

CHAPTER I

AN OVERVIEW OF THE PANCHAYATI RAJ INSTITUTIONS

1.1 Introduction

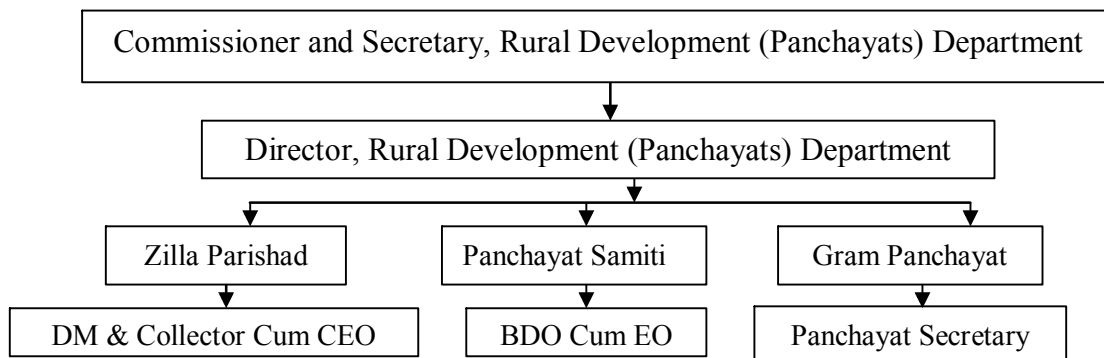
The first step towards setting up of Panchayati Raj System was taken up in the State in 1959 by adopting the Panchayat Raj Act of United Provinces (UP). Following the Act of UP the Tripura Panchayat Raj Rules, 1961 was framed and a single tier Panchayat Raj system was introduced in the State at the village level. The Gram Panchayats, the Executive Body of the Gram Sabha, were constituted through open election by raising of hands. In the year 1978, reforms were made in the election procedure by amending rules to ensure free and fair election under adult franchise by secret ballot system with participation of political parties. The Panchayats were assigned a special role in implementation of various development activities.

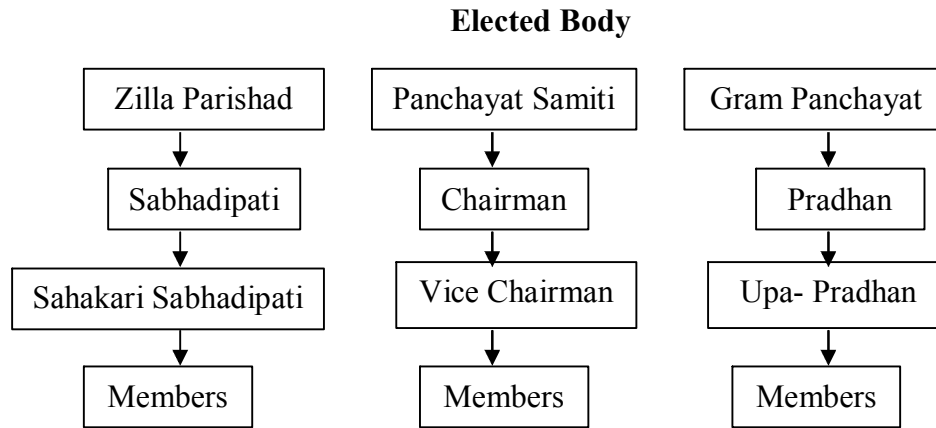
In pursuance of 73rd Constitutional Amendment Act, 1992 the Government of Tripura has enacted the Tripura Panchayats Act, 1993 with a view to set up three tier Panchayati Raj system and to enable them to function as vibrant institutions of local self government at the District, Block and Village levels. The first general elections for the purpose were held in the year 1994. At present, there are four Zilla Parishads, 23 Panchayat Samitis and 513 Gram Panchayats in Tripura. At the State level, the Panchayat Department of the State Government co-ordinates and monitors the functioning of the Panchayati Raj Institutions (PRIs).

1.2 Organizational Structure of PRIs

The following organogram depicts the structure of the PRIs at different levels:

Administrative Body





At the district level, the District Magistrate & Collector-Cum-Chief Executive Officer of Zilla Parishad carries out the policies and directives of the Zilla Parishad, discharges duties defined under the Act, controls the officers/officials of Zilla Parishad and has custody of all papers and documents of Zilla Parishad.

The functions of the Block Development Officer-Cum-Executive Officer in Panchayat Samiti are to exercise all the powers conferred under the Act, to supervise and control the officials working under him, to supervise the execution of all works, to take custody of all papers and documents of Panchayat Samiti including drawals and disbursement of money out of the Panchayat Samiti fund.

The Panchayat Secretary is responsible for convening the meeting of Gram Sabha, maintenance of the records of Gram Panchayat, implementation of various developmental works and transaction of business as provided in the Act.

1.3 Devolution of Funds, Functions and Functionaries

The 73rd Constitutional Amendment Act, 1992 provided for devolution of funds, functions and functionaries to the PRIs to make them financially capable and autonomous. As per the report of the Tripura State Finance Commission, formal devolution of funds to PRIs was started from the year 1997-98. Funds devolved to PRIs under State Finance Commission for the last eight years is given in the table below:

Table No. 1

(₹ In crore)

Head	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Grants-in-aid (Share of Taxes)	19.58	25.99	20.73	16.57	16.58	7.00	18.23	20.00
Grants-in-aid (PDF)	35.13	35.13	32.04	32.18	32.42	45.00	37.10	40.00
Total	54.71	61.12	52.77	48.75	49.00	52.00	55.33	60.00

Source: Report of the 3rd State Finance Commission and Panchayat Department

The above table shows that the devolution of funds to the PRIs during the period 2003-04 to 2007-08 almost remained static. In consequence of the 73rd Amendment to the Constitution of India, the State Government has devolved five subjects* out of 29 subjects listed in the 11th Schedule of the Constitution to the control of three tier PRIs (August, 2006 & August, 2007). Out of these five subjects, funds for payment of wages of pump operators and power consumption charges only had been transferred to the PRIs. The remaining 24 subjects are yet to be transferred. Besides, the transfer of functionaries to PRIs was not done which is a prerequisite for successful working of local self government at the grass-root level. The works of the PRIs are being performed by the State Government functionaries only.

1.4 Duties and Functions of PRIs

The Tripura Panchayats Act, 1993 prescribed various duties and functions for PRIs. Some of the important duties and functions are given below:

- (i) Preparation of Annual Action Plan.
- (ii) Promotion and development of agriculture and horticulture.
- (iii) Promotion of village plantation, social forestry and farm forestry.
- (iv) Irrigation including minor irrigation and water management.
- (v) Promotion of measures to increase agricultural production.
- (vi) Promotion of dairy farming, poultry and piggery.
- (vii) Development of pisciculture in private and community land.
- (viii) Implementation of poverty alleviation programmes.
- (ix) Any other local work or service of public utility.

* (1) Water Resources, (2) Primary School, (3) Adult and Non- Formal Education, (4) Social Welfare including Welfare of the Handicapped and Mentally Retarded and (5) Women and Child Development.

1.5 Sources of Funds

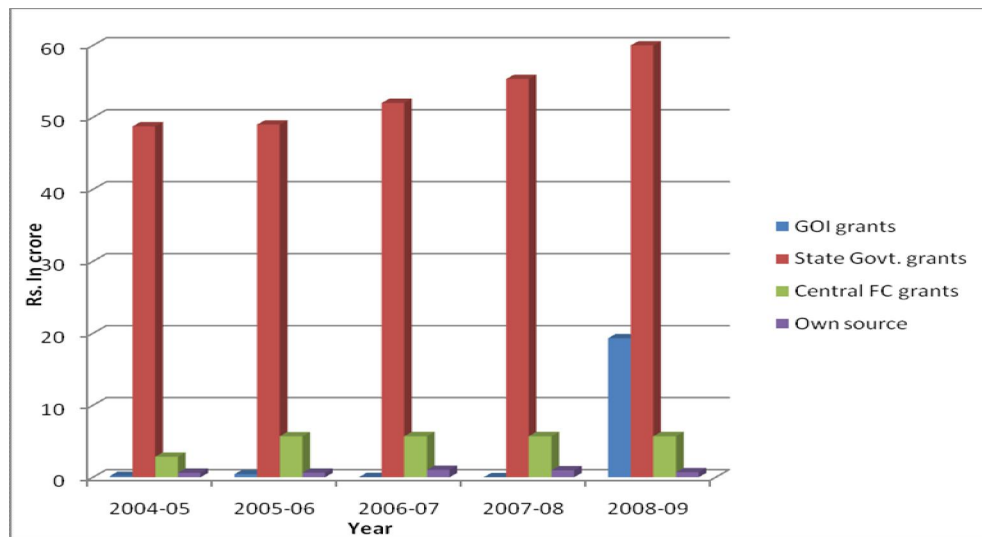
For execution of various developmental works, the PRIs mainly receive funds from the Government of India (GOI) and the State Government in the form of grants. The GOI grants include grants assigned under the recommendations of EFC and TFC. The State Government grants are received under the recommendations of SFC. Besides, the own source of funds includes the revenue earned by the PRIs in the form of taxes, fees, issue of licenses, etc. The position of receipts of funds by PRIs from different sources for the last five years is shown in the table No. 2 and chart No. 1 below:

Table No. 2

Head	(₹ In crore)				
	2004-05	2005-06	2006-07	2007-08	2008-09
GOI grants	0.18	0.43	0.02	-	19.32
State Govt. grants	48.75	49.00	52.00	55.33	60.00
Central FC grants	2.85	5.69	5.70	5.70	5.70
Own source	0.62	0.63	1.02	0.97	0.70
Total	52.40	55.75	58.74	62.00	85.72

Source: Panchayat Department

Chart No. 1



The above table/chart shows that grants from State Government constitute the major chunk of revenue during the last five years have not been increased substantially while the GOI grants increased substantially in 2008-09. The receipts from own sources have been declined during 2008-09.

1.6 Functioning of PRIs through Standing Committees

Zilla Parishads and Panchayat Samitis, have the following Standing Committee through which various functions are performed as per the Tripura Panchayats Act, 1993 and the Tripura (Administration) Rules, 1994.

- Finance Committee
- Education and Health Committee
- Works Committee
- Industries Committee
- Social Justice Committee
- Agriculture Committee
- Poverty Alleviation Committee

As per Rule 66 of the Tripura Panchayats (Administration) Rules, 1994 every Standing Committee shall hold meeting in the office of the Zilla Parishad once in a month on such date and time as may be fixed by the President. Under Rule 30, every Standing Committee of Panchayat Samiti shall hold a meeting in the office of the Panchayat Samiti once in a month on such date and time as may be fixed by the President. A test check of records of the Uttar Tripura Zilla Parishad for the year 2008-09 revealed that only two meetings of each Standing Committee were held against the prescribed of 12 meetings in a year. In ten Panchayat Samitis, during 2008-09 meetings of the different Standing Committees were not held regularly as shown in the table below:

Table No. 3

2008-09	No of meetings to be held in a year	No. of meetings held by each Standing Committee			Industries	Social Justice	Agriculture	Poverty alleviation	Total meetings held
		Finance	Education	Works					
Name of ZP									
Uttar Tripura Zilla Parishad	84	2	2	2	2	2	2	2	14
Name of PS									
Kathalia	84	3	2	3	3	2	4	4	21
Hrishyamukh	84	7	8	7	3	4	10	3	42
Bokafa	84	3	4	3	3	4	6	3	26
Kakraban	84	1	5	5	4	6	5	4	30
Jirania	84	1	2	4	-	6	2	2	17
Satchand	84	-	-	-	-	-	3	-	3
Rajnagar	84	2	2	3	3	3	3	4	20
Mohanpur	84	5	3	4	2	4	4	3	25
Khowai	84	1	4	4	6	1	3	2	21
Gournagar	84	-	2	1	-	-	2	-	5

From the above, it would be seen that none of the Standing Committees has held the required number of meetings during the year. Thus, non-holding of regular meetings indicates that the activities of the Zilla Parishad and Panchayat Samitis through different Standing Committees were not adequately followed up and reviewed.

The over-all monitoring and review of the functioning are conducted at the State level by the State Level Co-ordination Committee (SLCC) and at the district level by the District Monitoring and Vigilance Committees. No meeting of SLCC was held during 2008-09.

1.7 Accounting Arrangement

Under Section 175, Section 119 and Section 66 of the Tripura Panchayat Act, 1993 the Zilla Parishads, Panchayat Samitis and the Gram Panchayats shall keep such accounts in such form as may be prescribed. The Chief Executive Officer is responsible for maintenance of accounts at Zilla Parishad and the Executive Officer at Panchayat Samiti level with the assistance of Accountant. The accounts of Gram Panchayat are maintained by Panchayat Secretary.

1.8 Audit Arrangement

As per Section 215 of the Tripura Panchayats Act, 1993, the audit of the accounts of the funds of Gram Panchayat or Panchayat Samiti or Zilla Parishad shall be carried out by the authority as may be prescribed by the Government. A copy of such reports will be submitted in the following manner:

- (a) report on the Gram Panchayat shall be forwarded to the Panchayat Samiti by the Gram Panchayat;
- (b) report on the Panchayat Samiti shall be forwarded to the Zilla Parishad or the Prescribed authority by the Panchayat Samiti; and
- (c) report on the Zilla Parishad shall be forwarded to the State Government by the Zilla Parishad.

But no such prescribed audit authority has yet been appointed by the State Government. The Government of Tripura requested (3rd January 2004) C&AG to take up audit of PRIs as statutory auditor. Accordingly, the audit of PRIs has been taken up from the year 2006-07.

1.9 State Finance Commission

As per the provision of the Tripura Panchayats Act, 1993 the first State Finance Commission (SFC) was set up in the year 1994. The SFC submitted its report in January 1996 to the State Government which was considered and accepted by the State Government and placed before the Legislative Assembly. On consideration of its report, actions were taken by the State Government for devolution of funds to PRIs for undertaking different developmental works. The second SFC was constituted in the year 1999 and its reports were submitted on 10th April, 2003 covering the period 2003-04 to 2007-08. The report was examined and laid in the State Assembly. The State Government did not accept the recommendations of the second SFC considering the fact that higher devolution of fund as recommended by the Commission was not found realistic under the prevailing financial position of the State. Instead the State Government had decided to continue the implementation of the recommendations of the first SFC till report of the next Finance Commission is received. The third Finance Commission was constituted in March 2008. The Commission submitted the report in October 2009 and the Government laid the Action Taken Report in the Tripura Legislative Assembly in March 2010.

1.10 Audit Coverage

During 2009-10, the accounts of four Zilla Parishads, 19 Panchayat Samitis and 289 Gram Panchayats were test checked. The important audit findings are summarized in the succeeding chapters and paragraphs:

1.11 COMMENTS ON ACCOUNTS

1.11.1 Unutilized Funds

Test check of closing balances of three Zilla Parishads and 14 Panchayat Samitis for the year ended 31st March 2009 revealed that funds relating to different schemes remained unutilised as shown in the tables below:

Table No. 4

(₹ in lakh)

Name of Zilla Parishad/ Panchayat Samiti	Fund available			Expenditure			Closing balance		
	PDF	NREGA	TFC	PDF	NREGA	TFC	PDF	NREGA	TFC
1	2	3	4	6	7	8	10	11	12
Uttar Tripura	66.65	259.91	2.10	66.59	259.91	-	0.06	-	2.10
Dhalai	30.16	350.26	-	23.82	333.02	-	6.34	17.24	-
Dhakshin Tripura	95.26	770.09	8.86	71.14	770.09	8.83	24.12	-	0.03
Total of ZP	192.07	1380.26	10.96	161.55	1363.02	8.83	30.52	17.24	2.13
Khowai	66.83	-	6.63	56.61	-	6.31	10.22	-	0.32
Kalyanpur	36.26	934.01	-	36.26	859.40	-	-	74.61	-
Bishalgarh	51.54	2616.53	27.99	46.01	2590.20	27.99	5.53	26.33	-
Melagarh	33.09	1851.45	-	14.08	1740.66	-	19.01	110.79	-
Kathalia	21.93	539.60	-	15.74	170.87	-	6.19	368.73	-
Matabari	23.35	-	6.50	16.65	-	6.20	6.70	-	0.30
Kakraban	29.79	905.76	8.50	24.25	855.32	6.00	5.54	50.44	2.50
Bokafa	16.88	1976.73	13.00	16.88	1750.20	13.00	-	226.53	-
Hrishymukh	10.69	868.46	13.00	10.28	826.46	9.44	0.41	42.00	3.56
Satchand	13.27	1402.69	-	13.27	1380.99	-	-	21.70	-
Ambassa	19.30	1754.28	9.17	18.83	1694.25	9.17	0.47	60.03	-
Salema	119.46	-	-	49.55	-	-	69.91	-	-
Gournagar	20.69	1008.79	17.55	19.00	1008.24	17.55	1.69	0.55	-
Jirania	41.84	-	-	20.61	-	-	21.23	-	-
Total of PS	504.92	13858.30	102.34	358.02	12876.59	95.66	146.90	981.71	6.68

Development funds remaining unspent indicates poor planning and inadequate monitoring, thereby depriving the beneficiaries from the intended benefits of the schemes.

1.11.2 Status of preparation of Budget

As per provisions of sections 64, 118 and 173 of the Tripura Panchayats Act, 1993, Annual Budget of Gram Panchayats, Panchayat Samitis and Zilla Parishads showing the estimated receipts and disbursement for the following year is required to be prepared and submitted to the next higher authority for approval. If the approval of the higher authority

is not received within two months, or by the last day of the year, whichever is earlier, the budget shall be deemed to have been approved by the prescribed authority. The Act further states that no expenditure shall be incurred unless the budget is approved by the prescribed authority.

Scrutiny of the records of four Zilla Parishads and 19 Panchayat Samitis revealed that neither the Zilla Parishads nor the Panchayat Samitis have prepared the budget of its estimated receipts and disbursement for the year upto 2008-09 and expenditures were incurred without preparing the budget.

Thus, incurring expenditure without preparing the budget was irregular and violation of the provisions of the Act.

1.11.3 Status of preparation of Annual Accounts

Under Section 175, Section 119 and Section 66 of the Tripura Panchayat Act, 1993 the Zilla Parishads, Panchayat Samitis and the Gram Panchayats shall keep such accounts in such form as may be prescribed. The accounts of PRIs are being maintained in the formats prescribed by the C&AG of India. The records of four Zilla Parishads, 19 Panchayats Samitis and 289 Gram Panchayats were test checked during 2009-10 and it was noticed that none of these PRIs prepared Annual Accounts upto the year 2008-09. In absence of Annual Accounts, the position of opening balance, closing balance, receipts and payments under several heads, diversion of grants, etc., could not be ascertained.

1.11.4 Status of Certification of Accounts

The State Government has not yet made any provisions in the State Acts/Rules for certification of accounts of the PRIs by the Examiner of Local Fund Audit or any State Auditing Authority. Till now not a single unit prepared the Annual Accounts, which could provide basis for conducting certification audit.

1.11.5 Issue of assurance on the utilization of TFC grants

Finance Department (FD), the Government of Tripura is required to furnish a certificate to the Accountant General (Audit), on releases and utilization of TFC grants to the local bodies in the State. On receipt of such certificate, the Accountant General would conduct audit and give assurance to the Central Government on the utilisation of grants awarded

by TFC. As on date, no certificate on releases of such grants and their utilization was received from the Finance Department. The instalment(s) of TFC grants so far released by the GOI and the State Finance Department to the PRIs is shown below:

Table No. 5

(*₹ in crore*)

Released by GOI			Released by State Finance Department	
Instalment(s)	Date of release	Amount	Date of release	Amount
Ist instalment of 2005-06	05.04.2006	5.70	28.04.2006	5.70
2 nd instalment of 2005-06	06.11.2008	5.70	27.12.2007*	5.70
Ist instalment of 2006-07	06.11.2008	5.70	19.11.2008	5.70
2 nd instalment of 2006-07	28.04.2009	5.70	06.07.2009	5.70
Ist instalment of 2007-08	28.04.2009	5.70	06.07.2009	5.70
2 nd instalment of 2007-08	28.04.2009	5.70	06.07.2009	5.70
Ist instalment of 2008-09	23.03.2010	5.70	NA	NA

Source: Release of sanction orders by GOI and Finance Department.

The State has to mandatorily transfer the TFC grants released by the GOI to the PRIs within 15 days of the same being credited to State account, failing which the State has to transfer to PRIs, interest at a rate equal to RBI bank rate alongwith grants. It was observed that GOI released ₹ 5.70 crore to the State Government as the 1st installment of TFC grants on 05.04.2006 and the State Finance Department transferred the same to the Panchayats Department on 28.04.2006. However, the Panchayats Department released the amount to the PRI units only on 05.03.2007 after a delay of 301 days beyond the stipulated period of 15 days thereby making the state liable for payment of interest to PRIs. The State Government had to release additional funds of ₹ 31.20 lakh as interest to the PRIs for delayed transfer of grants in the year 2008.

1.11.6 Maintenance of database on finances of PRIs

On the recommendations of the EFC, database on finances were required to be maintained at all levels of PRIs for securing accountability and transparency in maintenance of accounts. Accordingly, the C&AG prescribed formats for the database in 2002. Director of Panchayats, Government of Tripura intimated (November 2010) that

* The amount was adjusted against advance released on 27.12.2007.

State Government in the RD(Panchayats) Department has adopted the eight database formats on the finances of PRIs as prescribed by the C&AG and all the formats were circulated (September 2010) to the PRIs for adoption.