

Executive Summary

Intent of 73rd Constitutional Amendment Act

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

Why this Performance Audit?

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

Period of audit: 2016-17 to 2020-21

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

What audit found?

Compliance to provisions of 73rd Constitutional Amendment Act

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

Principal findings and recommendations of the Performance Audit

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

Chapter III: Composition and organization of PRIs

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

Recommendations:

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

Chapter IV: Empowerment of PRIs and their functioning

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

Recommendations:

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

Chapter V: Financial resources of PRIs

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

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

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

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

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

Recommendations:

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

Chapter VI: Human resources in PRIs

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

Recommendations:

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