

## **CHAPTER -1**

### **AN OVERVIEW OF THE PANCHAYATI RAJ INSTITUTIONS**

#### **1.1 Introduction**

Rajasthan Panchayat Act was enacted in 1953. Subsequently, with a view to decentralise powers and to have a three tier structure of local self governing bodies at district, block and village levels, the Rajasthan Panchayat Samitis and Zila Parishads Act was enacted in 1959. In pursuance of the Constitution 73rd Amendment Act which gave constitutional status to Panchayati Raj Institutions (PRIs) as third stratum of governance, the Rajasthan Panchayati Raj Act, 1994(RPRA) came into existence. Later, Rajasthan Panchayati Raj Rules, 1996 were incorporated there under.

Section 75(4) of the RPRA envisages that Director, Local Fund Audit Department would conduct the audit of accounts of PRIs and C&AG of India may also conduct test-audit of such accounts. Further, the Eleventh Finance Commission (EFC) also recommended that the States should entrust audit of local bodies to the C&AG of India under Section 20(1) of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971. It also recommended that a separate report on audit of PRIs be prepared and placed before a body similar to that of Public Accounts Committee (PAC). First such Report for the year ended March 2003 was presented to State Government in March 2004. This is the second Test Audit Report.

#### **1.2 Organisational Set up**

There are 32 Zila Parishads (ZPs), 237 Panchayat Samitis (PSs) at block levels and 9189 Gram Panchayats (GPs) in the State. Principal Secretary, Panchayati Raj and Rural Development Department assisted by Secretary Panchayati Raj and Commissioner Panchayati Raj is the administrative head at State level. The Chairperson of a ZP, PS and GP are Zila Pramukh, Pradhan and Sarpanch who are assisted by Chief Executive Officer, Block Development Officer along with Extension Officer/Junior Engineer and Panchayat Secretary respectively. Organisational chart of PRIs in the State is given in Appendix "A".

### 1.3 Financial outlay

Funds released to PRIs by Government of India/State Government during 2002-2003, were as under:

(Rs in crore)

Grants on recommendations of Eleventh Finance Commission (EFC)	Matching grant against EFC grants by the State Government	Other grants given by the GOI / State Government	Funds transferred on recommendations of State Finance Commission (SFC)	Total
49.09	17.67	340.53	93.87	501.16

The information regarding funds released to PRIs directly by DRDAs, other departments/ agencies and actual expenditure along with classified details of grants given by the GOI/State Government was not furnished to Audit (July 2004).

### 1.4 Audit Coverage

Test audit of accounts of 32 ZPs and 166 PSs including 1328 GPs for the period 2000-01 to 2002-2003 was conducted during 2003-2004. Audit observations involving money value of Rs 755.62 crore were noticed as under:

(Rs in crore)

S. No	PRIs Test Checked	Budget/ Expenditure Audited	Paragraphs of Money value	
			Number of paras	Money Value
1.	Zila Parishads	505.75	338	405.98
2.	Panchayat Samitis (including Gram panchayat	718.20	3149	349.64

The important audit findings are discussed in the succeeding chapters.