Chapter-II

Working of District Planning Committees in Panchayati Raj Institutions in Uttar Pradesh

Chapter-II

Thematic Audit

2. Working of District Planning Committees in Panchayati Raj Institutions in Uttar Pradesh

2.1 Introduction

Article 243 ZD of the Constitution of India (Constitution) inserted vide 74th Constitutional Amendment Act in 1993 states that 'There shall be constituted in every State at the district level a District Planning Committee to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole'. In line with the above amendment the Government of Uttar Pradesh (the Government) enacted the Uttar Pradesh District Planning Committee Act, 1999 (Act) through Act no. 32 of 1999 in July 1999.

The Act provided that there shall be constituted a District Planning Committee (DPC) in each district to prepare District Development Plan (DDP) for whole of the district integrating the plans prepared by Panchayats and Urban Local Bodies (ULBs), and allocate funds to sectors and sub-sectors within outlines of the DDP. As sectors and sub-sectors for expenditure are operated in line/service departments, DPC was also to consider development plans of line/service departments. However, the Act did not provide for preparation and approval of annual plans of line departments clearly. The Act provided that the DPC will also assess the physical and natural resources available in the district and will prepare and approve integrated district development plan considering its judicious allocation amongst PRIs, ULBs and line departments keeping in view integrated development of the district and environmental protection. DPCs were required to meet at district headquarters at least once in three months on the date as decided by the President of the committee.

2.2 Organizational Structure

2.2.1 The DPCs having maximum 40 members were to be constituted with 4/5th number of members elected as prescribed from the elected members of Panchayats and ULBs.

2.2.2 The balance 1/5th numbers would include:

(i) President of the committee - The Minister nominated by the Government

(ii) Chairman Zila Panchayat

(iii) District Magistrate by virtue of his post

(iv) Other members as nominated by the Government

2.2.3 The permanent invitees would be:

(i) Members of Parliament and State Legislature representing the constituencies in the district.

(ii) Members of State Legislative Council elected by State Legislative Assembly or nominated by the Governor in the district which they opt.

2.2.4 It was also provided that

(i) Chief Development Officer (CDO) of the district would be Secretary of the committee by virtue of his post and would be responsible for maintenance of records and preparation of minutes of meetings.

(ii) District Economic and Statistical Officer (DEStO) of the district would be Joint Secretary of the committee by virtue of his post to help the committee in functioning.

2.2.5 DPCs in all the test checked districts viz Allahabad, Kushinagar, Ramabai Nagar and Unnao were constituted having 40, 35, 20 and 35 number of members respectively.

2.3 Duties and responsibilities of DPCs

Under the provisions of the Act, the DPCs were required to perform *inter-alia* the following duties and bear the responsibilities:

(i) To assess the local needs and objectives of the district within the framework of National and State plan objectives.

(ii) To collect, compile and update the information of facilities available in Gram Panchayats (GPs), Kshetra Panchayats (KPs) and Zila Panchayat (ZP) regarding human and natural resources and to prepare integrated and comprehensive five year or annual development plan for rural and urban areas of the district on the subjects enshrined in Uttar Pradesh Kshetra

Panchayat and Zila Panchayat Act, 1961 and Uttar Pradesh Nagar Palika Adhiniyam, 1916 or Uttar Pradesh Nagar Nigam Adhiniyam, 1959 respectively in order to address local needs.

(iii) To monitor, review and evaluate the projects being executed under decentralized governance of the district including centrally sponsored schemes and Members of Parliament and Members of State Legislative Assembly Local Area Development funds.

(iv) To submit progress report of the projects included in the district plans to the State Government regularly.

2.4 Fund Flow Mechanism

The Act provided that the Government would make district wise provision of funds in its Annual Financial Statement within the maximum limit of district financial outlay and would allot lump sum funds to the district after appropriation. Further, the Government directed (July 2009) all the District Magistrates that the plan outlay for the district development plans would be decided taking into account the resources from the state as well as internal resources of Zila Panchayat and ULBs. However, scrutiny of the records of DDPs of four test checked districts revealed that the resources of ZPs and ULBs were not taken into consideration while deciding the plan outlay of the DDPs.

2.5 Audit Objectives

The audit was conducted to assess whether:

(i) The Government had constituted DPCs as per provisions of article 243 ZD of the Constitution of India.

(ii) The DPCs were working effectively and efficiently in preparing, integrating and approving the district plans of Panchayats and data base of facilities and resources of the district for preparing district plans were available at district level.

(iii) The district plans for PRIs were being executed as approved by DPCs.

(iv) Efficient monitoring system existed in districts and was working effectively.

2.6 Audit Criteria

(i) Uttar Pradesh Kshetra Panchayat and Zila Panchayat Act, 1961

(ii) Uttar Pradesh District Planning Act, 1999

(iii) Uttar Pradesh District Planning Committee Rules, 2008

(iv) Circulars/guidelines of the State Planning Commission

2.7 Audit Scope and Methodology

The audit party test checked records of four ZPs[5] and 11 KPs[6] of the test checked districts selected on geographical basis on the criteria of being implemented Backward Region Grant Fund scheme (BRGF) in the district. The two districts (Unnao and Kushinagar) were BRGF districts whereas the remaining two (Ramabai Nagar and Allahabad) were non- BRGF districts. Records of three GPs in each test checked KP were scrutinized. During the course of audit the audit party covered the period from the year 2008 to 2011 and collected information from DEStOs of selected districts.

2.8 Audit Findings

2.8.1 The Government enacted the Act in the year 1999 after six years of passing the 74th Constitutional Amendment Act and framed rules only in January 2008 after more than eight years of passing of the Act for conducting elections of DPCs and prescribing the process for preparing and approving the district plans. DPCs in all the test checked districts viz Allahabad, Kushinagar, Ramabai Nagar and Unnao were constituted having 40, 35, 20 and 35 number of members respectively. Thus, the step to achieve the objectives of article 243 ZD of the constitution regarding preparation of integrated draft DDP for the district as a whole was taken after a lapse of 15 years of the passing the amendment and the process of preparation of integrated DDPs including PRIs and ULBs was only started in the year 2008.

2.8.2 The Act provided that the DPCs would collect data of physical and human resources available in the district and would prepare district plans utilizing the resources judiciously ensuring integrated development of the district by modifying

[5]ZPs Ramabai Nagar, Unnao, Allahabad and Kushinagar

[6]KPs Sarwankhera, Maitha and Rajpur in Ramabai Nagar, KPs Purva, Hasanganj, Bighapur in Unnao, KPs Phoolpur and Dhanupur in Allahabad and KPs Padrauna, Hata, Tamkuhi in Kushinagar

and integrating the five year or annual development plans prepared by PRIs and ULBs for rural and urban areas respectively. However, the Act while making provisions for allocation of funds to districts for district plans provided that the Government would allocate lump sum funds to districts within the district financial outlay in the annual financial statement. The proposals under the district plan were to be submitted within the district financial outlay as decided for the district from the state fund. Scrutiny of records of test checked districts revealed that DPCs approved DDPs as per predecided allocations for line departments and the financial outlay for the district did not include provisions/funds for PRIs and ULBs and also the resources of PRIs and ULBs were not included in the district financial outlay. Thus, financial outlay of the district did not integrate the finances of PRIs and ULBs while preparing the DDPs.

2.8.3 The Act envisaged for allocation of expenditure for outlays in sectors and subsectors within the DDP outlay and to prepare DDP integrating the plans of panchayats and ULBs in the district by DPCs. Further, the Government directed (July, 2009) the District Magistrates to include the projects proposed by PRIs and ULBs in the DDP as per availability of financial resources in these institutions so that their projects could be financed outside the state exchequer. Scrutiny of the records of test checked districts revealed that the consolidated statements of different types of works submitted by GPs to respective KPs and the KPs in turn submitted their consolidated statements of projects including the statements of GPs to the concerned ZP. The ZP submitted the consolidated statement of projects to the DPC showing quantity of different type of works with their estimated costs without mentioning name and site of the works. However, the DPCs included the statements in the district plan outlays but did not inform the PRIs regarding the action taken in this regard and PRIs executed their annual work plans as approved by their respective boards. Thus, the annual work plans of PRIs were not integrated with the district plan outlays and DPCs were ineffective in PRIs as the works executed by PRIs were in isolation with the DDPs. On being pointed out, the Apar Mukhya Adhikaris (AMAs) of concerned ZPs, the Block Development Officers (BDOs) of test checked KPs and Gram Panchayat Adhikaris (GPAs) of test checked GPs confirmed the facts in their replies (August-December, 2011).

2.8.4 The DEStOs of all test checked four districts did not maintain the prescribed database regarding natural and human resources of the district to support planning process. The Act did not prescribe time schedule for preparation and submission of annual plans by PRIs. However, the Government ordered and prescribed (July, 2009) time schedule for preparation of development plans at each level of PRIs for the year 2009-10. Scrutiny of records of test checked PRIs (GPs, KPs and ZPs) revealed that they prepared the consolidated statements of proposed projects (showing quantity of different type of works with their estimated costs without mentioning name and site of the works) adhering to the prescribed time schedule after having received the circular from DEStOs, and submitted to the respective DPCs. However, PRIs did not prepare integrated annual plans regularly and required data of natural and human resources were not available with them. PRIs prepared annual plans as per demands of members of respective boards and executed in isolation of the approved DDPs. Thus, the consolidated statement of projects were not integrated with DDPs and DPCs were ineffective in PRIs.

2.8.5 The Act provided for holding meetings of DPCs at least once in three months at District Headquarters. Scrutiny of records of DEStOs regarding holding meetings during the period 2008-11 in test checked districts revealed the following:

Name of the District	Meetings held during the year		
	2008-09	2009-10	2010-11
Allahabad	26/06/2008 30/01/2009	15/11/2009	--
Kushinagar	18/07/2008 28/01/2009	30/11/2009	--
Ramabai Nagar	15/07/2008 24/01/2009	30/11/2009	--
Unnao	--	01/08/2009 29/11/2009	--

It may be seen from the above that no meeting of the DPCs in all test checked four districts was held in the year 2010-11 whereas only three meetings were held in district Allahabad, Kushinagar and Ramabai Nagar during the period 2008-2011. In Unnao only two meetings were held during this period. Thus, DPCs were not regular in holding its meetings as prescribed in the Act. On being pointed out, the Government while admitting the audit observation stated (December 2011) that direction for holding meetings of DPCs regularly had been issued in August 2011.

2.8.6 (i) The financial outlay for district plans and total receipts of ZPs from internal resources of the test checked districts for the years 2008-2011 were as under:

(₹ in crore)

Year	Allahabad		Kushinagar		Unnao		Ramabai Nagar		Total	
	Outlay	Receipts of ZP	Outlay	Receipts of ZP	Outlay	Receipts of ZP	Outlay	Receipts of ZP	Outlay	Receipts of ZPs
2008-09	179.30	11.05	125.92	29.65	126.39	50.24	104.61	5.14	536.22	96.08
2009-10	179.30	13.92	125.92	37.05	126.39	21.07	104.61	6.76	536.22	78.80
2010-11	179.30	18.36	125.92	26.51	126.39	14.57	104.61	7.13	536.22	66.57
Total	**537.90**	**43.33**	**377.76**	**93.21**	**379.17**	**85.88**	**313.83**	**19.03**	**1608.66**	**241.45**

It may be seen from the above that the total financial outlay of test checked four districts for district plans during the period 2008-11 was ₹ 1608.66 crore and total resources of ZPs during the same period was ₹ 241.45 crore. The Government directed through its order (July 2009) to decide the financial outlay of the district plan of a district including the internal resources of ZPs and ULBs and the projects proposed by PRIs would be integrated with the projects in the DDPs of the same nature. The projects of PRIs and ULBs approved by DPCs and included in DDPs to the limits up to which they could be financed by the resources available with them because it was not possible to provide lump sum funds to PRIs in the present budgetary system. Scrutiny of records of DEStOs revealed that the DPCs approved DDPs accordingly. Thus, no projects of PRIs were integrated in the related plans under DDP. In discussion with DEStO, Allahabad, it was also transpired that the receipt and expenditure accounting heads under approved district outlay provide space neither for giving additional resources to PRIs for execution of their projects nor including the receipts and expenditure of PRIs as the accounts of PRIs were maintained as per provisions under UP Kshetra Panchayat and Zila Panchayat Act, 1961. The fact was also admitted (December 2011) by the Government in its reply. Thus, the provision of the Government orders was not implemented.

2.8.6 (ii) Scrutiny of records of test checked 11 KPs and 23 GPs of selected four districts revealed that a sum of ₹ 76.57 crore and ₹ 16.94 crore respectively were available with them including their internal resources out of which ₹ 58.56 crore and ₹ 12.15 crore respectively were expended by them on different developmental activities during the period 2008-2011 ***(Appendix-2.1 and 2.2)*** in isolation of

approved DDPs. On being pointed out, Block Development Officers (BDOs) of the KPs and Gram Panchayat Adikari (GPA) of the GPs accepted the fact that they executed the projects with the resources available with them and were not approved by the DPCs. Thus, the very objective of DPC was not fulfilled and spirit of the Article 243 ZD was not implemented.

2.8.7 Scrutiny of the records of ZP, Allahabad revealed that 689 projects under State Finance Commission Grant executed by the ZP during the period 2010-11 were not approved by DPC. The projects under Twelfth Finance Commission Grant sanctioned by the Government were also not approved by the DPC. On being pointed out, the Apar Mukhya Adhikari (AMA) stated (October 2011) that the ZP did not receive the approved annual plan from DPC and accordingly ZP executed the projects sanctioned by its body. Thus, the projects included in district plan by DPC were neither executed nor monitored by the DPC.

2.8.8 Scrutiny of the records of ZP Kushinagar and Unnao revealed that the ZPs did not submit its annual plan to respective DPCs for the period 2008-2011 except the projects under Backward Region Grant Fund (BRGF) scheme. The plan of ZP Unnao for the years 2008-10 and the perspective plan for the year 2010-11 including the projects of KPs and GPs under BRGF scheme only were approved by the DPC. It is to be mentioned that the BRGF scheme envisaged for approval and release of funds by the Government for only those projects which had got approval of respective DPCs and as the state had no DPCs till May 2008, it was unable to get an allocation of ₹ 510.28 crore for the year 2006-07 by Government of India under the scheme. The AMAs confirmed (November 2011) the fact in their replies. Thus, the provisions of the Act were not adhered to by the ZPs and DPCs.

2.8.9 The Act provided for reviewing and monitoring the execution of district plans by DPCs. On being asked regarding review and monitoring of projects approved by DPC, the DEStO, Kushinagar stated (November 2011) that regular monitoring was being done in the meetings of DPC and in the meetings held in chairmanship of District Magistrate. The reply was not tenable as the meetings of DPC were not held regularly as pointed out in the para 2.8.5. However, neither

DPCs monitored execution of projects by PRIs and ULBs nor the PRIs and ULBs did send any report/return on development works to DPCs. Since the meetings were not held as prescribed in the Act the monitoring by DPC of the district plan was not effective and DPCs did not monitor the PRIs at all.

2.8.10 The Act envisaged for preparing annual plans for GPs including the name of projects and their estimated costs and send them to respective KPs for integration in the plans of KP and in turn the KP would submit the integrated plan to the ZP for integrating with plans of ZP and onward submission to the DPC. Scrutiny of records of KP Phoolpur, Allahabad and its three selected GPs revealed that no plans for 2008-10 were prepared by GPs whereas the consolidated statement of projects of GPs for the year 2010-11stating the quantities, nature and cost of the works (construction of Roads, Primary Schools and Panchayat Bhawans etc.) in spite of stating the name of individual works was submitted to the KP. However, GPAs of test checked GPs stated (November 2011) that no instructions regarding preparation of plans for integration in DDP were received. Thus, the working of DPC in respect of KP and GPs was not effective.

2.8.11 Scrutiny of records of KP Dhanupur, Allahabad, KP Sarwankhera and KP Maitha, Ramabai Nagar revealed that the KPs submitted their annual plans to respective DPCs for the years 2009-11, 2008-11 and 2008-11 respectively stating the same quantity, nature and cost of the projects without mentioning the details and names of the projects. This showed that the KPs and its GPs were not serious about their annual plans and projects to be approved by the DPCs. On being pointed out, the BDO Dhanupur stated (November 2011) that the DPC did not consider their projects proposed for the year 2009-10 consequently the same annual plan was submitted for the year 2010-11 whereas the BDO of KP Sarwankhera stated (August 2011) that the DPC did not allocate any funds for its projects for the year 2008-09 and 2009-10, therefore the same plan for the year 2010-11 was submitted. The BDO of KP Maitha stated (August 2011) that the projects under Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) were only being sent to ZP for onward submission to the DPC for approval. This showed lack of coordination and understanding regarding

provisions of the Act and Government orders between the KP and the DPC. Thus, the functioning of DPCs was ineffective.

2.8.12 Scrutiny of records of the KPs Padrauna and Hata, Kushinagar revealed that the KPs did not submit integrated annual plans including the plans of its GPs for the period 2008-11 to the ZP for onward submission to the DPC. On being pointed out, the BDOs stated (November 2011) that they had no instructions for preparation of annual plan for approval of the DPC. Thus, the DPC was not effective in the KPs.

2.9 Conclusion

The Government was unable to get an allocation of ₹ 510.28 crore from Government of India under BRGF scheme for the year 2006-07 as DPCs were constituted only in May, 2008 after lapse of fifteen years of passing of the 74th constitutional amendment providing for their constitution. The DEStOs of test checked districts did not maintain data of physical and human resources available in the districts and detailed annual plans were not prepared by PRIs. Consolidated statements of projects submitted by PRIs were included in the district plan outlays as per directions of the Government without financial implications. PRIs executed projects approved by their respective boards in isolation to approved DDPs. DPCs did not hold their meetings regularly and did not monitor execution of DDPs effectively whereas there was no monitoring in PRIs. DPCs approved consolidated statements of projects submitted by PRIs without integrating their financial resources. Thus, ₹ 241.45 crore available with four test checked ZPs remained out of the ambit of DDPs. The Act did not envisage to consider the resources available with KPs and GPs while approving the DDPs and ₹ 93.51 core remained out of district financial outlay available with test checked 11 KPs and 23 GPs during the period 2008-11. Thus, the working of DPCs were little effective in PRIs and the very purpose of Article 243 ZD of the Constitution was not fulfilled.

2.10 Recommendations

- The Government should issue directions/circulars to PRIs for preparation of detailed annual plans mentioning names and estimated expenditure work wise and submit to DPCs.
- DPCs should integrate the financial resources and annual plans of PRIs into the district financial outlay and DDPs respectively to have a integrated comprehensive DDP for the district.
- PRIs should be directed to execute only those projects which had been incluled in approved DDPs and its effective monitoring by DPCs should be ensured.
- The finances and accounting of PRIs should be integrated with annual financial statement of the Government and its accounting by providing a separate panchayat window in the annual financial statement of the State Government as has already been recommended by 13th finance commission.

The matter was reffered to the Government (January 2012), replies were awaited (January 2012).