

Preface

1. Subsequent to the 73rd and 74th amendments to the Constitution and increasing devolution of functions and funds to local bodies, the Eleventh Finance Commission envisaged entrustment of responsibility of exercising control and supervision over the accounts and audit of Local Bodies to the Comptroller and Auditor General of India.
2. The audit of ULBs and VPs is carried out by the CAG under Section 14 of CAG's (Duties, Powers and Conditions of Service) Act, 1971. The Government of Goa has entrusted Technical Guidance and Supervision over accounts and audit of Local Bodies to the Comptroller and Auditor General of India in November 2006. The Comptroller and Auditor General of India (CAG) is the sole auditor for ZPs. The audit is conducted under Section 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.
3. This is the Third Annual Technical Inspection Report for the year ended March 2008, prepared by the Office of Accountant General, Goa. While Chapter I of this Report contains an overview and audit observations relating to Urban Local Bodies, Chapter II deals with Panchayati Raj Institutions.
4. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2007-08 as well as those which came to notice after 2007-08.

OVERVIEW

This Annual Technical Inspection Report contains two chapters. The first chapter contains observations of Audit on the accounts and finances of Urban Local Bodies and the second chapter contains observations on the accounts and finances of Panchayati Raj Institutions. A synopsis of the findings contained in this Report is presented in this overview.

CHAPTER I

- Only eight out of the 11 functions to be devolved on the Urban Local Bodies as per the Goa Municipalities Act, 1968 were transferred as of 31 March 2009.

(Paragraph 1.4.1)

- Twelfth Finance Commission grants for 2006-07 and 2007-08 (Rs.4.80 crore) were not received in time due to non-furnishing of Utilisation Certificates for grants released during 2005-06.

(Paragraph 1.6)

- The receipts and expenditure of the ULBs during 2004-05 to 2007-08 revealed that the surplus/deficit varied widely ranging from a surplus of Rs.4.79 crore during 2005-06 to a deficit of Rs.2.78 crore during 2007-08 indicating poor budgeting.

(Paragraph 1.8)

- Revised Municipal Accounts Manual as per NMAM is yet to be adopted by the ULBs.

(Paragraph 1.10.1)

- Utilisation Certificates for grants amounting to Rs.94.80 crore were pending from ULBs.

(Paragraph 1.10.3)

- The Provisions of the Municipal Solid Waste (Management and Handling) Rules, 2000 have not been implemented by the municipal authorities of Goa even after a lapse of five years from the dead line.

(Paragraph 1.11.1)

- Schemes under the Jawaharlal Nehru National Urban Renewal Mission to be implemented by the Corporation of the City of Panaji (CCP) and other MCs had been delayed due to non conformity of the preconditions of the Scheme. Consequently, grant of Rs.7.50 crore could not be availed from the Central and State Governments.

(Paragraph 1.11.2)

- Misappropriation of cash of Rs.40.77 lakh was noticed in Ponda Municipal Council due to non-adherence of provisions of Municipal Account Code and lack of proper internal check.

(Paragraph 1.12.1)

- Procurement of five tractor towed sweeping machines without ascertaining its maneuverability and working out the cost benefit analysis resulted in idle investment of Rs.1.12 crore.

(Paragraph 1.12.3)

- Recovery of Rs.1.02 crore from Sopo contractors was outstanding due to ineffective collection system.

(Paragraph 1.12.4)

CHAPTER II

- Only five of the 25 functions to be devolved to the ZPs have actually been devolved. Only 13 of the 28 functions to be devolved to the VPs have been devolved.

(Paragraph 2.4.1)

- Delay in furnishing Utilisation Certificates for the years 2005-06 and 2006-07 resulted in delay in release of Twelfth Finance Commission grants of Rs.3.60 crore for the year 2007-08.

(Paragraph 2.6)

- The accounts of both the Zilla Panchayats were in arrears from 2005-06.

(Paragraph 2.9.2)

- The PRIs are yet to adopt the revised accounting formats prescribed by CAG.

(Paragraph 2.10.1)

- Utilisation Certificates for grants amounting to Rs.58.33 crore were outstanding as of June 2008.

(Paragraph 2.10.2)

- Director of Panchayats had not maintained Reserve Fund for Provident Fund and Pensionery benefits.

(Paragraph 2.10.3)

- Rupees1.49 crore developmental grants were released to 19 non-entitled VPs while 80 eligible VPs were deprived of these grants.

(Paragraph 2.11.1)

CHAPTER – I

ANNUAL TECHNICAL INSPECTION REPORT OF THE URBAN LOCAL BODIES

AN OVERVIEW OF THE URBAN LOCAL BODIES

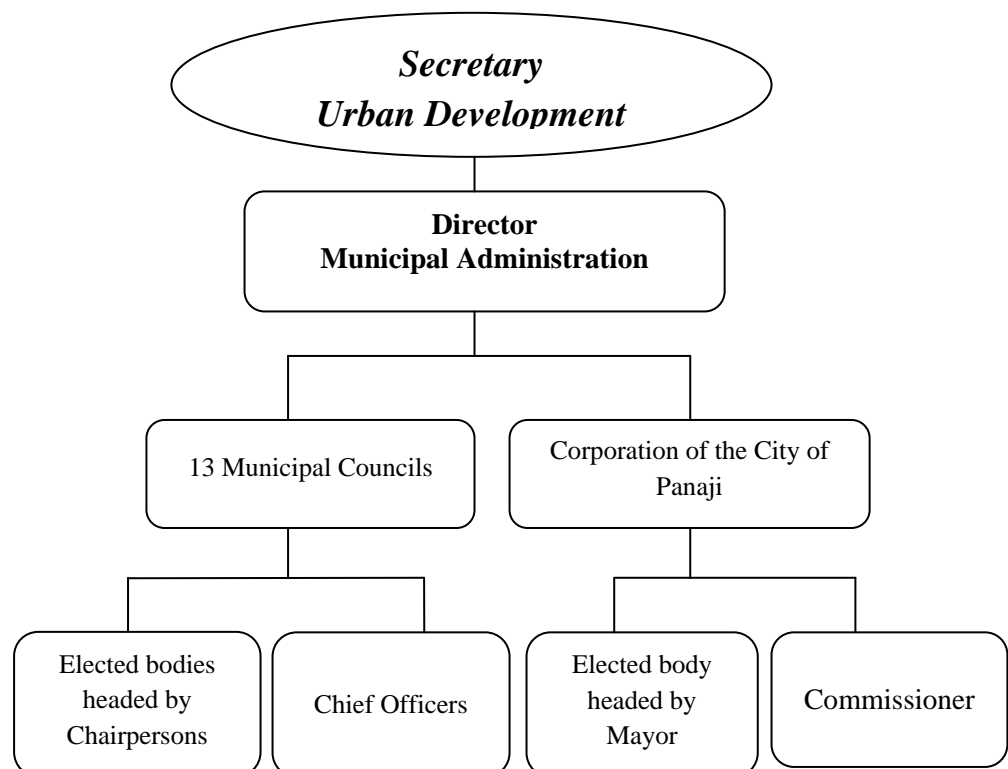
1.1 Introduction

The Urban areas of the State of Goa are administered by 13 Municipal Councils (MCs) and one Municipal Corporation for the City of Panaji (CCP). The functioning of the Municipalities in the State is governed by the Goa Municipalities Act, 1968 duly amended in 1994 in light of the 74th amendment to the Constitution. The lone Corporation (CCP) in the State is governed by the 'City of Panaji Corporation Act, 2002'.

The last election for 11 MCs was held in October 2005 and for the CCP in March 2006. Election to the Ponda Municipal Council and Sanquelim Municipal Council was not held along with other MCs due to non-completion of the process of delimitation of wards and formation of new Municipal Council respectively. The election to these Councils was held later in January 2008.

1.2 Organisational set-up

The Organisational structure for ULBs in Goa is shown below:



The Secretary (Urban Development) is the Administrative Head of the Municipal Administration. He is assisted by the Director of Municipal Administration (DMA) and other officers.

The DMA exercises control and supervision over the CCP and MCs. The Mayor heads the CCP and Chairpersons head the MCs. The CCP is provided with a full time Commissioner and the MCs are provided with Chief Officers, besides other staff. The salaries of the Commissioner, Chief Officers and other staff on deputation are paid by the State Government. The salaries of all other staff appointed by the CCP/MCs are paid by the ULBs concerned.

Section 63 of the Goa Municipalities Act provides for setting up of a Standing Committee for all classes of Councils. Further, each Council may also constitute such Subject Committees as deemed necessary. Section 68 of the Act lays down that each Council shall make bye-laws to provide for the functions and powers of such Standing Committee which, inter alia, should include subject of Transport Undertaking, Finance and Welfare of Conservancy staff. Section 35 of the CPC Act also provides for setting up of a Standing Committee. The Standing Committees in various MCs and CCP were last constituted during the period November 2005 to March 2008.

1.3 District Planning Committees

As per section 184 F of the Goa Municipalities (Amendment) Act, 1999 every Council shall prepare every year a development plan and submit it to the District Planning Committee Constituted under section 239 of the Goa Panchayat Raj Act, 1994.

There are only two districts in Goa. The first DPCs were set up in both the districts by Government of Goa in October 2003 and these were reconstituted in September 2006.

Audit noticed that no such plans were prepared and forwarded to DPC by the CCP/MCs. Non-preparation of plans at district level defeated the objective of decentralized planning at grass root level.

1.4 Functions

1.4.1 Devolution of Functions

The ULBs are expected to prepare plans for economic development and social justice and perform the functions and implement schemes as may be entrusted to them. The Twelfth Schedule under Article 243W of the Constitution envisaged entrustment of 18 functions to the Urban Local Bodies. Accordingly, the Goa Municipalities Act provided (1993) (Act) for devolution of 11 functions to the Councils **Appendix 1.1.**

As per the terms of reference, the Second State Finance Commission (SSFC) was entrusted with the work of recommendation for devolution of powers, functions, responsibilities and resources to Urban Local Bodies. The Commission submitted its report in December 2007.

The Commission recommended (December 2007) devolution of all the 11 Functions to ULBs for economic development and social justice as listed in the Goa Municipalities Act, 1968. The recommendations are yet to be accepted by the Government of Goa (March 2009). The DMA stated (March 2009) that the same is under consideration of the Government.

Of the 11 functions to be devolved on the ULBs, only eight functions and one activity in one function have been transferred as of March 2009 as detailed in **Appendix 1.1**. In addition to this, the function of Urban Poverty Alleviation and the activity of Solid Waste Management under Public Health and Sanitation not envisaged in the Act have also been transferred to the Urban Local Bodies. Further, the functions transferred are of very little importance as planning being the vital function is still being done by the State Government thereby defeating the objective of decentralized planning as envisaged in the 74th Amendment to the Constitution of India.

The DMA stated (November 2007) that considering the population and the small size of the State of Goa, the major civil functions like water supply, town planning, fire service, public health, sanitation, planning for economic and social development were looked by various departments of the State.

1.5 Transfer of Funds

The Government of Goa sanctions grants-in-aid (GIA) to the ULBs annually to supplement their finances so as to enable them to take up developmental works in their respective areas. The Central Government also provides grants to ULBs. During the year 2007-08, the total grants sanctioned to the ULBs in Goa were Rs.20.44 crore.

1.5.1 Sources of Funds

With very limited resources of their own, the ULBs require funds for meeting expenditure on civic administration and developmental activities. The funding to ULBs comprises GIA from the Central/State Government and own revenues. Since the own revenues generated by ULBs are not sufficient, they are mainly dependant on GIA from the Governments.

(Rupees in crore)

Years	CCP				MCs			
	Own Revenue	Grants-in-aid		Total	Own Revenue	Grants-in-aid		Total
		Centre	State			Centre	State	
2004-05	7.78	NIL	3.52	11.30	20.89	NIL	7.39	28.28
2005-06	13.03	NIL	2.29	15.32	19.90	NIL	9.22	29.12
2006-07	8.98	0.23	4.58	13.79	19.83	2.17	12.67	34.67
2007-08	9.21	Nil	2.54	11.75	17.47	Nil	17.90	35.37

The grants-in-aid given by the State government (including that received from Central Government) to the MCs increased from Rs.7.39 crore in 2004-05 to Rs.17.90 crore in 2007-08 and in respect of CCP, it decreased from Rs.3.52 crore in 2004-05 to Rs.2.54 crore in 2007-08. The grants were paid for developmental works, salary grants, solid waste management, etc.

Audit noticed (August 2009) that there was a difference of Rs.6.05 crore (2004-05), Rs.24.45 crore (2005-06), Rs.23.14 crore (2006-07) and Rs.23.33 crore (2007-08) in the figures furnished by DMA as compared to the Audit Report (Civil) of the Comptroller and Auditor General of India for the year 2007-08 due to non inclusion of grants released by DMA to Goa State Urban Development Agency, Water Resources Department and Public Works Department to carry out works in the urban area.

1.5.2 Recommendations of Second State Finance Commission

The Second State Finance Commission (SSFC) recommended (December 2007) an amount of Rs.650.65 crore for nine Core Functions as well as Rs.818.16 crore for seven Consultative Functions for ULBs for a five year period. The recommendations are yet to be accepted by the State Government (March 2009).

1.6 Twelfth Finance Commission grants

The Twelfth Finance Commission (TFC) recommended grants of Rs.12.00 crore (Rs.2.40 crore per year) for ULBs in the State of Goa for the period 2005-10. The grants were to be released in two installments annually from 2005-06 onwards. The Government of India released both the installments for the year 2005-06 amounting to Rs.2.40 crore in May 2006. This amount was distributed only during October/November 2006 to the CCP and seven¹ of the 13 MCs for procurement of Garbage Compactors. There was a delay of 4 months 17 days in release of these grants to ULBs. Government of Goa sanctioned (November 2008) an amount of Rs.4.56 lakh to CCP/MCs as interest for the delay in releasing the TFC grants. Though the TFC envisaged utilization of at least 50 *per cent* of the grants for Solid Waste Management (SWM), it was observed that the entire grant for 2005-06 was allotted for SWM by the Director of Municipal Administration leaving no funds for other requirements such as facilitating maintenance of database of finances etc. Out of the total release, Rs.2.24 crore only has been utilized till March 2009 for procuring garbage compactors.

As there was delay in producing utilisation certificates by the ULBs for the grants released for the year 2005-06, there was consequential delay in the release of grants for the years 2006-07 and 2007-08. Subsequently, the Government of India released both the installments of TFC grants for the years 2006-07 and 2007-08 amounting to Rs.4.80 crore in December 2008 which were released to five² MCs in February 2009 for setting up of composting station and the landfill sites within the framework of Municipal Solid Waste Rules, 2000. Audit further noticed that out of the total TFC grants of Rs.7.20 crore for the years 2005-06 to 2007-08, no grant was given to four³ MCs till February 2009. The reasons for non-release was not furnished by the DMA, though called for. Due to inordinate delay in implementing the approved schemes and producing the utilisation certificates in respect of

¹Canacona, Sanguem, Sanquelim, Quepem, Mapusa, Pernem and Valpoi.

²Canacona, Sanguem, Sanquelim, Cuncolim and Ponda.

³Marmugao, Margao, Bicholim and Curchorem-Cacora

grants already released, the Government of India had not released (March 2009) grants to the extent of Rs.2.40 crore pertaining to the year 2008-09.

As such, the grants earmarked for the ULBs in the State of Goa for the years 2006-07, 2007-08 and 2008-09 could not be availed of in time and thereby the benefits envisaged in recommendations of TFC could not be passed on to the beneficiaries. This has, in turn, resulted in denial of the social and economic justice to the people.

1.7 Transfer of Functionaries

The CCP is provided with a full time Commissioner and the MCs are provided with Chief Officers by the State Government. Besides, supervisory level accounts staff, technical officers and accountants belonging to the common cadre are also paid by the State Government. However, the Government has not transferred any functionaries to the ULBs specifically to perform the additional functions that have been transferred to them.

1.8 Financial position of the ULBs

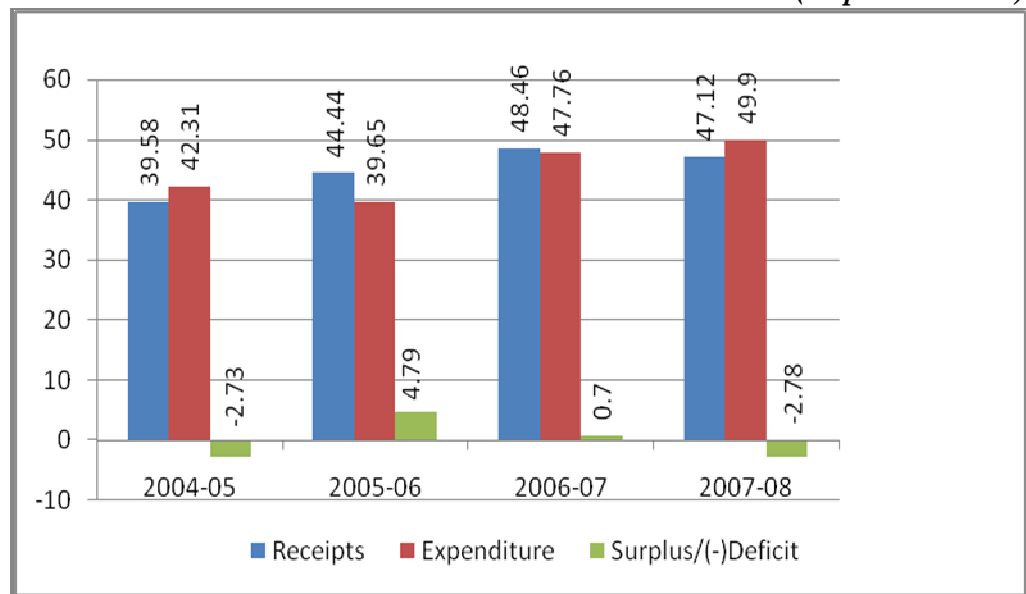
The financial position of the ULBs as aggregated from their accounts and information furnished by DMA for the four years upto 2007-08 was as exhibited in the table and the chart below:

(Rupees in crore)

Year	Receipt			Expenditure			Surplus/ Deficit
	CCP	MCs	Total	CCP	MCs	Total	
2004-05	11.30	28.28	39.58	11.74	30.57	42.31	(-) 2.73
2005-06	15.32	29.12	44.44	13.13	26.52	39.65	4.79
2006-07	13.79	34.67	48.46	14.12	33.64	47.76	0.70
2007-08	11.75	35.37	47.12	15.99	33.91	49.90	(-) 2.78

Note: Receipt includes grants from Central/State Government

(Rupees in crore)



The receipts and expenditure of the ULBs during 2004-05 to 2007-08 revealed that the surplus/deficit varied widely ranging from a surplus of Rs.4.79 crore during 2005-06 to a deficit of Rs.2.78 crore during 2007-08 indicating poor budgeting.

1.9 Audit Coverage

As per the provisions of Section 152 of the Goa Municipal Account Code, 1972, the Director of Accounts is the statutory auditor of the ULBs. Audit of CCP and all the 13 MCs has been completed up to 2007-08 by the Director of Accounts.

In addition to this, audit of ULBs is also carried out by the CAG under Section 14 of CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Based on the guidelines issued by the Ministry of Finance, Government of India, on the recommendations of the Eleventh Finance Commission (EFC), the State Government entrusted (November 2006) the Technical Guidance & Supervision (TGS) over accounts and audit of Urban Local Bodies to the CAG. Accordingly, the audit of CCP & seven MCs⁴ for the year 2007-08 under section 14 of the Act *ibid* and under TGS was conducted during 2008-09 and certain shortcomings in the working of the ULBs such as Non-preparation of statement of annual income and expenditure and assets & liabilities, Delay in reassessment of properties, Non-preparation of Annual Development Plan, etc. not reported in the Audit Reports of the Director of Accounts were communicated to them through Inspection Reports on the audit of accounts of ULBs. Further, a training programme for the accounts staff of ULBs was also conducted in August 2008.

⁴ Margao, Mapusa, Marmugao, Ponda, Bicholim, Sanquelim and Cuncolim

1.9.1 Internal Audit/Control

Scrutiny of Audit Reports of the Director of Accounts in respect of MCs sent to the DMA each year revealed that a number of paras related to the year 1970-71. The total number of outstanding paras for clearance and its year-wise break up was not available with the Director of Accounts. It was observed that the Audit Reports of the Director of Accounts pertaining to the MCs were merely filed without any further action. As a result, the outstanding paras have accumulated over the years. Since some of the paras were of serious nature, not complying with the objections in time would result in more serious irregularities. The DMA has not evolved an internal mechanism, whereby the compliance of outstanding paras is watched and progress report obtained every month, from all the Councils.

1.9.2 Poor response to Inspection Reports

Response to Audit Paras of Accountant General, Goa is also not satisfactory as replies to 142 paras in 15 Inspection Reports pertaining to the period from 2000-2001 to 2007-08 were outstanding as of December 2008 from CCP and 10 MCs⁵.

The Finance (Audit) Department, Government of Goa had issued a memorandum in December 2008 highlighting various irregularities observed during audit and stated that the State Government had enacted the Goa Fiscal Responsibility and Budget Management Act, 2006 under which various fiscal targets are to be met in a time bound manner. Non-achievement of the fiscal targets under the Act *ibid* would result in fixing responsibility on the officer where huge outstanding dues are observed. The order further issued directives to settle the outstanding paras in a time bound manner and to recover old dues within three months of the date of issue of the memorandum. As an initiative to settle long pending paragraphs of Inspection Reports, an Audit Committee meeting was held in September 2008 wherein 6 paras were dropped based on the replies received from the auditee organizations.

1.10 Accounting Procedures

1.10.1 Accounting Formats

Urban Local Bodies (ULBs) are maintaining their accounts on cash basis. All the ULBs have finalized their accounts upto 2007-08. The Ministry of Urban Development, Government of India in collaboration with CAG prepared (November 2004) National Municipal Accounts Manual (NMAM) with accrual basis of accounting and provided revised formats of accounts. The State Governments were required to draft State specific municipal accounts manuals based on NMAM. Based on this, the State Government issued (January 2008) Notification amending the Goa Municipal Account Code, incorporating the Accrual Based Accounting Formats. The DMA stated (March 2009) that the Goa Municipal Accounts Code, 2007 had already been published and the software on the above code would be prepared by the

⁵ Cuncolim, Curchorem-Cacora, Quepem, Margao, Mapusa, Valpoi, Sanguem, Pernem, Ponda and Canacona.

National Informatics Centre. The DMA further stated that latest position regarding implementation of the NMAM was being sought from all the Municipal Authorities.

The eight draft formats prescribed by CAG for creation of database of finances of Urban Local Bodies were sent to the Finance Secretary in September 2003. However, no action has yet been taken in the matter.

1.10.2 Revenue Arrears

As per the information furnished by the DMA, the total amount of revenue arrears of all the MCs/CCP upto March 2008 was Rs.8.34 crore. The Demand Collection Register of the MCs are computerized and the accumulated arrears of previous year is carried forward as opening balance of subsequent year without keeping a record of the year-wise breakup. Hence, age-wise and MC wise break-up of arrears was not available. The reasons for non-recovery and action taken to recover these arrears though called for were awaited (December 2008).

1.10.3 Outstanding Utilization Certificates

The DMA releases grants to MCs every year for developmental works including cost of salaries. As per terms and conditions for release of the grants, the entire amount of grant shall be utilized within a period of one year from the date of drawal of the grants and a utilization certificate (UC) shall be submitted to the DMA by the CCP/MCs within 18 months of its drawal. It was also provided that no grant shall be sanctioned unless the previous grants are fully utilized and utilization certificates furnished.

In spite of being pointed out in the previous Annual Technical Inspection Report, the DMA continued to sanction further grants without adhering to the requirement of submission of UCs within 18 months of drawal of grants by the MCs. It was observed that 452 UCs in respect of grants amounting to Rs.94.80 crore sanctioned between 1995-96 and 2006-07 were outstanding from CCP/MCs as of June 2008 [Appendix 1.2].

1.11 Implementation of Schemes

To supplement the finances of the Urban Local Bodies (ULBs) so as to enable them to take up developmental works in their respective areas, the Government of Goa sanctions grants-in-aid to them annually. The grants were sanctioned for construction of roads, community halls, gardens, parks, maintenance of street lights, solid waste management, purchase of vehicles, land acquisition, etc.

1.11.1 Implementation of Municipal Solid Waste (Management and Handling) Rules, 2000

The Municipal Solid Waste (Management and Handling) Rules, 2000 of Government of India provide for managing Municipal and Urban Wastes/Garbage in an environmentally friendly manner. These rules apply to every Municipal Authority responsible for collection, segregation, storage,

transportation, processing and disposal of Municipal Solid Waste (MSW). The Councils are responsible for the implementation of the provisions of these Rules and are required to obtain authorization from the State Pollution Control Board. Further, the Councils are required to furnish its Action Taken Report to the concerned District Magistrate as per Rule 5 (1) of the said Rules and the concerned District Magistrate has overall responsibility for enforcement of the provisions of these Rules in the State of Goa.

The implementation schedule envisaged in the said Rules was as follows:

Sr. No.	Compliance Criteria	Schedule
1.	Setting up of waste processing and disposal facilities	By 31.12.2003 or earlier
2.	Monitoring the performance of waste processing and disposal facilities	Once in six months
3.	Improvement of existing landfill sites as per provisions of these rules	By 31.12.2001 or earlier
4.	Identification of landfill sites for future use and making sites ready for operation	By 31.12.2002 or earlier

The Hon'ble Supreme Court, while hearing a Writ Petition No.888 of 1996, had taken serious view of non-compliance of the provisions of the said Rules and directed (July 2004) Chief Secretaries of States to ensure compliance.

As per the information furnished by DMA in March 2009 the 'Implementation Status' at CCP and 13 MCs was as follows:

- The CCP had identified two sites and obtained (December 2005) NOC from Town & Country Planning Department and authorization by the Goa State Pollution Control Board (GSPCB). The land acquisition proceedings in respect of Bainguinim site is completed, whereas in respect of site at Dona Paula Marvel, Declaration under Section 6 of Land Acquisition Act (LA Act), 1894 that the land is required for public purpose has been published. However, the garbage was still being dumped in open space of the city causing health hazard to the citizens of the Capital city.
- All the 13 MCs have identified sites for disposal of solid wastes and authorization from GSPCB/ NOC from the Town and Country Planning Department were also obtained (June 2005 to January 2008). Out of these, nine MCs⁶ have acquired the land and one MC (Sanguem) has its own land. In respect of Valpoi MC, notice under Section 4 of the LA Act has been published in December 2007. In respect of Pernem Municipal Council report under Section 5 A of the LA Act has been forwarded to Government. However, proposal for acquiring the land by Curchorem-Cacora Municipal Council is in progress. The delays were attributable to agitation from the public regarding the selection of sites for garbage disposal.

⁶ Margao, Marmugao, Ponda, Bicholim, Canacona, Quepem, Sanquelim, Cuncolim, and Mapusa

The last date for setting up of waste processing and disposal facilities as per the Rules *ibid* was 31.12.2003. However, even after a lapse of five years none of the MCs in Goa had implemented the Rules. Though most of the Councils had acquired the land, there is hardly any progress in implementation of the Solid Waste (Management and Handling) Rules, 2000.

1.11.2 Jawaharlal Nehru National Urban Renewal Mission

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) was launched by the Government of India (GOI) on 3 December, 2005. The Scheme aims at providing incentives to selected cities to undertake institutional, structural and fiscal reforms necessary to improve service delivery systems that are sustainable, enhance local economic performance and bring about transparency and accountability in functioning of the Municipal Authorities. The Mission comprises two sub missions, one for the Basic Services to the Urban Poor (BSUP) and the other for the Urban Infrastructure and Governance (UIG). 63 selected cities/towns in the country including the City of Panaji was selected for implementation of the scheme in the country. In addition, GOI also introduced two more schemes - Integrated Housing and Slum Development Programme (IHSDP) and Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) under JNNURM in December 2005 for the improvement of the towns and cities other than mission cities covered under BSUP and UIG.

The duration of the above Schemes is seven years from the date of launching. The release of funds by GOI is contingent on preparation of City Development Plans (CDPs), Detailed Project Reports (DPRs) and various reforms to be undertaken by the State Government and Municipal Authorities.

As stipulated in the guidelines, Government of Goa constituted a State Level Steering Committee (SLSC) in February 2007 with 13 members. The Chief Minister was nominated as the Chairperson of the Committee. Government also designated (October 2007) Goa State Urban Development Agency (GSUDA) as the State Level Nodal Agency for the implementation of three schemes (BSUP, IHSDP and UIDSSMT). A Memorandum of Agreement (MoA) was entered in to with GOI in December 2007.

The work of preparation of CDP was entrusted to M/s HUDCO at a cost of Rs.9.79 lakh. The SLSC in its first meeting held in March 2007 suggested some modifications in the CDP for incorporating the poverty alleviation components and the imbursement of city bar and restaurant for the general cleanliness. The SLSC approved (April 2007) the modified CDP and the same was forwarded to GOI in May 2007. Government of India also made some suggestions and the revised CDP prepared by M/s HUDCO for the City of Panaji for Rs.286.55 crore was submitted to GOI in September 2007.

The Central Sanctioning and Monitoring Committee cleared (February 2008) a BSUP project for Rs.10.22 crore with the clear understanding that the DPR for the project would be made available to the Ministry of Housing and Urban Poverty Alleviation (MoHUPA), GOI. MoHUPA approved the above project and sanctioned (May 2008) Rs.4.60 crore as Central share for the project. However, the CCP could not submit the final DPR in the absence of which, the

Central share of Rs.4.60 crore and the State share of Rs.5.62 crore totaling Rs.10.22 crore could not be availed of (December 2008).

CCP also prepared five⁷ more DPRs with a total project cost of Rs.52.93 crore. The SLSC decided (January 2009) to constitute sub committees to appraise these DPRs. Accordingly, three sub-Committees were formed in February 2009 and its appraisal reports were awaited. (May 2009).

In respect of the schemes for non-mission cities other than Panaji, guidelines were circulated to ULBs to submit DPRs for the Schemes under IHSDP and UIDSSMT. However, no such DPRs were submitted by the ULBs (May 2009).

Thus, due to delay in preparation of CDPs and DPRs for schemes other than BSUP, the allocated Central share of Rs.6.47 crore and State share of Rs.1.03 crore for the year 2007-08 could not be availed of (January 2009).

1.12 Other Topics of Interest

1.12.1 Misappropriation of Cash in the Ponda Municipal Council.

Rule 37 of the Goa, Daman and Diu Municipal Account Code, 1972 stipulates that the money received by Municipal Council shall be deposited in the bank or treasury not later than the day following the receipt thereof and Rule 44(1) stipulates that the Cash Book shall be closed and balanced daily and be signed by the Chief Officer. At the end of each month, the receipts and expenditure entered in the cash book shall be compared item-wise with the pass book and the balances agreed and any difference should be explained in a footnote in the cash book.

Audit scrutiny (January/February 2009) of the cash book and related records of Ponda Municipal Council (PMC) revealed that cash receipts towards municipal revenues such as rent, tax, fees etc. were not remitted fully into the bank account during the years 2006-07 and 2007-08 as recorded in the cash book resulting in a suspected embezzlement of Rs.40.77 lakh as detailed below:

In the cash book, the opening balance of cash as on 1 April 2006 was shown as 'Nil'. The total cash receipts during 2006-07 as per cash book was Rs.52,51,241 and the total cash deposits during the year was Rs.30,27,253 as per the bank statements (Union Bank of India – Current Account No. 26001) and the total payments out of the cash receipts during the year was Rs.4,08,170. However, the closing balance of cash in hand as per cash book as on 31 March 2007 was recorded as nil, resulting in a shortage of cash of Rs.18,15,818.

Further the total receipts during 2007-08 as per cash book was Rs.61,05,950 and the total cash deposits into bank as per bank statements was Rs.33,18,569 and the total payments out of the cash receipts was Rs.5,17,181. Reckoning the cash payments of Rs.5,17,181 and cash deposits of Rs.38,35,750, the closing

⁷ Heritage Conservation, Urban Renewal Parks & Gardens, E-Governance including GIS mapping, Preservation of Water Body and Comprehensive Mobility Plan.

cash balance as on 31 March 2008 should have been Rs.22,70,200 whereas it was recorded as Rs.9,168 leaving an unexplained shortage of Rs.22,61,032.

Detailed scrutiny of records revealed that many of the cash deposits, shown in the daily summary statements of cash book, were not at all reflected in the bank statements, leading to a suspected embezzlement of Rs.40.77 lakh during 2006-07 and 2007-08.

Further it was observed that during 2007-08 the daily transactions in the cash book were not attested by any official as a token of verification and no bank reconciliation statements were prepared during the period of suspected embezzlement.

While confirming the above facts and figures (February 2009), the Chief Officer stated that responsibility would be fixed after an enquiry and result would be intimated to audit.

1.12.2 Short release of grants in lieu of Octroi amounting to Rs.7.69 crore.

Upto the year 2000-01 the Village Panchayats/Municipal Councils in the State were levying Octroi on petrol, diesel and petroleum products. In March 2001, the Government of Goa abolished the Octroi and decided to compensate the revenue loss to the Urban Local Bodies/PRI's on this account by increasing sales tax on these products by two percent and allotting this additional tax collection to the Village Panchayats, Zilla Panchayats and Municipal Councils in the ratio 3:2:3.

The allotment of funds towards the compensation in lieu of Octroi for a year was to be made based on the amount of additional sales tax collected during the previous year.

Audit observed that actual collection of additional two *per cent* sales tax/VAT during the years 2005-06 and 2006-07 was Rs.22.55 crore and Rs.24.60 crore respectively. Accordingly, CCP/MCs were entitled for compensation in lieu of octroi amounting to Rs.8.46 crore and Rs.9.23 crore for the years 2006-07 and 2007-08 respectively. However, as against this the DMA released Rs.5.00 crore each during 2006-07 and 2007-08 to the CCP/MCs. Hence there was a short release of Rs.7.69 crore for two years.

1.12.3 Idling of tractor towed sweeping machines

The Goa State Urban Development Agency (GSUDA), the implementing agency for the State Scheme of Integrated Development of Major Towns (IDMT), procured (September 2006) five tractor towed sweeping machines for supply to the five MCs at a cost of Rs.85.93 lakh. GSUDA further procured (October 2006) five tractors at a total cost of Rs.26.19 lakh for towing the sweeping machines. The machines and tractors were delivered to four MCs⁸ in November 2006.

⁸ Panaji Municipal Corporation (two Nos), Margao, Mapusa and Marmugoa Municipal Councils (one each)

Audit scrutiny revealed that two MCs (Margao and Marmugoa) did not use the machines at all and two other Councils (Panaji and Mapusa) could use it sparingly in limited areas for short duration between November 2006 and May 2007. Subsequently the sweeping machines and tractors remained idle due to the following reasons:

- i. Front wheel of the tractor were getting lifted while using the machine in sloppy roads;
- ii. Traffic on the roads had to be stopped while using the machine and could not be used on narrow roads;
- iii. Two operators (one each for tractor and machine) and some labourers were required to be employed for the operation of the machines. The mud collected by the machine had to be carried away in another truck to the dumping site resulting in increase in cost of operation and maintenance; and
- iv. Machine produced lot of noise and could not be used during rainy season.

As the sweeping machine could not be put to use in their area, Margao MC decided (July 2007) to return the machine back to GSUDA and the other MCs were not using the machines although they were in working condition. As the MCs were reluctant to use the machines, GSUDA decided (June 2008) to outsource the sweeping operations in these MCs. Accordingly, GSUDA invited (August 2008) tenders for mechanical sweeping operations using allocated Tractor Towed Sweeping Machines in Mapusa and Marmugoa MCs and CCP for the period of two years. The tender invited in August 2008 was not finalized due to receipt of a single tender and the retendering process initiated in November 2008 was yet to be finalized.

Thus, procurement of five sweeping machines with tractors costing Rs.1.12 crore without working out cost benefit analysis and ascertaining its maneuverability in the respective municipal towns resulted in non-utilization of sweeping machines and tractors since November 2006.

1.12.4 Short recovery of Rs.1.02 crore from the Sopo (Market Fees) Contractors

Section 251 of the Municipalities Act, 1968 provides that the Council may construct, purchase, take on lease or otherwise acquire any building or land for the purpose of establishing a municipal market and maintain such stalls, shops, sheds, pens and other buildings for the use of the persons carrying on trade or business. Section 257 of the Act further provides that the Council may charge such rents or fees as may be fixed from time to time by it in this behalf from the occupant of the stall, shops etc. The fee so collected is called 'Sopo'. The Council can collect the Sopo charges by engaging their own staff or by awarding contract by invitation of tenders.

A test check in audit revealed that in most cases, the Councils resorted to tender the work of collection of Sopo charges. But the Councils failed to realize the contracted amount from the concerned contractor as shown below:

(Rupees in lakh)

Name of Municipal Councils	Period	Amount due as on 31.03.2008	Remarks
Corporation of the City of Panaji (CCP)	May 2003 to Nov 2005 Apr 2004 to Feb 2005	59.19 <u>5.55</u> 64.74	CCP stated that efforts would be made to recover the amount.
Corporation of the City of Panaji (CCP)	2006-07 & 2007-08	5.73	CCP stated that an amount of Rs.3.82 lakh was collected out of Rs.9.55 lakh and balance of Rs.5.73 lakh was still outstanding (2/2009).
Margao Municipal Council	2003-04 to 2007-08	21.86	The Council stated (June 2008) that no efforts were made to collect the outstanding dues as the Council has not appointed Recovery Officer.
Marmugao Municipal Council	2004-05 2005-06 Total 2006-07	1.20 <u>2.95</u> 4.15 1.27	Demand Notice issued to the Contractor (Shri Rajendra) u/s 146 of Goa Municipal Act. Further action awaited. Contractor (Shri Devanand Tari) failed to remit Sopo charges of three markets for 11 months from May 2006 to March 2007. An amount of Rs.1.27 lakh after adjusting EMD and initial payment was outstanding. The Council stated that no agreement was entered into and progress in recovery of the dues would be intimated to audit.
Curchorem-Cacora Municipal Council	2006-07 and 2007-08	4.72	While confirming the facts and figures the Council stated that the concerned files of the Sopo defaulters were forwarded to the Municipal advocate to file suit against them.
Total		102.47	

Audit further noticed that security deposits and performance guarantee in the form of cash/bank guarantee have not been insisted upon from the contractors in most of the cases so as to safeguard the interest of the Corporation/MCs. The chances of recovery of the dues are also very bleak as the Corporation/MCs were not having valid agreements with the contractors.

1.13 Recommendations

- **The accrual based accounting formats should be adopted by the ULBs.**
- **Action should be taken for compliance of the Municipal Solid Waste (Management & Handling) Rules, 2000.**
- **UCs in respect of grants received from Centre and State should be furnished promptly.**
- **Internal Control Mechanism in the ULBs should be strengthened and Bank Reconciliation Statements prepared regularly.**
- **Contracts should be awarded under proper agreement with adequate security deposit.**

CHAPTER – II

ANNUAL TECHNICAL INSPECTION REPORT OF THE PANCHAYATI RAJ INSTITUTIONS

AN OVERVIEW OF THE PANCHAYATI RAJ INSTITUTIONS

2.1 Introduction

Goa along with Daman & Diu was liberated in December 1961 from the Portuguese rule. After liberation, the President of India promulgated the Goa, Daman & Diu Village Panchayat Regulation, 1962 under Article-240 of the Constitution of India. The said Regulation provided for setting up of a single tier Panchayati Raj system in the Union Territory of Goa, Daman & Diu. Thus, for the first time the Panchayati Raj Institutions (PRIs) came into existence in Goa in 1962.

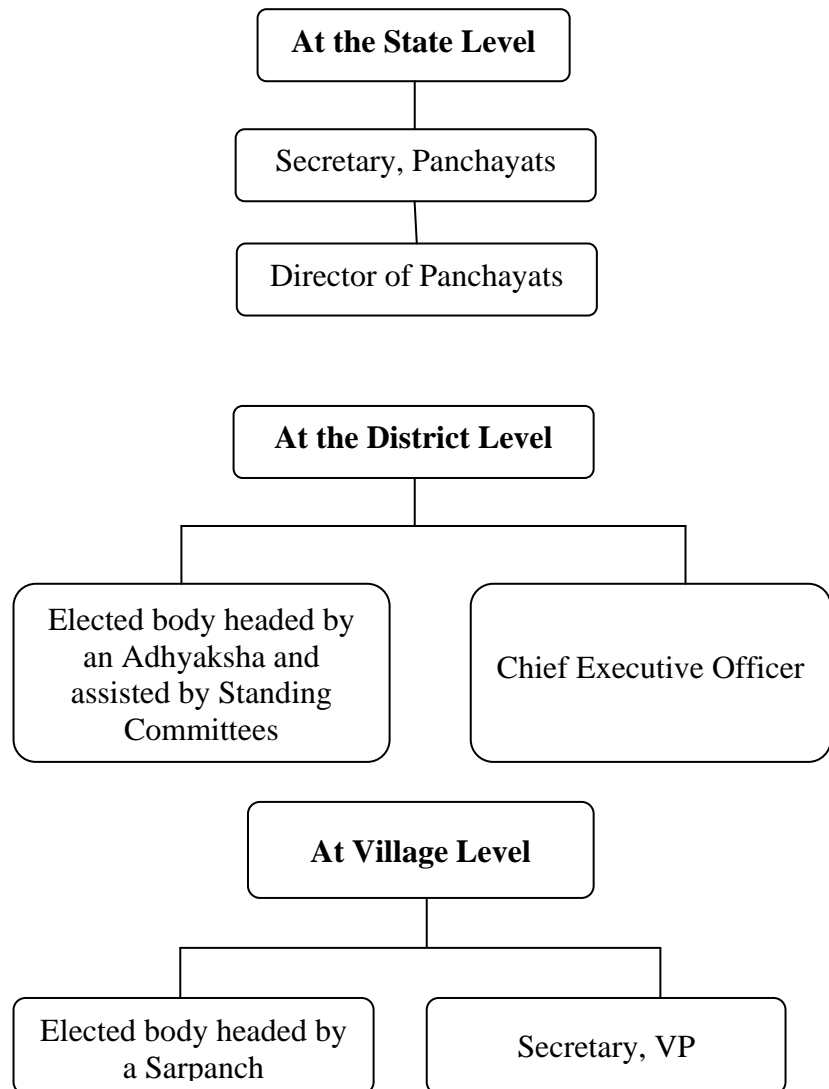
The 73rd Constitutional amendment, 1992, prescribed a three-tier structure (two tiers in case of states with population less than 20 lakh) for Panchayati Raj Institutions. The Legislature of a State was required to endow the Panchayats by law, with such powers and authority as was necessary to enable them to function as institutions of self-government. Accordingly, the Goa Panchayat Raj Act was enacted in 1994 to establish a two-tier Panchayat system of elected bodies – Village Panchayats (VPs) at village level and Zilla Panchayats (ZPs) at district level.

The State of Goa consists of two Districts namely ‘North Goa’ and ‘South Goa’, comprising six Blocks and five Blocks respectively. Each Block is headed by a Block Development Officer (BDO) who is assisted by the respective Extension Officers and their staff. As of March 2008, there were two ZPs and 189 VPs in the State of Goa.

Last elections for ZPs were held in March 2005 and those of VPs were held in December 2007.

2.2 Organisational set-up

The organizational set-up of PRIs in the State is shown below:



The Secretary, Panchayats is the Administrative Head of the Panchayat Department. The Director of Panchayats (DoP) exercises control and supervision over the PRIs and also acts as the Appellate Authority under the Goa Panchayat Raj Act.

Adhyakshas head the ZPs having a full time Chief Executive Officers besides other staff. Sarpanchs head the VPs and are provided with Secretaries and other staff. As per sections 142 and 63 of the Goa Panchayat Raj Act 1994, various Standing Committees are set up in ZPs and VPs respectively for governing their functions.

2.3 District Planning Committees

The ZPs are responsible for preparation of plan for development and overall supervision, co-ordination and implementation of developmental schemes. Similarly, the VPs are also required to prepare annual plans for the development of Panchayat areas, maintain essential statistics, remove encroachment on public property and undertake implementation of assigned schemes/works.

As per section 239 of Goa Panchayat Raj Act, 1994 the Government shall constitute District Planning Committees (DPC) for the districts in the State. Every year, a development plan is required to be prepared by every VP and submitted to the ZP which would consolidate the development plans received from all the VPs and forward the same along with ZP plan to the DPC who would prepare a draft development plan for the district as a whole and forward to the Government.

The First DPCs were set up by Government of Goa in October 2003, in North and South Goa Districts. These committees were reconstituted in September 2006. North Goa DPC conducted only one meeting in November 2003 and no further activity has been carried out so far (February 2009). In respect of South Goa DPC, no meeting has been conducted and no activity has been carried out so far (February 2009). The Director of Panchayats stated (February 2009) that although the DPCs have been constituted, no district plan has been prepared by the Committees for want of Annual Development Plans from the VPs and the ZPs.

Scrutiny of 29 VPs test checked under TGS during 2008-09 revealed that only six VPs⁹ had prepared their Annual Development Plans and submitted to the ZPs. In respect of remaining 23 VPs, the respective Secretaries stated that these Plans would henceforth be prepared and submitted to the ZPs.

The Director of Panchayats stated (February 2009) that the Rules under Goa Panchayat (Constitution, Powers and Functions of Ward Development Committees and preparation of Annual Development Plan) Rules, 2008 have been framed by the Directorate so as to guide the Village Panchayats in preparation of Annual Development Plans (ADP). As this is the first time that the VPs will undertake this exercise, assistance has been sought from Goa Institute of Rural Development & Administration (GIRDA) to train the VPs in formulating these plans. GIRDA has also identified four VPs¹⁰ for imparting training in preparation of ADP.

2.4 Functions

2.4.1 Devolution of Functions

The XIth Schedule appended to the Constitution of India gives a list of the 29 functions and responsibilities which may be devolved to the PRIs. The Schedules-I and II appended to the Goa Panchayat Raj Act, 1994 envisaged entrustment of 28 and 25 functions to VPs and ZPs respectively **Appendix 2.1**

⁹ Morlem, Poriem, Honda, Bhironda, Nagargao and Bercem

¹⁰ Old Goa, Anjuna, Ambavelim and Majorda

and 2.2. However, only the following 13 and five functions have been devolved partly to the VPs and ZPs respectively.

Functions devolved to VPs

Sr. No.	Sr. No. of Schedule XI	Name of Function /Scheme
1	1	Agriculture including Agricultural extension
2	4	Animal Husbandry, Dairying & Poultry
3	5	Fisheries
4	9	Khadi, Village & Cottage Industries
5	11	Drinking Water
6	13	Roads, Buildings, Culverts, Bridges, Ferries, Waterways & other means of communication
7	20	Libraries
8	21	Cultural Activities
9	23	Rural Sanitation
10	25	Women & Child Development
11	26	Social Welfare
12	29	Maintenance of Public Parks & Playgrounds
13		Transport, State Rural Employment Guarantee Scheme, IAY, SSA Construction, Gymnasium/Vyayamshala, Financial Assistance to Sportsmen

Functions devolved to ZPs

Sr. No.	Sr. No. of Schedule XI	Name of Function /Scheme
1	3	Minor Irrigation, Water Management & Watershed Management
2	17	Education including Primary school
3	23	Health & Family Welfare
4	26	Welfare of the weaker sections, in particular of handicapped & mentally retarded
5		Merger of DRDA's with Z.P., Financial Assistance to VPs & SGRY

The State Government had set up two Finance Commissions (FCs) to review the financial position of Local Bodies. The Second State Finance Commission (SSFC) was set up in August 2005. The Commission was required to submit the recommendations within a period of three months during which it had to thoroughly examine the devolution of functions along with funds to the ZPs and VPs.

The SSFC recommended (December 2007) devolution of all the 28 Functions and 74 Activities to VPs and 25 Functions and 47 Activities to ZPs for economic development and social justice as listed in the Ist and IInd Schedules respectively of the Goa Panchayat Raj Act, 1994.

The Government is yet to consider the recommendations of the SSFC. The Director of Panchayats stated (March 2009) that the same is under consideration of the Government.

2.5 Transfer of Funds

2.5.1 Sources of Funds

The Government of Goa sanctions grants-in-aid to the VPs/ZPs in the State for financing developmental works, administrative expenses, matching grants, compensation in lieu of Octroi, etc. During the year 2007-08, the amount of grants-in-aid released to the ZPs and VPs (including the amount received from the Centre) was Rs.6.27 crore and Rs.18.69 crore respectively.

The details of own revenue and grants-in-aid for the years 2004-05 to 2007-08 were as under:

(Rupees in crore)

Year	ZPs			VPs			
	Own Revenue	Grants-in-aid	Total	Own Revenue	Grants-in-aid directly to VPs	Grants-in-aid sanctioned through DRDA	Total
2004-05	0.05	6.37	6.42	9.01	18.11	3.92	31.04
2005-06	0.11	6.93	7.04	11.48	23.35	6.18	41.01
2006-07	0.12	7.40	7.52	16.61	23.16	9.30	49.07
2007-08	0.04	6.27	6.31	20.99	18.69	8.51	48.19

Note: Grants-in-aid include grants received from Central as well as State Government.

DRDA: District Rural Development Agency

There was a decrease of Rs.7.82 lakh in own revenue and Rs.1.13 crore in Grants-in-aid of ZPs during 2007-08 as compared to the previous year. The Director of Panchayats stated (February 2009) that the ZPs have no source of income except the sale of tender forms. Therefore, the revenue being generated by ZPs are likely to vary from year to year. Further, regarding the reduction in release of grants-in-aid to ZPs for the year 2007-08, it was stated that the Government had reduced the plan outlay proportionately against all the existing schemes including the new schemes implemented from the year 2007-08.

Though the VPs have improved the collection of own revenue during the year 2007-08 there was a decrease in release of grants-in-aid to VPs amounting to Rs.5.26 crore during 2007-08 compared to the previous year. The decrease was mainly attributed to the non-release of TFC grants during 2007-08.

The grants-in-aid paid by the State government (including that received from Centre) to the PRIs decreased from Rs.39.86 crore in 2006-07 to Rs.33.47 crore in 2007-08.

Audit noticed that there were differences in the figures of Directorate of Panchayats regarding the grants-in-aid released to PRIs as compared to the

figures appeared in the Audit Report (Civil) Goa, of the Comptroller and Auditor General of India for the year 2007-08 as follows:

(Rupees in crore)

Year	Figures as per Audit Report (Civil) ¹¹	Figures furnished by Director of Panchayats	Difference
2004-05	32.75	28.40	4.35
2005-06	39.70	36.46	3.24
2006-07	41.98	39.86	2.12
2007-08	35.68	33.47	2.21

There were differences ranging from Rs.2.12 crore during 2006-07 to Rs.4.35 crore in 2004-05. The Director of Panchayats stated (August 2009) that the Directorate would reconcile the differences and the actual position would be communicated to audit.

2.5.2 Recommendations of the Second State Finance Commission

The Second State Finance Commission (SSFC) recommended an amount of Rs.722.81 crore for the 21 core functions as well as Rs.1131.03 crore for 17 Consultative functions for VPs and Rs.284.51 crore for 10 Core functions and Rs.459.61 crore for 11 Consultative functions for ZPs for a period of five years 2007-08 to 2011-12.

The SSFC also recommended (December 2007) the creation of following posts in various offices, which will entail an annual expenditure of Rs.11.01 crore.

Sr. No.	Name of Office	No. of Posts
1.	Directorate of Panchayats	603
2.	ZPs	21
3.	District Rural Development Agency	19
4.	District Planning Committee	13
5.	Town & Country Planning Department	10
6.	Animal Husbandry	06
7.	Agriculture Department (Soil Conservation)	03
8.	Health Services	06

The Government is yet (March 2009) to consider the recommendations in the report, which was submitted in December 2007.

2.6 Twelfth Finance Commission (TFC) grants

The Directorate of Panchayats prepared a project proposal of Rs.18 crore for utilizing the funds under the TFC Grants in the State of Goa for the period from 2005-06 to 2009-10. The grants under TFC released by the Centre were required to be directly placed at the disposal of the Village Panchayats (VPs) and the Zilla Panchayats (ZPs) and same had to be spent exclusively for the operation and maintenance of the schemes envisaged in the TFC guidelines. The PRIs were required to take over the assets related to water supply and

¹¹ Table 1.20 (Para 1.5.4) of Civil Audit Report

sanitation and utilize the grants for the repair/rejuvenation and the operation and maintenance costs and to recover at least 50 per cent of the recurring costs in the form of user charges. The VPs were also required to send proposals to the Block Development Officer (BDO) along with the estimated cost of the works duly approved by the PWD. The respective BDO should recommend the proposals for according the sanction of the expenditure. In the case of ZPs the proposals were to be sent directly to the Directorate. The Director of Panchayats, based on the recommendation of the BDOs, was to accord sanction to the projects. After approval, the VPs/ZPs were to execute the works and submit the utilization certificate in the prescribed format so as to enable the Directorate to obtain and release further grants to VPs/ZPs.

As against the total TFC outlay of Rs.18 crore to the PRIs, the Government of Goa received Rs.7.20 crore during 2005-06 and 2006-07 between February 2006 and July 2007. Out of the above grants, the Directorate sanctioned grants to the extent of Rs.6.43 crore to VPs and Rs.77 lakh to ZPs and funds to the extent of Rs.3.99 crore and Rs.77 lakh respectively remained unutilised as of August 2008. There was a delay of 27 days in releasing Rs.1.80 crore to the PRIs for which interest of Rs.0.67 lakh was released. As there was delay in producing utilization certificates for the grants released for the years 2005-06 and 2006-07, there was consequential delay in release of grants for the year 2007-08. Subsequently, the Government of India released both the installments of TFC grants for the year 2007-08 amounting to Rs.3.60 crore in December 2008 which were released to the VPs in February 2009. Audit further observed that due to inordinate delay in implementing the approved schemes and producing the utilization certificates in respect of grants already released, the Government of India had not released (March 2009) grants to the extent of Rs.3.60 crore pertaining to the year 2008-09.

As such, the grants earmarked for the PRIs in the state of Goa for the years 2007-08 and 2008-09 could not be availed of in time and thereby the benefits envisaged by TFC could not be passed on to the beneficiaries of the VPs/ZPs. This has, in turn, resulted in denial of the social and economic justice to the public. The Finance Department, Government of Goa stated (November 2008) that further grants to the State would be released only after utilization of at least 70 *per cent* of the grants already released.

Audit further noticed that out of TFC grants of Rs.98.51 lakh sanctioned to 29 VPs test checked during the period from April 2008 to March 2009, 18 VPs utilized Rs.23.90 lakh for clearing the water bills of the public water taps. In addition to this, an amount of Rs.15.02 lakh was spent for sanitation by 14 VPs, Rs.9.60 lakh by five VPs for the repairs and maintenance of wells and Rs.6.33 lakh by 19 VPs for creation and maintenance of data base. Audit also noticed that the recovery of at least 50 per cent of the recurring cost in the form of user charges, as envisaged in the TFC guidelines, was not collected by the test checked VPs from the beneficiaries.

2.7 Transfer of Functionaries

The Government of Goa has provided one VP Secretary to each VP whose salaries and allowances are paid directly by the Government. The VPs have

also employed their own staff like clerks-cum-typists and peons. The State Government has undertaken to sanction grants to economically weaker Panchayats from 1st April 2001 in order to enable them to make payment of the salaries and dearness allowance to the staff employed by them.

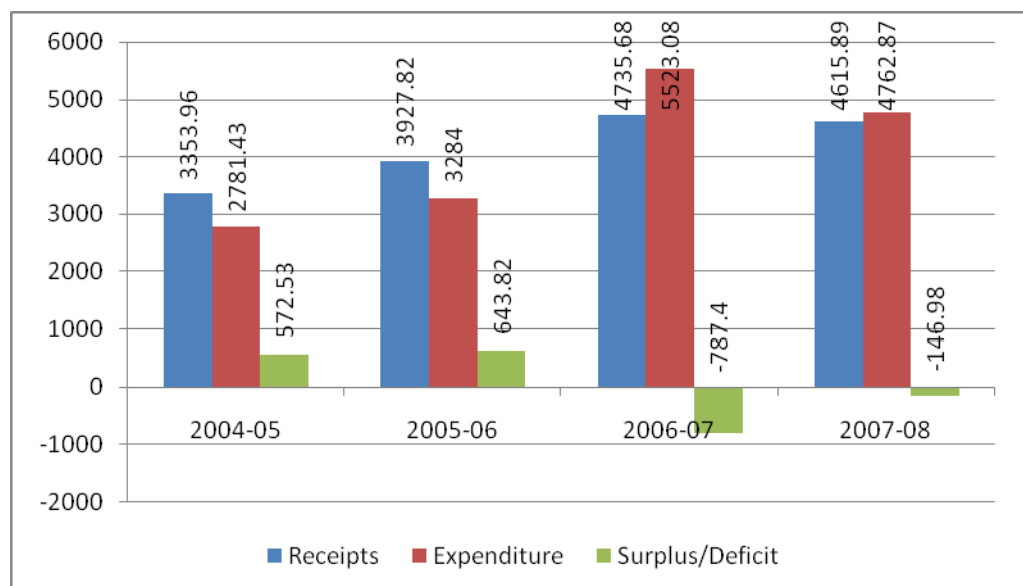
As far as ZPs are concerned, the Government has appointed a Sr. Grade Officer of the Goa Civil Service in each ZP as the Chief Executive Officer. The Government has also appointed an officer of the cadre of Deputy Director of Accounts as an Accounts Officer in each ZP. Other functionaries like Stenographers, Accountants, Clerks, Peons, Sweepers and Drivers have also been provided to each ZP. The services of Executive Engineers, Assistant Engineers and Junior Engineers from the PWD of the State have been placed at the disposal of the ZP for execution of technical works like preparation of estimates of different works, recording of measurements, tendering of works and preparation of running account bills.

2.8 Financial Position of ZPs and VPs

The financial position of the two ZPs and 189 VPs as aggregated from their accounts and information furnished by Director of Panchayats for the four years upto 2007-08 was as exhibited in the table and the chart below:

(Rupees in lakh)

Year	Receipt			Expenditure			Surplus/ (-)Deficit
	ZPs	VPs	Total	ZPs	VPs	Total	
2004-05	641.74	2712.22	3353.96	148.37	2633.06	2781.43	572.53
2005-06	691.16	3236.66	3927.82	1065.00	2219.00	3284.00	643.82
2006-07	751.99	3983.69	4735.68	810.32	4712.76	5523.08	(-)787.40
2007-08	691.38	3924.51	4615.89	982.18	3780.69	4762.87	(-)146.98



The decrease in receipt of ZPs and VPs during 2007-08 as compared to 2006-07 was due to reduction of Plan Outlay and release of less grants to the VPs. Similarly, the short release of Grants-in-aid resulted in decrease in expenditure during 2007-08.

2.9 Audit coverage

By virtue of Section 194 of the Goa Panchayat Raj Act, 1994, the Comptroller and Auditor General of India is the sole auditor for ZPs. The audit is conducted under Section 20(1) of the CAG's (Duties, Powers and Conditions of Service) Act, 1971. The accounts and transactions of North Goa Zilla Panchayat (NGZP) for the year 2004-05 were test checked during 2008-09. The audit of accounts of both the ZPs were in arrears from 2005-06 as these accounts have not been received (February 2009). The transaction audits of NGZP and South Goa Zilla Panchayat (SGZP) were in arrears from 2005-06 to 2007-08 respectively.

The Director of Accounts is the statutory auditor of VPs under Section 187 of the Goa Panchayat Raj Act. The audit of all the VPs was carried out upto the year 2007-08 by the Director of Accounts.

As per the guidelines issued by the Ministry of Finance, Government of India, on the recommendations of the Eleventh Finance Commission (EFC), the State Government, in November 2006, entrusted Technical Guidance & Supervision (TGS) over accounts and audit of PRIs to the CAG. Accordingly, in respect of 29 VPs audited by the Accountant General for the year 2008-09 under TGS, certain shortcomings in the VPs such as Loss of interest, Variation in Budget Estimates, Short-recovery of rent and taxes, Non-preparation of Annual Development Plan, etc. not reported in the Audit Reports of the Director of Accounts were communicated to them through the Inspection Reports on the accounts of these VPs audited during 2008-09. Further, training programme for the accounts staff of PRIs was also conducted under TGS in August 2008.

2.9.1 Internal Control/Audit

It was observed that there was no internal audit set up in both the ZPs. The transactions of the Offices were not checked from time to time by any person other than the Accounts staff who actually passes the bills for payments. The records were also not inspected by the Inspection staff of the Director of Accounts/Director of Panchayats even though substantial grants were paid to the Zilla Panchayats by the Government of Goa.

The Director of Panchayats stated (August 2009) that the proposal for creation of Audit Cell in the Directorate of Panchayats was under consideration and was being put up to the Government.

2.9.2 Delay in finalization of accounts.

As per section 191 of the Goa Panchayat Raj Act, 1994, the accounts of the income and expenditure of the ZP Funds have to be kept in accordance with the prescribed rules and the ZPs shall pass the accounts within a period not exceeding three months from the close of the financial year. However, the

NGZP and SGZP have not yet finalized their accounts for the years 2005-06, 2006-07 and 2007-08 (January 2009).

However, the accounts of VPs were completed up to 2007-08.

2.9.3 Impact of audit and response to audit

Consequent to audit observations during the previous year regarding non-submission of Utilisation Certificates (UCs) by the VPs, the Director of Panchayats issued (May 2008) Circular to all Block Development Officers to be more vigilant to ensure that the grants were utilized within stipulated time limit for the purpose for which it was granted without any diversion of funds to other works. Further, the BDOs were also instructed to put personal efforts with the help of Extension Officer to ensure the timely submission of Utilization Certificates to the Directorate for onward submission to Directorate of Accounts. The Department of Finance, Government of Goa also issued (October 2008) an Office Memorandum directing all departments to issue instructions to the concerned officials to furnish the UCs which were pending for more than two years. On being pointed out in audit regarding the short realization of compensation in lieu of Octroi, the Finance (Rev & Cont.) Department, Government of Goa made (August 2008) an additional allotment of Rs.3.22 crore to the VPs and Rs.2.38 crore to the ZPs in the supplementary/revised budget for the year 2008-09. The recovery of revenue arrears has also improved. The amount recoverable by the VPs which was Rs.10.50 crore as of March 2007 have come down to Rs.10.44 crore as of March 2008.

However, response to the Audit Paras of the Inspection Reports was not satisfactory as replies to 102 paras in 13 inspection reports pertaining to the period from 2004-05 to 2007-08 in respect of eight VPs and two ZPs were awaited as of December 2008 from concerned VPs and ZPs. As an initiative to reduce the number of outstanding paragraphs, an Audit Committee meeting was held (January 2009) wherein 11 paragraphs were settled based on replies received from the auditee organizations.

2.9.4 Compliance of Audit Reports of Director of Accounts

Scrutiny of accounts of 29 VPs revealed that 905 paras pertaining to the period 1970-71 to 2006-07 in Audit Reports of Director of Accounts were outstanding as on 31 March 2008. Even though it was stated during 2008-09 that the Panchayats were regularly complying with the observations no correspondence in this connection was shown to audit.

2.10 Accounting Procedures

2.10.1 Format of Accounts

The 'Guidelines for utilization of Local Bodies Grants recommended by EFC' issued by MoF, GOI in June 2001, provided that the format for preparation of budgets and accounts for the local bodies shall be as prescribed by CAG. The State Government is yet to adopt the formats prescribed by CAG which was forwarded in April 2004. The Director of Panchayats stated (December 2008)

that for adopting the revised accounting formats devised by CAG, the existing Rules under which the present accounting formats are in operation were required to be amended suitably. The Directorate has drafted the new Rules incorporating the Accounting Formats prescribed by CAG and the same has been pre-published in the Official Gazette and are now pending for approval of final publication with the Law Department. After publication of the new Rules, the Accounting Formats shall be made applicable immediately.

The eight draft formats prescribed by CAG for creation of database of finances of PRIs were sent to the Finance Secretary in September 2003 for examination and suggestion, if any, within a month time for obtaining final approval from CAG. Though the matter was pursued regularly, no action has been taken in the matter by the State Government.

2.10.2 Non-submission of Utilisation Certificates

As per terms and conditions under which State Government grants are sanctioned, the entire amount of the grant shall be utilized within a period of one year from the date of drawal of the grant and a utilization certificate (UC) is to be submitted to the DoP and BDO by the ZPs and VPs respectively within 18 months of drawal of the grant. It is also provided that no grant shall be sanctioned unless the previous grants are fully utilized and utilization certificate furnished. Further, in the orders sanctioning matching grants, the BDOs were empowered to recover the amount of unutilized grants which was sanctioned under GIA, for more than 12 months, if any, from the defaulting VPs from the matching grants payable to them.

In spite of all these provisions, the Directorate failed to obtain the UCs from the ZPs/VPs promptly, resulting in accumulation of unsettled amounts. It was observed from records that 2157 utilization certificates (UCs) in respect of grants amounting to Rs.58.33 crore were outstanding from the ZPs and VPs as of June 2008 **Appendix 2.3**. However, the Directorate has been sanctioning further grants without adhering to the above conditions.

2.10.3 Non-maintenance of Reserve Fund for provident fund and pensionary benefits

As per Rule 4 of the Goa Panchayat Raj (Application of Panchayat and Zilla Panchayat Funds) (Conditions and Limitations) Rules, 2006 every Panchayat or Zilla Panchayat shall reserve an amount equal to 2.5 per cent of the total income of the Panchayat excluding loans obtained for remunerative scheme and donations or public contribution as reserve fund for contributing provident fund and pensionary benefits to the staff working in the Panchayat or Zilla Panchayat.

Audit noticed during test check of 29 VPs that Director of Panchayats had not initiated action to implement the said Rules and 2.5 *per cent* of the income has not been transferred to the reserve fund as required under the Rules *ibid*.

2.10.4 Bank Reconciliation

The North Goa Zilla Panchayat has been operating three Bank Accounts. The balances shown as per the Cash Book of the Unit and those of the respective banks were as under:

(In rupees)

Sr. No.	Name of Bank/Account No.	Balance as per Pass Book as on 31.3.2005	Balance as per Cash Book as on 31.3.2005	Difference
1.	State Bank of India 01100005277	3,23,95,993.87	3,22,36,817.87	1,59,176.00
2.	Punjab National Bank 0100081985	1,70,065.00	1,59,319.00	10,746.00
3.	Corporation Bank 1016488	62,03,227.06	82,27,613.66	(-)20,24,386.60

The above differences between the cash book bank balances and pass book bank balances had not been reconciled from the date of constitution (March 2000) of the North Goa Zilla Panchayat. In spite of the huge differences between the cash book and bank being pointed out during the local audit, the North Goa Zilla Panchayat had not taken any action to reconcile the differences and the above difference remained unreconciled as on 31.3.2009.

2.10.5 Outstanding Loans

An amount of Rs.154.14 lakh was outstanding (Rs.48.09 lakh principal and Rs.106.05 lakh interest) as on 31 March 2007 from VPs being loans paid by Government of Goa under Remunerative Scheme and interest thereof. Further, an amount of Rs.386.86 lakh was outstanding (Rs.258.20 lakh principal and Rs.128.66 lakh interest) as on 31 March 2007 from VPs being loans paid under Rural Housing Scheme and interest thereof. The year-wise break up of outstanding loans was not available with the Director of Panchayats. The Director of Panchayats sent a proposal (February 2009) to the Government for waiver of principal and interest outstanding under both the Rural Housing and Remunerative Schemes upto 31 March 2007.

2.11 Implementation of Schemes

The Government of Goa sanctions grants-in-aid to the VPs in the State for financing development works in their respective areas. The Schemes undertaken by the PRIs as part of the development works include construction and repairs of drinking water wells and tanks, rural roads, public toilets, bus stands/shelters, playgrounds, etc.

2.11.1 Irregular sanction of Development Grants

In pursuance of sub section (1) of section 160 of the Goa Panchayat Raj Act, 1994, the Government of Goa issued Notification in November 1997 prescribing the terms and conditions and the purposes for sanctioning the grants to the Village Panchayats (VPs). As per the Notification, based on the income of the VPs, grants shall be sanctioned for execution of such

items/works whose estimated cost does not exceed Rs.5 lakh. The eligibility criteria for getting grants were revised in August 2007 as detailed below:

As per Notification of November 1997		As per Notification of August 2007	
Panchayats whose annual income is up to Rs. one lakh	100 per cent of the project cost	Panchayats whose annual income does not exceed Rs. five lakh	100 per cent of the project cost
Panchayats whose annual income is above Rs. one lakh but not exceeding Rs. two lakh	75 per cent of the project cost	Panchayats whose annual income is above Rs. five lakh but not exceeding Rs.seven lakh	75 per cent
Panchayats whose annual income is above Rs. two lakh but not exceeding Rs.five lakh	50 per cent of the project cost	Panchayats whose annual income exceeds Rs. seven lakh but not exceeding Rs.10 lakh	50 per cent of the project cost
Panchayats whose income is above Rs. five lakh	No grants	Panchayats whose income is above Rs. 10 lakh	No grants

Audit scrutiny (December 2008) of the sanction orders and the related records of Directorate of Panchayats revealed that grants for infrastructural developmental works amounting to Rs.30.74 lakh were sanctioned to five ineligible VPs whose annual income exceeded the eligibility limit of Rs.5/10 lakh prescribed by the Government. Further, development grants amounting to Rs.1.18 crore were sanctioned during 2007-08 to 14 eligible VPs in excess of the eligibility percentage of the project costs. Thus, sanctioning of grants without considering the prescribed limit of income and percentage of the estimated cost of the project resulted in sanctioning of grants in contravention to the Government Orders which in turn resulted in irregular sanction of grants to the extent of Rs.1.49 crore to 19 Village Panchayats. Whereas no grant was sanctioned to 80 VPs whose annual income was less than Rs.5/10 lakh and thereby depriving the benefits to these VPs.

The Director of Panchayats (DoP) stated (December 2008) that the discrepancy occurred due to release of grants to the Panchayats in accordance with the pattern of assistance after taking into consideration the consolidated income from taxes and fees but excluding the income by way of grants under Octroi and matching grants.

The reply of DoP was not acceptable as the income of the Panchayats by way of Octroi and matching grants were to be considered for arriving at the annual income of the Panchayats as per the terms and conditions of sanctioning the development grants. Further, even after excluding the income by way of Octroi and matching grants, the total income of the 19 VPs were on higher side and were not eligible for the grants. The disparity in sanctioning of development grants indicated that grants were sanctioned arbitrarily and not based on the laid down terms and conditions with a view to achieve the sustainable development of the Village Panchayats. The arbitrary allotment of grants-in-aid disregarding the eligibility criteria resulted in release of inadmissible grants to 19 VPs to the tune of Rs.1.49 crore and depriving of grants to 80 VPs whose annual income was less than Rs.5/10 lakh.

2.12 Other Topics of Interest

2.12.1 Short release of grants in lieu of Octroi to the extent of Rs. 21.8 crore

A reference is invited to Para 1.12.2 under Chapter I wherein comments on ULBs has been made.

The position of additional two *per cent* sales tax/VAT collected on petrol and petroleum products, the share of compensation in lieu of octroi and the short release to ZPs/VPs for two years was as follows:

(Rs in crore)

Year	2% additional sales tax/VAT payable to Local Bodies	Share payable to ZPs/VPs		Amount released to ZPs/VPs		Short release to ZPs/VPs	
		ZPs	VPs	ZPs	VPs	ZPs	VPs
2006-07	22.55	5.63	8.46	Nil	3.75	5.63	4.71
2007-08	24.60	6.14	9.23	Nil	3.91	6.14	5.32

As against the entitlement of Rs.5.63 crore for the year 2006-07 and Rs.6.14 crore for 2007-08, Director of Panchayats (DoP) has not released any grants to ZPs during the above period. Similarly, as against the entitlement of Rs.8.46 crore and Rs.9.23 crore to VPs for the years 2006-07 and 2007-08 respectively, DoP released only Rs.3.75 crore and Rs.3.91 crore respectively. This has resulted in short/non release of compensation to the extent of Rs.11.77 crore to ZPs and Rs.10.03 crore to VPs for the years 2006-07 and 2007-08.

2.13 Recommendations

- Norms for distribution of grants to ZPs/VPs should be formulated and implemented so that there is no disparity in sanctioning grants.
- Utilisation Certificates in respect of grants received should be submitted at the earliest for obtaining subsequent grants.
- Internal Control Mechanism should be strengthened and Bank Reconciliation Statements prepared regularly.

Deputy Accountant General

Countersigned by

Accountant General

APPENDIX 1.1

(Referred to in Paragraph 1.4.1)

STATEMENT SHOWING THE POSITION REGARDING THE FUNCTIONS DEVOLVED TO THE URBAN LOCAL BODIES.

Sr. No.	Function envisaged to be devolved as per the Constitution	Envisaged to be devolved as per Goa Municipalities Act, 1968	Actually devolved
1	Urban planning including town planning	Yes	No
2	Regulation of land use and construction of buildings	Yes	No
3	Planning for economic and social development	No	No
4	Roads and bridges	Yes	Only internal roads are maintained by Municipal Councils.
5	Water supply for domestic, industrial and commercial purposes	No	No
6	Public health, sanitation, conservancy and solid waste management	No	Only solid waste management
7	Fire Service	No	No
8	Urban forestry protection of environment and promotion of environment and promotion of ecological aspects.	Yes	No
9	Safeguarding the interest of the weaker sections of society, including the handicapped and the mentally retarded	No	No
10	Slum improvement and upgrading	Yes	Yes
11	Urban poverty alleviation	No	Yes
12	Provision of Urban amenities and facilities such as park, gardens, playgrounds	Yes	Yes
13	Provision of Cultural, education and aesthetic aspects	No	No
14	Burial and burial grounds, cremation and cremation grounds and electric crematorium	Yes	Yes
15	Cattle pounds and prevention of cruelty to animals	Yes	Yes
16	Vital statistics including registration of births and deaths	Yes	Yes
17	Public amenities including street lighting, bus-stop, public conveniences	Yes	Yes
18	Regulation of slaughterhouse and tanneries	Yes	Yes

APPENDIX 1.2

(Referred to in Paragraph 1.10.3)

STATEMENT SHOWING THE GRANTS FOR WHICH THE UCS WERE PENDING FROM CCP/ULBS FOR THE YEARS FROM 1995-96 TO 2006-07

(Rupees in lakh)

Year	UCs due as on 1-10-2007 (Amount)	UCs received	Total grants for which UCs not received as of June 2008
1995-96	6.13	-	6.13
1996-97	2.84	-	2.84
1997-98	139.07	-	139.07
1998-99	142.24	-	142.24
1999-00	121.87	-	121.87
2000-01	212.76	-	212.76
2001-02	108.63	-	108.63
2002-03	1218.59	-	1218.59
2003-04	929.00	-	929.00
2004-05	802.94	-	802.94
2005-06	2817.44	154.93	2662.51
2006-07	3133.75	-	3133.75
Total	9635.26	154.93	9480.33

APPENDIX 2.1

(Referred to Paragraph 2.4.1)

FUNCTIONS AND RESPONSIBILITIES OF VILLAGE PANCHAYAT

SI No.	Main Functions	Sub functions
I	General Functions	(1) Preparation of annual plans for the development of the Panchayat area. (2) Preparation of annual budget. (3) Providing relief in natural calamities. (4) Removal of encroachments on public properties. (5) Organizing voluntary labour and contribution for community works. (6) Maintenance of essential statistics of the village. (7) Demolition of unauthorized construction.
II	Agriculture, including agricultural extension	(1) Development of waste lands. (2) Development and maintenance of grazing lands and preventing their unauthorized alienation and use.
III	Animal Husbandry, Dairying and Poultry	(1) Promotion of dairy farming, poultry and piggery. (2) Grass land development.
IV	Fisheries	Development of fisheries in the villages.
V	Social and Farm Forestry, minor Forest Produce Fuel and Fodder	(1) Planting and preservation of trees on the sides of roads and other public lands under its control. (2) Fuel plantation and fodder development. (3) Promotion of farm forestry. (4) Development of Social forestry.
VI	Khadi, Village and Cottage Industries	(1) Promotion of rural and cottage industries. (2) Organization of conferences, seminars and training programmes, agricultural and industrial exhibitions for the benefit of the rural areas.
VII	Rural Housing	(1) Distribution of house sites within Village Panchayat limits. (2) Maintenance of records relating to the house, sites and other private and public properties.
VIII	Drinking water	(1) Construction, repairs and maintenance of drinking water well, tanks and ponds. (2) Prevention and control of water pollution. (3) Maintenance of rural water supply schemes.
IX	Roads, buildings, culverts, bridges, ferries, waterways and other means of communication	(1) Construction and maintenance of village roads, drain and culverts. (2) Maintenance of buildings under its control or transferred to it by the Government or any public authority.
X	Rural electrification	Providing for and maintenance of lighting of public streets and other places.

XI	Non-conventional energy source	<ul style="list-style-type: none"> (1) Promotion and development of non-conventional energy schemes. (2) Maintenance of community non-conventional energy devices, including bio-gas plants. (3) Promotion of approved chulhas and other efficient energy devices.
XII	Poverty alleviation programmes	<ul style="list-style-type: none"> (1) Promotion of public awareness and participation in poverty alleviation programmes for fuller employment and creation of productive assets, etc. (2) Selection of beneficiaries under various programmes. (3) Participation in effective implementation and monitoring.
XIII	Education including Primary Schools	<ul style="list-style-type: none"> (1) Promotion of public awareness and participation in primary education. (2) Ensuring full enrolment and attendance in primary schools.
XIV	Adult and non-formal education	Promotion of adult literacy.
XV	Libraries	Village libraries and reading rooms.
XVI	Cultural activities	Promotion of social and cultural activities.
XVII	Markets and fairs	Regulation and fairs (including cattle fairs) and festivals.
XVIII	Rural sanitation	<ul style="list-style-type: none"> (1) Maintenance of general sanitation. (2) Cleaning of public roads, drains, tanks wells and other public places. (3) Maintenance and regulation of burning and burial grounds. (4) Construction and maintenance of public latrines. (5) Disposal of unclaimed corpses and carcasses. (6) Management and control of washing and bathing gaits.
XIX	Public Health and Family Welfare	<ul style="list-style-type: none"> (1) Implementation of Family Welfare Programmes. (2) Prevention and remedial measures against epidemics. (3) Regulation of sale of meat, fish and other perishable food articles. (4) Participation in programmes of human and animal vaccination. (5) Licensing of eating and entertainment establishments. (6) Destruction of stray dogs. (7) Regulation of offensive and dangerous trades. (8) Regulation of curing, tanning and dyeing of skins and hides.

XX	Women and child development	(1) Participation in the implementation of women and child welfare programme. (2) Promotion of schools, health and nutrition programmes.
XXI	Social welfare, including welfare of the handicapped and mentally retarded	(1) Participation in the implementation of the social welfare programme, including welfare of the handicapped, mentally retarded and destitute. (2) Monitoring of old age and widows pension schemes.
XXII	Welfare of the Weaker Section and in particular the Scheduled Castes and Scheduled Tribes	(1) Promotion of public awareness with regard to Welfare of Scheduled Castes, Scheduled Tribes and other weaker sections. (2) Participation in the implementation of the specific programmes for the welfare of the weaker sections.
XXIII	Maintenance of community assets	(1) Maintenance of community assets. (2) Preservation and Maintenance of other community assets.
XXIV	Construction and maintenance of cattle sheds, ponds and cart stands	--
XXV	Construction and maintenance of slaughter houses	--
XXVI	Maintenance of public parks, playgrounds etc.	--
XXVII	Regulation of manure pits in public places	--
XXVIII	Establishment and control of Shandies	--
XXIX	Such other functions as may be entrusted	--

APPENDIX 2.2

(Referred to in Paragraph 2.4.1)

FUNCTIONS AND RESPONSIBILITIES OF ZILLA PANCHAYAT

Sl No.	Main Functions	Sub functions
I	General functions	Overall supervision, co-ordination and integration of development schemes at District levels and preparing the plan for the development of the District.
II	Agriculture (including Agricultural Extension) and Horticulture	(1) Establishment and maintenance of godown. (2) Management of agricultural and horticultural extensions and training centres. (3) Training of farmers.
III	Land improvement and soil conservation	Planning and implementation of land improvement and soil conservation programmes entrusted by the Government.
IV	Minor irrigation, Water Management and Watershed Development	(1) Providing for the timely and equitable distribution and full use of water under irrigation schemes under the control of the Zilla Panchayat. (2) Development of ground water resources. (3) Supervision over the minor irrigation works undertaken by Taluka Panchayat.
V	Animal Husbandry, Dairying and Poultry	(1) Supervision over the Village Veterinary Hospitals, first-aid Centres and Mobile Veterinary dispensaries. (2) Training for farmers of dairy farming, Poultry and Piggery.
VI	Fisheries	(1) Development of fisheries in irrigation works vested in the Zilla Panchayat. (2) Promotion of inland, brackish water and marine fish culture.
VII	Khadi, Village and Cottage Industries	(1) Establishment and Management of Training cum Production Centres. (2) Organisation of marketing facilities for products of cottage and village industries.
VIII	Small Scale industries including Food Processing Industries	Educating youth for establishment of Small-Scale Industries.
IX	Rural Housing	Guidance to the Taluka Panchayat for Promotion of Rural Housing Programme.
X	Drinking Water	Guidance for promotion of drinking water and rural sanitation to Taluka Panchayat and Village Panchayat.

XI	Minor forest produce and Fuel and Fodder	Guidance for the management of minor forest produce of the forest raised community lands.
XII	Roads, Buildings, Bridges, Ferries, Waterways and other means of communication	<ol style="list-style-type: none"> (1) Construction and maintenance of District roads and culverts, causeways and bridges (excluding States Highways and Village roads). (2) Construction of administrative and other buildings connected with the requirements of the Zilla Panchayat. (3) Supervision over the works undertaken by Village Panchayat and Taluka Panchayat as regards the construction of roads.
XIII	Non-Conventional, Energy sources	Promotion and development of non-conventional energy sources.
XIV	Poverty Alleviation Programmes	Supervision over the implementation of poverty alleviation programmes in the Village Panchayat.
XV	Education including primary schools	<ol style="list-style-type: none"> (1) Promotion of educational activities in the District including the establishment and maintenance of Higher Secondary Schools. (2) Establishment and maintenance of Ashram School and orphanages. (3) Survey and evaluation of education activities. (4) Construction and maintenance of Higher Secondary Schools.
XVI	Technical training and vocational Education	Encouraging and assisting rural vocational training.
XVII	Adult and Non-formal Education	Supervision over the implementation of programmes of Adult Literacy and Non-formal Education Programme.
XVIII	Health and Family Welfare	<ol style="list-style-type: none"> (1) Management of hospitals and dispensaries excluding those under the management of Government or any local authority. (2) Supervision over the implementation of maternity and Child Health programme. (3) Supervision over the implementation of family welfare programme. (4) Supervision over the implementation of immunization and vaccination programme.

XIX	Woman and Child Development	<p>(1) Supervision over the promotion of programme relating to development of Women and Children.</p> <p>(2) Supervision over the promotion of school health and nutrition programme.</p> <p>(3) Supervision over the promotion of participation of voluntary organisation in Women and Child Development Programmes.</p>
XX	Welfare of the weaker sections and in particular of handicapped and mentally retarded	Promotion of Social Welfare Programme including Welfare of handicapped, mentally retarded and destitutes.
XXI	Welfare of the weaker sections and in particular of the Scheduled Castes and Scheduled Tribes	Supervision and management of hostels in the District, distribution of grants, loans and subsidies to individuals and other Schemes for the welfare of Scheduled Castes, Scheduled Tribes and Backward Classes.
XXII	Maintenance of Community assets	Supervision and guidance over the community assets maintained by Taluka Panchayats and Panchayats.
XXIII	Cultural activities	Promotion of social and cultural activities.
XXIV	Rural electrification	Supervision over electrification by Taluka Panchayat and Village Panchayat.
XXV	Libraries	Supervision over the construction of libraries by Taluka Panchayat and Village Panchayat.
XXVI	Such other functions as may be entrusted	--

APPENDIX 2.3

(Referred to in Paragraph 2.10.2)

STATEMENT SHOWING THE GRANTS FOR WHICH THE UCS WERE PENDING FROM ZPs/VPs FOR THE YEARS FROM 1991-92 TO 2006-07

(Rupees in lakh)

Year	UCs due as on 1.10.2007 (Amount)	UCs received	Total grants for which UCs not received as of June 2008
Upto 1991-92	36.46	1.25	35.21
1992-93	1.86	-	1.86
1993-94	4.69	-	4.69
1994-95	4.20	-	4.20
1995-96	7.82	-	7.82
1996-97	9.74	-	9.74
1997-98	22.95	-	22.95
1998-99	34.37	-	34.37
1999-00	149.24	6.63	142.61
2000-01	236.56	-	236.56
2001-02	373.61	-	373.61
2002-03	288.05	-	288.05
2003-04	520.92	-	520.92
2004-05	1518.29	425.31	1092.98
2005-06	1597.00	8.98	1588.00
2006-07	1469.35	-	1469.35
Total	6275.11	442.17	5832.94