rewa)	2005-06	80	12.46
12.	Janpad Panchayat Amarwara (Chindwara)	2004-06	90	17.40
13.	Janpad Panchayat Nainpur (Mandla)	2004-07	135	29.70
14.	Janpad Panchayat Nalkeda (Shojapur)	2002-05	101	16.43
15.	Janpad Panchayat Badwani (Badwani)	2002-05	368	53.89
		Total	4300	817.07

**Appendix - XXXVI
(Reference: Paragraph 9.11 Page- 37)
Irregularities in Muster Rolls**

(In rupees)

Sl. No.	Name of Unit	Period of AIR	Name of the work	Period of Muster Rolls	Vr. No.	Amount/Reasons*
1.	G. P. Sawli J. P. Souser (Chindwara)	2001-05	Gravel Road	13.06.03 to 19.06.03	16/ 9.6.2003	501
			Culverts	26.08.03 to 02.09.03	30/26.08.03	5,226
			Culverts	03.09.03 to 10.09.03	37/10.09.03	5,428
			Culverts	12.09.03 to 18.09.03	38/18.09.03	2,615
						13,770
2.	Gram Panchayat Tatri Janpad Panchayat Nainpur (Mandla)	2001-07	Form Pond	15.01.07 to 21.01.07	37/31.03.07	6,048
						6,048
3.	Gram Panchayat Sagonia Janpad Panchayat Nainpur (Mandla)	2001-07	Gravel Road	20.12.06 to 25.12.06	26/31.03.07	10,837
			Gravel Road	27.12.06 to 30.12.06	28/31.03.07	8,878
			Gravel Road	01.01.07 to 07.01.07	26/31.03.07	5,249
						24,964
4.	Gram Panchayat Dodkia Janpad Panchayat Tyothar (Rewa)	2001-06	Not Mentioned	Period not recorded	27/10.01.03	17,877
			Not Mentioned	Period not recorded	31/15.03.03	9,090
			Not Mentioned	Period not recorded	07/16.11.04	6,930
			Not Mentioned	Period not recorded	22/23.12.04	27,000
						60,897
5.	Gram Panchayat Madro Janpad Panchayat Tyother (Rewa)	2001-06	Nali Nirman	19.03.06 to 24.03.06	--	1,080
				20.03.06 to 25.03.06	--	1,080
				25.03.06 to 30.03.06	--	720
						2,880
6.	Gram Panchayat Barha Janpad Panchayat Tyother (Rewa)	2001-06	Road Connectivity	Period not mentioned	11/22.10.02	25,920
			Well repairs	16.02.04 to 26.02.04	31/16.02.04	7,898
						33,818
7.	Gram Panchayat Nasipur Janpad Panchayat Kevlari (Seoni)	2001-06	Base beam work	11.04.04 to 18.04.04	06/24.04.04	2,627
			Centering	23.04.04 to 27.04.04	11/13.05.04	1,599
			Centering	28.04.04 to 04.05.04	12/13.05.04	2,419
			Centering	06.05.04 to 09.05.04	13/13.05.04	1,434
			Centering	12.05.04 to 16.05.04	09/17.05.04	3,137
			Earth work	13.05.06 to 03.06.04	26/15.06.04	39,134
						50,350
8.	Gram Panchayat Bharveli Janpad Panchayat Kevlari (Seoni)	2001-06	Construction of Nistar Tank	20.06.05 to 25.06.05	10/30.06.05	32,736
			Well repairs	22.06.05 to 25.05.05	11/30.06.05	2,095
			Gravel work	08.07.05 to 13.07.05	12/15.07.05	4,092
			Nal- Jal work	Period not recorded	13/02.08.05	2,557
			Construction of House	10.01.06 to 15.01.06	32/18.01.06	3,294
						44,774
					Total	2,37,501

- *(i)** ग्राम पंचायत क्र. 1,4,6,7 एवं 8 के मस्टर रोल में जारी करने का दिनांक नहीं है, क्रमांक एवं अवधि स्पष्ट नहीं है, माप अंकित नहीं है, अंगूठा सत्यापित नहीं है और पुरुष महिला, उम्र इत्यादि नहीं है। पंचों का भुगतान पर प्रमाणीकरण नहीं है।
- (ii)** ग्राम पंचायत क्र. 2 एवं 3 में मस्टर रोल जारी करने के दिनांक से पूर्व ही मजदूरों से कार्य कराया गया है।
- (iii)** ग्राम पंचायत क्र. 5 एक ही मजदूर द्वारा एक ही दिन में दो-तीन मस्टर रोल पर कार्य दिखाकर भुगतान किया गया है।

Appendix - XXXVII
(Reference: Paragraph 9.12 Page -37)
Non-maintenance of Assets Register

Sl. No.	Name of Unit	Period of AIR	Amount (Rs. in lakh)
1.	Gram Panchayat Sawli Janpad Panchayat Sousar (Chindwara)	2001-05	10.98
2.	Gram Panchayat Ridhora Janpad Panchayat Sousar (Chindwara)	2001-05	12.10
3.	Gram Panchayat Durenda Janpad Panchayat Kevlari (Seoni)	2001-06	12.66
4.	Gram Panchayat Nasipur Janpad Panchayat Kevlari (Seoni)	2001-06	6.68
5.	Gram Panchayat Padia Chapara Janpad Panchayat Kevlair (Seoni)	2001-06	23.10
6.	Gram Panchayat Kakai Janpad Panchayat Kevlari (Seoni)	2001-05	17.35
7.	Gram Panchayat Dungaria Janpad Panchayat Kevlari (Seoni)	2001-05	10.80
8.	Gram Panchayat Likhbari Janpad Panchayat Parasia (Chindwara)	2001-06	4.56
9.	Gram Panchayat Tendukheda Janpad Panchayat Parasia (Chindwara)	2001-06	11.70
10.	Gram Panchayat Sindrai Gurayadhar Janpad Panchayat Parasia (Chindwara)	2001-06	7.25
11.	Gram Panchayat Haranbhata Janpad Panchayat Parasia (Chindwara)	2001-06	5.50
12.	Gram Panchayat Kohka Janpad Panchayat Parasia (Chindwara)	2001-06	2.31
13.	Gram Panchayat Patha Janpad Panchayat Parasia (Chindwara)	2001-06	8.00
14.	Gram Panchayat Charaikala Janpad Panchayat Parasia (Chindwara)	2001-06	7.06
15.	Gram Panchayat Kodar Janpad Panchayat Parasia (Chindwara)	2001-06	4.57
16.	Gram Panchayat Darbai Janpad Panchayat Parasia (Chindwara)	2001-06	11.44
17.	Gram Panchayat Sagonia Janpad Panchayat Nainpur (Mandla)	2001-07	--
18.	Gram Panchayat Barkheda Gangoan Janpad Panchayat Garoth (Mandsaur)	2001-06	--
19.	Gram Panchayat Barkheda Pant Janpad Panchayat Malhargarh (Mandsaur)	2001-06	--
20.	Gram Panchayat Jarond Janpad Panchayat Patan (Jabalpur)	2001-06	--
21.	Gram Panchayat Padria Janpad Panchayat Patrn (Jabalpur)	2001-06	--
			156.06

Appendix - XXXVIII
(Reference: Paragraph 9.13 page -37)
Pending Utilisation Certificate

(Rupees in lakh)

Sl. No.	Name of the Unit	Period of AIR	Amount
1.	Zilla Panchayat Tikamgarh	2004-07	273.01
2.	Zilla Panchayat Mandsaur	2004-07	1001.54
3.	Zilla Panchayat Indore	2004-06	66.40
4.	Zilla Panchayat Jabalpur	2003-06	743.57
5.	Zilla Panchayat Rewa	2006-07	1377.42
6.	Zilla Panchayat Sheopur	2005-07	44.11
6.	Janpad Panchayat Sailana (Ratlam)	2001-05	2.36
7.	Janpad Panchayat Manawara (Dhar)	2002-06	34.17
8.	Janpad Panchayat Mohgaon (Mandla)	2000-06	32.27
9.	Janpad Panchayat Narsinghpur	2001-06	36.70
10.	Janpad Panchayat Sehore	2003-06	153.10
11.	Janpad Panchayat Amarwara (Chindwara)	2004-06	63.63
12.	Janpad Panchayat Kalapipal (Shajapur)	2002-04	95.60
13.	Janpad Panchayat Jatara (Tikamgarh)	2003-05	67.96
		Total	3991.84

Appendix - XXXIX
(Reference: Paragraph – 10.2.2.2, page -46)
Delay of more than 15 days in release of TFC grants to Gram Panchayats
(GPs) by the Zila Panchayats

(Rupees in crore)

Sl. No.	Name of the Zilla Panchayat	Date of receipt of amount from treasury	Amount drawn	Due date of releasing of grant	Actual date of releasing of grant to GPs	Total period of delay	Amount released in delay	Reasons for delay
1	2	3	4	5	6	7	8	9
1.	Gwalior	28.9.2006	4.85	13.10.06	1.11.2006 on wards	18 days	4.85	The delay was made by the banks in depositing of funds.
2.	Indore	16.5.2006 28.3.2007	2.46 2.45	31.05.06 Released	07.08.06 within time	66 days no delay	2.46	Revised guidelines (July 2006) ⁶ mentioned that the funds were to be released to Gram Panchayats instead of Gram Sabha/ Gram Panchayat as mentioned in earlier guidelines. Therefore, the funds were released in month of August 2007. The reply is not acceptable as the funds were drawn in the month of May 2006 whereas revised guidelines were received after expiry of two months.
3.	Satna	30.6.2006	0.75	16.7.06	23.12.06	159 days	0.75	Delay was created due to large numbers of Gram Panchayats, spending more time to complete formalities thereof and shortage of staff etc.
		1.7.2006	0.25	17.7.06	23.12.06	158 days	0.25	
		10.7.2006	1.80	26.7.06	23.12.06	149 days	1.80	
		12.9.2006	1.00	28.9.06	23.12.06	85 days	1.00	
		19.9.2006	1.73	4.10.06	15.2.07	133 days	1.73	
		16.10.2006	1.32	1.11.06	15.2.07	105 days	1.32	
		4.12.2006	0.90	20.12.06	15.2.07	56 days	0.90	
		8.12.2006	1.82	24.12.06	15.2.07	52 days	1.82	
		29.12.2006	0.57	15.1.07	15.2.07	30 days	0.06	
4.	Ujjain	26.9.2006 to 4/6.10.06	7.45	22.10.06	2.1.07	72 days	3.73	The funds were to be released in two installments. Therefore, second installment was released in January 2007.
		Total	27.35				20.67	

Appendix - XXXX
(Reference: Paragraph – 10.2.6, page- 47)
Statement showing the details of Utilisation Certificates (UCs) of TFC
grant which were not prepared on the basis of expenditure incurred by
Gram Panchayats during the year 2006-07

(Rupees in crore)

Sl No.	Name of Units	Amount drawn	Amount for which UCs prepared	Reasons/replies for non-preparation of UCs on the basis of expenditure incurred by Gram Panchayats
1	2	3	4	5
1.	Bhopal	2.70	2.70	UC on the basis of actual expenditure would also be prepared as per the guideline of State Govt.
2.	Gwalior	4.85	4.85	Reasons were not given
3.	Indore	4.91	4.91	UCs will be prepared on the basis of actual expenditure after receipt of such information from Gram Panchayats as replied by the Zilla Panchayat Indore.
4.	Satna	10.14	10.14	Efforts are being made to prepare UC on the basis of actual expenditure.
5.	Ujjain	7.45	NA	UC was not made available to audit.
		30.05	22.60	

Appendix – XXXXI
(Reference: Paragraph 10.2.8 Page- 48)

Details of selected GPs where user charges to be recovered
(As on March 2007)

Sl. No.	Name of GPs	No. of Water Connection	Amount to be recovered (In Rs.)
1	2	3	4
	Bhopal		
1.	G.P. Amghara	28	2000
2.	G.P. Banger Siya	180	20000
	Gwalior		
3.	G.P. Hastinapur	82	24150
4.	G.P. Beerpur	150	54000
5.	G.P. Girwai	500	114370
	Indore		
6.	G.P. Pigdamber	135	28000
7.	G.P. Pewday	200	134675
8.	G.P. Koderiya	1800	461691
9.	G.P. Ahirkhedhi	78	42900
10.	G.P. Bawnk	50	10400
11.	G.P. Narlay	14	10201
12.	G.P. Badabagaida	350	81000
13.	G.P. Jamlee	470	83007
	Santa		
14.	G.P. Echol	130	71700
	Ujjain		
15.	G.P. Kharsodkalan	125	40800
16.	G.P. Chandukhedhi	175	24000
17.	G.P. Panvihar	290	156600
18.	G.P. Bhatpachlana	400	100000
			1459494 (Say Rs. 14.59 lakh only)

Appendix – XXXXII
(Reference: Paragraph 10.2.10 Page- 49)
Statement showing the details of receipt and expenditure of TFC grant received for PRIs

(Rupees in crore)

Sl. No.	Head of A/c	Appropriation (Total grant)			Actual Expenditure			Sawing (-) / Excess (+)		
		2005-06	2006-07	Total	2005-06	2006-07	Total	2005-06	2006-07	Total
1	2	3	4	5	6	7	8	9	10	11
	Recommendation of Finance Commission									
(1) a.	15/ 2515/1559 – Maintenance of Panchayat Accounts	0.05	0.1	0.15	0.05	0.1	0.15	--	--	--
b.	52/ 2515/1559 – Maintenance of Panchayat Accounts	--	0.15	0.15	--	0.15	0.15	--	--	--
c.	80/ 2515/ 1559 Maintenance of Panchayat Accounts	0.19	0.19	0.38	0.19	0.19	0.38	--	--	--
d.	82/ 2515/ 1559 Maintenance of Panchayat Accounts	0.09	--	0.09	0.09	--	0.09	--	--	--
	Sub Total	0.33	0.44	0.77	0.33	0.44	0.77	--	--	--
(2) a.	15/ 2515/6905 – Financial assistance of Local Bodies	1.01	1.01	2.02	1.01	1.01	2.02	--	--	--
b.	52 /2515/ 6905 – Financial assistance of Local Bodies	--	1.76	1.76	--	1.76	1.76	--	--	--
c.	80/ 2515/6905 – Financial Maintenance of Local Bodies	3.98	3.98	7.96	3.98	3.98	7.96	--	--	--
d.	82/ 2515/6905 – Financial Maintenance of Local Bodies	1.76	--	1.76	1.76	--	1.76	--	--	--
	Sub Total	6.75	6.75	13.50	6.75	6.75	13.50	--	--	--

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(3) a.	15/ 2515/6906 – Improvement of resources in relation to Water Supply and cleanliness (Sanitation)	24.38	24.38	48.76	22.78	25.08	47.86	(-) 1.597	0.70	(-) 0.9
b.	52/ 2515/6906 – Improvement of resources in relation to Water Supply and cleanliness (Sanitation)	--	42.26	42.26	--	41.36	41.36	--	(-) 0.9	(-) 0.9
c.	80/ 2515/6906 – Improvement of sources in relating of Water Supply and Sanitation	95.906	91.778	187.68	94.90	90.905	185.81	(-) 1.01	(-) 0.87	(-) 1.88
d.	82/ 2515/6906 – Improvement of sources for Water Supply and Sanitation	42.26	--	42.26	39.29	--	39.29	(-) 2.97	--	(-) 2.97
	Sub Total	162.55	158.42	320.97	156.97	157.35	314.32	(-) 5.58	(-) 1.07	(-) 6.65
(4) a.	15/ 2515/6907 – For Minimum Basic Need to Gram Panchayat	24.45	24.45	48.90	26.02	23.65	49.67	1.57	(-) 0.8	0.77
b.	52/ 2515/6907 - For Minimum Basic Need to Gram Panchayat	--	42.37	42.37	--	44.07	44.07	--	1.70	1.70
c.	80/ 2515/6907- Grant to Gram Panchayat to Minimum Basic Need	96.15	95.98	192.13	98.61	96.15	194.76	2.46	0.17	2.63
d.	82/ 2515/6907- For Minimum Basic Need to Gram Panchayat	42.37	--	42.37	43.47	--	43.47	1.10	--	1.10
	Sub Total (Minimum Basic Need)	162.97	162.80	325.77	168.1	163.87	331.97	5.13	1.07	6.2
	Grant Total	332.60	328.41	661.01	332.15	328.41	660.56	(-) 0.45	(-) 0.0000	(-) 0.45

Appendix – XXXXIII
(Reference: Paragraph 10.2.10 Page -49)
Details of minimum basic needs works constructed by Gram Panchayats of test checked districts

Sl. No.	Name of district	Detail of works of minimum basic needs				Remarks
		Approach Road	Internal Work	Other Works	Total	
1	2	3	4	5	6	7
1.	Gwalior	NM*	NM*	NM*	NM*	
2.	Bhopal	14	64	93	171	
3.	Indore	27	566	57	650	
4.	Satna	NM*	NM*	NM*	NM*	
5.	Ujjain	117	1057	494	1668	

Note:- Not Maintained*

Appendix – XXXXIV

(Reference: Paragraph 11.2 Page- 52)

स. क्र.	डेयरी का नाम	असफल होने का कारण
1.	विशेष डेयरी बारगी (हारई)	समूह के सदस्यों के बिखराव, पशुओं के लिए चारा की अनुपलब्धता, ओवरड्यू होने के कारण समूह को बैंक द्वारा ऋण देने से इंकार करना
2.	विशेष डेयरी कोडामऊ (मोहखेड)	7 जानवरों की मृत्यु होने तथा अन्य पशुओं द्वारा दूध न प्रदाय करना
3.	विशेष डेयरी कुंडई (विछुआ)	समूह में बिखराव के कारण ऋण की राशि वापिस न करने के कारण बैंक द्वारा आगे की किश्त प्रदाय नहीं की गई
4.	विशेष डेयरी सिल्लेवानी (मोहरखेड)	समूह का बिखराव एवं 8 पशुओं की मृत्यु
5.	विशेष डेयरी केरिया चोरगोन (चौरई)	स्थल पर पानी की व्यवस्था नहीं तथा समूह का बिखराव
6.	विशेष डेयरी लहगडुआ	समूह का बिखराव
7.	विशेष डेयरी हर्षद्वारी	अधिकांश पशुओं की मृत्यु एवं समूह का बिखराव
8.	विशेष डेयरी निशान	अधिकांश पशुओं की मृत्यु एवं समूह का बिखराव
9.	विशेष डेयरी बांगइ	अधिकांश पशुओं की मृत्यु एवं समूह का बिखराव