

Chapter-3 District Planning and Financial Management

3.1 District Planning Committee and District Plan

The 74th constitutional amendment inserted Article 243 ZD in the Constitution which states that "there shall be constituted in every State at the district level a District Planning Committee (DPC) to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole". It exhorts the State Legislature to "make provision with respect to the composition of the District Planning Committees and the manner in which the seats in such Committees shall be filled."

Prior to the formation of District Planning Committee, the District Planning & Monitoring Committee (DPMC) was an alternate body in place of DPC in the district. The DPMC comprised of Cabinet Minister as the Chairperson, Members of Parliament and Legislative Assembly belonging to the district, the District Magistrate (DM) and the Chief Development Officer (CDO) as members. It was to meet, on quarterly basis, to review/ monitor the progress of the schemes implemented in the district and was mandated to finalise the Perspective and Annual District Plans.

Pursuant to the constitutional provisions, Uttarakhand (UK) Legislature passed the Uttarakhand District Planning Committee Act, 2007 (July 2007) after seven years of its creation as a new State. The Government framed rules under the Act in March 2010, i.e. after three years of enactment of the Act. In Nainital, DPC² came into existence in November 2010.

3.1.1 Functions of District Planning Committee

District Planning Committees functions include: framing policies for preparation of the draft development plan for the district as a whole; preparation of data base of all natural and human resources with the lists of facilities available in each village, block and district; listing out activities to be undertaken; revision and consolidation of development plans prepared by Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) and holding quarterly meetings to review the progress of implementation of the district development plan (DDP).

The salient points of DPC rules were: (a) DPC should prepare the DDP taking into account the resources of PRIs including funds sanctioned by Government; (b) every Gram Panchayat (GP) should prepare its development plan (DP) after discussing it in Gram Sabha (GS) and submit it to Kshetra Panchayat (KP); (c) KP should integrate all DPs received from GPs in its DP and prepare one DP for the entire KP for submission to Zila Panchayat (ZP); and (d) ZP should consolidate all DPs received from KPs in its DP to prepare one draft development plan for the

² Twenty six member committee comprising of State Cabinet Minister, Chairperson-ZP, District Magistrate, two members nominated by the State Government and 21 elected members of ZP and Urban Local Bodies (ULBs). The Chief Development Officer (CDO) and District Economic and Statistical Officer (DESTO) provide secretarial assistance to DPC.

district. Similarly, all ULBs should send their DPs to DPC. Thus, the district planning process was envisaged to be a bottom-up process. Audit findings on the functioning of DPC/ DPMC were as follows:

- In the absence of District Planning Committee (DPC), District Planning & Monitoring Committee (DPMC) had not prepared any Perspective Plan or shelf of schemes for overall development of the district on the basis of a need analysis in various areas/ sectors. The DPMC approved the proposals of various district level offices for inclusion in the annual district plan, only with reference to the budgetary allocation of the previous years during the period 2007-08 to 2011-12.
- Since the constitution of DPC, only one meeting against the required six was held. The district plan for the year 2012-13 was scheduled to be submitted to the State Planning Commission by November 2011. It was noticed that the tentative district plan was submitted (February 2012) to the State Planning Commission without the approval of DPC and was then placed (May 2012) before DPC for approval.
- DPMC did not hold any quarterly meeting as prescribed and, consequently, could not review the progress of the schemes.
- District Planning Committee was required to determine a strategy for the development of the district as a whole and accordingly provide guidelines to the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) for formulating their Plans. Nothing was found to have been done by the Committee in this regard since its formation.
- The State Government during 2007-08 to 2011-12 had released ₹ 187.15 crore³ towards DDP of Nainital District without assessing linkage to the bottom-up planning projection. It was further noticed that no funds were released to GPs and KPs out of the released funds for executing development plans of their own.
- PRIs and ULBs did not prepare any DPs during the period 2007-08 to 2011-12.

In exit conference, the facts were accepted by the District Magistrate. It was further stated that quarterly meetings could not be held due to time constraints faced by the Honorable Ministers. However, monthly meetings were held at DM level to ascertain the progress of schemes. The reply was not acceptable as no records relating to monthly meetings held by the District Magistrate were provided to Audit.

³ Information provided by District Economic and Statistical Officer (DESTO).

Recommendations

The Government may consider to ensure:

- Preparing holistic perspective and integrated plans for the district, based on a structured process of obtaining inputs from local bodies and shelf of projects for a more realistic assessment of the district.
- Regular meeting of the DPC for more effective planning and monitoring of the various schemes in the district.

3.2 Financial Management

Funds are allocated to the district through the State budget for various developmental activities. In addition, funds are directly released to District Rural Development Agency (DRDA) and implementing agencies for various socio-economic programmes by the State and GOI. The DRDA releases funds to the Blocks and other executing agencies based on the approved allocation for individual schemes.

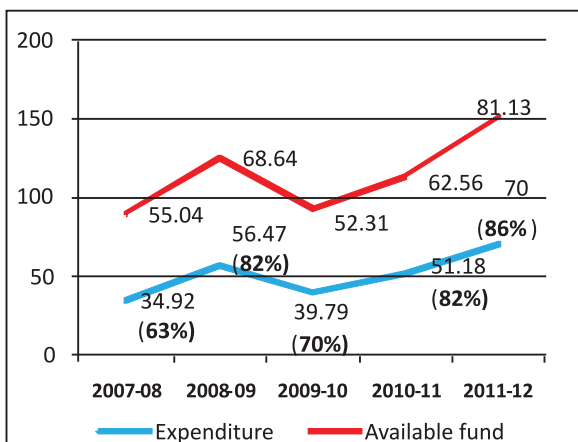
3.2.1 Reliability and completeness of the financial data

In the district, Department wise allocation and expenditure was compiled by the District Economic and Statistical Office (DESTO) for the monitoring of District Magistrate. The financial data in the DESTO did not contain segregated figures on annual receipts from various sources like 11th Plan, Central Finance Commission, State Finance Commission, devolution to local bodies and various flagship programmes. Further, audit noticed a mismatch in the opening and closing balances of the available compiled figures as can be seen in **Appendix-3.1**. Thus, audit could not get information regarding totality of Government investments in the various development schemes in the district. However, information on funds received and expenditure incurred during 2007-08 to 2011-12 in respect of certain significant departments and programmes was ₹ 511.34 crore and ₹ 483.91 crore respectively as detailed in **Appendix -3.2** along with **Pie chart**.

Out of the total expenditure of ₹ 483.91 crore, an expenditure of ₹ 252.36 crore (52 per cent) was incurred on the test checked schemes as shown in **Appendix -3.3**. The trends of availability⁴ of funds and expenditure thereon and scheme wise expenditure of funds of the test checked schemes/ programmes are shown in the **line chart-1 and pie chart-2 below** respectively.

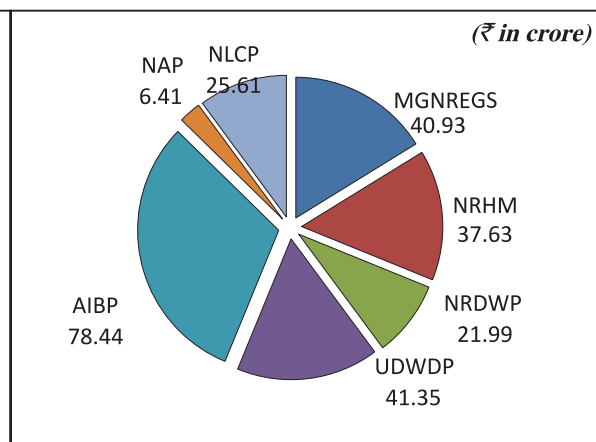
⁴ Includes closing balance of the last year.

Line Chart-1



Line chart-1: Trends of available fund and expenditure of selected schemes (₹ in crore).
 Source: Departmental figures

Pie Chart-2



Pie chart-2: Scheme wise expenditure of the selected schemes.
 Source: Departmental figures

The above chart-1 indicates that expenditure ranging from 63 to 86 per cent against the available funds were utilized in test checked schemes/ programmes. A few significant observations on financial management in the implementation of the test checked schemes have been discussed in the succeeding chapters.

In exit conference, the District Magistrate accepted the facts and stated that it is difficult to compile the data at one place as the funds under various schemes such as CFC, SFC, EAP and Centrally Sponsored Schemes are directly released to the PRIs, ULBs and parallel bodies etc. However, receipt and expenditure of certain significant Centrally Sponsored Schemes are now being maintained by the District Economic and Statistical Office (DESTO).

Recommendations

The State Government may consider to ensure:

- Introducing a mechanism of an integrated reporting system at district and State level to monitor funds flows, deployment of funds and expenditure of the different developmental programmes/ schemes.