

## PREFACE

This report has been prepared for submission to the Government of Himachal Pradesh in accordance with the terms of Technical Guidance and Supervision (TGS) of the audit of accounts of Panchayati Raj Institutions (PRIs) by the Comptroller and Auditor General of India as entrusted by the State Government vide letter no. PCH-HC (10)10/2002-23447 dated 8 December 2003 in terms of Eleventh Finance Commission's recommendation.

This audit report for the year 2009-10 is consolidation of major audit findings arising out of audit of accounts of PRIs in the Himachal Pradesh

The purpose of this report is to give overview of the functioning of PRIs in the State of Himachal Pradesh and to draw the attention of the Executive Department and PRIs for remedial action and improvement wherever necessary.

The cases mentioned in the report are among those which came to notice mainly in course of test check of accounts of 343 Panchayati Raj Institutions conducted during the year 2010-11.

# OVERVIEW

This report organized in two chapters. The first chapter contains audit observations on the accounts and finances of the Zila Parishads, Panchayat Samitis and Gram Panchayats and chapter 2 contains paragraphs based on audit of financial transactions of the Panchayati Raj Institutions (PRIs). The following is a synopsis of the findings contained in the report:-

## Chapter-1 Accounts and Finances of the Panchayati Raj Institutions

There are 12 Zila Parishads, 77 Panchayat Samitis and 3243 Gram Panchayats in the State. The representative of PRIs are elected after every five years.

“Paragraph 1”

Although State Government constituted (May 2006) the DPCs in all the districts, they are functional only in two districts (Chamba and Sirmour).

“Paragraph 1.3”

The major source of funds of PRIs during 2005-06 to 2009-10 was State Government (55%) and Central Government (40%) grants. The own revenue and other revenue is meager as compared to central and state grants.

“Paragraph 1.4”

The CAG and Ministry of Panchayati Raj, Government of India has prescribed standard formats for budget and accounting system, but the Government of Himachal Pradesh has still not adopted these formats.

“Paragraph 1.5”

Comptroller and Auditor General of India conducts audit of PRIs under Technical Guidance and Support (TGS) arrangement as requested by the State Government.

“Paragraph 1.7”

Four ZPs and Nine PS irregularly incurred an expenditure of ₹ 6.54 crore between 2007-10 without approval of the estimates.

“Paragraph 1.9.1”

PRIs did not maintain important registers like stock register, immovable property register, works register, muster roll register, etc.

“Paragraph 1.9.2”

A difference of ₹ 5.09 crore between cash books and pass books at the close of the year 2009-10 remain unreconciled by 100 PRIs.

“Paragraph 1.9.3”

The delay in release of Twelfth Finance Commission grants to GPs by the ZPs/PSs ranged from one to 45 months during 2006-10.

“Paragraph 1.10.3”

Funds amounting to ₹ 85 lakh were utilized by GPs during 2006-07 and 2009-10 on 383 inadmissible works.

“Paragraph 1.10.4”

## **Chapter 2 Transaction Audit**

### **Retention of cash-in-hand in excess of prescribed limit by PRIs.**

PRIs retained cash-in-hand in excess of prescribed limit during 2005-10

“Paragraph 2.1”

One ZP and Twelve GPs did not take action to recover/adjust the outstanding advances of ₹ 8.14 lakh.

“Paragraph 2.2”

Funds amounting to ₹ 11.93 lakh earmarked for minor irrigation schemes remained un-utilised in Personal Ledger Account (PLA).

“Paragraph 2.3”

Revenue of ₹ 5.27 lakh remained un-realised on account of installation/renewal charges of Mobile Towers in 39 PRIs.

“Paragraph 2.4”

Seventy two GPs purchased material costing ₹ 4.11 crore without inviting quotations/tenders.

“Paragraph 2.5”

Loss of revenue of ₹ 31.98 lakh due to non-realization of house tax is reported in eighty one GPs.

“Paragraph 2.6”

Seventeen PRIs failed to realize rent of shops amounting to ₹ 11.58 lakh.

“Paragraph 2.7”

Forty three GPs incurred expenditure of ₹ 5.54 crore on 887 works without preparation of estimates.

“Paragraph 2.8”

Seventy seven GPs did not recover royalties of ₹ 23.00 lakh from the suppliers.

“Paragraph 2.9”

Thirteen GPs deployed same labourers on different works in the same period.

“Paragraph 2.10”

Twenty five GPs made short payment of ₹ 1.04 crore on labour components.

“Paragraph 2.11.1”

Twenty two GPs delayed the payment of wages by ₹ 0.53 crore for the period ranging between 15 and 315 days.

“Paragraph 2.11.2”

## **CHAPTER 1**

### **ACCOUNTS AND FINANCES OF THE PANCHAYTI RAJ INSTITUTIONS**

#### **1. Introduction**

Seventy third Constitutional amendments gave constitutional status to Panchayati Raj Institutions (PRIs) and established a system of uniform structure, regular elections and regular flow of funds through Finance Commissions etc. As a follow up the states were required to entrust these bodies with such powers, functions and responsibility so as to enable them to function as institutions of local self government. In particular, the PRIs were required to prepare plans and implement schemes for economic development and social justice including those included in the Eleventh Schedule of the Constitution.

Post seventy third amendment the State Government enacted Himachal Pradesh Panchayati Raj Act 1994 and framed Himachal Pradesh Panchayati Raj (General) Rules 1997 and Himachal Pradesh Panchayati Raj (Finance, Budget, Accounts, Audit, Works, Taxation and Allowances) Rules 2002 to work as third tier of the government.

Himachal Pradesh attained Statehood in the year 1971. The comparative demographic and developmental picture of the state is given in Table 1. Himachal Pradesh has Fourth highest literacy rate (77.13 percent) among Indian states as per 2001 census. Agriculture, Horticulture dominates Himachal's economy.

**Table 1: Important statistics of the State**

Indicator	Unit	Ranking among States of Union
Population (in Lakh) 2001- Census	60.78	20
Population density (per sq.km.)	109	22
Rural Populatuion (%)	90.20	
Urban Populations (%)	9.80	-
Gender ratio Female per thousand male	968	8
Birth rate (per thousand)- 2008	17.7	23
Infant Mortality Rate (IMR) per thousand CSRS-2007	47	-
Literacy	77.13	4
Gross State Domastic Product (GSDP) ₹ in crore	42,278	-

(Source: Economic and Statistics Department Himachal Pradesh)

The comparative position of Panchayati Raj Institutions (PRIs) in the state of Himachal Pradesh in numerical, average population and average area terms is given below in Table 2:

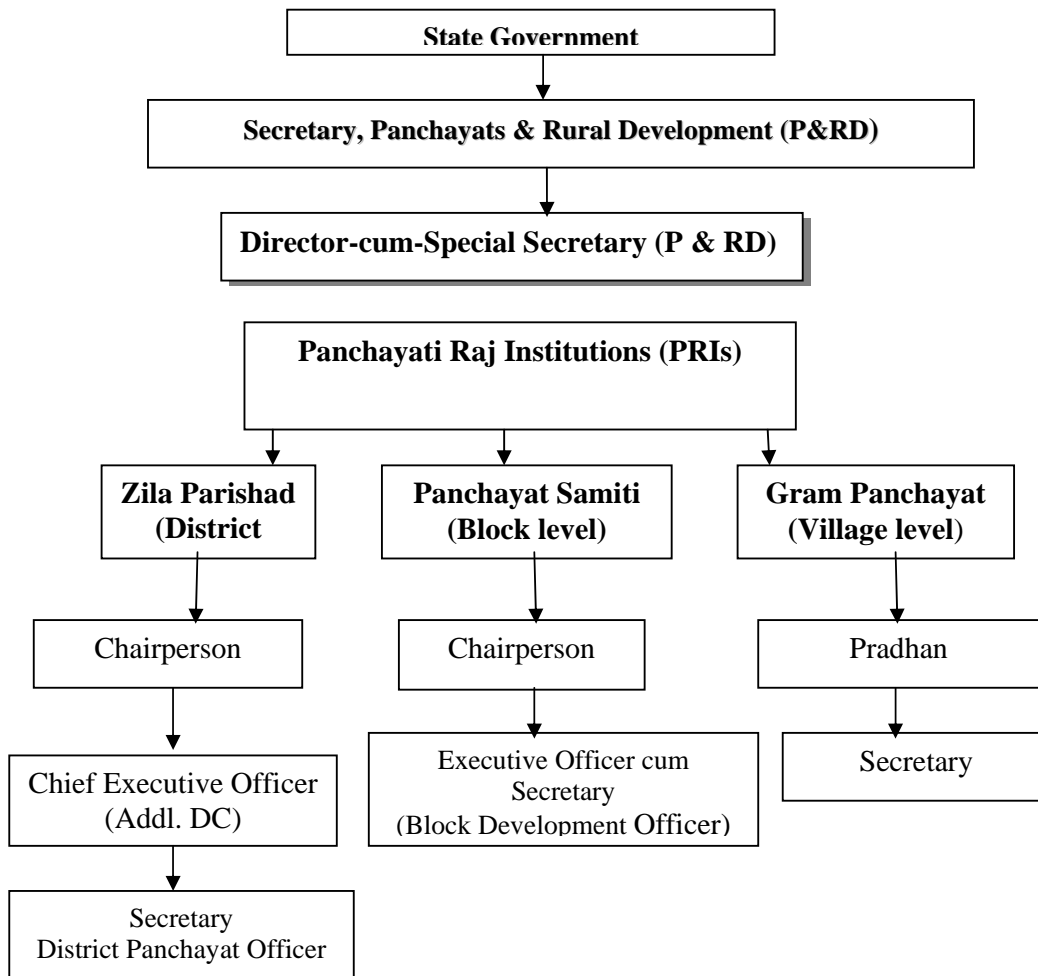
**Table: 2: Comparative position of Local Bodies**

Level of PRI	Number	Average Area in PRIs (Sq Km)	Average population	Remarks
Zila Parishad (ZP)	12	4639.42	456860	-
Panchayat Samites (PS)	77	-	72133	-
Gram Panchayats (GP)	3243	-	1619	-

The representatives of PRIs are elected after every five years. The last election of PRIs was held in December 2010.

### 1.2 Organizational Set up

The organograms given below depict the organizational structure of the State Government, Panchayati Raj department and the PRIs at the ZP, PS, and GP level:



The Chairman heads both ZP and PS whereas the Pradhan heads GP.

### 1.3 District Planning Committees.

As per Article 243-ZD of the Constitution of India, District Planning Committees (DPCs) are to be constituted by the State Governments so as to consolidate the development plans formulated by the local bodies. The State Government had constituted (May 2006) the DPCs in all the districts, but these are functional only in two districts (Chamba and Sirmour). Regarding non-functioning of DPC in the remaining 10 districts, reply from the Director, PRI is awaited (March 2010)

### 1.4 Sources of Funds.

Execution of various developmental works is carried out with funds provided by the Government of India and State Government and the revenue earned by the PRIs out of their own resources such as house tax, rent from shops/stalls, service fee and fee for issue of fishing licenses, tehbazari,<sup>1</sup> etc. The following table shows the financial position of PRIs for the last five years:-

**Table-3 Financial position of PRIs**

(₹ in lakh)

Years	Receipts						Expenditure		
	State Govt.	Central Govt.	Own Revenue	Loans	Other revenue	Total	Capital	Revenue	Total
2005-06	10650.23	7611.43	588.38	1.00	538.01	19389.05	12796.11	6592.94	19389.05
2006-07	12337.32	8078.57	610.73	11.00	554.15	21591.77	14231.05	7360.72	21591.77
2007-08	14101.82	8792.42	633.81	20.00	570.77	24118.82	16000.10	8118.72	24118.82
2008-09	6593.25	6175.75	735.15	0	338.10	13842.25	11765.91	2076.14	13842.05
2009-10	6986.96	5856.83	N.A.	N.A.	N.A.	12843.79	7966.53	4877.26	12843.79
<b>Total</b>	<b>50669.58</b>	<b>36515.00</b>	<b>2568.07</b>	<b>32.00</b>	<b>2001.03</b>	<b>91785.68</b>	<b>62759.70</b>	<b>29025.78</b>	<b>91785.48</b>

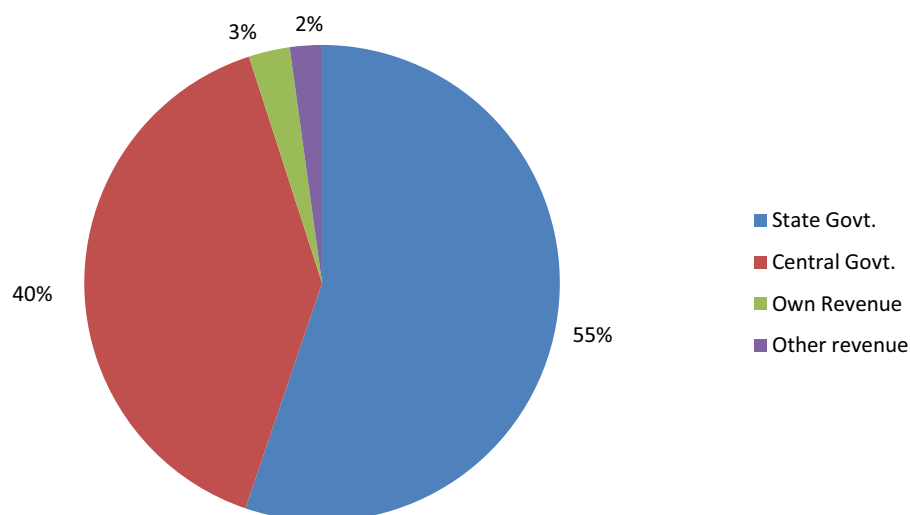
Sources- Director Panchayati Raj

It was however, noticed that all the funds provided by the Panchayati Raj Department to the PRIs have been shown as expenditure. The exact figures of expenditure by the PRIs were not available with the Panchayati Raj Department.

<sup>1</sup> Small Khokhas/shops given on rent.

Chart showing the trend of receipts during 2005-10 is given below:

### Source of Revenue of PRIs during 2005-10



The major source of funds of PRIs during 2005-06 to 2009-10 was State Government (55%) and Central Government (40%) grants. The own revenue (3%) and other revenue (2%) is meager as compared to central and state grants.

#### 1.4.1 Allocation of funds under Central/ State Schemes.

PRIs also receive funds from Rural Development Department (RDD) for various State Schemes and Centrally Sponsored Schemes. Three schemes namely i) Community Development Programme (CDP), ii) Atal Awas Yojna (AAY) and iii) Mahila Mandal Protsahan Yojna (MMPY) are hundred percent State Sponsored Schemes. The position of funds allotted to the PRIs under these schemes during 2005-10 is given below:-

**Table-4 Position of funds allotted under these State Schemes**

Year	(₹ in lakh)		
	CDP	AAY	MMPY
2005-06	123.58	1169.43	60.00
2006-07	426.44	1556.05	60.00
2007-08	411.67	1525.38	75.00
2008-09	672.35	2971.82	74.85
2009-10	267.50	1993.00	75.00

Source – Director Rural Development Department.

Besides, seven schemes namely i) Samproon Gramin Rojgar Yojna (SGRY) ii) Swaran Jayanti Swarojgar Yojna (SGSY), iii) Mahatama Gandhi National Rural Employment Guarantee Scheme (MNREGS), iv) Indira Awas Yojna (IAY), v) Integrated Watershed Development Project (IWDP), vi) National Benefit Scheme and vii) Total Sanitation Campaign Project (TSC) are Centrally Sponsored Schemes.

While no funds were released during 2005-10 under National Benefit Scheme, the position of funds allocated to PRIs under other Centrally Sponsored schemes is given below:-

**Table- 5 The position of allocation of Fund under major central schemes**

(₹ in lakh)

Year	SGRY	SGSY	MGNREGS	IAY	IWDP	TSC
2005-06	2664.61	448.75	500.00	794.005	2919.705	661.06
2006-07	2441.06	1232.93	5075.15	1020.685	1936.765	270.065
2007-08	1399.66	1247.05	13454.86	1155.518	1659.58	1074.50
2008-09	21.12	1326.12	44128.14	2310.17	2938.06	1207.32
2009-10*	0	1124.00	41025.00	3237.00	1483.00	1417.00

Source – Director Rural Development Department

\*Figures for 2009-10 provided by Director RDD are tentative

These Centrally sponsored and State sponsored schemes are implemented by the Gram Panchayats which are under the control of Panchayati Raj Department, but the funds are released by the Rural Development Department to the Gram Panchayats directly or through District Rural Development Agencies (DRDAs) which are registered bodies under Societies Registration Act 1960. The Director (PR) admitted (June 2009) that there was no linkage between DRDA and Panchayati Raj Department.

### **1.5 Accounting Arrangement**

The PRIs are maintaining their accounts in the proformas prescribed under Himachal Pradesh Panchayati Raj General Rules 1997. Accounts of the Gram Panchayats are being maintained by the Panchayat Secretary appointed by the Director and Panchayat Sahayak appointed on contract basis by the Executive Officer cum Block Development Officer. In case of PS, the accounts are maintained by the Accountants. Accounts of ZP are maintained by the Government officials of the office of DPO-cum-Secretary, ZP. There are no arrears in maintenance of accounts.

The Eleventh Finance Commission (EFC) had recommended exercising control and supervision over maintenance of accounts of all the three tiers of PRIs by the CAG. The CAG and Ministry of Panchayati Raj, Government of India has recommended Model



Accounting Structure for PRIs in 2009, but the Government of Himachal Pradesh has not adopted these formats. The Director, Panchayati Raj Department stated (April 2011) that Accounting Software PRIAsoft prescribed by the Ministry of Panchayati Raj, Government of India has been adopted by the State Government and this software will be made operational in the current financial year. He further stated that the process of uploading data in the software would be started after imparting necessary training to the functionaries of the Gram Panchayats.

### **1.6 Database of PRIs**

As per recommendations of EFC, specific grants provided by the Government of India were to be utilized for the development of database on finances of PRIs at District/State level. For this purpose the data was to be collected and compiled in standard formats prescribed by the CAG. However, the State Government has not yet implemented the database formats.

### **1.7 Audit Arrangements**

The Local Audit Department is responsible for conduct of audit of Panchyat Samitis, Zila Parisads, Sub-Section (I) of section 118 of the Himachal Pradesh Panchayati Raj Act, (HPPRA) 1994 provides that there will be a separate and independent Internal Audit Agency under the control of the Director, Panchayati Raj to audit the accounts of PRIs with a view to have proper financial control on income and expenditure. The agency is required to conduct audit of all the three tiers of PRIs annually. The position of internal audit conducted during 2010-11 was as under:-

**Table: 6 Position of Internal Audit**

<b>Name of Institution</b>	<b>Total units</b>	<b>No. of units audited</b>	<b>No. of units audited</b>	<b>No. of units not audited</b>	<b>Percentage of short fall</b>
1. Zila Parishad	12	12	01	11	92
2.Panchayats Samiti	77	77	05	72	94
3. Gram Panchayats	3243	1947	763	984	51

Source: Director PRI

Director PRI stated (May, 2011) that targets could not be achieved due to General Electioin of Panchayati Raj Institutions and shortage of staff.

Comptroller and Auditor General of India conducts audit of PRIs under Technical Guidance and Support (TGS) arrangement as requested by the State Government vide Letter no.PCH-HC (10)10/2002-23447 dated 8th December 2003.

## **1.8 Audit coverage**

Audit of accounts of all the 12 ZPs, 25 PSs (out of 77) and 306 GPs (out of 3,243) was conducted during 2010-11 (**Appendix-1**). Important audit findings are discussed in the succeeding paragraphs.

## **1.9 Internal Control Mechanism**

### **1.9.1 Non-preparation of Budget estimates.**

Rule 38 of Himachal Pradesh Panchayati Raj (HPPR) Rules, 2002 provides that the annual Budget estimates of ZPs and PSs showing the probable receipts and expenditure for the following year are required to be prepared and passed by the PS or ZP, as the case may be, by majority vote, before the commencement of the next financial year.

It was observed that out of 12 ZPs and 25 PSs test-checked, four ZPs and 9 PSs had not prepared the annual budget estimates for the period 2007 and 2010. However, an expenditure of ₹ 6.54 crore<sup>2</sup> had been incurred between 2007 and 2010 without approval of the estimates which was irregular (**Appendix-2**).

While attributing the reasons for non preparation of budget estimates to shortage of staff, the concerned PRIs stated (April 2010 to February 2011) that annual budget estimates would be prepared in future.

### **1.9.2 Non maintenance of registers**

Rule 31 of HPPR Rules, 2002 stipulates that every PRI shall maintain important records, register, forms, etc., under the provision of the rules or the Act or any other law.

It was observed that important registers like stock register, immovable property register, works register, muster roll register, etc. were not being maintained in 3 PSs and 61 GPs during for the period 2005-10 (**Appendix-3**). Due to non maintenance of records correctness of financial transactions could not be ascertained. Reasons for non maintenance of records were not intimated by the concerned PRIs. However, they stated (April 2010-March 2011) that the records would be maintained in future.

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<sup>2</sup> ZPs: ₹ 0.78 crore and PSs ₹ 5.76 crore

### 1.9.3 Bank reconciliation statements not prepared

Rule 15 (10) (b) of the HPPR Rules, 2002 provides that the reconciliation of any difference between the balances of cash book and bank accounts is required to be conducted every month. The difference, if any, shall be explained and accounted for in a foot note in the cash book.

However, it was noticed that difference of ₹ 5.09 crore (**Appendix-4**) between cash books and pass books at the close of the year 2009-10 was not reconciled by 100 PRIs<sup>3</sup>. The authenticity of accounts of these PRIs could not be vouchsafed in the absence of non reconciliation with bank statements and possibility of misappropriation of funds could not be ruled out. The officers of the concerned PRIs stated (April 2009 to March 2010) that the differences would be reconciled. The reply was not acceptable as codal provisions had not been followed.

### 1.9.4 Outstanding Inspection Reports.

As a result of audit of PRIs by Pr. AG office under TGS, 1,521 inspection reports containing 10,356 paras were issued to the concerned PRIs during 2005-11 of this only 2 IRs and 203 paras could be settled leaving 1519 IRs and 10110 paras outstanding as of 31.03.2010 as per details given below:-

**Table-8**

Sr. No.	Year of issue of Inspection Reports	No. of Inspection Reports	No. of paras issued	Outstanding Paras as on 31.03.2009	No. of paras settled	No. of outstanding IRs/Paras	
						IRs	Paras
1.	Upto 2007-08	531	2764	2726	119	529	2607
2.	2008-09	320	2687	2678	48	320	2630
3.	2009-10	336	2501	2501	32	336	2469
4	2010-11	334	2404	0	0	334	2404
	Total	1521	10356	7905	199	1519	10110

Increasing trend of outstanding Inspection Reports and paras is indicative of non-compliance of audit observations and has resulted in erosion of accountability.

### 1.10 Twelfth Finance Commission grants

The Twelfth Finance Commission (TFC) made recommendations on the measures needed to augment the Consolidated Fund of States to supplement the resources to Panchayats and Municipalities on the basis of recommendations of State Finance

<sup>3</sup> 4 ZPs: ₹ 1.13 crore; 08 PSS : ₹ 1.06 crore and 88 GPs: ₹ 2.90 crore

Commission (SFC). The main objective of the scheme was to improve the service delivery of the Panchayats in respect of water supply and sanitation besides creating data base in the Panchayats. A sum of ₹ 88.20 crore (at the rate of ₹ 29.40 crore each year) were allocated and released in six installments to PRIs during 2007-08 to 2009-10. Finance Department had also issued utilization certificates for the whole amount.

### **1.10.1 Utilisation of TFC Funds**

As per para 6.2 of the Ministry of Finance, Government of India's (GOI's) guidelines for release and utilization of grants recommended by TFC, the State Finance Secretary would be required to provide a certificate within 15 days of the release of each instalment by the GOI under his signature indicating the dates and amounts of local grants received by the State from the GOI and further released to the PRIs and ULBs.

### **1.10.2 Blockage of TFC grants**

During 2010-11 records of 590 PRIs (ZPs: 8; PSs: 18 and GPs: 564) were scrutinized.

The position of funds received and utilization there against by these units during 2006-10 was as under:

**Table-7**

(₹ in crore)

Year	Opening balance	Receipts	Total	Expenditure	Balance
2006-07	0	4.52	4.52	2.80	1.72
2007-08	1.72	5.13	6.85	2.99	3.86
2008-09	3.86	5.43	9.29	3.10	6.19
2009-10	6.19	5.99	12.18	5.29	6.89
<b>Total</b>		<b>21.07</b>		<b>14.18</b>	

From the above table it would be seen that during 2006-10 out of ₹ 21.07 crore released to the test checked PRIs, only ₹ 14.18 crore was utilised by them leaving unspent balance ₹ 6.89 crore as of March, 2010.

### **1.10.3 Delay in release of TFC grant.**

As per guidelines for utilization of TFC grants State Government is required to transfer the grants released by the Centre to PRIs and ULBs within 15 days from the date of its credit into State Government account. During 2009-10 there was no delay on the part of State Government to release of grants to ZPs/PSs and GPs. However, there is a delay in release of grants to GPs by ZPs/PSs ranging between one and 45 months during 2006-10.

The delay in release of grants was attributed by Executive Officers of PSs and Secretaries of ZPs to late holding of meetings of PS, non receipt of shelf of works from elected members of ZPs, PSs. and GPs.

#### **1.10.4 Diversion of funds**

As per guidelines priority should be given to utilise the TFC grants on operation and maintenance (O&M) cost of water supply and sanitation schemes. It was, however, noticed that funds amounting to ₹ 85 lakh were utilized by GPs during 2006-07 and 2009-10 on 383 inadmissible works like construction of Pucca Path, Retaining Walls, Community Halls, Mahila Mandal Bhawan and Sarais etc.

#### **1.10.5 Non-receipt of UCs from GPs**

As per directions issued (July 2005) by the Director (PR) the PRIs would submit the utilization certificate of TFC grants to District Panchayat Officers (DPOs) for further submission to the State Government within six months from the date of receipt of the grant. As per information collected from Director Panchayati Raj, it was observed that utilisation certificates for ₹ 32.85 crore in respect of the grant released were not received from Zila Parishads, Panchayat Samitis and Gram Panchayats whereas State Government is sending UCs to Government of India every year.

#### **1.10.6 Monitoring**

As recommended by the TFC, a High Level Monitoring Committee (HLC) headed by Chief Secretary, was constituted by State Government in April, 2005 at State level for monitoring proper utilization of grants. The meeting of the HLC was required to be held every quarter and HLC was responsible through its quarterly meeting for monitoring of both physical and financial targets and ensuring adherence to the specific conditions attached to each grant. Against 20 meetings required to be convened only three meetings were held in Jan 2006, July 2006, and Feb, 2010. The above cases of delay in the release of grants by the ZPs and PSs, non- utilization of grants by the PRIs and irregularities in utilization of TFC grants, etc. are indicative of the ineffective monitoring mechanism.

## CHAPTER 2

### TRANSACTION AUDIT

#### 2.1 Retention of cash in hand

##### **Retention of cash-in-hand in excess of prescribed limit by PRIs.**

Rules 18 (2) and 10 (3) of HPPR Rules, 2002 provide that the ZPs, PSs and GPs may allow the accumulation of cash in the departmental chest upto maximum limit of ₹ 5000, ₹ 2500 and ₹ 1000 respectively at a time.

Contrary to these rules, ZP Kinnaur kept cash ranging between ₹ 6,689 and ₹ 20,964 in the chest during 2005-10 at a time. Similarly Two PSs and 15GPs, (**Appendix-5**), retained minimum and maximum cash ranging between ₹1,014 and ₹ 1, 58,092 in the chest during 2005-10. The retention of cash in excess of prescribed limits was irregular and chances of temporary misappropriation could not be ruled out. The concerned PRIs admitted the facts and stated (May 2010 to March 2011) that such irregularities would not be repeated in future.

#### 2.2 Outstanding advances

##### **Twelve GPs and one ZP did not take action to recover/adjust the outstanding advances of ₹ 8.14 lakh.**

Rule 30 of the HPPR Rules, 2002 provides that whenever any advance is paid to an office bearer or officer/official of GP for carrying out the developmental works, a record thereof shall be kept in the register of temporary advances and such advances should be adjusted regularly and promptly.

Scrutiny of the records of 12 GPS and one ZP revealed that ₹ 8.14 lakh sanctioned as advances to various office bearers such as Pradhan, Up-pradhan and other officials for carrying out the developmental activities remained unadjusted (**Appendix-6**) as of March 2010. Of this, ₹ 0.81 lakh were outstanding against the official of Chamba ZP and could have been recovered from his pay. No efforts were made to recover these advances and in certain cases advances remained outstanding for periods ranging from one to seven years. Lack of effective action to recover/ adjust the old outstanding advances may lead to loss with the passage of time.

On this being pointed out, the concerned PRIs stated (May 2009 to February 2010) that efforts would be made to recover the advances.

### **2.3 Blocking of funds in Personal Ledger Account (PLA)**

**Funds of ₹ 11.93 lakh earmarked for minor irrigation schemes remained un-utilised in PLA.**

The PSs had been maintaining Personal Ledger Account (PLA) for crediting the grants received from Government for execution of minor irrigation and water supply schemes in rural areas. As per condition of sanctions, the funds are required to be drawn within one month and utilized within one year from the date of sanction.

Scrutiny of records revealed that in eight PSs (**Appendix-7**) there was an opening balance of ₹ 10.53 lakh as on 31 March 2007 and ₹ 3.71 lakh was received between 2007-08 and 2008-09. Thus ₹ 14.24 lakh was available for execution of schemes against which expenditure of ₹ 2.30 lakh had been incurred leaving unspent balance of ₹ 11.93 lakh in PLA as of March 2010. Non-utilisation of funds placed in PLA resulted in unnecessary blocking of funds and the purpose of sanctioning funds was also stood defeated. Action to refund the unspent funds as per terms and conditions of the sanction had not been taken. The concerned PRIs stated (April 2010 to March 2011) that funds would be utilized after getting the schemes approved by the elected house.

### **2.4 Non-recovery of duty**

**Revenue of ₹ 5.27 lakh remained un-realised on account of installation/renewal charges of Mobile Towers in 39 PRIs.**

HP Government authorised (November, 2006) the GPs to levy duty on installation of mobile communication towers at the rate of ₹ 4,000/- per tower and collect annual renewal fee at the rate of ₹ 2,000/- per tower installed in their jurisdiction.

In 39 GPs, 79 Mobile towers were installed during 2006-2010 (**Appendix-8**) in their jurisdiction but the installation/renewal charges of ₹ 5.27 lakh had not been recovered from the concerned Mobile Companies as of March 2010. This deprived the GPs of their due share of revenue. The concerned GPs stated (April 2010 to March 2011) that action would be taken to recover the dues.

## 2.5 Purchase of material

**Seventy Two GPs purchased material costing ₹ 4.11 crore without inviting quotations/tenders.**

Rule 67 (5) (a) & (b) of the HPPR Rules, 2002 provides that purchases of stores above ₹ 50,000, tenders should be invited and purchase of stores for more than ₹ 1,000, but less than ₹ 50,000 are to be made by inviting quotations and for purchases respectively.

It was observed that in 72 GPs material costing ₹ 4.11 crore (**Appendix-9**), was purchased during 2005-10 without inviting quotations. As such the purchases were made without observing the prescribed procedures and the possibility of payment higher rates could not be ruled out. The concerned GPs stated (April 2010 to March 2011) that in future the purchases would be made as per rules.

## 2.6 Non-recovery of house tax

**Loss of revenue of ₹ 31.98 lakh due to non- realisation of house tax by eighty one GPs.**

Rule 33 of HPPR Rules, 2002 provides that the Secretary of the GP shall see that all revenues are correctly, promptly and regularly assessed, realised and credited to the accounts of the fund of the Panchayat concerned.

In 81 GPs an amount of ₹ 31.98 lakh on account of house tax was outstanding for recovery for the period 2005-10 as of March 2010 (**Appendix-10**). This was indicative of ineffective monitoring on the part of GPs and resulted in loss of revenue which could have been utilized for developmental works of the concerned GPs. Moreover, the GPs had not taken any action to levy penalty on the defaulters for non-payment of house tax in terms of provisions contained in Section 114 of HP Panchayati Raj Act, 1994. The concerned GPs stated (April 2010 to March 2011) that efforts would be made to recover the house tax.

## 2.7 Outstanding rent

**Seventeen PRIs failed to realize rent of shops amounting to ₹ 11.58 lakh.**

The ZPs, PSs and GPs had been maintaining shops in their jurisdiction and these were rented out to the public on monthly rental basis.



It was noticed that in 17 PRIs, an amount of ₹ 11.58 lakh<sup>4</sup> on account of rent of 93 shops was outstanding as of March 2010 (**Appendix-11**). This amount was outstanding for a period ranging from one to seven years. The concerned PRIs stated (May 2010 to March 2011) that action would be taken to recover the outstanding rent.

## **2.8 Expenditure on works without preparation of estimates**

**Forty three GPs incurred expenditure of ₹ 5.54 crore on 887 works without preparation of estimates.**

Rule 94(3) of HPPR Rules, 2002 provide that estimates for work costing more than ₹ 25,000 but less than ₹ 50,000/- and more than ₹ 50,000/- shall be prepared by the *Takniki Sahayak* and Junior Engineer of GP respectively

Scrutiny of records revealed that 43 GPs incurred an expenditure of ₹ 5.54 crore on 887 works like construction of Mahila Mandal Bhawans, Pucca Paths, Play grounds, pavement of streets, etc. during the period 2005-10 without preparation of estimates (**Appendix-12**). In the absence of requisite estimates, authenticity of expenditure could not be vouched safe in audit. The expenditure incurred was thus irregular and possibility of payments at higher rates could not be ruled out. The concerned GPs stated (April 2010 to March 2011) that in future estimates would be prepared.

## **2.9 Non recovery of royalties from suppliers**

**Seventy Seven GPs did not recover royalties of ₹ 23 lakh from suppliers.**

As per instructions (February 1999) of the state Government, form 'M' from mining officer is required to be obtained by the suppliers for supplying sand and bajri as a proof a royalties already paid by them otherwise royalty at the rate of ₹ 20 per metric tone was to be recovered from the bills of the suppliers by the GPs and the amount so realized was to be remitted to the State Government. During 2005-10, 72 GPs purchased 1,13,630 metric tone of material like sand, bajri without obtaining form 'M' from the suppliers and royalties amounting to 23 lakh (**Appendix-13**), was not recovered resulting in loss to the State Government. The secretaries of the concerned GPs stated that royalty would be recovered in future.

<sup>4</sup> Two ZP: ₹ 2.85 lakh: Five PSs : ₹ 6.11 lakh and 10 GPs : ₹ 2.62 lakh

## **2.10 Doubtful deployment of labourers**

### **Thirteen GPs deployed same labourers on different works in the same period.**

Scrutiny of records revealed that in 13 GPs, same labourers were deployed for different works in different Muster Rolls in the same period during 2005-09 resulting in doubtful deployment of labourers and double payment of wages to the tune of ₹ 0.64 lakh (**Appendix 14**). The name of scheme/ work for which these Muster Rolls were issued had not been mentioned in these Muster Rolls. The concerned secretaries of the GPs stated (April 2010 to March 2011) that the amount would be recovered.

## **2.11 Implementation of Mahatma Gandhi National Rural Employment Guarantee Scheme**

The funds relating to Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGA) are being received by the GPs through District Rural Development Agencies (DRDAs) for implementation of MNREGA. The main objective of the Act is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

### **2.11.1 Less payment of labour component:**

#### **Twenty five Gram Panchayats made less payment of ₹ 1.04 crore on labour component.**

Para 6.2 of MNREGA guidelines provide that ratio of wage costs to material cost should be not less than the minimum norm of 60:40. This ratio should be applied preferably at Gram Panchayat, Block and District levels. Audit noticed that in 25 GPs, 748 works were got executed during 2005-10 at a total cost of ₹ 7.00 crore. Against the required expenditure of ₹ 4.20 crore to be incurred on wages, the amount spent on wage component was ₹ 3.16 crore. Thus the purpose prescribing higher ratio for wage component was defeated resulting in less availability of funds ₹ 1.04 crore (**Appendix 15**), for employment generation. No reasons for non observing the prescribed wage and material ratio were advanced the Secretaries of the concerned GPs. However, they stated that in future, the norms of MNREGA would be kept in view.

### 2.11.2 Delay in release of labour payment

**Twenty two Gram Panchayats delayed the wage payment of ₹ 0.53 crore for the period ranging between 15 and 315 days.**

As per Para 7.1.5 of MNERGA guidelines, workers were to be paid wages on a weekly and in any case not beyond a fortnight of the day on which work was done. In the case of delay beyond a fortnight workers were entitled to compensation as per the provisions of payment of wages Act, 1936. It was noticed in audit that 22 GPs made the payment of ₹ 0.53 crore to the workers under MNREGA after a delay ranging the days between 15 and 315 (**Appendix-16**) which was contrary to the guidelines of MNREGA. No compensation was paid to labourers for delayed payment. The Secretaries of the GPs concerned stated (April, 2010 to March 2011) the delay in payment of wages occurred due to delay in measurement of works and late receipt of funds from Block Development Officers.

### 2.11.3 Payment of extra wages to elected members of GPs

**Fourteen Gram Panchayats made extra wages of ₹ 0.24 lakh to elected members of GPs in addition to honorarium.**

Some of the elected members are supervising the works under MNREGA for which they are being paid wages. Scrutiny of the proceeding registers of the GPs vis-a-vis Muster Rolls under MNREGA revealed that during 2005-10, elected members in 14 GPs attended the meetings of the GPs on various occasions/ days and also marked their attendance for those days in the Muster Rolls for which wages of ₹ 23,569 (**Appendix 17**) were paid to them in addition to the honorarium. The payment of wages in the above cases also raises doubt about the authenticity of muster rolls and needs investigation. The secretaries of the concerned GPs stated between May 2010 and March 2011 that matter would be investigated.

Shimla  
Dated : 16.08.11

(Deep Ram)  
Deputy Accountant General  
Local Bodies Audit & Accounts  
Himachal Pradesh

Countersigned

(J. Wilson)  
Accountant General (Audit)  
Himachal Pradesh

**Appendix-1 (Refer to Paragraph-1.8 & Page-7)**

**DETAILS OF INSTITUTIONS AUDITED DURING 2010-11**

**Panchayat Samitis**

<b>Sr. No.</b>	<b>Name of Panchayat Samiti</b>
1	Ani
2	Bhatiyat
3	Bhawarna
4	Chamba
5	Chauntra
6	Dharampur
7	Dharampur
8	Dharamsala
9	Drang
10	Gagret
11	Gopalpur
12	Hamirpur
13	Haroli
14	Mashobra
15	Nagrota Bagwan
16	Nahan
17	Narkanda
18	Nirmand
19	Panchrukhi
20	Rait
21	Rampur Bushehar
22	Solan
23	Sujanpur Tihra
24	Sullah
25	Sundernagar

**Total number of Gram Panchayats Audited = 306**

**Appendix-2 (Refer to Paragraph-1.9.1 & Page- 7)**

**NON-PREPARATION OF BUDGET ESTIMATES**

(₹ in lakh)

<b>Sr. No.</b>	<b>Name of ZPs/PSs</b>	<b>Period</b>	<b>Amount spent</b>
<b>Zila Parishads</b>			
1.	Lahaul Sapiti	2009-10; 8.92	8.92
2.	Solan	2009-10;21.82	21.82
3.	Shimla	2009-10;23.10	23.10
4.	Chamba	2009-10;23.72	23.72
			<b>77.56</b>
<b>Panchayat Samitis</b>			
1	Bhatiyat	2007-08; 36.16, 2008-09;33.12, 2009-10; 29.94	99.22
2	Chamba	2007-08; 28.76, 2008-09;50.49, 2009-10;24.26	99.51
3	Rait	2007-08:10.98; 2008-09: 14.79; and 2009-10: 23.59	49.26
4	Narkanda	2009-10;23.47	23.47
5	Nahan	2008-09; 15.83 2009-10;26.40	42.23
6	Rampur	2007-08: 34.40, 2008-09:25.35 &2009-10:35.27	95.03
7	Bhawarna	2007-08; 11.41,2008-09;13.86	25.27
8	Panchrukhi	2007-08;1.38, 2008-9;9.34,2009-10;24.39	55.11
9	Chauntra	2007-08;17.62,2008-09;27.72,2009-10;41.63	87.07
		<b>Total</b>	<b>576.17</b>
		<b>Grand Total</b>	<b>653.73</b>

**Appendix-3 (Refer to Paragraph-1.9.2 & Page-7)**

**NON-MAINTENANCE OF IMPORTANT RECORDS BY PRIs**

**Panchayat Samitis (2007-10)**

Sr.No.	Name of PSs
1.	Narkanda
2.	Sujanpur Tihra
3.	Dharmshala

**Gram Panchayats (2005-10)**

Sr.No.	Name of Block	GPs
	Name of Block	GPs
1.	Bhatiyat	Kuddi
2.	Bhatiyat	Tikkari
3.	Bhatiyat	Kakrodi
4.	Chamba	Dradda
5.	Chamba	Rajhindu
6.	Chamba	Dradda
7.	Hamirpur	Kuthera
8.	Bhawarna	Bandla
9.	Bhawarna	Bindraban
10.	Dharmshala	Kajlot
11.	Dharmshala	Maned
12.	Nagrota Bagwan	Barana
13.	Nagrota Bagwan	Chakloo
14.	Nagrota Bagwan	Danoa
15.	Nagrota Bagwan	Lilly
16.	Nagrota Bagwan	Mallan
17.	Panchruki	Andreta
18.	Panchruki	Diyogran
19.	Panchruki	Padiakhar
20.	Panchruki	Rajot
21.	Panchruki	Rajpur
22.	Rait	Kutharna
23.	Rait	Naganpaty
24.	Rait	Tharu
25.	Rait	Kareri
26.	Sullah	Bhadrol
27.	Sullah	Bhoda
28.	Sullah	Bhaura
29.	Sullah	Gharana
30.	Sullah	Kairban

31.	Sullah	Kural
32.	Ani	Krad
33.	Ani	Kushang
34.	Ani	Taluna
35.	Chauntra	Ahju
36.	Chauntra	Chauntra
37.	Chauntra	Kolang
38.	Chauntra	Sainthal Paden
39.	Dharampur	Binga
40.	Dharampur	Bhur
41.	Dharampur	Longni
42.	Dharampur	Prasad Hawani
43.	Dharampur	Tihra
44.	Drang	Balh
45.	Drang	Chalharag
46.	Drang	Darat Bangla
47.	Drang	Dhamchayan
48.	Drang	Gawali
49.	Drang	Nauli
50.	Drang	Ropa
51.	Drang	Sanwad
52.	Narkanda	Janjehli
53.	Narkanda	Krebthi
54.	Nakhari	Bharach
55.	Nakhari	Khadan
56.	Rampur Bushehar	Dansa
57.	Nahan	Navni
58.	Gagret	Gagret Upper
59.	Haroli	Hiranagar
60.	Haroli	Ispur
61.	Haroli	Dulehad

**Appendix-4 (Refer to Paragraph-1.9.3 & Page-8)**

**NON-RECONCILIATION OF BALANCES OF CASH BOOK & BANK PASS BOOKS**

**Cases where pass book shows less balance than cash book**

(₹in lakh)

Sr. No.	Name of ZP	Balance as per Pass Book on 31.03.2003	Balances as per Cash Book on 31-03-09	Difference
1.	Lahaul Sipiti	99.58	103.95	4.37

**Panchayat Samitis**

Sr.No o.	Name of ZPs/ PSs & GPs	Balance as per Pass Book on 31-03-09	Balances as per Cash Book on 31-03-09	Difference
1	Bhawarna	34.36	57.82	23.46

**Gram Panchayats**

Sr No	Name of Distraict	Name of Block	GPs	Balance as per Pass Book on 31-03-09	Balances as per Cash Book on 31-03-09	Difference
1	Chamba	Bhatiyat	Chuhan	6.29	8.76	2.47
2	Chamba	Bhatiyat	Kamala	2.15	3.23	1.08
3	Chamba	Bhatiyat	Rulyani	1.43	4.83	3.40
4	Chamba	Chamba	Rajhindu	8.03	9.72	1.69
5	Chamba	Chamba	Shillaghat	24.83	26.63	1.80
6	Chamba	Chamba	Shidkund	9.82	13.19	3.37
7	Kangra	Bhawarna	Bindraban	2.43	3.66	1.23
8	Kangra	Dharmsala	Kajlot	6.16	13.70	7.54
9	Kangra	Nagrota Bagwan	Barana	3.52	4.77	1.25
10	Kangra	Nagrota Bagwan	Jalot	2.62	4.64	2.02
11	Kangra	Rait	Bhitlu	1.56	2.25	0.69
12	Kangra	Rait	Harboh	4.88	5.36	0.48
13	Kangra	Sullah	Jaind	9.39	9.91	0.52
14	Kangra	Sullah	Kayarwa	5.39	6.73	1.34
15	Kangra	Sullah	Malnoo	7.20	8.09	0.89
16	Kangra	Sullah	Pudba	7.80	8.80	1.00
17	Kullu	Ani	Kushang	3.66	8.72	5.06



18	Kullu	Nirmand	Gamog	3.82	4.93	1.11
19	Kullu	Nirmand	Kusba	20.99	21.81	0.82
20	Mandi	Chauntra	Kolang	4.24	5.91	1.67
21	Mandi	Dharampur	Longni	3.42	5.76	2.34
22	Mandi	Dharampur	Tihra	12.02	16.20	4.18
23	Mandi	Dharampur	Tor Khola	4.81	6.45	1.64
24	Mandi	Drang	Balh	5.05	7.14	2.09
25	Mandi	Drang	Chalharag	0.42	1.66	1.24
26	Mandi	Drang	Nauli	0.03	4.08	4.05
27	Mandi	Drang	Nerdhar Vashra	5.58	8.83	3.25
28	Mandi	Drang	Pali	2.24	24.70	22.46
29	Mandi	Drang	Ropa	3.56	5.78	2.22
30	Mandi	Drang	Tikkar	5.04	7.71	2.67
31	Sirmour	Nahan	Dhaged	1.68	3.16	1.48
32	Solan	Dharampur	Pattanali	8.17	9.89	1.72
33	Una	Ramnagar	Gagret	11.39	17.15	5.76
34	Una	Haroli	Chhetran	6.77	10.29	3.52
35	Una	Haroli	Dulehad	5.22	6.61	1.39
36	Una	Haroli	Ghaluwal	7.58	8.59	1.01
37	Una	Haroli	Ispur	2.61	6.06	3.45
38	Una	Haroli	Pandoga	17.04	18.76	1.72
<b>Total</b>				<b>238.84</b>	<b>344.46</b>	<b>105.62</b>
<b>Grand Total</b>				<b>372.78</b>	<b>506.23</b>	<b>133.45</b>

**Cases where cash book shows less balance than pass book**

**Zila Parishad**

(₹ in lakh)

Sr.No	Name of ZP	Balance as per Pass Book on 31-03-2009	Balances as per Cash Book on 31-03-09	Difference
1.	Chamba	64.98	23.93	41.05
2	Shimla	73.61	23.10	50.51
3	Kullu	17.34	0.02	17.32
<b>Total</b>		<b>155.93</b>	<b>47.05</b>	<b>108.88</b>

**Panchayat Samitis**

(₹ in lakh)

Sr.No	Name of ZPs/ PSs & GPs	Balance as per Pass Book on 31-03-09	Balances as per Cash Book on 31-03-09	Difference
1.	Bhatiyat	45.65	26.63	19.02
1.	Chamba	79.65	60.06	19.59
1	Rait	21.22	13.43	7.79
2	Narkanda	25.71	18.92	6.79
3	Rampur	5.76	4.48	1.28
4	Dharmpur(Solan)	23.31	14.88	8.43

5.	Dharmpur (Mandi)	29.37	21.73	7.64
6.	Mashobra	22.85	15.61	7.24
7.	Dharmshala	13.07	8.68	4.39
<b>Total</b>		<b>266.59</b>	<b>184.42</b>	<b>82.17</b>

**Gram Panchayats**

(₹ in lakh)

Sr. No	Name of District	Name of Block	GPs	Balance as per Pass Book on 31-03-09	Balances as per Cash Book on 31-03-09	Difference
1	Chamba	Bhatiyat	Kakroti	2.88	1.65	1.23
2	Chamba	Bhatiyat	Raipur	2.69	0.46	2.23
3	Chamba	Bhatiyat	Sihunta	5.74	4.41	1.33
4	Chamba	Bhatiyat	Surpuda	2.12	0.58	1.54
5	Chamba	Bhatiyat	Tappar	7.84	6.69	1.15
6	Chamba	Chamba	Jhulada	4.78	3.59	1.19
7	Hamirpur	Hamirpur	Kuthera	12.71	9.26	3.45
8	Kangra	Bhawarna	Bandla	5.81	0.64	5.17
9	Kangra	Bhawarna	Darati	5.43	2.73	2.70
10	Kangra	Bhawarna	Rakh	4.34	3.23	1.11
11	Kangra	Nagrota Bagwan	Chaklu	3.28	2.25	1.03
12	Kangra	Nagrota Bagwan	Lilly	3.57	1.67	1.90
13	Kangra	Sullah	Gharana	9.98	8.08	1.90
14	Kangra	Sullah	Naura	4.19	3.37	0.82
15	Kullu	Ani	Baknow	8.39	6.82	1.57
16	Mandi	Chauntra	Bhadol	6.52	3.86	2.66
17	Mandi	Chauntra	Banander	5.85	2.59	3.26
18	Mandi	Chauntra	Golwan	7.82	2.94	4.88
19	Mandi	Chauntra	Sainthal Paden	14.85	10.09	4.76
20	Mandi	Dharampur	Barang	19.10	12.35	6.75
21	Mandi	Dharampur	Basantpur	7.95	6.43	1.52
22	Mandi	Dharampur	Bhur	7.90	5.87	2.03
23	Mandi	Dharampur	KunnS	6.67	4.31	2.36
24	Mandi	Dharampur	Prasad Hawani	5.96	1.36	4.60
25	Mandi	Dharampur	Sadhot	5.39	0	5.39
26	Mandi	Dharampur	Sandhol	6.83	4.55	2.28
27	Mandi	Dharampur	Sarskahan	7.13	0.01	7.12
28	Mandi	Drang	Badidhar	7.30	3.99	3.31
29	Mandi	Drang	Dalah	11.00	7.36	3.64
30	Mandi	Drang	Darat Bangla	11.52	8.18	3.34
31	Mandi	Drang	Dhamchayan	65.18	20.10	45.08
32	Mandi	Drang	Gawali	3.65	1.65	2.00
33	Mandi	Drang	Nauli	6.12	4.44	1.68
34	Mandi	Drang	Nerdhar Vashra	3.81	2.53	1.28
35	Mandi	Drang	Pali	10.21	8.80	1.41
36	Shimla	Narkanda	Krebthi	5.64	4.18	1.46

37	Shimla	Rampur Bushehar	Bahli	11.30	8.87	2.43
38	Shimla	Nankhari	Bharach	7.81	0.01	7.80
39	Shimla	Rampur Bushehar	Dhargaura	9.13	4.65	4.48
40	Shimla	Rampur Bushehar	Gopalpur	12.54	2.87	9.67
41	Shimla	Nankhari	Jahoo	8.07	7.24	0.83
42	Shimla	Narkanda	Khadan	8.58	6.25	2.33
43	Shimla	Rampur Bushehar	Koot	5.99	3.76	2.23
44	Shimla	Rampur Bushehar	Munish	8.74	6.97	1.77
45	Sirmour	Nahan	Mahipur	9.37	3.23	6.14
46	Solan	Dharampur	Galhedi	7.07	5.14	1.93
47	Solan	Dharampur	Raudi	1.84	0.25	1.59
48	Una	Haroli	Bhadauri	7.18	5.36	1.82
49	Una	Haroli	Dharampur	6.02	4.60	1.42
50	Una	Haroli	Khadd	12.37	11.83	0.54
			<b>Total</b>	<b>426.16</b>	<b>242.05</b>	<b>184.11</b>
			<b>Grand Total</b>	<b>848.68</b>	<b>473.52</b>	<b>375.16</b>

**Summary of Difference between cash book and pass books**

**(₹ in lakh)**

<b>Sr.No.</b>	<b>Kind.of Unit</b>	<b>No. of Units</b>	<b>Difference between Cash Book and Pass Book</b>
1	ZP	4	113.25
2.	PS	8	105.63
3	GP	88	289.73
	<b>Grand Total</b>	<b>100</b>	<b>508.61</b>

**Appendix-5 (Refer to Paragraph-2.1& Page-11)**

**RETENTION OF CASH IN HAND IN EXCESS OF PRESCRIBED LIMIT  
DURING THE PERIOD 2005-10**

**Zila Parishad**

(In ₹)

Sr.No.	Name of ZPs	Minimum	Maximum
1.	Kinnaur	6689	20964

**Panchayat Samitis**

(In ₹)

Sr.No.	Name of PSs	Minimum	Maximum
1.	Bhawarna	7515	134775
2.	Nagrota Bagwan	4721	14251

**Gram Panchayats**

(In ₹)

Sr No	Name of District	Name of Block	GPs	Minimum	Maximum
1	Kangra	Bhawarna	Kasba Jugehar	2070	20931
2	Kangra	Nagrota Bagwan	Barana	1723	57743
3	Kangra	Nagrota Bagwan	Jalot	1133	82833
4	Kangra	Nagrota Bagwan	Mundla	1060	3580
5	Kangra	Rait	Harboh	1242	5218
6	Kangra	Rait	Naganpat	1166	2563
7	Kullu	Ani	Krad	1521	5627
8	Mandi	Drang	Darat Bangla	1063	21838
9	Mandi	Drang	Dhamchayan	1040	158092
10	Mandi	Drang	Nauli	1015	35050
11	Mandi	Drang	Nerdhar Vashra	1071	4946
12	Mandi	Drang	Pali	2913	13810
13	Shimla	Narkanda	Krebthi	1017	21875
14	Solan	Dharampur	Hudag	1204	11632
15	Solan	Dharampur	Raudi	1014	45000

**Appendix-6 (Refer to Paragraph-2.2& Page-11)**

**OUTSTANDING ADVANCES**

**Zila Parisha**

(₹ in lakh)

Sr. No	Name of ZPs	Pending Since	Officers/Officials	Others Elected/Non-elected	Total
1.	Chamba	2002-09	Driver/DPO	-	0.81

**Gram Panchayats**

(₹ in lakh)

Sr No	Name of Distraict	Name of Block	GPs	Pending Since	Outstanding		
					Officers/Officials	Others Elected/ Non-elected	Total
1	Chamba	Bhatiyat	Dharu	2005-06	Ex. Pardhan	-	0.16
2	Kangra	Rait	Karera	2007-08	Secretary	-	0.18
3	Mandi	Chauntra	Bhadol	2008-09	Up Pardhan	-	0.50
4	Mandi	Chauntra	Banander	2007-08	Pardhan	-	0.61
5	Shimla	Narkanda	Kotighat	2005-06	Pardhan	--	0.53
6	Shimla	Nankhari	Bharach	2004-05	Pardhan/Up Pardhan	--	0.43
7	Shimla	Rampur Bushehar	Dansa	2009-10	Pardhan	--	0.30
8	Shimla	Nankhari	Khadan	2006-10	Pardhan/Members	--	1.44
9	Shimla	Rampur Bushehar	Nankhari	2004-05	Pardhan/Up Pardhan	--	2.18
10	Sirmour	Nahan	Mahipur	2005-06	Secretary		0.11
11	Sirmour	Nahan	Neheli Dhida	2004-05	Pardhan		0.24
12	Una	Haroli	Chhetran	2008-09	Pardhan	--	0.65
<b>Total</b>							<b>7.33</b>
<b>Grand Total</b>							<b>8.14</b>

**Appendix-7 (Refer to Paragraph-2.3 & Page-12)**

**BLOCKING OF FUNDS IN PLA**

**Panchayat Samitis**

(₹ in lakh)

Sr. No.	Name of PSs	Period	OB	Receipt	Total	Expenditure	Balance
1.	Chamba	2007-10	1.68	-	1.68	-	1.68
1.	Narkanda	2007-10	0.44	0.22	0.66	0.11	0.55
2.	Nahan	2007-10	0.74	0.47	1.21	0.08	1.13
3.	Rampur	2007-10	0.70	0.48	1.18	0.91	0.27
4.	Dharmpur (Solan)	2007-10	1.52	0.26	1.78	0.15	1.62
5.	Nagrota Bagwan	2007-10	1.46	0.91	2.37	0.37	2.00
6.	Hamipur	2006-10	0.78	0.43	1.21	0.29	0.92
7.	Panchrukhi	2007-10	0.58	0.38	0.96	0.25	0.71
8.	Chautra	2007-10	2.63	0.56	3.19	0.14	3.05
<b>Total</b>			<b>10.53</b>	<b>3.71</b>	<b>14.24</b>	<b>2.30</b>	<b>11.93</b>

## **Appendix-8 (Refer to Paragraph-2.4 & Page-12)**

### **NON-RECOVERY OF DUTY ON ACCOUNT OF INSTALLATION OF MOBILE TOWERS.**

#### **Gram Panchayats**

(₹ in lakh)

Sr. No.	Name of Block	Name of GPs	Year of installation	No. of towers	Period from when due	Amount		
						Installation	Annual renewal Fee	Total
1	Bhatiyat	Bathari	2006--07	3	2006-07	0	0.14	0.14
2	Bhatiyat	Dharu	2006-10	4	2006-07	0.16	0.12	0.28
3	Hamirpur	Kuthera	2006-07	1	2006-07	0.04	0.06	0.10
4	Bhawarna	Darati	2001-06	6	2006-07	0	0.48	0.48
5	Bhawarna	Punner	2008-09	2	2009-10	0.04	0.02	0.06
6	Panchruki	Sagoor	2006-07	1	2006-07	0.04	0.06	0.10
7	Rait	Harboh	2007-08	1	2007-08	0.04	0.04	0.08
8	Rait	Maned	2006-07	1	2008-09	0	0.04	0.04
9	Sullah	Jamula	2008-09	1	2008-09	0.04	0	0.04
10	Sullah	Khaira	2005-06	1	2006-08	0	0.06	0.06
11	Sulah	Mansimbal	2007-08	1	2006-07	0.04	0.06	0.10
12	Sullah	Mundhi	2007-08	2	2007-08	0.08	0.08	0.16
13	Sulah	Nanaon	2007-08	1	2007-08	0.04	0.02	0.06
14	Ani	Taluna	2008-09	1	2008-09	0.04	0.02	0.06
15	Nirmand	Kusba	2006-07	3	2006-07	0.08	0.06	0.14
16	Nirmand	Nithar	2007-08	1	2008-09	0.04	0.04	0.08
17	Nirmand	Sarga	2006-07	1	2006-07	0.04	0.04	0.08
18	Dharampur	Datwad	2006-07	1	2006-07	0	0.10	0.10
19	Dharampur	Pehad	2005-10	4	2006-07	0.08	0.03	0.11
20	Dharampur	Prasad Hawani	2006-07	2	2006-07	0.04	0.01	0.05
21	Drang	Dalah	2008-09	1	2008-09	0.04	0.02	0.06
22	Drang	Nauli	2008-09	1	2008-09	0.04	0.02	0.06
23	Drang	Nerdhar Vashra	2008-09	1	2008-09	0.04	0.02	0.06
24	Drang	Pali	2006-08	3	2006-07	0.10	0.18	0.28
25	Drang	Zimzima	2007-08	1	2007-08	0.04	0.04	0.08
26	Nankhari	Baglati	2006-07	1	2007-08	0	0.06	0.06
27	Rampur Bushehar	Bahli	2006-07	1	2008-09	0	0.04	0.04
28	Rampur Bushehar	Dhargaura	2006-07	3	2006-07	0.12	0.18	0.30
29	Nankhari	Jahoo	2006-07	1	2007-08	0.04	0.06	0.10
30	Rampur Bushehar	Lavana Sadana	2006-07	5	2006-07	0.16	0.22	0.38
31	Nankhadi	Nankhari	2006-07	3	2006-07	0.08	0.13	0.21
32	Nahan	Kattasi	2008-10	2	2009-10	0.04	0.02	0.06

		Tala						
33	Nahan	Kotla Molar	2006-08	3	2006-07	0.08	0.14	0.22
34	Dharampur	Anjimatla	2006-07	3	2006-07	0	0.16	0.16
35	Dharampur	Dharampur	2006-07	5	2006-07	0.16	0.20	0.36
36	Dharampur	Kasauli (Gadkhal)	2005-08	3	2006-07	0.08	0.12	0.20
37	Dharampur	Surajpur	2007-08	1	2006-07	0.04	0.06	0.10
38	Gagret	Gagret Upper	2005-06	1	2006-07	0.04	0.06	0.10
39	Haroli	Ghaluwal	1/2007	2	2006-07	0.04	0.08	0.12
<b>Total</b>				<b>79</b>		<b>1.98</b>	<b>3.29</b>	<b>5.27</b>



**Appendix-9 (Refer to Paragraph-2.5& Page-13)****MATERIAL PURCHASED WITHOUT INVITING QUOTATIONS**

(₹ in lakh)

Sr. No	Name of District	Name of Block	GPs	Amount
1	Chamba	Bhatiyat	Balana	8.07
2	Chamba	Bhatiyat	Banet	5.05
3	Chamba	Bhatiyat	Bathari	9.08
4	Chamba	Bhatiyat	Ghatasni	5.53
5	Chamba	Bhatiyat	Jatrun	11.26
6	Chamba	Bhatiyat	Kahari	10.81
7	Chamba	Bhatiyat	Rulyani	10.82
8	Chamba	Bhatiyat	Samleu	8.93
9	Chamba	Bhatiyat	Sihunta	7.04
10	Chamba	Bhatiyat	Surpuda	12.90
11	Chamba	Bhatiyat	Tappar	9.22
12	Chamba	Bhatiyat	Taragarh	6.37
13	Chamba	Chamba	Kuthed	3.20
14	Chamba	Chamba	Shillaghat	4.36
15	Hamirpur	Hamirpur	Khayhalokharia	5.38
16	Kangra	Bhawarna	Malahu	4.04
17	Kangra	Nagrota Bagwan	Jalot	3.13
18	Kangra	Panchruki	Sagoor	0.84
19	Kangra	Panchruki	Simblekhola	0.73
20	Kangra	Sullah	Bhora	5.23
21	Kangra	Sullah	Gharana	3.07
22	Kangra	Sullah	Jamula	2.37
23	Kangra	Sullah	Kayarwa	1.89
24	Kangra	Sullah	Malnoo	5.69
25	Kangra	Sullah	Mansimble	2.75
26	Kangra	Sullah	Nanao	5.03
27	Kangra	Sullah	Mundhi	5.32
28	Kangra	Sullah	Roda	3.35
29	Kullu	Nirmand	Kusba	5.66
30	Kullu	Nirmand	Nithar	3.70
31	Kullu	Nirmand	Sarga	7.58
32	Mandi	Dharampur	Banal	8.69
33	Mandi	Dharampur	Basantpur	5.64
34	Mandi	Dharampur	Bhur	4.36
35	Mandi	Dharampur	Graho	3.70
36	Mandi	Dharampur	Gredu	5.20
37	Mandi	Dharampur	Kothuan	4.57
38	Mandi	Dharampur	Kunn	3.23

39	Mandi	Dharampur	Longni	9.00
40	Mandi	Dharampur	Pehad	6.93
41	Mandi	Dharampur	Sadhot	5.09
42	Mandi	Dharampur	Sajau Piplu	9.80
43	Mandi	Dharampur	Sandhol	2.20
44	Mandi	Dharampur	Tor Khola	3.01
45	Mandi	Drang	Dhamchayan	2.46
46	Mandi	Drang	JimJima	2.77
47	Mandi	Drang	Nauli	1.12
48	Mandi	Drang	Zimzima	2.77
49	Shimla	Nankhari	Baglati	3.47
50	Shimla	Rampur Bushehar	Bahli	8.02
51	Shimla	Rampur Bushehar	Dhargaura	2.59
52	Shimla	Rampur Bushehar	Gopalpur	5.75
53	Shimla	Narkanda	Jahoo	4.63
54	Shimla	Nankharai	Khadan	4.87
55	Shimla	Rampur Bushehar	Taklech	7.35
56	Sirmour	Nahan	Kattasi Tala	5.83
57	Sirmour	Nahan	Kolawala Bhund	6.32
58	Sirmour	Nahan	Neheli Dhida	7.80
59	Solan	Dharampur	Hudang	7.18
60	Solan	Dharampur	Kasauli (Gadkhal)	12.54
61	Solan	Dharampur	Manol	14.85
62	Solan	Dharampur	Pattanali	12.19
63	Solan	Dharampur	Taksal	11.59
64	Una	Haroli	Chhetran	1.43
65	Una	Haroli	Dulehad	7.47
66	Una	Haroli	Gondpur Jaichand	4.56
67	Una	Haroli	Hiranagar	2.13
68	Una	Haroli	Ispur	2.65
69	Una	Haroli	Kuthar Beet	1.29
70	Una	Haroli	Lower Panjawar	6.76
71	Una	Haroli	Pandoga	5.32
72	Una	Haroli	Polian Beet	5.79
<b>Total</b>				<b>411.32</b>

**Appendix-10 (Refer to Paragraph-2.6 & Page-13)****NON-RECOVERY OF HOUSE TAX 2005-10**

(₹ in lakh)

Sr. No	Name of Distraict	Name of Block	GPs	Outstanding
1	Chamba	Bhatiyat	Balana	0.12
2	Chamba	Bhatiyat	Bathari	0.49
3	Chamba	Bhatiyat	Jatrun	0.12
4	Chamba	Bhatiyat	Kahari	0.49
5	Chamba	Bhatiyat	Kuddi	0.12
6	Chamba	Bhatiyat	Rulyani	0.53
7	Chamba	Bhatiyat	Samleu	0.14
8	Chamba	Bhatiyat	Sihunta	0.22
9	Chamba	Bhatiyat	Taragarh	0.34
10	Chamba	Chamba	Dradda	0.13
11	Chamba	Chamba	Roopni	0.14
12	Chamba	Chamba	Shillaghat	0.21
13	Hamirpur	Hamirpur	Kuthera	0.06
14	Kangra	Bhawarna	Bandla	0.36
15	Kangra	Bhawarna	Darati	17.42
16	Kangra	Bhawarna	Frared	0.19
17	Kangra	Bhawarna	Lohana	0.16
18	Kangra	Nagrota Bagwan	Barana	0.10
19	Kangra	Nagrota Bagwan	Malan	0.15
20	Kangra	Panchruki	Andreta	0.09
21	Kangra	Panchruki	Mahal Banauri	0.34
22	Kangra	Panchruki	Padiakhar	0.11
23	Kangra	Panchruki	Rajpur	0.19
24	Kangra	Panchruki	Sagoor	0.11
25	Kangra	Panchruki	Simblekhola	0.08
26	Kangra	Panchruki	Tarhel	0.21
27	Kangra	Sullah	Jamula	0.05
28	Kangra	Sullah	Malnoo	0.04
29	Kangra	Sullah	Mundhi	0.02
30	Kangra	Sullah	Roda	0.05
31	Kullu	Ani	Krad	0.72
32	Kullu	Nirmand	Kusba	0.15
33	Kullu	Nirmand	Nirther	0.14
34	Kullu	Nirmand	Sarga	0.11
35	Kullu	Nirmand	Tawar	0.09
36	Mandi	Chauntra	Khadihar	0.11
37	Mandi	Dharampur	Banal	0.15
38	Mandi	Dharampur	Barang	0.06
39	Mandi	Dharampur	Basantpur	0.26

40	Mandi	Dharampur	Bhur	0.06
41	Mandi	Dharampur	Graho	0.18
42	Mandi	Dharampur	Pehad	0.13
43	Mandi	Dharampur	Prasad Hawani	0.07
44	Mandi	Dharampur	Sandhol	0.08
45	Mandi	Dharampur	Sohar	0.13
46	Mandi	Drang	Badidhar	0.09
47	Mandi	Drang	Balh	0.09
48	Mandi	Drang	Chalharag	0.13
49	Mandi	Drang	Dalah	0.17
50	Mandi	Drang	Darat Bangla	0.12
51	Mandi	Drang	Dhamchayan	0.27
52	Mandi	Drang	Nauli	0.09
53	Mandi	Drang	Nerdhar Vashra	0.11
54	Mandi	Drang	Pali	0.14
55	Mandi	Drang	Sanwad	0.09
56	Mandi	Drang	Urla	0.18
57	Mandi	Drang	Zimzima	0.26
58	Shimla	Nankhari	Baglati	0.47
59	Shimla	Rampur Bushehar	Bahli	0.28
60	Shimla	Rampur Bushehar	Gopalpur	0.12
61	Shimla	Nankhari	Khadan	0.09
62	Shimla	Rampur Bushehar	Munish	0.08
63	Shimla	Nankhari	Nankhari	0.68
64	Shimla	Rampur Bushehar	Taklech	0.25
65	Sirmour	Nahan	Kolawala Bhund	0.31
66	Sirmour	Nahan	Kotla Molar	0.14
67	Solan	Dharampur	Hudang	0.12
68	Solan	Dharampur	Kasauli (Gadkhal)	0.43
69	Solan	Dharampur	Pattanali	0.11
70	Solan	Dharampur	Raudi	0.09
71	Una	Gagret	Gagret Upper	0.16
72	Una	Haroli	Dharpur	0.27
73	Una	Haroli	Dulehad	0.12
74	Una	Haroli	Ghaluwal	0.10
75	Una	Haroli	Gondpur Jaichand	0.17
76	Una	Haroli	Ispur	0.17
77	Una	Haroli	Khadd	0.23
78	Una	Haroli	Lower Panjavar	0.20
79	Una	Haroli	Nangal Kalan	0.27
80	Una	Haroli	Polian Beet	0.11
81	Una	Haroli	Singa	0.05
<b>Total</b>				<b>31.98</b>

**Appendix-11 (Refer to Paragraph-2.7 & Page-14)**

**OUTSTANDING RENT OF SHOPS**

(₹ in lakh)

Sr. No.	Name of ZPs/PSs /GPs	Period between	No. of Shops	Amount
<b>Zila Parishads</b>				
1.	Sirmour	2005-10	4	2.69
2.	Kinnour	2007-10	6	0.16
<b>Total</b>			<b>10</b>	<b>2.85</b>
<b>Panchayat Samitis</b>				
1.	Bhatiyat	2006-10	6	0.66
1.	Rampur Bushehr	2009-10	1	0.36
2.	Dharmpur(Solan)	2007-10	25	1.44
3.	Panchrukhi	2005-10	4	2.67
4.	Sujanpur Tihra	2008-10	2	0.08
5.	Mashobra	2005-10	5	0.90
<b>Total</b>			<b>43</b>	<b>6.11</b>

**Gram Panchayats**

Sr. No	Name of Distraict	Name of Block	GPs	Period	No of Shops	Amount
1	Chamba	Bhatiyat	Sihunta	2005-06	4	0.05
2	Hamirpur	Hamirpur	Kuthera	2008-09	3	0.20
3	Mandi	Dharampur	Sajau Piplu	2008-10	2	0.07
4	Mandi	Dharampur	Sandhol	2005-10	1	0.16
5	Shimla	Nankhari	Khadan	2009-10	3	0.33
6	Shimla	Rampur Bushehar	Taklech	2005-06	7	0.75
7	Sirmour	Nahan	Navni	2006-07	9	0.43
8	Solan	Dharampur	Surajpur	2005-06	4	0.29
9	Una	Haroli	Dharmpur	2003-10	2	0.20
10	Una	Haroli	Dulehad	2005-10	5	0.14
<b>Total</b>					<b>40</b>	<b>2.62</b>
<b>Grand Total</b>					<b>93</b>	<b>11.58</b>

**Appendix-12 (Refer to Paragraph-2.8 & Page-14)**

**EXPENDITURE ON WORKS WITHOUT PREPARATION OF ESTIMATES**

**DURING 2005-10**

(₹ in lakh)

Sr. No.	Name of District	Name of Block	GPs	No. of works	Amount
1	Chamba	Bhatiyat	Dhuada	62	45.39
2	Chamba	Bhatiyat	Morthu	40	9.01
3	Chamba	Chamba	Dradda	23	6.59
4	Chamba	Chamba	Jhulada	19	14.58
5	Chamba	Chamba	Kuthed	13	12.29
6	Chamba	Chamba	Rajhindu	13	6.76
7	Chamba	Chamba	Roopni	19	7.16
8	Chamba	Chamba	Shillaghat	14	6.85
9	Kangra	Bhawarna	Frared	13	6.33
10	Kangra	Bhawarna	Lohana	6	4.66
11	Kangra	Bhawarna	Punner	10	5.29
12	Kangra	Dharmsala	Narwana Khas	8	5.36
13	Kangra	Nagrota Bagwan	Barana	14	7.61
14	Kangra	Nagrota Bagwan	Danoa	9	7.50
15	Kangra	Nagrota Bagwan	Chaklu	28	8.19
16	Kangra	Nagrota Bagwan	Jalot	33	3.81
17	Kangra	Nagrota Bagwan	Lilly	9	3.89
18	Kangra	Nagrota Bagwan	Luhana	48	20.04
19	Kangra	Sullah	Kayarwa	11	6.28
20	Kangra	Sullah	Khaira	15	5.56
21	Mandi	Dharampur	Banal	18	9.82
22	Mandi	Dharampur	Barang	17	9.73
23	Mandi	Dharampur	Graho	10	3.71
24	Mandi	Dharampur	KunnS	21	16.43
25	Mandi	Dharampur	Sandhol	17	10.72
26	Mandi	Dharampur	Tor Khola	11	16.30
27	Mandi	Drang	Balh	13	4.02
28	Mandi	Drang	Dalah	16	18.23
29	Mandi	Drang	Gawali	5	5.00
30	Mandi	Drang	Nerdhar Vashra	19	13.15
31	Mandi	Drang	Pali	14	10.43
32	Mandi	Drang	Ropa	23	13.00
33	Mandi	Drang	Sanwad	22	17.00
34	Mandi	Drang	Sudhar	15	10.57
35	Mandi	Drang	Tikkar	35	10.80

36	Mandi	Drang.	Urla	16	12.74
37	Mandi	Drang	Zimzima	11	4.77
38	Sirmour	Nahan	Dhaged	29	22.27
39	Sirmour	Nahan	Kolawala Bhund	47	63.46
40	Sirmour	Nahan	Mahipur	17	16.30
41	Sirmour	Nahan	Navni	37	28.28
42	Sirmour	Nahan	Sen ki Ser	38	43.43
43	Una	Haroli	Ispur	29	0.59
<b>Total</b>				<b>887</b>	<b>553.90</b>

**Appendix-13 (Refer to Paragraph-2.9& Page-14)**

**NON-RECOVERY OF ROYALTIES FROM CONTRACTORS/SUPPLIERS  
DURING 2005-10**

**Gram Panchayats**

(₹ in lakh)

Sr No	Name of Distraict	Name of Block	GPs	Quantity (MT)	Outstanding
1	Chamba	Bhatiyat	Balana	905	0.18
2	Chamba	Bhatiyat	Bathari	966	0.19
3	Chamba	Bhatiyat	Chalahra	1840	0.37
4	Chamba	Bhatiyat	Chuhan	1527	0.31
5	Chamba	Bhatiyat	Kamala	2157	0.43
6	Chamba	Bhatiyat	Kuddi	3330	0.67
7	Chamba	Bhatiyat	Morthu	2405	0.48
8	Chamba	Bhatiyat	Parchhod	6473	1.29
9	Chamba	Bhatiyat	Raipur	3452	0.69
10	Chamba	Bhatiyat	Rulyani	815	0.16
11	Chamba	Bhatiyat	Samleu	1003	0.20
12	Chamba	Bhatiyat	Surpuda	886	0.17
13	Chamba	Bhatiyat	Tikkari	2050	0.41
14	Hamirpur	Hamirpur	Khayhalokharia	688	0.14
15	Kangra	Dharmsala	Kajlot	796	0.16
16	Kangra	Dharmsala	Maned	1475	0.30
17	Kangra	Rait	Bhitlu	250	0.05
18	Kangra	Darge	Dargela	1611	0.32
19	Kangra	Rait	Ghorda	667	0.13
20	Kangra	Rait	Karera	305	0.06
21	Kangra	Rait	Kuthma	1777	0.36
22	Kangra	Rait	Naganpat	281	0.13
23	Kangra	Rait	Prei	1994	0.40
24	Kangra	Rait	Sudhed	914	0.18
25	Kangra	Rait	Tharu	1644	0.33
26	Kangra	Sullah	Badrol	608	0.12
27	Kangra	Sullah	Bhora	856	0.17
28	Kangra	Sullah	Gharana	483	0.10
29	Kangra	Sullah	Jamula	644	0.13
30	Kangra	Sullah	Malnoo	1461	0.29
31	Kangra	Sullah	Mansimble	1498	0.30
32	Kangra	Sullah	Maroohn	993	0.20
33	Kangra	Sullah	Nanao	1015	0.20
34	Kullu	Ani	Bakhnow	517	0.10
35	Kullu	Ani	Digidhar	334	0.07
36	Kullu	Ani	Fanauti	507	0.10
37	Kullu	Ani	Krad	407	0.08



38	Kullu	Ani	Kushang	758	0.15
39	Kullu	Ani	Lagauti	1786	0.41
40	Kullu	Ani	Plahie	680	0.14
41	Kullu	Ani	Taluna	756	0.15
42	Kullu	Nirmand	Sarga	644	0.13
43	Mandi	Chauntra	Bhadol	973	0.19
44	Mandi	Chauntra	Chauntra	1831	0.37
45	Mandi	Chauntra	Dubbal	2557	0.51
46	Mandi	Chauntra	Tikkaru	1152	0.23
47	Mandi	Chauntra	Upribar	1510	0.30
48	Mandi	Dharampur	Banal	2234	0.45
49	Mandi	Dharampur	Basantpur	862	0.17
50	Mandi	Dharampur	Binga	1958	0.39
51	Mandi	Dharampur	Datwad	2232	0.35
52	Mandi	Dharampur	Gredu	700	0.14
53	Mandi	Dharampur	Kothuan	1439	0.29
54	Mandi	Dharampur	KunnS	1075	0.21
55	Mandi	Dharampur	Longni	1980	0.40
56	Mandi	Dharampur	Pehad	2131	0.43
57	Mandi	Dharampur	Sajau Piplu	4149	0.83
58	Mandi	Dharampur	Sarskahan	2584	0.52
59	Mandi	Gopalpur	Tikkar	760	0.15
60	Shimla	Narkanda	Janjehli	1121	0.22
61	Shimla	Narkanda	Jahoo	539	0.11
62	Shimla	Rampur Bushehar	Taklech	634	0.13
63	Sirmour	Nahan	Kattasi Tala	3008	0.66
64	Sirmour	Nahan	Kotla Molar	1023	0.21
65	Sirmour	Nahan	Mahipur	833	0.18
66	Sirmour	Nahan	Neheli Dhida	1530	0.31
67	Sirmour	Nahan	Ramadhaun	2365	0.47
68	Sirmour	Nahan	Sen ki Ser	2056	0.41
69	Una	Gagret	Tatehra	1403	0.45
70	Una	Haroli	Chhetran	1027	0.21
71	Una	Haroli	Dulehad	1086	0.21
72	Una	Haroli	Hiranagar	1452	0.29
73	Una	Haroli	Kungda	1815	0.37
74	Una	Haroli	Lower Panjavar	1452	0.29
75	Una	Haroli	Pandoga	1376	0.28
76	Una	Haroli	Polian Beet	1527	0.31
77	Una	Haroli	Singa	5098	1.02
<b>Total</b>				<b>113630</b>	<b>23.01</b>

**Appendix-14 (Refer to Paragraph-2.10& Page-15)****Deitals of Double labour payments on Muster Roll****(In ₹)**

<b>Sr. No.</b>	<b>Name of Distirct</b>	<b>Name of Block</b>	<b>Name of GPs</b>	<b>Period</b>	<b>Amount</b>
<b>1</b>	Kangra	Nagrota Bagwan	Massal	2005-06	410
<b>2</b>	Kangra	Rait	Dargela	2006-08	10365
<b>3</b>	Kangra	Sullah	Panapar	2006-07	1613
<b>4</b>	Kullu	Ani	Karseogad	2007-09	4855
<b>5</b>	Kullu	Ani	Lagauti	2009-10	5570
<b>6</b>	Mandi	Chauntra	Dubbal	2006-07	6471
<b>7</b>	Mandi	Chauntra	Khuddi	2006-07	2870
<b>8</b>	Mandi	Chauntra	Pihad Bhedlu	2006-07	780
<b>9</b>	Shimla	Rampur Bushehar	Gopalpur	2006-07	2450
<b>10</b>	Shimla	Rampur Bushehar	Jahoo	2009-10	840
<b>11</b>	Shimla	Rampur Bushehar	Khadan	2007-08	12120
<b>12</b>	Shimla	Rampur Bushehar	Munish	2007-08	11935
<b>13</b>	Una	Haroli	Dulehad	2007-08	4000
<b>Total</b>					<b>64279</b>

**Appendix-15 (Refer to Paragraph-2.11.1& Page-15)**

**EXCESS EXPENDITURE ON**  
**MATERIAL COMPONENTS OF WORKS EXECUTED UNDER MNREGA**

(₹ in lakh)

Sr. No	Name of Distirct	Name of Block	Name of GPs	No. of works	Amounts paid	Required 40% material payment	Actual Material payment	Required 60% labour payment	Actual labour payment	Difference (Col.10 – Col.9)
1	2	3	4	5	6	7	8	9	10	11,
1	Chamba	Bhatiyat	Balana	10	8.75	3.50	4.27	5.25	4.48	0.77
2	Chamba	Bhatiyat	Bathari	32	38.17	15.27	20.57	22.90	17.60	5.30
3	Chamba	Bhatiyat	Chuhan	31	82.21	32.89	60.25	49.33	21.97	27.36
4	Chamba	Bhatiyat	Dhulada	62	45.39	18.16	19.98	27.23	25.40	1.83
5	Chamba	Bhatiyat	Ghatasni	24	12.13	4.85	5.57	7.28	6.56	0.72
6	Chamba	Bhatiyat	Kakroti	51	32.55	13.02	15.94	19.53	16.61	2.92
7	Chamba	Bhatiyat	Kamala	27	32.94	13.18	16.82	19.77	16.13	3.64
8	Chamba	Bhatiyat	Morthu	29	29.00	11.60	15.95	17.40	13.05	4.35
9	Chamba	Bhatiyat	Parchhod	32	28.31	11.33	17.87	16.99	10.45	6.54
10	Chamba	Bhatiyat	Raipur	159	114.15	45.66	50.12	68.49	64.03	4.46
11	Chamba	Bhatiyat	Samleu	38	34.29	13.72	16.10	20.58	18.19	2.39
12	Chamba	Bhatiyat	Sihunta	42	30.08	12.03	16.88	18.05	13.20	4.85
13	Chamba	Bhatiyat	Surpuda	16	21.76	11.51	8.70	13.05	10.25	2.80
14	Chamba	Bhatiyat	Tikkari	28	24.56	9.82	11.84	14.74	12.73	2.01
15	Sirmour	Nahan	Navni	12	18.16	7.26	10.47	10.89	7.06	3.83
16	Solan	Dharampur	Anjimatl a	27	38.13	15.25	32.21	22.88	5.92	16.96
17	Solan	Dharampur	Taksal	4	6.97	2.79	4.82	4.18	2.15	2.03
18	Una	Gagret	Kaloh	15	20.91	8.36	9.88	12.55	9.88	2.67
19	Una	Gagret	Tatehra	22	16.48	6.59	8.03	9.88	8.44	1.44
20	Una	Haroli	Bhadauri	18	17.16	6.86	7.10	10.30	10.06	0.24
21	Una	Haroli	Dulehad	19	12.59	5.04	5.37	7.55	7.22	0.33
22	Una	Haroli	Ghaluwal	4	4.75	1.90	2.84	2.85	1.91	0.94
23	Una	Haroli	Hiranaga r	12	10.82	4.33	5.66	6.49	5.16	1.33
24	Una	Haroli	Nagal Kalan	16	10.21	4.08	5.29	6.12	4.92	1.20
25	Una	Haroli	Polian Beet	18	9.86	3.95	6.72	5.92	3.15	2.77
<b>Total</b>				<b>748</b>	<b>700.33</b>	<b>282.95</b>	<b>379.25</b>	<b>420.20</b>	<b>316.52</b>	<b>103.68</b>

**Appendix-16 (Refer to Paragraph-2.11.2& Page-16)****DELAY IN RELEASING PAYMENTS UNDER MNREGA SCHEME****(₹ in lakh)**

<b>Sr. No.</b>	<b>Name of Distirct</b>	<b>Name of Block</b>	<b>Name of GPs</b>	<b>Period</b>	<b>Delay in days</b>	<b>Amount</b>
1	Kangra	Rait	Kuthma	2009-10	30	2.17
2	Mandi	Chauntra	Chauntra	2009-10	54 to 282	6.26
3	Mandi	Chauntra	Dubbal	2008-10	54 to 315	6.13
4	Mandi	Chauntra	Kolang	2008-09	39 to 427	2.08
5	Mandi	Chauntra	Maman Mandir	2007-09	46 to 185	4.39
6	Mandi	Chauntra	Tikkaru	2008-09	38 to 140	2.08
7	Mandi	Dharampur	Basantpur	2009-10	28 to 60	1.65
8	Mandi	Dharampur	Binga	2008-09	40 to 254	3.71
9	Mandi	Dharampur	Gredu	2008-09	30 to 60	3.08
10	Mandi	Dharampur	Kothuan	2008-09	14 to 81	1.69
11	Mandi	Dharampur	Longni	2008-09	25 to 125	3.70
12	Mandi	Dharampur	Prasad Hawani	2008-09	20 to 91	2.97
13	Mandi	Dharampur	Tihra	2007-09	30-120	1.49
14	Mandi	Dharampur	Tor Khola	2008-09	35 to 55	1.77
15	Shimla	Narkanda	Kotighat	2009-10	90	1.11
16	Sirmour	Nahan	Dhaged	2007-09	30 to 120	0.80
17	Sirmour	Nahan	Kattasi Tala	2007-09	30 to 135	1.17
18	Sirmour	Nahan	Kolawala Bhund	2008-09	30 to 210	1.86
19	Sirmour	Nahan	Mahipur	2007-09	30 to 210	1.66
20	Sirmour	Nahan	Neheli Dhida	2006-08	30 to 150	1.78
21	Sirmour	Nahan	Ramadhaun	2006-08	20 to 60	0.83
22	Sirmour	Nahan	Sen ki Ser	2009-10	15 to 38	0.59
<b>Total</b>						<b>52.97</b>

**Appendix-17 (Refer to Paragraph-2.11.3 & Page-16)**

**IRREGULAR PAYMENT TO PANCHAYAT MEMBERS**

					(In ₹)
<b>Sr. No.</b>	<b>Name of Distrect</b>	<b>Name of Block</b>	<b>Name of GPs</b>	<b>Period</b>	<b>Amount</b>
1	Kangra	Rait	Bhitlu	2009-10	220
2	Kangra	Rait	Dargela	2007-09	1775
3	Kangra	Rait	Karera	2008-09	550
4	Kangra	Rait	Kutharna	2009-10	1099
5	Kangra	Rait	Naganpatt	2007-09	1300
6	Kangra	Rait	Sudhed	2007-08	2075
7	Kullu	Ani	Plahie	2009-10	300
8	Mandi	Chauntra	Pihad Bhedlu	2005-06	7500
9	Mandi	Chauntra	Upribar	2008-09	1750
10	Shimla	Rampur Bushehar	Munish	2009-10	1100
11	Sirmour	Nahan	Dhaged	2007-09	1300
12	Sirmour	Nahan	Kattasi Tala	2008-10	1600
13	Sirmour	Nahan	Kolawala Bhund	2009-10	1650
14	Sirmour	Nahan	Neheli Dhida	2009-10	1350
<b>Total</b>					<b>23569</b>

## **PREFACE**

This report has been prepared for submission to the Government of Himachal Pradesh in accordance with the terms of Technical Guidance and Supervision (TGS) of the audit of accounts of Urban Local Bodies (ULBs) as entrusted by the State Government vide notification dated 16<sup>th</sup> October 2008 to the Comptroller and Auditor General of India in terms of Eleventh Finance Commission's recommendations.

This audit report for the year 2009-10 is consolidation of major audit findings arising out of audit of accounts of ULBs in Himachal Pradesh and the performance audit of Rajiv Gandhi Urban Renewal Facility.

The purpose of this report is to give overview of the functioning of ULBs in the State of Himachal Pradesh and to draw the attention of the Executive Department and ULBs for remedial action and improvement wherever necessary.

The cases mentioned in this report are those, which came to notice in the course of test check of accounts of 18 Urban Local Bodies during the year 2010-11.

## **OVERVIEW**

The report organized in three Chapters. The first Chapter contains audit observations on the accounts and finances of the Municipal Corporation, Municipal Councils and Nagar Panchayats. Chapter 2 contains a performance review on Rajiv Gandhi Urban Renewal Facility in ULBs and Chapter 3 contains paragraphs based on audit of financial transactions of ULBs. The following is a synopsis of the findings contained in the report:-

### **Chapter-1 Accounts and Finances of Urban Local Bodies**

There is one Municipal Corporation, 25 Municipal Councils (MCs) and 23 Nagar Panchayats (NPs) in the State. Overall control of the ULBs rests with Principal Secretary (Urban Development) to the Government of Himachal Pradesh through Director, Urban Development Department.

“Paragraph 1.2”

State Government has not made provision in Acts/Rules for certification of accounts.

“Paragraph 1.6”

Test check of the records of Municipal Corporation, Shimla, seven Municipal Councils (MCs) out of 25 MCs and ten Nagar Parishads (NPs) out of 23 NPs were conducted during 2010-11.

“Paragraph 1.8”

Utilisation certificates (UCs) of Twelfth Finance Commission grants amounting to ₹ 5.91 crore were awaited from ULBs.

“Paragraph 1.10”

### **Chapter-2 Performance review on Rajiv Gandhi Urban Renewal Facility**

During 2007-09 ₹ 4.59 crore were sanctioned to seven ULBs under Rajiv Gandhi Urban Renewal Facility without keeping in view the first priority for Solid Waste Management.

“Paragraph 2.1.6.2”

MC Solan and Una incurred expenditure of ₹ 1.34 crore without approval of DPRs.

“Paragraph 2.1.6.3”

Sixteen works sanctioned between 2007 and 2010 for ₹ 5.49 crore were not commenced due to non availability/transfer of land and non completion of codal formalities.

“Paragraph 2.1.6.4”

### Chapter-3 Transaction Audit

Non-start of renewal and rejuvenation of Water Supply Scheme Shimla resulted in blockage of ₹ 15.92 crore.

“Paragraph 3.1”

Non commencement of construction of Modern Slaughter House at Boileaguanj, Shimla resulted in blockage of ₹ 6.51 crore.

“Paragraph 3.2”

Doubtful execution of work valued at ₹ 23.02 lakh and non-completion of Solid Waste Management Project (SWMP) resulted in blockage of funds of ₹ 0.47 crore.

“Paragraph 3.3”

MC Parwanoo extended undue favour to contractor for execution of work valued at ₹ 13.97 lakh without getting the estimates approved.

“Paragraph 3.4”

Municipal Corporation Shimla did not adjust/recover contingent advance of ₹ 24.33 crore due to non availability of records.

“Paragraph 3.5”

MC Parwanoo failed to recover ₹ 22.33 lakh as rent of office premises from Assistant Commissioner (Protocol).

“Paragraph 3.6”

Non-revision of rates of house tax by six ULBs as per recommendations of SFC resulted in loss of revenue of ₹ 2.86 crore.

“Paragraph 3.7”

Fourteen ULBs failed to realize the rent of shops from allottees amounting to ₹ 6.00 crore.

“Paragraph 3.8”

Due to ineffective monitoring a revenue of ₹ 4.85 crore on account of house tax in eleven ULBs remained outstanding.

“Paragraph 3.9”

Failure to realize the installation/renewal charges of mobile towers by Twelve ULBs resulted in loss of revenue of ₹ 14.40 lakh.

“Paragraph 3.10”

Failure to make payment of water bills resulted in creation of liability of ₹ 75.04 crore.

“Paragraph 3.11”

Five MCs and three NPs incurred expenditure of ₹ 2.70 crore in excess of norms for establishment expenditure.

“Paragraph 3.12”



# CHAPTER –1

## ACCOUNTS AND FINANCES OF URBAN LOCAL BODIES

### 1.1 Introduction

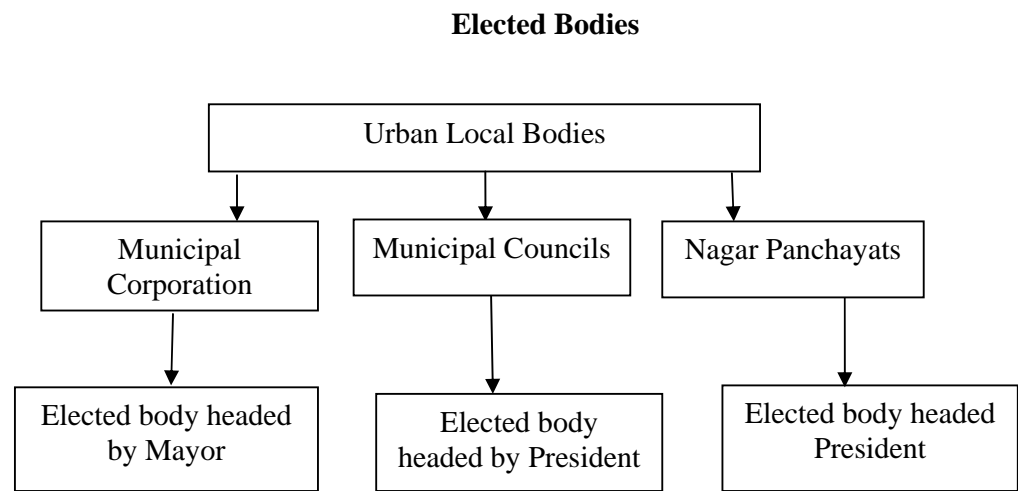
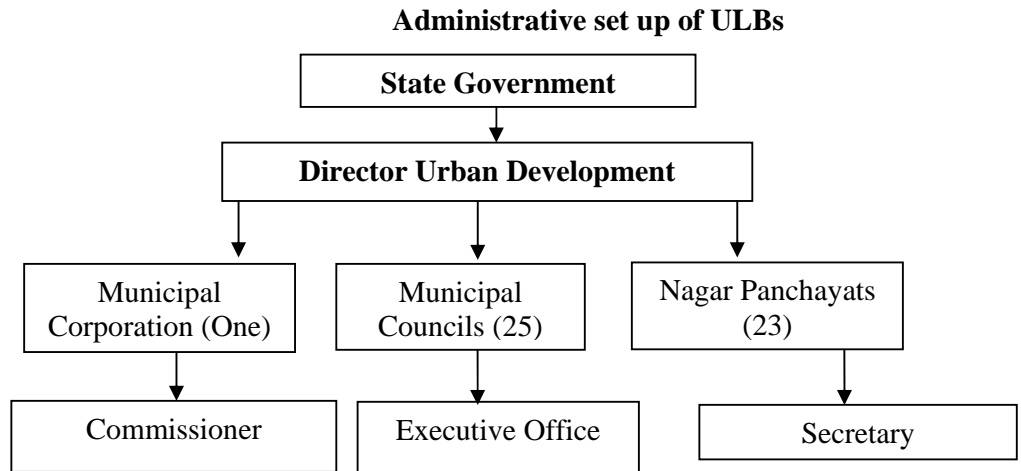
The Seventy Fourth Constitutional Amendment paved way for decentralization of powers and transfer of 18 functions listed in the Twelfth Schedule of the Constitution along with funds and functionaries to the Urban Local Bodies. To incorporate the provision of the Seventy Fourth Constitutional Amendment, the Government of Himachal Pradesh (Local Self Government) enacted the Himachal Pradesh Municipal Corporation Act, 1994 and Himachal Pradesh Municipal Act, 1994 for transferring the powers and responsibilities to Urban Local Bodies (ULBs). However, some obligatory and discretionary functions like maintenance of roads, streets, street lights, cleanliness etc. were with ULBs prior to enactment of these Acts.

The Eleventh Finance Commission (EFC) recommended that the Comptroller and Auditor General of India (CAG) should prescribe the formats for the preparation of budget and for keeping of accounts for the local bodies. EFC further recommended that CAG should be entrusted with the responsibility of exercising control and supervision over the proper maintenance of accounts and their audit for all Urban Local Bodies (ULBs). Accordingly, State Government has entrusted audit of ULBs to C&AG under Technical Guidance and Supervision (TGS) module by issuing notification (October, 2008).

### 1.2 Organizational Set up

There is one Municipal Corporation, 25 Municipal Councils (MCs) and 23 Nagar Panchayats (NPs) in the State.

Overall control of the ULBs rests with Principal Secretary (Urban Development) to the Government of Himachal Pradesh through Director, Urban Development Department. The Organizational set up of Urban Local Bodies is as under:-



### 1.3 Powers and functions

To function as institution of self-governance and to carry out the responsibilities conferred upon them, the ULBs exercise their powers and perform the functions in accordance with the provisions of the Constitution. Under section 43 of MC Act, some obligatory functions of the ULBs are as follows:-

- Water supply for public and private purpose;
- Construction and maintenance of sewage and drainage system;
- Collection and disposal of solid waste;
- Construction and maintenance of streets, bridges, culverts, etc. ;
- Construction and maintenance of public latrines, urinals and similar conveniences;

- Lighting of public streets and other public places;
- Construction and maintenance of markets;
- Preventing and checking spread of communicable diseases including immunization;
- Town planning and development including preservation of monuments, places of historical, artistic and other importance;
- Overall administration including survey, removal of encroachment, dangerous buildings, registration of births and deaths and pollution control of all kinds.

Further, MC Shimla, under section 44 of MC Act 1994, at its discretion provides the following services either wholly or partially out of its property and funds:

- Education;
- Music and other entertainments in public places;
- Houses for deaf, dumb, disabled and destitute persons;
- Public works relating to relief, care of sick and medical service;
- Measure to promote public safety, health, convenience or general welfare;

The State Government may impose or transfer any such functions and duties of the Government to the ULBs including those performed by the departments.

#### **1.4 Sources and allocation of Funds**

For execution of various developmental works, the ULBs received funds mainly from GOI and the State Government in the form of grants. GOI grants include grants assigned under the recommendations of Eleventh Finance Commission (EFC) and Twelfth Finance Commission (TFC). The State Government grants are received through devolution of net proceeds of the total tax revenue on the recommendations of the State Finance Commission (SFC). Besides, revenue is also mobilized by the ULBs in the form of taxes, rent, fees, issue of licenses, etc.

Position of funds released to the ULBs during 2006-10 is given below:-

**Table 1: Funds released by State & Central Government**

(₹ in crore)

Year	Receipts				Total	Total expenditure incurred <sup>1</sup>
	State Govt.	Central Govt.	Total	Own revenue		
2006-07	44.11	0.82	44.93	41.35	86.28	82.23
2007-08	54.37	12.15	66.52	44.26	110.78	85.90
2008-09	59.90	11.75	71.65	46.98	118.63	102.10
2009-10*	-	-	144.64	46.95	191.59	110.91

\*Bifurcation of State/Central Grant is awaited.

The grants were allocated among the Municipal Corporation, MCs and NPs on the basis of total population and revenue earned by them from their own resources.

### 1.5 Budget Estimates

The budget estimates of ULBs are prepared as per Himachal Pradesh Municipal Code, 1975 in the prescribed form keeping in view the budget estimates of expected income and expenditure for the next financial year and placed before the house of the committee for passing the same. After passing the budget by the house of the committee it is submitted to the Director Urban Development for approval. The budget provisions and the expenditure there against for the test-checked Municipal Corporation, seven MCs and ten NPs for the years 2007-08 to 2009-10 were as under:-

**Table 2: Budget estimates vis-à-vis expenditure**

(₹ in crore)

Year	Budget Estimate	Actual Expenditure	Savings (-) Excess (+)	Percentage over all utilization
2007-08	46.67	45.53	(-) 0.14	98
2008-09	118.54	80.43	(-)38.11	68
2009-10	166.67	67.36	(-) 99.31	40

(Unit-wise position is given in **Appendix-1**)

<sup>1</sup> The department has no separate detail of expenditure incurred under revenue and capital.

## **1.6 Non-Certification of Accounts**

Out of 49 ULBs, 30 ULBs have maintained their Accounts on accrual based system. Instructions have been issued by the Director Urban Development Department to all the ULBs to maintain their accounts from April 2009 on accrual basis. The National Municipal Accounts Manual (NMAM) has been approved by the State Government but the same has not been published in Gazette. With no specific provision in the State Acts/Rules, certification of accounts by an independent agency was not in existence in the ULBs. In the absence of provisions for certification, the authenticity of the final accounts can not be vouchsafed and no audit opinion on the true and fair view of the accounts of ULBs could be given.

## **1.7 Audit Arrangement**

The recommendations of Eleventh Finance Commission EFC stipulate that the CAG shall be responsible for exercising control and supervision over proper maintenance of the accounts of ULBs and their audit.

In Himachal Pradesh, audit of ULBs is being conducted by the Director Urban Development through Local Audit Department. In October 2008 the Government of Himachal Pradesh has entrusted audit of ULBs to C&AG under TGS arrangement. Accordingly audit for the year 2009-10 has been conducted under Technical Guidance and Supervision (TGS) as per recommendations of EFC.

## **1.8 Audit Coverage**

Test check of the records of Municipal Corporation, Shimla, seven Municipal Committees (MCs)<sup>2</sup> out of 25 MCs and eight Nagar Panchayats (NPs)<sup>3</sup> out of 23 NPs was conducted during 2010-11. In addition, a performance reviews of State Schemes viz. Rajiv Gandhi Urban Renewal Facility (RGURF) was conducted covering twenty out of 30 ULBs where the Scheme was implemented units<sup>4</sup>. Audit finding of the review on RGURF are incorporated

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<sup>2</sup> Hamirpur, Kangra, Nurpur Parwanoo, Poanta, Rampur, and Theog

<sup>3</sup> Banjar, Bhunter, Chowari, Daulatpur, Dehra, Jogindernagar, Jubbal, Kotkhai, Mehatpur and Rajgarh

<sup>4</sup> MCs, 11: Bilaspur, Chamba, Dharmasala, Kangra, Shri Naina Deviji, Nalagarh, Poanta, Parwanoo, Rampur, Solan, Una; NPs, 9: Chowari, Daulatpur, Gagret, Jwalaji, Jubbal, Kotkhai, Narkanda, Sangokhgarh and Talai

in Chapter II and important audit findings are incorporated in Chapter-III of the Report.

### 1.9 Internal Audit of ULBs

Under Section 161(3) of Himachal Pradesh Municipal Corporation Act and Section 255(1) of Himachal Pradesh Municipality Acts, 1994, the accounts of the local bodies are to be audited by a separate and independent agency. Government of Himachal Pradesh issued notification (October 2008), according to which Director Local Audit will prepare Annual Audit Plan. As per their Audit Plan for the year 2010-11, twenty ULBs were planned for audit and the target was fully achieved.

### 1.10 Utilization of Twelfth Finance Commission (TFC) grants

The position of funds released to the ULBs under TFC in the State and actual utilization there against during the period from 2006-07 to 2009-10 was under:-

**Table 4: Position of TFC grant**

(₹ in crore)			
Year	Funds allocated to ULBs	Funds released	Expenditure incurred
2005-06	1.60	...	...
2006-07	1.60	3.20 <sup>5</sup>	1.86
2007-08	1.60	1.60	0.08
2008-09	1.60	1.60	0.15
2009-10	1.60	1.60	0
<b>Total</b>	<b>8.00</b>	<b>8.00</b>	<b>2.09</b>

Source: Director UDD

It would be seen that only 26 percent of the funds released were utilized and the unspent amount of ₹ 5.91 crore was lying in savings bank accounts of the concerned ULBs. The Director, UDD stated (December 2010) that due to resentment of local peoples for establishment of Solid Waste Management Plants (SWM) the amount could not be utilized. He further stated that new sites have been/ are being identified and in some of the ULBs the work relating to SWM are in progress.

<sup>5</sup> Includes grant of ₹ 1,60 crore (2005-06)

### 1.10.1 Non-receipt of Utilization Certificates (UCs) from ULBs

As per TFC guidelines, ULBs are required to furnish UCs to Director, UDD within a period of six months from the date of receipt of grant. It was noticed that utilization certificates in respect of the unspent grants of ₹ 5.91 released by the State Government during 2005-10 to eight ULBs were not received by the Director UDD whereas State Government has issued UCs to GOI for the grants received during the aforesaid period.

### 1.11 Pending Audit objections

The Commissioner/Executive Officer/Secretary of the Municipal Corporation, MC and NP respectively having administrative powers are required to comply with the observations contained in the Inspection Reports (IRs) issued by Local Bodies Audit and Accounts office and rectify the defects/omissions and report their compliance to settle the observations. The details of IRs and paragraphs issued, settled and outstanding as on 31<sup>st</sup> March 2010 was as under:-

**Table 3: Position of pending IRs/ Paras.**

Year of issue	No. of IRs/Paras issued		Position as on 31.03.09		No. of IRs/Paras Settled		No. of IRs/Paras outstanding	
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
Upto 2008-09	70	724	70	687	1	87	69	600
2009-10	16	222	16	222	0	9	16	213
2010-11	15	157	0	0	0	0	15	157
<b>Total</b>	<b>101</b>	<b>1103</b>	<b>86</b>	<b>909</b>	<b>1</b>	<b>96</b>	<b>100</b>	<b>970</b>

Increasing trend of IRs and Paras is indicative of inadequate response to audit findings and observations and resulted in erosion of accountability.

## CHAPTER –II

### PERFORMANCE REVIEW ON RAJIV GANDHI URBAN RENEWAL FACILITY

#### 2.1.1 Introduction

Implementation of Rajiv Gandhi Urban Renewal Facility (RGURF) for infrastructure and sanitation improvement in all urban areas of the State except Shimla town was launched in the year 2006-07. RGURF is a State Plan Scheme and funds are provided to Municipal Councils (MCs)/Nagar Panchayats (NPs) on first come first served basis as 95 percent Government grant of the total cost of DPRs and remaining five percent is required to be borne by the concerned Urban Local Bodies (ULBs) from its own resources. Other than Shimla, there are 48 ULBs in the state and the scheme had been implemented only in 30 ULBs as of March 2010. The component of the scheme are:

- Management of Urban Solid Waste.
- Parking lots within the towns for cars and on the fringe of the town for trucks. The truck parking shall also integrate the workshops, dhabas and other catteries, common civic amenities.
- Setting up of new public amenities by way of community toilets within the existing towns, especially in the proximity of bus stand, hospitals and main shopping areas etc.
- Development of Parks within the existing towns.

#### 2.1.2 Audit Objectives

The Audit objective were to examine whether:

- Demands for funds for execution of works was duly supported by Detailed Project Report (DPR).
- Proper planning made to achieve the objectives of the scheme.
- The funds have been utilized by the ULBs.
- The assets have been created and utilized properly.
- Monitoring of the scheme by the Urban Development Department.



### 2.1.3 Audit Criteria

- Scheme guidelines.
- Acts/ Manuals/ codes of Municipalities.
- Instructions issued by the State Government from time to time for implementation of the scheme.
- Sanction orders for release of funds.
- Monthly/ quarterly reports prepared by the Director UDD/ Municipalities.

### 2.1.4 Audit Methodology and scope

The implementation of the scheme for the period 2006-10 was reviewed in audit during January/February 2011 by a test check of records of the Director, UDD and 20 out of 30 ULBs. The selection of ULBs was done on the basis of probability proportion to size without replacement (PPSWOR). Audit conclusions were drawn after scrutiny of records in selected units, analysis of available data, issue of audit memoranda and examination of replies of the concerned ULBs.

### 2.1.5 Allocation and release of funds

Funds are released to ULBs by the Director, UDD through bank drafts. The year wise position of budget allotment, funds released to ULBs and expenditure incurred by 30 ULBs during 2006-10 is given as under:

**Table 5: Details of allocation and release of funds**

(₹ in crore)

Year	Budget allotment	Amount released to ULBs	Amount spent by ULBs	Unspent balance
2006-07	3.00	3.00	2.14	0.86
2007-08	10.00	10.00	4.67	5.33
2008-09	3.68	3.68	1.29	2.39
2009-10	1.49	1.50	0.29	1.21
<b>Total</b>	<b>18.17</b>	<b>18.18</b>	<b>8.39</b>	<b>9.79</b>

In respect of 20 ULBs selected for test check, the position of funds released and expenditure incurred during 2006-10 is as under:

**Table 6: Detail of release and expenditure of test checked ULBs**

(₹ in crore)

Year	Funds released	Expenditure incurred	Unspent balance
2006-07	1.70	1.37	0.33
2007-08	10.00	4.67	5.33
2008-09	2.35	0.92	1.43
2009-10	0.78	0.08	0.70
<b>Total</b>	<b>14.83</b>	<b>7.04</b>	<b>7.79</b>

As per condition laid down in the release order of grants to the ULB by Director, UDD, the funds were required to be utilized within the same financial year in which the grants were released. It would be seen from above table that the pace of utilization of funds on the activities approved to be executed during the above period was quite low as out of ₹ 14.83 crore only ₹ 7.04 crore representing ( 47 percent) of the funds were utilized and the balance amount of ₹ 7.79 crore remained unspent as of February 2011. Audit noticed that main reason for non utilization of funds was non commencement of works and non completion of works within the prescribed time.

#### **2.1.6 Implementation of scheme**

Deficiencies noticed in the implementation of the scheme are discussed in the succeeding paragraphs.

##### **2.1.6.1 Status of works**

Out of 62 works<sup>6</sup> for which ₹18.18 crore released to 30 ULBs only 27 works were completed, 19 works were still in progress and 16 works were not commenced as of February 2011. Reasons for non commencement of works were due to non availability of land and non fulfillment of codal formalities.

##### **2.1.6.2 Non-execution of first priority work**

As per guidelines, the funds were to be demanded by the ULBs for the following activities in order of priorities indicated below:

- Management of Urban Solid Waste;
- Parking lots within the existing towns;

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<sup>6</sup> 2006-07: 22; 2007-08: 25; 2008-09: nine and 2009-10: six

- Community toilets within the existing towns; and
- Development of Parks within the existing towns.

In case first priority is fulfilled then second priority can be undertaken and so on third and fourth priority by mention of each priority. As such first priority should have been given for management of solid waste by the ULB where facility of Management of Solid Waste did not exist. Seven ULBs were not having Solid Waste Management system and were throwing urban solid in an unscientific manner nearby the towns. Instead of demanding the funds for solid waste management, these ULBs demanded ₹ 4.59 crore<sup>7</sup> for construction of Parking lots which were sanctioned (2007-09) by the Director UDD contrary to the guidelines of the State Government.

#### **2.1.6.3. Execution of work without preparation of Detailed Project Reports (DPR)**

As per RGURF guidelines, ULBs should prepare a DPR for each proposal. The DPRs were to be sent to Director (UDD) for sanction and release of funds by the Planning Department. It was noticed in audit that the Director, UDD sanctioned and released an amount of ₹ 1.34 crore between April 2007 and May 2009 to (MC Solan: ₹ 1.14 crore and MC Una: ₹ 0.20 crore) for execution of Parking / Park without obtaining the DPRs. The whole amount had been spent by the above MCs. In the absence of any DPRs authenticity of expenditure could not be vouched safe in audit.

#### **2.1.6.4 Non commencement of works**

Thirteen ULBs did not start execution of sixteen number of works such as construction of SWM, Parkings, toilets and parks, for ₹ 5.49 crore (**Appendix 2**). The reasons therefore were non availability of land, change of site and non completion of codal formalities. Thus the whole amount unutilized with them as of February 2011 and resulted in non accrual of intended benefits to the public.

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<sup>7</sup> Chowari: ₹ 0.26, Daulatpur: ₹ 1.31; Gagre ₹ 0.96; Jubbal: ₹ 0.50; Kotkhai : ₹ 0.46; Narkanda ₹ 0.50 and Rampur ₹ 0.60

### **2.1.6.5 Execution of work on the land not pertaining to ULBs**

Director (UDD) while sanctioning the funds under RGURF to the different ULBs had invariably directed all the ULBs that fund should be utilized after observing all the codal formalities. Guidelines also stipulates that land shall be provided for the construction of Parking by the ULBs.

Contrary to the instructions of the Director(UDD), six ULBs to whom ₹ 4.85 crore were sanctioned during 2007-08 and 2008-09 for construction of Parking and SWM started construction on Government land without getting the land transferred in the name of ULBs and incurred irregular expenditure of ₹ 1.06 crore (**Appendix- 3**) as of 31.03.2010.

### **2.1.6.6. Diversion of RGURF Funds**

(a) As per RGURF guidelines there were no provisions for meeting cost of land out of these funds. Contrary to the guidelines, EO, MC Chamba diverted ₹ 8.50 lakh out of RGURF funds for purchase of 1-6 *bigha* land at Kuranh for construction of SWM (Phase-II). While confirming the facts, EO, MC Chamba stated (February 2011) that MC was not having any land for SWM and due to financial constraints the funds were utilized for purchase of land. The reply is not tenable as the purchase of land out of RGURF funds is contrary to the guidelines.

(b) On the basis of a DPR, Director, UDD sanctioned (April 2008) construction of four Parking at different locations in Parwanoo town for ₹ 11.67 lakh. The construction of parking could not be done due to non removal of electricity poles by Himachal Pradesh State Electricity Board (HPSEB). The EO, MC Parwanoo, however, spent ₹ 5 lakh on improvement of area in front of MC office which was not approved by the Director, UDD. The remaining amount of ₹ 6.67 lakh was utilized on development of Parks (₹ 6.56 lakh) and construction of garbage containers (₹ 0.11 lakh) to meet excess expenditure over sanctioned provisions. Thus proposal of MC to construct Parking was ill conceived and resulted in diversion of funds for work not approved by the Director, UDD. The EO concerned admitted (February 2011) the facts.

### 2.1.6.7 Infertuous expenditure on construction of toilets

As per guidelines, community toilets under the scheme were to be set up especially in the proximity of bus stands, hospitals and main shopping areas and were to be leased on contract basis to M/S Sulbh International who already had presence in the state.

(a) Director (UDD) sanctioned (April 2007) ₹ 30.00 lakh to MC Una for construction of two toilets at Truck Union and Laser Valley. Construction of both the toilets were completed in October 2009 and April 2010 respectively but were not put to use as of February 2011. While confirming the facts, EO, MC Una stated (February 2011) that President, MC Una contacted authority of Sulbh International Chandigarh for taking over the toilets but after examining the site they did not agree to take over these toilets being not viable for them. Thus infrastructure created at a cost of ₹ 30.00 lakh remained unutilized and the whole expenditure proved infertuous.

(b) On the basis of DPR submitted by the MC, Dharmsala, Director UDD sanctioned (April 2007) ₹ 30.00 lakh for the construction of MSW, Parks and toilets. Of this MC, Dharmsala incurred ₹ 9.90 lakh for construction of three toilets on the places other than bust stand, hospitals and main shopping complex as detailed below:

**Table 7: Detail of community toilets not put to use**

Sr. No.	Place where toilets constructed	Date of start of work	Date of completion	Expenditure ₹ in lakh
1.	Old Cherri Road	18.09.2008	18.09.2009	5.90
2.	Near Board of School Education	21.10.2007	28.05.2009	3.00
3.	Depot Bazar	21.10.2007	21.09.2007	1.00
<b>Total</b>				<b>9.90</b>

Due to construction of toilets in less crowded area M/S Sulbh International refused to take over these toilets as these toilets were not economically viable. While confirming the facts, EO, MC Dharmsala stated (February 2011) that community toilets were already in existence at bus stand and zonal hospital, which are being maintained by Sulbh International. The construction of toilets in the above mentioned localities of the town was done without ensuring

necessity and viability of running the amenities. As such the expenditure of ₹ 9.90 lakh incurred on construction of toilets had rendered infructuous.

#### **2.1.6.8 Deviation in execution of works ₹ 35.00 lakh.**

As per Himachal Pradesh Municipal Works rules deviations in execution of works beyond ten percent is required to be approved from competent authority. Contrary to this four ULBs got executed the works after making deviations in various items of works ranging between 16 and 709 percent without getting it approved from the competent authority as detailed below:

**Table 8: Deviations in execution of works**

(₹ in lakh)

Sr. No	Name of ULBs	Name of Work	Amount of award for deviated items	Expenditure incurred on deviated items	Excess amount due to deviation	Deviation in percentage
1	Daultpur Chowk	Construction of parking opposite N.P. office	1.17	2.69	1.52	130
2	Gagret	Construction of Parking	10.15	18.61	8.46	16 and 252
3	Sh Nania Devi ji	Construction of park near E.O residence	1.54	5.49	3.95	253 and 288
4	Solan	Construction of parking behind M.C. office	36.92	52.45	15.53	20 and 709
5	Talai	C/o parking	18.02	23.49	5.47	22 and 602
<b>Total</b>			<b>67.80</b>	<b>102.73</b>	<b>34.93</b>	

Deviation of items is indicative of unrealistic preparation of estimates and non compliance of instructions in letter and spirit resulted in an irregular payment of ₹ 35 lakh on these deviated items. While confirming the facts, the EOs/ Secretaries of ULBs stated that deviation will be got regularized.

### **2.1.7 Monitoring and Supervision**

The progress of the scheme in ULBs is monitored by Director ULB on the basis of monthly progress reports. The progress is also monitored in person during the quarterly review meeting held in Directorate of UDD.

### **2.1.8 Conclusion**

Solid Waste Management (SWM) was the first priority under the scheme to ensure clean environment and avoid health hazard in the towns. The Director, UDD, however, sanctioned funds during 2005-10 for other works to seven ULBs where facilities of SWM did not exist. Sanctioning of funds without obtaining DPRs from the ULBs also indicated system failure of the Urban Development Department to exercise check over malpractices. Non-utilization of created infrastructure without any need in some of the ULBs showed that proposals therefore were ill conceived and ultimately led to infructuous expenditure.

### **2.1.9 Recommendations**

- Since prioritization of works is essential for successful implementation of the scheme, the Director Urban Development should examine the proposal received from the ULBs thoroughly before sanction and release of funds.
- To ensure transparency in sanctioning and release of funds, the Director Urban Development should not deviate from the system of obtaining DPRs from ULBs and ensure release of funds only on the basis of DPRs submitted by the ULBs.
- Director Urban development needs to examine check over diversion of scheme funds for other purposes and issue suitable instructions to the concerned ULBs.

## CHAPTER –III

### TRANSACTION AUDIT

#### 3.1 Blockage of funds under Jawahar Lal Nehru National Urban Renewal Mission

##### **Non start of renewal and rejuvenation of Water Supply Scheme Shimla resulted in blockage of ₹ 15.92 crore**

With a view to provide adequate quantum of portable water to the citizens of Shimla town, Government of India approved (February 2009) a Detailed Project Report (DPR) for rejuvenation of water supply system under Jawahar Lal Nehru National Urban Renewal Mission (JNNURM) for ₹ 72.36 crore and released first installment of ₹ 14.47 crore in May 2009. The State Government conveyed (July 2009) the administrative approval and expenditure sanction of funds amounting to ₹ 15.92 crore (Central Share: ₹ 14.47 crore and State share ₹ 1.45 crore). Himachal Pradesh Housing and Urban Development Agency (HIMUDA) was declared as Executing Agency in September 2009 and the project was to be completed by the end of March 2010. But no progress was made as of June 2010 for which no reasons were available on records. The Principal Secretary (UD) declared (June 2010) MC Shimla as Project Implementation Unit. For execution of the DPR Principal Secretary (UD) asked (August 2010) Water and Power Consultancy Services (WAPCOS) to submit initial bid which WAPCOS submitted in September 2010. In October 2010, Pr. Secretary (UD) asked MC Shimla to reframe/ restructure the DPR with special emphasis on ensuring 24x7 water supplies and zoning of water supply system with main lines on trestles and branch lines in ducts on roads. In turn WASCOS showed its inability to execute the work as per revised terms of references and the whole amount of ₹ 15.92 crore is lying unspent as of March 2011 resulting in blockage of funds and depriving the public of intended benefits.



### **3.2 Blockage of funds due to non construction of Modern Slaughter House at Boileaguanj, Shimla**

**Non commencement of construction of Modern Slaughter House at Boileaguanj, Shimla resulted in blockage of ₹ 6.51 crore.**

Ministry of Food Processing Industries (MFPI) accepted (August 2007) the proposal for construction of Modern Slaughter House and establishment of rendering cum carcass utilization plant at Boileauganj, Shimla and approved (November 2008) ₹19.66 crore. MFPI released (November 2008) ₹ 1.14 crore being first installment and State Government released (March 2009) ₹ 5.37 crore, being 25 percent share of the Project cost to MC, Shimla. MC, Shimla awarded (June 2009) the work to a Noida based firm. As per agreement the project was to be completed within 18 months from the date of approval of final design. MC, Shimla released (July 2009) ₹ 5.00 crore to the firm against bank guarantee. The firm started (August 2009) the work but the local residents stopped the work within a period of seven days from the start of work. The firm requested (January 2010) MC, Shimla to hand over new site for the project due to resistance by local people in the existing site. After one year of closure of the work, the Assistant Commissioner MC, Shimla held meeting (July 2010) with the Deputy Secretary of MFPI for identifying/change of the site for construction of the project. As a result, the site was shifted (November 2010) near Darni ka Bagicha but permission of the forest department for the clearance of new site is yet to be obtained (March 2011). Thus, improper planning in execution of work resulted in blockage of ₹ 6.51 crore (₹ 5.00 crore with the firm and ₹ 1.51 crore with MC, Shimla) and public was also deprived of the intended benefit.

### **3.3 Doubtful execution and non-utilisation of funds under Twelfth Finance Commission.**

**Doubtful execution of work valued at ₹ 23.02 lakh and non-completion of Solid Waste Management Project (SWMP) resulted in blockage of Twelfth Finance Commission funds of ₹ 0.47 crore.**

TFC Guidelines provide that funds sanctioned under the scheme should be utilized promptly. Director UDD placed ₹ 108.77 lakh (February 2006:

₹ 51.29 lakh and February 2009: ₹ 57.48 lakh) at the disposal of Executive Officer (EO), Parwanoo, under Twelfth Finance Commission (TFC) for the construction of Solid Waste Management Project at Parwanoo. As per Detailed Project Report (DPR) the estimated cost of the project was ₹ 81.48 lakh. Of this, ₹ 25.00 lakh were earmarked for the site development and construction of RCC retaining wall from RD 0/0 to 0/72 meters. The work pertaining to RCC retaining wall completed in February 2007 for which payment of ₹ 38.62 lakh was made to the contractor. However, EO Parwanoo again called (June 2009) tenders for the construction of the RCC retaining wall on the same retaining wall by splitting the tenders in six parts for 12 meters each and awarded (July 2009) the works to two contractors. The initial stretch of 24 meters was awarded to one contractor for ₹ 13.56 lakh and remaining 48 meters stretch was awarded to 2<sup>nd</sup> contractor for ₹ 27.12 lakh. The contractor to whom work for initial stretch was awarded did not execute the work due to illness and hence the revised work from RD 0/0 to 0/36 was got executed from the other contractor and payment of ₹ 23.02 lakh was made (November 2009) after completion of this work.

Executive Officer, MC Parwanoo stated that the work was actually awarded/executed beyond the point upto which work had already been executed but RD beyond that point was again mentioned as 0/0 to 0/72. It was noticed in audit that records in support of this was not available with the MC. Nowhere in the Measurement books the RD was mentioned on which the RCC wall was actually constructed in the absence of which it could not be ascertained in audit on which RD the work was actually executed or not which is indicative of doubtful execution of work of ₹ 23.02 lakh.

After incurring expenditure of ₹ 62.08 lakh (inclusive of cost of preparation of DPR of ₹ 0.44 lakh) only RCC wall could be completed and work pertaining to construction of composting pits for 20 batteries and construction of platform for dry composting was not started as of March 2010. Non-completion of SWMP work resulted in blockage of TFC funds of ₹ 0.47 crore besides depriving the public of the intended benefits.

### 3.4 Execution of works without estimates.

**MC Parwanoo extended undue favour to contractor for execution of work valued at ₹ 13.97 lakh without getting the estimates approved.**

Executive Officer, MC, Parwanoo after getting the estimates approved for the construction of Rehan Basera building upto ground floor, awarded the work to a contractor (December 2009) for ₹ 19.94 lakh with the stipulated date of completion within six months from the date of awarding the work. However, instead of completing the work upto ground floor, only form work and brick work was got executed upto 2<sup>nd</sup> floor of the building for which no estimates were prepared/approved from the competent authority. For execution of additional work of 1<sup>st</sup> and 2<sup>nd</sup> floor additional payment of ₹ 13.97 lakh was released to the contractor resulting in undue favour to contractor to this extent. Due to execution of additional work the building could not be completed upto ground floor despite incurring an expenditure of ₹ 27.89 lakh (March 2010). While confirming the facts, EO, MC Parwanoo stated (February 2010) that additional work was got executed on the recommendations of the House and asked that contractor agreed to execute the work on the rates already offered by him upto ground floor. The reply is not tenable because execution of works without getting the estimates approved was contrary to the financial rules.

### 3.5 Non adjustment of contingent Advances

**Municipal Corporation Shimla did not adjust/recover contingent advance of ₹ 24.33 crore due to non availability of records.**

Municipal Corporation, Shimla has been making contingent advances from time to time to its various departments to meet their immediate requirement for different purposes. The arrear of outstanding contingent advances accumulated to 24.33 crore at the end of March 2010. Department wise detail of outstanding advances is given below:

**Table 9: Detail of outstanding advances****( In ₹ )**

Name of the Department	Period	OB as on 31.03.2009	Addition during 2009 -10	Total	Adjusted during 2009 -10	Outstanding as on 31.03.10
Water Supply and sanitation	1945 to 31.03.09	47891348	10831252	58722600	132950	58589650
Roads and building	1955 to 31.03.2009	132818173	12945741	145763914	3112623	142651291
Health	1948 to 31.03.2009	20738294	14294638	35032932	45516	34987416
General	1959 to 31.03.09	5087090	2618824	7705914	1073915	6631999
Forest	1960 to 31.03.2009	419617	0	419617	0	419617
<b>Total</b>		<b>206954522</b>	<b>40690455</b>	<b>247644977</b>	<b>4365004</b>	<b>243279973</b>

Year wise details of these advances were not available with the Corporation. The House of MC, Shimla instructed (June 2006) the MC authorities to scrutinize the records after 1996 and further instructed to take steps for adjusting long outstanding advances but action taken by the authorities to scrutinize the records for adjusting the advances was not on records. While admitting the facts, Assistant Commissioner, MC, Shimla stated (December 2010) that due to non availability of old records the advances could not be adjusted. Thus due to casual approach adopted by the MC, Shimla the old outstanding contingent advances could not be adjusted/ recovered.

### 3.6 Outstanding recovery

**MC Parwanoo failed to recover ₹ 22.33 lakh as rent of office premises from Assistant Commissioner (Protocol).**

Office of the Assistant Commissioner (Protocol) is housed in two rooms covering 49.145 sqm carpet area of the office building of MC, Parwanoo since October 1992. No agreement for handing over these two rooms was available with the MC. However, MC raised (January 2002) rent bill of ₹ 12.69 lakh for the premises which included rent for parking area of 230 sqm, average electricity and water bills upto March 2002 against which no payment was received. Thereafter neither any bill was raised nor efforts made to get the accommodation vacated. On the basis of bill raised by MC, Parwanoo, outstanding rent works out to 9.64 lakh from April 2002 to February 2010. Thus MC, Parwanoo failed to recover total rent of ₹ 22.33 lakh. While

admitting the facts, EO, MC, Parwanoo stated (February 2010) that initially the charge of EO, MC, Parwanoo was with the Assistant Commissioner (Protocol) and after posting of regular EO, Assistant Commissioner did not vacate the accommodation despite repeated requests.

### **3.7 Loss due to non revision of rates of house tax**

**Non-revision of rates of house tax by six ULBs as per recommendations of SFC resulted in loss of revenue of ₹ 2.86 crore.**

The Director, Urban Development directed (November, 2003) all the ULBs that, as per the recommendations of the 2<sup>nd</sup> State Finance Commission (SFC) there shall be a percentage increase in the rate of house tax every year so as to reach the level of 12.5 per cent at the end of 2006-07 from 7.5 percent as of 2002-03. Accordingly, the rates were to be enhanced at the rate of one percent each year from 2002-03 onwards.

In Six ULBs (**Appendix-4**) the instructions had not been followed for revision of rates of house tax and demand for house tax was levied at uniform rates ranging between 7.5 percent and 10 percent resulting in loss of revenue to the tune of ₹ 2.86 crore. The concerned officers of ULBs stated (April 2010 to March 2011) that action would be taken to revise the rates.

### **3.8 Non realization of rent**

**Fourteen ULBs failed to realize the rent of shops from allottees amounting to ₹ 6.00 crore.**

Section 258 (i) (b) (2) of Himachal Pradesh Municipal Act, 1994 provides that any amount which is due to the municipality and remains unpaid for fifteen days after the same is due, the Executive Officer(EO)/Secretary as the case may be, may serve notice of demand upon the persons concerned. The Act also provides that any sum due for recovery shall without prejudice to any other mode of collection, be recoverable as arrear of land revenue.

It was noticed that in thirteen ULBs, (Municipal Corporation Shimla, Five MCs and eight NPs) (**Appendix-5**), rent of ₹ 4.52 crore was pending recovery as on April 2007 against the allottees of shops/stalls owned by these ULBs. Further demand of ₹ 8.24 crore was raised against the tenants/ lessees of these shops/stalls during 2007-10. Against the total demand of ₹ 12.76 crore only

₹ 6.76 crore was recovered leaving outstanding rent of ₹ 6.00 crore as of March 2010 thereby showing increasing trend. The concerned local bodies stated (April 2010 to March 2011) that notices had been issued to defaulters for recovery of rent, but no case for recovery as arrear of land revenue had been initiated.

Non-recovery of rent had thus not augmented the financial resources of the funds starved ULBs.

### **3.9 Outstanding house tax**

**Due to ineffective monitoring a revenue of ₹ 4.85 crore on account of house tax in eleven ULBs remained outstanding.**

In eleven ULBs (MC: 6 and NP: 5) (**Appnedix-6**) there was an opening balance of outstanding house tax of ₹ 3.78 crore as on April 2007 and demand of

₹ 6.14 crore was raised during the period 2007-10. However, the collection of house tax was to the extent of ₹ 5.07 crore during the corresponding period leaving outstanding balance of ₹ 4.85 crore as of March 2010. The pace of recovery was slow as even the current demand could not be recovered. Non-recovery of house tax has deprived the ULBs from revenue which could have been utilized for other developmental works. It was further noticed that NP Rajgarh did not impose house tax. The Secretary NP Rajgarh stated (June 2010) that house tax could not be imposed due to lack of staff. The EOs/ Secretaries of other concerned ULBs stated (April 2010 to March 2011) that action would be taken against the defaulters for recovery of arrears

### **3.10 Non-recovery of installation/renewal charges for Mobile Towers.**

**Failure to realize the installation/renewal charges of mobile towers by twelve ULBs resulted in loss of revenue of ₹ 14.40 lakh.**

Himachal Pradesh Government authorized (August 2006) the ULBs to levy duty on installation of mobile communication towers at the rate of ₹ 10,000/- per tower and annual renewal fee at the rate of ₹ 5,000/-.

In twelve ULBs, mobile towers were installed in their jurisdiction during 2005-09 but the concerned ULBs had not recovered the charges of ₹ 14.40 lakh (installation charges ₹ 2.40 lakh and renewal charges ₹12.00 lakh) as of

March 2010 in respect of 74 towers (**Appendix-7**). The concerned ULBs stated (April 2010 to March 2011) that action would be taken to recover the dues.

### **3.11 Creation of liabilities.**

**Failure to make payment of water bills resulted in creation of liability of ₹ 75.04 crore.**

MC Shimla has been distributing and maintaining water supply in the town and water is being supplied by the Irrigation and Public Health Department (IPH) on payment basis.

It was noticed that an amount of ₹ 75.04 crore was outstanding on account of water bills payable to IPH department as of March 2010. The IPH department was supplying the water at the rate of ₹ 8/- per kilolitre till May 2005. Thereafter with the increase in the rates at 10 percent every year the cost increased to ₹11.70 per kilolitre whereas the MC has been charging the rate of ₹ 4.24 per kilolitre from domestic connections. There was thus huge difference between rates payable to IPH department and those being charged from domestic consumers. MC, Shimla did not make the payment for water bills to IPH Department after March, 2004. Due to non payment of bills to IPH Department after March 2004 and of rates payable to IPH department and recoverable from the water users has resulted in creation of liability of ₹ 75.04 crore. No cogent reasons were advanced for non payment of bills after March 2004 and huge variation in rates recoverable from the users.

### **3.12 Excess expenditure on establishment.**

**Five MCs and three NPs incurred expenditure of ₹ 2.70 crore in excess of norms and failed to collect the outstanding taxes to the tune of 3.08 crore which could have been utilized thereby reducing the percentage of establishment expenditure.**

As per section 53 (i) (c) of Himachal Pradesh Municipal Act and section 75 (i) of Himachal Pradesh Municipal Corporation Act, 1994, the expenditure on establishment charges should not exceed one third of the total expenditure of the ULBs.

In Five MCs and three NPs, total expenditure of ₹ 23.51 Crore (2007-08: ₹ 7.70; 2008-09: ₹ 6.54 and 2009-10: ₹ 9.27) crore was incurred during 2007-10. As per provisions of the MC Act, ₹ 7.84crore (2007-08: ₹ 2.57; 2008-09 ₹ 2.19 and 2009-10: ₹ 3.08) were to be spent on establishment whereas these ULBs incurred ₹ 10.54 crore (2007-08: ₹ 3.27; 2008-09: ₹ 3.01 and 2009-10: ₹ 4.26) on establishment resulting in excess expenditure of ₹ 2.70 crore (2007-08: ₹ 0.70; 2008-09: ₹ 0.82 and 2009-10: ₹ 1.18) beyond prescribed norms during 2007-10 (**Appendix-8**). The EOs of concerned ULBs stated (April 2010 to March 2011) that the excess expenditure was due to limited sources of income and increase of allowances/regularization of services of daily waged staff. The reply was not tenable as excess expenditure was due to not taking effective steps to ensure optimum collection of ₹ 3.07 crore<sup>8</sup> on account of various taxes by these ULBs. The execution of various developmental works could have been taken up with these funds had the limit of one third expenditure on establishment been ensured.

**Shimla**  
**Dated : 16.08.2011**

**(Deep Ram)**  
**Deputy Accountant General**  
**Local Bodies Audit & Accounts**  
**Himachal Pradesh**

**Countersigned**

**(J. Wilson)**  
**Accountant General (Audit)**  
**Himachal Pradesh**

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<sup>8</sup> Hamirpur ₹ 1.03, Nurpur ₹ 0.04, Poanta ₹ 0.33, Rampur ₹ 0.54, Theog ₹ 0.68, Chowari ₹ 0.03, Joginder Nager ₹ 0.46



**Appendix-1 (A)****(Refer paragraph 1.5)****Statement of Budget Estimates and actual expenditure of ULBs  
for the year 2007-08***(₹ in lakh)*

Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)	Percentage of over all utilization
1.	MC, Shimla	2838.28	3234.24	(+)395.96	113.95
<b>Municipal Councils</b>					
1.	Hamirpur	411.58	197.37	(-)214.21	47.95
2.	Kangra	203.09	147.83	(-)55.26	72.79
3.	Nurpur	177.13	92.74	(-)84.39	52.36
4.	Paunta	346.81	180.48	(-)166.33	52.04
5.	Parwanoo	88.57	227.74	(+)139.17	257.13
6.	Rampur	20.83	148.59	(+)127.76	713.35
7.	Theog	166.62	44.02	(-)122.60	26.42
<b>Total</b>		<b>1414.63</b>	<b>1038.77</b>	<b>(-)375.86</b>	<b>73.43</b>
<b>Nagar Panchayats</b>					
1.	Banjar	19.10	15.97	(-)3.13	83.61
2.	Bhunter	52.79	61.39	(+)8.60	116.29
3.	Chowari	75.10	30.74	(-)44.36	40.93
4.	Dehra	66.63	70.48	(+)3.85	105.77
5.	Daulatpur	39.85	39.70	(-)0.15	99.62
6.	Joginer Nagar	52.35	63.42	(+)11.07	121.15
7.	Jubbal	15.75	12.93	(-)2.82	82.10
8.	Kotkhai	25.90	20.97	(-)4.93	80.97
9.	Rajgarh	26.80	22.33	(-)4.47	83.32
10.	Mehatapur	40.00	42.41	(+)2.41	106.03
<b>Total</b>		<b>414.27</b>	<b>380.34</b>	<b>(-)33.93</b>	<b>91.81</b>
<b>Grand Total</b>		<b>4667.18</b>	<b>4553.35</b>	<b>(-)13.83</b>	<b>97.56</b>

**Appendix-1 (B)**

**(Refer paragraph 1.5)**

**Statement of Budget Estimates and actual expenditure of ULBs  
for the year 2008-09.**

(₹ in lakh)

Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)	Percentage of over all utilization
1.	MC Shimla	9505.61	6066.48	(-) 3439.13	63.81
<b>Municipal Council</b>					
1.	Hamirpur	282.22	496.31	(+)214.09	175.86
2.	Kangra	209.88	219.02	(+)9.14	104.35
3.	Nurpur	184.51	110.90	(-)73.61	60.11
4.	Paonta	507.53	220.86	(-)286.67	43.52
5.	Parwanoo	229.08	218.70	(-)10.38	95.47
6.	Rampur	228.77	146.00	(-)82.77	50.56
7.	Theog	168.57	59.08	(-)109.49	35.04
<b>Total</b>		<b>1810.56</b>	<b>1470.87</b>	<b>(-)339.69</b>	<b>81.24</b>
<b>Nagar Panchayats</b>					
1.	Banjar	21.48	23.77	(-)2.29	110.66
2.	Bhunter	61.26	87.01	(+)25.75	158.36
3.	Chowari	101.53	32.89	(-)68.64	32.39
4.	Dehra	75.86	72.87	(-)2.99	96.06
5.	Daulatpur	53.71	74.50	(-)20.79	138.71
6.	Joginder Nagar	70.06	59.32	(-)10.74	84.67
7.	Jubbal	18.61	15.76	(-)2.85	84.69
8.	Kotkhai	26.49	35.96	(+)9.47	135.75
9.	Mehatpur	80.00	83.08	(+)3.08	103.85
10.	Rajgarh	29.40	20.84	(-)8.56	70.88
<b>Total</b>		<b>538.40</b>	<b>506.00</b>	<b>(-)32.40</b>	<b>93.98</b>
<b>Grand Total</b>		<b>11854.57</b>	<b>8043.35</b>	<b>(-)3811.22</b>	<b>67.85</b>

## Appendix-1 (C)

(Refer paragraph 1.5)

### Statement of Budget Estimates and actual expenditure of ULBs for the year 2009-10.

(₹ in lakh)

Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)	Percentage of over all utilization
1.	MC Shimla	14008.62	4692.35	(-)9316.27	33.50
<b>Municipal Councils</b>					
1.	Hamirpur	278.39	337.30	(+)58.91	121.16
2.	Kangra	187.58	274.38	(+)86.80	146.27
3.	Nurpur	192.97	129.59	(-)63.38	67.30
4.	Paonta	507.18	224.93	(-)282.25	44.35
5.	Parwanoo	354.35	244.47	(-)109.88	68.99
6.	Rampur	277.41	202.29	(-)75.12	72.92
7.	Theog	222.68	68.49	(-)154.19	30.76
<b>Total</b>		<b>2020.56</b>	<b>1481.45</b>	<b>(-)539.11</b>	<b>73.32</b>
<b>Nagar Panchayats</b>					
1.	Banjar	24.88	30.82	(+)5.94	123.87
2.	Bhunter	71.71	64.24	(-)7.47	59.58
3.	Chowari	158.25	57.48	(-)100.77	36.32
4.	Dehra	80.10	83.03	(+)2.93	103.66
5.	Daulatpur	61.50	82.76	(+)21.26	134.57
6.	Joginder Nagar	60.36	59.75	(-)0.61	98.99
7.	Jubbal	38.72	29.70	(-)9.02	76.70
8.	Kotkhai	31.46	51.98	(+)20.52	165.23
9.	Mehatpur	80.00	73.31	(-)6.69	104.14
10.	Rajgarh	30.44	29.11	(-)1.33	95.63
<b>Total</b>		<b>637.42</b>	<b>562.18</b>	<b>(-)75.24</b>	<b>88.20</b>
<b>Grand total</b>		<b>16666.60</b>	<b>6735.98</b>	<b>(-)9930.62</b>	<b>40.42</b>

**Appendix-2**

**(Refer paragraph 2.1.6.4)**

**Non commencement of works**

(₹in crore)

Sr. No.	Name of ULB	Name of Project	Number of works	Amt. released	Expenditure	Balance
<b>2006-07</b>						
1	Rampur	Parking	1	59.55	0	59.55
2.	MC Nahan*	Parking	1	35.00	8.00	27.00
<b>Total</b>			<b>2</b>	<b>94.55</b>	<b>8.00</b>	<b>86.55</b>
<b>2007-08</b>						
3	Kotkhai	Parking	1	46.00	0.50	45.50
4.	Nalagarh	Parking, SWM Dev. of Parks, Toilets	4	92.00	1.69	90.31
5	Chowari	Parking	1	26.00	0.58	25.42
			<b>6</b>	<b>164.00</b>	<b>2.77</b>	<b>161.23</b>
<b>2008-09</b>						
6	Sundernagar*	Parking	1	40.00	0	40.00
6	Jogindernagar*	Parking	1	46.20	0	46.20
8	Dharmasala	Parking	1	50.00	1.36	48.64
9.	Jwalamukhi	Parking	1	32.30	0	32.30
			<b>4</b>	<b>168.50</b>	<b>1.36</b>	<b>167.14</b>
<b>2009-10</b>						
10	MC Mandi*	Toilets	1	11.73	0	11.73
11	NP Sarkaghat*	Dev. Of Park	1	40.00	0	40.00
12	MC Una	Parking	1	60.00	0	60.00
13	Santokhgarh	Dev. Of Park	1	10.00	0	10.00
			<b>4</b>	<b>121.73</b>	<b>0</b>	<b>121.73</b>
<b>Grand Total</b>			<b>16</b>	<b>548.78</b>	<b>12.13</b>	<b>536.65</b>

**Appendix-3**

**(Refer paragraph 2.1.6.5)**

**Execution of works on the land not pertaining to ULBs**

(₹ in crore)

S.No.	Name of ULBs	Name of scheme	No. of works	Date of sanction	Amount sanctioned	Expenditure incurred
1	Bilaspur	C/o parking & SWM	2	23.04.08	1.64	0.23
2	Jubbal	C/o parking & SWM	1	3.09.08	0.50	0.47
3	Naina Devi	C/o parking & SWM	6	23.04.08	0.94	0.08
4	Nalagarh	C/o parking & SWM	4	23.04.08	0.92	0.02
5	Narkanda	C/o parking & SWM	1	23.04.08	0.50	0.20
6	Paonta	C/o toilets & Parks	6	9.04.07	0.35	0.06
<b>Total</b>			20		4.85	1.06

**Appendix-4**

**(Refer paragraph 3.7)**

**Loss of revenue due to non-revision of rates of house tax**

(₹ in lakh)

Sr. No.	Name of ULBs	Period from when rates not revised	Percent Rates it which the demand was raised	Demand raised upto 2009-10	Required demand as per revised rates	Less demand raised
<b>Municipal Councils</b>						
1.	Parwanoo	2003-04	7.5%	403.07	643.45	240.38
2	Rampur	2007-08	10%	94.71	118.39	23.68
3	Theog	2007-08	10%	30.47	38.09	7.62
<b>Total</b>				<b>528.25</b>	<b>799.93</b>	<b>271.68</b>
<b>Nagar Panchayats</b>						
1.	Banjar	2003-04	8.5%	15.00	22.26	7.26
2.	Dehra	2007-08	7.5%	5.31	8.85	3.54
3.	Jubbal	2007-08	7.5%	5.33	8.88	3.55
<b>Total</b>				<b>25.64</b>	<b>39.99</b>	<b>14.35</b>
<b>Grand Total</b>				<b>553.89</b>	<b>839.92</b>	<b>286.03</b>

**Appendix-5****(Refer paragraph 3.8)****Non-realization of rent from shops/stalls (2007-10).****(₹ In lakh)**

Sr. No	Name of MCs	Opening balance on 1.04.2007	Demand raised during 2007-10	Total	Collection during 2007-10	Outstanding amount
<b>Municipal Corporation Shimla</b>						
		<b>314.04</b>	<b>563.22</b>	<b>877.26</b>	<b>467.60</b>	<b>409.66</b>
<b>Municipal Councils</b>						
1.	Hamirpur	14.74	43.00	57.74	36.95	20.79
2.	Nurpur	7.55	12.41	19.96	9.15	10.81
3.	Paonta	22.73	56.67	79.40	44.72	34.68
4.	Rampur	17.19	24.15	41.34	25.04	16.30
5.	Theog	18.58	24.84	43.42	22.12	21.30
	<b>Total</b>	<b>80.79</b>	<b>161.07</b>	<b>241.86</b>	<b>137.98</b>	<b>103.88</b>
<b>Nagar Panchayats</b>						
1.	Bhunter	9.81	31.11	40.92	13.90	27.02
2.	Chowari	4.30	4.94	9.24	3.84	5.40
3.	Dehra	11.18	22.20	33.38	21.49	11.89
4.	Joginder Nagar	4.21	6.40	10.61	6.61	4.00
5.	Jubbal	9.63	10.75	20.38	9.81	10.57
6.	Kotkhari	13.48	15.10	28.58	9.49	19.09
7.	Mehatpur	2.36	5.17	7.53	2.77	4.76
8.	Rajgarh	1.75	3.97	5.72	2.57	3.15
	<b>Total</b>	<b>56.72</b>	<b>99.64</b>	<b>156.36</b>	<b>70.48</b>	<b>85.88</b>
	<b>Grand Total</b>	<b>451.55</b>	<b>823.93</b>	<b>1275.48</b>	<b>676.06</b>	<b>599.42</b>

## Appendix-6

(Refer paragraph 3.9)

### Non-recovery of house tax (2007-10).

(₹ in lakh)

Sr. No.	Name of MCs	O.B as on 1.04.2006	Demand raised during 2007-10	Total Demand	Collection during 2007-10	Outstanding amount
1.	Hamirpur	85.23	144.81	230.04	127.31	102.73
2.	Nurpur	0.20	13.58	13.78	9.94	3.84
3.	Parwanoo	18.42	248.20	266.62	223.46	43.16
4.	Paonta	22.12	23.52	45.64	12.38	33.26
5.	Rampur	57.22	94.71	151.93	97.61	54.32
6.	Theog	51.45	30.48	81.93	13.91	68.02
<b>Total</b>		<b>234.64</b>	<b>555.30</b>	<b>789.94</b>	<b>484.61</b>	<b>305.33</b>
<b>Nagar Panchayats</b>						
1.	Chowari	2.33	3.00	5.33	2.11	3.22
2.	Dehra	5.56	5.31	10.87	1.23	9.64
3.	Joginder Nagar	35.82	13.43	49.25	3.64	45.61
2.	Jubbal	5.12	5.33	10.45	3.85	6.60
5.	Mehatpur	94.15	31.24	125.39	11.14	114.25
<b>Total</b>		<b>142.98</b>	<b>58.31</b>	<b>201.29</b>	<b>21.97</b>	<b>179.32</b>
<b>Grand Total</b>		<b>377.62</b>	<b>613.61</b>	<b>991.23</b>	<b>506.58</b>	<b>484.65</b>



**Appendix-7****(Refer paragraph 3.10)****Non-recovery of duty on account of installation of Mobile Towers.****(₹ In lakh)**

Sr. No.	Name of MC	Year of installation	No. of towers	Period from when due	Amount		
					Installation	Annual renewal Fee	Total
<b>Municipal Corporation Shimla</b>							
		2006-07	7	2006-07	0.20	3.00	3.20
		2007-08	7	2008-09	0	2.10	2.10
		2008-09	16	2009-10	0	3.00	3.00
		2009-10	7	2009-10	0.80	0.10	0.90
		<b>Total</b>	<b>37</b>		<b>1.00</b>	<b>8.20</b>	<b>9.20</b>
<b>Municipal Councils</b>							
1	Kangra	2003-04	1	2006-07	0.10	0.15	0.25
		2004-05	1	2006-07	0.10	0.15	0.25
		2006-07	1	2006-07	0.10	0.20	0.30
		2008-09	2	2009-10	0	0.10	0.10
2	Nurpur	2005-06	1	2006-07	0	0.25	0.25
		2006-07	1	2006-07	0.10	0.20	0.30
3	Paonta	2008-09	5	2008-09	0.40	0.25	0.65
		2009-10	7	2009-10	0	0.35	0.35
4	Rampur	2006-07	4	2006-07	0.20	0.60	0.80
5	Theog	2007-08	1	2006-07	-	0.15	0.15
		2008-09	1	2009-10	-	0.05	0.05
		<b>Total</b>	<b>25</b>		<b>1.00</b>	<b>2.45</b>	<b>3.45</b>
<b>Nagar Panchayats</b>							
1	Chowari	2006-07	1	2008-09	-	0.10	0.10
2	Daulatpur Chowk	2005-06	1	2008-09	-	0.10	0.10
		2009-09	1	2008-09	-	0.10	0.10
3	Jubbal	2006-07	1	2008-09	-	0.10	0.10
		2005-06	1	2006-07	-	0.20	0.20
4	Kotkhai	2006-07	1	2006-07	0.10	0.10	0.20
5	Mehatpur	2005-06	3	2006-07	0.10	0.40	0.50
		2007-08	1	2007-08	0.10	0.10	0.20
6	Rajgarh	2006-07	1	2008-09	-	0.10	0.10
		2008-09	1	2008-09	0.10	0.05	0.15
		<b>Total</b>	<b>12</b>		<b>0.40</b>	<b>1.35</b>	<b>1.75</b>
		<b>Grand Total</b>	<b>74</b>		<b>2.40</b>	<b>12.00</b>	<b>14.40</b>

## Appendix-8

**(Refer paragraph 3.12)**

### **Expenditure incurred on establishment in excess of prescribed norms during 2007-10.**

(₹ in Crore).

Sr. No.	Name of MCs/NPs	2007-08,				2008-09,				2009-10,			
		Total Expenditure	Required 1/3 <sup>rd</sup> on Estt.	Expenditure on Estt	Expdt. In excee of norms	Total Expenditure	Required 1/3 <sup>rd</sup> on Estt.	Expenditure on Estt	Expdt. In excee of norms	Total Expenditure	Required 1/3 <sup>rd</sup> on Estt.	Expenditure on Estt	Expdt. In excee of norms
1	Hamirpur (MC)	1.94	0.65	0.69	0.04	*	*	*	*	2.11	0.70	1.02	0.32
2	Nurpur (MC)	0.93	0.31	0.48	0.17	1.11	0.37	0.50	0.13	1.30	0.43	0.65	0.22
3	Paonta (MC)	1.80	0.60	0.70	0.10	2.21	0.74	0.88	0.14	2.25	0.75	0.92	0.17
4	Rampur (MC)	1.49	0.50	0.55	0.05	1.46	0.49	0.64	0.15	2.02	0.67	0.79	0.12
5	Theog (MC)	0.44	0.15	0.26	0.11	0.59	0.20	0.33	0.13	0.68	0.23	0.37	0.14
6	Banjar (NP)	0.16	0.05	0.10	0.05	0.24	0.08	0.10	0.02	0.31	0.10	0.11	0.01
7	Chowari (NP)	0.31	0.10	0.13	0.03	0.33	0.11	0.16	0.05	*	*	*	*
8	Joginder Nagger (NP)	0.63	0.21	0.36	0.15	0.60	0.20	0.40	0.20	0.60	0.20	0.40	0.20
	<b>Total</b>	<b>7.70</b>	<b>2.57</b>	<b>3.27</b>	<b>0.70</b>	<b>6.54</b>	<b>2.19</b>	<b>3.01</b>	<b>0.82</b>	<b>9.27</b>	<b>3.08</b>	<b>4.26</b>	<b>1.18</b>

\*Expenditure on establishment was within the limit

Year	Total Expenditure	Expenditure on Estt.	Required 1/3r Expenditure	Excess Expenditure
2007-08	7.70	3.27	2.57	0.70
2008-09	6.54	3.01	2.19	0.82
2009-10	9.27	4.26	3.08	1.18
<b>Total</b>	<b>23.51</b>	<b>10.54</b>	<b>7.84</b>	<b>2.70</b>