

Preface

This report has been prepared for submission to the Government of Assam in accordance with the terms and conditions of the Technical Guidance and Supervision (TGS) over the maintenance of accounts and audit of Panchayat Raj Institutions (PRIs) by the Comptroller & Auditor General (C&AG) of India.

Based on the recommendation of the Eleventh Finance Commission the Government of Assam entrusted the Audit of PRIs to the C & A.G. of India under section 20 (1) of the C&AG's DPC Act, 1971 for providing technical guidance and supervision to the Director of Audit (Local Fund) Assam.

The Report contains five chapters of which Chapter I contains observation on the Accounts and Finances of Panchayati Raj Institutions. Chapter II contains Performance Review; Chapter III – contains Transaction Audit, Chapter IV - contains Accounts and Finances of Urban Local Bodies, Chapter V contains Transaction Audit of Urban Local Bodies in the State of Assam for the year ended 31st March 2008.

The cases mentioned in this Report are among those, which came to notice in the course of test audit of accounts of 207 PRIs (2 ZPs, 38 APs and 167 GPs) and 2 (two) ULBs conducted during 2007-08 (up to December 2008).

Overview

This Report, dealing with the results of audit of accounts of Local Bodies, is presented in two parts. Part-A includes three chapters containing observation on the Accounts and Finances of Panchayati Raj Institutions, two performance reviews audit and paragraphs on the audit of Financial Transactions of some of these institutions.

Part-B comprises two chapters containing observation on Accounts and Finances of Urban Local Bodies and paragraphs on the audit of financial transactions of some of the institutions. A few main audit findings are presented in this over view

PART – A

The Panchayati Raj Institutions:

The Panchayat and Rural Development (P&RD) Department had no consolidated information on opening balance, total expenditure and closing balance in respect of PRIs

Paragraph 1.8

Accounting procedures:

2 Zilla Parishads spent Rs.64.29 crore during 2002-07 without preparing their annual accounts and 117 GPs did not prepare their budget and spent Rs.88.61 crore during 2002-07 unauthorizedly without budgeting.

Paragraph 1.16 & 1.17

Differences of Rs. 8.00 lakh in 2 APs at the end of March 2008 and Rs. 3.24 lakh in one ZP at the end of January 2007 remained un-reconciled between cash book and pass book. This discrepancy was on account of the monthly reconciliation of balances of cash book and pass book not being conducted by these PRIs. The lapse was fraught with the risk of misappropriation of funds going undetected.

Paragraph 1.18.1 & 1.18.2

In 3 APs and 2 ZPs, unrealized amount of Rs. 190.37 lakh constituted 41.65 percent of the total demand of revenue arising out of settlement of market etc.

Paragraph 1.19.2

Implementation of scheme:

167 GPs spent Rs. 40.05 crore towards assistance under IAY without preparation of AAP.

Paragraph 2.1

11958 sanitary latrines in 117 GPs and 10321 smokeless chullahs in 167 GPs were not constructed although full amount of assistance under IAY were given to the beneficiaries. Consequently Rs. 61.93 lakh for sanitary latrine and Rs. 11.96 lakh for smokeless chullah were not deducted from the assistance given to the beneficiaries as per the programme guidelines.

Paragraph 2.1.1

Blockade of fund of Rs. 4.33 crore at ZP level under EFC and earmarked for creation of database on finances of PRIs.

Paragraph 3.1

Diversion of fund under EFC:

237 GPs and 13 APs under the jurisdiction of Nagaon ZP diverted Rs. 19.32 lakh earmarked for maintenance of accounts and spent towards purchase of stationary furniture etc.

Paragraph 3.1.1

Locking up of TFC grants of Rs. 9.50 crore at ZP level earmarked for database on finances of PRIs.

Paragraph 3.2.1

Diversion of TFC grants of Rs. 42.63 crore earmarked for maintenance of accounts & O&M cost towards purchase of stationeries, furniture, repairing of GP office building etc.

Paragraph 3.2.2

Rs. 35.08 lakh spent by 6 APs towards execution of scheme under SGRY beyond the purview of AAP.

Paragraph 3.3.1

Rs.96.75 lakh spent by PRIs under SGRY scheme towards construction of ineligible assets.

Paragraph 3.3.2

6 APs diverted Rs. 16.21 lakh from SGRY scheme fund towards transportation of Mid-Day-Meal rice.

Paragraph 3.3.4

Ghilamora Development Block diverted Rs. 6.00 lakh during 2006-07 from NREGS for implementation of programme under SGRY.

Paragraph 2.2.8

Revenue Receipts:

21 APs and 2 ZPs failed to realize Rs. 246.63 lakh outstanding Kist money from the defaulting lessees. Inaction in realization of Kist money reduced the revenue of these PRIs unit thereby widening the resource gap.

Paragraph 3.6

2 ZPs incurred a loss of revenue of Rs. 190.67 lakh due to settlement of market with less value.

Paragraph 3.7

Other issues:

Due to diversion of Rs. 249.93 lakh from NSAP fund towards contingency expenditure benefit offered under the programme could not be extended to 113386 beneficiaries of the State.

Paragraph 3.13

Part – B**The structure and Finances of ULBs:**

The provisions of Model Municipal Law (MML) with modification as suggested by CAG for section 93 to 96 of MML were not incorporated in the concerned acts.

Paragraph 4.1.5

The Eleventh Finance Commission recommended the need for building of database in respect of municipal finances. The Government agreed in principle to adopt the format as prescribed by CAG but final action in this regard was awaited.

Paragraph 4.1.6

Revenue Receipts:

In 1 MB & 1 TC, unrealized revenue of Rs. 24.77 lakh constituted 43 percent of the total demand of trade license fee.

Paragraph 5.2

1 MB & 1 TC failed to realize outstanding Kist money of Rs. 2.57 lakh from the defaulting lessees. Inaction in realization of Kist money reduced the revenue of these ULBs.

Paragraph 5.3

Implementation of scheme:

Interest payable to ULBs for delay in release of TFC grants was not paid.

Paragraph 4.10

Non release of matching share of EFC grants.

Paragraph 5.7.1

Misappropriation of EFC grants of Rs. 7.00 lakh.

Paragraph 5.7.3

The 74th constitutional Amendment Act (effected from June 1993) had defined the process of decentralization of governance to empower Urban Local Bodies (ULBs). This led to transfer of functions, functionaries and funds to ULBs. However functions devolved to the ULBs were still being performed by the departments.

Paragraph 4.8

PART – A

CHAPTER – I

ACCOUNTS AND FINANCES OF PANCHAYATI RAJ INSTITUTIONS:

1.1 INTRODUCTION

The 73rd Amendment envisages a three-tier system of Panchayats (a) Gaon Panchayat at village level, (b) Anchalik Panchayat at Intermediate Panchayat level and (c) Zilla Parishad at the district level.

The eleventh schedule to the Constitution delineates 29 (twenty-nine) functions to be devolved on the Panchayats. It, however, does not automatically confer any power on PRIs or entrust them with responsibility. The State legislature has been empowered by the 73rd Amendment to decide and to confer powers and responsibilities on PRIs.

The Constitution also provides that the State Government shall appoint a Finance Commission every fifth year under Article 234-I to review the financial position of the Panchayats and recommend as to (i) the distribution between the state and the panchayats, of the net proceed of taxes, duties, tolls and fees etc leviable by the state which may be divided between them and how allocation would be made among various tiers of Panchayats (ii) what taxes, duties, tolls and fees may be assigned to the panchayat (iii) the grants-in-aid to the panchayats from the Consolidated Fund of the State.

The report of the Commission together with the memorandum of action on it is to be laid before the State legislature.

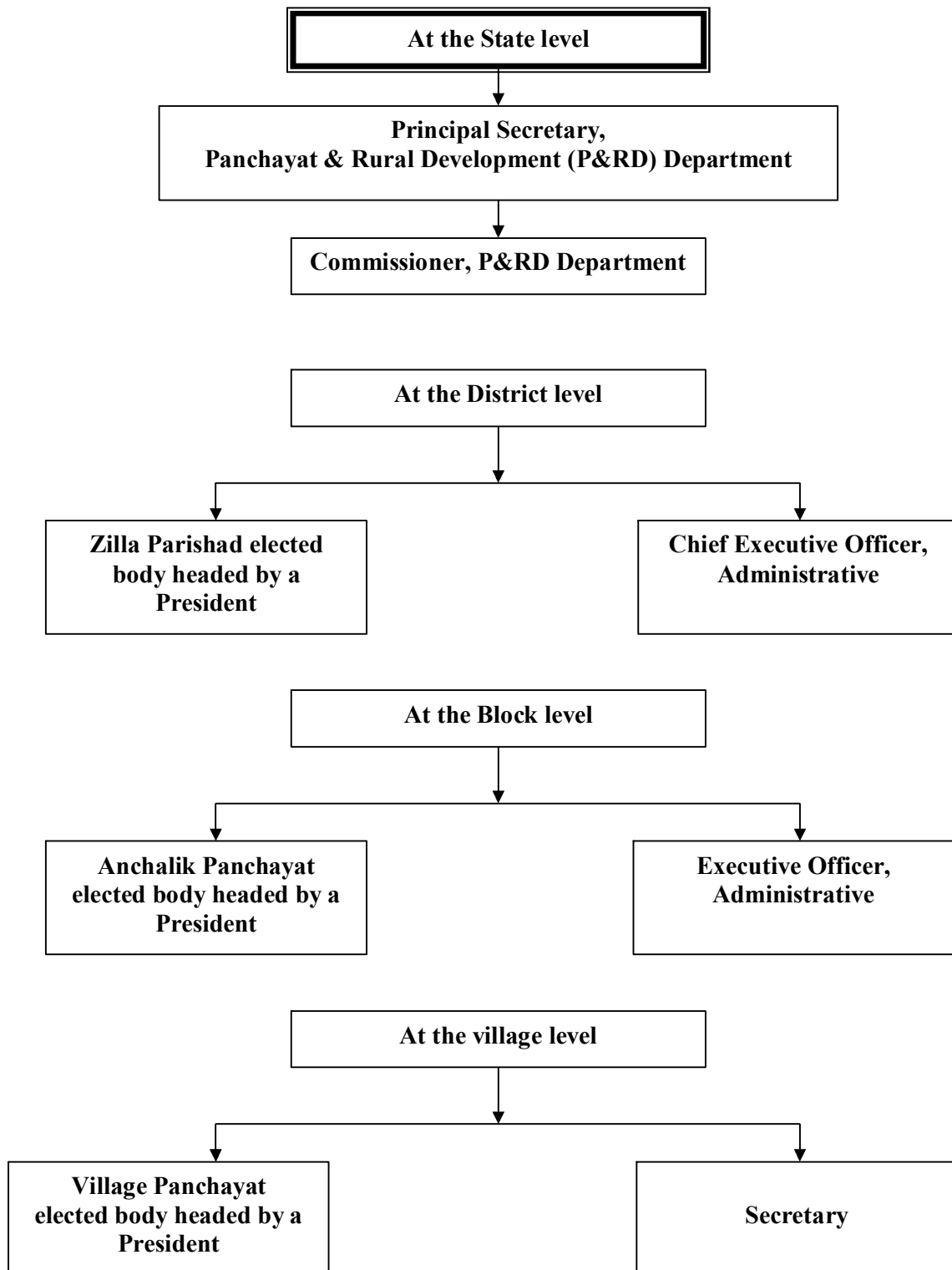
The three tier Panchayat system envisaged in the Assam Panchayat Act (APA) 1994 came into force in December 2001 when the first general election for the ZPs, APs and GPs were held. Since then, general election for the panchayats have continued to be held every five years and the last election was held in March 2007.

1.2 Organizational structure of the PRIs and Organizational set up of Panchayats

There are 20 Zilla Parishads, 185 Anchalik Panchayats and 2202 Gaon Panchayats in the State of Assam. Panchayat and Rural Development Department (P&RD) headed by a

Commissioner/Secretary, P&RD Department exercises administrative control over the Panchayat Raj Institutions (PRI).

(The organogram given below depicts the organizational set up of PRIs in Assam)



The Act envisages the functioning of the ZPs, APs and GPs through ten functional Standing Committees having elected representative and concerned officials as members.

1.3 Devolution of functions, functionaries and funds

For balancing the distribution of powers and function among the PRIs, the basic criteria for such distribution was that a function should be performed by one tier of PRI to which it belongs naturally. In case of overlapping of functions, there should be mechanism for inter tier co-ordination. For this purpose a detailed activity mapping of transferred functions should be conducted for clear distribution of functions among the three tier of PRIs.

The State Government reported as on June 2007 that it transferred the 23 activities belonging to 17 departments out of 29 included in the 11th Schedule of the Constitution to the PRIs along with funds and functionaries (17 departments). But scrutiny of records revealed that these functions were still not performed at ZP/AP and GP level. Most of the departments were performing the devolved functions themselves whereas ZPs of test checked districts were denying the existence of any activity mapping prepared and issued by the State Government for devolutions of 23 functions.

1.4 Area and population covered

The Assam Panchayat Act extends to the whole of Assam in areas other than Municipalities/Municipal Corporation/Cantonment Areas/two Autonomous Districts, Karbi Anglong and NC Hills. With the creation of Bodoland Territorial Area District (BTAD), the districts like Kokrajhar, Chirang, Udalguri and Baska have been excluded from the purview of Panchayat Act. The Rural Area of the state is estimated at 77667.99 sq kms which accounts for nearly 99% (ninety-nine per cent) of the total geographical area of the state. Thus ninety-nine per cent of the total area of the state inhabited by 1.99 crore of rural population which is 89% (eighty-nine per cent) of total population (2.66 crore as per 2001 census) came under the purview of the Act.

1.5 Power, functions and duties vested with PRIs

The Assam Panchayat Act vests PRIs with the following powers and duties:-

- (i) to prepare Developmental Plan/Annual Action Plan, Budget of its estimated receipts and disbursements.
- (ii) to implement schemes for economic development and social justice as may be drawn up by or entrusted upon it (in pursuance of the 11th Schedule of the Constitution).
- (iii) to manage or maintain any work of public utility and
- (iv) to collect revenue and utilization of such fund for developmental works.

1.6 Status of creation of database on finances and maintenance of accounts:

The formats prescribed by the C&AG of India for maintenance of database on finances of PRIs is yet to be adopted by the Government of Assam.

The State Government intimated (June 2008) that the Eleventh Finance Commission (EFC) recommended Local Body Grant of Rs.115.06 crore out of which Rs.3.23 crore was earmarked for maintenance of accounts and Rs.6.50 crore for creation of database during the tenure of EFC.

The State Government, however, had developed and introduced only one Software package namely PRISOM for maintenance of accounts and database for ZPs, APs and GPs respectively. The status of implementation of Software package was not intimated.

1.7 Source of Revenue

There were mainly two sources of fund for Local Bodies (1) Government Grants (2) Own revenues. Own revenue resource comprises tax and non-tax revenues realized by them. Other resource comprises (a) funds released by the GOI and State Government based on recommendation of SFC, Eleventh & Twelfth FC (EFC & TFC) etc (b) GOI's share released for various Central Sector Schemes.

The revenue received by the PRIs during last three years according to their source is as follows:

Source of revenue		Amount (Rupees in crore)		
		2005-06	2006-07	2007-08
Central Government Grants	GOI share of CSS directly released to DRDA	539.65	678.87	848.60
	Additional Central Assistance and FC grants released through State Budget	52.60	-	140.20
	Total	592.25	678.87	988.80
State Government	Salary Grants	27.30	45.41	44.05
	Other Grants (SFC)	-	-	-

Grants (Head-2515-ORDP)	State share of CSS	205.26	343.45	250.52
	Total	232.56	388.86	294.57
Grand total (Grants received from Central and State Government.		824.81	1067.73	1283.37
Own Source of Revenue (OSR)	Goan Panchayat	3.38	NA	NA
	Anchalik Panchayat	0.21	NA	NA
	Zilla Parishad	4.97	NA	NA
Total		8.56	NA	NA
Total revenue from all sources (Govt Grants + OSR)		833.37	NA	NA
Percentage of Government Grants to total revenue		98.98 per cent	NA	NA
Percentage of OSR to total grants.		1.02 per cent	NA	NA

It would be seen from the above that during the period from 2005-06 to 2007-08 the PRIs continued to be overwhelmingly dependent on grants from the Central and State Governments.

1.7.1 Funds received from line Departments

The Panchayat & Rural Development Department (P&RD) could not furnish (March 2008) any information on the funds received by PRIs during 2005-06 to 2007-08 from various line departments of the State Government for implementation of programmes for Socio-economic development within their functional area.

1.8 Application of funds

The following table shows release of Central and State Governments Grants during 2005-06 to 2007-08 according to objects of expenditure of PRIs.

Year	Head	Amount released to PRIs		
		Central	State	Total
2005-06	Salary & Allowances	NIL	27.30	27.30
	Funds for implementation of schemes	539.65	205.26	744.91

	Other Grants	52.60	-	52.60
Total		592.25	232.56	824.81
2006-07	Salary & Allowances	nil	44.05	44.05
	Funds for implementation of schemes	678.87	343.45	1022.32
	Other Grants	-	-	-
Total		678.87	388.91	1067.73
2007-08	Salary & Allowances	NIL	44.05	44.05
	Funds for implementation of schemes	848.60	250.52	1099.12
	Other Grants	140.20	-	140.20
Total		988.80	294.57	1283.37

The P&RD has no consolidated information on expenditure incurred by the PRIs out of the funds received by them from all sources.

1.9 Allocation and utilization of State Finance Commission Grants

Two basic recommendations made by the 1st SFC of Assam are (i) share of state taxes for transfer to LBs should be at 2 per cent in each year (ii) 10% of MV Tax to be devolved to Rural Bodies. The State Government accepted the recommendation of the Commission in this regard. The Second SFC was constituted on 18-04-2001 to make recommendation on devolution of funds for five years from 2001-02 to 2005-06. The details of the Second SFC could not be ascertained. However, the State Finance Commission (SFC) made 260 recommendations of which 60 are accepted as mentioned in the Action Taken Report placed before the Legislature. The P&RD has no information about expenditures incurred by PRIs out of SFC Grants. The Third SFC was constituted on 22nd February 2006, details of which is not made available.

1.10 Allocation and utilization of Eleventh Finance Commission grants

Eleventh Finance Commission (EFC) had recommended total grants of Rs.116.72 crore to PRIs during the five years from 2000-01 to 2004-05 to augment the resources of panchayats there by enabling them to provide civic services in rural areas on their own. As per information furnished by Finance Department, Government of Assam, out of total grants of Rs.116.72 crore released during 2002-05, Rs.3.22 crore was earmarked for maintenance of

accounts in Anchalik Panchyats/Gaon Paynchayats Rs.6.50 crore for creation of data base relating to finance of local bodies and Rs.106.50 crore for maintenance of Civic Services. No records relating to allocation and utilization of grant amounting to Rs.0.50 crore was made available. The Director, Rural Development Department distributed the local body grants to PRIs through Zilla Parishads.

1.10.1 Non-release of Matching Share of EFC grants

According to Para 4.10 of the guidelines for the utilization of EFC grants, Local Bodies shall raise matching resources amounting to not less than 25 per cent of the grant received from the Central Government in case of PRIs and 50 per cent in case of ULBs. In case any local body is unable to provide the matching contribution, the State Government should provide the balance within three months or earlier to the concerned local body.

Test check of records revealed that during 2002-05 GOI released Rs.116.72 crore to the State Government for implementation of scheme under EFC. As per guidelines, 25 per cent of Central Share i.e Rs.29.18 crore should be borne by the PRIs or by the State Government, but it was seen that neither the PRIs nor the State Government released any amount against the Central Share of Rs.116.72 crore.

Thus, due to non-release of matching contribution of Rs.29.18 crore, the spirit of the programme was not honored which goes against the implementation of the programme as well.

1.10.2 PRISOM Software lying idle

Out of total EFC grants of Rs.116.72 crore pertaining to the year 2002-05, a sum of Rs 216.50 lakh was allocated to the Director P&RD. The amount was allocated under the budget component “Computerization and preparation of data base recommended by EFC, financial assistance of local bodies and maintenance of Panchayat Accounts.”

Scrutiny of information made available (April\09) by P&RD revealed that an amount of Rs. 209.13 lakh was spent for developing PRISOM software providing computers at PRIs level embodied with the above software, networking and training of staff of PRIs on the software so developed and installation of hardware with peripherals, and the balance Rs 7.37 lakh was kept in DCR (DCR No 848192 dated 2.4.08).

It was however, noticed that in 2 ZPs of Lakhimpur and Nagaon, 38 APs and 167 GPs of Lakhimpur and Tinsukia districts, data on finances of PRIs were not compiled by

utilizing the software (PRISOM). This resulted in unfruitful expenditure in these districts towards development of the software as well as procurement of computers with peripherals. The functioning of the software in other districts was not made available.

1.10.3 Non-reconciliation of EFC Grants

Scrutiny of information made available to audit by the Finance Department, Government of Assam revealed that as per UC submitted to Government of India, a sum of Rs.116.72 crore was received as EFC grants during the year 2002-05, but grants released to LBs showed only Rs.116.22 crore. Hence difference of Rs.0.50 crore needs to be reconciled. The matter was referred to the Urban Development and Finance Department of the State. But reply is awaited.

1.11 Twelfth Finance Commission Grants

The Twelfth Finance Commission (TFC) awarded Grants of Rs.526.00 crore for the PRIs of the State. The grants will be payable during the years from 2005-06 to 2009-10. Out of this, during the period from 2005-06 to 2006-07 GOI released Rs.157.80 crore to the State Government for implementation of schemes under TFC. Out of Rs. 157.80 crore released, during 2005-07, Rs.5.92 was crore earmarked for maintenance of accounts, Rs.9.56 crore for creation of data base on finances of PRIs, Rs.6.07 crore for O&M cost and Rs.136.32 crore for other income generating scheme/construction of Block development & Water Supply & Sanitation.

An overall audit of release and utilization of TFC grants during 2005-2007 could not be taken up due to non-furnishing of requisite documents and information by the State Government.

1.12 Overall financial position of PRIs

The P&RD Department had no consolidated information on opening balance, total receipts, total expenditure & closing balance in respect of PRIs. The Department has also not yet developed any system for monitoring all receipts and expenditure of the PRIs (March 2008).

1.13 Sectoral analysis

The accounting system prescribed by the State Government to be followed by the PRIs does not have a mechanism to capture receipts and expenditures under important sectors like education, health, nutrition, social forestry etc.that may help in carrying out sectoral analysis of such transactions.

1.14 District Planning Committee

Article 243 ZD of the Constitution of India provides for settling up of a District Planning Committee (DPC) for each district with a view to associating the LBs with the planning process through consolidation of rural and urban plans of the district as a whole and its integration with the State's planning process. In pursuance of the above constitutional provision, Section 3 of the APA 1994, stipulates the formation of DPC in each district to consolidate the plans prepared by ZPs, APs and GPs, Municipal Corporation, MBs and TCs and to prepare a draft development plan for the district as a whole.

In accordance with the provision of APA 1994, the GPs were required to forward their plan proposals to APs for consolidation and onward transmission to ZPs concerned. The DPC in the ZPs were to prepare the Annual District Development Plan (ADDP) based on fiscal ceiling communicated by the Planning Department duly incorporating the development plans of the APs and GPs. It was, however, revealed in the test check of ZPs that GPs/APs did not forward their plan proposals for consolidation and CEOs of the ZPs did not insist on the lower tiers of the PRIs to forward proposals as envisaged. In the absence of incorporation of defined needs at grass root level, the DPC/ZP prepared the ADDP in a routine manner. Thus the functioning of DPCs was found in audit to be irregular and ineffective.

Accounting Procedure:

1.15 Non-preparation of Annual Accounts

According to Section 103 of the Assam Panchayat Act 1994, every ZP is to prepare Annual Accounts of each financial year. In contravention of the provision of Panchayat Act, two (Nagaon and Lakhimpur) ZPs did not prepare the accounts although they incurred an expenditure of Rs.64.29 crore against the total receipts of Rs.65.84 crore for the financial year 2005-08 as detailed in table below :

<i>(Rupees in crore)</i>			
Year	Name of ZP	Total fund receipt	Total utilization of fund
2005-08	Nagaon	31.20	29.86
	North Lakhimpur	34.64	34.43
		65.84	64.29

1.16 Expenditure incurred without preparing budget

In accordance with section 27 (1) of the Assam Panchayat Act (APA) 1994, every GP is to approve and adopt the budget for the following financial year. However, 117 GPs as detailed in **Appendix – I** did not prepare, approve and adopt the budget for the 2002-07. Other 50 GPs except mentioned in appendix prepared the budget. Thus 117 GPs unauthorizedly spent Rs. 66.74 crore without any budget allocation during 2002-07.

1.17 Expenditure incurred in excess of budget provision

Gilamara AP, as given below, altogether spent Rs.52.15 lakh in excess of their budget provision under different heads without preparing any supplementary and revised estimates during 2002-06.

(Rupees in lakh)

Head of a/c	Year	Budget provision	Expenditure	Excess
R.D	2002-03	Rs. 11.80	Rs. 13.57	Rs. 1.77
R.D	2004-05	14.37	16.29	1.92
C.D	2002-03	3.13	6.31	3.18
C.D	2004-05	2.33	7.67	5.34
C.D	2005-06	4.99	8.31	3.32
Total		Rs. 36.62	Rs. 52.15	Rs. 15.53

1.17.1 Lapse in preparation of Budget

Budget is the most important tool for financial planning and control two APs (Gilamara and Dalgaon) did not exercise due care and diligence in the preparation of budget. The lapses noticed in the preparation of budgets were given below:

(Rupees in lakh)

Year	Name of AP	Total Estimates	Actual	Excess provision	Percentage of excess provision
2002-07	Gilamara	37.42	14.74	19.95	53.31
- do -	Dalgaon Sialmari	140.78	69.12	71.66	50.90
Total		178.20	83.86	91.61	51.40

(Source: Inspection Report of auditee units)

A comparison of receipts of the two APs revealed that against the actual collection of Rs.83.86 lakh the amount provided in the budget was Rs.178.20 lakh which indicated that budget was either inflated or collection was poor. Had the figure in the demand register and the actual

collection of the earlier years been taken into the consideration there would have been more accuracy in the budget, and the budget would have been more realistic.

1.18 Non-reconciliation of Cash balances

1.18.1 The Assam Panchayat Financial Rules stipulate that cash balance of the bank pass book of the AP shall be checked with reference to the cash book at the close of every month by way of reconciliation. However, Rs 8.00 lakh remained un-reconciled in respect of two APs (Dhakuakhana and Dalgaon Sialmari) at the end of financial year as given below:

(Amount in rupees)

Name of unit	Name of Scheme	Balance as per bank a/c	Balance as per cash book	Date	Difference
Dhakuakhana AP	IAY	29,51,816/-	24,57,250/-	31.03.08	4,94,566/-
Dalgaon Sialmari	NOAP	15,99,318/-	12,94,668/-	31.03.08	3,04,650/-
Total		45,51,134/-	37,51,918/-		7,99,216/-*

* Say Rs.8.00 lakh

1.18.2 Similarly, one ZP (Lakhimpur) during 2007-08 did not reconcile its balances as per cash book and bank pass book. A difference of Rs.3.24 lakh during 2007-08 remained un-reconciled at end of January 2008 as given below:

(Amount in Rupees)

Name of AP	Name of scheme	Balance as per bank a/c	Balance as per cash book	date	Difference
Lakhimpur	EFC	3,51,915/-	27,537/-	31-1-08	3,24,378/-
Total		3,51,915/-	27,537/-	31-1-08	3,24,378/-

In the absence of regular monthly reconciliation of cash balances indicates lack of internal control in the concerned PRIs. This is also fraught with the risk of misappropriation of fund going undetected.

1.19 Non-imposition of taxes, duties & fees

1.19.1 Section 25 of the APA,1994 provided that subject to such rules as may be made in this regard and subject to such maximum rates as the Government may prescribe, the GPs may impose taxes, duties and levy fees and tolls to augment their own resource base. The State Government also made rules and prescribed rates for imposition of taxes, duties and fees. However, due to non-implementation of bye-laws by GPs as required under sub-section 3 of

Section 25 of the Act, it resulted in non-imposition of taxes & fees, rendering them wholly dependent upon the State & Central Government Grants.

1.19.2 The APs/ZPs settle markets, ferries, fisheries as are vested in or placed under the administrative control of the respective PRIs with the lessee to augment their own resource base. In three APs (Ghilamara, Rupahihat and Begiagaon) during 2002-07 and two ZPs (Lakhimpur and Nagaon) during 2004-07 against a total cumulative demand of Rs.457.02 lakh, only Rs.190.37 lakh could be realized at the end of 31st March 2007. The unrealistic demand constituted 41.65 per cent of the total demand as given below:

<i>(Rupees in lakh)</i>				
Year	Name of unit	Demand	collection	shortfall
2004-07	Nagaon ZP	58.44	43.90	
2002-07	Gilamara AP	22.14	14.26	
2002-07	Rupahihat AP	133.33	78.12	
2004-07	Lakhimpur ZP	215.27	108.95	
2002-07	Begia Gaon AP	27.84	21.42	
Total		457.02	266.65	190.37

This is indicative of the lack of initiative and poor internal control in APs & ZPs resulting in weakening of their own resource base.

1.20 Non-maintenance of record/registers

The Assam Panchayat and Financial Rules prescribe that GP shall maintain registers and books like Demand and Collection Register, Allotment Register, Work Register, Measurement Book, Assets Register etc for its smooth functioning as well as for depicting a true and fair state of affairs. Scrutiny of records of 167 GPs revealed that the GPs failed to maintain the prescribed records and books pertaining to the years 2002-03 to 2006-07 mostly for want of knowledge on the part of the Panchayat functionaries on how to keep records.

In the absence of mandatory subsidiary records and registers, true and fair view of the use of resources and assets could not be ascertained.

1.21 Assets Management

The P&RD Department has not yet developed (March 2008) any effective system for valuation of assets created by the PRIs during a year and for assets accounting. It has also not created any mechanism for obtaining data on assets creation on regular basis from the PRIs that are financed out of the State budget.

CHAPTER-II

PERFORMANCE REVIEWS

PANCHAYATI RAJ INSTITUTIONS

INDIRA AWAS YOJANA (IAY):

Highlight:

- 1 Annual Action Plan not prepared.
- 2 Ownership of IAY houses not conferred on women.
- 3 Sanitary Latrine and Smokeless Chullahs not constructed.
- 4 Land ownership not ensured before construction of houses.

2.1 Introduction:

Indira Awas Yojana (IAY) aims at providing dwelling units free of cost to the poor families of the Schedule Castes (S/Cs), Schedule Tribes (S/Ts), free bonded laborers and also non-SC/ST persons living below poverty line (BPL) in the rural areas. The scheme is funded on cost sharing basis of 75:25 between the Central and the State since 1999-2000, where 80 per cent of allocation has been earmarked for new construction and 20 percent for up-gradation of unserviceable kutcha houses. The scale of assistance for construction/up-gradation varied from time to time and also between hilly and plain areas.

Audit of implementation of IAY revealed irregularities in the selection of beneficiaries, non conferment of ownership of huts on women as envisaged in the scheme, non construction of sanitary latrine and smokeless chullahs in spite of assistance released for them and loss of Central share due to sluggish utilization of fund already made available.

It was mandatory under the scheme guidelines of IAY that each GP shall independently prepare and approve an Annual Action Plan (AAP) before the beginning of the financial year.

It was seen that 167 GPs did not prepare and approve such AAP for the years 2004-05 to 2006-07 for selection of beneficiaries under the scheme. The GPs spent a total

amount of Rs.48.48 crore by selection of beneficiaries out side the AAP in violation of the scheme guidelines as detailed below:

(Rupees in crore)

Year	Name of district	No. of GPs	No. of IAY houses	Amount involved
2005-06	Lakhimpur	81	6305	15.76
2006-07	-do-		2367	5.92
2007-08	-do-		1273	3.18
2005-06	Tinsukia	86	2200	5.50
2006-07	-do-		5119	12.80
2007-08	-do-		2128	5.32
Total			19392	48.48

In the absence of AAP, there is an increased risk of selection of ineligible beneficiaries.

Ownership of the IAY houses was not conferred on women in violation of the scheme provision. The IAY guidelines envisaged that ownership of IAY houses constructed/up-graded with the scheme assistance would be conferred on the female member of the family or alternatively on both the wife and husband jointly as a couple. But in 11236 cases in 167 GPs, ownership of the IAY houses constructed/up-graded with the scheme fund with a total cost of Rs.28.10 crore was conferred solely on the male member of the families during 2005-06 to 2007-08 as detailed below:

(Rupees in crore)

Name of district	Year	No. of GPs	No. of house constructed in the name of male	Amount involved
Lakhimpur	2005-06	81	5767	14.42
-do-	2006-07		2150	5.37
-do-	2007-08		1009	2.52
Tinsukia	2005-06	86	130	0.33
-do-	2006-07		1330	3.33
-do-	2007-08		850	2.12
Total			11236	28.10

2.1.1 Sanitary Latrine & Smokeless Chullahs not constructed:

As per guidelines of the scheme every GP is to ensure that a sanitary latrine and smokeless chullahs are constructed along with the construction of the IAY houses. However, 10321 sanitary latrines & 11958 smokeless chullahs in 167 GPs were not constructed, although full amount of assistance Rs.29.91 crore were given to the beneficiaries by the GPs during 2005-06 to 2006-07 as detailed below:

(In rupees)

Name of district	Year	No. of GPs	No. of smokeless chullah not constructed	Earmarked fund @ Rs. 100/-	No. of sanitary latrine not constructed	Earmarked fund @ Rs. 600/- per latrine
Lakhimpur	2005-06	81	3080	308000	3080	1848000
	2006-07		1122	112200	1122	673200
	2007-08		437	43700	437	262200
Tinsukia	2005-06	86	2200	220000	563	337800
	2006-07		5119	511900	5119	3071400
Total			11958	11,95,800*	10321	61,92,600*

In case sanitary latrines & smokeless chullahs were not constructed, Rs.61.93 lakh* towards sanitary latrines & Rs.11.96 lakh* towards smokeless chullahs were to be recovered from the consolidated amount of assistance given to the beneficiaries by way of deduction from the amount of the assistance. As such Rs.61.93 lakh for sanitary latrines and for Rs.11.96 lakh for smokeless chullahs to be deducted from the beneficiaries which were not deducted from the assistance.

2.1.2 Land-ownership for the beneficiaries not ensured before construction/up gradation of dwelling unit

As per guidelines of IAY, every beneficiary should possess a valid title of the land before obtaining the assistance for construction/up gradation of dwelling units. However, in 167 GPs where Rs.28.23 crore in respect 17264 cases were disbursed during 2005-07 towards assistance of construction/up gradation of units, the beneficiaries had either no valid records of ownership of the land on which their houses were constructed/upgraded or records were not produced to audit detailed below:

(Rupees in crore)

Sl. no.	Name of district	Year	No. of GPs	No. of beneficiaries	Cost involved
1.	Lakhimpur	2005-06	81	6305	12.61
		2006-07		2367	5.92
		2007-08		1273	3.18
2.	Tinsukia	2005-06	86	2200	5.50
		2006-07		5119	1.02
				17264	28.23

This is indicative of lack of effective control to ensure that ineligible beneficiaries are not covered under the scheme. Moreover, possibilities of dislodging the beneficiaries

* Rs. 11.96 lakh (11958 x 100) for smokeless chullahs & Rs. 61.93 lakh (10321 x Rs. 600) for sanitary latrines i.e. a total of Rs. 73.89 lakhs.

rendering them shelter-less again by the actual owner of the land at a subsequent stage can not be ruled out.

2.1.3 Loss of Central share under IAY

As per provision contained in IAY guidelines and conditions attached with the sanction letter, 50 per cent of the total allocation for a particular district was to be released in the beginning of the financial year. The second installment will be released on fulfillment of the following conditions:

- (i) The opening balance should not exceed 15 per cent of the fund available of the year. The excess over 15 per cent will be reduced proportionately by the Central Government.
- (ii) The State Government should release all its contribution due up to the date of application. In case of shortfall, the corresponding amount will be deducted from the Central Share.

On scrutiny of records it was seen that there were cuts in Central Share of Rs 355.42 lakh from the second installment of 2006-08 under IAY due to non-fulfillment of above mentioned condition as given below:

(Rupees in lakh)

Name of scheme	Year	Amount due	Excess carrying over	Total amount/forfeiture
IAY	2006-07	438.99	99.72	99.72
	2007-08	1122.08	255.70	255.70
Total		1561.07	355.42	355.42

Thus due to failure on the part of P&RD Department of the State Government to comply with the provisions of the guidelines, the State Government received less fund of Rs.355.42 lakh from the Central Government and thereby the implementation of the said scheme during 2006-08 had suffered badly. As such, beneficiaries of the state were deprived of the intended benefit of the scheme.

2.1.4 Unauthorized purchase of building materials under IAY

According to Para 5.1 of the IAY guidelines, beneficiaries shall be involved in the construction of dwelling units. Government Departments or Organization can, however, give technical assistance or arrange for coordinated supply of raw materials such as cement, steel or bricks etc if the beneficiaries so desires.

But test check of records revealed that 11 APs spent Rs.233.98 lakh during 2002-07 towards procurement of cement, MS rod, CGI sheet etc through suppliers for the construction

of IAY houses without involving beneficiaries thereby violating the provision of the guidelines (detailed in **Appendix-II**).

2.1.5 Misappropriation of scheme fund under IAY

Test check of records relating to construction of IAY houses revealed that during 2006-08 an amount of Rs.5.49 lakh was released by the Kothiatoli AP to Singhimari GP towards construction of 20 (twenty) numbers of IAY houses. As per inspection report submitted by the Junior Engineer Kothiatoli AP (26-02-08) it was noticed that GP Secretary had withdrawn the above amount from the bank without utilizing the same against construction of IAY houses.

In reply Executive Officer, Kothiatoli AP as on 18-11-08 admitted the fact and stated that the GP Secretary has been suspended and further development in this regard would be intimated in this regard. Thus due to misappropriation of IAY fund of Rs.5.49 lakh twenty BPL families were deprived of the benefit of the scheme.

Recommendations:

- 1 Government should take immediate action for preparation of Annual Action Plan.
- 2 Government should monitor all activities starting from planning to payment of assistance to the beneficiaries and make sure that scheme is implemented in the state as envisaged in the guidelines.
- 3 Government should evaluate the impact of the scheme in the state to strengthen its implementation.

2.2 National Rural Employment Guarantee Act (NREGA)

Highlight:

- 1 District perspective plan not prepared.
- 2 Labour budget not prepared.
- 3 Short provision of employment and non-payment of unemployment allowances
- 4 Non-merger of un-utilized balance of erstwhile schemes.
- 5 Diversion of funds.

2.2.1 Introduction : The National Rural Employment Guarantee Act (NREGA) 2005 promulgated in September 2005 guarantees 100 days of employment in a financial year to any rural house hold whose adult members are willing to do unskilled manual works. The Act came into force initially with effect from February 2006 in 200 districts in India and was subsequently

extended to cover the whole country from the year 2008-09. The scheme was implemented in the state from 2005-06 onwards in seven backwards district of Assam viz Lakhimpur, Kokrajhar, Bongaigaon, Goalpara, Dhemaji, Karbi Anglong andd NC Hills.

2.2.2 District Perspective Plan (DPP)

The DPP was to be prepared having a development perspective for the districts and linkages between the types of Rural Employment Guarantee Scheme (REGS) works and long term employment generation and sustained development. Further demand for employment in each district was to be drawn up based on decision taken in the Gram Sabha meetings. It was observed that no DPP was prepared in Lakhimpur district. In the absence of DPP, long term advance planning and development prospective for the district could not be provided. Hence prioritization of work to be taken up under the scheme could not be ascertained.

2.2.3 Labour Budget

The NREG Act stipulated that the District Programme Coordinator (DPC) was to prepare the labour budget for the ensuing financial year containing the details of the anticipated demand for unskilled manual work in the district which should be the basis for planning. It was noticed in Lakhimpur ZP that labour budget was not prepared for the year 2006-07.

2.2.4 Non-release of State Share:

Funds required for implementation of the schemes are provided by the Central and State Government in the following manner:

Government of India	State Government
Entire wages of un-skilled workers	Un-employment allowance
75% cost of materials & wages of Semi-skilled and skilled workers	25% cost of materials and wages of semi-skilled and skilled workers

As per statement furnished by the Director, P&RD Assam, in Lakhimpur district an amount of Rs.1450.23 lakh was spent towards payment of wages of semi-skilled/skilled workers and cost of materials. Against this the admissible State Share should be 362.56 lakh. But the State Government had released Rs.72.24 lakh only during 2006-07. Therefore, there was a short release of State Share of Rs.290.32 lakh under NREGA. Due to non-release of State Share

of the above amount the desired target of employment guarantee as envisaged in the scheme could not be achieved.

2.2.5 Receipt and Utilization of Fund

Out of Rs.10982.70 lakh received as on March 2007 the amount utilized by Lakhimpur ZP was Rs.7988.34 lakh leaving a un-spent balance of Rs.2994.36 lakh as detailed below:

District	Opening Balance	Receipts			Total	Utilization	Un-spent balance
		Central Share	State Share	Misc Receipt			
Lakhimpur	4385.18	4961.48	72.24	1563.80	10982.70	7988.34	2994.36

(Rupees in lakh)

Source:- Progress Report submitted by the State Government to the Government of India.

The percentage of utilization was 72.74 per cent.

2.2.6 Short provision of employment

A comparison of number of days for which job was demanded and actual days of employment provided as GP level was not possible as consolidated details of demand were not available in any GP. But as per Progress Report furnished by the Director, P&RD Assam, 1,14,834 numbers of households were issued job cards and 97,143 households demanded employment in Lakhimpur district. Out of 97,143 households in GPs, APs and ZP, employment was provided to 91,777 house holds. Thus 5,36,600 per days of employment were not provided to 5,366 households (97,143 – 91,777) which demanded job and no un-employment allowances were also paid by the GPs, Aps and ZP.

2.2.7 Non-transfer of un-utilized balance of erstwhile schemes

Consequent on launching of NREGS, the GOI stipulated (March 2006) that the unutilized funds of NFFWP/SGRY as of February 2006 would become part of NREGS and such funds were to be utilized as per guidelines of the NREGS. It was, however, noticed in Lakhimpur ZP that as of March 2006 the ZP had a balance of Rs.368.85 lakhs under NFFWP/SGRY schemes. The ZP did not transfer the fund to the NREGS account and continued to incur expenditure under the erstwhile schemes which was irregular. As of March 2008 a balance amount of Rs.9.76 lakh was transferred to the NREGS.

2.2.8 Diversion of scheme fund

Scrutiny of annual accounts, cash book, ledger etc revealed that Gilamara Development Block un-authorizedly diverted Rs.6.00 lakh during 2006-07 from NREGS to SGRY to meet expenditure on schemes undertaken under SGRY.

The matter was reported to the Government, the reply is awaited (May 2009).

2.2.9 Transparency and Accountability

An innovative feature of NREGA is that it gives a central role to social audits as a means of Public Vigilance. The basic objective of the social audit is to ensure public accountability. Social audit is a public assembly where all details of projects are scrutinized. This ensures complete transparency in the process of implementation of the projects, participation of all beneficiaries in decision making and accountability of the elected representatives and Government functionaries. Though Gaon Sabha meetings to review the implementation of the scheme were to be held at least once in every six month, no meeting was convened in any GP of Lakhimpur district. This deprived the people of conducting a detailed public audit of NREGS works carried out in their area during the preceding six months.

2.2.10 Improper maintenance of Muster Rolls (MR)

Muster Roll is an important document facilitating the payment of wages. Separate MR with unique identity number should be maintained for each work wherein details of attendance and absence of all workers involved in the work, wage paid and signature/thumb impression of the payee are recorded. MR is to be issued by the Programme Officer (PO) to the GPs and properly accounted by the POs and GPs. The maintenance of MRs and their accounts were defective as detailed below:

- (1) The MR for skilled labour used by GPs was not in the prescribed format and was not issued by the POs.
- (2) No unique ID number was assigned to MRs. Instead the GP used their own method of assigning own ID number which varied from GP to GP.
- (3) PO, Ghillamara AP did not maintain MR issue Register in the prescribed format but were accounted in a General Stock Register.
- (4) None of the GPs returned copy of used MRs to POs and the POs did not maintain a record of MR returned by GPs.

Recommendations:

- 1 The process of planning should be strengthened so as to enable the GPs/POs and DPCs to provide employments for 100 days to all registered households.
- 2 Government should examine the reason for non-payment of un-employment allowances.
- 3 Government should monitor all activities starting from planning to payment of wage and make sure that the scheme is implemented in the state as envisaged in the Act.
- 4 Government should evaluate the impact of the scheme in the state to strengthen its implementation.
- 5 Government should take immediate action to prepare District Perspective Plan (DPP) so as to ensure minimum wages to all beneficiaries.

2.3 Audit Arrangements for PRIs

As per provisions under Section 29, 61 and 98 (GP, AP and ZP respectively) of the Assam Panchayat Act (APA) 1994, the State Government is to appoint an Auditor for audit of the accounts of ZP, AP and GP. The audit of accounts of ZPs, APs and GPs is done by the Director of Local Fund Audit (DLFA) under the provision of the Assam Local Fund (Accounts and Audit) Act 1930. But out of auditable 2407 PRIs units, audit of 1890 PRIs could not be conducted by the DLFA due to shortage of staff and facilities as of March 2009. The PRIs Act was also not amended to empower the DLFA to audit the accounts of Local Bodies (LBs) and to work under the Technical Guidance and Supervision (TGS) of the Comptroller and Auditor General of India.

2.4 Non-constitution of State Legislative Committee (SLC)

The Eleventh Finance Commission recommended that the report of the C&AG of India relating to audit of accounts of Local Bodies was to be placed before a Committee of the State Legislature on the same line as Public Accounts Committee (PAC). In spite of request of the PAG (Audit) to the Government of Assam (January 2009), the committee was yet to be constituted (May 2009).

2.5 Audit Coverage:

The audit of accounts of 207 PRIs (2 ZPs, 38 APs and 167 GPs) covering accounts up to 31st March 2008 was conducted during January to December 2008.

2.6 Response to audit observation:

The Principal Accountant General (Audit) Assam conducts audit of PRIs under section 20(I) of CAG's(DPC) Act, 1971. Objections raised in audit were communicated to the respective PRIs in the form of Local Audit Reports (LARs) with copy to the State Government. Replies were required to be furnished within four weeks of receipt of LARs. Only 11 PRI units furnished reply to the LARs. Due to non-furnishing of specific reply by the auditees, only four paragraphs have been settled as on date (June 2009). The year wise position of LARs and outstanding paragraphs with money value is given below:

(Rupees in crore)

Year	Number of LARs issued	Number of Paragraphs involved	Number of paragraph settled		Paragraphs outstanding	Money value
			Paragraph	Money value		
Up to 2006-07	50	762	-	-	762	68.93
2007-08	155	1316	04	0.13	1316	64.57
Total position of outstanding audit note	205	2078	04	0.13	2074	133.50

Thus 205 LARs and 2074 paragraphs with monetary value of Rs 133.50 crore were pending for settlement (June 2009) for want of replies from PRIs. Director of Local Fund Audit is the primary auditor who conducts audit of PRIs. As per information furnished by the DLFA out of 2407 PRI units, 517 number of units, (5 ZPs, 55 APs and 457 GPs) has been audited by the DLFA as on 31st March 2009.

Correspondences were made for placement of LBs report in the State Legislative Assembly for discussion and settlement of the objections on the spot by constituting Audit Committee at appropriate level at PAG's end. Action of the State Government is awaited.

CHAPTER – III

TRANSACTIONS AUDIT

Revenue Receipts:

Eleventh Finance Commission (EFC):

3.1 Blocking up of fund under EFC:

The EFC recommended a sum of Rs.116.72 crore during 2002-05 to supplement the resources of PRIs in the State. Out of total grants of Rs.116.72 crore an amount of Rs.6.50 crore was earmarked for creation of data base relating to finances of Local Bodies. From Rs.6.50 crore, Rs. 2.17 crore was spent by the Director, P&RD, Assam towards procurement of computer, development of software etc and balance amount of Rs.4.33 crore were retained for a period ranging from 15th to 28th months without utilization. Information furnished by the Directorate revealed that Rs.4.33 crore were transferred to ZPs in June 2006 and March 2008 which remained un-utilized at ZPs level till April 2009.

Thus un-authorized retention of funds resulted in blocking up of Government money amounting to Rs.4.33 crore which also frustrated the basic objective of the scheme and non-achievement of intended benefits.

Against the total grants of Rs.6.50 crore for computerization, creation of data base and networking, an expenditure of Rs.2.17 crore was incurred on providing computers, training and development of software. The exact status of application of software and details of computerization work done, if any, were not made available by the Directorate of P&RD to audit.

3.1.1 Diversion of fund under EFC earmarked for up keep of accounts:

EFC recommended grants of Rs.4000/- per panchayat per annum on an average for up-keep of accounts of GPs and APs which did not have exclusive staff for that purpose. The State Government had also earmarked Rs.3.23 crore to PRIs in respect of maintenance of accounts.

Test check of records of Nagaon ZP revealed that out of Rs.20.32 lakh released by the Director, P&RD, Assam in respect of maintenance of accounts during 2004-06 an amount of Rs.19.32 lakh was spent by 237 GPs and 13 APs under the jurisdiction of Nagaon ZP on purchase of stationery, furniture etc defeating the very purpose of the grant. The matter was reported to the Government but reply is yet to be received.

Twelfth Finance Commission (TFC):

3.2 Delay in crediting of TFC Grant:

Based on the recommendation of TFC, the Government of India (GOI), awarded grant of Rs.526.00 crore to PRIs in Assam to be released during 2005-10.

The position of receipt and released of TFC grants during 2006-08 were as under:

(Rupees in core)

Year of grant	Amount of grant	Date of receipt by the State Govt	Date of release of grants to PRIs	Number of days delayed in release of grant	Interest payable
2006-07	52.60	22.6.2007	13.01.2009	552 days	4.37

As envisaged in Para 6.1 and 6.4 of guidelines, on release and utilization of TFC grants circulated vide, GOI, Ministry of Finance, Department of Expenditure (June 2005), States were mandatorily required to transfer to the grants released by the GOI to PRIs within 15 (fifteen) days of the same being credited to the State Accounts concerned. In case of delayed transfer of funds to the respective bank accounts of PRIs, interest is chargeable. However, interests amounting to Rs.4.37 crore have not been re-imbursed by the State Government till April 2009. Non-payment of interest on delayed transfer of grants was communicated to the Government but no reply was received till May 2009.

3.2.1 Locking up of fund due to non-implementation of schemes:

Out of total grants of 157.80 crore released during 2005-08, an amount of Rs.9.50 crore was earmarked for creation of data base on finances of PRIs. The Director, P&RD Assam transferred Rs.9.50 crore to the ZPs during December 2006 to January 2009 with instructions not to spend the fund till further orders. The entire amount of Rs.9.50 crore remained locked up in banks at the ZP level for the period raging from five month to two years or more.

3.2.2 Diversion of TFC grant:

TFC provided Rs.5.92 crore for maintenance of accounts in ZP, AP and GP level and Rs.6.07 crore for O&M cost. The guidelines issued by the TFC stipulated that the funds for maintenance of accounts was recommended in view of lack of staff for up keep of accounts at PRI level and to clear the arrear of accounts, an amount of 15000/- per panchayat per annum was recommended to get the job done on contract basis. The fund placed under O&M cost was required to be utilized on operation and maintenance cost of Water Supply and Sanitation.

Test check of records of 317 GPs revealed that these GPs received an amount aggregating Rs.42.63 lakhs (for Maintenance of accounts Rs.13.53 and O&M cost Rs.29.10 lakhs) during 2006-07 as grants under TFC.

It was noticed that GPs utilized the entire fund of Rs.42.63 lakhs earmarked for maintenance of accounts and O&M cost towards purchase of stationeries, furniture, repairing of GP office building etc thereby violating the provisions of the guidelines and defeating the real purpose of the grants.

3.3 Sampoorna Gramin Rojgar Yojana (SGRY):

SGRY was launched in September, 2001 by merging the ongoing schemes of Jawahar Gram Samridhi Yojana (JGSY) and Employment Assurance Scheme (EAS). The objective of the programme is to provide additional wage employment and food security along with creation of durable community assets social and economic infrastructure in rural areas to rural poor. The SGRY is open to all rural poor who are in need of wage employment and desire to do manual and unskilled work in and around the village/habitat. The cost of each component of the programme is shared by the Central and State in the ratio 75:25.

3.3.1 Execution of schemes beyond the purview of Annual Action Plan (AAP):

It was mandatory under SGRY scheme that each AP/GP shall independently prepare and approve an AAP before the beginning of the financial year. No work can be executed/taken up unless it forms part of the AAP.

It was seen that 6 APs executed works outside AAP during 2004-07. APs have spent a total amount of Rs.35.08 lakh for works taken up outside AAP in violation of the guidelines of the scheme as given below:

(Rupees in lakh)

Sl. No.	Name of unit	Period	Amount
1.	Rupahihat	2004-05	11.92
2.	Dhalpukhuri AP	2004-05	5.09
3.	Saikhowa AP	2004-05	6.98
4.	North Lakhimpur	2004-05	2.65
5.	Barhampur AP	2004-05	5.52
6.	Nowboicha AP	2004-05	2.92
Total			35.08

Due to taking up of work beyond AAP, it could not be ascertained whether the works were undertaken on priority basis as per requirement of the area and there was no overlapping of the scheme.

3.3.2 Utilization of SGRY fund for creation of ineligible asset:

As per Para 6.7.1 of scheme guidelines, construction of building for religious purposes, Higher Secondary Schools, Colleges, monuments, memorials, statues, idols, bridges, black topping of roads etc were prohibited.

Test check of records revealed that 7 APs, 2 ZPs and 18 GPs had utilized Rs 96.75 lakh (Rs.69.90 + 26.85 lakhs) from SGRY fund during 2005-06 to 2006-07 for constructions of colleges, temples, bridges etc in violation of the scheme guidelines as detailed in **Appendix –III**

3.3.3 Irregular expenditure towards transportation of food grains (FG):

The guidelines of SGRY prohibited the use of cash component of SGRY for transportation charges of FG. As per the guidelines the transportation cost under SGRY is to be borne by the State Government exclusively. But violation of the said norm was noticed in several occasions.

It was observed from the records of Nagaon and North Lakhimpur ZP that Rs.24.49 lakhs was spent irregularly towards transportation charges of FG out of the Cash Components of SGRY to be spent on wages during 2005-07.

Similarly, 8 APs and 55 GPs incurred expenditure of Rs.57.96 lakh in transporting the foodgrains (FG) out of the cash component of SGRY meant for wages during the 2004-07. The entire payment of Rs.82.45 lakh from the cash component of SGRY towards transportation charges was, thus, not only irregular but also caused short generation of mandays by 79790

(82.50 lakh x 60 percent, divided by Rs.62/-), depriving the rural poor of the benefits from the same (detailed in **Appendix-IV**).

3.3.4 Diversion of SGRY fund towards lifting of Mid Day Meal (MDM):

Test check of records revealed that 6 APs diverted Rs.16.21 lakh from SGRY scheme fund for lifting of food grain of MDM scheme as detailed below. Matter has been reported to the State Government but reply is awaited (June 2009).

(Rupees in lakh)

Sl. no.	Name of Unit	Name of fund against which advance made	Period of Advance	Unadjusted advance	Advance paid to whom
1	Karunabari AP	SGRY	3/03 to 4/04	3.60	Lifting charges of MDM
2	Bihpuria AP	-do-	10/03 to 11/03	0.42	E.O. (P)
3	Guijan AP	-do-	11/03 to 3/06	2.09	Lifting charges of MDM
4	Sipajhar AP	-do-	3/03 to 10/06	5.30	3
5	Dalgaon Sialmari AP	-do-	2002 to 2007	4.30	Lifting charges of MDM
6	Saikhowa AP	SGRY	24/2/04	0.50	A. Saikia
Total				16.21	

3.3.5 Non-release of matching shares by the State Government:

As appeared from records furnished to audit by the Director, P&RD Assam, 25 per cent matching state share relating to SGRY for the year 2007-08 were not released by the State Government as detailed below:

(Rupees in lakh)

Name of Scheme SGRY					
Name of Scheme	Total allocation of CSS 2007-08	Released 75% of CSS by the GOI 2007-08	25% of amt due from state share 2007-08	Amt. released for state share 2007-08	Amt. not received as state share
SGRY	25702.52	19276.89	6425.63	Nil	6425.63

Non-release of State Share or failure to release in time led to loss of developmental works or timely completion of developmental works thereby depriving the deserving beneficiaries of benefits in terms of aims and objective of programme.

Employment Assurance Scheme (EAS):

3.4 Inadmissible expenditure:

The primary objective of the EAS and SGRY is to provide additional wage employment and creation of durable community, social and economic assets in rural areas.

Test check of records of two APs revealed that BDO, Dalgaon Sialmari AP/Block took up construction of Godown at block headquarter from EAS fund during 2001-02 and SGRY during 2003-05 at a total cost Rs.11.28 lakh (EAS Rs.4.50 and SGRY Rs.6.78 lakhs) and Batradraba AP spent Rs.1.47 lakh towards repairing of Navodya Vidyalaya.

It was also noticed that there was no provision under the guidelines regarding construction/extension/repairing of godown at block headquarter and Navodya Vidyalaya. Moreover the above work did not link with the durable community assets as envisaged in the guidelines.

In view of the above, the expenditure of Rs.11.28 lakh was outside of the purview of the scheme guidelines and hence un-authorized.

3.5 Loss of Revenue due to non-realization of Registration Fee and Stamp Duty:

As per terms and conditions of the Notice Inviting Tender and Article 35(ii) of the Assam Gazette Notification dated 5th July 1989, the successful bidder should mortgage a deed of land of the same value (bid value) or more by executing a registered deed at own cost and Stamp Duty at the rate of 3 per cent of demand should also be borne by the Lessee (bidder) concerned in addition to Registration Fee.

Test check of records of 10 APs and 2 ZPs revealed that 559 markets/par-ghats/fisheries were leased during 2002-2007 but no agreement was registered between the Panchayat Authorities and the Lessee. Thus due to non-registration of agreement deed and non-mortgage of plot of land of the same value and non-deduction of Stamp Duty during last 5 years, the State Government was put to a loss of Rs. 70.38 lakh (Registration Fee Rs.48.84 plus Stamp Duty Rs.21.54 lakh). Details in **Appendix -V**.

3.6 Outstanding Kist Money

As per procedure under Sub-Rule 14 and 15 of Rule 47 of the Assam Panchayat (Financial) Rules 2002, Panchayats are required to recover the outstanding Kist money from the defaulter Lessees.

Test check of records of 21 APs and two ZPs revealed that Kist money amounting to Rs. 246.63 lakh were yet to be realized (31st March 2008) as detailed in **Appendix - VI**.

Inaction in realization of Kist money from the properties assigned to PRIs reduced the revenue of these PRIs to that extent thereby widening the resource gap.

3.7 Loss of Revenue due to settlement of markets to the bidder with less value:

Test check of records relating to settlement of markets under 2 ZPs (Lakhimpur and Nagaon) revealed that Markets/parghats/fisheries etc were not leased out to the highest bidder. The highest bidders were rejected without assigning any reason and other bidders who quoted lower bid value were allowed lease right of markets. Thus 2 ZPs incurred a loss of revenue of Rs.190.67 lakh by violating the provision of Section 47 (10) of the Assam Panchayat (Financial) Rules 2002 ad detailed in **Appendix - VII**. No prior approval in accepting the tenders other than the highest bidder was obtained by the PRI units from the Government.

Reply from concerned PRI units are awaited.

3.8 Non-distribution of Sale Proceeds of Hat-Ghats among ZPs, APs and GPs:

As per sub-section 6 of section 105 of the Assam Panchayat Act 1994, out of Sale Proceeds of Hat/Ghats in any ZPs/APs, 20 per cent to be devolved to the ZP, 40 per cent shall be equally distributed to all the GPs under the AP and balance 40 per cent be retained by the AP.

Test check of records of 13 APs and 1 ZP revealed that the above ratio of devolution was not adhered to depriving the PRIs of their due shares. Thus ZP retained Rs.116.03 lakh and AP retained Rs.82.85 lakh totaling Rs.198.88 lakh in excess of their allocation during the period from 2002-07 as detailed in **Appendix-VIII**.

3.9 Non-recovery of advances from the individuals

Temporary advances were paid to the staff/officials as TA/execution of works etc. The accounts of the same should be closed as soon as possible as un-utilized cash balance should be refunded/recovered. In respect of 9 APs and 1 ZP a sum of Rs.19.61 lakh paid to officials/staff for various purposes were still outstanding (April 2009) against bank as detailed in **Appendix-IX**.

Action to recover/adjust the advances needs to be initiated immediately and the monitoring mechanism should be strengthened to ensure speedy and timely recovery/adjustment

so that the old outstanding advances may not lead to loss due to non-recovery over long period of time.

3.10 Un-authorized expenditure

An amount of Rs.6.84 lakh was spent towards payment of telephone bills of President and telephone allowances of members of Lakhimpur ZP from the Own Source of Revenue (OSR) in contravention of provisions of the Assam Panchayat (Financial) Rules 2002 as per which there were no provision for payment of house rent, TA bill, telephone allowances to the President and Members of ZP except monthly remuneration, Traveling Allowances, Sitting Allowances subject to availability of fund from their own sources.

3.11 Un-authorized expenditure out of SGSY fund:

According to the guidelines of SGSY, infrastructural assets created under the programmes were to be utilized exclusively for the Swarozgaries for production, processing quality testing and storage or marketing.

Test check of records of Dalgaon Sialmari AP revealed that the BDO had spent an amount of Rs.10.00 lakh towards construction of Farmers Training Centre and Food processing unit at Block Headquarter violating the provision of the guidelines.

3.12 Short utilization of fund for Centrally Sponsored Scheme (CSS):

The details of fund received and utilized during 2002-08 for CSS implemented by PRIs are given below:

<i>(Rupees in crore)</i>							
Authority/ Agency who disbursed the fund	Name of scheme	Opening balance	Fund received (Central & State)	Total fund available	Fund utilized by PRIs	Balance	Percentage of utilization
DRDA	SGRY	1.57	230.61	232.18	226.41	5.77	97.51
-do	IAY	19.26	259.17	278.43	133.33	145.10	47.88
-do-	SGSY	3.85	141.31	145.16	137.77	7.39	94.90
-do-	NREGS	88.53	468.03	556.56	333.97	222.59	60.00
Total		113.21	1099.12	1212.33	831.48	380.85	68.58

PRIs received Rs.1099.12 crore as Central and State assistance out of which Rs.831.48 crores was utilized. At the end of the year there was a unspent balance of Rs.380.85 crore including unspent balance of previous year. The implementation of IAY and NREGS were poor in comparison of assistance received by the PRIs, the financial achievement of IAY and NREGS being over 47.88 per cent and 60 per cent respectively. No reasons were on record for short utilization of scheme funds.

3.13 Diversion of NSAP Fund:

The National Social Assistance Programme (NSAP) fully financed by the Government of India came into effect from 15th August 1995. The programme provides for direct financial assistance to the beneficiaries under the components mainly National Old-Aged Pension and National Family Benefit Schemes. Till 2002-03, the programme was implemented by the Social Welfare Department of the State Government and thereafter from June 2003 the State Government transferred the schemes to the P&RD Department for implementation. The guidelines of the NSAP do not provide for deduction of any administrative charges from the earmarked funds.

Test check of records made available by the Director of P&RD Assam revealed that during 2006-07 an amount of Rs.249.93 lakh was released to the districts as administrative expenses for implementation of the programme which was not permissible under the guidelines of the NSAP details given below:

(Rupees in lakh)

Sl No	Name of sub-scheme of NSAP	Rate of pension per beneficiary	Number of beneficiary deprived of	Diverted amount
1	NOAP	Rs.200/-per month	113150	226.30
2	NFBS	Rs.10000/-in lump	236	23.63
Total			113386	249.93

Thus, due to non-adherence to the guidelines, the benefits offered under the programme could not be extended to 113386 numbers of deserving beneficiaries.

3.14 Diversion of scheme fund towards contingent expenditure:

Lakhimpur ZP and Sipajhar AP had incurred an expenditure of Rs.22.62 lakh (LZP Rs.21.17 and SAP Rs.1.45 lakh) out of EFC, NOAP, NFBA, and SGRY during 2004-07 towards payment of TA bills of Chief Executive Officer (CEO), repairing/renovation of DC's chamber of circuit house, purchase of Air Conditioner, Audit Fee, purchase of computers, purchase of Photostat Machine, hire charges of vehicles, POL, payment of honorarium to ZP members and president etc. This was done under the order of the CEO of the ZP who was responsible for operating ZP fund. Sipajhar AP had incurred an expenditure of Rs.1.45 lakh on repairing of vehicles diverting from SGRY fund. None of the items of expenditures were within the purview of the guidelines of the schemes. Thus the above expenditures were unauthorizedly diverted.

Conclusion and Recommendation:

3.15 Internal Control:

Sizeable amounts advanced by the PRIs were found to have been lying unadjusted. Laxity on the part of the PRIs in respect of timely monitoring and adjustment of advances should be ensured.

Large amount of funds transferred to PRIs were found to have remained unutilized for years together. The need to institute an adequate internal control and monitoring mechanism should be urgently addressed by the P&RD Department of the State Government.

Necessary amendment in the PRI Act to empower the DLFA as primary/statutory auditor of PRI/ULBs under the Technical Guidance and Supervision (TGS) of the C&AG of India is to be done in accordance with the Assam Panchayat Act, 1994 and as recommended by the EFC.

PRISOM software should be made operational at all level of PRIs..

Function, functionaries and funds should be transferred to PRIs by the concerned department. Availability of information of Receipts and Expenditures of all PRIs at State level should be made for easy analysis of PRIs data.

Asset Registers should be maintained by the ZPs, APs and GPs and physical verification of assets should be conducted by responsible officers.

Best practices recommended by the TFC for augmentation of resources of PRIs should be followed.

PART - B

CHAPTER – IV

ACCOUNTS AND FINANCES OF URBAN LOCAL BODIES

4.1 Introduction:

74th Constitutional amendment has accorded new status to ULBs that fundamentally altered the existing pattern of governance in the Indian federal structure. It has conferred constitutional status to ULBs and recognized them as the third tier of Government at the local level. The basic thrust of these amendments were to endow the local bodies with adequate powers, functions, resources and responsibilities so as to make them viable and vibrant local self institutions. In its wake, the amendments paved the way for a smooth transition to fiscal decentralization at the grass root level.

4.1.1 Constitutional background:

The 74th Constitutional Amendment envisaged a three tier system of Urban Local Bodies (ULBs) in the state which were as under:

- A Municipal Corporation for a larger urban area
- A Municipal Board for a smaller urban area
- A Town Committee for transitional area

4.1.2 Brief profile and population covered

The number of ULBs at each level as on 31st March 2008 are given below which covered 12.72 per cent of the total population of the State as per the 2001 census. The total area covered by the ULBs is 685.07 square kilometer which is 0.87 per cent of total area of the state (78.438 sq km).

Category of ULBs	Number of ULBs	Average population covered (as per census 2001)
Municipal Corporation	1	808021
Municipal Boards	28	1314070
Town Committees	44	594792

Source : Finance Commission Report of Government of Assam

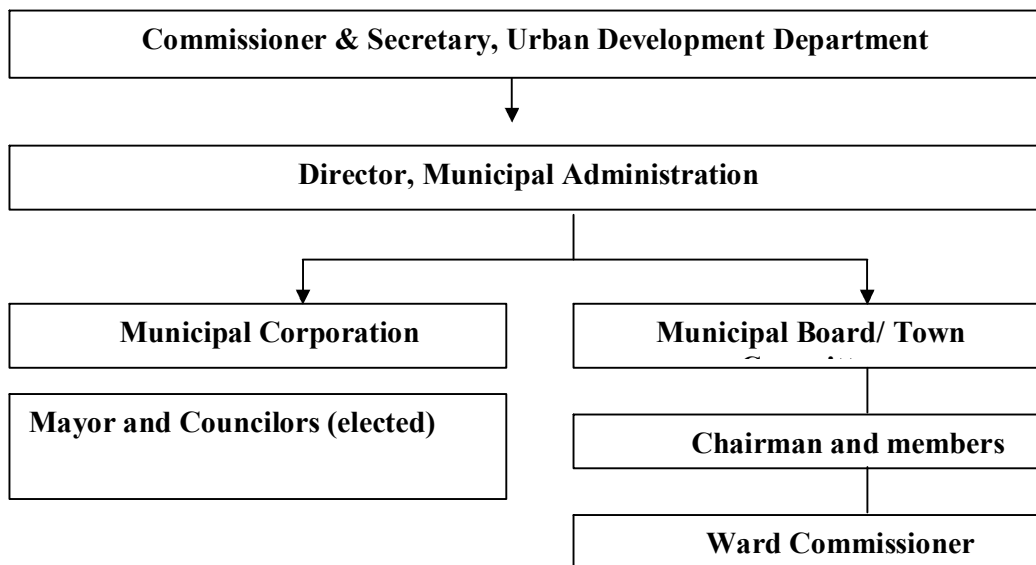
4.1.3 Classification of Towns:

The towns were classified into different categories based on the population size. Towns with population of 1,00,000 and above are class-I towns, 50,000 to 99,999 are class-II towns, 20,000 to 49,999 are class-III towns; 10,000 to 19,999 are class-IV towns and less than 5,000 are class-V towns. In the State there are 4 nos of class-I towns, 8 nos of class-II towns, 20 nos of class-III towns, 12 nos of class-IV towns and 2 nos of class-V towns.

4.1.4 Administrative Arrangement:

The overall administration of ULBs vests with the Commissioner & Secretary, Urban Development Department (UDD) at Government level.

The Organizational structure of the department is given below:



4.1.5 Accounting Arrangement:

Budget & accounts formats prescribed by the Task Force constituted by the CAG of India inter-alia suggested adoption of accrual based accounting by ULBs. This system was yet to be made applicable in the ULBs.

Government of India (GOI) forwarded (September 2004) section 93 to 96 of Model Municipal Law (MML) along with CAG's suggestions thereon for adoption by the State government. However, no action so far (May 2009) has been taken by the State Government despite repeated request made from audit.

4.1.6 Database on finances of ULBs

The 2nd State Finance Commission (SFC), beyond the fiscal package, recommended the need for building up data base in respect of Municipal finances. This recommendation was accepted by the State Government. The data base needs to be collected and compiled in standard formats as prescribed by the CAG of India. Even after regular correspondences and request from the audit the final action for development of database was awaited (May 2009).

4.2 Audit Arrangement

Assam Municipal Act, 1969 and Act governing Municipal Corporation envisaged that the accounts of ULBs shall be examined by an auditor appointed by the State Government. The Director Local Fund Audit (DLFA) is the statutory auditor under the provision of local fund (Accounts and audit) Act 1930. But no amendment in ULBs Act empowering DLFA as statutory auditor was brought in by the State Government so far. The DLFA is requested to work under TGS of the CAG as recommended by the EFC. But neither ULB act were amended accordingly nor any response was given by the UDD even after regular correspondence (May 2009).

The Principal Accountant General (PAG) audits the ULBs under Section 20(I) of the CAG's (DPC) Act 1971.

4.3 State Finance Commission (SFC):

The 1st SFC recommended devolution of 2 per cent of state taxes and duties supplemented by nominal grants in-aid to Urban Local Bodies for the quinquennium 1996-2001. The second SFC had raised the quantum of devolution to 3-5 per cent of the net proceeds of state taxes and duties supplemented by compensating grants-in-aid to ULBs during the five years period 2001-06. The recommendation of the first and second SFC though accepted by the State Government had remained largely unimplemented. The third SFC has been constituted on 22nd February 2006 but is yet to submit its report covering the period 2006-2011. The details of report are yet to be intimated.

4.4 Non-constitution of State Legislature Committee (SLC)

EFC recommended that the report of CAG relating to the audit of accounts of ULBs were to be placed before SLC constituted on the same line as PAC. In spite of repeated request by the PAG (Audit) Assam the Committee is yet to be constituted.

Budgetary and planning control:

4.5 Annual Action Plan:

The Municipalities were required to prepare Annual Action Plan (AAP), which were to be consolidated at the district level by the District Planning Committee (DPC) into a draft development plan for the district as a whole. The main purpose of preparing such plans was to avoid plurality in planning in various developmental issues. No such action plans were prepared in any of the test checked Municipalities. In the absence of local planning, the district plan did not also emerge. Preparation of Action Plans by Municipalities and their consolidation along with the plans of the PRIs is crucial to ensure incorporations of local needs and wants in the development process.

The absence of such planning also compromised on the element of popular participation and need for the plans to reflect peoples' wants.

4.5.1 Budgeting and Accounting:

As per section 43(A) of Assam Municipal Act, 1956 the budget of the Municipalities are required to be approved by the Director of Municipal Administration, Assam within 31st March of preceding year. However, it was revealed that budgets were not drawn based on AAP in the test checked Municipalities; thereby the purpose of expenditure control remained largely unattended.

4.5.2 Non-creation of Internal Audit System

An internal audit system was to be implemented to ensure the accountability of ULBs. However, test check of records of Sonari Municipal Board and Silapather Town Committee revealed that no such arrangement has been made so far.

4.5.3 Source of Revenue:

There were two sources of revenue for the local bodies (1) Government Grants and (2) Own Revenue. Own Revenue resources of ULBs comprised of tax and non-tax revenue realized by them. Property Tax is the major source of revenue. Government Grant comprised funds released by Central and State Government based on recommendations of SFC, EFC, TFC and GOI's shares for various central sector schemes. Besides loans were being obtained by them from financial institutions for implementation of various schemes relating to Urban Development, Water Supply and Roads etc.

4.5.4 Receipt and Expenditure:

Funds (share of tax revenue of the state, scheme fund and grants etc) allocated to ULBs by the State Government through budget including GOI's share of the schemes and grants recommended by the EFC and TFC was as under:

Information collected from Detailed Appropriation Account

(Rupees in crore)

2005-2006				
Name of scheme	Grant No & MH	Budget Provision	Expenditure	Excess(+) Saving (-)
Guwahati Drainage & Sewerage services	31/2215	0.10 (Plan) 14.07 (Non Plan)	0.00039 9.68	(-) 0.10 (-) 4.39
i) Integrated Dev of Small & Medium Town	31/2217	24.51 (Plan) 5.56 (Non-Plan)	13.18 18.33	(-) 11.33 (+)12.77
ii) Assistance to Local Bodies Corporation; Urban Dev Authority; Town Improvement Board				
iii) National Slum Area Development Project (NSDP)				
iv) Urban Wage Employment				
Grand total		44.25	41.19	
<i>Note: The figures of budget & expenditure as shown above are comparison of Voted, TA + NTA)</i>				
2006-2007				
Guwahati Drainage & Sewerage services	31/2215	0.06 (Plan) 12.99 (Non-plan)	- 9.77	(-) 0.06 (-) 3.22
Integrated Dev of Small & Medium Town	31/2217	93.16 (Plan) 6.40 (Non-Plan)	9.39 5.74	(-) 83.77 (-) 0.66
ii) Assistance to Local Bodies Corporation; Urban Dev Authority; Town Improvement Board				
iii) Nehru Rojgar Yojana				
iv) Night shelter for Urban shelter-less				
v) National Slum Area Development Project (NSDP)				
vi) IHSDP under NURM				
Grand total		112.61	24.91	

<i>Note: The figures of budget & expenditure as shown above are comparison of Voted, TA + NTA)</i>				
2007-08				
Guwahati Drainage & Sewerage services Drainage Master Plan for other Town of State	31/2215	0.86 (NP) 6.78 (Plan)	0.60 -	(-) 0.26 (-) 6.78
Integrated Dev of Small & Medium Town ii) Integrated Housing & Slum Dev Schemes Programme under NURM iii) JNNURM iv) Urban infrastructure Dev Schemes for Small & Medium Town v) National Information system vi) Integrated Housing & Slum Dev Schemes Programme under JNNURM vii) IHSDP under NURM viii) UIDSMT under NURM ix) Night shelter for Urban Shelter-less	31/2217	59.35 (Plan) 6.67 (Non-Plan)	34.70 5.36	(-) 24.65 (-) 1.31
Grand total		73.66	40.66	
<i>Note: The figures of budget & expenditure as shown above are comparison of Voted, TA + NTA)</i>				

The department did not furnish reasons for major savings under the Grant No. 31. The spending departments are required to surrender the unspent portion of Grants/Appropriations as and when saving is anticipated to the Finance Department. However savings were not surrendered. Failure of these Departments to surrender such huge savings revealed improper monitoring of expenditure against budget provision and poor budgetary management.

As per article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularized by the State Legislature. However, excess expenditure amounting to Rs. 12.76 crore under NSDP programme for the year 2005-06 was yet to be regularized.

4.5.5 Non-furnishing of Utilization Certificate (UC) of EFC grant

Test check of records made available by the Finance Department revealed that an amount of Rs.10.77 crore was received from GOI as EFC grant during the year 2002-05. While drawal of Rs.10.77 crore were made by the Director of Municipal Administration, Assam, no records relating to utilization of EFC grant was made available to audit. Therefore, proper utilization as envisaged in the guideline could not be ascertained by audit in the absence of UC and expenditure vouchers.

The matter was referred to the Urban Development Department (UDD), Government of Assam but reply is awaited.

4.6 Position of outstanding loans (HUDCO)

The position of outstanding loans by all ULBs was not available with the Directorate of UDD of Assam. Test check of records of Sonari Municipal Board revealed that against the outstanding loans of Rs.33.71 lakh as on November 2008 from Housing and Urban Development Corporation Ltd (HUDCO) Assam, the entire amount of Rs.33.71 lakh was overdue for repayment (November 2008)

4.7 Transfer of function, functionaries and funds to ULBs

With a view to operationalising the directives principles of state policy, the 74th Constitutional Amendment Act accords a constitutional status to ULBs and transferred 18 (eighteen) subjects. The present status of the subjects to be transferred to ULBs in the light of 74th Amendment is given in the following table:

Sl No	Subject	Present status
1	Urban planning including town planning	Not transferred with Urban Development Department
2	Regulation of land use and construction of buildings	Regulatory powers with the Revenue Department, permission for building construction given by ULBs
3	Planning of economic and social development	Not transferred
4	Roads & Bridges	Main roads and major bridges under State PWD
5	Water supply form domestic, industrial and commercial purpose	8 schemes transferred
6	Public health, sanitation, conservancy & soil waste management	Public health with the State Government, sanitation, conservancy and solid waste management with Municipalities
7	Fire Service	Not transferred
8	Urban forestry, protection of	Not transferred

	environment and promotion of ecological aspects	
9	Safeguarding the interest of weaker sections of the society, including the handicapped and mentally retarded	Not transferred
10	Slum improvement and up-gradation	National Slum Development Programme implemented by ULBs
11	Urban poverty alleviation programme	ULBs implementing under the guidance and supervision of District Urban Development Agencies headed by the Deputy Commissioner.
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds, community halls/centres	Some ULBs maintaining park, gardens and playgrounds
13	Promotion of cultural, educational and aesthetic aspects	Not transferred
14	Burials and burial grounds, cremation grounds and electronic crematoriums	Maintained by ULBs
15	Cattle pounds, prevention of cruelty on animals	Maintained by ULBs, leased out to private parties
16	Vital statistics including registration of birth and deaths	With the Health & Family Welfare Department
17	Public amenities including street lighting, parking lots, bus stops and public conveniences	Maintained by ULBs
18	Regulation of slaughter houses and tanneries	Maintained by ULBs

Out of 18 (eighteen) subjects devolved to ULBs as per the 74th Amendments of Constitution of India, 8 subjects alone were transferred. However, State Government had not transferred the functionaries required to carry out these functions.

An official notification regarding transfer of subjects in Schedule 12 of the Constitution is to be issued by the UDDA to complete the formal procedure of such transfer. But this is not done so far.

4.8 Non- constitution of decentralization cell

A decentralization cell is required to be constituted at district level to effectively review the progress of transfer of functions along with functionaries and funds. The decentralization cell was not constituted at any district level so far. This shows that the concerned departments were irregularly enjoying the administrative and financial power of ULBs regarding the implementation of devolved functions.

4.9 Release and utilization of TFC grant

According to Para 6.1 and 6.4 of the Government of India (GOI) guideline, States/UTs have to mandatorily transfer the grants released by the Central Government to the ULBs within 15 days of the date of its credit to the State Government Account. In case of delayed transferred of grants to ULBs beyond the specified period of fifteen days, the State Government was required to pay interest to ULBs at the rate equal to RBI rates.

The details of TFC grants released by the GOI and the State Government were shown below:

(Rupees in lakh)

Installments	Year	Date of receipt by the State Govt	Date of released by State Govt	Amount	Number of Days delayed in release of grant	Interest payable for delayed transfer of fund.
1st	2005-06	28-12-05	19-4-07	550.00	457	36.56
2nd	-do-	29-8-07	5-2-09	550.00	418	33.44
1st	2006-07	-do-	-do-	550.00	418	33.44
Total						103.44

Based on information and certificate received from the State Government, it was noticed by audit that there was delay ranging from 418 to 457 days in crediting the funds to ULB's account. However, interest amounting to Rs.103.44 lakh had not been reimbursed by the State Government for delayed transfer of TFC grant.

4.10 Overall financial position of ULBs

For depiction of the overall financial position, physical progress of programmes/schemes etc, formats of data base on finances and formats for preparation/maintenance of budgets and accounts were prescribed by the CAG of India. The ULBs were yet to compile data in the prescribed formats, in the absence of which overall financial position could not be ascertained by audit.

4.11 Reconciliation of Accounts

Financial Rules require Departmental Controlling Officers to reconcile periodically the departmental figures of expenditures with those booked by the Accountant General (A&E). In case of ULBs the position regarding reconciliation was not available in the Directorate of Urban Development Department (March 2009).

4.12 Non-recovery of advances from individuals

Temporary advances were paid to staff/officials/contractors/suppliers for petty payments. The accounts of the same should be closed as soon as possible and unutilized cash balances should be refunded/recovered. Test check of records of Sonari MB revealed that Rs.3.56 lakh was outstanding under SJSRY against 3 (three) contractors since November 2003 and in the case of Moriani TC, Rs.5.14 lakh was outstanding against M/S Bajaj Tempo Ltd/ LP Automotive Corporation, Guwahati since May 2005 for procurement of Cess Pool Cleaner under EFC grants.

Lack of effective action to recover/adjust the old outstanding advances may lead to loss of Government money with the passage of time and ULBs are losing interest on blocked money.

4.13 Response to Audit Observations

The Chairman/Mayor was required to comply with the observations contained in Inspection Reports within 90 (ninty) days from the date of issue of IRs and rectify the defects and report their compliance to audit. The details of Irs and the paras outstanding therein as on 31st December 2008 are given below:

year	Number of Irs developed	Number of outstanding Paras	<i>(Rupees in crore)</i> Money value
2004-07	79	1072	206.02
2007-08	2	27	0.78
Total	81	1099	206.80

The number of outstanding Audit Paragraph with ULBs included in the Irs was 1099 as of December 2008. These were pending due to non-receipt of suitable reply from the auditee units.

4.14 Audit Coverage

Out of 73 ULBs, audit of accounts of 2 ULBs covering the accounts up to 2000-08 was conducted during January 2008 to December 2008. Important findings of audit are described in succeeding chapters.

Chapter –V

TRANSACTION AUDIT OF URBAN LOCAL BODIES

5.1 Loss of Revenue due to non-realization of Registration Fee and Stamp Duty

Local markets, hats, bazaars, bus stands etc under the jurisdiction of Municipal Board/Town Committees are leased with individual bidder/lessee annually by inviting open tenders. As per terms and conditions of the tender notice the successful bidder/lessee should mortgage a plot of land of the same value (bid value) or more by executing a registered deed at own cost within 7 (seven) days of the settlement, failing which the settlement will be treated as cancelled. Further, as per Article 35(ii) of Assam Gazette Notification dated 05-07-1989, Stamp Duty at the rate of 3 per cent of the demand should also be borne by the lessee/bidder concerned in addition to registration fee.

Test check of records of one MB and one TC revealed that during 2000-01 to 2007-08, the markets, bus stands etc were leased with individual bidder/lessee, but no agreement deed was registered and stamp duty realized.

Thus due to non-registration of agreement deed and subsequent non-deduction of stamp duty, the Government of Assam incurred a loss of Rs.13.34 lakh. Matter has been reported to Government but reply was awaited May 2009

5.2 Poor monitoring of collection of Trade License fee and Property Tax

5.2.1 Trade License Fee: The position of arrear demand, collection and outstanding trade license fee at the end of 2000-08 furnished by 2 ULBs is as under:

(Rupees in lakh)

Year	Demand		Total	Collection		Total	Total Outstanding
	Arrear	Current		Arrear	Current		
2000-08	13.62	29.81	43.43	0.47	18.19	18.66	24.77

Only 43 per cent of the total demand has been collected by the ULBs during 2000-07 thereby further raising the arrear demand at the close of the year. This indicates poor monitoring in collection of trade license fee.

5.2.2 Property Tax: The position of demand (inclusive of arrears), collection and balance of property tax at the end of 2006-07 furnished by Barpeta Road (source DLFA, Assam) and Sonari Municipal Board are given below:

5.2.3

5.2.4

(Rupees in lakh)

Name of MB	Year	Demand		Total	Collection		Total	Total outstanding
		arrear	current		arrear	current		
Barpeta Road	2006-07	8.73	17.55	26.28	5.23	7.46	12.69	13.59
Sonari	2007-08	3.24	19.03	24.17	0.46	17.45	17.91	6.26
Total		11.97	36.85	50.45	5.69	24.91	30.60	19.85

Only 39 percent of the total demand has been collected thereby further raising the arrear demand at the close of the year. This trend of collection of revenue adversely affects the capacity of ULBs to provide services to their tax payers.

5.3 Outstanding Kist money

As per section 147,148 and 301 of the Assam Municipal Act 1956, the ULBs are required to recover kist money from the defaulter lessees/bidder. Test check of records of Silapathar TC revealed that the Kist money amounting to Rs.2.57 lakh was yet to be realized from the defaulter lessees/bidders during the period 2001-07 as detailed below:

(Rupees in lakh)

Sl. no.	Name of MB/TC	Year	No. of markets	Realizable Kist money	Realized	Outstanding
1	Silapathar TC	2001-02 to 2006-07	9	18.91	16.34	2.57

Inaction in realization of outstanding Kist money reduced the revenue of this TC to that extent.

5.4 Recovery of misappropriated receipts at the instance of audit and non-recovery of balance collected money

According to the Assam Municipal Act 1956, all money realized and all money otherwise received by the Municipality shall be credited into the Municipal Fund.

In violation of the Act, tax collectors/collection clerks of Silapathar TC did not deposit an amount of Rs.1.52 lakh collected through receipt books towards trade license fee during the period from April 2000 to March 2007 and retained the money with him.

On this being pointed out by audit an amount of Rs.30,000/- was deposited as on 09-02-2008 and balance Rs.1.22 lakh remained to be recovered (February 2008). No Action has been initiated by the Town Committee against the concerned officials.

5.5 Loss due to inadmissible remission in kist money

Test check of records of Sonari MB in respect of settlement of markets, bus stand revealed that the following lessees were allowed remission of Kist money as detailed below:

(Rupees in lakh)

Year	Particulars	Settlement value	Name of lessee	Remission allowed
2001-02	Daily Bazar	5.78	Noda Konwar	0.07
2001-02	Public Bus stand	0.58	Rupjyoti Mohan	0.07
2006-07	-do-	1.40	Surajit Bora	0.39
Total				0.53

There was no provision of remission of Kist money in tender paper agreed upon between Municipal authority and lessee and therefore, the allowance of remission to lessees were unauthorized and resulted in loss of revenue of Rs.0.53 lakh.

5.6 Non-deduction of Labour welfare Cess from contractor on bill of construction of work

As per Notification No GIP(RC)135/2007/100 dated 19-08-2008, Labour Welfare Cess at the rate of one per cent of the construction cost was to be deducted from the bill of the construction works done by the contractor and the same should be deposited into the Government head of account specified for the purpose.

Test check of records of Sonari MB revealed that during November 2007 to January 2008 cess of Rs.0.65 lakh was not deducted from the contractor's bill as detailed below:

Date of payment	Total value of bill	Realizable Cess
29-11-07	Rs.33,93,273/-	Rs.33,933/-
18-1-08	Rs.31,30,507/-	Rs.31,305/-
Total		Rs.65,238/-

This resulted in loss of revenue to the State Exchequer to the extent of Rs.0.65 lakh.

5.7 Eleventh Finance Commission Grants:

Eleventh Finance Commission (EFC) had recommended total grants of Rs.1077.10 during 2003-04 to 2005-06 to augment the resources of ULBs and to enable them to provide civic services in urban areas.

5.7.1 Non-release of matching share of EFC grants:

According to Para 4.10 of the guidelines of the utilization of EFC grants, Local Bodies shall raise matching resources amounting to not less than 25 per cent of the grant received from the Central Government in case of PRIs and 50 per cent in case of ULBs. In case any local body is unable to provide the matching contribution, the State Government should provide the balance within three months or earlier to the concerned LB.

Test check of records revealed that during 2002-05 GOI released Rs.10.77 crore to the State Government for implementation of the schemes under EFC for ULBs. As per guidelines 50 percent of the Central Share i.e Rs.5.38 crore should be borne by the ULBs or State Government but it was seen that neither the ULBs nor the State Government released any amount against the Central Share.

Thus due to non-release of matching contribution, the spirit of the programme was not honoured.

5.7.2 Financial Management related to EFC

Out of total grants of Rs.10.77 crore released during 2003-06, Rs.31.50 lakh was earmarked for data base and Rs.1045.60 lakh for maintenance of civic services. The UC of the entire amount of EFC grants was sent to the GOI by the State Government. Although an amount of Rs.31.50 lakh was earmarked for creation of data base on Municipal finances, as per communication received from the Director of Municipal Administration, Assam, no data base so far been created and the purpose for which fund were utilized was also not stated.

5.7.3 Misappropriation of grants under EFC

Test check of records of Mangaldoi MB revealed that an amount of Rs.7.00 lakh (Bank Draft No.801495 dated 13-5-05) was released by the DMA for implementation of schemes under EFC. But the said amount was not accounted for in the accounts of Mangaldoi MB. On this

being pointed out by audit, Chairman Mangaldoi MB stated that the said draft was collected by one Shri M Rahman, Ward Commissioner and was not handed over to the Chairman. However, an FIR was lodged in the Mangaldoi Police Station on 04-10-2005 and Mangaldoi PS referred the case to Dispur PS (Case No.118405). No further progress in this regard was made available to audit (May 2009).

5.8 Diversion of fund under Tenth Finance Commission

The Government of India released Rs. 4.44 crore to the State Government during 1995 – 2000 for implementation of schemes under Tenth Finance Commission.

Test check of records and as per audit report of DLFA, Assam, the Chairman Barpeta Road MB diverted Rs.17.00 lakh received from the DMA, Assam during October 2000 to June 2001 under Tenth Finance Commission grant to MB fund account and spent it towards payment of Pay & Allowances of Staff, maintenance of roads, culverts etc.

5.8.1 Receipt and utilization of TFC grants

Scrutiny of records relating to Twelfth FC revealed that an amount of Rs. 1650.00 lakhs was released by the Government of India to the State Government for implementation of schemes. Out of this Rs. 1650.00 lakhs, an amount of Rs. 48.30 lakhs was earmarked for maintenance of accounts and Rs 102.30 lakh for creation of database. Despite regular correspondences with the Urban Development Department/DMA requesting furnishing of information relating to release and utilization of fund (ULB wise) under TFC grants, no communication has so far been received (May 2009).

5.9 Non-realization of loan amount and contribution from the beneficiaries for construction of low cost sanitary latrine

The Municipal Administration Department released Rs 3.00 lakhs to Sonari M.B during 96-97 under Low Cost Sanitation Programme (LCSP) for providing loan to the beneficiaries for construction of Low Cost sanitary latrine with a condition that recovery of loan and contribution from beneficiaries was to be collected by Sonari MB. Test check of records of Sonari M.B revealed that an amount of Rs. 8.53 lakh of loan and contribution from beneficiaries was not recovered (March 08). Though no reasons were intimated, recovery could not be affected as the agreements were not executed between the beneficiaries and Municipal Board.

5.10 Non-utilizations of Government grants within stipulated period

Centrally sponsored schemes such as Integrated Development of Small and Medium Towns (IDSMT) and JNNURM were being implemented through ULBs.

The position of receipt and release of fund received from Director Town and Country Planning is given below:

(Rupees in lakh)

Name of scheme	Year	Fund received	Fund released to ULBs	Outstanding
IDSMT	2007-08	255.00	191.64	63.36
JNNURM	-do-	3041.70	1487.29	1554.41
Total		3296.70	1678.93	1617.77

Out of Rs.3296.70 lakhs received during 2007-08, an amount of Rs. 1678.93 lakhs was released to the ULBs for implementation of scheme leaving a balance of Rs. 1617.77 lakh.

Therefore grants of Rs 1617.77 lakh released to the State Government for aforesaid specific purposes were lying unspent till May 09. This deprived the people of the state from the intended benefits of the scheme.

5.11 Pending utilization certificate

Funds were given to executing agencies for execution of works in two or three installments and they were required to submit utilization certificates (UCs) within 14 days of incurring expenditure to obtain subsequent installment of funds. UCs worth Rs. 38.10 crore pertaining to various schemes were awaited for the last 5 years as detailed below.

(Amount in crore)


Period	Name of scheme	Amount
2001-2008	SJSRY	25.26
2005-2006	IDSMT	3.44
2006-2007	-do-	3.56
2007-2008	-do-	1.85
2007-2008	JNNURG/UIDSSMT	3.99
Total		38.10

Recommendation:

In the light of audit findings the following recommendations are made

- 1 Data base should be developed on prescribed formats.
- 2 Functions, Functionaries and Funds should be transferred to ULBs by the concerned departments.
- 3 Effective steps may be taken to adjust/recover the various outstanding advances granted to working agencies.
- 4 Expeditious action should be taken by ULBs to recover taxes, rent, fees for issue of licenses and property tax etc.
- 5 The provision of MML should be incorporated in the act of Municipal corporations and Municipalities.
- 6 Necessary amendments in ULB Act to empower the DLFA should be made, taking into account TGS arrangements.
- 7 Arrangement for maintenance of information of State level receipts and expenditure of ULBs should be made for easy analysis of data.

**Guwahati
The**


**Sr. Deputy Accountant General
(Local Bodies Audit & Accounts)
Assam, Guwahati**

Countersigned by

**Guwahati
The**


**Principal Accountant General (Audit)
Assam, Guwahati**

Appendix – I
(Reference paragraph 1.17)

Expenditure incurred without preparing budget
Statement Showing GP wise total receipt and utilization of fund

(Rupees in lakh)

Sl. No.	Name of GP	Total receipt	Total Utilized	Balance
1	Saikhowa	52.92	52.85	0.07
2	Khabong	39.95	39.79	0.16
3	Arimuria	64.83	63.74	1.09
4	Megela	90.14	89.00	1.14
5	Dangri	66.97	66.46	0.51
6	Na Baruahmura	34.06	26.37	7.69
7	Sonari-Chapari	108.65	96.27	12.38
8	Barkhamukh	132.86	99.45	33.41
9	Talap	71.12	68.36	2.76
10	Gakhirbheti	62.22	61.48	0.74
11	Dholla-Dhadum	72.84	72.71	0.13
12	Hatikhati	50.32	49.98	0.34
13	Kardoiguri	45.83	43.24	2.59
14	Tingrai	55.19	53.80	1.39
15	Tipuk	35.28	34.14	1.14
16	Samdang	27.76	26.22	1.54
17	Panikhowa	29.31	28.99	0.32
18	Bandar khati	33.47	30.91	2.56
19	Bogapani	30.69	28.26	2.43
20	Hapjan	52.68	52.22	0.46
21	Daisajam	36.32	32.31	4.01
22	Barekuri	41.84	39.79	2.05
23	Dhoedaam	36.25	33.39	2.86
24	Phulbari	51.78	47.55	4.23
25	Pahumara	69.54	53.64	15.90
26	Doolohat Sonapur	97.07	94.78	2.29
27	Dejoo	83.70	76.14	7.56
28	Singra	58.70	55.18	3.52
29	Pachim-Nowboicha	66.84	60.75	6.09
30	Madhya Nowboicha	52.43	47.31	5.12
31	Ranganadi GP	157.39	126.69	30.70
32	Nowboicha GP	81.48	64.07	17.41
33	kakuri	56.47	50.05	6.42
34	Ghilamara	61.89	58.55	3.34
35	Mornoi	62.35	58.14	4.21
36	Bilmukh	117.62	101.11	16.51
37	Deolia	51.32	45.97	5.35
38	Subansiri	214.07	179.93	34.14
39	Silaipar	19.04	19.02	0.02

40	Gerimari	36.82	35.18	1.64
41	Baghjan	44.62	44.41	0.21
42	Daimukhia	42.65	39.27	3.38
43	Gottong	57.12	57.00	0.12
44	Baraguri	88.84	87.42	1.42
45	Debitola	24.27	24.24	0.03
46	Baruaholla	35.69	34.00	1.69
47	Lokra	40.73	38.02	2.71
48	Burha	47.79	47.16	0.63
49	Ghunasuti	149.77	131.78	17.99
50	Alomganj	26.49	26.47	0.02
51	Khamti Gowali	49.88	49.68	0.20
52	Guijan	130.16	129.50	0.66
53	Tinthengia	77.73	74.10	3.63
54	Bazaltoli	91.40	91.19	0.21
55	Boraibari	11.73	11.52	0.21
56	Dimaruguri	129.24	127.31	1.93
57	Barhapjan	27.88	27.13	0.75
58	Panitola	50.62	50.57	0.05
59	Asharikandi	47.00	43.22	3.78
60	Kailashpur	59.44	59.34	0.10
61	Mithong	47.20	40.18	7.02
62	Dirak	85.27	72.39	12.88
63	Kakopathar	58.75	53.93	4.82
64	Duwarmara	17.07	16.97	0.10
65	Bordubi	23.20	20.87	2.33
66	Monglajhar	17.46	17.42	0.04
67	Dipila	36.61	35.42	1.19
68	Kamsong	58.18	55.73	2.45
69	Mankhowa	38.02	35.93	2.09
70	Tongana	44.40	43.67	0.73
71	Dumunichowki	37.94	37.94	0.00
72	Johing	54.15	52.82	1.33
73	Turai	37.37	37.35	0.02
74	Pichala	43.19	40.86	2.33
75	Hazarikapara	43.51	43.49	0.02
76	Niz-Laluk	78.76	77.78	0.98
77	Bordoibam	43.58	40.80	2.78
78	Dakshin Laluk	95.64	79.74	15.90
79	Bargolai	43.23	43.14	0.09
80	Bihpuria	88.35	79.98	8.37
81	Baruahjhar	60.27	58.38	1.89
82	Badaati-Jamuguri	81.59	78.50	3.09
83	Jamuguri	100.67	83.66	17.01
84	Rampur-Bogibil	104.47	102.54	1.93
85	Buraburi	74.37	74.14	0.23
86	Narayanpur	60.03	59.06	0.97
87	Hatijan	64.31	63.61	0.70

88	Patharighat	22.61	22.07	0.54
89	Pub-Dikrong	80.56	62.81	17.75
90	Bordoulguri	16.92	16.91	0.01
91	Buridihing	76.47	75.40	1.07
92	Paschim Dhakuakhana	82.61	82.06	0.55
93	Debananda	29.74	23.12	6.62
94	Khajuabil	69.97	69.75	0.22
95	Gonesh Kuwari	75.06	73.33	1.73
96	Madhya Telahi	76.48	66.12	10.36
97	Pathalipahar	50.50	47.50	3.00
98	Byaspara	27.13	27.01	0.12
99	Chaboti	112.96	97.48	15.48
100	Simaluguri	50.56	43.72	6.84
101	Bonmajha	45.82	36.95	8.87
102	Panbari	86.83	86.58	0.25
103	Sarabari	29.77	29.77	0.00
104	Sanowa	54.53	53.52	1.01
105	Burhinagar	51.57	50.42	1.15
106	Bholabari	62.07	61.55	0.52
107	Kazigaon	23.75	23.67	0.08
108	Boginadi	141.82	103.69	38.13
109	Kherkuta	171.14	170.75	0.39
110	Rajgarh	36.66	36.55	0.11
111	Phulani	89.37	89.33	0.04
112	Nia-gaon	34.14	33.48	0.66
113	Kurua	38.36	37.09	1.27
114	Barampur	35.39	34.40	0.99
115	Ganakdalani	37.84	36.45	1.39
116	tipkai	59.75	59.66	0.09
117	Sunpura	19.46	19.43	0.03
	Total	7170.49	6673.99	496.50

Appendix-II

(Refer Paragraph 2.1.4)

Procurement of IAY materials centrally

(Rupees in lakh)

Sl. no.	Name of Unit	Period	Amount	Name of materials purchased
1	Odali AP	2002-2007	6.68	GCI sheet
2	Sipajhar	-do-	45.20	GCI sheet & Roof truss
3	Sadiya	-do-	16.14	GCI sheet
4	Ujani Majuli	-do-	59.54	GCI sheet, Cement & Rod etc.
5	Majuli AP	-do-	10.39	GCI sheet
6	Saikhowa AP	-do-	22.66	Bldg material & GCI sheet, MS black tube, roof truss.
7	Gujan	-do-	7.06	Hume pipe, Bldg. Material, septic tank etc.
8	Pakhimoria AP	-do-	4.54	GCI sheet, cement, Rod etc.
9	Lumding	-do-	11.10	Carriage, brick, timber, GCI sheet, Ridging, bldg materials
10	Khagarijan	-do-	6.99	GCI sheet, carriage and stationeries.
11	Dalonghat	-do-	43.68	GCI sheet, cement, rod etc.
Total			233.98	

Appendix-III

(Refer Paragraph 3.3.2)

Utilization of SGRY fund for creation of ineligible asset

(Rupees in lakh)

Sl. no.	Name of Unit	Period	Amount
1	Binnakandi AP	2002-03 to 2006-07	6.11
2	Karunabari AP	-do-	1.99
3	Hapjan AP	-do-	7.57
4	Lakhimpur ZP	-do-	19.25
5	Nagaon ZP	-do-	6.35
6	Rupahihat AP	-do-	3.06
7	Lumding AP	-do-	1.39
8	Sipajhar AP	-do-	4.18
9	Sadiya AP	-do-	20.00
10	Kailaspur GP	2002-03 to 2006-07	0.96
11	Dirak GP	-do-	2.24
12	Dipila GP	-do-	1.01
13	Tongana GP	-do-	7.40
14	Turai GP	-do-	0.94
15	Hazarikapara GP	-do-	0.28
16	Buridihing GP	-do-	1.29
17	Ganeshkowari GP	-do-	0.49
18	Byspara GP	-do-	0.60
19	Snowa GP	-do-	0.17
20	Rajgarh GP	-do-	0.14
21	Kurua GP	-do-	1.01
22	Tipkai GP	-do-	2.81
23	Madhya Nowboicha GP	-do-	0.25
24	Kekuri GP	-do-	0.10
25	Mornoi GP	-do-	0.08
26	Bilmukh GP	-do-	0.19
27	Paschim Kaliabor	-do-	6.89
Total			96.75

Appendix –IV
(Refer Paragraph 3.3.3)

Expenditure on transportation of food grains (FG) out of SGRY Fund
(Rupees in lakh)

Sl. no.	Name of Unit	Period	Amount	Total Amt.
1	Nagaon ZP	2002-03 to 2006-07	11.85	24.49
2	Lakhimpur ZP	-do-	12.64	
3	Ghilamora AP	-do-	1.64	
4	Binnakandi AP	-do-	6.55	
5	Lumding AP	-do-	1.78	
6	Telahi AP	-do-	1.77	
7	Juria AP	-do-	4.93	
8	Sipajhar AP	-do-	6.68	
9	Dalgaon AP	-do-	13.36	
10	Margherita AP	-do-	6.13	
11	Saikhowa GP	-do-	0.16	
12	Khabong GP	-do-	0.14	
13	Arimuria GP	-do-	0.22	
14	Megela GP	-do-	0.21	
15	Dangri GP	-do-	0.14	
16	Talap GP	-do-	0.17	
17	Gakhirbheti GP	-do-	0.03	
18	Dholl Dhadum GP	-do-	0.18	
19	Hahkhati GP	-do-	0.07	
20	Kordoiguri GP	-do-	0.22	
21	Bogapani GP	-do-	0.15	
22	Daisajan GP	-do-	0.06	
23	Dheodam GP	-do-	0.22	
24	Ranganadi GP	-do-	0.25	
25	Kakuri GP	-do-	0.10	
26	Ghilamora GP	-do-	0.03	
27	Mornoi GP	-do-	0.07	
28	Milmukh GP	-do-	0.19	
29	Deolia GP	-do-	0.09	
30	Subansiri GP	-do-	0.13	
31	Baghjan GP	-do-	0.26	
32	Daimukhia GP	-do-	0.18	
33	Baraguri GP	-do-	0.18	
34	Khamti Gowali GP	-do-	0.22	
35	Bezaltoli GP	-do-	0.36	
36	Dimoruguri GP	-do-	0.53	
37	Maithong GP	-do-	0.28	
38	Dirak GP	-do-	0.18	
39	Kakopathar GP	-do-	0.43	
40	Koomsang GP	-do-	0.05	
41	Mankhowa GP	-do-	0.11	
42	Baruahjhar GP	-do-	0.56	

43	Bruiding GP	-do-	0.24	47.96
44	Sonari Chapari GP	-do-	0.27	
45	Burha GP	-do-	0.43	
46	Lokrai GP	-do-	0.56	
47	Johing GP	-do-	0.50	
48	Turai GP	-do-	0.38	
49	Hazarikapara GP	-do-	0.25	
50	Buraburi GP	-do-	0.34	
51	Bordouguri GP	-do-	0.58	
52	Debananda GP	-do-	0.32	
53	Byspara GP	-do-	0.24	
54	Snowa GP	-do-	0.64	
55	Kurua GP	-do-	0.62	
56	Dumunichowki GP	-do-	0.30	
57	Barkhamukh GP	-do-	0.12	
58	Dipila GP	-do-	0.39	
59	Borgolai GP	-do-	0.24	
60	Patharighat GP	-do-	0.27	
61	Burhinagar GP	-do-	0.47	
62	Barampur GP	-do-	0.58	
63	Nawagaon GP	-do-	0.07	
64	Sarabari GP	-do-	0.42	
65	Khajuabil GP	-do-	0.72	
			Total	82.45

Appendix-V
(Refer paragraph 3.5)
Non-realization of Registration Fee & Stamp duty

(Rupees in lakh)

Sl. no.	Name of Unit	Period	Registration Fee	Stamp duty	Total	No. of ghat/Min mahal
1	Binnakandi AP	02-03 to 06-07	1.04	0.46	1.5	-
2	Koliabor AP	-do-	0.17	0.12	0.29	15
3	Hapjan AP	-do-	0.99	0.67	1.66	45
4	Lumding AP	-do-	0.47	0.35	0.82	45
5	Dolongghat AP	-do-	0.45	0.29	0.74	20
6	Khagarijan AP	-do-	0.39	0.43	0.82	42
7	Batadraba	-do-	0.82	0.51	1.33	58
8	Pakhimoria	-do-	0.22	0.18	0.40	17
9	Kathiatoli	-do-	2.95	1.04	3.99	131
10	Lakhimpur ZP	-do-	21.84	8.53	30.37	82
11	Nagaon ZP	-do-	18.54	8.54	27.08	84
12	Lowkhowa AP	-do-	0.96	0.42	1.38	20
Total			48.84	21.54	70.38	559

Appendix-VI

(Refer Paragraph 3.6)

Outstanding Kist Money

(Rupees in lakh)

Sl. no.	Name of Unit	Period	No. of Hat/Ghats	Total demand	Total collection	Total outstanding
1	Lakhimpur ZP	2004-07	18	215.27	108.95	106.32
2	Nagaon ZP	2003-07	7	58.44	43.90	14.55
3	Binnakandi AP	2002-07	NA	15.31	12.16	3.16
4	Ghilamara AP	2002-08	13	22.14	14.26	7.88
5	Karunabari AP	2005-07	9	2.91	1.13	1.78
6	Odali AP	2003-07	12	8.33	5.58	2.75
7	Hapjan AP	2002-08	NA	23.65	20.50	3.15
8	Sadia AP	2002-07	NA	75.20	62.97	12.24
9	Batadraba AP	2002-07	NA	17.27	13.43	3.85
10	Dalgaon-Sialmari AP	2002-08	NA	NA	NA	8.70
11	Pakhimaria AP	2002-07	3 to 7	6.38	3.73	2.65
12	Boginadi AP	2002-08	NA	28.21	20.44	7.77
13	Lamding AP	2002-07	NA	2.49	1.92	0.57
14	Narayanpur AP	2002-08	10	3.40	1.32	2.08
15	Laokhowa AP	2002-07	NA	47.69	38.39	9.30
16	Ujani Majuli AP	2002-07	NA	8.78	4.22	4.56
17	Jugijan AP	2002-07	NA	7.03	5.64	1.39
18	Raha AP	2002-07	NA	47.14	37.14	10.00
19	Guijan AP	2002-08	10	21.55	13.44	8.11
20	Saikhowa AP	2002-08	NA	24.17	16.69	7.48
21	Sipajhar AP	2002-07	15	28.12	16.49	11.63
22	Juria AP	2002-07	NA	19.12	14.26	4.86
23	Majuli AP	2002-08	NA	17.29	5.44	11.85
			Total	699.89	453.27	246.63

Appendix-VII

(Refer Paragraph 3.7)

Loss of revenue due to non-settlement of hat/ghat to highest bidder

(In rupees)

Name of ZP	Year	Highest bidder	Settled value	Loss
North Lakhimpur ZP	2004-05	61,19,911	42,27,460	18,92,451
	2005-06	69,12,127	29,90,151	39,21,976
	2006-07	5,37,22,210	28,77,603	24,94,607
Total		1,84,04,248	1,00,95,214	83,09,034
Nagaon ZP	2003-04	36,96,945	23,06,854	13,90,091
	2004-05	41,38,532	21,11,486	20,27,046
	2005-06	66,74,912	25,90,209	40,84,703
	2006-07	48,82,275	16,25,808	32,56,467
Total		1,93,92,664	86,34,357	1,07,58,307

Total loss of revenue:

Lakhimpur ZP	-	Rs. 83,09,034
Nagaon ZP	-	<u>Rs. 1,07,58,307</u>
		Rs. 1,90,67,341

Say Rs. 190.67 lakh

Appendix-VIII
(Refer paragraph 3.8)

Non-distribution of Hat/Ghat Share to ZPs, APs & GPs

(Rupees in lakh)

Sl. no	Name of unit	Period	Total collection	Own share (40% for AP & 20% for ZP)	Share to be devolved	Share released	Outstanding
1	Lakhimpur ZP	2002-07	175.74	35.15	140.59	24.56	116.03
2	Dhalpukhuri AP	2006-07	0.30	0.12	0.18	Nil	0.18
3	Margherita AP	2002-08	33.67	13.47	20.20	10.61	9.59
4	Karunabari AP	2002-07	53.01	21.21	31.80	Nil	31.80
5	Guijan AP	2002-08	13.44	5.38	8.06	5.66	2.41
6	Jugijan AP	2002-07	5.64	2.26	3.38	3.03	0.35
7	Kathiatoli AP	2006-07	NA	NA	0.65	-	0.65
8	Binnakandi AP	2002-07	14.24	5.70	8.54	4.22	4.32
9	Lumding AP	2006-07	1.54	0.62	0.92	-	0.92
10	Dalgaon Salmari AP	2002-07	38.37	5.34	33.03	25.90	7.13
11	Sadiya AP	2002-07	37.28	14.91	22.37	17.38	4.99
12	Odaly AP	2002-07	6.17	1.97	4.20	1.76	2.44
13	Sipajhar AP	2002-07	24.02	9.61	14.41	1.90	12.51
14	Hapjan AP	2002-07	20.50	8.20	12.30	6.73	5.56
Total			423.92	123.29	300.63	101.75	198.88

Appendix-IX
(Refer Paragraph 3.9)

Non-recovery of advances from individual

(Rupees in lakh)

Sl. no.	Name of Unit	Name of fund against which advance made	Period of Advance	Unadjusted advance	Advance paid to whom
1	Karunabari AP	Own Fund	March '03 to April'04	0.97	President/Vice President
2	Lakhimpur ZP	Own fund	6/02 to 5/07	11.22	President/AP members
3	Lakhimpur ZP	-do-	8/02 to 3/04	0.85	Paid to staff
4	Rupahihat AP	-do-	9/05 to 9/06	0.54	Paid to AP members
5	Khagorijan AP	-do-	11/02 to 9/04	0.83	Paid to staff
6	Borhampur AP	-do-	25.9.06	0.10	President/AP
7	Boginadi AP	-do-	10/05 to 9/06	0.74	Office staff
8	Ujani Majuli AP	-do-	8/02 to 5/05	0.84	-do-
9	Majuli AP	-do-	11/02 to 7/07	1.42	Office staff
10	Saikhowa AP	-do-	3/03 to 12/06	2.10	Advance TA to President/Vice President etc.
Total				19.61	