

OVERVIEW

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

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

(A) Panchayati Raj Institutions

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

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

(Paragraph 1.3)

- 'Own Revenue' of the PRIs constituted only 4.45 *per cent* of their total receipts during 2006-07. Thus, they were largely dependent on Government grants.

(Paragraph 1.6.1.1)

- There was a difference of Rs 1.25 crore between cash books and PD/Bank pass books in one *Zila Parishad* and ten *Panchayat Samitis* as on 31 March 2006.

(Paragraph 1.7.2)

- Budgetary and internal control mechanism in PRIs was weak. Instances of excess expenditure (Rs 9.20 crore), non-refund of unspent balances of closed schemes (Rs 5.13 crore), unadjusted advances (Rs 34.74 lakh) and outstanding utilisation certificates (Rs 300.14 crore) were noticed.

(Paragraphs 1.8.1 to 1.8.4)

2. Long Paragraph on implementation of Hiyari Hundel - Special project for poverty alleviation in Dungarpur district

The Government of India (GOI) sanctioned (March 2003) special project 'Hiyari Hundel' under *Swarnjayanti Gram Swarajgar Yojana* for poverty alleviation in Dungarpur district of Rajasthan. The project envisaged to irrigate 2,456.25 hectare (ha) area benefiting 3,671 Below Poverty Line (BPL) families. With this objective 140 anicuts, 11 water tanks, 125 gabion structures and 15 Community Lift Irrigation Schemes were proposed to be constructed within a period of two years from the date of sanction of the project in consultation and at the initiative of local community with formation of 151 Self Help Groups including their training. The project was extended by GOI from March 2005 to March 2008. Significant points noticed were:

- Though the project was extended by GOI upto March 2008 yet Rs 6.63 crore were released against project cost of Rs 8.29 crore due to under-utilisation of funds.
- Site selection of anicuts was made without ensuring their suitability, proper utility and public participation.
- In absence of any provision for lifting of stored water from anicuts to the fields of BPL beneficiaries for strengthening agricultural and other related activities the very objective of improving socio-economic condition of BPL families could not be achieved.

(Paragraph 2.1)

3. Long Paragraph on implementation of Rashtriya Sam Vikas Yojana

Union Planning Commission launched *Rashtriya Sam Vikas Yojana* (RSVY) as a scheme fully funded by GOI in 2002-03. The main objective of the scheme was to solve the problem of low agricultural productivity and unemployment with focus on developmental programmes to improve the quality of life of the people. The project activities under RSVY to be implemented (2003-06) in Banswara and Dungarpur districts were subsequently extended upto March 2007. However, due to non-identification/non-reporting of relevant output/performance indicators of pre and post project period the extent to which the scheme had solved the problems of low agricultural productivity and employment could not be adjudged. Other important findings are as follows:

- Irregular expenditure of Rs 2.63 crore on construction of anicuts etc. in command areas.
- Execution of works by engaging contractors contrary to rules led to extra expenditure of Rs 10.31 lakh.

- Capital assets procured at a cost of Rs 22.69 lakh proved wasteful as dairy unit became non-functional.
- Mobile van procured at a cost of Rs 16.78 lakh for imparting computer education to students of remote tribal areas remained unutilised.
- Diversion of funds of Rs 27.61 lakh on works not included in guidelines of the scheme.

(Paragraph 2.2)

4. Audit of Transactions

- Allotment of residential plots by *Gram Panchayat*, Kherliganj in *Panchayat Samiti*, Atru (District Baran) of sizes bigger than the prescribed plinth area at concessional rates resulted in a loss of Rs 30.63 lakh.

(Paragraph 2.3)

- In *Zila Parishad* (Rural Development Cell), Udaipur an expenditure of Rs 21.79 lakh was incurred on repairs and maintenance works, not eligible under National Food for Work Programme.

(Paragraph 2.4.1)

- Issuance of supply completion certificate inspite of termination of agreement owing to non-completion of supply within the stipulated period led to avoidable payment of Rs 1.03 crore.

(Paragraph 2.5.1)

- In *Zila Parishad* (Rural Development Cell), Nagaur an expenditure of Rs 21.02 lakh incurred on plantation works under Combating Desertification Project rendered wasteful due to low survival rate and the intended objective of combating desertification was not achieved.

(Paragraph 2.6.1)

- Construction of non-justifiable anicuts in *Panchayat Samiti*, Bamanwas (District Sawaimadhopur) under *Swarnjayanti Gram Swarojgar Yojana* resulted in unfruitful expenditure of Rs 27.71 lakh.

(Paragraph 2.6.2)

- Lack of proper monitoring by *Zila Parishad*, Churu led to unfruitful expenditure of Rs 24.51 lakh on water supply projects under *Swajaldhara Yojana*.

(Paragraph 2.6.3)

- *Panchayat Samiti*, Jhotwara (District Jaipur) failed to remove encroachment and unauthorised possession on land and buildings valuing Rs 40 lakh.

(Paragraph 2.8.1)

- Inclusion of ineligible items of income for incentive grants under Second State Finance Commission led to release of excess incentive grants of Rs 1.98 crore to 17 *Gram Panchayats*.

(Paragraph 2.8.2)

(B) Urban Local Bodies

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

- 'Own revenue' of Urban Local Bodies accounted for only 27.46 *per cent* of their total receipts during 2006-07 as such they were dependent on grants and loans from the Central and State Governments.

(Paragraphs 3.3.2 and 3.3.3)

- The share of assigned revenue (entertainment tax) declined by 52 *per cent* in 2006-07 as compared to 2002-03 due to relaxation in tax on certain items and reduction in rate of entertainment tax.

(Paragraph 3.3.4)

- Instances of excess expenditure (Rs 10.68 crore) over the sanctioned budget grants and outstanding advances (Rs 1.10 crore) given to individuals for long period were noticed in audit.

(Paragraphs 3.6.2 and 3.6.3)

- Rupees 1.02 crore was recovered during 2006-07 at the instance of C&AG's audit.

(Paragraph 3.10)

6. Performance Review on Land Management in Urban Local Bodies

Land management in Urban Local Bodies includes allotment, sale, disposal and regulation of urban land. The Rajasthan Municipalities Act (RMA), 1959 empowers every municipality to acquire and hold movable/immovable property and to lease, regularise or otherwise transfer the property including municipal land and also any Government land under the provisions of the Act *ibid* and rules made thereunder. For implementing the aforesaid provisions of

the RMA, 1959, the State Government framed Rajasthan Municipalities (Disposal of Urban Land) Rules, 1974 and the Rajasthan Municipalities (Change of Land Use) Rules, 2000 and subsequently issued guidelines/instructions in this regard to the municipalities from time to time. During review of land management system in Urban Local Bodies, significant deficiencies noticed in realisation of revenue, sale, allotment, change of land use, regularisation, levy and collection of land dues and lease money are as under:

- Urban assessment/lease money aggregating Rs 24.76 crore received by Urban Local Bodies were not credited into Government accounts even after lapse of two to nine years.
- Urban assessment of land amounting to Rs 5.73 crore was not/short assessed.
- Municipalities were deprived of revenue of Rs 3.17 crore due to non-regularisation of land.
- Conversion charges and lease money aggregating Rs 12.50 crore on change of land use from residential to commercial and other purposes were not/short levied.
- Short/non-recovery of land dues of Rs 1.89 crore on sale/disposal of land.

(Paragraph 4.1)

7. Audit of Transactions

- Failure of Municipal Council, Ajmer to realise fees towards checking and granting permission for construction of buildings resulted in loss of revenue of Rs 14.48 lakh.

(Paragraph 4.2)

- Municipal Corporation, Jaipur made irregular payment of Rs 28.52 lakh towards pay and allowances of three days to sanitary employees against the order/ instructions of the State Government.

(Paragraph 4.4)