CHAPTER II

Performance Audit on Implementation of 73rd Constitutional Amendment Act

Executive Summary

Government of India (GoI) enacted the 73rd Constitutional Amendment Act (73rd CAA), 1992 (came into effect from April 1993) to strengthen the local self-government at Panchayats. The main features of 73rd CAA are to establish three-tier structure panchayat at village, block and district levels; constitution of State Election Commission for conducting regular election in panchayats every five years; proportionate seat reservation for SC, ST and women; constitution of State Finance Commission, Gram Sabha (GS) at Gram Panchayat (GP) level. In addition, constitution of District Planning Committee (DPC) for comprehensive planning of the district.

Government of Madhya Pradesh enacted the Madhya Pradesh Panchayat Raj evam Gram Swaraj Adhiniyam, 1993, which came into force in January 1994. After bifurcation of Madhya Pradesh, this Act was adopted by the newly formed State of Chhattisgarh in November 2000, and the Act came to be known as the *Chhattisgarh Panchayat Raj Adhiniyam*, 1993 (*CGPRA*). It accorded constitutional status to the Panchayati Raj Institutions (PRIs), included provision for constitution of Standing Committee (SC) at each PRI level for the preparation of budget, annual accounts and development plans; supervisory power to Zila Panchayats (ZPs) and Janpad Panchayats (JPs) and executional power to GPs.

In view of devolution of 29 functions enlisted in the 11th Schedule referenced by Article 243G of the Constitution, to Panchayats, Government of Madhya Pradesh (undivided state of Madhya Pradesh) issued (August 1998) guiding principles to the departments for devolution of programme, activities and responsibilities to Panchayats. Subsequently, after bifurcation the new Government of Chhattisgarh (GoCG) initiated (2006-07) activity mapping process for devolution of powers, activities, staff and budget to the three-tier PRIs as per the state specific needs.

The Performance Audit (PA), covering the period 2018-23 examined the status of devolution and functioning of PRIs in the State. Audit observed that although the CGPRA 1993 provides for devolution of all 29 functions enlisted in the 11th Schedule and the activity-mapping exercise in 2006-07 also identified 12 functions for transfer to PRIs, however, the operational framework for functional devolution was not in place and the PRIs remain inadequately equipped to discharge the responsibilities envisaged under the Act.

Audit further observed deficiencies in institutional arrangements. Vacancies existed in elected posts at the GP level in test-checked GPs. Meetings of the DPC were not conducted as prescribed.

In respect of financial devolution, no amount was transferred to PRIs against assigned revenues such as land revenue, cess on land revenue and excise surcharge during 2018–23. Further, the transfer from State's Own Tax

Revenue to PRIs was less than the State Finance Commission recommended devolution amount, resulting in a cumulative shortfall of ₹ 3,243.46 crore over the five-year period (2018-23).

Audit scrutiny revealed weaknesses in participatory and financial management processes. In the test-checked GPs, GS meetings did not meet the prescribed quorum requirements. Annual accounts were not prepared by test-checked ZPs, JPs and GPs in the prescribed formats. Audit coverage by the Chhattisgarh State Audit was significantly below the total number of PRIs during 2018-22.

Shortages of staff at the ZP and JP levels were noted. Further, meetings of SCs in the test-checked PRIs were not held within the prescribed time frame as laid down in the Rules.

2.1 Introduction

According to the 2011 Census, 76.76 *per cent* of Chhattisgarh's population lives in rural areas. Panchayati Raj Institutions (PRIs) needed to perform effectively as vibrant democratic units of local self-government. Therefore, provisions relating to governance in rural areas were incorporated into the Constitution of India through an amendment.

The 73rd Constitutional Amendment Act (CAA) was passed by the Parliament in 1992 and came into effect on 24 April 1993. This Act provided a Constitutional status to PRIs and added a new Chapter to the Constitution called 'Part IX: The Panchayats'.

In view of this, a new Act, namely, the *Madhya Pradesh Panchayat Raj evam Gram Swaraj Adhiniyam*, was enacted in 1993 in line with the 73rd CAA. After bifurcation of the State of Madhya Pradesh, the new State of Chhattisgarh was formed. Chhattisgarh adopted the pattern, systems, procedures, and executive rules of Madhya Pradesh relating to Panchayat Raj as a transitory arrangement. Government of Chhattisgarh (GoCG) incorporated the statutory provisions of the *Madhya Pradesh Panchayat Raj evam Gram Swaraj Adhiniyam, 1993*. It adopted this as the *Chhattisgarh Panchayat Raj Adhiniyam (CGPRA)*, 1993. The *CGPRA*, 1993 governs the functional and fiscal domain of the panchayats in the State.

2.2 Profile of PRIs in Chhattisgarh

The PRIs are under the administrative control of the Panchayat and Rural Development Department (PRDD), GoCG. The activities of the PRIs in the State are regulated according to the provisions of the *CGPRA*, 1993.

According to Sections 49, 50 and 52 of the Act, three-tier units have been assigned to panchayats. Under this mechanism, Gram Panchayats (GPs) are implementing units, Janpad Panchayats (JPs) are administrative units (monitoring units) and Zila Panchayats (ZPs) are administrative, coordinating and controlling units of Panchayats.

The number of ZPs, JPs and GPs in the State as of March 2023 are shown in **Table 2.1** below:

Table 2.1: Three tier institutions of PRIs as of March 2023

Sl. No.	Description	Count
1	No. of Districts	33
2	No. of Zila Panchayats	27[1]
3	No. of Janpad Panchayats	146
4	No. of Gram Panchayats	11,656

(Source: Administrative Report 2022-23 of PRDD)

[1] The ZPs for six newly created districts were constituted through a Gazette Notification dated 13 September 2024 by GoCG.

2.3 Power and Function of PRIs

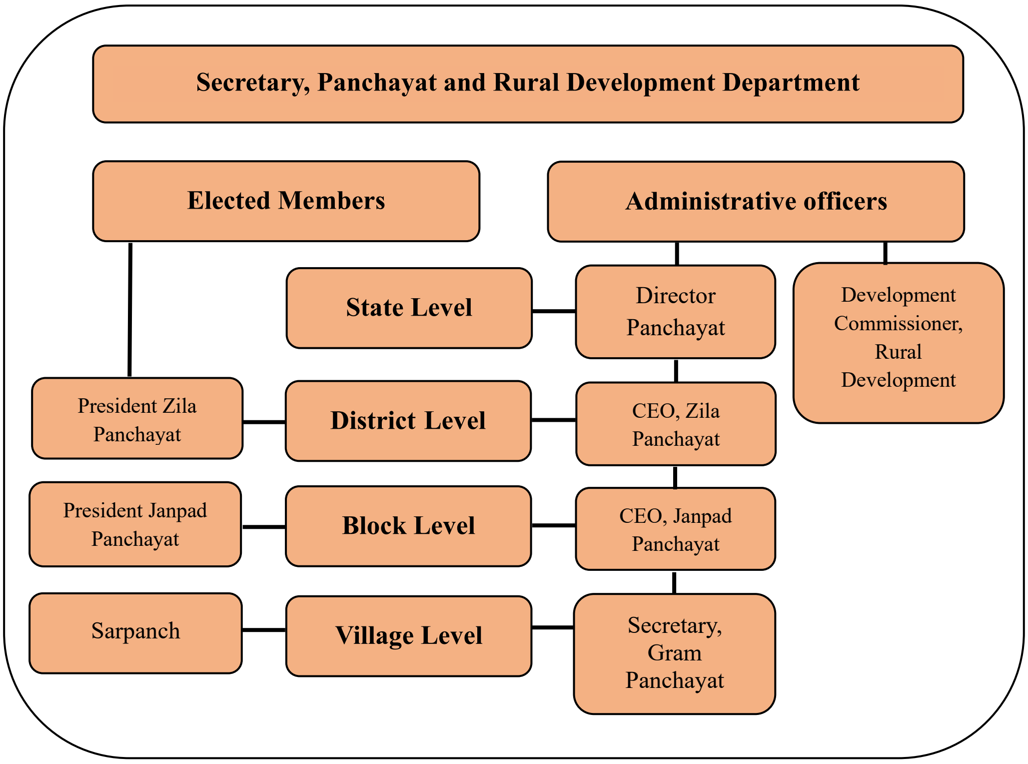
The *CGPRA,* 1993, envisages provisions for the smooth functioning of ZPs, JPs and GPs. At the district level, ZPs are entrusted with supervisory powers to monitor JPs and GPs. JPs at the block level ensure the execution of schemes, works and projects. GPs at the village level prepare the annual socio-economic plan and execute various schemes.

Besides, there are provisions for the constitution of the District Planning Committees (DPCs) to consolidate the plans prepared by the panchayats for overall development of the district and the Standing Committees (SCs) for the preparation of development plans, budgets, and annual accounts for the PRIs.

2.4 Organisational Structure

The organisational structure of governance at the State, District, Block, and Village levels is given below:

Organisational Chart of PRIs



At the **State Level**, the Principal Secretary, PRDD is the administrative head, responsible for policy formulation, overall supervision, and coordination of PRIs in the State. Under the Principal Secretary, two budget controlling officers function:

Director Panchayat – Responsible for overseeing all developmental activities of PRIs, guiding district administrations, and ensuring that state policies are implemented uniformly.

Development Commissioner – Primarily responsible for the execution and monitoring of Centrally Sponsored Schemes (CSS) and major state-funded schemes, providing technical guidance, and evaluating outcomes.

2.5 Audit Objective

We aimed to assess whether:

1. PRIs have been empowered by the State Government to discharge their functions/responsibilities effectively through creation of appropriately designed institutions/institutional mechanisms and they function as a third tier of an effective representative local self-government,
2. The devolution of funds, functions and functionaries is as per the 73rd CAA,
3. The devolved functions were effectively implemented by the PRIs and adequate monitoring mechanism was in existence,
4. Adequate efforts have been made to develop desired capacity building for PRIs to perform their functions and
5. PRIs have been empowered to access adequate financial resources to discharge the functions devolved to them and powers to raise funds have been effectively utilised to raise adequate financial resources.

2.6 Audit Criteria

The audit criteria were derived from the following:

1. 73rd Constitutional Amendment Act, 1992.
2. *Chhattisgarh Panchayat Raj Adhiniyam*, *1993* and rules made there under.
3. Notifications, Circulars, Orders/Instructions issued by the State/Central Government and PRDD Chhattisgarh.
4. Central and State Finance Commissions Reports.

2.7 Audit Scope and Methodology

The Performance Audit (PA) covered a period of five years, i.e. from 2018-19 to 2022-23. Audit test checked the records of PRIs (8 ZPs, 17 JPs and 85 GPs) in eight selected[2] districts out of total 33 districts in the State. (Details shown in ***Appendix 2.1***).

Audit test checked the offices of the Director, PRDD, at the State Level; the Chief Executive Officer (CEOs), ZPs at the district level, the CEOs, JPs, at the block level, and the Sachivs, GPs, at the village level.

An Entry Conference was held with the Principal Secretary, PRDD, GoCG on 3 August 2023, in which audit objectives, methodology, criteria and sample for the PA were discussed.

The Exit Conference to discuss audit findings was held with the Principal Secretary, PRDD, GoCG on 20 June 2025. The department furnished (July 2025)

[2] Balod, Bemetara, Bilaspur, Dhamtari, Kanker, Korea, Kondagaon and Mahasamund. The eight districts were selected by Simple Random Sampling without Replacement (SRSWOR) method.

its reply after the exit conference, which has been suitably incorporated in the respective paragraphs.

2.8 Acknowledgement

The office of the Accountant General (Audit), Chhattisgarh acknowledges the cooperation and assistance rendered by the officials of the PRDD, Chhattisgarh State Audit and field level officials of PRIs.

Audit Findings

Audit noticed following issues after analysing the records and data collected during the PA:

2.9 Compliance to provisions of 73rd CAA

2.9.1 Comparison of State Legislations with 73rd CAA

The 73rd CAA, 1992, envisages the devolution of 29 functions to PRIs in conformity with the 11th Schedule, as referenced in Article 243G of the Constitution. In line with this provision, the GoCG enacted the *CGPRA,* 1993. The *CGPRA*, 1993 includes the devolution of these 29 functions to PRIs. The comparison of State legislation with the provisions of the 73rd CAA is given in **Table 2.2** below:

Table 2.2: Comparison of the State legislation with the provisions of 73rd CAA

Provisions of the Constitution		**Provisions in the *CG Panchayat Raj Adhiniyam* (*CGPRA*), 1993**	
Article	**Title**	**Sections**	**Rules for the same and title thereof**
Article 243A	Powers and functions of GS	3, 5a, 6 (a, b), 7, 129 (b and c)	CG Gram Sabha (Meeting Procedure), 1994
Article 243B	Constitution of Panchayats	8 to 13, 27, 125, 127, 29- ZP	CG Panchayat (Power and Responsibility of *Sarpanch* and *Up-Sarpanch* of GP, President and Vice-President of JP and ZP) Rules, 1994
Article 243C	Composition of Panchayats	22, 112	CG (Change of boundaries, displacement or replacement of Headquarters) Rules, 1994
Article 243D	Reservation of seats	13 (4, 6) (GP), 17, 23 and 25 (JP), 30 (ZP), 32, 129 b (4)	CG Panchayat Election Rules, 1995
Article 243E	Duration of Panchayats	9, 20, 34 (read with 37)	Separate Rules have not been framed for Article 243E
Article 243F	Disqualifications for membership	21-GP, 28-JP 35-ZP (read with 36), 39 and 40-All tiers	Chhattisgarh Panchayat (No-confidence Motion against *Sarpanch* and *Up-Sarpanch* of GP, President and vice-president of JP and ZP) Rules, 1994
Article 243G	Powers, authority and responsibilities of Panchayats to	7, (2, 2a and 3), 38, Chapter -5	• CG Panchayat (Power and Responsibility of *Sarpanch* and *Up-Sarpanch* of GP, President and

	enable them to function as institutions of Self-Government	and 6, 6a, 48, 49, 89, 129d and 129f	Vice-President of JP and ZP) Rules, 1994 • CG Panchayat (Transfer of Immovable Property) Rules, 1994 • Chhattisgarh Janpad Panchayat and Zila Panchayat Standing Committees (Election of Members, Powers and Functions and Term of Members and Procedure for the Conduct of Business) Rules, 1994
Article 243H	Power to impose taxes and funds of Panchayats	110, 115, 116, 123, 124, Chapter -7 and 9	• Chhattisgarh Gram Sabha Optional Taxes and Fees (Condition and Exception) Rules, 1996 • CG Panchayat (Imposition, Assessment, Collection and Regulation of Taxes) Rules, 1995 • CG Janpad Panchayat (Imposition of development Tax on Agriculture land) Rules, 1999
Article 243I	Constitution of Finance Commission to review financial position	*Chhattisgarh Vitta Ayog Adhiniyam, 1994*	No Rules framed
Article 243J	Maintenance of Accounts and Audit of accounts of Panchayats	73(1), (2) and (3) and 129	• CG GP (Budget Estimate) Rules, 1997 • CG JP (Budget Estimate) Rules, 1997 • CG ZP (Budget Estimate) Rules, 1997 • CG Panchayat Audit Rules, 1997 • CG GP (Accounting) Rules, 1999 • CG JP (Accounting) Rules, 1999 • CG ZP (Accounting) Rules, 1999 • CG GP (Annual Report and Administrative Report), 1998 • CG JP and ZP (Annual Report and Administrative Report), 1998
Article 243K	Elections to the Panchayats	17(read with18), 19, 23, 25, 30 and 32, (read with 41) Chapter 4, 47b, 121 and 122	CG Panchayat Election Rules, 1995
Article 243O	Bar to interference by courts in electoral matters	Section 121	CG Panchayat (Election petitions, corruption and disqualification for membership) Rules, 1995
Article 243ZD	Committee for District Planning	CG District Planning Committee Act, 1995.	CG District Planning Committee (Procedure for conducting business) Rules, 1995

(Source: 73rd CAA, CGPRA and Rules made thereunder)

Further, the *Chhattisgarh Panchayat Nirvachan Yachika Pratibhuti Nikshep* (Vidhimanyakaran) *Adhiniyam,* 1996; *Chhattisgarh Gram Nyayalay*

Adhiniyam, 1996; *Gram Nyayalay Adhiniyam,* 2008; *Pashu Atichar Adhiniyam, 1871* were enacted/adopted by the GoCG.

It is evident from the above that the State Government had suitably aligned the *CGPRA*, 1993 with the provisions of the 73rd CAA through the framing of 93 rules ***(Appendix 2.2)***, notifications, and bylaws. This reflected the State Government's commitment towards establishing a legislative framework for PRIs.

In line with the intended objective of devolution of the 29 functions enlisted in the 11th Schedule, to PRIs, the State Government (undivided state of Madhya Pradesh) issued guiding principles in August 1998. These principles guided departments on the devolution of programmes, activities and responsibilities to panchayats. Subsequently, after bifurcation, the new state of Chhattisgarh initiated the activity mapping process in 2006-07. This process covered the devolution of powers, activities, staff, and budgets to the three-tier PRIs, as per the state-specific needs.

However, still the PRIs remained inadequately equipped to discharge the responsibilities envisaged under the 73rd CAA, as discussed in subsequent paragraphs.

2.9.2 Actual status of devolution of functions, funds and functionaries to PRIs

Audit test-checked the files related to devolution of functions/activities, functionaries and funds, orders/instructions issued and other relevant records. The status in respect of devolution of functions/activities, funds and functionaries is shown in **Table 2.3** below:

Table 2.3: The status of devolution of functions, funds and functionaries

Sl. No.	Events for devolution	Action taken	Audit Remarks
1	Issuance of guiding principles	Government of Madhya Pradesh (before formation of separate state of Chhattisgarh) issued guiding principles in 1998 to departments concerned for devolution of programme, activities and responsibilities to Panchayats.	--
2	Activity mapping	After bifurcation of Madhya Pradesh, newly formed state of Chhattisgarh directed its departments for activity mapping to devolve powers, activities, staff and budget to the three-tier Panchayat Raj Institutions.	In compliance with the said directions, 15 departments prepared (2006-07) activity mapping for 12 out of the 29 functions enlisted in the 11th schedule (details shown in ***Appendix 2.3***). However, no Executive order was issued to formalise the process[3].
3	Road map for devolution	A road map was issued by Ministry of Panchayati Raj (MoPR), GoI during 2011 and the GoCG also, in association with Society for Participatory Research in Asia prepared (2012) a Road Map for the period 2013-20 which catered to the issues pertaining to devolution of functions to PRIs in Chhattisgarh.	On being asked the present status of implementation of the road map, the Director, Panchayat replied (November 2025) that the functions of departments have been transferred to the PRIs, but the departments have not provided any functionaries or funds for these subjects. Due to which, PRIs are unable to play an active and effective role in local development and administration to function as units of local self-governance.
4	Transfer of functional responsibility	An Inter Departmental Committee constituted (December 2016) by PRDD for transfer/handing-over/devolution of various programmes/ activities/schemes to PRIs, noted that no action was taken by the departments in this regard. As such, the committee directed the departments concerned for revision of activity mapping done earlier in 2006-07 for actual handing over of their plan/programme/activities to the Panchayats and subsequently issue notifications/orders for transfer of funds, functions and functionaries to PRIs by February 2017.	On being asked the present status of compliance with the directions of the said Committee, the Director, Panchayat replied (November 2025) that most of the 29 subjects of the 11th Schedule had been transferred by the departments, but they had not provided human resources and funds to the PRIs. Further, it stated that initiatives will be taken regarding delegation of powers related to 29 subjects by convening a meeting of the Inter-Departmental Committee under the chairmanship of the Chief Secretary, GoCG.

(Source: Records of PRDD)

3 As per para 4.27 of Third SFC report (September 2018).

Information was sought in May 2024 from 23 departments[4] of the State Government to ascertain the actual status of devolution. The information sought covered: (a) present status of activity mapping of tasks, (b) present status of transfer of programs, functions and powers by the departments, and (c) official notifications issued for such transfers. However, only four departments responded[5]. None provided adequate or specific details on activity mapping or the transfer of the functions to the PRIs.

Hence, audit resorted to obtaining the on-ground information regarding status of devolution from the test-checked PRIs. The concerned CEOs/Sachivs from seven ZPs, 12 JPs and 64 GPs responded. They replied that orders from the Director, Panchayat in this regard were awaited and funds, works, employees were not transferred by other departments. This indicates lack of clarity regarding functional responsibilities and non-operationalisation of the framework for transfer of funds, functions and functionaries to PRIs with respect to the 29 functions enlisted in the 11th Schedule.

On being pointed out the State Government accepted and stated (July 2025) that the departments concerned with the functions enlisted in the 11th Schedule, transfer only activities to PRIs, but funds and functionaries are not being transferred by them. Further action would be taken by holding an inter-departmental meeting for the transfer and implementation of all the 29 subjects mentioned in the 11th Schedule as per rules.

The current status of devolution can be summarised as follows:- "The *CGPRA*, 1993, mandated all 29 functions enlisted in the 11th Schedule to be devolved to PRIs. The Activity-Mapping exercise in 2006-07 also proposed to devolve 12 functions. However, the operational framework for devolution was not in place. As such, the PRIs remain inadequately equipped to discharge the responsibilities envisaged under the Act".

2.10 Institutional empowerment for effective implementation of provisions of 73rd CAA

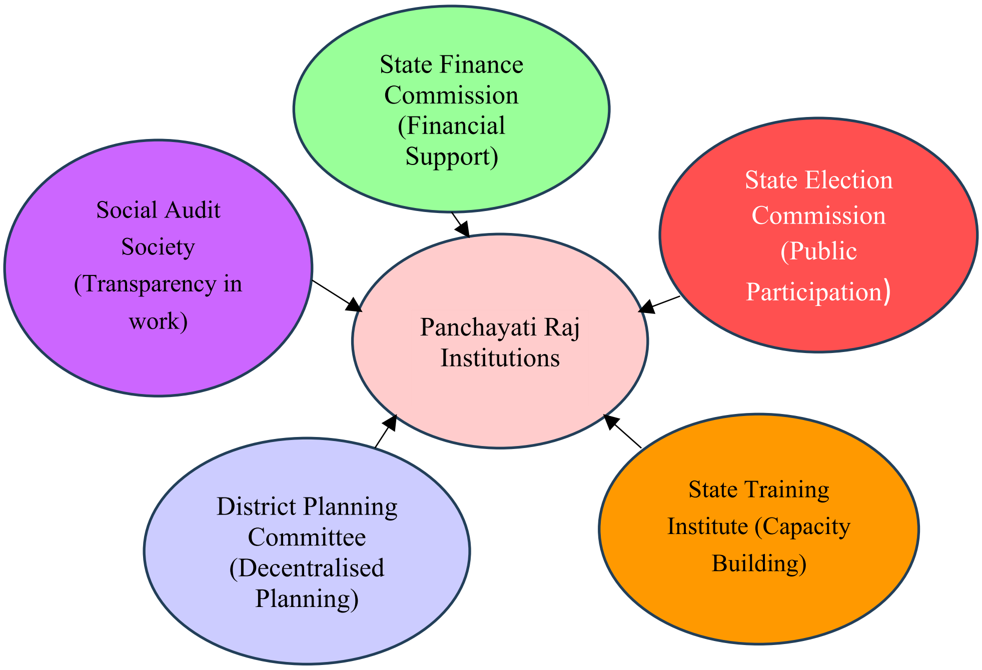
The Articles 243I, J and K were added to the Constitution by the 73rd CAA. These articles establish institutional mechanisms for the effective and smooth functioning of PRIs. The provisions include financial devolution, public participation, social audit and capacity building by formation of institutions. In addition, the Article 243 ZD provides for the constitution of a DPC for the comprehensive planning of the district.

The above arrangements are represented in the **Chart 2.1** below:

4 Departments discharging various functions of the State Government: Labour Department, Women and Child Development Department, Agriculture Department, Village Industries Department, Animal Husbandry Department, Energy Department, Water Resources Department, Fisheries Department, Food and Civil Supplies Department, Sports and Youth Welfare Department, Public Health Engineering Department, Art and Culture Department, Social Welfare Department, Public Health and Family Welfare, Technical Education, Industries Department, Registration and Co-operative Societies, Forest and Climate Change Department, Mining Department, Public Works Department

5 Labour Department, Energy Department, Sports and Youth Welfare Department and Forest Department

Chart 2.1: Showing the Institutional empowerment for strengthening of PRIs



(Source: Compiled by Audit)

The status of Institutes constituted under the provisions of 73rd CAA and their working are discussed in the succeeding paragraphs:

2.10.1 Constitution of State Finance Commission

Article 243I of the Constitution read with para 3 of the *Chhattisgarh Vitta Ayog Adhiniyam, 1994*, mandates the constitution of the State Finance Commission (SFC). The SFC is to be constituted every five years. Its purpose is to recommend the devolution of funds from the GoCG to Local Bodies (LBs) and to suggest measures to augment their own resources. The GoCG has constituted four SFCs since the State's formation. The status of the constitution of SFCs, submission of their recommendations and acceptance by the GoCG are detailed in **Table 2.4** below:

Table 2.4: Status of SFCs, submission of reports and acceptance of recommendations by GoCG

SFC	Due date for constitution of SFC (1st April of the Financial Year)	Actual Date of constitution	Delay in constitution of SFC (in days)	Date of submission of reports by SFC	Acceptance of recommendations by the GoCG	Time taken in acceptance of SFC recommendations (in days)	Award Period
First	2001-02	22.08.2003	873	30.05.2007	July-2009	886	2007-12
Second	2006-07	23.07.2011	1,939	31.03.2013	July-2013	92	2012-20
Third	2011-12	20.01.2016	1,541	30.09.2018	October-2019	366	2020-26
Fourth	2016-17	29.07.2021	1,731	14.02.2024	January-2025	322	2026-30

(Source: Records of State Finance Commission)

It is evident from the above table that the GoCG constituted all the SFCs with delays. The delays ranged from 873 to 1,939 days. The GoCG also took 92 to 886 days in acceptance of the recommendations of the SFC reports.

The delay in constitution of SFCs and acceptance of their recommendations may delay the intended benefits to PRIs from favourable recommendations made by the SFCs.

2.10.2 State Election Commission

Article 243K and Article 243 ZA were added to the Constitution by 73rd CAA and 74th CAA respectively. The Chhattisgarh State Election Commission (SEC) was constituted in September 2002 in compliance with these provisions. Further, *Chhattisgarh Panchayat Nirvachan Niyam, 1995* was framed to conduct regular elections in a fair and transparent manner in the PRIs.

Statement of Elected Representatives (ERs) as per the PRI elections held in 2019-20 is given in **Table 2.5** below:

Table 2.5: Statement showing the details of ERs in ZPs, JPs and GPs

Name of PRI	Elected represe-ntative	Male					Female					Total ERs
		SC	ST	OBC	UR	Total	SC	ST	OBC	UR	Total	
ZP	President	1	6	3	2	12	2	7	4	2	15	27
	Member	18	68	26	55	167	27	84	31	64	206	373
JP	President	1	40	3	11	55	10	54	13	14	91	146
	Member	143	536	204	444	1,327	191	600	225	490	1,506	2,833
GP	Sarpanch	539	3,274	715	1,225	5,753	574	3,342	744	1,251	5,911	11,664
	Panch	7,569	30,367	9,066	24,817	71,819	11,198	35,630	13,233	28,845	88,906	1,60,725
Total		**8,271**	**34,291**	**10,017**	**26,554**	**79,133**	**12,002**	**39,717**	**14,250**	**30,666**	**96,635**	**1,75,768**

(Source: Administrative Report of Director Panchayat)

The above table shows that the State has put in place the institutional arrangements envisaged under Articles 243D[6] and 243K[7] of the Constitution as the representation of backward classes and women in PRIs was broadly in compliance with the provisions. Notably, women were elected in more than 55 *per cent* of the total posts across all tiers. The inclusion of SC, ST, and OBC categories was proportionate to their population share. This fulfilled the constitutional mandate for inclusive and equitable representation in local self-governance. However, Audit also observed the following: -

2.10.3 Non-fulfilment of vacant posts of ERs

As per Section 13 (2) of the *CGPRA*, 1993, posts of *Sarpanch* and *Panch* that remain vacant after elections should be filled within six months through fresh elections. Further, Section 38 of the Act addresses casual vacancies. A casual vacancy is deemed to have been created if a panchayat office-bearer dies, resigns, faces a no-confidence motion, is removed, or becomes a member of the legislative assembly or parliament before completing his/her term. This vacancy must be filled as soon as possible by holding an election in accordance with the provisions of the Act.

On scrutiny of records, Audit noticed that in test-checked 21 GPs, 22 posts (03 posts of *Sarpanch* and 19 posts of *Panch)* were lying vacant. These posts remained vacant for more than six months and were yet to be filled till the time

[6] Reservations of seats in different tiers of PRIs
[7] Elections to panchayats

of Audit (January-March 2024). Details in this regard have been shown in the ***Appendix 2.4.***

The State Government stated (July 2025) that, as per Section 42 of the Act, the SEC is responsible for preparing electoral rolls and conducting elections. Accordingly, elections were being held for ZPs, JPs, and GPs. Vacancies arising from death, resignation, or removal were filled promptly in accordance with the rules.

The State Government's reply is not acceptable as it states that vacancies arising from death, resignation, or removal were filled promptly. However, no supporting document was furnished such as election notifications, SEC orders, or dates of bye-elections.

2.11 Capacity building of ERs and PRI officials

2.11.1 State Institute of Rural Development

Established in February 2011, the Thakur Pyarelal State Institute of Panchayat and Rural Development (SIPRD), Nimora, Raipur, is an autonomous body that trains and builds the capacity of ERs and officials of the three tiers of panchayats. It is overseen by a committee chaired by the Minister of PRDD and funded by the GoCG and the GoI.

SIPRD works with five Regional/Panchayat Training Centres (RTCs/PTCs) and Extended Training Centres (ETCs) across the State, as well as 21 District Panchayat Resource Centres (DPRCs) and 146 Block Panchayat Resource Centres (BPRCs). These institutions design training courses for ERs and PRI officials, prepare annual training calendars, and conduct the trainings accordingly.

2.11.1.1 Status of trainings conducted for ERs and PRI Officials

The GoI, Ministry of Panchayati Raj (MoPR) introduced the National Capacity Building Framework 2014 (NCBF) to guide capacity building and training for ERs and functionaries of PRIs. Audit of the SIPRD, the Panchayat Directorate, and selected ZPs and JPs revealed the following:

- No documentary evidence was produced to show that key NCBF-mandated processes, such as Training Need Analysis (TNA), preparation of Annual Action Plans based on TNA, and impact assessment of training, were carried out. Only consolidated trainee figures (ERs and PRI officials) for 2018-23 were provided.
- Training records for functionaries were not maintained in the test-checked[8] four ZPs and 13 JPs, except in ZP Balod and JP Narharpur. Even in these two units, during 2018-23, ER participation was low (ranging between 4 and 53 *per cent* in JP Narharpur, and 37 and 96 *per cent* in ZP Balod).

The State Government stated (July 2025) that SIPRD conducts training for ERs and PRI officials under schemes of the PRDD, submits annual action plans to the MoPR under the *Rashtriya Gram Swaraj Abhiyan,* and conducts training at

[8] ZPs- Balod, Bilaspur, Bemetara, Korea, and JPs- Narharpur, Bhanupratappur, Antagarh, Dondi, Kota, Bemetara, Saja, Kondagaon, Baikunthpur, Khadgawan, Makdi, Kurud and Magarlod

State, district, and block levels after approval. It further stated that training follows the prescribed calendar, missed subjects are covered in later sessions, and adherence to the calendar has improved. It reported that 1.69 lakh participants were trained in 2023-24 and 0.90 lakh in 2024-25.

However, the reply is not acceptable as no supporting documents have been furnished regarding annual action plans and the ZP/JP-wise training records for the audit period.

2.11.2 District Planning Committee

In pursuance of Article 243 ZD of the Constitution, the DPC Act, 1995 was enacted (May 1995) by the erstwhile Madhya Pradesh State Legislature which was adopted by the State of Chhattisgarh. DPC was to be constituted with 10 to 20 elected members of ZPs and ULBs, including two members nominated by the GoCG. DPC would be headed by a Minister of State, nominated by the State Government as its Chairman. DPC is responsible for consolidating the development plans prepared by panchayats and municipalities and preparing a draft on the District Development Plan (DDP) for the district. The District Collector, as the Member Secretary of the DPC, shall be responsible for maintaining all records, preparing the agenda for meetings, maintaining the district database, and maintaining lists of existing amenities in PRIs. CEO, ZPs/ JPs and Secretary of GPs, after preparation of District Panchayat Development Plans (DPDPs)/ Block Panchayat Development Plans (BPDPs) and Gram Panchayat Development Plans (GPDPs), forward the same to the DPC after the approval from the General Body/Gram Sabha. The DPC should conduct meetings at least once every quarter to review the schemes/programmes implemented in the districts and send regular progress reports to the State Government.

On scrutiny of information collected from the District Planning and Statistical Officers (DPSOs), audit observed in eight selected districts that though DPCs were constituted, no meetings were conducted against the required 160 meeting[9] during the period from 2018-23. Reasons for non-conduct of meetings were not available.

Further, in test checked eight districts, none of the DPCs had prepared the DDP after consolidating the development plans received from the panchayats and municipalities.

The State Government replied (July 2025) that all the District Collectors have been directed to prepare Annual Plans. However, due to the separate preparation of GPDP, JPDP and ZPDP, the preparation of the DDP has lost its relevance. Further, all the district-level plans are monitored by the District Development Coordination and Monitoring Committee.

The State Government's reply is not acceptable as separate preparation of GPDPs, JPDPs, and ZPDPs does not render the DDP irrelevant, and the non-preparation of the DDP does not align with the mandate under Article 243ZD of the Constitution. The core function of DPCs is to consolidate

[9] 8 districts * 4 Quarters/Year* 5 years

these individual plans of PRIs and ULBs into an integrated DDP, ensuring a balance.

2.11.3 Social Audit Unit

Article 243 J of the 73rd CAA provides that the State may, by law, make provisions for the audit of panchayat accounts. Social Audit is a participatory process empowering communities to review State Government programmes for transparency and accountability, distinct from formal financial audits conducted by authorities. Established in 2013, the Chhattisgarh Social Audit Unit (CSAU), chaired by the Chief Secretary and composed of officials, experts, and civil society members, institutionalises this process. Further, as mandated by the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) Act, 2005, and the CSAU byelaws, biannual audits (Rule 5 of MGNREGA-CSAU Rules, 2015) are required to be conducted in every GP through Block Social Audit Facilitators, ensuring that development schemes, particularly for marginalised groups, are implemented as intended. Further, under the Rule 11 (b) of MGNREGA-CSAU Rules, 2015, remedial action shall be taken within 15 days for issues arising from social audit reports.

2.11.3.1 Status of Social Audit

Audit noticed that the CSAU prepared annual calendars for social audits of the works executed in GPs under various schemes. The status of social audits planned and executed during 2018-23 is given in the following **Table 2.6**:

Table 2.6: Status of Social Audit planned, executed and shortfall

Sl. No.	Year	No. of GPs[10]	Targets of social audit to be conducted	Planned against targets (percent)	Achievement against planned (percent)	Shortfall against targets (percent)
1	2018-19	10,976	21,952	6,561 (30)	6,490 (99)	15,462 (70)
2	2019-20	10,978	21,956	6,951 (32)	6,635 (95)	15,321 (70)
3	2020-21	11,464	22,928	11,295 (49)	0 (0)	22,928(100)
4	2021-22	11,664	23,328	11,494 (49)	7,996 (70)	15,332 (66)
5	2022-23	11,658	23,316	11,480 (49)	4,506 (39)	18,810 (81)
Total			**1,13,480**	**47,781 (41)**	**25,627 (54)**	**87,853 (77)**

(Source: MIS records furnished by CSAU)

It is evident from the above table that CSAU planned only 47,781 (41 *per cent*) social audits of GPs, falling short of the required 1.13 lakh social audits as per provisions. Further, only 25,627 (54 *per cent*) social audits were conducted by CSAU against the plan. Thus, there was shortfall of 77 *per cent* of social audit during 2018-23 against the targets.

In response, CSAU cited lack of personnel, the impact of the Covid-19 pandemic, and the enforcement of election code of conduct as reasons for the non-conduct of social audit as per the stipulated norms. Further, the State Government stated (July 2025) that schemes implemented by PRIs are approved by the GS, and where mandated, social audits are conducted by the CSA Unit.

[10] As per Administrative Report 2022-23, Total GPs as of March 2023 is 11,656.

However, the *CGPRA*, 1993 does not contain a separate provision for an independent social audit.

The reply is not acceptable as constraints such as shortage of personnel, impact of the Covid-19 pandemic, and election-related restrictions cannot justify non-compliance with the statutory requirement of conducting social audits.

2.11.3.2 Action taken on Social Audit Reports

After the approval of social audit report by GS, the District Programme Coordinator shall be responsible for initiating action on all persons indicated responsible in the report within 15 days from the date of exit conference.

The year-wise details of issues, recoverable amount, outstanding issues and amount thereof are shown in following **Table 2.7**:

Table 2.7: Status of issues raised in Social Audit and settled during 2018-23

(₹ in crore)

Year	Total Issues	Issues settled	Issues outstanding	Recoverable Amount	Recovered Amount	Outstanding recoverable Amount
2018-19	17,242	12,203	5,039	15.41	3.46	11.95
2019-20	13,860	8,769	5,091	11.67	3.81	7.86
2020-21	0	0	0	0	0	0
2021-22	16,987	8,354	8,633	16.08	3.27	12.81
2022-23	11,298	2,773	8,525	8.7	2.27	6.43
Total	**59,387**	**32,099**	**27,288**	**51.86**	**12.81**	**39.05**

(Source: Data made available by CSAU)

It is evident from the above table that out of ₹ 51.86 crore, only ₹ 12.81 crore (25 *per cent*) could be recovered till August 2024, and the amount of ₹ 39.05 crore (75 *per cent*) related to 27,288 issues remained un-recovered.

Thus, non-settlement of issues raised in social audit reports, indicates inadequate follow-up and action taken by the CSAU.

Reply of the Director, CSAU is awaited and the State Government also did not address this issue in its reply (July 2025).

2.11.3.3 Short transfer of mandated funds to Social Audit Units

According to Rule 15 of the MGNREGA Chhattisgarh Social Audit Rules, 2015, it is mandated to allocate a minimum of 0.5 *per cent* and a maximum of one *per cent* of the total annual expenditure under the MGNREGA as the Social Audit Fund. This fund will be derived from six *per cent* of MGNREGA's administrative costs, as stipulated by the Ministry of Rural Development. Its primary purpose is to facilitate the conduction of social audits for the MGNREGA projects. The Commissioner of MGNREGA will proactively disburse funds to the CSAU to ensure seamless social auditing implementation.

The year-wise comparison of funds to be transferred to CSAU and actual funds transferred is shown in **Table 2.8** below:

Table 2.8: Insufficient funds released to the SAU

(₹ in crore)

Year	Total expenditure of MGNREGA	Funds to be transferred to Social Audit Unit (0.5 *per cent* of total expenditure)	Actual transfer to Social Audit Unit	Amount of short transfer to SAU (*per cent*)
2018-19	3,054.64	15.27	7.03	8.24 (53.97)
2019-20	3,225.88	16.13	7.61	8.52 (52.82)
2020-21	4,144.77	20.72	13.91	6.81 (32.88)
2021-22	3,556.94	17.78	0	17.78 (100.00)
2022-23	4,168.06	20.84	13.39	7.45 (35.75)
Total	**18,150.29**	**90.74**	**41.94**	**48.81 (53.79)**

(Source: Director CSAU)

It is evident from the above table that Commissioner, MGNREGA had to transfer a total of ₹ 90.74 crore to the CSAU against the total expenditure of ₹ 18,150.29 crore as MGNREGA Social Audit Fund for the period 2018-23. However, only ₹ 41.94 crore were transferred in the same period, resulting in a shortfall of ₹ 48.81 crore (53.79 *per cent*).

Reply of the Director, CSAU is awaited and the State Government also did not address this issue in its reply (July 2025).

2.11.3.4 Non-conduct of Social Audit of other government programmes/schemes

As per the objectives set under the bylaws of the CSAU, the unit has been entrusted with the responsibility of conducting social audits not only under MGNREGA but also for other government programmes and schemes benefiting the underprivileged. In line with these provisions, the CSAU was required to conduct social audits for schemes such as *Swachh Bharat Mission-Gramin*, *Rurban Mission*, District Mineral Funds, *Godhan Nyay Yojana, Pradhan Mantri Awas Yojana-Gramin* etc.

Audit observed that the CSAU conducts social audits for MGNREGA. Further, regarding other schemes, CSAU furnished information that social audit work has been done only as a pilot in 78 GPs of *Swachh Bharat Mission-Gramin* and 14 GPs of *Rurban Mission Yojana*. Proposal for budget and expenditure to be incurred in execution of social audit of District Mineral Foundation Trust, *Godhan Nyay Yojana*, *Pradhan Mantri Awas Yojana*-Urban and *Pradhan Mantri Awas Yojana-Gramin* was sent to nodal departments of concerned schemes. However, only *Pradhan Mantri Awas Yojana-Gramin* was approved for social audit by the concerned nodal department.

By not extending social audits to other programmes, beneficiaries may be denied the chance to form part of the participatory processes and public hearings.

Reply of the Director, CSAU is awaited and the State Government also did not address this issue in its reply (July 2025).

2.12 Revenue profile of PRIs

Article 243 H of the Constitution of India provides power to panchayats to impose taxes and envisages that the State Government would provide grant-in-aid and assign revenue which is collected as duty, toll and fee as specified by the law. In pursuance of Article 243H, the GoCG made provisions under Section 77 of the *CGPRA*, 1993 to provide power to PRIs for the levy and collection of taxes in their jurisdiction. In line with the above provisions, a separate set of rules, namely, the Chhattisgarh Gram Panchayat Compulsory Tax and Fees (Condition and Exceptions) and Chhattisgarh Gram Panchayat Alternative Tax and Fees (Condition and Exceptions) Rules, 1996, were framed. Further, the Central Finance Commission (CFC) and the SFC also recommended providing grants to ensure the smooth functioning of PRIs.

2.12.1 Sources of Revenue

There are mainly three sources of funds for PRIs, viz. (a) Government grants CFC/SFC (b) own revenue and (c) assistance under various central/state sponsored schemes. Government grants CFC/SFC are based on the recommendations of CFCs and SFCs constituted from time to time. Further, own revenue consists of taxes and fees collected by PRIs themselves, as per the provisions of the *CGPRA*, 1993. Diagrammatic representation of sources of funds for PRIs is shown in **Chart 2.2 below**:

Chart 2.2: Sources of funds for PRIs

(Source: Compiled by audit)

The details of financial assistance to PRIs in the State during 2018-23 are given in **Table 2.9** below:

Table 2.9: Status of financial assistance to PRIs during 2018-23

(₹ in crore)

Year	CFC Grant	SFC Grant		State Grant	Assistance under various schemes		Total
		State Own Tax Revenue	Assigned Revenue		Central sponsored schemes	State sponsored schemes	
2018-19	1,052.23	859.49	89.56	105.73	17.58	22.94	**2,147.53**
2019-20	1,415.89	751.46	74.61	105.77	18.20	17.32	**2,383.25**
2020-21	1,454.00	616.30	99.03	107.19	6.73	15.09	**2,298.34**
2021-22	1,075.00	729.45	65.00	114.87	13.22	7.83	**2,005.37**
2022-23	1,114.00	1,209.36	70.00	211.47	0	8.27	**2,613.10**
Total	**6,111.12**	**4,166.06**	**398.20**	**645.03**	**55.73**	**71.45**	**11,447.59**

(Source: Information issued by Director, Panchayat and compiled by Audit)

Audit observations in this regard are discussed below:

2.12.2 Dependency on grants/assistance from State/Central Government instead of own revenue

PRIs are endowed with powers to collect several taxes and fees to function as a unit of local self-government. However, they also receive financial assistance in the form of grants from the State Government and Central government. Own revenue and financial assistance during the period 2018-23 is shown in the following **Table 2.10**:

Table 2.10: Release of CFC, SFC grants and own revenue of PRIs during 2018-23

(₹ in crore)

Sl. No.	Year	Own Revenue of PRIs (Percentage)	CFC/SFC Grants and assistance received from State/Central Government (Percentage)	Total Receipts
1	2018-19	107.38 (4.76)	2,147.53 (95.24)	2,254.91
2	2019-20	113.02 (4.53)	2,383.25 (95.47)	2,496.27
3	2020-21	103.30 (4.30)	2,298.34 (95.70)	2,401.64
4	2021-22	107.83 (5.10)	2,005.37 (94.90)	2,113.20
5	2022-23	124.82 (4.56)	2,613.10 (95.44)	2,737.92
Total		**556.35 (4.63)**	**11,447.59 (95.37)**	**12,003.94**

(Source: Director, Panchayat)

It is evident from the above table that, out of the total receipts of ₹ 12,003.94 crore, PRIs own revenue generated was only 4.63 *per cent* of the total receipts during 2018-23, with the remaining being grants devolved from the SFC and CFC. Further, during this period, funding from the GoCG and GoI increased by 22 *per cent*, while the growth in own revenue collection was a modest 16 *per cent*.

The State Government accepted and stated (July 2025) that efforts are underway to strengthen tax revenue collection in PRIs by filling vacant posts of Tax Assessment Officer and the development of training modules through a Master Trainer Network by the MoPR. Though tax collection declined during 2020-21 and 2021-22 due to COVID-19, it has since improved in 2022-23.

2.12.3 Inadequate financial assistance provided by State Government to PRIs.

Financial assistance to PRIs is provided from both Central and State sources, mainly in the form of CFC grants, SFC grants, share of SOTR, assigned revenues such as land revenue, royalty and excise revenue, along with funds released under central and state sponsored schemes.

(A) Short transfer of assigned revenue by State Government to PRIs

GPs receive assigned revenue from GoCG in the form of distribution of certain taxes. The main components of assigned revenue as provisioned in the *CGPRA*, 1993, are land revenue, land revenue cess and additional stamp duty. Besides revenues assigned under the *CGPRA*, 1993, several other revenues are also assigned for transfer to PRIs through the Chhattisgarh Minor Mineral Rules, 1996, and the Chhattisgarh Excise Act, 1915[11]. These Rules and the Act together provide for the devolution of revenue such as land revenue, land revenue cess, royalty on minor minerals, and surcharge on excise duty, to PRIs. Regarding total collections against these assigned revenues, no information was furnished by the Director, Finance Department, GoCG.

The status of actual transfer of assigned revenue to PRIs during 2018-23 is shown in **Table 2.11** below:

Table 2.11: Status of actual transfer of Assigned Revenue to PRIs

(₹ in crore)

Assigned Revenue	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Minor Mineral Royalties	64.56	19.17	38.25	0	Not furnished	121.98
Stamp and Registration Fee	25.00	55.44	60.78	65.00	70.00	276.22
Land revenue	0	0	0	0	0	0
Cess on land revenue	0	0	0	0	0	0
Excise surcharge	0	0	0	0	0	0
Total	**89.56**	**74.61**	**99.03**	**65.00**	**70.00**	**398.20**

(Source: Director Panchayat)

Audit observed that ₹ 398.20 crore was transferred to three-tier panchayats during 2018-23 as assigned revenue. Further, no amount was found to be transferred against land revenue, cess on land revenue and excise surcharge.

The State Government accepted and stated (July 2025) that PRIs receive funds based on the recommendations of SFC, from which amounts of land revenue, cess on land revenue, and excise surcharge, are provided to the PRDD through

[11] Gazette notification no. 312 dt. 07.12.2010

the Finance Department. However, these funds are not being released from the government level.

(B) Short devolution of State Own Tax Revenue (SOTR) to PRIs

As per the recommendations of the second SFC (award period 2012-20) and third SFC (award period 2020-26), the GoCG had to provide 6.15 *per cent* and 6.91 *per cent* share respectively of SOTR as financial assistance to PRIs.

Audit noticed that the devolution of funds to PRIs from the net SOTR, was short of the accepted recommendations of the SFC as shown in the following **Table 2.12**:

Table 2.12: Shortfall in transfer from SOTR funds by GoCG to PRIs

Year	Amount of SOTR (₹ in crore)	Net SOTR[12] (₹ in crore)	Funds to be devolved as per SFC		Funds devolved (₹ in crore)	Short fall in devolution (₹ in crore)	Percentage of Shortfall
			Accepted Percentage	Amount (₹ in crore)			
2018-19	21,427.26	18,855.99	6.15	1,159.64	859.49	300.15	25.88
2019-20	22,117.85	19,463.71	6.15	1,197.02	751.46	445.56	37.22
2020-21	22,889.20	20,142.50	6.91	1,391.85	616.3	775.55	55.72
2021-22	27,083.73	23,833.68	6.91	1,646.91	729.45	917.46	55.70
2022-23	33,122.31	29,147.63	6.91	2,014.10	1,209.36	804.74	39.95
Total	**1,26,640.35**	**1,11,443.51**		**7,409.52**	**4,166.06**	**3,243.46**	**43.77**

(Source: Finance Accounts of respective years)

It is evident from above table that, the GoCG though accepted SFC recommendations to devolve 6.15 and 6.91 *per cent* of the SOTR, yet there was short devolution of funds of ₹ 3,243.46 crore to the PRIs during 2018-23 against the recommended amount.

The State Government did not furnish any specific reply (July 2025) on the issue.

2.12.4 Non-transfer of special grant to GPs for women empowerment

Third SFC recommended a special grant of ₹ 50 lakh for each GP where women are elected to two-thirds or more of the total posts of GPs for women empowerment. As per Action Taken Report of the third SFC recommendations, the GoCG accepted (October 2019) this recommendation.

During scrutiny of records in the test-checked 85 GPs, it was observed that eight GPs[13] fulfilled the criteria for election of women to two-thirds or more of the

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[12] As per the Second and Third SFC, Net SOTR is arrived at by deducting 10 *per cent* of SOTR for three taxes (Land Revenue, Tax on Goods and passengers and other taxes on commodity and services) and two *per cent* for expenditure of GoCG for collection of taxes.

[13] Amoda (78 *per cent*, Narharpur, Kanker), Bharitola (66.67 *per cent*, Dondi, Balod), Amrucasa (75 *per cent*, Dondi, Balod), Mulla (70 *per cent*, Bhanupratappur, Kanker), Laripur (70 *per cent*, Pathalgaon, Mahasamund), Kekrakholi (70 *per cent*, Magarlod, Dhamtari), Chandrasur (67 *per cent*, Magarlod, Dhamtari), and Bhagat Saraipali (70 *per cent*, Saraipali, Mahasamund)

total posts of GPs. However, none of these GPs received such grants, as no sanction for these grants was issued.

The State Government accepted (July 2025) that an amount of ₹ 50 lakh incentive was provisioned for GPs with more than two-thirds women representatives but not released yet.

2.12.5 Release of funds received from Central Finance Commission grants to PRIs

(A) Delay in release of 14th CFC Grants

As per the conditions laid down by CFC, the state is required to transfer the received amount, to PRIs within 15 days of receipt from GoI. In case of delay, the State Government shall have liability to pay interest at bank rate of RBI, for the number of days of delay.

During scrutiny of records at the Directorate Panchayat, audit noticed that the GoCG had paid an amount of ₹ 4.37 crore as interest to PRIs on account of delayed release of 14th CFC grants during the year 2018-19, as detailed in **Table 2.13** below:

Table 2.13: Statement showing the details of the grants disbursement and delay

(₹ in crore)

Year	Instalment	CFC grant released by GoI	Date of receipt in a/c of GoCG	Amount released to PRIs	Date of release to PRIs	Delay in days	Penal interest released on account of delay
2018-19	1st	523.93	06.09.2018	523.93	14.09.2018	No delay	NA
	2nd	523.93	26.02.2019	523.93	01.03.2019 and 01.05.2019	49 days	4.37

(Source: Information provided by Panchayat Directorate)

The State Government accepted (July 2025) that the release of 14th CFC funds was delayed due to technical issues.

(B) Partial release of 14th CFC Performance Grants to PRIs

The 14th CFC recommended a total performance grant of ₹ 524.41 crore to the PRIs of Chhattisgarh for the period 2016-20 with the following conditions:

i. Making available reliable data on all receipts and expenditure through audited accounts; and
ii. Improvement in own revenues.

Audit noticed that out of the total recommended amount, ₹ 219.21 crore was released by the GoI, and this was limited to the financial years 2016-17 and 2017-18. No performance grant was released for the years 2015-16, 2018-19 and 2019-20. As a result, a significant portion of the recommended grant of ₹ 305.20 crore remained unreleased.

On being pointed out, the State Government stated (July 2025) that the GoCG had sent demand letter after fulfilling the conditions for the performance-based grant for its release. However, GoI did not release any such grant to any state including Chhattisgarh.

Reply of the State Government is not acceptable as it's claim that all conditions for the release of the performance grant were fulfilled, is not substantiated, particularly with respect to audit coverage, as the required number of PRI units were not audited by the CSA during these periods (refer Paragraph 2.13.4 of this chapter) which was one of the eligibility criteria for release of performance grant. Further, no supporting documents have been furnished regarding the demand letter sent to GoI.

2.13 Implementation of provisions of 73rd CAA in PRIs

2.13.1 Meetings conducted in GPs

Article 243A, referenced by the 73rd CAA and read with Sections 6 and 7 of the *CGPRA*, 1993 provide powers to Gram Sabha to conduct its business. As per Section 129-A of the *CGPRA*, 1993, Gram Sabha is a body consisting of persons whose names are included in the electoral rolls relating to the area of a panchayat at the village level. Further, Section 6 (1) of *CGPRA*, 1993 envisages that Gram Sabha meetings should be held quarterly (January, April, July and October) and as per Section 7(2) of the Act, annual Gram Sabha meeting should be conducted at least three months before the next financial year. During annual Gram Sabha meeting, annual account, budget for next year and administrative report of GP pertaining to previous year would be discussed.

According to Section 6(2)(a) of the *CGPRA*, 1993, a quorum for any Gram Sabha meeting requires one-tenth (1/10) of the total members, including at least one-third female members. If a quorum is not present, the meeting can be adjourned, and the next meeting can be held without quorum requirements. Further, as per Section 6 (3), if the quorum is not met in three consecutive meetings, the concerned *Panch/Sarpanch* will be notified, and they will have two additional Gram Sabhas to meet the quorum. Failure to do so may result in action against the concerned *Panch/Sarpanch*, including removal from their posts.

Audit noticed in test-checked 36 GPs[14], during examination of the GS registers, that none of the meetings had fulfilled the required quorum, even in the next two GSs after three consecutive meetings without quorum. No action was found to be taken against the responsible incumbents in the GPs.

The State Government accepted and stated (July 2025) that instructions and guidelines were issued to PRIs to ensure quorum in the meetings of the GS and in the scheduled areas. Due to lack of knowledge of the rules, quorum was not maintained for the meetings of the GSs.

[14] Baikunthpur (Aani, Murma, Pipra, Karji), Khadgawan (Tatgaon, Pondi, Katkona, Funga, Gilibandh), Makdi (Sodma, Karmari, Binjoli, Torandi), Antagarh (Talabeda, Tadoki, Kadaikhodra, Bondenar, Kolar), Gurur (Usarwara, Sarbada, Armarikala, Basin, Balodgahan), Dondi(Armurkasha, Kushumkasha, Bharritola, Dhowni B, Pusawad), Narharpur (Amoda, Babushaletola, Markatola), Bhanupratappur (Iragaon, Kacche, Mulla, Salhe, Sambalpur)

2.13.2 Rotation for constitution of JP

As per Section 22 of the *CGPRA*, 1993, every JP shall be constituted, consisting of the elected members from the constituencies, the members of the State Legislative Assembly whose constituencies fall within the JP and one-fifth of the *Sarpanchs* in the territorial area of a JP, would also be members on rotation basis for a period of one year, as the prescribed authority may determine by drawing lots; provided that a *Sarpanch* who is a member of this committee under the clause for one term shall not be eligible to become a member for another term and a *Sarpanch* who is a member under this clause shall not be a member of the other committees constituted under Section 47 of the Act.

Audit noticed in the test-checked JPs for the period 2018-23 that JPs were constituted, but rotation of one-fifth of *Sarpanches* every one year was not done in any JP (except in JP, Gurur, District Balod, where orders were issued regarding rotation in 2020-21 and 2021-22) as per the provisions.

Thus, the representation of all *Sarpanches* in JPs was not ensured to facilitate their participation in planning and development done in the territorial area of JP.

The State Government accepted and stated (June 2025) that instructions have been issued (June 2025) to all the Collectors to ensure that action is taken in accordance with the Act.

2.13.3 Non-preparation of Accounts by PRIs as per prescribed formats

Article 243J, in pursuance of the 73rd CAA provides for maintenance of accounts by the panchayats and auditing of such accounts. In accordance with the provision, the GoCG incorporated ZP/JP/GP (Budget Estimate) Rules, 1997 and ZP/JP/GP (Accounts) Rules, 1999 for maintenance of accounts in PRIs. Further, Sections 7 (2) and 73 of the *CGPRA*, 1993, envisage preparation of budget and annual accounts.

On the recommendations of the 11th CFC, the CAG prescribed budget and accounting formats (eight[15]) in 2002. Subsequently, Model Accounting System (MAS)[16] issued in 2009 jointly by the MoPR and the CAG, was adopted by GoCG in 2010 for implementing in PRIs.

Audit noticed that the test-checked 23 PRIs (ZPs-7[17], JPs-16[18]) were maintaining only cashbook (Format IV) for recording transactions. However Annual Receipts and Payments Accounts (Format-I), Consolidated Abstract Register (Format-II), Monthly Reconciliation Statement (Format-III), Ledger book (Format-V), Register of Fixed Assets (Format-VI), Inventory (Stock)

[15] Bank reconciliation Statement, Balance sheet, Format of consolidated abstract, Format of demand and collection, Inventory register, Monthly /Annual Receipts and Payment Accounts, Format of Movable property, Statement/ Format of Receivable and Payable.

[16] (i) Annual Receipts and Payments Accounts (Format-I), (ii) Consolidated Abstract Register (Format-II), (iii) Monthly Reconciliation Statement (Format-III), (iv) Cash book (Format-IV), (v) Ledger book (Format-V), (vi) Register of Fixed Assets (Format-VI), (vii) Inventory (Stock) Register (Format-VII) and (viii) Register of Demand, Collection and Balance (Format-VIII)

[17] Kanker, Balod, Bemetra, Kondagaon, Dhamtari, Korea and Mahasamund

[18] Narharpur, Antagarh, Bhanupratappur, Dondi, Gurur, Bemetra, Saja, Kota, Bilha, Kurud, Magarload, Khadgawan, Baikunthpur, Makadi, Saraipali and Pithora

Register (Format-VII) and Register of Demand, Collection and Balance (Format-VIII) were not maintained for the period 2018-23 as per formats prescribed by the CAG's Model Accounting System.

In reply the State Government stated (July 2025) that the panchayats maintain accounts as per the *Chhattisgarh Panchayat* (Accounts) Rules, 1999. Instructions were issued via departmental letters in 2012 and 2015 and discussed in review meetings. Currently, annual accounts are being finalised and closed online through the *e-GramSwaraj* Portal.

Reply of the State Government is not acceptable as the reply does not address the issue regarding non-preparation of accounts of PRIs in the prescribed formats.

2.13.4 Audit of Panchayat Accounts by Chhattisgarh State Audit (CSA)

The Chhattisgarh Sthaniya Nidhi Sampariksha Adhiniyam, 1973, was enacted to make provision for, and to regulate audit of local funds under the control of local authorities in the State. The GoCG mandated the Directorate of Local Fund Audit (DLFA) as primary auditor for audit of accounts of PRIs, which shall work under the Technical Guidance and Support (TGS) of the Comptroller and Auditor General of India (CAG). In June 2020, it was renamed as CSA. As per Rule (3) of the *Chhattisgarh Panchayat Sampariksha Niyam*, 1997, audit of PRIs is required to be conducted every year.

The year-wise status of audit of accounts conducted by the CSA is shown in **Table 2.14** below:

Table 2.14: Status of Audit conducted by CSA

Year	No. of ZPs	No. of JPs	No. of GPs	Total No. of Audit Units[19]	No. of Units Audited (*per cent*)
2018-19	27	146	10,976	11,149	497 (4.45)
2019-20	27	146	10,978	11,151	175 (1.60)
2020-21	27	146	11,464	11,637	52 (0.44)
2021-22	27	146	11,664	11,837	30 (0.25)
2022-23	27	146	11,658	11,831	10,755 (90.90)

(Source: DLFA audit plan and progress reports)

It is evident from the table above that the CSA audited limited number of units from 2018-19 to 2021-22, though significant improvement was seen in 2022-23.

Reply from the CSA is awaited and the State Government also did not address this issue in its reply (July 2025).

2.13.5 Status of implementation of Panchayats (Extension to Scheduled Areas) Act (PESA), 1996

Article 243M of the Constitution of India provides that the Parliament may, by law, extend its provisions to the scheduled and tribal areas. PESA Act, 1996

[19] As per Administrative Report 2022-23, Total no. of PRIs as of March 2023 is 11,829 (ZPs-27, JPs-146, GPs-11,656)

mainly aims to preserve the traditions and customs of the people, their cultural identity, community resources and customary mode of disputes resolution, etc. by making GS and GP centres of self-governance. PESA empowers GSs in the scheduled areas with authority over natural resources, management of land and forests, approval of village development plans, and protection of community traditions and customs. The Act mandates that state laws in the scheduled areas align with tribal customs and ensures the direct involvement of Gram Sabhas in important decisions.

One-third of Chhattisgarh's population (31 *per cent*) is tribal and as per the Administrative Report 2022-23, its 16 districts[20] are listed in Schedule-V Area (PESA). Apart from this, five districts[21] partially fall in Schedule-V area.

Further, the GoCG, framed (August 2022) the "Chhattisgarh Panchayat Provisions (Extension to Schedule Areas) Rules, 2022" vide Chhattisgarh State Gazette No. 4879/PRDD/22/2022. Audit findings in this regard are discussed below:

2.13.6 Less allocation of funds to the PESA GPs

In view of the extremely low revenue base and poor infrastructure in PESA GPs, the second SFC recommended that a special allocation of ₹ two lakh shall be made for each PESA GP out of the total funds proposed to be transferred to PRIs, and the GoCG may continue the same dispensation as grant-in-aid for five years, i.e., 2012-17. The said recommendation was accepted by GoCG, as stated in the Action Taken Report and it continued the recommendation of the second SFC for the period 2018-20 also. However, the GoCG did not accept this recommendation in the third SFC period 2020-21 onwards.

The details of additional funds transferred to the PESA GPs are shown in **Table 2.15** below:

Table 2.15: Statement showing year-wise additional allocation to PESA GPs

(₹ in lakh)

Year	No. of PESA GPs	Recommended additional allocation per PESA GP	Recommended Total additional allocation	Actual additional allocation per PESA GP	Actual total additional allocation to PESA GPs	Shortfall against recommended additional allocation
2018-19	5,055	2	10,110	0	0	10,110
2019-20	5,055	2	10,110	2	10,110	0
2020-21	The GoCG did not accept the recommendation regarding special allocation of additional funds for PESA GPs in the Third SFC					
2021-22						
2022-23						

(Source: Records furnished by Director Panchayat)

[20] Sarguja, Jashpur, Korea, Kanker, Bastar, Dantewada, Kondagaon, Korba, Balrampur, Narayanpur, Bijapur, Sukma, Surajpur, Gaurela-Pendra-Marvahi, Mohla-Manpur-Ambagarh Chouki, Manendragarh-Chirmiri-Bharatpur

[21] Raigarh, Bilaspur, Gariyaband, Balod and Dhamtari

It is evident from the above table that the accepted allocation of ₹ two lakh per PESA GP was not adhered to in 2018-19. This resulted in a total shortfall in the transfer of funds amounting to ₹ 101.10 crore.

The State Government accepted (July 2025) that as per the recommendations of the second SFC, ₹ two lakh per GP was to be provided from the State's own resources as grants but due to budgetary constraints during 2018-20, this could not be ensured. However, the Government allocated ₹ 0.65 lakh per GP during 2020-23.

2.14 Manpower to discharge powers and responsibilities

Article 243G of the Constitution read with Section 69 of *CGPRA*, 1993 provides power to the State Government or authorised authority to appoint CEO/Additional CEO in ZP/JP and *Sachiv* (Secretary) in GP. This is to strengthen ZPs to act as local self-government, JPs as its chief executive units, and GPs as executive units to implement the schemes and execute works. Sections 49, 50 and 52 of the *CGPRA*, 1993 read with the Chhattisgarh Panchayat (Powers and Functions of Chief Executive Officer) Rules, 1995 and Gram Panchayat (Powers and Functions of Secretary) Rules, 1999, lay down the responsibilities of PRIs (CEO of ZPs/ JPs, other staff and Secretary of GPs) as shown in ***Appendix 2.5***. On scrutiny of records, audit noticed the following:

2.14.1 Inadequate functionaries in PRIs

Section 70 (2) of the *CGPRA*, 1993 read with Chhattisgarh Panchayat Service (Appointment and General Conditions of service) Rules, 1999, provides staff recruitment and conditions of service in ZPs and JPs. CEO, ZP, is the appointing authority for Class III and IV posts with the prior approval of the Selection Committee of ZP, and for Class I and II posts with the prior approval of the General Body of the ZP. CEO, JP, is the appointing authority for Class III and IV posts with the prior approval of the Selection Committee of JP, and Class II posts with the prior approval of the General Body of the JP. Further, CEO, ZP is the appointing authority of *Sachiv* in GPs.

As per these provisions, the responsibility assigned to PRIs would be discharged by the staff sanctioned for the purpose. The effective functioning of PRIs is contingent on adequate deployment of sanctioned staff across the Directorate, ZPs/ JPs/ GPs in the state.

Audit observed that there was a significant gap between sanctioned and working strength, as shown in **Table 2.16** below:

Table 2.16: Statement showing sanctioned and working strength in PRIs

Name of PRI	Sanctioned Post	Men in position	Vacancy (*per cent*)
Directorate	41	22	19 (46)
ZPs/JPs	2,219	850	1,369 (61)
GPs	11,656	10,378	1,278 (11)

(Source: Records furnished by the Director Panchayat)

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. Post-wise vacancy details at the Directorate and ZPs/JPs level are shown in ***Appendix 2.6***.

To address this acute shortage and to maintain continuity of operations, the Directorate Panchayat/ZPs/JPs engaged contractual staff. Further, 10,378 *Sachivs* were deployed against 11,656 sanction posts with shortfall of 1,278 *Sachivs* in GPs.

The State Government accepted and stated (July 2025) that recruitment in ZPs/JPs was done time-to-time with the approval of the Finance Department and vacancy details are regularly sent for the creation of new posts. Further, after approval of Finance Department, the vacant posts of GP *Sachivs* would be filled.

Reply of State Government confirms that essential records and registers such as Bank Reconciliation Statement, Register of Grants, Register of Annual Rent, Rates and Taxes, Register of Fines and Penalties, Receipt Book, Bank Register, Register of Immovable Properties, and key financial statements including Receipt and Disbursement Accounts, Income and Expenditure Accounts, and Balance Sheet were not being prepared due to shortage of manpower/functionaries.

2.15 Monitoring Mechanism

Monitoring at every level of government is essential for effective implementation of plans, schemes and programmes. Audit scrutiny revealed the following:

2.15.1 Preparation of Rosters and Inspections conducted

As per Section 84 of the *CGPRA*, 1993, read with Chhattisgarh Panchayat (Inspection of Proceeding) Rules, 1995, the Sub-Divisional Officer, Collector, Commissioner/ Director Panchayat, District Auditor Panchayat or other officers duly authorised by the GoCG, are responsible for inspecting the proceedings and functioning of PRIs. Such inspections are required to be conducted at least once every year as per a roster and may also be undertaken on a surprise basis.

In the test-checked GPs/JPs/ZPs, neither the Inspection Roster nor the Inspection Reports were made available to Audit. In the absence of proper records, audit could not verify whether inspections were actually carried out.

The State Government accepted (July 2025) that the Senior Internal Audit and Taxation Officer, along with the District Auditor, Panchayat, is authorised to inspect GPs; however, due to a shortage of human resources and disruptions caused by COVID-19, inspections were not conducted.

2.16 Ancillary issues

2.16.1 Status of Development Plans in PRIs

The purpose of a GPDP is to enable participatory and need-based planning at the village level by engaging all stakeholders in aligning people's priorities with available resources. It aims to activate Panchayats as effective local governments, mobilise community participation in decision-making to provide a structured platform for assessing local needs, identifying development gaps, and setting clear goals for village progress. Through convergence of multiple schemes and departmental efforts, the GPDP ensures optimal utilisation of resources, integrated planning, and collective action to realise the community's vision for holistic and sustainable development.

In accordance with the recommendations of the 14th CFC, the MoPR, GoI made it mandatory for GPs to prepare GPDP to use funds effectively. The MoPR circulated first guidelines in 2015 for this purpose and accordingly, the GoCG made state specific guidelines in 2018. In view of contemporary developments and the need for comprehensive GPDP, the MoPR issued revised guidelines for GPDP in 2018. As per the guidelines, at the state level, an empowered committee should be constituted. GPs need to prepare a comprehensive plan keeping in mind the resources and annual action plan for the current year. The GPDP should be approved by the GS and uploaded on *e-GramSwaraj* portal and sent to JP. In turn, JP will consolidate all GPDPs as BPDP and send it to ZP for preparation of DPDP. In this process of development planning, those projects and activities which are to be implemented in more than one PRI area and which can be implemented by higher level of PRI because of its higher institutional capacity and technical competency, it may be referred to the JP/ZP as the case may be. ZPs were made responsible for regular monitoring of implementation of GPDPs.

Audit scrutiny of files, minutes of the GS of test-checked GPs and ZPs/JPs related to the preparation and approval revealed:

- All the test-checked 85 GPs prepared GPDP for the grants received under the 15th CFC and uploaded in *e-GramSwaraj*, however GPDPs were not compiled at the JP level.
- BPDPs were prepared by only nine[22] test-checked JPs without consolidation of GPDPs and uploaded in *e-GramSwaraj*, however BPDPs were not compiled at ZP level.
- DPDPs were prepared by only six[23] test-checked ZPs and uploaded in *e-GramSwaraj*.

The State Government replied (July 2025) that under GPDP, action plans for 29 functions are integrated with funds from the 15th CFC, GPs own revenue, and central schemes like MGNREGA, SBM, and National Rural Livelihoods Mission. These plans, approved by the GS, are not forwarded to JP or ZP. Further, ZPDP and JPDP, initiated in 2020-21, are being prepared through convergence based on local needs.

However, reply is not acceptable as no supporting document has been furnished regarding preparation of plans through convergence based on local needs.

22 Antagarh, Bhanupratappur, Dondi, Gurur, Kondagaon, Narharpur, Saja, Pithora and Saraipali

23 Balod, Bilaspur, Dhamtari, Kanker, Kondagaon and Mahasamund

2.16.2 Functioning of Chhattisgarh State Level Panchayat and Planning Expert Group

In compliance with the instructions issued by MoPR, GoI[24], at the state level, an empowered committee "Chhattisgarh State Level Panchayat and Planning Expert Group (CSLPPEG)", was constituted[25].

The objective of CSLPPEG was to focus on increase in own revenue sources by GPs, increase human resource support of GPs, delegation of functions and officials to GPs, empowerment of SEC, empowerment of SFC, arrangement for empowerment of JPs and ZPs, awards for individuals/panchayats doing excellent work, improve the accountability of panchayats through social audit, improve the quality of accounting and financial system, make audit more effective, empower DPC and develop a process for district planning, etc.

During scrutiny of records of the Director, Panchayat, Chhattisgarh, it was found that the meeting of CSLPPEG was held only once during 2018-19 to 2022-23. Further, during this period, no recommendation/guidance was offered by the expert group, Hence, no Action Taken Report was presented.

The State Government accepted (July 2025) that the CSLPPEG meeting was held only once during 2018-19 to 2023-24. The meetings will be conducted regularly in the coming years.

2.16.3 Non-preparation of Administrative Reports by PRIs

As per Section 73 of the *CGPRA*, 1993 read with the Chhattisgarh Janpad Panchayat and Zila Panchayat (Annual Accounts and Administrative Report) Rules, 1998, and Chhattisgarh Gram Panchayat (Annual Accounts and Administrative Report) Rules, 1998, JPs, ZPs and GPs are required to maintain proper financial records and prepare Annual Administrative Reports, which must be placed before the General Body for approval. Further, the Administrative Reports are required to be approved by the PRI and submitted to the concerned authority by 30th June (JPs and ZPs) and 1st June (GPs) every year.

The report shall include a total of 18 statements showing the receipts, budget estimates, grants received and disbursed, budget estimates and the reasons for variation, financial targets and achievements of the schemes, details of works and schemes executed during the year, loans received and payments, movable assets and liabilities, general information about PRIs, details of members, details of SCs, Committees constituted for specific purposes, details of meetings, and details of compliance of Inspection/Audit Report, etc.

In test-checked PRIs, Audit noticed that none of the ZPs/JPs/GPs prepared Administrative Reports during the period 2018-23.

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24 Vide D.O. No. N-11011/2/2015-PRI, dated 30 November, 2015 of the MoPR, GoI instructions were given by the GoI to prepare a roadmap for the PRIs of the States and to constitute "Chhattisgarh State Level Panchayat and Planning Expert Group (CSLPPEG)" under the GPDP.

25 Vide order No. /Panchayati Vidhya /14th Finance /GPDP-MDG/111/2016/643, dated 17-2-2016 has been issued regarding the formation of CSLPPEG under the GPDP at the state level.

The State Government stated (July 2025) that GP/JP/ZP (Annual accounts and Administrative Report) Rules, 1998 are in effect under which annual accounts are prepared by the Panchayats. Presently, the preparation, verification, and closing of these accounts are being done online through the *e-GramSwaraj* portal.

Reply of the State Government is not acceptable as it does not address the issue related to non-preparation of administrative reports.

2.16.4 Constitution and working of Standing Committee

Section 46 (1) of the *CGPRA*, 1993 read with sub-Rule (3) of the Chhattisgarh State, Standing Committees (Standing Committees Procedure) Rules, 1994, provides for the constitution of five SCs at GP level.

Further, Section 47 of the *CGPRA*, 1993 provides for constitution of five SCs at ZP/JP level from among their elected members.

The details of SCs are shown in following **Table 2.17**:

Table 2.17: Responsibilities of Committees constituted in GP/JP/ZP

Name of PRI	Name of Committee to be constituted	Responsibilities of Committees
GP	a) General Administrative Committee	To deal with the administration of the GP, establishment and services, approval of construction in the GP area, budget, accounts, taxation and other financial matters, food and civil supplies, and all other matters assigned to the GPs and not allocated to any other Committee.
	b) Construction and Development Committee	Planning, management, implementation and supervision of all construction works in the area of the GP, planning of layout, budgeting and implementation, all types of schemes and programmes, improvement of communication, special emphasis on development of village cottage and khadi industries, gardens and parks especially for women and children, proposal of own projects for future construction, rural electrification, public health engineering.
	c) Education Committee, Health and Social Welfare Committee	Inspection of all schools, adult education, aanganwadi, balwadi and promotion and inspection of all welfare schemes including social security, pension, vaccination and family planning programmes and inspection of health and family welfare schemes and health centres in the GP area.
	d) Agriculture Committee, Animal Husbandry and Fisheries Committee	Agriculture, land development and conservation, improved seeds, horticulture, dairy, fisheries, minor irrigation, labour, revenue, forest, social forestry, gardens, development of minor forest produce and other forestry programmes
	e) Revenue and Forest Committee	
ZP/JP	a) General Administration Committee	For all matters connected with establishment and service of JP and ZP administration, Integrated Rural Development Programme Planning, Budget, Accounts, Taxation and other financial matters and subjects not covered by the functions allotted to any other committee.
	b) Agriculture Committee	For agriculture, animal husbandry, power, reclamation including soil conservation and contour bunding and fisheries compost manuring, seed distribution and other matters connected with development of agriculture and live-stock

	c) Education Committee	For education including adult education, social welfare of the disabled and the destitute, women and child welfare, removal of untouchability, relief of distress caused by Hoods, drought, earthquakes, hailstorm, scarcity, locust worms and other such emergencies, temperance or prohibition, health and sanitation, tribal and harijan welfare
	d) Communication, Works Committee	For communication, minor irrigation, rural housing, rural water supply, drainage and other public works.
	e) Cooperation and Industries Committee	For co-operation, thrift and small savings, cottage and village industries, markets and statistics

During scrutiny of records related of the constitution of SCs and minutes of the meetings of SCs in test-checked 85 GPs, eight ZPs and 17 JPs, audit observed the following:

1. **GPs -** No records were maintained for the constitution of committees, though, the total number of meetings held by 85 GPs during 2018-23 was 143 against the stipulated 25,500 meetings[26]. Further, no records were maintained regarding minutes of meetings. Details of GP-wise meetings held are given in ***Appendix 2.7.***

2. **ZPs/JPs -** During the period 2018-23, eight ZPs, formed all the mandated five SCs, but conducted only 201 meetings against the stipulated 2,400 meetings[27]. Moreover, 17 JPs formed all the mandated five SCs, but conducted only 496 meetings against the stipulated 5,100 meetings[28]. The JP-wise and ZP-wise details of formation of SCs and meetings are given in ***Appendix 2.8.***

The State Government accepted (July 2025) that as per the Act, SCs have been constituted at the JP, GP and ZP levels, and meetings are convened from time to time. However, due to lack of quorum and other unavoidable reasons, these meetings are not being held regularly as scheduled. In this regard, directions for compliance were issued in June 2025.

2.17 Conclusion

Audit noticed that the objective of 73rd CAA and *CGPRA*, 1993 to strengthen the PRIs to make devolution of power and responsibilities to PRIs to ensure their effective role in developmental activities and local self-governance could not be achieved due to following reasons:

- Although 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.

- Institutional mechanisms were also weak. Vacancies in key posts of ERs, non-conduct of SC meetings within prescribed timelines, and Gram Sabha meetings being held without the required quorum indicated inadequate governance oversight. Decentralised planning remained ineffective due to non-conduct of DPC meetings. Annual accounts were not prepared by GPs,

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26 85 GPs *5 committee *5 Years* 12 meeting per year = 25,500
27 8 ZPs *5 committee *5 Years* 12 meeting per year = 2,400
28 17 JPs *5 committee *5 Years* 12 meeting per year = 5,100

JPs, and ZPs in the prescribed formats. Audit coverage by the Chhattisgarh State Audit was significantly below the total number of PRIs during 2018-22.

- ❖ The devolution of funds to PRIs was deficient, as transfers from the SOTR remained consistently below the levels recommended by the SFC, resulting in a cumulative shortfall of ₹ 3,243.46 crore during the five-year period (2018-23). Further, assigned revenues such as land revenue, cess on land revenue and excise surcharge were also not transferred to PRIs.
- ❖ The capacity of PRIs to discharge their responsibilities was adversely affected due to a significant shortage of staff at the ZP and JP levels.

2.18 Recommendations

Based on the audit findings and conclusions drawn, audit recommends the following:

1. *The State Government may consider issuing a comprehensive executive order to formalise devolution of funds, functions and functionaries (3Fs) to PRIs and ensure completion and periodic updation of activity mapping of the 29 subjects under the 11th Schedule to enable effective decentralisation.*
2. *The State Government may strengthen the institutional mechanisms by ensuring regular oversight over conduct of Gram Sabha meetings and DPC meetings to promote participatory democracy at the grassroots level. Further, timely preparation and finalisation of annual accounts by PRIs in the prescribed formats may be ensured to enhance financial transparency and monitoring of fund utilisation.*
3. *The State Government may ensure transfer of State Own Tax Revenue in accordance with the SFC recommendations and transfer of other assigned revenues to PRIs as mandated, to ensure effective fiscal devolution.*
4. *The State Government may take steps to fill vacant sanctioned posts in ZPs and JPs to strengthen administrative capacity and supervision of GPs.*