Overview

This Report contains three chapters. Chapter I deals with Introduction to the Local Government in the State and its Audit. Chapter II features Performance Audit Report on Implementation of 73rd Constitutional Amendment Act and Chapter III includes two Audit Paragraphs pertaining to Urban Local Bodies.

A chapter-wise summary of major audit findings is presented below:

1. Introduction to the Local Government in the State and its Audit

- Despite the implementation of online accounting through the e-Gram Swaraj Portal in April 2020, the Panchayati Raj Institutions (PRIs) continue to maintain their accounts manually on cash-basis for funds received from own revenue sources, devolved from the State Finance Commission (SFC), and from various schemes. Presently, only the funds devolved from the Central Finance Commission (CFC) are being accounted for in the *e-Gram Swaraj* Portal.

(Paragraph 1.5.1)

- In Urban Local Bodies (ULBs), a single-entry cash-based accounting system is currently being followed for the preparation of books of accounts. The migration to double-entry accrual-based accounting was initiated in January 2023, however, it was still in progress for the financial years 2022–23 and 2023–24.

(Paragraph 1.5.2)

2. Performance Audit – Panchayati Raj Institutions

2.1 Implementation of 73rd Constitutional Amendment Act

The 73rd Constitutional Amendment Act, 1992, was enacted to strengthen the rural local self-government by establishing a three-tier *Panchayati Raj* system at the village, block, and district levels. The Act provides regular elections through the State Election Commission, reservation of seats for Scheduled Castes, Scheduled Tribes, and women, and the establishment of institutions such as the State Finance Commission and District Planning Committees (DPCs).

In compliance with the provisions of the Act, the Government of Chhattisgarh enacted the *Chhattisgarh Panchayat Raj Adhiniyam, 1993,* which accorded constitutional status to *Panchayati Raj Institutions* (PRIs). In line with the 29 functions enlisted in the 11th Schedule of the Constitution (Article 243G), guiding principles for the devolution of functions and responsibilities were issued in August 1998 by Government of Madhya Pradesh, with subsequent revisions following the formation of new state of Chhattisgarh. Major audit findings are as follows:

- The Chhattisgarh Panchayat Raj Act, 1993, mandated all 29 functions enlisted in the 11th Schedule to be devolved to PRIs, and the Activity-Mapping exercise in 2006-07 also proposed to devolve 12 functions to PRIs, however, the operational framework for functional devolution was not in place and the PRIs still remain inadequately equipped to discharge the responsibilities envisaged under the Constitution.

(Paragraph 2.9.2)

- 22 posts of Elected Representatives (three posts of *Sarpanch* and 19 posts of *Panch*) were lying vacant in 21 test-checked GPs for more than 6 months and were yet to be filled as of March 2024.

(Paragraph 2.10.3)

- The mandated District Planning Committee (DPC) meetings were not convened during the period 2018-23.

(Paragraph 2.11.2)

- No amount was found to be transferred to PRIs against the assigned revenues such as land revenue, cess on land revenue and excise surcharge. Only ₹ 398.20 crore was transferred to PRIs as assigned revenue under Minor Mineral Royalties and Stamp and Registration fee during 2018-23.

(Paragraph 2.12.3(A))

- Transfers from the State's Own Tax Revenue (SOTR) during 2018-23, fell short by ₹ 3,243.46 crore from the SFC recommended devolution amount.

(Paragraph 2.12.3(B))

- In test-checked 36 GPs, none of the Gram Sabha meetings had fulfilled the required quorum. Moreover, no action was found to be taken against the responsible incumbents for non-compliance with quorum requirements even in the subsequent Gram Sabha meetings.

(Paragraph 2.13.1)

- Test-checked ZPs/JPs/GPs had not prepared annual accounts in the prescribed format.

(Paragraph 2.13.3)

- Overall, out of 2,260 sanctioned posts in the Directorate and ZPs/JPs, 872 (39 *per cent*) were filled, leaving 1,388 posts (61 *per cent*) vacant and at GP level 10,378 Sachivs were deployed against 11,656 sanction posts with shortfall of 1,278 Sachivs.

(Paragraph 2.14.1)

- In the test-checked ZPs/JPs/GPs, meetings of the standing committees were not held in a time bound manner as prescribed in the Rules.

(Paragraph 2.16.4)

3. Audit of Urban Local Bodies

This chapter comprises two Audit Paragraphs pertaining to Urban Local Bodies.

- Loss of potential revenue of ₹ 39.11 lakh from rent due to delay in allotment of shops constructed in the *Subhash Dwar* Business Complex by Municipal Corporation, Rajnandgaon.

(Paragraph 3.1)

- Failure to enforce contractual provisions and non-recovery of liquidated damages amounting to ₹ 5.18 crore from contractors for delayed and incomplete execution of water supply infrastructure under NPPs Janjgir-Naila and Akaltara.

(Paragraph 3.2)