



Report of the Comptroller and Auditor General of India for the year ended 31 March 2021

Performance Audit of Implementation of 73rd Constitutional Amendment Act in Goa



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



GOVERNMENT OF GOA
Report No. 1 of the year 2024

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Preface

This Report for the year ended 31 March 2021 has been prepared for submission to the Governor of Goa under Article 151 of the Constitution of India.

Audit of Panchayati Raj Institutions (PRIs) is conducted under the provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, which empowers the Comptroller and Auditor General of India to conduct audit of the accounts of PRIs and submit such Audit Report to the State Government for its placement in the State Legislature.

The Report covering the period 2016-17 to 2020-21 contains the results of Performance Audit of Implementation of 73rd Constitutional Amendment Act in Goa.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Executive Summary

Executive Summary

Intent of 73rd Constitutional Amendment Act

The 73rd Constitutional Amendment Act, 1992 gave constitutional status to institutions of rural local self-government in the Country. Consequent upon the Constitutional Amendment Act, the Government of Goa enacted the Goa Panchayat Raj Act, 1994 (GPRA). There are 02 Zilla Panchayats (ZPs) and 191 Village Panchayats (VPs) in Goa.

Why this Performance Audit?

To ascertain whether the 73rd Constitutional Amendment Act provisions have been adequately covered in State laws and whether the Panchayati Raj Institutions (PRIs) have been empowered to perform their functions through appropriate institutions and commensurate devolution of funds and human resources.

Period of audit: 2016-17 to 2020-21

Sample: 16 VPs out of total 191 VPs and both ZPs were selected in sample for their overall devolution of functions, funds and functionaries.

What audit found?

Compliance to provisions of 73rd Constitutional Amendment Act

The provisions of the State Acts were compliant with the provisions of the 73rd Constitutional Amendment Act. However, the State laws also provided for overriding powers to the State Government over the PRIs in many aspects.

Principal findings and recommendations of the Performance Audit

The chapter wise findings that led to audit conclusions and recommendations are as follows:

Chapter III: Composition and organization of PRIs

A review of the composition and organization of PRIs *vis-à-vis* the provisions of the 73rd Constitutional Amendment Act indicated that the powers of delimitation and reservation of constituencies were vested in the Directorate of Panchayats (DoP) and not in the State Election Commission (SEC). While these powers have been transferred to the SEC recently, the power to fix the date of elections remains with the DoP. The PRIs complied with the provisions for formation of statutory committees but necessary provisions relating to the conduct of their business were not made which impacted their effectiveness.

Recommendations:

- *The State Government may complete the process of transfer of election related powers to the SEC by transferring the power to fix the date of elections too.*
- *Necessary provisions relating to the conduct of business by Standing Committees in the PRIs may be made to facilitate their effective functioning.*

Chapter IV: Empowerment of PRIs and their functioning

As per the mandate of the 73rd Constitutional Amendment Act, 29 functions were to be devolved to PRIs along with necessary powers to enable their implementation. Though the GPRA devolved 26 functions (42 sub-functions) to ZPs, only three sub-functions were implemented by ZPs. The ZPs also implemented three other sub-functions, which were actually devolved to VPs. On the other hand 24 functions were devolved to the VPs, though only 11 were transferred and implemented fully. The others were either implemented partially or not implemented at all and Government departments or parastatals continued to carry out such PRI functions. Specifically, the role of District Rural Development Agencies (DRDAs) in the implementation of rural development schemes resulted in curtailment of the role of PRIs. Further, the PRIs did not have adequate administrative and financial powers with regard to works taken up with grants and approvals of the DoP and State Government were mandatory which impacted their operational autonomy as well as timely utilization of funds.

Recommendations:

- ***The Government may take necessary action for devolution of all the functions enumerated in the Eleventh Schedule.***
- ***Detailed sub-function/activity mapping of all functions may be carried out and responsibility assigned to the PRIs along with commensurate financial and administrative powers to discharge these functions.***
- ***Necessary action may be taken by the Government to transfer implementation of devolved functions to PRIs from parastatals.***

Chapter V: Financial resources of PRIs

Devolution of adequate financial resources was critical for local bodies for implementation of their functions. However, in the absence of adequate sources of own revenues, the PRIs were found to be highly dependent on Government grants for carrying out their functions. The ZPs did not have any source of own revenue and their dependence on Government grants for even their establishment expenditure severely affected their autonomy and curtailed their role.

Neither of the ZPs prepared any budget. In the absence of budgets, there was no assurance that their expenditure was as per a financial plan/approved priorities mandated by the elected Panchayats. Budgets prepared by the VPs were unrealistic as the actual revenues and expenditures varied from the budgeted estimates.

Though the VPs had sources of own revenues, most of them depended on Government grants for meeting their establishment expenditure. Non-revision of property tax, inefficient collection mechanism and inaction on collection of arrears on the part of the VPs adversely affected their financial position.

The State Finance Commission (SFC) was an important mechanism to review the financial position of the PRIs in the State. However, there were delays in the constitution of the SFCs in the State and no action has been taken on any of the SFC

recommendations by the Government, which hindered the fiscal empowerment of PRIs.

Recommendations:

- ***VPs must undertake a detailed review of their finances in terms of tax potential, additional resource mobilization, rationalization of tax structures, etc. in addition to strengthening their revenue collection machinery to reduce the revenue arrears.***
- ***The State Government must constitute SFCs as per the timeframe prescribed in the Constitution. Recommendations of the SFC may be considered and accepted recommendations implemented in a time-bound manner.***

Chapter VI: Human resources in PRIs

The PRIs required adequate and competent manpower to execute the various developmental and civic functions in an efficient and accountable manner. However, due to the absence of dedicated cadres as well as the role of other organizations in the implementation of functions meant to be performed by PRIs, they were left with a small number of functionaries *vis-à-vis* the manpower at the disposal of the Block Development Offices and DRDAs.

Recommendations:

- ***Rationalization of manpower requirements of PRIs may be considered including the transfer/creation of appropriate cadres for the specialized functions of the PRIs.***
- ***Training Need Assessment may be carried out and systematic capacity building of PRI functionaries may be taken up to strengthen their competencies, skills and knowledge.***

Chapter I
Introduction

Chapter I: Introduction

1.1 73rd Constitutional Amendment Act

Institutions of rural local self-government in the country were given a constitutional status through 73rd Constitutional Amendment Act, 1992. The Constitutional Amendment Act incorporated Part IX 'The Panchayats' and Eleventh Schedule of the Constitution. The Eleventh Schedule of the Constitution enumerated 29 functions for devolution to Panchayati Raj Institutions (PRIs) as given in **Table 1.1** below:

Table 1.1: Functions listed in the Eleventh Schedule of the Constitution

Sl. No.	Functions
1	Agriculture, including agricultural extension.
2	Land improvement, implementation of land reforms, land consolidation and soil conservation.
3	Minor irrigation, water management and watershed development.
4	Animal husbandry, dairying and poultry.
5	Fisheries.
6	Social forestry and farm forestry.
7	Minor forest produce.
8	Small scale industries, including food processing industries.
9	Khadi, village and cottage industries.
10	Rural housing.
11	Drinking water.
12	Fuel and fodder.
13	Roads, culverts, bridges, ferries, waterways and other means of communication.
14	Rural electrification, including distribution of electricity.
15	Non-conventional energy sources.
16	Poverty alleviation programme.
17	Education, including primary and secondary schools.
18	Technical training and vocational education.
19	Adult and non-formal education.
20	Libraries.
21	Cultural activities.
22	Markets and fairs.
23	Health and sanitation, including hospitals, primary health centres and dispensaries.
24	Family welfare.
25	Women and child development.
26	Social welfare, including welfare of the handicapped and mentally retarded.

Sl. No.	Functions
27	Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
28	Public distribution system.
29	Maintenance of community assets.

(Source: Eleventh Schedule of Constitution of India)

The responsibility for implementation of the Constitutional Amendment Act, via enactments and other measures for transfer of powers, functions and resources was vested with the states.

1.2 Rural profile of Goa

Goa, with an area of 3,702 sq. km. has 334 villages and habitations, organized into 12 blocks constituting two districts (North Goa and South Goa). According to Census 2011, the rural population of Goa was 5.52 lakh. Out of 334 villages, 14 were considered as part of urban agglomerations in the census.

1.3 Panchayati Raj Institutions of Goa

Article 243B of the Constitution provided for the constitution of three types of panchayats at village, intermediate and district levels, while making the constitution of intermediate panchayats optional in states with a population of less than 20 lakh.

In the State of Goa a single tier panchayat system consisting of Village Panchayats (VPs) had been constituted under the ‘Goa Daman & Diu Village Panchayat Regulations, 1962’ passed by the Parliament before Goa attained statehood. Consequent to the 73rd Constitutional Amendment Act, a two-tier PRI system comprising Village Panchayats (VPs) and Zilla Panchayats (ZPs) was established as per the Goa Panchayat Raj Act, 1994 (GPRA) passed by the State Legislature. As the population of Goa was less than 20 lakh as per the 1991 census, intermediate panchayats were not constituted. The categorization of PRIs is shown in **Table 1.2** below:

Table 1.2: Different types of PRIs in the State

Panchayati Raj Institution	Legislation	Total Number	
Zilla Panchayat	The Goa Panchayat Raj Act, 1994	02	
Village Panchayat	The Goa Panchayat Raj Act, 1994	191	36 in ‘A’ category
			48 in ‘B’ category
			96 in ‘C’ category
			11 in ‘D’ category

(Source: Information provided by Directorate of Panchayat)

There are two ZPs (North Goa Zilla Panchayat and South Goa Zilla Panchayat) and 191 VPs in Goa. The VPs are classified into four categories based on the population¹.

¹ VPs with more than 8,000 population are categorized as ‘A’, those with more than 5,000 and less than 8,000 as ‘B’, those with more than 2,000 and less than 5,000 as ‘C’ and those with population of less than 2,000 but more than 1,500 are categorized as ‘D’.

Though the minimum population for classification as ‘D’ category VP was 1,500 as per the GPRA, six VPs that had a population of less than 1,500 were constituted in the State. Geographical location, scarce population and sparse location of houses were cited as reasons by the Department for constitution of these VPs.

1.4 Organizational structure of Panchayati Raj Institutions

The organizational set up of PRIs in Goa is depicted in **Chart 1.1** and **Chart 1.2** below:

Chart 1.1: Elected bodies in PRIs

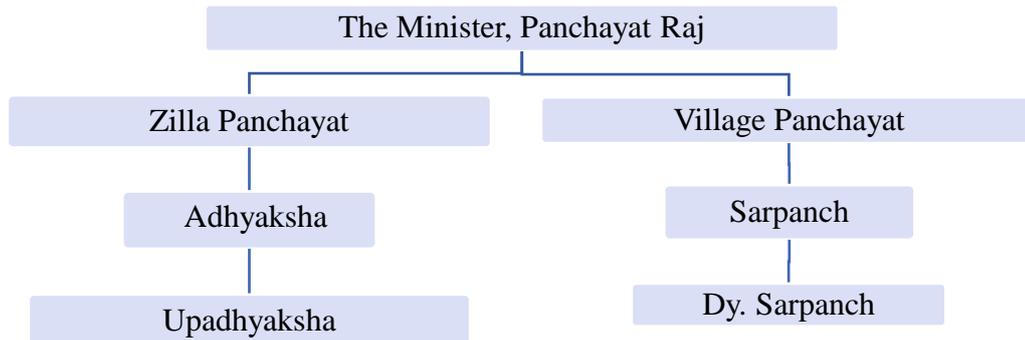
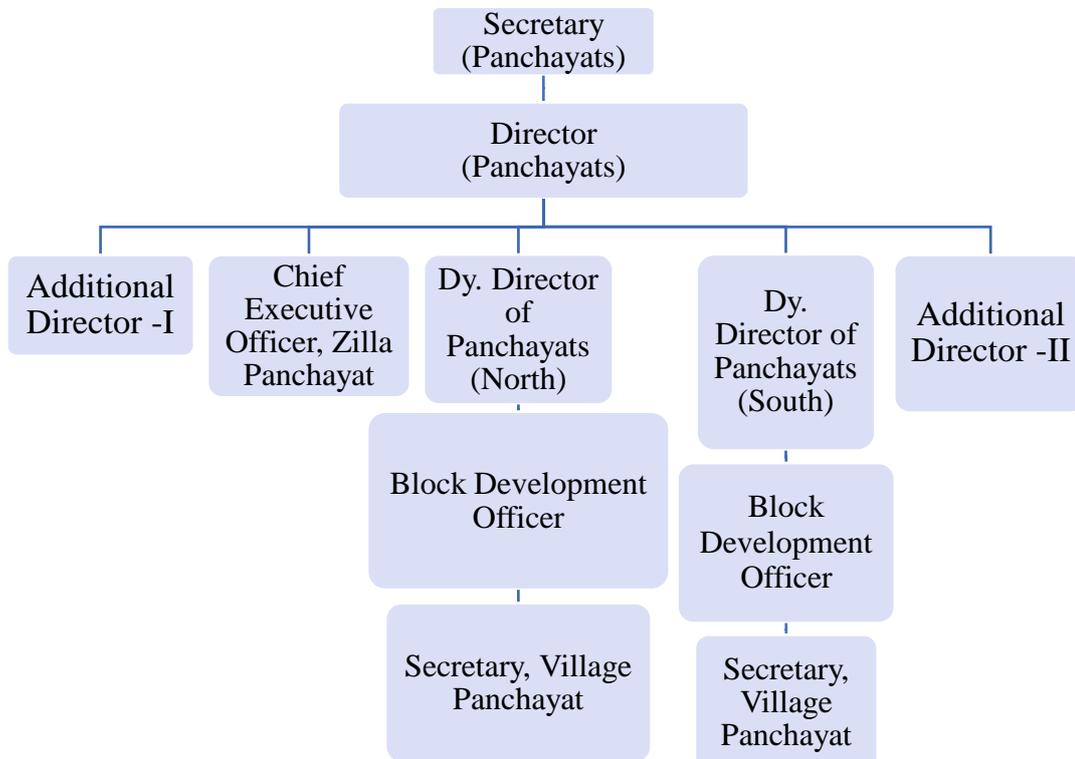


Chart 1.2: Administrative set-up in PRIs



The Secretary (Panchayats) is the administrative head of the Panchayat Department, Government of Goa. The Director of Panchayats (DoP) exercises control and supervision over the PRIs and acts as the appellate authority under the GPRA. *Sarpanchas*, who are elected, head the VPs and are assisted by Village Secretaries

appointed by the Government. *Adhyakshas*, who are elected, head the ZPs while the Chief Executive Officers (CEOs) and Chief Accounts Officers (CAOs) are appointed by the Government.

A separate Department of Rural Development was set up (February 2020) in the State headed by the Secretary, Rural Development to oversee the administration of District Rural Development Agencies (DRDAs)², which were responsible for the implementation of Central and State Government schemes in the rural sector.

1.5 Audit objectives

This performance audit was carried out with a view to ascertain whether:

- Provisions of 73rd Constitutional Amendment Act have been adequately covered in State Legislation.
- PRIs are empowered by the State Government to discharge their functions effectively through the creation of appropriate institutions/mechanisms.
- PRIs have access and powers to raise financial resources commensurate with their functions.
- PRIs have adequate powers to mobilize human resources commensurate with their functions.

1.6 Audit criteria

This performance audit is based on the following sources of criteria:

- 73rd Constitutional Amendment Act, 1992;
- The Goa Panchayat Raj Act, 1994 and Rules made thereunder;
- Central/State Finance Commission Reports;
- Bye-laws of Local Bodies;
- Central Public Works Manual;
- Orders, notifications, circulars, guidelines, *etc.* issued by State/Central Government.

1.7 Scope of audit and methodology

The Performance Audit covered the implementation of the 73rd Constitutional Amendment Act in the State of Goa over a period of five years from 2016-17 to 2020-21.

Audit methodology involved scrutiny of records, discussion with officials and analysis of data with reference to the audit criteria. Test-check of records was carried out at the Directorate of Panchayats (DoP). Stratified random sampling was used to select 16³

² Formed in 1999, the DRDAs earlier functioned under the supervision of Secretary, Rural Department.

³ Casarvornem, Assagao, Reis-Magos, Pilerne-Marra, Taleigao, Chodal Madel, Mulgao, Pissurlem, Wadi-Talaulim, Chinchinim, Colem, Sancordem, Curdi-vaddem, Xeldem, Loliem-Polem, Chicalim

VPs for detailed audit. Both the ZPs were also selected, and necessary information was collected from parastatals⁴.

An Entry Conference was held (June 2021) with the Secretary, Department of Panchayats and the audit objectives, scope and methodology of the audit were discussed. Preliminary observations were issued to the departments/bodies/authorities and discussed at an Exit Conference on 16.06.2022 with the Secretary, Department of Panchayats to obtain their views.

1.8 Acknowledgment

Audit is grateful for the co-operation of the Department of Panchayats, Rural Development Department, Finance Department and all the test-checked ZPs and VPs in providing records, information and clarifications from time to time for the smooth conduct of this audit.

1.9 Structure of the Report

Chapter II	Compliance to provisions of 73 rd Constitution Amendment Act
Chapter III	Composition and organization of PRIs
Chapter IV	Empowerment of PRIs and their functioning
Chapter V	Financial resources of PRIs
Chapter VI	Human resources in PRIs

⁴ Goa State Urban Development Agency (GSUDA), Goa State Infrastructure Development Corporation (GSIDC) and District Rural Development Agency (DRDA)

Chapter II

**Compliance to provisions
of 73rd Constitutional
Amendment Act**

Chapter II: Compliance to provisions of 73rd Constitutional Amendment Act

In compliance to the provisions of 73rd Constitutional Amendment Act, the State Government enacted a new legislation for Panchayati Raj Institutions (PRIs) in the State. However, the Act also provided for several overriding powers of the State Government over the PRIs, curtailing their autonomy.

2.1 Compliance of State laws with 73rd Constitutional Amendment Act

Provisions relating to PRIs were incorporated in the Constitution by the 73rd Constitutional Amendment Act *vide* Article 243A to 243O. Accordingly, the State Government repealed the Goa, Daman & Diu Village Panchayat Regulation, 1962 and replaced (April 1994) it with an ordinance, the Goa Panchayat Raj Ordinance, 1994, which subsequently became (August 1994) the Goa Panchayat Raj Act, 1994 (GPRA). Comparison of provisions in the 73rd Constitutional Amendment Act with GPRA is shown in **Table 2.1** below.

Table 2.1: Comparison of provisions of 73rd Constitutional Amendment Act with State PRI Acts

Provision of constitution	Requirement as per the provision of Constitution of India	GPRA	
		VP*	ZP*
Article 243A	Constitution of Gram Sabha in VPs with powers and functions assigned under State laws.	Section 4	Not applicable
Article 243B	Constitution of panchayats at the village, intermediate and district levels #.	Section 3	Section 116
Article 243C	Composition of panchayats is to be from elected members with their constituencies delimited in accordance with State laws.	Section 7	Section 11
Article 243D	Reservation in elections to Scheduled Castes, Scheduled Tribes and women.	Section 7	Section 118
Article 243E	Duration of the panchayats shall be five years from its first meeting.	Section 42	Section 129
Article 243F	Disqualifications for membership of panchayats.	Section 10	Section 123 read with Section 10
Article 243G read with Eleventh Schedule	State legislation to provide powers and authority to panchayats to function as institutions of self-government and prepare plans and implement schemes in respect of 29 functions in Eleventh Schedule.	Section 60 and 61 read with Schedule I	Section 140 and 141 read with Schedule II

Provision of constitution	Requirement as per the provision of Constitution of India	GPRA	
		VP*	ZP*
Article 243H	State legislation to empower the panchayats to impose taxes, duties, tolls and fees and assignment from Consolidated Fund of State.	Section 153 read with Schedule III	No specific provision for taxes
	State legislation to provide for constitution of funds to credit all moneys received and the withdrawal therefrom.	Section 161	Section 166
Articles 243-I and 243Y	Constitution of Sate Finance Commission to review the financial position of the PRIs, recommend the distribution of revenues between the State and the PRIs and allotting the funds from the Consolidated Fund of the State.	Section 199	
Article 243J	Maintenance of accounts by the panchayats.	Section 184 and 185	Section 191
	Audit of accounts maintained by panchayats.	Section 187	Section 194
Article 243K	Elections to panchayats – Provision for constitution of State Election Commission, conduct of elections and providing staff during elections.	Section 237	
Article 243ZD	Constitution of District Planning Committee, its composition and role for preparation of draft development plan.	Section 239	

(Source: The Constitution of India and GPRA)

#A two-tier panchayat system was constituted with two Zilla Panchayats at the district level (in 2000) and 191 Village Panchayats (from 1962 onwards) at the village level.

*Village Panchayats and Zilla Panchayats

Hence, as tabulated above the State legislation is in compliance with the provisions of 73rd Constitutional Amendment Act. However, Audit observed that State legislations also provides for overriding powers to the State Government over the PRIs.

2.2 Powers of the State Government over PRIs

The GPRA provided for the control of State Government over the functioning of PRIs through the following provisions as indicated in **Table 2.2**.

Table 2.2: Powers of State Government over PRIs

Sl.No.	Subject	Provision
1	Power to frame rules.	The State Government may by notification in the Official Gazette, make rules to carry out the purpose of this Act (Section 240 of GPRA).
2	Power to amend, omit and add any activity in respect of devolved functions and taxes and their minimum rate.	The State Government may omit, amend or add any activity, programme or scheme in respect of devolved function to PRIs and taxes and their minimum rates (Section 241 of GPRA).
3	Power to exercise any function.	State Government may exercise any of the functions devolved to PRIs for the purpose of carrying out any developmental works in the jurisdiction of Panchayat without consultation with PRIs (Section 244A of GPRA).
4	Power of Government to allow to carry out any developmental works in any panchayat area.	Government may issue directions to the panchayats to carry out any developmental works or such other functions as the Government deems fit (Section 244 of GPRA).
5	Restrictions, conditions and limitations on expenditure from the Panchayat Fund or the Zilla Panchayat Fund.	Financial powers are restricted by providing for requirement of previous sanction of the Zilla Panchayat (for VPs) or the Government (Para 3 of notification issued by Department).
6	Power to write off.	Power to write off irrecoverable dues of VPs and ZPs beyond specified limit rests with the Government (Section 186 and 193 of GPRA read with 'The Goa Panchayat Raj (Write Off Irrecoverable Amounts) Rules, 1999').
7	Power to assignments of functions.	The Government may assign additional functions specified in the provision and withdraw them (Section 60).
8	Sanction to deposit and invest surplus funds.	Deposit and invest surplus funds of ZPs in banks with sanction of Government (Section 167 of GPRA).
9	Suspension/cancellation of resolution of PRIs.	Power to cancel and suspend a resolution or decision taken by PRIs rests with Government (Section 178 of GPRA).

(Source: Extracts of GPRA and rules below them)

As detailed above, the State Government had far-reaching powers over the functioning of PRIs in the State. Specifically, the powers to amend, omit and add any activity in respect of devolved functions and taxes, to withdraw any function, exercise any devolved function without consultation with the PRIs, restrictions placed on expenditure out of Panchayat Fund, cancellation and suspension of the resolutions of the PRIs as mentioned above, significantly curtailed the autonomy of the PRIs to function as institutions of self-government.

Given the legislative framework as detailed above, the actual powers devolved to the PRIs and their functioning *vis-à-vis* the provisions of 73rd Constitutional Amendment Act are detailed in the subsequent chapters.

Chapter III

**Composition and
organization of Panchayati
Raj Institutions**

Chapter III: Composition and organization of Panchayati Raj Institutions

A review of the composition and organization of Panchayati Raj Institutions (PRIs) vis-à-vis the provisions of 73rd Constitutional Amendment Act indicated that the powers of delimitation and reservation of constituencies were vested with the Directorate of Panchayats (DoP) and not in the State Election Commission (SEC), which was in contravention to the Constitutional Amendment Act. Inconsistencies/shortcomings were observed in the discharge of these functions by the DoP. While these powers have been transferred to the SEC recently, the power to fix the date of elections remains with the DoP. The PRIs complied with the provisions for formation of statutory committees but necessary provisions relating to the conduct of their business were not made which impacted their effectiveness.

The 73rd Constitutional Amendment Act envisaged the establishment of necessary institutional mechanisms as detailed in **Table 3.1**, for discharge of devolved functions by the PRIs and their empowerment as institutions of self-governance. This section discusses the effectiveness of such institutional mechanisms.

3.1 State Election Commission

Article 243K of the Constitution provides for the constitution of SEC, which shall supervise, direct and control the preparation of electoral rolls and conduct elections to the panchayats. Further, Article 243E of the Constitution provides that the term of panchayat be fixed at five years from the date appointed for its first meeting.

- The SEC, Goa was established in the year 1994. However, not all election related functions were performed by the SEC. The distribution of electoral functions in the State during the audit period was as shown in **Table 3.1** below.

Table 3.1: Authorities for election related functions

Sl. No.	Function	Authority under Goa State Acts and Rules
1	Delimitation of wards	State Government
2	Reservation of wards	State Government
3	Fixing date of elections	State Government
4	Conduct of elections	State Election Commission

(Source: Extracts of GPRA and rules)

Election related functions like delimitation, reservation of wards and fixing of dates of elections were performed by the Government till February 2022 under the Goa Panchayat Raj Act, 1994 (GPRA) (Section 7 and 15). After an amendment to 'The Goa Panchayat and Zilla Panchayat (Election Procedure) Rules, 1996', the functions of delimitation and reservation were transferred to the SEC in February 2022. However, the power for fixing the date for elections is still vested with the Government (Section 15 of GPRA).

- Article 243D of the Constitution mandates the reservation of seats for Scheduled Castes (SC)/Scheduled Tribes (ST) and women in direct elections to PRIs.

Necessary provisions were made in the GPRA for PRIs, which *inter alia* provided that reservation for women was to be provided in not less than one-third of the total constituencies. Further, the Hon'ble High Court of Bombay at Goa (March 2021) upheld that every fraction of reservation will entitle the category of women to have one complete number of seat.

Audit found that in 34 VPs and in both the ZPs, the number of seats reserved for women was less than one-third of the total constituencies due to rounding off the fraction to the nearest lower digit, while the reservation for SCs/STs was in line with the provisions of the acts.

In response to the audit observation, DoP confirmed (March 2022) the shortfall and informed that the responsibility of delimitation of the VPs and ZPs was assigned (February 2022) to the SEC. The Secretary, Department of Panchayats acknowledged the observation of audit during Exit Conference (June 2022) with an assurance to bring the issue to the notice of SEC. A communication to this effect was sent by DoP to SEC in August 2023.

Performance of important electoral functions by the State Government impacted the independence of the electoral process.

Recommendation 1: The State Government may complete the process of transfer of election related powers to the SEC by transferring the power to fix the date of elections too.

3.2 Organization of PRIs

Article 243A of the Constitution provides for the constitution of *Gram Sabha* in VPs and necessary provisions in this regard were made in the GPRA. Compliance of the provisions of *Gram Sabha* and other provisions in GPRA for statutory committees in the test-checked PRIs was as below.

A. Zilla Panchayats

As per sections 136 and 142 of the GPRA, the elected panchayat of the ZP and Standing Committees were to be established respectively to carry out the functions described in Schedule II of the GPRA. The elected panchayat of the ZP is required to meet for the transaction of business at least once in two months (ordinary meeting). While six Standing Committees¹ were to be set up, no rules/guidelines existed regarding their functioning.

¹ General Standing Committee, Finance, Audit and Planning Committee, Social Justice Committee, Education and Health Committee, Agriculture and Industries Committee and Taluka Development Committee. Each Standing Committee shall consist of such number of members not exceeding five elected members of ZP. The *Adhyaksha* shall be the ex-officio member and chairman of the General Standing Committee and the Finance, Audit and Planning Committee. The *Upadhyaksha* shall be the ex-officio member and chairman of the Social Justice Committee. The other Standing Committees shall elect the chairman from amongst their members.

The panchayat of the South Goa Zilla Panchayat (SGZP) held 22 meetings during 2015-20 as against the prescribed 30 meetings. While the panchayat of North Goa Zilla Panchayat (NGZP) conducted 30 meetings during this period.

All the six Standing Committees were formed in 2015 in both the ZPs. However, no meetings of the Committees were held over a period of five years except for one meeting of the Finance Audit and Planning committee in SGZP.

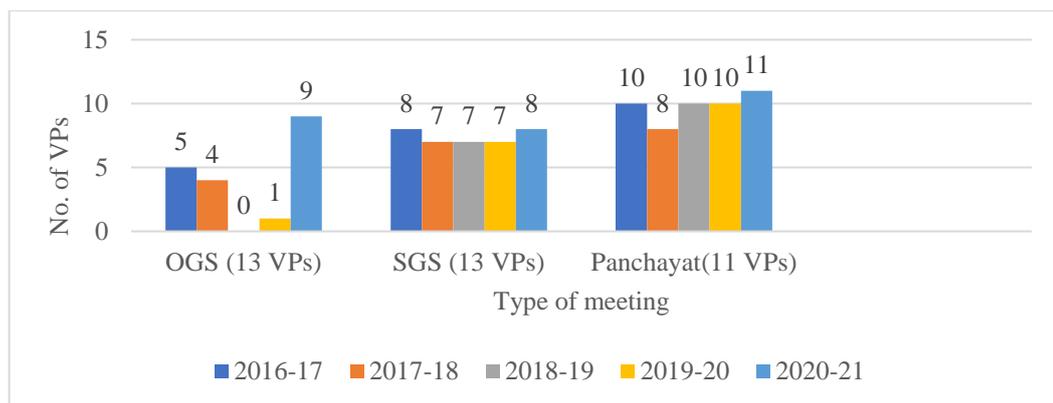
The Chief Executive Officer (CEO), SGZP accepted (December 2021) that the provisions for frequency of meetings were not complied with and assured to conduct timely bi-monthly meetings in future. The Secretary, DoP also acknowledged the observation during the Exit Conference (June 2022) and stated that instructions would be issued to ZPs to avoid the shortfall in meetings. ZPs were however requested (August 2023) to ensure that required number of mandatory meetings of ZP as well as Standing Committees are conducted.

B. Village Panchayats

As per Sections 4, 7 and 63 of the GPRA, the Gram Sabha, the elected panchayat and the Standing Committees were to carry out the functions devolved to the VP. The Gram Sabha, constituted out of all the electors in a VP was the corner stone of the PRI system. The Gram Sabha was to approve the budget estimates, accounts, developmental works and programmes proposed for the financial year, etc. Meetings of the Ordinary Gram Sabha (OGS)² and Special Gram Sabha (SGS)³ were to be conducted four times each in a year as per GPRA. Further, the elected panchayat was required to meet twice a month as per Section 54 of the GPRA.

The results of shortfall in OGS, SGS and panchayat meetings in the test-checked VPs after verification of the periodicity of meetings are depicted in **Chart 3.1** below.

Chart 3.1: VPs with shortfall in meetings



(Source: Information provided by the VPs⁴)

² Ordinary Gram Sabha: A panchayat shall meet for transaction of business at least once in 15 days at the office of the panchayat and at such time the Sarpanch may determine.

³ Special Gram Sabha: Special meetings of the Gram Sabha to be convened by the Sarpanch on 26th January, 15th August, 2nd October and 19th December every year.

⁴ Three VPs each did not provide information of OGS and SGS and five did not provide information of panchayat meetings.

Verification of the periodicity of meetings of *Gram Sabha* and panchayat in the test-checked VPs revealed that majority of the VPs did not conduct the prescribed number of SGS and panchayat meetings. Except for 2020-21, the majority of test-checked VPs conducted the prescribed number of OGS from 2016-17 to 2019-20.

Further, Section 63 of the GPRA provided for constitution of three categories of Standing Committees - Production Committee⁵, Social Justice Committee⁶ and Amenities Committee⁷. As per information provided by 14 VPs, (other two VPs did not provide the information) the number of Committees ranged from four (Taleigaon) to twenty-five (Xeldem).

The Secretary, DoP assured during the Exit Conference (June 2022) that shortfall of the meetings would be verified and instructions to avoid the shortfall would be issued. At the instance of Audit, the DoP initiated an action only in August 2023 to ensure that the Committees are formed and meetings are conducted in time.

Recommendation 2: Necessary provisions relating to the conduct of business by Standing Committees in the PRIs may be made to facilitate their effective functioning.

⁵ Functions relating to agricultural production, animal husbandry and rural industries and poverty alleviation programmes.

⁶ Functions relating to (a) promotion of educational, economic, social, cultural and other interests of the SCs/STs and Backward Classes; (b) Protection of such Castes and Classes from social injustice and any form of exploitation; and (c) Welfare of women and children.

⁷ Functions to be implemented in respect of education, public health, public works and other functions of the panchayat.

Chapter IV

**Empowerment of
Panchayati Raj Institutions
and their functioning**

Chapter IV: Empowerment of Panchayati Raj Institutions and their functioning

As per the mandate of the 73rd Constitutional Amendment Act, 29 functions were to be devolved to Panchayati Raj Institutions (PRIs) along with necessary powers to enable their implementation. The Goa Panchayat Raj Act, 1994 (GPRA) devolved most of the 29 functions mentioned in the Eleventh Schedule of the Constitution to the PRIs. However, in case of Zilla Panchayats (ZPs), out of 26 functions devolved in the Act, the number of functions actually implemented was only three. On the other hand, out of the 24 functions devolved in the Act, the Village Panchayats (VPs) fully implemented 11, while the remaining were either partially implemented or not implemented. The VPs lacked adequate administrative and financial powers to function with any degree of operational autonomy with regard to public works and overlap in the execution of some important functions with the Government departments or parastatals limited their role. The Government did not carry out the merger of District Rural Development Agency (DRDA) with the ZPs, which allowed the continuance of parallel system for implementation of PRI functions. The mechanism of the District Planning Committees remained dysfunctional and integrated district planning through the local body institutions did not take place.

The 73rd Constitutional Amendment Act, authorised the State Legislature to enact laws to endow the PRIs with powers and authority to enable them to function as institutions of self-governance as well as to make provisions for devolution of powers and responsibilities. The Eleventh Schedule of the Constitution enumerated 29 functions to be devolved to PRIs.

4.1 Devolution of functions vis-a-vis the 73rd Constitutional Amendment Act

The State Government enacted (1994) GPRA to include the provisions of the 73rd Constitutional Amendment Act in the State Act. Accordingly, the GPRA (Section 140 and 141 read with Schedule II) devolved 26 functions¹ to the ZPs. The functions were further divided into 42 sub-functions, which delineated their scope for performance of ZPs. Twenty-four out of the twenty-six functions in GPRA corresponded to the list in the Eleventh Schedule with 41 sub-functions. Audit scrutiny of the mandate for implementation of functions in GPRA was made in the two ZPs. It was noticed that ZPs executed three² sub-functions. Further, status of execution by the ZPs was as detailed in **Appendix 1** and discussed in **Paragraph 4.1.1**.

¹ Three functions from the list of subjects in Eleventh Schedule to the Constitution were not devolved viz. 1. Markets and fairs, 2. Public Distribution System and 3. Social Forestry and Farm Forestry.

² i. Providing for the timely and equitable distribution and full use of water under irrigation schemes under the control of the ZP; ii. Construction and maintenance of District roads and culverts, causeways and bridges (excluding State Highways and Village roads); and iii. Construction and maintenance of Higher Secondary Schools.

- GPRA (Section 60 and 61 read with Schedule I) also devolved 29 functions³ to the VPs, further divided into 65 sub-functions. Twenty-four out of the twenty-nine functions devolved to the VPs under the GPRA corresponded to the list in the Eleventh Schedule with 53 sub-functions. Five functions⁴ were devolved without any corresponding mention in Eleventh Schedule of the Constitution. The actual status of execution of the mandate in GPRA by VPs was as detailed in **Appendix 2** and discussed in **Paragraph 4.1.2**.

4.1.1 Actual status of devolution of functions by the ZPs

Audit categorised the sub-functions based on the roles⁵ *i.e.* executive, supervisory, promotional or mixed roles. The 26 devolved functions which corresponded to the list in the Eleventh Schedule of the Constitution had 42 sub-functions. Sixteen out of them were with executive role, 19 with supervisory role, six with promotion/guidance role and one was with mixed role (executive and promotional role). Audit scrutiny revealed that three sub-functions were executed by the ZPs where the devolution was for their execution by VPs, as shown in **Table 4.1** below.

Table 4.1: Status of implementation of sub-functions by the ZPs

Sl. No.	Sub-function	Implementation by the ZPs	Audit comments
1	Guidance for promotion of drinking water and rural sanitation to Taluka Panchayat and Village Panchayat (under Function 'Drinking Water').	ZPs executed 42 works amounting to ₹ 1.70 crore for construction and maintenance of wells in the VPs.	GPRA provided only promotional role to the ZPs. The role of construction, repairs and maintenance of drinking water well, tanks and ponds; prevention and control of water pollution; and maintenance of rural water supply schemes was provided to the VPs (Item No VIII of Schedule I of GPRA). The ZPs thus usurped the role of VPs.
2	Guidance for promotion of drinking water and rural sanitation to Taluka Panchayat and VPs (under Function 'Health and family welfare').	ZPs executed 24 works relating to toilet blocks amounting to ₹ 1.03 crore during 2016-21.	Item no XVIII (4) under Schedule I of GPRA devolved the Function of 'Construction and maintenance of public latrines' to the VPs. The ZPs only had a guidance role over the VPs (Item No. IX of Schedule II of GPRA). The ZPs undertook the actual execution without any devolution and usurped the role of the VPs in respect of the sub-function.

³ Five functions from the list of subjects in Eleventh Schedule to the Constitution were not devolved 1. Land improvement, implementation of land reforms, land consolidation and soil conservation; 2. Minor irrigation, water management and watershed development; 3. Small Scale Industries, including food processing industries; 4. Technical training and vocational education; and 5. Public Distribution System.

⁴ i. Construction and maintenance of cattle sheds, ponds, cart stands; ii. Construction and maintenance of slaughter houses; iii. Regulation of manure pits in public places; iv. Establishment and control of Shandies; and v. Such other functions as may be entrusted

⁵ The functions/sub-functions with scope for actual construction or service delivery by the ZPs were classified as 'Executive role'; supervision over the execution by the VPs as 'Supervisory role' and promotion/guidance to VPs or general public was classified as 'Promotional role'.

Sl. No.	Sub-function	Implementation by the ZPs	Audit comments
3	Supervision and guidance over the community assets maintained by Taluka Panchayat and VPs (under the Function 'Maintenance of Community Assets').	ZPs executed 765 works amounting ₹ 38.73 crore to construct and maintain community assets.	There was no executive role for construction and maintenance of community assets either to the ZPs or the VPs ⁶ . The actual construction and maintenance of community assets by ZPs was thus in deviation of the devolution.

(Source: Compiled from the information provided by the ZPs)

The above execution of works infringed upon the VP's functions as mandated by the GPRA as well as resulted in overlap as the VPs and the parastatals (DRDA and Goa State Infrastructure Development Corporation (GSIDC)) were executing similar works.

4.1.2 Implementation of functions by the VPs

An audit analysis revealed that out of the 53 sub-functions devolved, a total of 30 sub-functions were implemented by the VPs which covered full execution of 11 functions and partial execution of six functions. The execution was as discussed below.

4.1.2.1 Fully executed functions

- It was observed that in six functions, *i.e.* i. Khadi, village and cottage industries, ii. Women and child development, iii. Poverty alleviation, iv. Welfare of the weaker sections, v. Rural electrification, including distribution of electricity, and vi. Cultural activities, the VPs had a role to promote and facilitate the schemes/programmes among the villagers. The same was implemented by the VPs by spreading awareness in the villages with support from department officials and parastatals.
- Further, the remaining five functions, *i.e.* i. Roads, culverts, bridges, ferries, waterways and other means of communication, ii. Libraries, iii. Market and fairs, iv. Health and sanitation, including hospitals, primary health centres and dispensaries, and v. Maintenance and preservation of community assets were executed by VPs by undertaking the required activities (repairing, cleaning, painting, beautification of the community assets). However, three of these functions were also executed by the DRDAs independently (i. Roads, culverts, bridges, ferries, waterways and other means of communication, ii. Health and sanitation, including hospitals, primary health centers and dispensaries, and iii.

⁶ The mandate of ZPs was for supervision and guidance over the community assets maintained by VPs. The GPRA, Schedule I (Item No. XXIII devolved two sub-functions to VPs *i.e.* (1) Maintenance of community assets; and (2) Preservation and maintenance of other community assets.

Maintenance and preservation of community assets). Overlapping of these functions is discussed in **Paragraph 4.3.1**.

4.1.2.2 Partially executed functions

The six partially executed functions (i. Animal husbandry, dairying and poultry, ii. Rural Housing, iii. Drinking water, iv. Family welfare v. Social welfare, including welfare of the handicapped and mentally retarded and vi. Education including Primary and Secondary Schools) had been devolved to VPs with the responsibility for promotion as well as executive action. VPs executed the functions partially (either promotional part or execution part), while the other sub-functions were either carried out by parastatals or the line departments of the State Government. The remaining seven devolved functions were not executed by VPs. Constitutional functions of social forestry and farm forestry; fuel and fodder; and minor forest produce were included in one function in the GPRA under heading ‘Social and Farm Forestry, minor Forest Produce Fuel and Fodder’. This function was not executed by the VPs. However, one activity (planting and preservation of trees on side of the roads and on other public places) under social forestry and farm forestry was being executed by DRDA under MGNREGA⁷ scheme.

4.2 Inadequate devolution of administrative and financial powers to PRIs

PRIs would be able to discharge their functions effectively only when the devolution of functions is supported through appropriate devolution of administrative and financial powers. Further, both the tiers of PRI system have to be in sync with each other to effectively implement the mandate and the roles for an implementing agency and supervising agency have to be clearly defined.

The VPs formed a one-tier system till constitution of the ZPs (February 2000) which was supervised then by the Administrative Department. The proposal for constitution of the Block Panchayats instead of the ZPs was made by the State Government after the 73rd Constitutional Amendment Act came into existence. The proposal was denied by the Government of India. Further, ZPs in Goa were constituted after recommendation of the First State Finance Commission (June 1999). However, the pre-existing system of supervision by the Department continued due to non-execution of structural changes to align the VPs and the ZPs, even subsequent to the constitution of ZPs. Consequently, the ZPs did not have much role in supervision of planning, budgeting, administration and implementation of the functions by the VPs.

Execution of public works is an important component of implementing functions like maintenance of roads, bridges, community assets and public amenities. However, in the backdrop of the above, the powers⁸ of Administrative Approval (AA) and Expenditure Sanction (ES) for works done by VPs through State grants, Finance Commission grants and panchayat funds were shared between Block Development

⁷ Mahatma Gandhi National Rural Employment Guarantee Act, 2005

⁸ Government of Goa circular dated 22.10.2020

Officers, DoP and State Government as shown in **Table 4.2** below with no supervisory role envisaged for the ZPs.

Table 4.2: Financial limits of authorities for expenditure on works by VPs

Sl. No	Funds	Expenditure limit (per work)	Competent Authority for AA and ES
1	Grants-in-aid (State)	Up to ₹ 10 lakh	Director of Panchayats
2	XIV and XV Finance Commission	Up to ₹ 6 lakh	Block Development Officer
		More than ₹ 6 lakh and less than ₹ 10 lakh	Director of Panchayat
		Above ₹ 10 lakh	Government of Goa
3	Panchayat fund	Up to ₹ 6 lakh	Block Development Officer
		Above ₹ 6 lakh and up to ₹ 10 lakh	Director of Panchayat
		Above ₹ 10 lakh	Government of Goa

(Source: Information furnished by DoP)

As seen above, no powers were delegated to the VPs with regard to approval of works. The Block Development Officers (BDOs) were responsible for technical approvals as well as supervision and measurement of the works executed by the VPs. With regard to works taken up under State grants, the approval of DoP/Government was needed. Similarly, the State Government (August 2000), prescribed a maximum ceiling of estimated cost of items/works/projects of ZPs up to ₹ five lakh.

Audit observed that the supervisory role of ZPs under Schedule II of GPRA over public works of VPs was rendered redundant as the administrative, technical and financial approvals were given by the BDOs, DoP and State Government and the ZPs had no role to play. This is to be seen in the context of the absence of sanctioned strength of the necessary human resources in the ZPs to implement these functions as discussed in **Paragraph 6.1.1** that rendered them incapable of discharging any supervisory function.

The GPRA devolved most of the 29 functions in the Eleventh Schedule of the Constitution to the PRIs. However, in the case of ZPs, the number of functions actually implemented were only three, that too partially. On the other hand, the VPs fully implemented 11 of the devolved functions. The remaining were either partially implemented or not implemented at all. The devolution of functions to PRIs is inconsequential in cases of functions implemented by departments or parastatals, as the transfer of functions is not completed according to devolution. Further, the absence of adequate administrative and financial powers rendered them incapable of playing the role envisaged for them as district level institutions of self-governance.

The VPs lacked adequate administrative and financial powers to function with any degree of operational autonomy with regard to public works.

Recommendation 3: The Government may take necessary action for devolution of all the functions enumerated in the Eleventh Schedule. Detailed sub-function/activity mapping of all functions may be carried out and responsibility assigned to the PRIs along with commensurate financial and administrative powers to discharge these functions.

4.3 Role of parastatals in implementation of PRI functions

Parastatals were implementing the schemes of Government of Goa (GoG) and Government of India (GoI) through their own manpower and incidentally they performed the functions mandated to the PRIs. Test-check of such implementation by DRDAs and GSIDC and its impact on performance of functions by PRIs is discussed below.

4.3.1 Implementation of functions by DRDAs

DRDAs are societies registered under the Societies Registration Act and have a Board of Governing Authorities which comprises of the sitting members of Parliament and sitting members of Assembly of respective district. Since February 2020, the DRDAs came under the administrative purview of the newly created Rural Development Department (RDD). Guidelines on DRDA Administration, 2008, issued by Ministry of Rural Development (MoRD), GoI provided that the DRDAs were expected to oversee the implementation of different anti-poverty programmes of the Ministry. However, actual implementation would be by the Panchayati Raj and other Institutions. The DRDAs would monitor the implementation through reports and field visits and facilitate the implementing agencies in implementation process.

The DRDAs in Goa implemented 11 schemes of Central Government and State Government aimed at providing employment, housing and poverty alleviation. Seven schemes⁹ out of 11 were implemented with the participation of VPs¹⁰, while the remaining four schemes¹¹ were implemented by the DRDAs through their own machinery. Statement of schemes implemented and role of DRDA is as depicted in **Appendix 3**. Scrutiny of three schemes (MGNREGS, SPMRM and GGSY) was conducted by Audit and following observations were made.

⁹ Central schemes: 1. Pradhan Mantri Awas Yojana-Gramin (PMAY-G), 2 Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), 3. National Rural Lively hood Mission (NRLM), 4. Shayma Prasad Mukherji Rurban Mission Scheme (SPMRM) 5. Sansad Adarsh Gram Yojana. State Schemes: 1. Goa Grameen Urja Yojana (GGUY) and 2. Goa Gram Samrudhi Yojana (GGSY)

¹⁰ VPs participated by conducting activities like identification of beneficiaries, preparation of initial proposals, providing NOC for construction/land use.

¹¹ 1. Indira Gandhi National Old Age Pension Scheme (NOAPS), 2. Indira Gandhi National Widow Pension (IGNWP), 3. Indira Gandhi National Disability Pension Scheme (IGNDPS) and 4. National Family Benefit Scheme (NFBS)

4.3.1.1 Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

MGNREGS is implemented with effect from 2008-09 by GoI, with an objective to provide for at least 100 days of guaranteed wages employment in every financial year to every household. The works under the scheme were taken up in the VPs on demand by Job Card Holders. Gram Sabha of VPs approved all the proposed works. Subsequently, Technical Sanctions (TS) and Administrative Approvals (AA) were accorded by DRDA. DRDAs carried out 916 works (₹ 8.94 crore) during the period 2016-17 to 2020-21 in the entire State.

Audit noticed during the test-check that the DRDAs maintained a parallel structure of manpower for approval of works and supervision of the works. Role of VPs was limited to approval of works through Gram Sabhas and payment of bills after the execution of works. The works executed by DRDA under the MGNREGS resulted in partial execution of six functions¹² by the PRIs.

4.3.1.2 Implementation of Goa Gram Samrudhi Yojana (GGSY)

GGSY is implemented by the State Government to create infrastructure in villages such as community halls, crematorium, development and beautification of open spaces, construction of playgrounds, senior citizen/children recreational parks *etc.* for the villagers on need basis.

Under this Scheme, the VP identified works and the Panchayat Body's approval was taken and forwarded to the DRDAs for implementation. Limits of AA were divided between DRDA (up to ₹ 25 lakh) and the State Government (above ₹ 25 lakh). The DRDA prepared estimates, accorded TS and executed (tender, measurements and payments) through its manpower and assets handed over to VPs upon project completion. The DRDAs executed 104 works (₹ 21.45 crore) during the period 2017-22. Execution of these works by the DRDAs limited the operational scope of VPs as these works carried out under GGSY resulted in partial execution of three functions¹³ by VPs.

4.3.1.3 Implementation of Shyama Prasad Mukherjee Rurban Mission (SPMRM)

The SPMRM aimed at development of a cluster of villages and creation of urban facilities.

The DRDA identified the clusters under SPMRM. The DRDA appointed (February 2017) the State Technical Support Agency¹⁴ which prepared the Integrated Cluster Action Plan (ICAP) and Detailed Project Report (DPR) for the Cluster. The ICAP and

¹² 1. Roads, buildings, culverts, bridges, ferries, waterways and other means of communication, 2. Rural sanitation, 3. Drinking water, 4. Social and farm Forestry, 5. Minor irrigation, water management and watershed development and 6. Agriculture including agricultural extension.

¹³ 1. Roads, buildings, culverts, bridges, ferries, waterways and other means of communication. 2. Maintenance of community assets, and 3. Rural sanitation.

¹⁴ Goa College of Architecture.

DPR had to be approved by the State Empowered Committee for approval of the Ministry of Rural Development, GoI. Approved works in ICAP and DPR were executed by the DRDA with their manpower.

Participating VPs could propose the infrastructure works to be taken up under the mission. The DRDA, North had not taken up any work under this scheme (September 2022) due to delay in preparation of ICAP and its approval. However, the DRDA, South carried out 30 works (₹ 14.59 crore) under cluster Xeldem-Barcem-Morpirila (August 2022). Execution of these works by the DRDAs limited the operational scope of VPs as execution of these works resulted in partial execution of four functions¹⁵ devolved to VPs.

Audit observed that the works taken up by DRDAs for implementation of the above schemes overlapped with the functional responsibilities of VPs as depicted in **Table 4.3** below.

Table 4.3: Overlapping of work

Functions	Taken up by DRDA (2017-22)			Execution of similar works in test-checked VPs (2016-21)
	MGNREGS	GGSY	SPMRM	
Roads, buildings, culverts, bridges, ferries, waterways and other means of communication	130	26	03	514
Rural sanitation	113	02	04	16
Drinking water	112	--	--	10
Maintenance of community assets	--	76	22	111

(Source: Information provided by DRDA and VPs)

Overlapping of the various works undertaken by DRDAs with the scope of work of functions assigned to VPs resulted in curtailment of powers of the PRIs.

The Department of Rural Development, GoG was created in February 2020 with sanction of 24 posts accorded in November 2021. However, Ministry of Rural Development (MoRD), GoI communicated (November 2021) to the State Government that the DRDAs should be discontinued and merged with ZPs. The staff working on deputation were advised to be repatriated and other staff absorbed in line departments. Balance accounts of DRDAs were directed to be transferred to ZPs.

Audit observed that overlapping of various works undertaken by DRDAs with scope of work of functions assigned to VPs resulted in curtailment of powers of the PRIs. While the ZPs had no mechanism to supervise the functions of VPs, DRDAs implemented the functions of PRIs through their substantial human resources. The status of overlapping of works and incidental execution of functions by the DRDAs has to be seen in light of the suggestion (November 2021) of MoRD, GoI to

¹⁵ 1. Roads, buildings, culverts, bridges, ferries, waterways and other means of communication, 2. Maintenance of community assets, 3. Rural sanitation and 4. Non-conventional energy source

discontinue and merge DRDAs with the ZPs. Pending action on discontinuation and merger of DRDAs with the ZPs, the execution of functions remains outside the purview of bodies with elected public representatives.

The Secretary, Panchayats acknowledged the observation during Exit Conference (June 2022) and stated that the matter would be analyzed. However, the DoP replied (August 2023) that there was no proposal for merger of DRDAs with the ZPs.

4.3.2 Construction of VP buildings through parastatals

Sub-function of ‘Construction of administrative and other buildings connected with the requirements of the Zilla Panchayat’ was devolved to ZPs under GPRA. However, VPs were devolved the sub-function only for ‘Maintenance of the transferred buildings’. Thus, ZPs were mandated to undertake the constructions of administrative buildings for VPs.

The ‘Deendayal Panchayati Raj Infrastructure Development Scheme, 2013’ (DPRIDS), a State Government scheme, under the Department of Panchayats was implemented *inter alia* through GSIDC for creation of infrastructure projects in VPs. The scheme provided that projects are identified and recommended for execution by the VPs through a resolution of the Panchayat and executed *inter alia* through GSIDC. The implementation of works was subsequently transferred (July 2020) to the ‘Technical Cell’ under the DoP. Out of total 29 works being executed by GSIDC under the scheme, 10 works were completed before January 2016 and 19 works continued to be executed by them (March 2021).

Audit observed that the 19 ongoing works (₹ 37.23 crore) being executed by the GSIDC were of construction of Panchayat buildings along with market complex, community hall or combination of them. Since the function of construction of administrative buildings was assigned to the ZPs, the execution of works by a parastatal (till July 2020) and afterwards by the Administrative Department was inconsistent with the mandate given. Moreover, the funds for the construction were fully provided by the Government to the parastatals directly, denying the ZPs of any role in the execution or supervision of the work.

There existed a parallel system for implementation of PRI functions either through a department of the Government or a parastatal disempowering the PRIs to that extent. The Government did not carry out the required structural reorganisation to strengthen the institutional capacity of PRIs to perform these functions.

Recommendation 4: Necessary action may be taken by the Government to transfer implementation of devolved functions to PRIs from parastatals.

4.4 Planning for execution of functions in PRIs

The planning mechanism for implementation of PRIs were reviewed in the ZPs and test-checked VPs.

4.4.1 District Planning Committee

Setting up of a District Planning Committee (DPC)¹⁶ is mandated as per Article 243ZD of the Constitution and the GPRA (Section 239).

District Plans were to be prepared by the DPC by consolidating the annual plans of ZPs, VPs and Municipalities in the district. The District Plans so prepared would have regard to matters of common interest between the Local Bodies including sharing of water and other physical and natural resources, the integrated development of infrastructure and environmental conservation and the extent and type of available resources financial or other, *etc.*

Audit observed that DPCs were formed during the audit period, for 2016-21 and for 2021-26 in both districts. While the North Goa DPC did not hold any meeting, the South Goa DPC held four meetings. However, no plans were prepared by either of the ZPs in any of the terms. The High Court of Bombay at Goa directed (February 2020) to prepare the development plans in accordance with GPRA and Constitution of India for a district as a whole while deciding on a public interest litigation¹⁷ regarding preparation of development plan. However, non-compliance with the provision has continued.

In response to the audit observation, the NGZP replied (March 2022) that the Plan was under preparation.

4.4.2 Planning in ZPs and VPs

Audit reviewed the status of planning in different tiers of PRIs and observed the following:

- VPs were required to prepare (Section 238 of GPRA) Annual Development Plans¹⁸ and submit to the ZPs for preparation of District Plan. Out of 89 VPs in South Goa district, only 11 in 2017-18 and 2018-19, and 47 and 24 VPs in 2019-20 and 2020-21 respectively, submitted Annual Plans to the ZP. None of the 102 VPs in North Goa district submitted Plans in time to the ZP during the four-year period 2016-20. Whereas only 84 VPs submitted Annual Plans for the period 2020-21.

¹⁶ DPC shall consist of members of the House of the People who represent the whole or part of the district; the members of the Council of States who are registered as electors in the district; *Adhyaksha* of the Zilla Panchayat; the President of the Municipal Council having jurisdiction over the headquarters of the district; such number of persons, not less than four-fifth of the total number of members of the Committee as may be specified by the Government, elected in the prescribed manner from amongst the members of the ZP and Councillors of the Municipal Council in the district, in proportion to the ratio between the population of the rural areas and of the urban areas in the district. All the members of the State Legislative Assembly whose constituencies lie within the district shall be permanent invitees of the Committee. The *Adhyaksha* of ZP shall be the ex-officio Chairman of the DPC and the Chief Executive Officer shall be the Secretary of the Committee.

¹⁷ *vide* PIL writ petition no. 6/2018

¹⁸ The Goa Panchayat (Constitution, Powers and Functions of Ward Development Committees and preparation of Annual Development Plan) Rules, 2008.

- The ZPs did not prepare any plans or budget for execution of the functions devolved to them. Execution of any functions/activities was dependent upon the sanction of grants from the Government based on the resolutions passed by the ZP.
- Audit observed that no timelines were prescribed by the ZPs for VPs and MCs to submit their annual plans in time for preparation of the District Plan by the DPC.

The Secretary, Panchayats acknowledged the observation during Exit Conference (June 2022) and stated that instructions would be issued to PRIs to submit plans to DPC for consolidation. The instructions were issued (August 2023) by DoP to ZPs and VPs, to prepare respective plans for further consolidation into District Plans.

Institutionalised planning for execution of devolved functions was absent in the case of ZPs and it was ineffective in the case of VPs. This impacted the systematic performance of the functions assigned to them.

The mechanism of the DPC remained dysfunctional and integrated district planning through the local body institutions did not take place.

Recommendation 5: The planning machinery of PRIs may be activated to facilitate the preparation of developmental plans. The District Planning Committees may be made functional, and District Plans may be prepared as per mandate.

Chapter V

**Financial resources of
Panchayati Raj Institutions**

Chapter V: Financial resources of Panchayati Raj Institutions

Devolution of financial resources was critical for Panchayati Raj Institutions (PRIs) for the successful implementation of devolved functions. Finances of PRIs comprised their own revenues, assigned revenues and transfers from State and Central Governments. The Zilla Panchayats (ZPs) did not have any source of own revenue and depended on Government grants for even their establishment expenditure. Full potential of collecting own revenues was not tapped by the Village Panchayats (VPs). Non-revision of property tax, inefficient collection mechanism and inaction on arrears affected their financial position. There were delays in the release of Central Finance Commission (CFC) grants and their utilization by the PRIs was not monitored effectively. Further, the trend of release of State Government grants was uneven. Delays in the constitution of State Finance Commissions (SFC) and inaction on their recommendations by the Government, rendered the SFC mechanism redundant and hindered the fiscal empowerment of PRIs. ZPs did not prepare the budgets and the budgets of the VPs were unrealistic. Model Accounting System/software applications (MAS based PRIASoft and e-gramswaraj) were not adopted in ZPs and were adopted in the VPs only for CFC grants. Majority of the VPs were not able to meet even their establishment expenditure out of their own resources which increased their dependence on Government grants.

Successful implementation of devolved functions and delivery of services by PRIs is dependent upon the availability of adequate financial resources with them. The resources of PRIs can be broadly categorized as (i) Own revenues, which PRIs mobilize through their power to levy and collect taxes and fees, (ii) Assigned revenues, which accrues to the PRIs as a certain percentage of a tax levied and collected by the State Government, and (iii) State and Central Government grants including CFC grants.

5.1 Sources of revenue

Own-revenues (tax and non-tax revenues) assigned revenues and Government transfers including Finance Commission grants comprised the sources of revenue for PRIs in Goa. Composition of sources of revenue of PRIs for the period from 2016-17 to 2020-21 is summarized in **Table 5.1** and depicted in **Chart 5.1**.

Table 5.1: Sources of revenues of PRIs

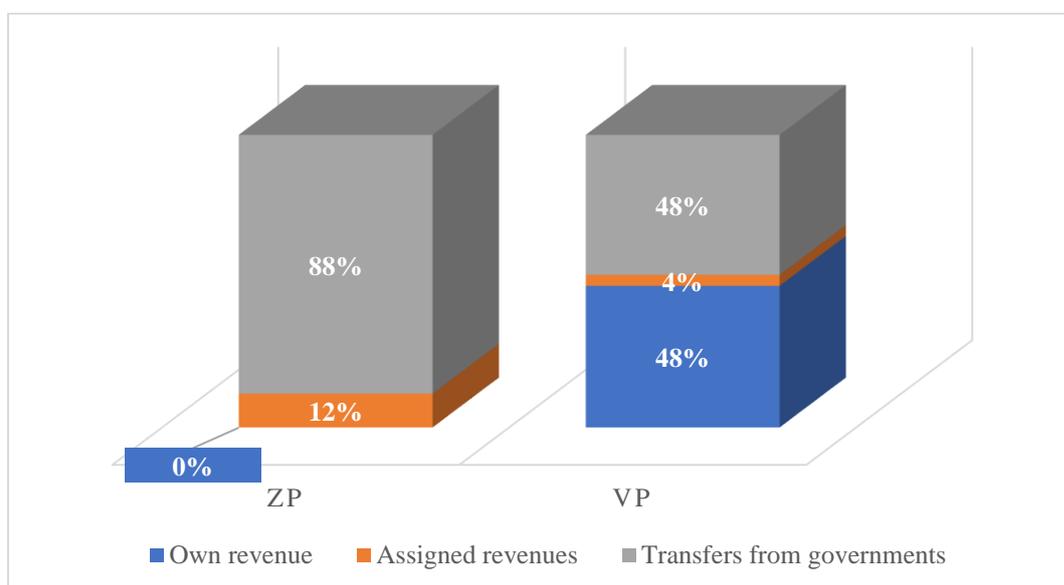
(₹ in crore)

Sl. No.	Year	ZPs					VPs				
		Own revenue	Per-centage of total revenue	Assigned revenue	Govt grant*	Total	Own revenue	Per cent of total revenue	Assigned revenue	Govt. grant*	Total
1	2016-17	0.00	0.00	8.00	16.13	24.13	61.86	44.94	14.00	61.78	137.64
2	2017-18	0.00	0.00	8.00	25.81	33.81	70.26	54.37	14.00	44.97	129.23
3	2018-19	0.00	0.00	0.00	21.23	21.23	63.30	49.19	0.00	65.39	128.69
4	2019-20	0.00	0.00	0.00	25.61	25.61	81.86	59.90	0.00	54.81	136.67
5	2020-21	0.00	0.00	0.00	33.90	33.90	83.77	39.19	0.00	129.98	213.75
	Total	0.00		16.00	122.68	138.68	361.05		28.00	356.93	745.98

(Source: Information made available by Directorate of Panchayat)

* Includes grants from both State Government and Central Government

Chart 5.1: Composition of revenues of PRIs for the period 2016-21



(Source: Information provided by Directorate of Panchayat)

It may be seen from the above chart that Government grants comprised 88 per cent of total revenues during the period 2016-21 and from 2018-19 onwards, the ZPs were fully dependent on Government grants alone for their functioning.

Own revenues of VPs (48.40 per cent) were almost equal to Government grants (47.85 per cent) during this period. The share of Government grants increased from 44.89 per cent to 60.81 per cent, while the share of own revenue decreased from 44.94 per cent to 39.19 per cent. Audit observations on sources of revenue of PRIs were as below.

5.2 Own revenues of PRIs

Article 243H of the Constitution *inter alia* provided that the Legislature of a State may authorise PRIs to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits as may be specified in the

law. Necessary provisions have been made in the Goa Panchayat Raj Act, 1994 (GPRA) for devolution of sources of revenue in respect of PRIs.

5.2.1 Own revenues of Zilla Panchayats

The GPRA did not make any provision to enable collection of taxes by ZPs. However, Section 166 of GPRA enabled them to constitute their own fund with contributions *inter alia* from non-tax revenues such as fees, fines and penalties levied and collected and rents from its properties.

Audit observed that the ZPs did not own any assets from which rents/fees could be collected other than insignificant amounts from RTI fees, tender form fees and interest on bank balances. This resulted in their complete dependence on grants from the Government for all activities including establishment expenditure.

The Secretary, Panchayats acknowledged the observation during the Exit Conference (June 2022).

5.2.2 Own revenues of Village Panchayats

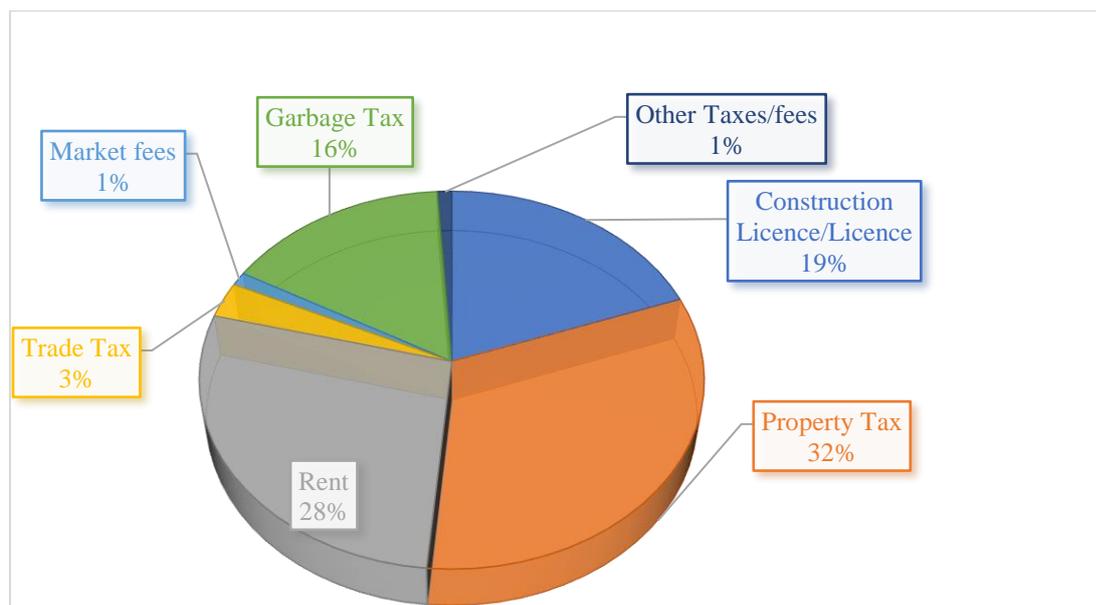
Section 153 of the GPRA enabled the VPs to impose mandatory property tax (tax upon buildings and tax on lands) and 15 discretionary rates/taxes¹. The rules made thereunder provided for the imposition and recovery of taxes, details of procedures, schedule of rates, *etc.*

Audit observed that all the 16 test-checked VPs levied the mandatory property tax only upon buildings but not on lands. Only eight out of the 14² discretionary taxes/rates were being levied in these VPs. Composition of own revenues during 2016-17 to 2020-21 in the test-checked VPs is depicted in **Chart 5.2**.

¹ i. Water rate for supply of water for drinking and other purposes; ii. Tax on entertainment other than cinematograph shows; iii. Tax on vehicles other than motor vehicles; iv. Tax on advertisement and hoarding; v. Pilgrim fee on persons attending the jattras, festivals; vi. Market fee on persons who expose their goods for sale in any marketplace; vii. Fee on the registration of cattle brought for sale in any marketplace; viii. Fee on buses and taxies and auto-stands; ix. Fees on grazing cattle in the grazing lands, x. Lighting tax; xi. Drainage tax; xii. Tax on profession, trades, calling and employment; xiii. Fees for sale of goods in melas, fairs and festivals; xiv. Garbage disposal tax; and xv. Octroi other than on petroleum products (not levied)

² Out of 15 discretionary taxes, octroi was abolished after adoption of GST.

Chart 5.2: Composition of own revenues of test-checked VPs³



(Source: Income and Expenditure Statements of 16 test-checked VPs for the period 2016-21)

Property tax, rent from own properties, construction licence fees and garbage tax were the primary sources of revenue of test-checked VPs. Own revenue of test-checked 16 VPs from different sources was as shown in the **Table 5.2** below.

Table 5.2: Own revenue of test-checked VPs for the period 2016-21

(₹ in crore)

Type of Revenue	2016-17	2017-18	2018-19	2019-20	2020-21	Total	Percentage to total revenue
Construction Licence/Licence	1.76	1.64	2.03	1.61	1.45	8.49	19.39
Property tax	2.42	2.58	3.00	3.04	2.97	14.01	32.00
Rent	1.91	3.21	2.52	2.79	1.64	12.07	27.58
Trade tax	0.19	0.26	0.30	0.28	0.39	1.33	3.24
Market fees	0.09	0.13	0.09	0.13	0.07	0.51	1.17
Garbage tax	1.14	1.31	1.41	1.62	1.44	6.92	15.81
Other Taxes/fees	0.07	0.08	0.11	0.10	0.08	0.44	1.01
Total	7.58	9.21	9.46	9.57	8.04	43.86	

(Source: Information compiled from annual accounts of 16 VPs)

The revenues of VPs were showing an increasing trend from the year 2016-17 to 2019-20. However, individual sources of revenues were showing up and down trend during the entire audit period as compared to respective previous year figures.

Good practice: Life jacket hiring fees was collected by Collem VP, the average annual collection being ₹ 80.78 lakh during the audit period. Taking advantage of its location near the popular tourist destination of Dudhsagar waterfall this VP generated additional income through this innovative service.

³ Percentage of total tax/fees collections of test-checked 16 VPs.

5.2.3 Efficiency of revenue collection mechanism

Efficient collection of revenues is necessary for attaining self-sufficiency in operations of the PRIs, *i.e.* execution of their functions and delivery of services. The GPRA and the Goa Panchayat Raj (Recovery of taxes, fees and other dues) Rules, 1999 and orders of Government provided the mandate for imposition and collection mechanism for taxes and other dues. Shortcomings in the imposition and collection of revenues were as below.

5.2.3.1 Non-revision of property tax rates

Property tax constituted nearly one-third of the VPs' own tax revenues and its periodical revision, correct assessment and efficient collection were important for the financial health of VPs. The GPRA provided (Section 153 of GPRA) that the VPs shall revise the rate of property tax once in every three years by a minimum increase of 10 *per cent* thereon. Out of the 16 test-checked VPs, four VPs revised the rates of property tax and seven did not revise the rates for periods ranging from three to 27 years. Five VPs⁴ did not provide the details of revision.

5.2.3.2 Non-imposition of taxes on garbage

Rule 15 of Solid Waste Management Rules, 2016, provided that local bodies may collect user fee for solid waste management from waste generators. It was expected to recover the expenditure on the services provided through collection of taxes. Though garbage collection services were provided by all the 16 test-checked VPs, no user fees were imposed by 11 out of the 16 VPs. The expenditure on garbage collection and solid waste management was met out of the panchayat fund or Government grants (₹ 11.80 crore to all VPs during 2016-21 provided under 'The Goa Panchayats (Grants to Tackle Garbage Menace) Scheme'.

5.2.3.3 Inefficient recovery mechanism

Rule 9 of General Financial Rules, 2017, *mutatis mutandis* provides to ensure that all receipts and dues have to be correctly and promptly assessed, collected and duly credited to the fund. Test-check of revenues by 13 test-checked VPs⁵ and status of demands, collections and arrears were as shown in **Table 5.3**.

⁴ 1. Reis-Magos; 2. Taleigao; 3. Mulgao; 4. Wadi-Talaulim; and 5. Xeldem

⁵ Three VPs *i.e.* Colem, Sancordem and Xeldem did not furnish the information of arrears.

Table 5.3: Arrears of major taxes in test-checked 13 VPs

(₹ in crore)

Type of tax	Arrear (as on March 2020)	Current Demand (2020-21)	Total (2020-21)	Collection (2020-21)	Arrear (as on March 2021)	Percentage of arrears to total demand
1	2	3	(2+3) =4	5	(5-4) = 6	(6/4*100) =7
Property tax	5.29	2.70	7.99	2.86	5.13	64.21
Garbage tax	1.60	1.13	2.74	1.24	1.49	54.38
Advertisement tax	0.17	0.06	0.24	0.04	0.20	83.33
Trade tax	0.57	0.39	0.96	0.36	0.60	62.50
Total	7.63	4.28	11.93	4.50	7.42	

(Source: Data compiled from information furnished by 13 VPs out of 16 test-checked)

Audit noticed that Section 154 of GPRA read with The Goa Panchayat Raj (Recovery of taxes, fees and other dues) Rules, 1999, provided the mandate for issue of bills (Rule 5), demand notice (Rule 6) and issue of warrant (Rules 7, 8 and 9) for recovery of dues. In the test-check of VPs for recovery of three taxes (Property tax, Advertisement/signboard tax and Trade tax), it was noticed that issue of bills and demand notices were not followed up by the issue of warrants where necessary. This resulted in poor recovery of revenues as seen from the fact that arrears of major taxes ranged from 54.38 per cent to 83.33 per cent of the total demand at the year ending 2021.

Thus, non-utilization of executive authority mandated in the rules to enforce collection of revenues resulted in poor recovery of revenues.

While confirming the audit observation the DoP stated (March 2022) that instructions would be issued to VPs for revision of property tax, levy of garbage tax, etc. and the VPs would be instructed to find out reasons for arrears and initiate remedial action. The Secretary, Panchayats acknowledged the observation during the Exit Conference (June 2022) and stated that corrective measures would be taken. At the instance of Audit, the DoP issued (August 2023) instructions to the VPs to revise the taxes timely and collect garbage tax according to the bye-laws adopted.

The ZPs did not have any source of own revenue and their dependence on Government grants for even their establishment expenditure severely affected their autonomy and curtailed their role. Full potential of collecting own revenues was not tapped by the VPs. Non-revision of property tax, inefficient collection mechanism and inaction on arrears affected the financial position of PRIs.

Recommendation 6: The Government may review the status of devolution of finances to ZPs and take action to empower them through assignment of own sources of revenue. VPs must undertake a detailed review of their finances in terms of tax potential, additional resource mobilization, rationalization of tax structures, etc. in addition to strengthening their revenue collection machinery to reduce the revenue arrears.

5.3 Fiscal transfers to PRIs

Share of fiscal transfers from CFC and State Government grants in the total revenues of ZPs ranged from 67 per cent to 100 per cent and from 35 per cent to 61 per cent in VPs during the period 2016-17 to 2020-21. Audit observations on sanction, release and utilisation of grants are detailed below.

5.3.1 Non-utilization of Fourteenth Finance Commission Grants

The Fourteenth Finance Commission (FC XIV) recommended assured transfers in the form of Basic Grants (BG) and Performance Grants (PG) to PRIs for effective planning and delivery of basic services within the functions assigned to them. The FC XIV sanctioned a BG of ₹ 120.39 crore during the period 2015-16 to 2019-20, which was fully transferred to the VPs by the DoP. The Fifteenth Finance commission (FC XV) sanctioned grants under two categories of tied (₹ 37.50 crore) and untied grants (₹ 37.50 crore) in the year 2020-21, which were released to the PRIs. Untied grants of ₹ 11.00 crore were also sanctioned during the period 2021-22.

Details of fiscal transfers to PRIs under the Finance Commission grants for the period 2015-21, and the actuals against them is given in **Table 5.4** below.

Table 5.4: Finance Commission grants sanctioned and released

(₹ in crore)

Year	Finance Commission Grants sanctioned to PRIs			
	Sanctioned		Released	
	BG*	PG*	BG*	PG*
FC XIV				
2015-16	14.44	0.00	14.44	0.00
2016-17	20.00	2.62	20.00	2.62
2017-18	23.10	2.97	23.10	2.97
2018-19	26.73	3.37	26.73	0.00
2019-20	36.12	4.41	36.12	0.00
Total	120.39	13.37	120.39	5.59
FC XV				
	tied⁶	untied	tied	untied
2020-21	37.50	37.50	37.50	37.50

(Source: Information provided by the DoP)

* BG: Basic Grants; PG: Performance Grants

⁶ According to FC XV report for the period 2020-21; 50 per cent grants to rural local bodies were 'Untied Grants' (which could be utilised for any function) and remaining 50 per cent grants were 'Tied Grants' for Sanitation and Water Supply.

- Out of the ₹13.38 crore sanctioned as PG, ₹ 7.79 crore was not released by GoI during the years 2018-19 and 2019-20 to the State Government for reasons not available on record.
- Out of the total release of ₹ 125.98 crore to VPs under FC XIV up to 2019-20, an amount of ₹ 28.02 crore was unutilized (March 2021). While confirming the non-utilization of grants, DoP had informed (March 2022) that Ministry of Panchayati Raj (MoPR) had extended (March 2021) the time limit for utilization till March 2022. Later, the time for utilization of the grants by VPs was extended (June 2023) by the DoP till March 2024 on the basis of clarification (May 2023) from MoPR.
- As a result of non-compliance with the requirement of releasing the grants under FC XIV to PRIs within 15 days of receipt from Government of India (GoI), the State Government had to pay an interest of ₹ 1.47 crore for delays of 07 to 157 days to VPs during the period 2015-20. Similar delay of 07 to 81 days was noticed in release of grants under FC XV and interest of ₹ 72.51 lakh was paid by the State Government as shown in **Table 5.5** below.

Table 5.5: Delay in release of grant and interest paid by the State Government

(₹ in lakh)

Year	Type of Grant	Instalment	Amount	Delay (days)	Interest paid
FC XIV					
2015-16	BG	I	722.00	157	47.00
2016-17	BG	II	1000.00	21	3.59
	PG	NA	262.00	18	0.84
2017-18	BG	I	1155.00	19	3.75
	BG	II	1155.00	07	1.32
2018-19	BG	I	1336.50	13	2.58
	BG	II	1336.50	113	22.34
2019-20	BG	I and II	3612.00	154	66.23
Total (A)			10579.00		147.65
FC XV					
2020-21	tied	I	1875.00	78	29.01
	united	I	1875.00	81	30.13
	tied	II	1875.00	07	2.60
	united	II	1875.00	32	10.77
Total (B)			7500.00		72.51
Total (A + B)			18079.00		220.16

(Source: Information provided by Directorate of Panchayat)

The Department accepted (March 2022) that the funds were not released in time.

- Third-party audit of FC XIV grants released to PRIs was recommended in the guidelines. But no audits were conducted for assurance regarding utilization of funds for the purposes for which they were sanctioned.

Delayed release of Finance Commission grants by the State Government had an impact on certainty of flow of funds, adversely affecting the planning and utilization of funds by VPs.

Recommendation 7: The Government may review the reason for delayed release of Central Finance Commission grants and ensure their timely release.

5.3.2 State Government grants to PRIs

The GPRA (Section 160) provided for release of grants to the respective Local Bodies by the Government of Goa. In the absence of principles of distribution of finances recommended by the State Finance Commission these grants were allocated to the PRIs by the Government as deemed fit. Accordingly, grants were released for salaries, honoraria of elected authorities, development works, execution of functions like solid waste management and special grants (under notified schemes to financially weaker VPs). Details of the grants are given in **Table 5.6** below.

Table 5.6: Grants sanctioned and released by the State Government

Type of grant	2016-17	2017-18	2018-19	2019-20	2020-21
<i>(₹ in crore)</i>					
Zilla Panchayats					
Rural infrastructure grant	10.00	10.00	14.20	9.60	16.00
Administration grant	4.50	9.00	9.46	9.60	16.00
Grant to compensate in lieu of octroi	8.00	8.00	0.00	0.00	0.00
Total	22.50	27.00	23.66	19.26	32.00
Village Panchayats					
Matching grant	5.85	5.21	6.10	5.13	5.00
Grant to compensate in lieu of Octroi	14.00	14.00	0.00	0.00	0.00
Salary grant	5.94	5.97	6.03	5.65	9.96
Garbage grant	1.90	1.91	4.61	1.39	1.95
Weaker panchayat grant	5.19	8.66	9.97	5.89	13.50
Development grant	11.77	5.61	14.86	13.45	20.84
Special component plan for SCs (VPs and ZPs)	1.64	1.04	1.19	1.60	1.95
Special component plan for STs (VPs and ZPs)	7.82	6.20	7.70	6.39	8.89
Total	54.11	48.60	50.46	39.50	62.09

(Source: Appropriation accounts of Government and information provided by the DoP for the year 2020-21)

Existence of multiple grants and uneven trend of disbursement was result of absence of principles governing the grants-in-aid to the panchayats from the Consolidated Fund of the State. Such principles, expected to be recommended by the State Finance Commission were not made as the Commission was redundant as discussed in **Paragraph 5.5**.

5.4 Assigned revenues

Article 243H of the Constitution *inter alia* provided that the States may make provision for assignment of revenues to PRIs, levied and collected by the State Government. Specific provision for assignment of certain revenues was made for ULBs in the State but similar provision was however, not made in the GPRA for PRIs.

On behalf of the PRIs, the Government was collecting additional Value Added Tax (VAT) @ two per cent on petrol and diesel and sharing the proceeds with PRIs *in lieu* of octroi. The Government had compensated ₹ 44.00 crore (13.50 per cent) out of total revenue of the PRIs (₹ 324.81 crore) *in lieu* of octroi for the period 2016-18. Upon the implementation of Goods and Services Tax (GST) in place of VAT w.e.f. 01.07.2017, the Government decided to discontinue (February 2019) the collection and assignment of octroi.

Audit observed that the VAT on diesel and petrol continued to be levied as they were not covered under the GST (December 2021). However, the assignment was stopped to PRIs without compensating them through any other means. Considering the VAT collected on petrol and diesel in 2018-19, the PRIs were deprived of ₹ 8.39 crore⁷ annually. Failure of the State Government to assign an alternative source of revenue in place of the discontinued octroi was a setback to the PRIs.

The Secretary, Panchayats, while acknowledging the observation during the Exit Conference (June 2022), stated that the matter would be referred to the SFC for their recommendations.

Thus, an important source of revenue to the PRIs was discontinued, with no alternative source being identified.

Recommendation 8: The Government may identify alternative revenue streams for assignment to PRIs in place of the discontinued additional VAT on petrol and diesel.

5.5 State Finance Commission

State Finance Commissions (SFCs) were envisaged to reduce intra-state disparities through their recommendations on principles governing the distribution and assignment of revenues to PRIs and fiscal transfers from Governments. The SFCs consider factors like area, population, density of population and economic factors for recommending the principles of distribution of resources. Article 243-I of the Constitution provided for setting up a SFC within one year from the commencement of the Constitutional Amendment Act, and thereafter, at the expiry of every fifth year.

The Government made provisions for SFC (Section 199 of GPRA) and constituted (April 1999) the first SFC with three members which submitted its Report in June 1999. The second SFC (SSFC) was constituted in August 2005 and the third in December 2016. Audit observed that:

- Government constituted only three SFCs during the period 1999 to 2021 as against the six due.
- Reports of the first and second SFC were pending to be submitted to the Legislature along with Action Taken Reports. The first SFC made recommendations *inter alia* for transfer of state's own revenues and share of Central taxes to ZPs (27 per cent) for transferred activities. Devolution from

⁷ Two per cent of VAT collected on petrol and diesel (two per cent of ₹ 671.26 crore = ₹13.42 crore). The share of PRIs was 62.50 per cent of this = ₹ 8.39 crore.

Annual State Plan to PRIs (13 per cent) was also recommended against transferred activities, which were however rejected by the Government with a reason that State's tax revenue was under pressure and funds would be transferred to ZPs as per their requirements. The Commission also observed that transferring resources without transferring functions and responsibilities served no purpose. The second SFC *inter alia* undertook the task of mapping the devolved functions with activities, to facilitate their implementation and made recommendations on devolution of finances according to the programmes/schemes executed by different tiers. The Committee⁸ constituted (July 2010) to consider the implementation of recommendations did not submit its report for more than 11 years (July 2022), rendering the work of both the SFCs infructuous.

- The third SFC was constituted (December 2016) after a delay of more than six years. However, the Commission did not commence functioning due to the lack of infrastructure support, like office space, *etc.* from the Government.

The SFCs made several recommendations regarding functional and financial devolution as well as manpower in PRIs to enable them to function effectively as institutions of self-governance. However, pending decision/action on the recommendations of the SFCs, the devolution of functions through the GPRA was not accompanied by further measures to ensure actual transfer of all devolved functions and left the PRIs without much operational scope as observed⁹ by the second SFC. Recommendations for financial empowerment and provision of staff to PRIs which were linked to the devolution of functions were also not acted upon.

One of the pre-conditions for release of grants from the year from 2022-23 under the FC XV was that the states shall issue notification for the constitution of the SFC in such a way so as to have the recommendations available for laying in the State Legislature on or before March 2024. The Government notified the reconstitution of third State Finance Commission in January 2022. It was specified in the notification that the Chairman and the Members shall initially hold full time office for a period of one year and submit its report before expiry of its term.

The Secretary, Panchayats, acknowledged the observation during Exit Conference (June 2022) and stated that the reconstituted third SFC has commenced functioning and is expected to prepare its report by October 2022. However, it was further informed (August 2023) by DoP that SFC has submitted its interim report.

Recommendation 9: The State Government must constitute SFCs as per the timeframe prescribed in the Constitution. Recommendations of the SFC may be considered and accepted recommendations implemented in a time-bound manner.

⁸ A Committee was constituted by the Government (July 2010) of five members for examination of the report of the SSFC. The composition of the Committee was changed in February 2013. The report of the Committee was awaited as of July 2022.

⁹ Paragraphs 13.7 and 13.8 of the second State Finance Commission Report

5.6 Budget, accounts and audit

Article 243J of the Constitution provided that the Legislature of a State may, by law, make provisions with respect to the maintenance of accounts by the PRIs and audit of such accounts. Adequacy of provisions and their compliance related to preparation of budget, accounts and audit was verified in Audit and the following observations are made.

5.6.1 Budgets in PRIs

5.6.1.1 Preparation of budget in PRIs

- Section 188 of GPRA provides for the preparation of annual budgets by ZPs before the 10th of March every year. Audit observed that neither of the ZPs prepared any budget during any of the years from 2016-17 to 2020-21. Audit noticed that the panchayat of South Goa Zilla Panchayat (SGZP) had resolved (May 2016 and March 2017) that the Chief Accounts Officer should prepare the budget but the same was not complied with till August 2023. In the absence of any source of revenue, the ZPs were dependent on Government grants (administration, development grants and assigned revenues till 2017-18) and received grants amounting to ₹ 124.22 crore during the period 2016-21. The ZPs utilized these grants without an approved budget which was a major violation of section 188 of GPRA. Also, there was no assurance that the expenditure out of the grants was as per a financial plan/ approved priorities mandated by the elected panchayats.

At the instance of Audit, DoP issued an instruction (August 2023) to ZPs to prepare the budgets and submit them to the Government.

- The VPs were required (Section 182 of GPRA) to prepare their budgets before the 10th of March every year. Audit observed that the GPRA (Section 182 (1) and Rule 25 (i) of Goa Panchayats (Accounts, Audit and Custody of Funds) Rules, 1995 made thereunder were not in line with each other as the GPRA required the VPs to prepare the budget between 1st February to 10th March but the prescribed date for submission of budgets to the BDO, as given in the Rule was 1st March.
- In the test-checked 13 VPs¹⁰ a total of 65 budgets (13 VPs for 5 years) were prepared during the period 2016-21. However, 42 of them provided the date of preparation of budget. The delay in preparation of budgets and submission to BDOs was calculated with respect to last date of submission of the budget to the BDO *i.e.* 1st March. It was found that 10 out of 42 budgets were not prepared in time with delays ranging from 04 to 364 days. Thirty-one out of forty-two budgets were not submitted to BDOs in time with delays ranging from 01 to 102 days. The VPs were also required to submit their budgets to ZPs. However, this was not complied with except in 2020-21, when 09 out 191 VPs submitted their budgets to the respective ZPs.

¹⁰ Three VPs of Assagaon, Chodan-Madel and Sancorde did not furnish information.

While accepting (March 2022) the Audit observations, the DoP assured that instructions would be issued for submission of budgets to ZPs in time. Further, at the instance of Audit, an instruction (August 2023) was issued by DoP to VPs to ensure that budgets are prepared and submitted to ZPs in time.

5.6.1.2 Unrealistic budgets

The VPs prepared their budgetary revenue estimates based on expected own revenues and allocation of funds by the Government and Finance Commission grants. The expenditure estimates were based on capital, O&M and other expenditure for carrying out the activities/services required of them.

Variance in the estimates of receipts and expenditure was analyzed in the test-checked 16 VPs for the period 2016-17 to 2020-21 and are shown in **Appendix 4**.

In case of test-checked VPs, the actual revenue *vis-à-vis* the budget ranged between 34 to 84 *per cent*, while the expenditure *vis-à-vis* the budget ranged between 31 to 54 *per cent*. In the VPs, expenditure towards basic services like rural housing and drinking water, education and culture, social welfare and poverty alleviation programmes was less than one *per cent* of actual total expenditure during the period 2016-21.

The Secretary, Panchayats, acknowledged (June 2022) the observation and assured that options would be explored to make the budgets more realistic.

Non-preparation of budgets by ZPs, delays in preparation of budgets of VPs and their being unrealistic, indicated that compliance of provisions for preparation and submission of budgets was not effective.

Recommendation 10: The ZPs may ensure that budgets are prepared annually and approved by the elected panchayat. The Directorate of Panchayats may monitor and support the timely preparation of budgets by PRIs.

5.6.2 Accounts and audit

Article 243J of the Constitution provides that the Legislature of a State may, by law, make provisions with respect to the maintenance of accounts by the Panchayats and the audit of such accounts. On the recommendation of the Eleventh Finance Commission (2001), the Model Accounting System (MAS) was prescribed by Ministry of Panchayati Raj (MoPR), GoI in consultation with the CAG and simplified in 2009. However, the same was not implemented by the PRIs in the State. The MoPR launched (September 2010) an accounting software called Panchayati Raj Institution Accounting Software (PRIASoft)¹¹. Further, MoPR merged (April 2020) the PRIASoft application with other applications called *e-GramSwaraj* a web-based portal. The *e-GramSwaraj* was adopted only for the Fourteenth and Fifteenth Finance Commission Grants for VPs. It was further informed (February 2024) by Secretary, Panchayats, that *e-GramSwaraj* was being used for preparation of Zilla Panchayat

¹¹ PRIASoft is one of the Common Core Applications under Panchayat Enterprises Suits (PES) of e- Panchayat MMP

Development Plan (ZPDP). The status of preparation of accounts and audit is discussed in the succeeding paragraphs.

- No rules were prescribed under the GPRA for maintenance of accounts of ZPs, unlike that for VPs¹². Accounts of North Goa Zilla Panchayat (NGZP) were incorrectly prepared from 2009-10 till 2015-16. Further, the accounts were not submitted by NGZP for the period 2016-17 onwards for Audit. Hence, the audit of these years' accounts could not be conducted by the CAG.

The NGZP agreed (March 2022) to correct the accounts and resubmit for audit. Though the DoP did not call for accounts from the ZPs as required under Section 175(3) of the GPRA, it agreed (March 2022) to take up the matter with the ZP. At the instance of Audit, DoP issued an instruction (August 2023) to correct the accounts.

- In all test-checked 16 VPs, annual accounts were prepared till 2020-21 (as on June 2022) in accordance with the formats prescribed in 'The Goa Panchayats (Accounts, Audit and Custody of Funds) Rules, 1997'. The DoP stated (March 2022) that the issue of onboarding of *e-GramSwaraj* for other schemes (State and Central) would be considered.

The Secretary, Panchayats, acknowledged the observation during Exit Conference (June 2022) and stated that the Department would take up the matter regarding the rules and preparation of pending accounts.

- MoPR developed an application 'AuditOnline' for online audit of PRIs. It facilitated internal and external audit of PRIs including financial audit of accounts. MoPR instructed (October 2020) the State Governments to get 20 *per cent* of VPs audited during 2020-21. It was observed that the audit cell of DoP conducted audit of accounts of FC XIV grants for 48 VPs (out of 191) for the year 2019-20, while the audit of accounts for the year 2020-21 were yet to be conducted.

The Secretary, Panchayats, while acknowledging the observation during Exit Conference (June 2022) stated that audits were now being undertaken in 'AuditOnline' application. It was informed (August 2023) by DoP that audit of Finance Commission grants was being conducted in 'AuditOnline' application.

- The Director of Accounts, who was the Statutory Auditor for the VPs¹³ discontinued the audits with effect from April 2018 with the approval of the Government of Goa due to lack of manpower. As a result, the accounts of VPs were not audited from 2018-19 till 2020-21 (March 2022). The Director of Accounts informed that audits of VPs have been resumed from April 2022.

There were delays in the preparation of accounts of ZPs. Discontinuation of audit of Local Bodies by the Statutory Auditor was a serious lapse.

¹² The Goa Panchayats (Accounts, Audit and Custody of Funds) Rules, 1997.

¹³ Section 187 of GPRA read with Rule 23 of the Goa Panchayats (Accounts, Audit and Custody of Funds) Rules, 1997.

Recommendation 11: The Government may notify Accounting Rules for PRIs based on Model Accounting System. The Directorate of Panchayats may monitor and support the timely preparation of accounts of PRIs and their audit.

5.6.3 Revenue expenditure gap in PRIs

Analysis of trends of revenue and expenditure for two ZPs and 191 VPs revealed that while ZPs faced 100 per cent revenue-expenditure gap¹⁴, the VPs were able to generate their own revenues to meet about 60 per cent of their total expenditure during the audit period as shown in **Table 5.7** below.

Table 5.7: Comparison of own revenues of VPs to expenditure

(₹ in crore)

Year	Own revenue	Total expenditure	Percentage of own revenue to total expenditure
2016-17	61.86	102.10	60.58
2017-18	70.26	114.42	61.40
2018-19	63.30	115.38	54.86
2019-20	81.86	133.13	61.49
2020-21	83.77	136.56	61.34
Total	361.06	601.61	60.01

(Source: Information provided by DoP)

Audit observed that 46 out of 191 VPs were able to meet the establishment expenditure out of their own revenues during 2016-17 to 2020-21 and four¹⁵ had a mixed record of being able to meet during a few years, while failing to do so in other years. The remaining 141 VPs could not meet their establishment expenditures during any of the five years.

Majority of the PRIs were not able to meet even their establishment expenditure out of their own resources. Inability of PRIs to earn sufficient own revenue resulted in increased dependence on grants from the Government.

¹⁴ The revenue expenditure gap indicates difference between earned revenue by a Local Body by using its statutory means like taxes, fees, etc. and total expenditure.

¹⁵ Dhargalim-met the expenditure status: two years (yes), three years (no); Davorlim- met the expenditure status: three years (yes), two years (no); Camorlim- met the expenditure status: three years (yes), two years (no); Veling, Priol, Cuncoliem- met the expenditure status: one year (yes), four years (no).

Chapter VI

**Human resources in
Panchayati Raj Institutions**

Chapter VI: Human resources in Panchayati Raj Institutions

Availability of adequate human resources was a necessary condition for effective implementation of their mandate by the local bodies. Absence of dedicated cadres as well as the role of other organizations in the implementation of functions, left the PRIs with a small number of functionaries vis-à-vis the manpower at the disposal of the Block Development Offices (BDOs) and District Rural Development Agencies (DRDAs). Lack of a concerted and systematic approach to capacity building of PRI functionaries impaired their capacity to effectively perform the functions devolved.

The 73rd Constitutional Amendment Act required the State Governments to devolve functions enumerated in the Eleventh Schedule to the Panchayati Raj Institutions (PRIs), as well as endow them with the necessary powers and authority to carry out their functions. As per their mandate, broad categorization of the functions performed by PRIs is as mentioned in **Table 6.1** below.

Table 6.1: Functional framework in PRIs

Category	Function
Administration	General administration, including meetings of panchayats and committees (Both Zilla Panchayat (ZP) and Village Panchayats (VPs))
Engineering	Construction of roads and bridges, other repair and maintenance of public amenities and community assets (Both ZPs and VPs)
Revenue	Imposition of taxes and fees and their collection (only VPs)
Finance & Accounts	Preparation of plans, budgets and accounts and expenditure monitoring (Both ZPs and VPs)
Regulation	Regulation of constructions and trade through licensing (only VPs)

(Source: Goa Panchayat Raj Act, 1994 (GPRA))

Availability of adequate and qualified manpower is a pre-requisite for any organization to discharge their functions in an efficient and effective manner. Adequacy of manpower and their capacity building were scrutinized in audit and the following were observed.

6.1 Adequacy of manpower

The requirement of manpower in a PRI would *inter alia* depend on the geographical area, size of the population, functions to be executed, *etc.* and adequacy of manpower is to be assessed accordingly.

6.1.1 Manpower of Zilla Panchayats

Section 150 of GPRA provided for the appointment of Chief Executive Officers (CEO) and Chief Accounts Officer (CAO) and constitution of services for ZPs. ZPs were sanctioned manpower for administrative functions *vide* orders of Government (1999 and 2000) upon the formation of ZPs in the State. The posts of CEO, Chief Finance Officers, Accountants and other administrative staff was sanctioned. The status of manpower in ZPs was as shown in **Table 6.2**.

Table 6.2: Manpower of Zilla Panchayats

Category	Function	Sanction for manpower	Persons-in-Position
Administration	General administration including meetings of panchayats and committees.	CEO were to be posted for every ZP.	CEO was posted by Government from the State administration cadre.
Engineering	Execution of public works.	Manpower was not assessed.	Manpower was provided from DoP's cadre of technical manpower on working arrangement basis.
Planning	Preparation of plans and execution.		
Finance & Accounts	Preparation of budgets and accounts and expenditure monitoring.	One CAO and one Accountant each was sanctioned for ZP.	Sanctioned manpower was appointed by State Government from cadre of the Directorate of Accounts.
Other subordinate manpower	Subordinate manpower for administration and other functions.	22 Group C and D posts were sanctioned.	21 contractual staff were appointed against 14 vacancies.

(Source: Information provided by the ZPs)

The DoP created (2008) a cadre of technical manpower for execution of works of PRIs. The ZPs were supported by the DoP's technical cadres in the preparation of plans and execution of public works. However, no plans were prepared by the technical manpower provided and only the execution of works was carried out.

The DoP sent a proposal¹ (2008) to the Government for constitution of administrative services, technical services and district rural development services for carrying out the functions of the PRIs. The draft rule for constitution of these services was also sent (January 2009) to ZPs for comments but they were pending consideration for over 14 years (August 2023). The ZPs thus depended upon the manpower controlled by the DoP for the execution of all public works. Further, as the ZPs did not have the necessary technical manpower, the DoP, through the BDOs retained effective administrative and technical control over the functions executed by the VPs under their jurisdiction.

The absence of cadres in ZPs and the resulting constraints were acknowledged (June 2022) by the Secretary, Panchayats during the Exit Conference. The DoP further informed (August 2023) that the proposal was under consideration of the Government.

Execution of functions devolved to the ZPs as well as their supervisory responsibilities *vis-à-vis* VPs were impacted by the lack of adequate and specialised manpower with them.

¹ The Goa Zilla Panchayat (Constitution of services, recruitment, and other conditions of service) Rules, 2008.

6.1.2 Manpower of Village Panchayats

Section 113 of the GPRA provided for the appointment of Secretary of VPs. Section 114 of GPRA provided that the Government may, by order, specify the staffing pattern, the scales of pay and mode of recruitment of staff of panchayats. Accordingly, manpower for VPs was sanctioned by the Government, *vide* 'Goa Panchayat (staffing pattern, scales of pay and mode of recruitment of staff of Panchayats) Order, 2003, revised in 2007 and 2010. The order prescribed the number of clerks and peons to be appointed² according to their category. Amendment to order (2007) enabled the VPs to appoint one Pound keeper, one Driver for garbage vehicle, one Librarian and one Library Attendant. The order also enabled the financially capable VPs to appoint any additional staff temporarily for a specific purpose (with the approval of the Gram Sabha and the DoP). Such personnel could be recruited through a Departmental Selection Committee comprising the Sarpanch of the VP, BDO and representative of the CEO of ZP.

The staff position in 16 test-checked VPs is shown in **Table 6.3** below.

Table 6.3: Staff position of 16 test-checked VPs

Post	Sanctioned strength	Person-in - position	Vacant post	Contractual staff
VP Secretary	16	16	00	00
Clerks and peons	45	31	14	38
Total	61	47	14	38

(Source: Information provided by the 16 VPs)

The Village Secretaries who were Government employees were appointed by the DoP. There were 31 persons posted as clerks and peons against the 45 posts sanctioned in test-checked VPs. The vacancies were operated through the appointment of contractual staff. The VPs depended upon the BDO for technical support and approvals of public works due to non-availability of technical manpower in the PRI system.

6.2 Role of other organizations implementing PRI functions

The DoP had not transferred the administrative and functional control of VPs to ZPs and instead exercised this control over VPs through the BDOs. Further, the DRDAs working under the administrative control of the Department of Rural Development executed certain functions which overlapped with PRI functions. As a result, the BDOs and DRDAs possessed the manpower which should ideally have been available to the PRIs.

6.2.1 Block Development Offices

Block level panchayats, an intermediate tier of the PRI system is absent in Goa, unlike in majority of the states due to its small size. However, there existed an administrative tier at the level of Blocks under the DoP. The Block Development Offices had a total

² A class VPs - three clerks and one peon; B class VPs - two clerks and one peon; C and D class VPs - one clerk and one peon.

sanctioned strength of 516³ with 15 BDOs and 501 subordinate staff, against which all except 19 subordinate staff positions were filled.

As pointed out in **Paragraph 4.2**, the effective functional and administrative linkage is not developed between VPs and ZPs. The VPs reported to the BDOs for administrative and functional purposes, who were then reporting to Administrative Department. The requirements of functioning of both the tiers of PRIs for effective planning, financial control and execution of function can be addressed only if there exists a middle tier of functionaries too forming a link. Consideration of full or part transfer of functionaries at BDO level to the PRI system may help to establish the missing link and also fulfil the requirement of manpower for the PRI system.

6.2.2 District Rural Development Agency

The DRDAs which implemented State and Central rural development schemes, recruited manpower for their administrative and technical functions (as against sanctioned strength of 98 in two DRDAs⁴, 67 were in position). Additionally, the DRDAs also engaged manpower in accordance with the guidelines of the schemes for implementation of schemes (Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and National Rural Livelihood Mission (NRLM)). For implementation of MGNREGS, the DRDAs deployed a total manpower of 230 persons (15 Programme Officers, 20 Assistant Engineers, 19 Accountants and 176 *Gram Rozgar Sahayaks*) at the District, Block and VP levels.

Audit noticed that the DRDA either fully or partially carried out activities under 10 functions⁵ devolved to ZPs (**Table 4.2**). DRDAs utilised their own manpower and executed schemes in association with VPs/BDOs.

The Ministry of Rural Development (MoRD), Government of India (GoI) decided (November 2021) the discontinuation of 'DRDA Administration Scheme' and suggested the merger of DRDAs with ZPs. It was further suggested that staff on deputation may be repatriated and other staff may be absorbed by line departments or continue to work on schemes. However, the State Government has not initiated any steps for the same and implementation of schemes continued to remain with DRDAs. Pending merger of DRDAs with ZPs, the manpower of 230 persons in MGNREGS and 67 in DRDAs continued to remain outside the system of PRIs.

The DoP replied (August 2023) that there was no proposal for merger of DRDAs and they were under a separate Department.

PRIs required adequate and competent manpower to execute the various development and civic functions in an efficient and accountable manner. However, due to the absence of dedicated cadres as well as the role of other organizations in the

³ BDOs, Secretaries of VPs, Gram Sevaks and subordinate staff.

⁴ Two DRDAs – one each in North Goa and South Goa

⁵ 1. Agriculture including agricultural extension; 2. Minor forest produce; 3. Rural housing; 4. Social forestry and Farm forestry; 5. Minor forest produce; 6. Rural housing; 7. Fuel and fodder; 8. Non-conventional energy sources; 9. Poverty alleviation programme; and 10. Health and sanitation including hospitals, primary health centres and dispensaries.

implementation of functions meant to be performed by PRIs, they were left with insufficient number of functionaries to carry out the designated tasks.

Recommendation 12: Rationalization of manpower requirements of PRIs may be considered including the transfer/creation of appropriate cadres for the specialized functions of the PRIs.

6.3 Capacity building

The Goa Institute of Public Administration & Rural Development (GIPARD), a registered society, is the apex institute for training State Government employees and those of autonomous bodies.

GIPARD conducted training programmes for PRIs on various subjects such as preparation of development plans, conduct of Gram Sabha, preparation of plans for utilisation of finance commission grants, operation of village development committees, implementation of Swachh Bharat Mission, malnutrition, office procedures, management information systems and social audits. ‘Rashtriya Gram Swaraj Abhiyan (RGSA)’⁶ a Government of India scheme, was an important scheme having components of trainings and capacity building. The said component under the program was implemented by GIPARD, meant for elected representatives and officials of PRIs, the focus of the scheme *inter alia* was to ensure basic orientation training for the elected representatives of PRIs, within six months of their election and refresher trainings within two years. Under the RGSA scheme, the GIPARD had to prepare Annual Action Plan (AAP) to impart training which was approved by the Central Executive Committee (CEC), Ministry of Panchayati Raj (MoPR), GoI. The number of trainings proposed, approved and conducted under RGSA is shown in the **Table 6.4** below.

Table 6.4: Number of trainings under RGSA to PRI officials and non-officials

Year	No of trainings proposed in Annual Action Plan	No. of trainings approved by CEC	Total trainings	
			No.	Trainees
2016-17	376	376	101	3905
2017-18	152	152	63	3179
2018-19	91	91	45	2071
2019-20	34	34	119	3098
2020-21	120	120	57	2033
Total	773	773	385	14286

(Source: Information provided by GIPARD)

Audit observed that:

- Total trainings showed a reducing trend from 2016-17 to 2020-21 (except 2019-20). The CEC had approved 773 trainings to be conducted under the scheme for the period 2016-21 but the GIPARD conducted only 385 trainings.

⁶ ‘Rajiv Gandhi Panchayat Sashaktikaran Abhiyan’ was implemented with effect from 2013-14. The scheme was restructured as ‘Rashtriya Gram Swaraj Abhiyan’ (RGSA) for implementation with effect from April 2018.

- Twenty-one trainings were conducted (2017-18) for orientation of newly elected representatives of VPs which was attended by 1,119 elected representatives out of 1,555. A similar training programme (2017-18) for newly elected representatives of ZPs was attended only by 16 out of 50 elected representatives.
- There were 624 elected women representatives in the PRIs of Goa. Three separate trainings were conducted by the GIPARD for elected women representatives which was however, attended by 45 and 11 in 2016-17 and 45 elected representatives in 2018-19.

Audit noticed that though the trainings were not mandatory for elected representatives, the State Government otherwise insisted the members to attend the courses but there was still a lot of shortfall in attendance.

- Sharing pattern of the scheme was in the ratio of 60:40 between Centre and State. The Central Government contributed ₹ 2.65 crore of its share under RGSA during the years from 2015-16 to 2017-18, while the State Government contributed ₹ one crore for the year 2020-21. The GIPARD did not receive Central grants for the period 2018-19 to 2020-21 as the State Government did not release its contribution in time. Hence, the number of trainings conducted for PRIs by GIPARD fell way short of the planned number.

Audit observed that the trainings and capacity building programmes were conducted on areas like administration, planning, execution of functions, implementation of schemes, maintenance of accounts, social audits, *etc.* Attending the same could help elected representative and officials to have better capacity to attend administrative and functional requirements effectively. However, the benefits of trainings/programmes could not be availed by the functionaries who did not attend the same. Further, audit also noticed that neither GIPARD nor the DoP/PRIs conducted any training needs analysis for the staff of PRIs during the audit period.

The GIPARD accepted (March 2022) that trainings were not carried out according to plan and informed that the number of training programmes was reduced due to fund constraints. At the instance of Audit, the DoP further requested (August 2023) the GIPARD to ensure that training need analysis is carried out and required number of trainings are conducted.

Recommendation 13: Training Need Assessment may be carried out and systematic capacity building of PRI functionaries may be taken up to strengthen their competencies, skills and knowledge.

**Panaji
The 06 May 2024**



**(ANITHA BALAKRISHNA)
Principal Accountant General**

Countersigned

**New Delhi
The 08 May 2024**



**(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India**

Appendices

APPENDIX 1
(Referred to in Paragraph 4.1)
Devolution of functions to Zilla Panchayats and actual status of implementation

Sl. No.	Functions listed in Eleventh Schedule of Constitution	Devolution under GPRA	Sub-functions under GPRA	Status of implementation	Audit remarks
		I	Overall supervision, co-ordination and integration of development schemes at District levels and preparing the plan for the development of the District. (1) Establishment and maintenance of godown. (2) Management of agricultural and horticultural extensions and training centres. (3) Training of farmers.	The functions were not implemented to the extent as pointed in the Paragraphs 5.6.1.1, 4.4.2 and 4.3.	Function not devolved by Constitution but devolved under GPRA.
1	Agriculture including agricultural extension.	II	Agriculture (including Agricultural Extension) and Horticulture.	Not implemented.	Sub-functions implemented by the Department of Agriculture.
2	Land improvement, implementation of land reforms, land consolidation and soil conservation.	III	Land improvement and soil conservation. Planning and implementation of land improvement and soil conservation programmes entrusted by the Government.	Not implemented.	Function implemented by Department of Revenue, Town and Country Planning Department and Department of Agriculture.
3	Minor irrigation, management and watershed development.	IV	Minor Irrigation, Water Management and Watershed Development. (1) Providing for the timely and equitable distribution and full use of water under irrigation schemes under the control of the Zilla Panchayat. (2) Development of ground water resources.	Function was executed by one of the ZPs by constructing the bandhs. Function was partially implemented.	There are no schemes transferred to ZPs by Water Resources Department. Sub-function implemented by the Department of Water Resources.

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Sl. No.	Functions listed in Eleventh Schedule of Constitution	Devolution under GPRA	Sub-functions under GPRA	Status of implementation	Audit remarks
4	Animal husbandry, dairying and poultry.	V	Animal Husbandry, Dairying and Poultry. (1) Supervision over the Village Veterinary Hospitals, Centres and Mobile Veterinary dispensaries. (2) Training for farmers of dairy farming, Poultry and Piggery.	Not implemented.	Sub-function is not applicable as there are no Taluka Panchayats. Sub-functions are implemented by the Department of Animal Husbandry.
5	Fisheries.	VI	Fisheries. (1) Development of fisheries in irrigation works vested in the Zilla Panchayat. (2) Promotion of inland, brackish water and marine fish culture.	Not implemented.	Sub-functions are implemented by Department of fisheries
6	Khadi, village and cottage industries	VII	Khadi, Village and Cottage Industries (1) Establishment and Management of Training-cum-Production Centre. (2) Organisation of marketing facilities for products of cottage and village industries.	Not implemented.	Sub-function is implemented by the Khadi and Village Industries Board. Sub-function is implemented by the VPs.
7	Small-scale industries, including food processing industries	VIII	Small-Scale industries including Food Processing Industries Educating youth for establishment of Small-Scale Industries.	Not implemented.	Sub-function is continued to be implemented by the Department of Industries, Trade and Commerce (DITC).

Sl. No.	Functions listed in Eleventh Schedule of Constitution	Devolution under GPRA	Sub-functions under GPRA	Status of implementation	Audit remarks
8	Rural housing	IX	Rural Housing Guidance to the Taluka Panchayat for Promotion of Rural Housing Programme.	Not implemented.	Sub-function is not applicable as there are no Taluka Panchayats. Rural Housing programme is implemented by DRDAs.
9	Drinking water	X	Drinking Water Guidance for promotion of drinking water and rural sanitation to Taluka Panchayat and Village Panchayat.	Not implemented.	Sub-function is continued to be implemented by the Public Works Department.
10	Minor forest produce.	XI	Minor forest produce and Fuel and Fodder. Guidance for the management of minor forest produce of the forest raised community lands.	Not implemented.	Sub-functions are continued to be implemented by the Department of Forest.
11	Fuel and fodder		Minor forest produce and Fuel and Fodder	Not implemented.	
12	Roads, culverts, bridges, ferries, waterways and other means of communication.	XII	Roads, Buildings, Bridges, Ferries, Waterways and other means of communication. (1) Construction and maintenance of District roads and culverts, causeways and bridges (excluding State Highways and Village roads). (2) Construction of administrative and other buildings connected with the requirements of the Zilla Panchayat. (3) Supervision over the works undertaken by Village Panchayat and	Construction or maintenance of roads is executed. Implemented Not implemented.	Sub-functions are also continued to be implemented by the DRDAs (MGNREGS and GGSY schemes). Sub-functions are continued to be implemented by the DRDAs (MGNREGS and GGSY schemes). Sub-function continued to be implemented by

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Sl. No.	Functions listed in Eleventh Schedule of Constitution	Devolution under GPRA	Sub-functions under GPRA	Status of implementation	Audit remarks
13	Non-conventional energy sources.	XIII	Taluka Panchayat as regards to the construction of roads. Promotion and development of non-conventional energy sources.	Not implemented.	the Department of Panchayat. Sub-function continued to be implemented by the Department of Science and Technology.
14	Poverty alleviation programme.	XIV	Supervision over the implementation of poverty alleviation programmes in the Village Panchayat.	Not implemented.	Sub-function continued to be implemented by the Department of Social Welfare and DRDA.
15	Education including primary and secondary schools.	XV	(1) Promotion of educational activities in the District including the establishment and maintenance of Higher Secondary Schools. (2) Establishment and maintenance of Ashram School and orphanages. (3) Survey and evaluation of educational activities. (4) Construction and maintenance of Higher Secondary Schools.	Not implemented. Not implemented. Not implemented.	Sub-function continued to be implemented by the Department of Education. Sub-functions continued to be implemented by the Government Departments. Sub-functions also continued to be implemented by Department of Education.

Sl. No.	Functions listed in Eleventh Schedule of Constitution	Devolution under GPRA	Sub-functions under GPRA	Status of implementation	Audit remarks
16	Technical training and vocational education.	XVI Technical training and Vocational Education.	Encouraging and assisting rural vocational training.	stages, playgrounds were carried out by ZFPs. Partially implemented. Not implemented.	Sub-function continued to be implemented by the Department of Technical Education.
17	Adult and non-formal education.	XVII Adult and non-formal Education.	Supervision over the implementation of programmes of Adult Literacy and non-formal Education Programme.	Not Implemented.	Sub-function continued to be implemented by the Department of Education.
18	Health and sanitation including hospitals, primary health centres and dispensaries.	XVIII Health and Family Welfare.	(1) Management of Hospitals and dispensaries excluding those under the management of Government or any local authority. (2) Supervision over the implementation of maternity and Child Health programme. (3) Supervision over the implementation of immunisation and vaccination programme. (4) Supervision over the implementation of family welfare programme.	Not implemented. Not implemented. Not implemented. Not implemented.	Sub-functions continued to be implemented by the Department of Health.
19	Family welfare.				
20	Women and child development.	XIX Woman and Child Development.	(1) Supervision over the promotion of	Not implemented.	Sub-functions continued to be

Sl. No.	Functions listed in Eleventh Schedule of Constitution	Devolution under GPRA	Sub-functions under GPRA	Status of implementation	Audit remarks
			programme relating to development of Women and Children. (2) Supervision over the promotion of school health and nutrition programme. (3) Supervision over the promotion of participation of voluntary organisation in Women and Child Development Programmes.	Not implemented. Not implemented.	implemented by the Department of Women and Child Development.
21	Social welfare including welfare of the handicapped and mentally retarded.	XX	Welfare of the weaker sections and in particular welfare of handicapped and mentally retarded.	Not implemented.	Sub-function continued to be implemented by the Department of Social Welfare.
22	Welfare of the weaker sections, and in particular of the Scheduled Castes and the Scheduled Tribes.	XXI	Supervision and management of hostels in the District, distribution of grants, loans and subsidies to individuals and other Schemes for the welfare of Scheduled Castes, Scheduled Tribes and Backward Classes.	Not implemented.	Sub-function continued to be implemented by the Departments of Social and Tribal Welfare.
23	Maintenance of community assets.	XXII	Supervision and guidance over the community assets maintained by Taluka Panchayat and Village Panchayat.	Not implemented.	Sub-function continued to be implemented by the Department of Panchayat.

Sl. No.	Functions listed in Eleventh Schedule of Constitution	Devolution under GPRA	Sub-functions under GPRA	Status of implementation	Audit remarks
24	Cultural activities.	XXIII Cultural activities.	Promotion of social and cultural activities.	Not implemented.	Sub-function continued to be implemented by the Department of Art and Culture.
25	Rural electrification including distribution of electricity.	XXIV Rural electrification.	Supervision over electrification by Taluka Panchayat and Village Panchayat.	Not implemented.	Sub-function continued to be implemented by the Department of Electricity.
26	Libraries.	XXV Libraries.	Supervision over the construction of libraries by Taluka Panchayat and Village Panchayat.	Not implemented.	Sub-function continued to be implemented by the Department of Art and Culture.
		XXVI Such other functions as may be entrusted.	--	--	--
Following Functions in the Eleventh Schedule were not devolved with corresponding function in Schedule II of GPRA					
1	Social forestry and Farm forestry.	Function not devolved in the Act.	Not applicable.	Function not implemented by ZPs.	Function was implemented by Department of Forest and DRDAs.
2	Public Distribution system.	Function not devolved in the Act.	Not applicable.	Function not implemented by ZPs.	Function was implemented by State Department (Public Distribution and Food Supplies).
3	Markets and Fairs.	Function not devolved in the Act.	Not applicable.	Function not implemented by ZPs.	Sub-function of 'Regulation and fairs (including cattle fairs) and festivals' is devolved to VPs

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Sl. No.	Functions listed in Eleventh Schedule of Constitution	Devolution under GPRA	Sub-functions under GPRA	Status of implementation	Audit remarks
					(Item No. XVII of Schedule I under GPRA).

(Source: Eleventh Schedule to the Constitution, Schedule II of GPRA and information provided by the PRIs and Department)

APPENDIX 2
(Referred to in Paragraph 4.1)
Devolution of functions to Village Panchayats and actual status of implementation

Sl. No.	Functions listed in Eleventh Schedule of the Constitution	Devolution under GPRA	Sub-functions under GPRA	Status of Implementation in VPs	Audit remarks
		I	General functions.	<p>The sub-function was implemented to the extent pointed in Paragraph 4.4.</p> <p>The sub-function was implemented to the extent pointed in the Paragraph 5.6</p> <p>Not Implemented.</p> <p>Not Implemented.</p> <p>Not Implemented.</p> <p>Not Implemented.</p> <p>Implemented.</p> <p>Not Implemented</p>	Function not devolved by the Constitution but devolved by GPRA.
1	Agriculture including agricultural extension.	II	Agriculture including agricultural extension.	<p>(1) Development of waste lands.</p> <p>(2) Development and maintenance of grazing lands and preventing their unauthorised alienation and use.</p>	<p>Not Implemented.</p> <p>Not Implemented.</p> <p>Sub-functions continued to be implemented by the Department of Agriculture and by the DRDAs under MGNREGS.</p>
2	Animal husbandry, dairying and poultry.	III	Animal Husbandry, Dairying and Poultry.	<p>(1) Promotion of dairy farming, poultry and piggery.</p> <p>(2) Grass land development.</p>	<p>Implemented.</p> <p>Not Implemented.</p> <p>Director of Animal Husbandry through the Government Schemes, while VPs promoted these schemes in their respective VP with the help of the Department.</p>

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Sl. No.	Functions listed in Eleventh Schedule of the Constitution	Devolution under GPRA	Sub-functions under GPRA	Status Implementation in VPs	Audit remarks
3	Fisheries.	IV	Fisheries.	Not implemented.	Function is partially executed.
4	Social forestry and farm forestry.	V	Social and Farm Forestry, minor Forest Produce Fuel and Fodder.	Not implemented.	Sub-function continued to be implemented by the Department of Fisheries.
5	Minor Forest.		(1) Fuel plantation and fodder development.	Not implemented.	Sub-functions continued to be implemented by the Department of Forest and the DRDAs.
6	Fuel and Fodder.		(3) Promotion of farm forestry.	Not implemented.	
			(4) Development of Social forestry	Not implemented.	
7	Khadi, village and cottage industries.	VI	Khadi, Village and Cottage Industries.	Implemented.	VPs promoted schemes implemented by the 'Khadi and Village Industries Board'.
8	Rural housing.	VII	Rural Housing.	Not implemented.	Sub-functions continued to be implemented by the DRDAs.
9	Drinking water.	VIII.	Drinking water.	Implemented.	Sub-function is implemented by the VPs.
			(1) Construction, repairs and maintenance of drinking water well, tanks and ponds.	Implemented.	Implemented by the VPs but similar functions were also implemented by the DRDAs under MGNREGS.
			(2) Prevention and control of water pollution.	Implemented.	
			(3) Maintenance of rural water supply schemes.	Not implemented	Maintenance of rural water supply schemes is done by PWD.

Sl. No.	Functions listed in Eleventh Schedule of the Constitution	Devolution under GPRA	Sub-functions under GPRA	Status Implementation in VPs	Audit remarks
10	Roads, culverts, bridges, ferries, waterways and other means of communication.	IX Roads, buildings, culverts, bridges, ferries, waterways and other means of communication.	(1) Construction and maintenance of village roads, drains and culverts. (2) Maintenance of buildings under its control or transferred to it by the Government or any public authority.	Implemented. Implemented.	Sub-functions are implemented by the VPs. The sub-functions were also implemented by the DRDAs under MGNREGS, GGSY and SPMRM.
11	Rural electrification including distribution of electricity.	X Rural electrification: Providing for and maintenance of lighting of public streets and other places.	Providing for and maintenance of lighting of public streets and other places.	Implemented.	Sub-function is implemented by the VPs.
12	Non-conventional energy sources.	XI Non-conventional energy source.	(1) Promotion and Development of non-conventional energy schemes. (2) Maintenance of community non-conventional energy devices including bio-gas plants. (3) Promotion of approved chulhas and other efficient energy devices.	Not implemented. Not implemented. Not implemented.	Sub-functions continued to be implemented by the Department of Science & Technology and partially by the DRDAs.
13	Poverty alleviation programme.	XII Poverty alleviation programmes.	(1) Promotion of public awareness and participation in poverty alleviation programmes for fuller employment and creation of productive assets, etc. (2) Selection of beneficiaries under various programmes. (3) Participation in effective implementation and monitoring.	Implemented. Implemented. Implemented.	Sub-functions implemented by the VPs.
14	Education including primary and secondary schools	XIII Education including Primary Schools:	(1) Promotion of public awareness and participation in primary education. (2) Ensuring full enrolment and attendance in primary schools	Implemented. Not implemented	Sub-function is implemented by the VPs. Sub-functions continued to be implemented by the Department of Education.
15	Adult and non-formal education.	XIV Adult and non-formal education.	Promotion of adult literacy.	Not implemented.	Sub-functions continued to be implemented by the Department of Education.

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Sl. No.	Functions listed in Eleventh Schedule of the Constitution	Devolution under GPRA	Sub-functions under GPRA	Status Implementation in VPs	Audit remarks
16	Libraries.	XV Libraries: Village libraries and reading rooms.	Village libraries and reading rooms.	Implemented.	Sub-functions are implemented by the VPs.
17	Cultural activities.	XVI Cultural activities: Promotion of social and cultural activities.	Promotion of social and cultural activities	Implemented.	
18	Markets and fairs.	XVII Markets and fairs.	Regulation and fairs (including cattle fairs) and festivals.	Implemented.	
19	Health and sanitation including hospitals, primary health centres and dispensaries.	XVIII Rural sanitation.	(1) Maintenance of general sanitation.	Implemented.	Sub-functions are implemented by the VPs. However, similar functions were also implemented by the DRDAs under MGNREGS, GGSY and SPMRM schemes/programme.
			(2) Cleaning of public roads, drains, tanks, wells and other public places.	Implemented.	
			(3) Maintenance and regulation of burning and burial grounds.	Implemented.	
			(4) Construction and maintenance of public latrines.	Implemented.	
			(5) Disposal of unclaimed corpses and carcasses.	Implemented.	
			(6) Management and control of washing and bathing gaits.	Implemented.	
20	Family welfare	XIX Public Health and Family Welfare.	(1) Implementation of Family Welfare Programmes.	Not implemented.	Sub-functions continued to be implemented by the Department of Health.
			(2) Prevention and remedial measures against epidemics.	Not implemented.	
			(3) Regulation of sale of meat, fish and other perishable food articles.	Not implemented.	
			(4) Participation in programmes of human and animal vaccination.	Not implemented.	

Sl. No.	Functions listed in Eleventh Schedule of the Constitution	Devolution under GPRA	Sub-functions under GPRA	Status Implementation in VPs	Audit remarks
21	Women and child development.		(5) Licensing of eating and entertainment establishments.	Implemented.	Sub-function is implemented by the VPs.
			(6) Destruction of stray dogs.	Not implemented.	Sub-function continued to be implemented by the Department of Animal Husbandry.
			(7) Regulation of offensive and dangerous trades.	Implemented.	Sub-function continued to be implemented by the Department of Industries, Trade and Commerce (DITC).
			(8) Regulation of curing, tanning and dyeing of skins and hides.	Not implemented.	Sub-function continued to be implemented by the Department of Health and Department of Animal Husbandry.
22	Social welfare including welfare of the handicapped and mentally retarded	XX Women and Child Development.	(1) Participation in the implementation of women and child welfare programme.	Implemented.	Sub-functions are implemented by the VPs.
			(2) Promotion of schools, health and nutrition programmes.	Implemented.	
22	Social welfare including welfare of the handicapped and mentally retarded	XXI Social welfare including welfare of the handicapped and mentally retarded.	(1) Participation in the implementation of the school welfare programmes including welfare of the handicapped, mentally retarded and destitutes.	Implemented.	Sub-function is implemented by the VPs.
			(2) Monitoring of old age and widows pension schemes.	Not implemented.	Sub-function continued to be implemented by the Department of Social Welfare.
23	Welfare of the weaker sections, and in particular, of the	XXII Welfare of the Weaker Sections and in particular the Scheduled Castes and Scheduled Tribes.	(1) Promotion of public awareness with regard to welfare of Scheduled Castes, Scheduled Tribes and other weaker sections.	Implemented	Sub-function is implemented by the VPs.

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Sl. No.	Functions listed in Eleventh Schedule of the Constitution	Devolution under GPRA	Sub-functions under GPRA	Status Implementation in VPs	Audit remarks	
24	Scheduled Castes and the Scheduled Tribes.		(2) Participation in implementation of specific programmes for welfare of the weaker sections.	Implemented.	Sub-function is implemented by the VPs.	
			(1) Maintenance of community assets.	Implemented.	The function was also implemented by DRDAs under GGSY and SPMRM.	
	Maintenance of community assets	Maintenance of community assets.	(2) Preservation and Maintenance of other community assets.	Implemented.	Function is implemented by the VPs.	
	No corresponding function in the Constitution.	XXIII	Maintenance of Public Parks, playgrounds etc.	--	Implemented.	Functions not mentioned in the Constitution but devolved in the GPRA.
		XXIV	Construction and maintenance of cattle sheds, ponds, cart stands.	--	--	
		XXV	Construction and maintenance of slaughterhouses.	--	--	
		XXVII	Regulation of manure pits in public places.	--	--	
XXVIII		Establishment and control of Shandies.	--	--		
XXIX	Such other functions as may be entrusted.	--	--			
Following Functions in the Eleventh Schedule were not devolved with the corresponding function in Schedule I of GPRA						
1	Land improvement, implementation of land reforms, land consolidation and soil conservation.	Function not devolved in the Act.	Not applicable.	Not implemented.	The function continued to be implemented by Department of Agriculture and Revenue Department.	
2	Minor irrigation, water management and watershed development.	Function not devolved in the Act.	Not applicable.	Not implemented.	The function continued to be implemented by the Department of Water Resources and also by the DRDAs (MGNREGS).	
3	Technical training and vocational education.	Function not devolved in the Act.	Not applicable.	Not implemented.	The function continued to be implemented by the Directorate of Technical Education.	

Sl. No.	Functions listed in Eleventh Schedule of the Constitution	Devolution under GPRA	Sub-functions under GPRA	Status Implementation in VPs	Audit remarks
4	Small scale industries including food processing industries.	Function not devolved in the Act.	Not applicable.	Not implemented.	The function continued to be implemented by the Directorate of Industries, Trade and Commerce.
5	Public distribution system.	Function not devolved in the Act.	Not applicable.	Not implemented.	The function continued to be implemented by the Department of Forest and DRDA.

(Source: Eleventh Schedule to the Constitution, Schedule I of GPRA and information provided by the PRIs and Department)

APPENDIX 3
(Referred to in Paragraph 4.3.1)
Schemes implemented by DRDAs

Sl. No.	Name of Scheme	Objective	Implementing officers
Government of India schemes			
1	Pradhan Mantri Awas Yojana-Gramin (PMAY-G)	To provide basic and homestead to families covered under Socio Economic Caste Census-2011.	BDO
2	Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	To provide at least 100 days guaranteed wages employment to every rural house hold.	Gram Rojgar Sahayak of DRDA at Village Panchayats
3	National Rural Livelihood Mission (NRLM)	To reduce poverty.	Technical Assistant and BDO
4	Shyama Prasad Mukherji Rurban Mission (SPMRM)	To stimulate local economic development, enhance basic services and create well planned Rurban clusters.	Nodal Officer/Assistant Project Officer, DRDA
5	Sansad Adarsh Gram Yojana	Development of Villages which includes social and cultural development and spread motivation.	DRDA and District Collector
6	Indira Gandhi National Old Age Pension Scheme (NOAPS)	To provide basic level of financial support.	Technical Assistant/BDO
7	Indira Gandhi National Widow Pension (IGNWP)	To provide basic level of financial support.	Technical Assistant/BDO
8	Indira Gandhi National Disability Pension Scheme(IGNDPS)	To provide basic level of financial support.	Technical Assistant/BDO
9	National Family Benefit Scheme (NFBS)	To assist the family on death of its primary breadwinner.	Technical Assistant/BDO
Government of Goa schemes			
1	Goa Grameen Urja Yojana (GGUY)	To provide LPG connection to all BPL families.	BDO
2	Goa Gram Samrudhi Yojana (GGSY)	Creation of infrastructure assets in rural area.	Executive Engineer, DRDA

APPENDIX 4
(Referred to in Paragraph 5.6.1.2)
Statement showing variation in budgets of Village Panchayats

(₹ in crore)

Year	Receipts			Expenditure		
	Budget	Actual	Percentage of actuals to budget	Budget	Actual	Percentage of actuals to budget
2016-17	21.95	18.36	83.64	27.20	13.12	48.24
2017-18	23.04	18.44	80.03	33.44	18.04	53.95
2018-19	30.61	19.02	62.14	42.04	21.09	50.17
2019-20	54.86	18.62	33.94	57.76	18.64	32.27
2020-21	48.01	24.01	50.01	53.54	16.81	31.40
Total	178.47	98.45	55.16	213.98[#]	87.70	40.99

(Source: Information compiled from the Annual Accounts of 16 test-checked VPs)

[#] The budgeted expenditures were more by 19.90 per cent as compared to the estimated receipt as the surplus revenues of previous years were being carried over to the next year and considered during estimation of expenditures.

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