

CHAPTER-3

DUTIES AND RESPONSIBILITIES OF LOCAL BODY INSTITUTIONS

3.01 Introductory

3.01.01 Article 243-G and 243-W of the Constitution of India, introduced by the 73rd and 74th Amendments effective from 24th April 1993 and 1st June 1993 respectively, provides that the legislature of a State may, by law, endow the Panchayats and Municipalities with such powers and authority as may be necessary to enable them to function as institutions of self government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats and Municipalities at the appropriate level, subject to such conditions as may be specified therein, with respect to -

- (a) The preparation of plans for economic development and social justice.
- (b) The implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh and Twelfth Schedule.

3.01.02 The Eleventh and Twelfth Schedule of the Constitution of India, which identify 29 and 18 items of community welfare, and development that may be entrusted to Panchayati Raj Institutions and Urban Local Bodies are reproduced in Annexure-1 at the end of this chapter.

3.02 State Enactments

3.02.01 The 73rd and 74th Constitutional Amendments leave implementation of many of the provisions to the discretion of the State. The new Acts replacing old ones or amending their respective Acts to give effect to the amendments are yet to be introduced by the State of Uttarakhand.

3.02.02 As laid down in the 73rd and 74th Constitutional Amendment, the State Acts provide for setting up of Finance Commission and Election Commission for regulating the finances of and elections to Panchayats at the three levels, respectively.

3.03 Powers, Duties and Responsibilities

73rd and 74th Amendment Acts enable Panchayats and Municipalities to exercise exclusive power to administer by and large, the matters set out in the Eleventh and Twelfth Schedule of the Constitution. The activities of each PRI and ULB will be confined to the areas falling under its jurisdiction.

3.04 Funding Arrangements

- 3.04.01** District Rural Development Agency(DRDA) is the nodal agency for receiving Plan Funds and Grants from State and Central Government and other sources and for distributing them among other PRIs. In respect of ULBs the grants are made available to each of the ULB directly by the Government.
- 3.04.02** In the case of centrally sponsored schemes, funds are usually transmitted by Government of India direct to each PRI and ULB implementing the scheme. Likewise, State share of the funds for such schemes is transferred to each PRI and ULB directly in accordance with the prescribed procedures.
- 3.04.03** PRIs and ULBs are empowered to raise funds through taxes, cess, fees, fines etc., but generally, the magnitude of revenues generated on this account is small. Hence, PRIs and ULBs are heavily dependent on grants, and loans from the Government for performing their functions.
- 3.04.04** Untied or general purpose grants (for example, for maintenance, staff salaries and non-plan expenditure) as well as funds and grants for specified schemes and purposes are released to PRIs and ULBs by the Government. In the latter case, utilization certificates are required to be furnished by PRIs and ULBs. Similarly, loan schemes are also transferred to PRIs and ULBs for disbursing loans to beneficiaries, for forwarding utilization certificates and for recovering and accounting for loans as prescribed. Three flow Charts indicating the processes of transferring funds to PRIs and ULBs is given in Annexure-2(i,ii&iii) at the end of this chapter.
- 3.04.05** In Uttarakhand State funds received by PRIs and ULBs are kept in a Personal Ledger Account (PLA) at the treasury and transactions are made through that Account. Many scheme funds are kept by PRIs and ULBs in separate Bank Accounts for each scheme as laid down in scheme guidelines.

3.05 Accounting System

- 3.05.01** The State Acts and the Finance and Accounts Rules or orders issued under the State Acts lay down accounting procedures to be followed by the Local Bodies regarding their financial transactions. It also lays down the forms of original and subsidiary books of accounts required to be maintained by them and the forms of accounts statements and returns to be rendered by them periodically.
- 3.05.02** A representative list of books of accounts and statements of accounts required to be maintained by each local body and the returns to be submitted to other authorities is given at Annexure-3 at the end of this

Chapter.

- 3.05.03** Budget: The manner in which and by whom Annual Financial Statements (Budgets) of local bodies are to be prepared, the authorities competent to accord approval to them, how budgetary control is to be exercised at different levels and allied matters are laid down in the State Acts.
- 3.05.04** Consequent to the Guidelines issued by Ministry of Finance for utilization of grants, the CAG. of India has prescribed uniform accounts and budget formats for local body and these are in the process of adoption by Uttarakhand State Government with some modifications to suit local conditions.

ANNEXURE-1
(Referred to in Paragraph 3.01.02)

Eleventh Schedule (Article 243-G)

1. Agriculture, including agricultural extension.
2. Minor irrigation, water management and watershed development.
3. Rural housing.
4. Drinking water.
5. Poverty alleviation programme.
6. Education, including primary and secondary schools.
7. Adult and non-formal education.
8. Libraries.
9. Cultural activities.
10. Health and sanitation, including hospitals, primary health centres and dispensaries.
11. Family welfare.
12. Women and child development.
13. Social Welfare, including welfare of the handicapped and mentally retarded.
14. Public distribution system.
15. Land improvement, implementation of land reforms, land consolidation and soil conversion.
16. Animal husbandry, dairying and poultry.
17. Fisheries.
18. Social forestry and farm forestry.
19. Minor forest produce.
20. Small scale industries, including food processing industries.
21. Khadi, village and cottage industries.
22. Fuel and fodder.
23. Roads, culverts, bridges, ferries, waterways and other means of communication.
24. Rural electrification, including distribution of electricity.
25. Non-conventional energy sources.
26. Technical training and vocational education.
27. Markets and fairs.
28. Welfare of the weaker section and in particulars, of the Scheduled Castes and the Scheduled Tribes.
29. Maintenance of community assets.

Note: Government of Uttarakhand, through executive orders, has transferred only 14(1-14)functions (subjects) of 11 departments to all tiers of panchayats in 2004-05 and remaining 15(15-29) are still with the state Government.

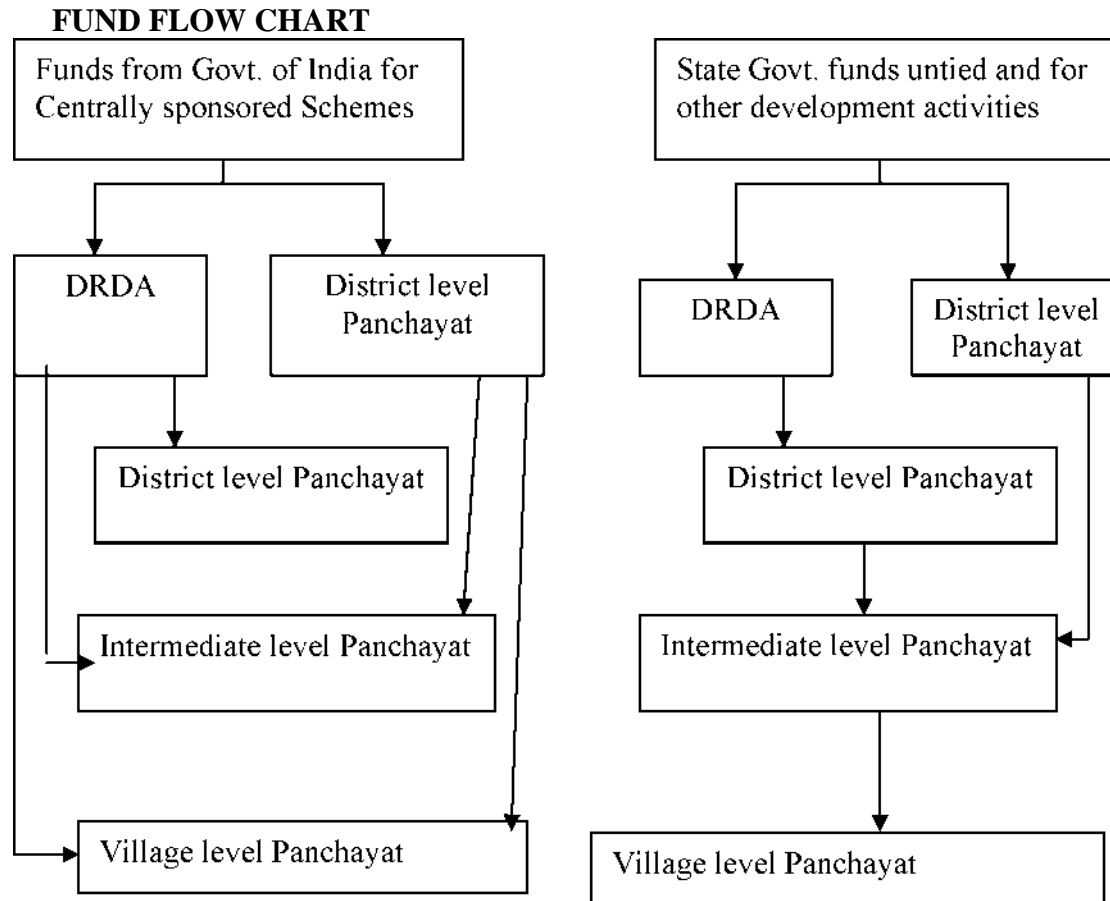
Twelfth Schedule (Article 243-W)

1. Planning for economic and social development.
2. Water supply for domestic, industrial and commercial purposes.
3. Public health, sanitation conservancy and solid waste management.
4. Urban forestry, protection of the environment and promotion of ecological aspects.
5. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.
6. Slum improvement and up-gradation.
7. Urban poverty alleviation.
8. Provision of urban amenities and facilities such as park gardens, playgrounds.
9. Burials and burial grounds; cremations, cremation grounds and electric crematoriums.
10. Cattle ponds; prevention of cruelty to animals.
11. Vital statistics including registration of births and deaths.
12. Public amenities including street lighting, parking lots, bus stops and public conveniences.
13. Regulation of slaughter houses and tanneries.
14. Urban planning including town planning .
15. Regulation of land-use and construction of buildings.
16. Roads and bridges.
17. Fire services.
18. Promotion of cultural, educational and aesthetic aspects.

Note: The State Government has enacted laws for devolving 13(Sr.no.1-13) functions out of 18 Devolution of remaining five functions was under process.

ANNEXURE-2(i)

(Referred to in Paragraph 3.04.04)



Note: Funds are to be kept in Authorized Bank Account for each scheme and Expenditure incurred there from.

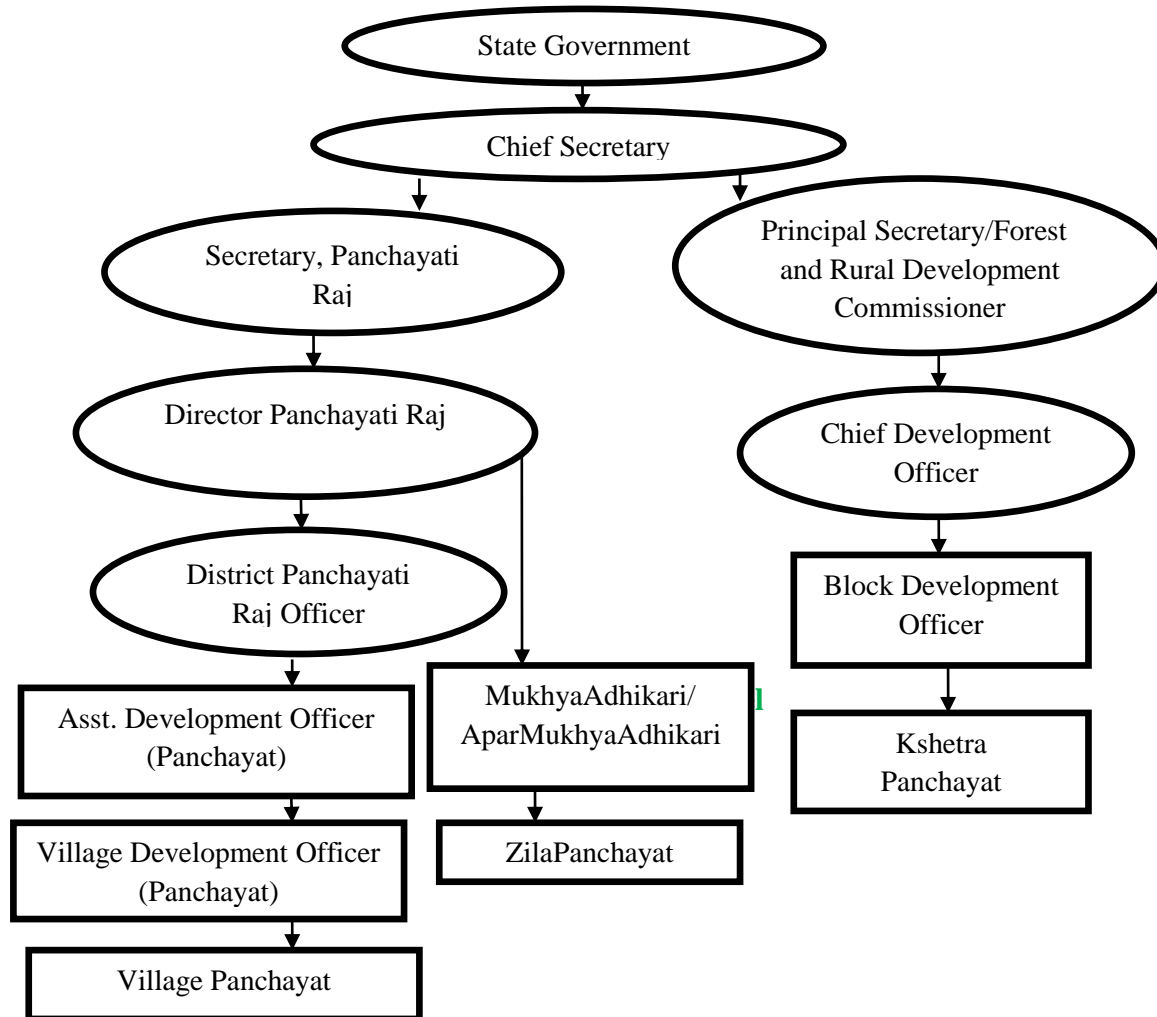
Note: Funds are to be kept in treasury in P.L Account or drawn from treasury on presentation of bills or operated through Bank Accounts as prescribed.

Different units of Urban Local Bodies receive funds direct from Central Government or State Government as the case may be.

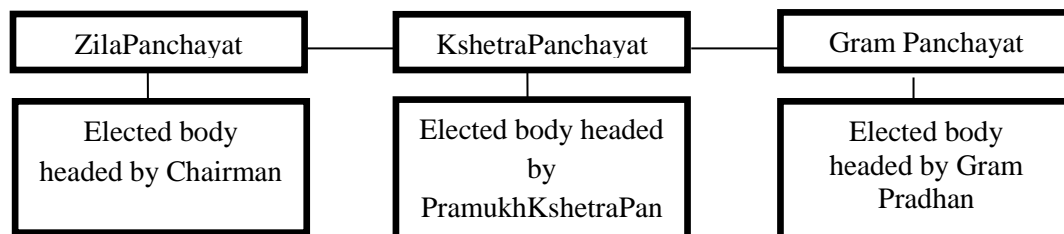
ANNEXURE- 2(ii)

Organizational Structure of Panchayati Raj Institutions in Uttarakhand

(i) Executive Level



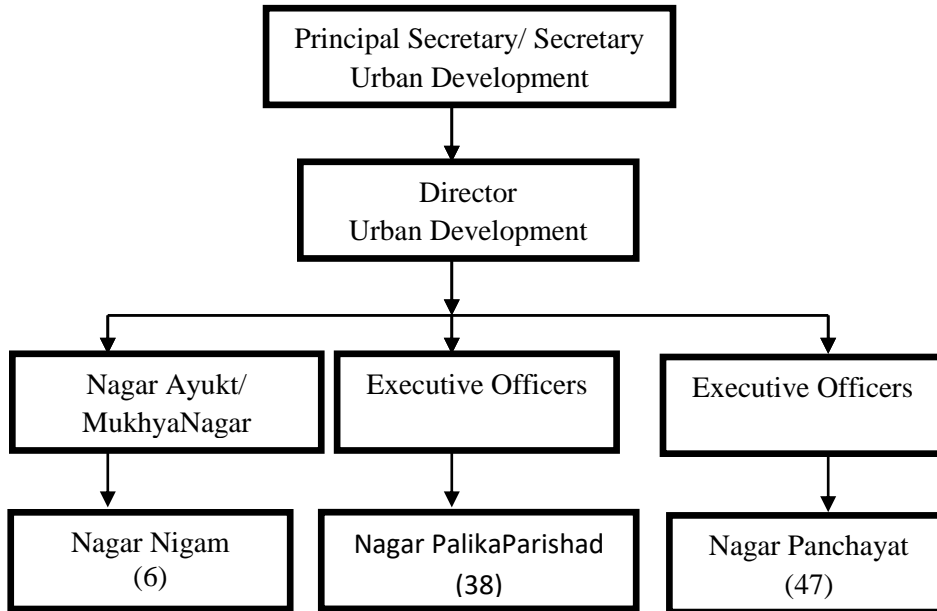
(ii) Elected level



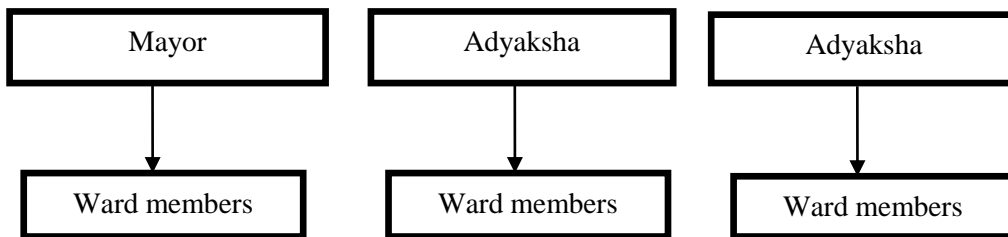
ANNEXURE 2-(iii)

Organizational Structure of Urban Local Bodies

(i) Executive Level



(ii) Elected Level



ANNEXURE 3

(Referred to in Paragraph 3.05.02)

1. Cash Book, Stock Books of receipts, Cheques, License forms, Receipt books, Cheque books, Remittance Register/Challans.
2. Bill Register, Acquaintance Register, Deductions Register, Undisbursed pay and allowances, Sanction of increments, Last pay certificates, Scale Register Travelling allowances, Advances, Register of contingent charges, Abstract contingent bill register, Register of subsidies, progress of expenditure, Service Register of employees, Registers of Pension and Leave salary contributions.
3. Daybook of receipts, D.C.B. statements, Assessments, Remissions and write-off, Refunds, fines & Penalties.
4. Stock/Asset Registers of Consumable articles, immovable articles, Agreements, Forms, Stamps, Logbook of vehicles, dead Stock, Library, Roads, Lands, Wells, Streetlights.
5. Grants, Loans, imprest, Advances, Deposits, Budget, Securities, Appropriations, Investments, Schemes, Internal audit, Authorisations, Utilisation Certificates, Assets and completion report.
6. Receipt schedules, Payment schedules, Compilation sheet, Deduction statements, Proof sheet of compilation of Treasury transactions, Transfer entries, Classified abstracts, Register of cheques issued, Consolidated abstract, Monthly statement of accounts, Plus and minus memoranda, Annual statement of accounts, Reconciliation statements, Expenditures, Execution of works Estimates Authorisations, Tenders.
7. Data of beneficiaries Cattle impounded, Work allotment, Progress of work etc.
8. Register of Audit objections.
9. Any other Registers of Accounts prescribed under relevant Rules or orders issued by competent authority.