

PREFACE

1. This report has been prepared for submission to the Government of Himachal Pradesh in accordance with the terms of Technical Guidance and Supervision (TGS) over the audit of accounts of Panchayati Raj Institutions (PRIs) by the Comptroller and Auditor General of India as envisaged by the Eleventh Finance Commission.
2. Chapter-I of the report contains a brief introduction on the functioning of the PRIs alongwith observations regarding devolution of Funds, Functions & Functionaries to them. Chapter-II of the report deals with the observations on transaction audit arising out of inspections of PRIs.
3. The cases mentioned in the report are among those which came to notice mainly in course of test check of accounts of 289 Panchayati Raj Institutions conducted during the year 2008-09. Matters relating to the period subsequent to 2007-08 have also been included, wherever necessary.

OVERVIEW

The Report contains two chapters. The first chapter contains a brief introduction on the functioning of the PRIs alongwith observations regarding devolution of Funds, Functions & Functionaries to them and chapter-II deals with the observations on transaction audit arising out of inspection of PRIs. A synopsis of the findings contained in the Report is presented in this overview.

An overview of the Accounts and Finances of Panchayati Raj Institutions.

- ❖ The District Planning Committees responsible for consolidation of the development plans formulated by the PRIs were not functional in ten districts out of twelve districts.
(Paragraph 1.5)
- ❖ The prescribed standard format for budget and accounting system has not been adopted by the State Government.
(Paragraph 1.6)
- ❖ The State Government had not devolved three functions out of 29 functions and activity mapping has not been finalized for the devolved functions.
(Paragraph 1.11.1 & 1.11.2)
- ❖ Lack of knowledge about incentive funds and clarity about the implementation of the scheme had deprived the Gram Panchayats from additional resource mobilisation.
(Paragraph 1.13.3)
- ❖ Expenditure of Rs. 3.13 crore was incurred on works by the PRIs without preparation and sanctioning of budget estimates.
(Paragraph 2.1)
- ❖ There were un-reconciled differences of Rs. 191.85 lakh in cash books and bank accounts of PRIs.
(Paragraph 2.3)
- ❖ Eleven GPs did not take any action to recover/adjust the outstanding advances of Rs. 4.98 lakh.
(Paragraph 2.5)
- ❖ Funds amounting to Rs.24.59 lakh earmarked for minor irrigation schemes remained un-utilised in PLA
(Paragraph 2.6)
- ❖ PRIs did not spend the prescribed SGRY funds of Rs. 43.58 lakh for the benefit of SC/ST living Below Poverty Line
(Paragraph 2.7)

- ❖ Non-utilisation of funds by the PRIs delayed the release of subsequent instalment from GOI amounting to Rs. 75.83 lakh.
(Paragraph 2.8)
- ❖ ZP Hamirpur and Bilaspur retained un-utilised funds to the tune of Rs. 11.88 lakh.
(Paragraph 2.9)
- ❖ Non-finalisation of sites by the Panchayats resulted in non-construction of Panchayat Ghars besides non-utilisation of Rs. 72.00 lakh.
(Paragraph 2.10.1)
- ❖ Failure of Zila Parishad to finalise the site for the construction of Zila Parishad Bhawan Shimla resulting in blocking of funds of Rs. 52.00 lakh.
(Paragraph 2.10.2)
- ❖ PRIs failed to complete the works within stipulated period resulting in unfruitful expenditure of Rs. 42.68 lakh.
(Paragraph 2.11)
- ❖ Employment opportunities of 15000 mandays were denied due to incurring of expenditure on material component in excess of prescribed limit under SGRY scheme.
(Paragraph 2.12)
- ❖ Fictitious payments were noticed due to depiction of same labourer in the Muster Rolls at two places at the same time.
(Paragraph 2.14)
- ❖ PRIs failed to realize the revenue to the extent of Rs. 18.56 lakh on account of rent of shops, house tax and installation charges of mobile towers.
(Paragraphs 2.15, 2.16 & 2.17)
- ❖ TFC funds of Rs. 13.46 crore were not utilized.
(Paragraph 2.19.3)
- ❖ Funds amounting to Rs.2.23 crore earmarked for water supply and sanitation schemes under TFC were diverted to other schemes
(Paragraph 2.19.4)

CHAPTER-1

ACCOUNTS AND FINANCES OF THE PANCHAYTI RAJ INSTITUTIONS

1.1 Introduction.

1.1.1 Panchayati Raj Systems (PRS) in Himachal Pradesh has been established in 1954 under the provisions of the Himachal Pradesh Panchayati Raj Act (HPPRA), 1952. In November 1966, the hilly areas of Punjab were merged with this State. In the merged area, a three tier¹ PRS was in existence, whereas two tier² system was prevalent in the old area of the State. In order to bring about a uniformity in the PRS of the old and the newly merged areas, HPPRA, 1968 was enacted in November 1970 and two tier system was established throughout the State and judicial functions were also transferred to Gram Panchayats.

In order to give effect to the 73rd Constitutional amendment, 1992 and to establish a three-tier Panchayati Raj Institution (PRI) system in the state, revised HPPRA was enacted in 1994 repealing all existing Acts. Twelve Zila Parishads (ZPs), 75 Panchayat Samities (PSs) and 3243 Gram Panchayats (GPs) were created in the state. The representatives of PRIs are elected after every five years. The last general election was held in December, 2005.

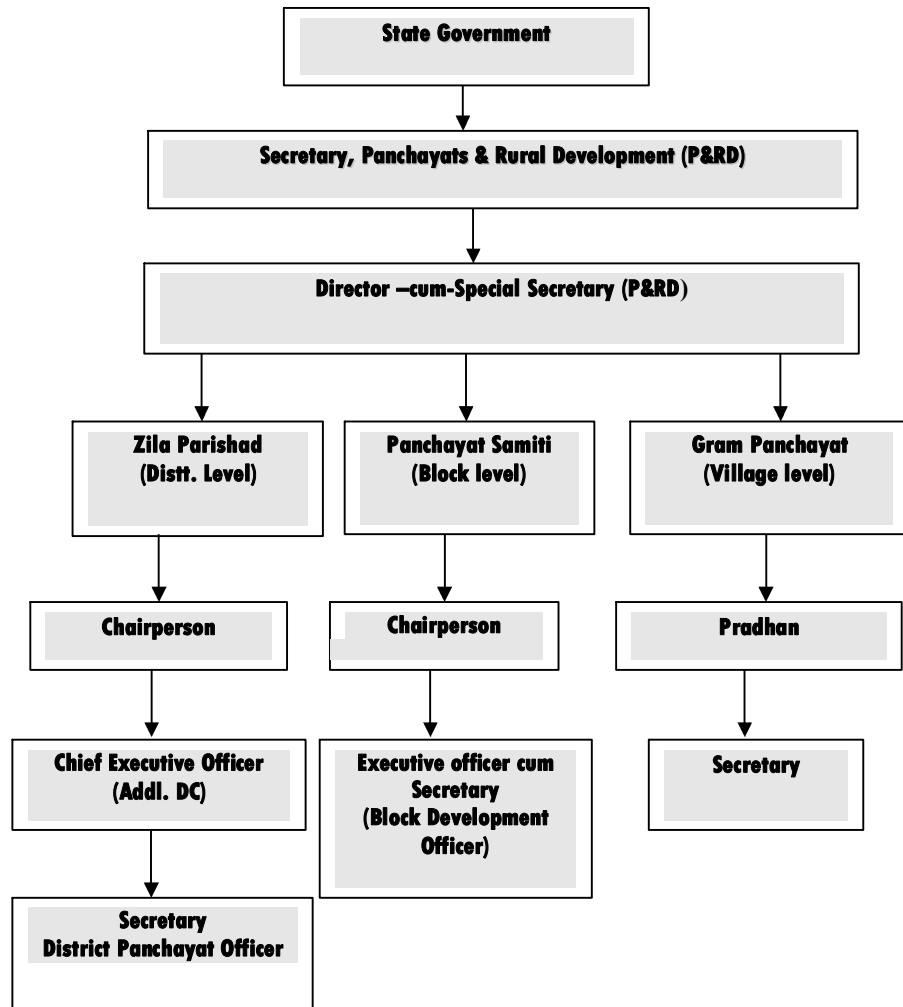
1.1.2 The Eleventh Finance Commission (EFC) had recommended exercising control and supervision over maintenance of accounts of PRIs at all three tiers and their audit by the Comptroller and Auditor General of India (CAG). Consequently the State Government entrusted Technical Guidance & Support (TGS) over the accounts and audit of PRIs to the CAG of India vide an executive order (December, 2003) according to which the Accountant General's office now Principal Accountant General (PAG) will be at liberty to conduct audit of such number of PRIs in such manner as it deemed fit. Proper notification in this regard is still awaited from the State Government.

¹ Gram Panchayat, Panchayat Samiti and Zila Parishad.

² Gram Panchayat and Panchayat Samiti.

1.2 Organizational Set up.

The organogram given below depicts the organizational structure of the department and the PRIs at the ZP, PS, and GP level:



The Chairman heads both ZP and PS whereas the Pradhan heads GP.

1.3 Sources of Funds.

Execution of various developmental works is carried out with funds provided by the Government of India and State Government and the revenue earned by the PRIs out of their own resources such as house tax, rent from shops/stalls, service fee and fee for issue of fishing licenses, tehbazari³ etc.

³ Small Khokhas/shops given on rent.

The following table shows the financial position of PRIs for the last three years:-

(Rs. In lakh)

Years	Receipts						Expenditure		
	State Govt.	Central Govt.	Own Revenue	Loans	Other revenue	Total	Capital	Revenue	Total
2005-06	10650.23	7611.43	588.38	1.00	538.01	19389.05	12796.11	6592.94	19389.05
2006-07	12337.32	8078.57	610.73	11.00	554.15	21591.77	14231.05	7360.72	21591.77
2007-08	14101.82	8792.42	633.81	20.00	570.77	24118.82	16000.10	8118.72	24118.82

(Source-Director (PR))

1.4 Audit Coverage.

Audit of accounts of 6 ZPs (out of 12), 25 PSs (out of 75) and 289 GPs (out of 3243) was conducted for the year 2007-08 **(Appendix-1)**. The important audit findings are discussed in the succeeding paragraphs.

1.5 District Planning Committees.

As per Article 243-ZD of the Constitution, District Planning Committees (DPCs) are to be constituted by the State Governments so as to consolidate the development plans formulated by the local bodies. The State Government had constituted *(May 2006)* the DPCs in all the districts. However these are functional only in two districts of Chamba and Sirmour. Director PRI stated (May 2009) that the DPCs would be made functional in remaining districts also after finalization of activity mapping for funds, functions and functionaries. The district planning could not be effective as the DPCs were not functional.

1.6 Accounting arrangements.

The EFC had recommended exercising control and Supervision over maintenance of accounts of all three tiers of PRIs by the CAG. The CAG has prescribed standard formats for budget and accounting system, but the State Government has still not adopted these formats. The Director Panchayati Raj stated (March, 2009) that matter regarding adoption of budget & accounts formats prescribed by the CAG was under process.

1.7 Database of PRIs.

As per recommendation of Eleventh Finance Commission (EFC), specific grants provided by the Government of India were to be utilised for the development of database on finances of PRIs at District/State level. For this purpose the data was to be collected and compiled in standard formats prescribed by the CAG. Although the database has not been maintained, Rs. 7.99 crore has been spent (upto March 2007) by the department for purchase of articles/materials such as computers, printers, furnitures and

LAN cabling etc. for supplying to PRIs for this purpose. Director, Panchayati Raj stated (May 2009) that the department had computerized all ZPs and PSs and 2370 GPs, the rest of GPs shall be computerized during 2008-09. Though the computers have been supplied in the above ZPs, PSs and GPs , yet the requisite data required for maintenance of accounts in the formats prescribed by the CAG has not been generated by the concerned PRIs which was essential for strengthening accountability and transparency of PR institutions.

1.8 Internal Audit.

Sub-Section (I) of section 118 of the Himachal Pradesh Panchayati Raj Act, (HPPRA) 1994 provides that there will be a separate and independent Internal Audit Agency under the control of the Director, Panchayati Raj to audit the accounts of PRIs with a view to having proper financial control on income and expenditure. The agency is required to conduct audit of all the three tier of PRIs annually. The position of internal audit conducted during the year 2007-08 was as under:-

Name of Institution	Total units	Nos. of units audited	No. of units not audited	Percentage of short fall
1. Zila Parishad	12	8	4	33
2. Panchayats Samiti	75	52	23	31
3. Gram Panchayats	3243	2751	492	16

The Director Panchayati Raj stated (May 2009) that the targets for the audit could not be achieved during 2007-08 due to shortage of staff.

1.9 Outstanding Inspection Reports.

As a result of audit of PRIs by PAG office under TGS, 852 inspection reports containing 3783 paras were issued to concerned PRIs during 2005-09 as per details given below:-

Sr.No.	Year of issue of Inspection Reports	No. of Inspection Reports	No. of paras issued	No. of paras settled	No. of outstanding IRs/Paras	
					IRs	Paras
1.	2005-06 & 2006-07	195	580	32	195	548
2.	2007-08	337	505	08	337	497
3.	2008-09	320	2698	0	320	2698
	Total	852	3783	40	852	3743

The PRIs did not show interest in complying with the audit observations as evident from the fact that only 40 paras out of a total of 3783 have been settled till March 2008.

1.10 Devolution of Funds, Functions and Functionaries to the PRIs.

The 73rd Constitutional Amendment Act envisages a three tier system of Panchayati Raj Institutions. Accordingly three tier Panchayati Raj system was provided under H.P. Panchayati Raj Act enacted in 1994. The State Government has been empowered under the Act to decide and confer powers and responsibility to the PRIs from among the 29 functions listed in the Eleventh Schedule.

1.11 Devolution of functions.

1.11.1 Inadequate transfer of functions.

The State Government through its notification (July 1996) entrusted only 26 functions, **(Appnedix-2)** out of 29 functions listed in the Schedule to the PRIs. Transfer of three functions namely i) Rural electrification including distribution of electricity, ii) Adult and non-formal education and iii) Cultural activities, though mandated under the HPPR Act, 1994 for transfer, were not transferred and these functions are still (May 2009) being implemented by the respective departments. The Director (PR) stated (June 2006) that PRIs were not capable of handling these functions and hence the functions were not transferred.

1.11.2 Activity Mapping.

Activity Mapping is the sound foundation of Panchayati Raj. In order to avoid overlapping of function and its balance distribution among various tiers of PRIs, a mechanism for inter tier coordination was to be evolved for the 26 transferred functions.

It was, however, noticed that the Activity Mapping has not been done by the State Government. Director, Panchayati Raj stated (April 2009) that Activity Mapping has been approved by the Chief Minister in December 2008 and the same had been sent to the concerned Departments for taking policy decision at Government level with regard to finalizing an Activity mapping so as to devolve function, power and functions and related functionaries to PRIs. Thus due to non-finalization of Activity Mapping, the principal of subsidiarity has not been achieved.

1.11.3 Non-transfer of Institutions.

Government order (July 1996) transferring functions also envisages transfer of institutions relating to transferred functions. Thus schools, primary health centers and hospitals, farm, post matric hostels, veterinary hospitals were to be transferred to the respective PRIs. The income accruing

from these intuitions was to be treated as own income of the PRIs concerned. However, the actual control is still with the concerned departments and functions of these institutions were being carried out by respective departments.

1.11.4 Withdrawal of function.

The transferred 26 functions also include the function relating to water supply. In order to involve the GPs in management of community assets and increase community participation, State Government notified (February 2001) that user charge for water shall be recovered by the Panchayats and be shared in the ratio of 50 per cent between Panchayat and Irrigation & Public Health (IPH) department. The Panchayats were also allowed to retain the revenue generated as a result of fixation of charges in excess of charges fixed by IPH department. However, the powers to fix and collect water charges were withdrawn from the GPs in August 2002. The Principal Secretary (IPH) stated (June 2009) that the powers to collect the water charges were subsequently withdrawn because in few instances PRIs were unable to undertake such task due to lack of supporting staff and due to demands made by supporting staff for regularization. Withdrawal of the devolved function subsequently has deprived the PRIs of the powers to enhance their funds as well as functionaries.

1.11.5 Non-legislation to amend the laws for transferred functions.

As per Eleventh Finance Commission's recommendations, PRIs were required to be empowered for scheduled areas in respect of transferred functions. The State Government was therefore to amend the laws by legislation, frame rules of guidelines. However, no legislations to amend laws for the scheduled areas were enacted (June 2009). As a result of non-legislation, no amendments could be made in codes and manuals in respect of functions like roads and building, public health, veterinary hospitals, primary health centers and hospitals etc. though these function stood devolved to PRIs. These functions are being carried out directly by the concerned Government department for which they are also controlling the resources. Thus the purpose of devolution of functions to PRI, without actual control, stood defeated.

1.12 Devolution of functionaries.

The transferred functions were to be accompanied by requisite devolution of functionaries and the State Government was therefore to

provide required administrative structure and support to make the institutions and functionaries of the devolved functions accountable to the PRIs. The State Government had neither transferred the functionaries nor vested the PRIs with powers to administratively control the functionaries associated in implementation of the devolved functions. The following deficiencies were noticed.

1.12.1 Non-merger of DRDA with Zila Parishad.

DRDAs created for implementation of Rural Development Programmes being sponsored by the Central Government were registered bodies under Societies Registration Act 1960. With the setting up of District Planning Committees (DPCs) and the provisions of the Act, DRDAs were either to be abolished or legitimately merged with the respective ZPs to function as a technical support agencies of the PRIs. However, DRDAs continue to exist as separate and distinct bodies. It was noticed that the DPOs of the respective districts were designated as Secretary of Zila Parishad instead of Project Director of the DRDAs. The Director (PR) admitted (June 2009) that there was no linkage between DRDA and Panchayati Raj Department.

Due to non-linkage between DRDA and Panchayati Raj Department monitoring of functions and funds becomes difficult. GPs may receive funds from both the departments for the same purpose. If DRDAs are merged with ZPs, the functions of PRIs can be monitored in a better way.

1.12.2 Lack of unified control of PRIs.

The administration and monitoring of three tier system of PRIs is not under unified control. First and third tier (ZP & GP) are under the department of Panchayati Raj while second tier (PS) is under Rural Development Department. In order to improve the functioning, monitoring and for administrative purposes, all the PRIs should have remained with a single department.

The Director (PR), however, stated (June 2009) that the control of three tiers of PRIs though vested with Panchayati Raj and Rural Development Departments, all the three tiers of PRIs were independent constitutional bodies and role of both the departments was to guide the PRIs as per provisions of the HPPR Act 1994.

The reply was not tenable as for improving the functioning and for accountability, the control should have been remained with one department.

1.12.3 Administrative control over functionaries.

The BDO had been designated to act as Executive Officers cum Secretary to the Second tier (PS) of PRIs. Similarly functionaries like Panchayats Secretaries, Panchayat Sahayak and Panchayat Inspectors were working in GP & PS for implementation of various PRI schemes but were under administrative control of State Rural Development Department. These employees were being covered under the service conditions of their parent department and their salaries and allowances were also being paid by the respective departments. Thus for all purposes, these functionaries continued to perform as Government Servants subject to control by their parent department and not of the PRIs, thereby negating the basic objective of the decentralization. The Director (PR) while admitting (June 2009) the facts stated that the mechanism was being developed to deal with such problem by the department.

1.13 Devolution of funds.

Devolution of funds to PRIs should be a natural corollary to implement the transferred functions. The State Government has however not made the requisite devolution of funds as yet and the respective line departments continued to make separate budget for operation of the schemes involving devolved functions to PRIs.

1.13.1 Non-provision of funds under Panchayat Sector.

As agreed (October 2005) in the meeting between the State Chief Minister and Union Minister for Panchayati Raj, 'Panchayat Sector' in the State budget was to be created from the year 2006-07 for effective performance of the functions devolved to the Panchayats through activity mapping by entrustment of all schemes pertaining to the activities devolved upon the PRIs. 'Panchayat Sector' in the state budget was not opened as of 2008-09 and the respective line departments continued to make separate budget for operation of departmental schemes. Consistent with the development of functions, the matching funds to carry out the functions were not provided to the PRIs except assignment of the State revenue through State Finance Commission (SFC).

1.13.2 Taxation power and resources of PRIs.

The power of PRIs to impose taxes was considered imperative as enshrined in the constitution under Article 243 H of impact, certainty, continuity and strength to PRIs. Devolution of taxes for the devolved

functions was very essential as huge funds were required for the delivery of service. Accordingly powers to levy taxes and fees were vested with PRIs under section 100 of the HPPRA, 1994. However, the powers to levy taxes on various services including resources of the PRIs have not been devolved to PRIs. They still remain with the respective departments as per various notifications issued by the State line departments fixing the rates of taxes and fees and no compensation on this account was transferred to PRIs.

1.13.3 Lack of knowledge about availability of Incentive Fund.

The Second State Finance Commission (SFC) assumed that GPs will generate revenue receipts from various sources like Liquor Cess, House Tax, Land revenue, Royalty and other tax, fees and non-tax revenue. Further the Second SFC had made a provision of incentive fund of Rs. 20 crore (at the rate of Rs. 4 crore per annum) during 2002-07 to be given to GPs for additional resource mobilization efforts made by the Panchayats over and above the level of taxes and fees assumed by the Commission. The Panchayats could avail the double incentive against the net fresh additional resource mobilization efforts. During discussions with the PRI representatives, the Third SFC realized that the Panchayats had not been able to avail of any funds out of the provision of incentive fund due to lack of knowledge on the part of the GPs on one hand and lack of clarity in the administration of scheme on the other.

The State Government has notified (August 2008) scheme for availing incentive against the net fresh additional resource mobilization by the GPs. It was however noticed that so far only one GP Chamyana has proposed to levy user charges for which the State Government has agreed to while the scheme was yet to be implemented in rest of the GPs in the State. Thus the State Government is required to create awareness among the GPs to avail the benefit of incentive fund for mobilization of additional funds as recommended by the Third SFC.

1.14 Conclusion.

District Planning Committees were not made functional in 10 out of 12 districts. Out of 29 functions, only 26 functions were entrusted to PRIs. The State Government has neither transferred the functions nor given the administrative control to PRIs in implementation of devolved functions.

1.15 Recommendations.

- District Planning Committee should be made functional in all the districts.
- The State Government should expedite the devolution of funds, functions alongwith functionaries without delay.

CHAPTER-II

TRANSACTION AUDIT

2.1 Non-preparation of Budget estimates.

Expenditure of Rs. 3.13 crore incurred on works by the PRIs without preparation and sanctioning of budget estimates.

Rule 38 of HPPR Rules 2002 provides that the annual Budget estimate of ZP and PS showing the probable receipts and expenditure for the following year are required to be prepared and approved within the prescribed date by the authorized body.

It was observed that out of 25 PSs test checked, nine PSs had not prepared the estimates for the period 2005-08. However, an expenditure of Rs. 3.13 crore had been incurred between 2005-06 and 2007-08 without approval of the estimates which was irregular (**Appendix-3**). In the absence of budget estimates, proper financial planning of PRIs with reference to actual expenditure incurred on developmental schemes could not be ascertained in audit.

The concerned PRIs stated (April 2008 to March 2009) that in future annual budget estimates would be prepared.

2.2 Retention of cash in hand.

The PRIs failed to maintain prescribed limit for retention of cash-in-hand.

Rule 18 (2) and 10 (3) of HPPR Rules 2002 provide that the ZP, PS and GP may allow accumulation of cash in the departmental chest upto maximum limit of Rs. 5000, Rs. 2500 and Rs. 1000 respectively at a time.

In Banjar and Seraj PSs, cash ranging between Rs. 2643 and Rs.18,537 respectively was retained at a time during 2003-08 in violation of provision of rules. In 16 GPs (**Appendix-4**) the cash ranging between Rs. 1015 and Rs. 1,53,313 was retained in chest during 2003-08. The retention of cash in excess of prescribed limit was irregular and its temporary misappropriation could not be ruled out. While admitting the facts, the concerned PRIs stated (May, 2008 to March, 2009) that such irregularities would not be repeated in future.

2.3 Non-reconciliation of cash balances.

There were un-reconciled differences of Rs. 191.85 lakh in cash books and bank accounts of PRIs.

Rule 15 (10) (b) of the HPPR Rules 2002 provides that the balances of the pass book of the ZP/PS/GP shall be reconciled every month.

In two ZPs and 10 PSs, difference amounting to Rs. 78.80 lakh and Rs. 29.78 lakh respectively **(Appendix-5)** remained un-reconciled for the year 2007-08 between cash book and pass book. Similarly, in 48 GPs, difference of Rs. 83.27 lakh **(Appendix-5)** had also not been reconciled for the year 2007-08 between cash books and pass books. Due to non-reconciliation of cash balances, authenticity of accounts of these PRIs could not be ensured. The officers of the concerned PRIs stated that differences would be reconciled. The reply was not tenable as codal provisions of rules remained unfulfilled.

2.4 Awaited Utilisation Certificates (UCs).

The PRIs failed to submit the UCs for Rs. 29.59 crore within stipulated period.

Government of HP vide notification (March 1971) directed that the work or service for which grant-in-aid (GIA) has been received from the Government should be utilised within a period of two years from the date of receipts of GIA.

The Director (PR) has been releasing various grants to PRIs for developmental schemes and concerned institutions were required to furnish UCs within two years from receipt of grants. It was noticed that UCs for Rs. 29.59 crore (2005-06 Rs. 2.06 crore and 2006-07 Rs. 27.53 crore) were awaited as of March 2008. The Department stated (June, 2009) that the pending UCs mainly relate to construction of Panchayat Ghars which has been delayed due to time involved in process of transfer of land to PRIs.

2.5 Outstanding advances.

Eleven GPs did not take any action to recover/adjust the outstanding advances of Rs. 4.98 lakh.

Rule 30 of the HPPR Rules 2002 provides that whenever any advance is paid to an office bearer or officer/official of GP for carrying out the developmental works, a record thereof shall be kept in the register of

temporary advances and such advances should be adjusted regularly and promptly.

Test check of records of 11 GPs out of 289 GPs revealed that Rs. 4.98 lakh were sanctioned as advances to various office bearers such as Pradhan, Up-pradhan and Secretary for carrying out the developmental activities but had remained unadjusted (**Appendix-6**) as of March 2008. In certain cases advances remained outstanding for the periods ranging from two years to 14 years. As some advances are pending for a long time, the possibility of recovery appears remote and will have to be treated as loss.

On this being pointed out, the concerned PRIs stated (May 2008 to January 2009) that efforts would be made to recover the advances.

2.6 Blocking of funds.

Funds amounting to Rs. 24.59 lakh, earmarked for minor irrigation schemes remained un-utilised in PLA.

The PSs had been maintaining Personal Ledger Account (PLA) for crediting the grants received from Government for execution of minor irrigation and water supply scheme in rural areas. As per condition of sanction, the funds are required to be drawn within one month and utilized within one year from the date of sanction.

Scrutiny of records revealed that in five PSs (**Appendix-7**) there was opening balance of Rs. 10.19 lakh as on 31 March 2005 and Rs. 25.32 lakh was received between 2005-06 and 2007-08. Thus the total funds of Rs. 35.51 lakh were available for execution of schemes against which expenditure of Rs. 10.92 lakh had been incurred leaving unspent balance of Rs. 24.59 lakh as of March 2008 in PLA. Non-utilisation of funds placed in PLA has resulted in unnecessary blocking of funds and purpose of sanctioning funds also stood defeated. No action had been taken to refund the funds in terms of conditions of sanction. The concerned PRIs stated (July 2008 to December 2008) that funds would be utilized after getting the schemes approved by elected house.

2.7 Diversion of funds.

PRIs did not spend the prescribed SGRY funds of Rs. 43.58 lakh for the benefit of SC/ST living Below Poverty Line.

Para 4.3 of guidelines of Sampooran Gramin Rojgar Yojna (SGRY) provides that 22.5 percent of annual allocation of PS must be spent on individual beneficiary/group schemes for the benefit of SC/STs living Below

the Poverty Line. Diversion of funds meant for this purpose was not permitted.

Out of Rs. 333.70 lakh allocated between 2005-08 to three PSs for 413 schemes, a sum of Rs. 43.58 lakh (22.5 percent) **(Appendix-8)** was required to be spent on individual beneficiaries/group schemes of SC/STs living below the poverty line. It was, however, noticed that out of 413 schemes, only 13 schemes costing Rs. 1.98 lakh were sanctioned for individual beneficiaries/group schemes of SC/STs living below poverty line. Thus the sum of Rs. 43.58 lakh meant for individual benefit of SC/STs living below the poverty line was diverted to other programmes of SGRY scheme.

The concerned EOs stated (July 2008) that while sanctioning the schemes, the guidelines would be followed in future.

2.8 Failure to utilize the funds resulted in non-completion of schemes.

Non-utilisation of funds by the PRIs delayed the release of subsequent instalment from GOI amounting to Rs. 75.83 lakh.

Under Rule 15.6.1. of guidelines of Sawajaldhara scheme, Government of India, (GOI) had been releasing the funds in two equal instalments for execution of schemes. The second instalment of the scheme was to be released by GOI after utilisation of 60 percent of the funds released in first instalment.

Test check of records of ZP Bilaspur (January, 2009) revealed that an amount of Rs. 112.31 lakh was sanctioned (2005-06) by GOI for implementation of scheme. Out of this, Rs. 75.83 lakh were released to the Panchayats/Executing agencies by ZP during 2005-06 to 2006-07 as first instalment for execution of developmental schemes and remaining funds of Rs. 36.48 lakh were still lying with ZP. Since the utilization certificates for the amount of first instalment of Rs. 75.83 lakh released during 2005-07 had not been furnished by the Panchayat/Executing agencies as of January 2009, GOI had not released the second instalment for execution of developmental schemes. Thus, non-utilisation of the funds released in first instalment for these schemes has resulted in delay in getting the second instalment from GOI besides depriving the public from intended benefits from the schemes. Further, the unspent amount of Rs. 36.48 lakh lying with the ZP had also resulted in blocking of funds. The Secretary stated

(January, 2009) that concerned agencies have been asked to submit UCs immediately so that second instalment could be got released from GOI.

2.9 Retention of un-utilised amount after completion of works.

ZP Hamirpur and Bilaspur retained un-utilised funds to the tune of Rs. 11.88 lakh.

(a) Funds of Rs. 40.16 lakh were placed by the Director PR at the disposal of ZP Hamirpur between June 1999 and January 2004 for construction of composite building for Zila Parishad Bhawan and office of DPO. The funds were kept in a bank and subsequently funds of Rs. 36.80 lakh was released to the Executive Engineer (EE) Himachal Pradesh Public Works Department (HPPWD) Hamirpur between June 1999 and May 2005 for execution of the work. The construction of composite building was completed by the HPPWD in March 2006 at a total cost of Rs. 36.80 lakh. However, the balance amount of Rs. 5.88 lakh inclusive of interest of Rs. 2.52 lakh was lying with the ZP as unspent in bank and this has resulted in blocking of funds since May 2005.

The Secretary Zila Parishad stated (December 2008) that balance fund would be utilized for construction of garage for which approval will be obtained from the Director (PR). The reply was not tenable as no action had been taken either to refund or utilize this amount since May 2005.

(b) Similarly funds of Rs. 25.00 lakh were sanctioned (1998-2002) for the construction of Zila Parishad Bhawan, Bilaspur. The work had been completed (2001) by the E.E (RD) Mandi at a total cost of Rs. 19.00 lakh against the estimated cost of Rs. 20.98 lakh. The building was put to use in March 2001 after its inauguration. However, the remaining funds of Rs. 6.00 lakh were lying with Zila Parishad as of January 2009. Thus non-utilisation/refund of unspent balance has led to blocking of funds since March 2001. The Secretary Zila Parishad stated (January 2009) that the funds would be utilized for construction of guest house/meeting hall. The reply was not tenable as no such proposal has been sent to the Director (PR) and funds in excess of estimated cost were retained in ZP, Bilaspur.

2.10 Non-commencement of works.

2.10.1 Non-finalisation of sites by the Panchayats resulted in non-construction of Panchayat Ghars besides non-utilisation of Rs.72.00 Lakh.

Funds of Rs. 72.00 lakh were sanctioned (2005-07) for the construction of 37 Panchayat Ghars in six⁴ Panchayat Samities of Chamba, Kangra & Mandi districts which were required to be completed within one year. It was, however, observed that construction of these Panchayat Ghars had not been started even after expiry of stipulated period and funds were lying as unspent in the bank accounts of the Panchayat Samities. The concerned PRIs stated (July 2008 to December 2008) that these works could not be started due to non-finalization of sites and non-execution of agreements by the Panchayats. The reply was not tenable as the concerned Panchayats failed to ensure the availability of sites.

2.10.2 Failure of Zila Parishad to finalise the site for the construction of Zila Parishad Bhawan Shimla resulting in blocking of funds of Rs. 52.00 lakh.

Administrative Approval and Expenditure Sanction (AA&ES) for construction of four storeyed Zila Parishad Bhawan at Sanjauli, Shimla was accorded (September, 1997) for Rs. 25.00 lakh. Pursuant to this, the funds of Rs. 25.00 lakh were released between 1997-98 and 2001-02 to ZP Shimla. An amount of Rs. 27.23 lakh was also released (March 2007) for the construction of residence of District Panchayat Officer (DPO).

Scrutiny of records (October, 2008) revealed that land at Sanjauli, was got transferred (March, 1998) in the name of Panchayati Raj (PR) department for the construction of the Zila Parishad Bhawan. The case for finalisation of drawings was taken up (1998) with Town & Country Planning Department (TCP). However, keeping in view the facts that site was very steep and sensitive from traffic point of view, the Restricted Area Committee (RAC) of TCP rejected (March 2004) the site for proposed construction. It was further noticed that new site near RTO office at Shimla was selected (September 2005) and an amount of Rs. 2.48 lakh was paid (May 2007)

⁴ Indora Rs. 17.00 lakh, Lambagaon Rs. 8.00 lakh, Mehla Rs. 14.00 lakh, Nagrota Surian Rs. 6.00 lakh, Nurpur Rs.14.00 lakh and Seraj Rs. 13.00 lakh.

to Forest department for diversion of land for non forestry purpose. An estimate for Rs. 116.37 lakh was got prepared (July 2007) from Public Works Department for the construction of Zila Parishad Bhawan inclusive of provisions for residences of District Panchayat Officer and Chairman of Zila Parishad. Accordingly revised AA&ES for Rs. 116.37 lakh was accorded (September 2008) by the Secretary, Zila Parishad.

Though funds of Rs. 52.00 lakh were placed (June 2008) at the disposal of Public Works Department for constructing Zila Parishad Bhawan, the work had not been started as of April 2009. Non-construction of Zila Parishad Bhawan has resulted in blocking of funds of Rs. 25.00 lakh since 2001-02 and Rs. 29.00 lakh since March 2007 besides escalation in estimated cost by Rs. 91.37 lakh. The Secretary Zila Parishad stated (October 2008) that the matter for approval of drawings has been taken up with TCP and work will be started on receipt of approval.

2.11 Unfruitful expenditure on incomplete works.

PRIs failed to complete the works within stipulated period resulting in unfruitful expenditure of Rs. 42.68 lakh.

As per guidelines of Sampooran Gramin Rojgar Yojna (SGRY), the works sanctioned should be completed within one year and in special circumstances within two years.

Scrutiny of records revealed that in six PSs and eight GPs, 83 works costing Rs. 73.58 lakh (PSs: 47 works costing Rs. 37.77 lakh and GPs: 36 works costing Rs. 35.81 lakh) were approved for execution during 2003-08 (**Appendix-9**). These works were required to be completed within one year. However, these works were lying incomplete even after expiry of the stipulated period. An expenditure of Rs. 42.68 lakh (PSs: Rs. 22.71 lakh and GPs: Rs. 19.97 lakh) has been incurred leaving balance of Rs. 30.90 lakh (PSs: Rs. 15.06 lakh and GPs: Rs. 15.84 lakh) unspent as of March 2009. Thus non-completion of these works even after stipulated period has resulted in unfruitful expenditure on incomplete works besides denying the public from intended benefits. The concerned PRIs stated (April 2008 to January 2009) that the works could not be completed due to local dispute at sites and lack of interest by concerned GPs.

2.12 Excess expenditure on material component.

Employment opportunities of 15000 mandays were denied due to incurring of expenditure on material component in excess of prescribed limit under SGRY scheme.

As per instructions issued (July 2003) by the Government, the expenditure on labour and material component was to be maintained in the ratio of 60:40 for works executed under SGRY scheme.

Test check of 23 GPs revealed that in violation of the above norms, expenditure of Rs. 48.32 lakh was incurred on material component on 426 works costing Rs. 84.38 lakh under SGRY schemes during 2002-07 against the admissible expenditure of Rs. 33.75 lakh **(Appendix-10)**. This has resulted in excess expenditure of Rs. 14.57 lakh on material component and denied the employment opportunities of 15000 mandays.

On this being pointed out in audit, no reasons for excess expenditure on material component were advanced by any of GPs.

2.13 Purchase of material.

Material worth Rs. 2.52 crore was purchased by 33 GPs without inviting the quotations/tenders.

Rule 67 (5) (b) of the HPPR Rules 2002 provides that the purchases of stores for more than Rs. 1000/- but less than Rs. 50,000/- are to be made by inviting quotations and for purchases above Rs. 50,000/- tenders are required to be floated.

It was observed in 33 GPs out of 289 GPs, that material costing Rs. 2.52 crore **(Appendix-11)** was purchased during 2003-08 without inviting quotations. As such the purchases were irregular and the possibility of payment of higher rate of material could not be ruled out. The concerned GPs stated (April 2008 to February 2009) that in future the purchases would be made as per rules.

2.14 Fictitious payments on Muster Rolls.

Fictitious payments due to depiction of same labourer in the Muster Rolls at two places at the same time.

Muster rolls are required to be maintained for each work by the executing agencies in terms of Rule 102 of HPPR Rules 2002. As per provisions envisaged, the attendance of labourers should be recorded daily.

Scrutiny of Muster rolls in 17 GPs (**Appendix-12**) revealed cases of doubtful payments made between 2003-07 as same labourers were shown as employed at two places at the same time. As such the possibility of fictitious payments can not be ruled out. The GPs stated (April 2008 to March 2009) that the matter would be investigated. The reply highlights the fact that no checks have been exercised for identification of labourers actually employed for execution of developmental works.

2.15 Outstanding rent.

Six PSs and ten GPs failed to realize the rent of shops amounting to Rs. 9.35 lakh.

The PSs and GPs had been maintaining shops in their jurisdiction and these were rented out to the public on monthly rental basis for enhancing the resource base of the PRIs.

It was noticed that in 16 PRIs (6 PSs and 10 GPs), an amount of Rs. 9.35 lakh (PSs Rs. 2.96 lakh and GPs Rs. 6.39 lakh) on account of rent of shops was outstanding as of March 2008 (**Appendix-13**). These amounts were outstanding for a period ranging from one to six years. The concerned PRIs stated (July 2008 to March 2009) that action would be taken to recover the outstanding rent.

2.16 Non-recovery of house tax.

Thirty four GPs failed to realize the house tax which could have been utilized for developmental works.

Rule 33 of HPPR Rules 2002 provides that the Secretary of the GP shall see that all revenue are correctly, promptly and regularly assessed, realised and credited to the accounts of funds of the Panchayat concerned.

In 34 GPs, an amount of Rs. 6.43 lakh on account of house tax for the period 2003-08 was pending recovery as of March 2008 (**Appendix-14**). This was indicative of ineffective monitoring on the part of GPs and resulted in non-realisation of revenue which could have been utilized for developmental works of the concerned GPs. Moreover, the GPs had not taken any action to levy penalty on the defaulters for non-payment of house tax in terms of provisions contained in Section 114 of HP Panchayati Raj Act, 1994. The concerned GPs stated (May 2008 to March 2009) that efforts would be made to recover the house tax.

2.17 Non-recovery of duty.

Revenue of Rs. 2.78 lakh remained un-realised on account of installation/renewal charges of Mobile Towers in 23 PRIs.

HP Government authorised (November 2006) the GPs to levy duty on installation of mobile communication towers at the rate of Rs. 4,000/- per tower and collect annual renewal fee at the rate of Rs. 2,000/- per annum for towers installed in their jurisdiction.

In 23 GPs, 52 Mobile towers were installed during 2006-2008 **(Appendix-15)** in their jurisdiction but the installation/renewal charges of Rs. 2.78 lakh were not recovered from the concerned Mobile Companies as of March 2008. This has deprived the GPs of its due share of revenue. The concerned GPs stated (April 2008 to March 2009) that action would be taken to recover the dues.

2.18 Non maintenance of records.

Two ZPs, ten PSs and forty six GPs failed to maintained the important records.

Rule 34 of HP Panchayati Raj General Rules 1997 read with rule 31 of HPPR Rules 2002 provides that every GP shall maintain important records such as stock register, stock material register, demand and collection register, immovable property register, works register and muster roll issue register etc.

It was observed that the above mentioned records were not being maintained in 2 ZPs out of 6 ZPs, 10 PSs out of 25 PSs and 46 GPs out of 289 GPs test checked for the period 2003-08 **(Appendix-16)**. Hence the correctness of financial transactions could not be ascertained. On this being pointed out, the concerned PRIs stated (April 2008 to March 2009) that action would be taken to maintain the records.

2.19 Twelfth Finance Commission.

2.19.1 The Twelfth Finance Commission (TFC) made recommendations on the measures needed to augment the consolidated funds of States to supplement the resources of PRIs and ULBs. The main objective of TFC recommendations was to improve the service delivery of the PRIs in respect of water supply and sanitation besides creating of data base in the PRIs. The

position of allocation, release and utilization of TFC grants during the period 2005-08 was as under:-

(Rs. in crore)

Year	Allocation	Release	Utilization of funds
2005-06	29.40	29.40	29.40
2006-07	29.40	29.40	29.40
2007-08	29.40	29.40	29.40
	88.20	88.20	88.20

(Source Finance Department)

The position of utilization of TFC funds in respect of test checked PRIs during 2005-08 is as under:-

(Rs. in crore)

Year	Number of PRIs units audited	Funds released	Expenditure incurred	Balance unspent
2005-06	119	10.91	0.60	10.31
2006-07	630	14.21	6.37	7.84
2007-08	728	7.91	12.60	(-)4.69
Total		33.03	19.57	13.46

Evidently the utilization of funds by these PRIs was to the extent of 59.24 percent only during 2005-08 which was not encouraging. Moreover it is evident that the figures of expenditure maintained at state level is not based on actuals.

Test check of records of 12 ZPs, 16 PSs and 700 GPs supplemented by the test check of records of four District Panchayat Officers(DPOs) have revealed the following:-

2.19.2 Delay in release of TFC grant by State Government.

As per TFC guidelines, State Government is required to transfer the grants released by the Centre to PRIs and ULBs within 15 days from the date of its credit into State Government account. In case of delayed transfer of grants, the State Government was required to pay interest at RBI bank rates for the delayed transfer.

The release of 1st installment for the year 2005-06 was delayed by 45 days to DPOs by the Government. Further delay in release of grants to ZP, PS and GPs by the DPOs of the State was ranging between 9 days to 746 days during the year 2005-06. The delay in release of grant in the four test checked DPOs to ZP, PS and GPs ranged between 11 days to 265 days during 2006-07 and 2007-08. However it was seen that the State Govt. did not pay interest for the delayed release. The test checked DPOs stated that

due to shortage of staff the grant could not be released within stipulated time.

2.19.3 Blocking of funds.

As per TFC guidelines, the State Finance Secretary would be required to provide a certificate within 15 days of the release of each instalment by the GOI under his signature certifying the dates and amounts of local grants received by the State from the GOI and the dates and amounts of grants released to the PRIs and ULBs. As per directions issued (July 2005) by the Director (PR) the utilization certificate of TFC grants will be submitted by the concerned PRI to DPO for further submission to State Government within six months from the date of receipt of the grant in PRIs account.

The Secretaries of the concerned PRIs stated (September, 2008) that due to delay in finalization of site and disputes by the public at site, the amount could not be utilised.

2.19.4 Diversion of funds.

As per guidelines, TFC funds were required to be utilised on water supply and sanitation schemes. It was, however, noticed that an amount of Rs. 2.23 crore was incurred by GPs during 2006-07 and 2007-08 on 450 inadmissible schemes like construction of Pucca Path, Retaining Walls, Community Halls, Mahila Mandal Bhawan and Sarains etc.

2.19.5 Monitoring.

As recommended by the TFC, a High Level Monitoring Committee (HLC) headed by Chief Secretary, was constituted by State Government in April, 2005 at State level for monitoring proper utilization of grants. The meeting of the (HLC) was required to be held every quarter and HLC was responsible through its quarterly meeting for monitoring of both physical and financial targets and ensuring adherence to the specific conditions attached to each grant. No meeting of the said committee was held except for one meeting held on 17th January 2006. The above cases of delay in the release of grants by the State Government and the utilization by the PRIs, diversion of TFC grants, irregularities in utilization of TFC grants etc., are indicative of the ineffective functioning of the HLC. The Director, Panchayati Raj stated (May 2009) that meetings of the committee was to be convened by the Finance Department being Nodal Department for this purpose.

2.20 Conclusion.

The PRIs were not preparing budget estimates which is the first step to ensure financial propriety in execution of various developmental projects. Irregularities like retention of cash beyond permissible limit, outstanding advances, non-submission of UCs and purchases without quotations were noticed. Poor planning exceptionally non-identification of site lead to non-start/non-completion of various works. This resulted in blocking of funds, depriving the public of benefits of schemes and delay in release of subsequent instalments by GOI. The irregularities like outstanding rent of shops, house tax and non-realization of fees for the installation of mobile towers were also noticed. Funds allotted under TFC were not utilized fully and cases of diversion of funds other than water supply and sanitation were also noticed. High Level Committee (HLC) was not functioning effectively with the result that utilization of grants could not be monitored properly.

2.21 Recommendations.

- The budget estimates should be prepared and sanctioned before incurring of expenditure.
- Effective steps should be taken for completion of the schemes/works in a time bound period.
- Purchases should invariable be made only after inviting the quotations/tenders to ensure competitive rates of material.
- Effective financial mechanism should be developed so that outstanding revenue could be realized for developmental works.
- Records should be maintained as per provision in the rules besides ensuring timely submission of UCs.
- Priority should be accorded to utilize the funds under TFC for the purpose for which sanctioned.

Shimla
Dated

(Tara Chand Chauhan)
Deputy Accountant General
Local Bodies Audit & Accounts
Himachal Pradesh

Countersigned

(Geetali Tare)
Pr. Accountant General (Audit)
Himachal Pradesh

Appendix-1

(Refer to Paragraph-1.4; Page-3)

DETAILS OF INSTITUTIONS AUDITED DURING 2008-09

Zila Parishads

1. Bilaspur
2. Hamirpur
3. Kullu
4. Mandi
5. Shimla
6. Solan

Panchayat Samities

1. Bharmour
2. Bamsan
3. Bilaspur
4. Banjar
5. Chhohara
6. Dehra
7. Fatehpur
8. Gohar
9. Indora
10. Jubbal & Kotkhai
11. Kullu
12. Karsog
13. Lamba Gaon
14. Mehla
15. Nagrota Surian
16. Naggar
17. Nurpur
18. Paragpur
19. Rajgarh
20. Rohru
21. Sangrah
22. Salooni
23. Shillai
24. Seraj
25. Tissa

Gram Panchayats

Total No. of Gram Panchayats Audited = 289

Appendix-2

(Refer to Paragraph-1.11.1; Page-5)

FUNCTIONS DEVOLVED TO THE PRIs (26)

1. Agriculture, including agricultural extension.
2. Land improvement, implementation of land reforms, land consolidation and soil conservation.
3. Minor irrigation, water management and watershed development.
4. Animal husbandry, dairying and poultry.
5. Fisheries.
6. Social forestry and farm forestry.
7. Minor forest produce.
8. Small scale industries, including food processing industries.
9. Khadi, Village and Cottage Industries.
10. Rural housing.
11. Drinking water.
12. Fuel and fodder.
13. Roads, culverts, bridges, ferries waterways and other means of communication.
14. Non-conventional energy resources.
15. Poverty alleviation programme.
16. Education, including Primary and Secondary schools.
17. Technical training and vocational education.
18. Libraries.
19. Markets and fairs.
20. Health and sanitation, including hospitals. Primary health centers and dispensaries.
21. Family welfare.
22. Women and child development.
23. Social welfare including welfare of the handicapped and mentally retarded.
24. Welfare of the weaker sections, and in particular of the scheduled castes and the scheduled tribes.
25. Public distribution system.
26. Maintenance of community assets.

FUNCTION NOT YET DEVOLVED TO THE PRIs (3)

1. Rural electrification, including distribution of electricity.
2. Adult and non-formal education.
3. Cultural activities.

Appendix-3

(Refer to Paragraph-2.1; Page-11)

NON-PREPARATION OF BUDGET ESTIMATE FOR THE PERIOD
2005-08

Panchayat Samiti

(Rs. In lakh)		
Sr. No.	Name of PSs	Amount spent
1.	Indora	48.30
2.	Mehla	13.79
3.	Fatehpur	87.46
4.	Bamsan	10.36
5.	Seraj	25.55
6.	Salooni	33.08
7.	Tissa	34.60
8.	Bilaspur	38.80
9.	Rohru	21.31
		313.25

Appendix-4

(Refer to Paragraph-2.2; Page-11)

RETENTION OF CASH IN HAND IN EXCESS OF PRESCRIBED LIMIT DURING THE PERIOD 2003-08.

Panchayat Samities

(In rupees)			
Sr.No.	Name of PSs	Minimum	Maximum
1.	Banjar	2643	6044
2.	Seraj	3225	18537

Gram Panchayats.

(In rupees)			
Sr.No.	Name of GPs	Minimum	Maximum
1.	Pudag (Jubbal & Kotkhai)	1500	6800
2.	Rahnu (Nirmand)	1633	68517
3.	Bhalsi (Nirmand)	1024	10607
4.	Panjot (Bamsan)	1430	153313
5.	Dakhiar (Bamsan)	1617	81645
6.	Parishiara (Bhatiyat)	2750	87926
7.	Bung (Seraj)	3728	12558
8.	Janjehli (Seraj)	2929	15708
9.	Chattri (Seraj)	2626	31577
10.	Thunag (Seraj)	3080	60368
11.	Jodna (Chopal)	15907	104634
12.	Amatrad (N/Bagwan)	1380	25916
13.	Kaled (N/Bagwan)	1107	16469
14.	Pathiar (N/Bagwan)	1635	70000
15.	Chabutara (Sujanpur Tihra)	1362	107201
16.	Ramerarh (Nagrota Bagwan)	1015	25324

Appendix-5

(Refer to Paragraph-2.3; Page-12)

NON-RECONCILIATION OF BALANCES OF CASH BOOK & BANK PASS BOOK.

Zila Parishad

(Rs. in lakh)

Sr.No.	Name of ZPs	Balances as per bank pass book	Balances as per cash book	Difference
1.	Hamirpur	21.38	0.07	21.31
2.	Shimla	58.59	1.10	57.49
Total		79.97	1.17	78.80

Panchayat Samities

(Rs. in lakh)

Sr.No.	Name of PSs	Balances as per bank pass book	Balances as per cash book	Difference
1.	Kullu	18.24	16.92	1.32
2.	Naggar	15.97	18.86	2.89
3.	Nurpur	42.73	32.40	10.03
4.	Sangrah	44.37	44.67	0.30
5.	Nagrota Surian	16.93	19.26	2.33
6.	Chohhara at Chirgaon	14.17	12.61	1.56
7.	Tissa	32.42	31.48	0.94
8.	Bilaspur	36.74	35.19	1.55
9.	Jubbal & Kotkhai	22.22	16.87	5.35
10.	Rohru	26.95	23.44	3.51
Total		270.74	251.7	29.78

Gram Panchayats.

(Rs. in lakh)

Sr.No.	Name of GPs	Balance as per Pass Book on 31-03-08.	Balances as per Cash Book on 31-03-08	Difference
1.	Amlala (Nagrota Surian)	3.51	3.26	0.25
2.	Sadna Ghat (Pacchad)	2.24	1.82	0.42
3.	Narag (Pacchad)	4.80	1.79	3.01
4.	Kalhar (Pacchad)	1.90	1.11	0.79
5.	Saniyari Mod (Kunihar)	1.76	2.69	0.93
6.	Dhundand (Kunihar)	3.15	3.52	0.37
7.	Nagaon (Kunihar)	5.75	4.87	0.88

8.	Mangu (Kunihar)	2.28	1.92	0.36
9.	Bakhalag (Kunihar)	3.86	0.88	2.98
10.	Kamru (R/Peo)	15.89	17.00	1.11
11.	Meber (R/Peo)	4.13	3.39	0.74
12.	Pangi (R/Peo)	24.22	24.72	3.50
13.	Panwar (R/Peo)	5.63	4.05	1.58
14.	Batseri (R/Peo)	4.41	8.81	4.40
15.	Sangla(R/Peo)	15.21	10.24	4.97
16.	Kaled (Nagrota Bagwan)	2.29	0.95	1.34
17.	Kilba (R/Peo)	3.84	5.94	2.10
18.	Barang (R/Peo)	6.67	5.13	1.54
19.	Bagahar (Jubbal & Kotkhai)	5.08	3.80	1.28
20.	Mahasu (Jubbal & Kotkhai)	6.23	8.46	2.23
21.	Sidhawari (Dharamshala)	4.98	4.12	0.86
22.	Padranu (Jubbal & Kotkhai)	2.80	1.88	0.92
23.	Jalari (Nadaun)	2.50	2.96	0.46
24.	Kalur (Nadaun)	4.49	3.98	0.51
25.	Sarkakad (Bamsan)	2.15	1.34	0.81
26.	Tikkar Bhala (Bamsan)	0.91	1.97	1.06
27.	Banet (Bhatiat)	4.62	3.89	0.73
28.	Naini Khad (Bhatiat)	2.17	2.95	0.78
29.	Kakira kasba (Bhatiat)	0.88	0.04	0.84
30.	Dhadwi (Mehla)	3.19	2.25	0.94
31.	Pihura (Mehla)	2.71	0.79	1.92
32.	Janjehli (Seraj)	1.50	2.20	0.70
33.	Sunah (Seraj)	2.59	3.28	0.69
34.	Pakhrer (Seraj)	1.56	3.27	1.71
35.	Thunag (Seraj)	4.27	9.10	4.83
36.	Kamas (Naggar)	2.18	0.85	1.33
37.	Puied (Naggar)	6.06	4.18	1.88
38.	Jhokar (Chopal)	2.16	3.11	0.95
39.	Tayabal Jurie (Rampur)	5.12	0.36	4.76
40.	Bhadawali (Rampur)	8.15	3.51	4.64
41.	Neerath (Rampur)	3.06	2.55	0.51
42.	Karchhari (Rohru)	2.41	1.25	1.16
43.	Sariwala (Chohhara)	9.67	2.45	7.22
44.	Bhaloon (Rohru)	3.85	0.40	3.45
45.	Haripur (Dehra)	3.14	2.53	1.22
46.	Kanaind (Sundernagar)	4.66	5.42	0.76
47.	Sayohla (Bilaspur)	1.05	3.15	2.10
48.	Munchhara (Rohru)	3.02	2.27	0.75
	Total	218.70	190.40	83.27

Appendix-6

(Refer to Paragraph-2.5; Page-12)

OUTSTANDING ADVANCES.

(Rs. in lakh)			
Sr. No.	Name of GPs	Pending Since	Amount outstanding
1.	Bohal Talian (Rajgarh)	1999	0.25
2.	Dahan (Rajgarh)	2003	0.40
3.	Bharan (Rajgarh)	2001	0.70
4.	Purwani (R/Peo)	1998	0.36
5.	Kotli (Kunihar)	2003	0.37
6.	Ratnari (Jubbhal & Kotkhai)	1997	1.87
7.	Nandpur (Jubbhal & Kotkhai)	1998	0.70
8.	Batren (Nadaun)	1998	0.13
9.	Shanghi (Mehla)	2007	0.02
10.	Bakan (Mehla)	2003	0.07
11.	Ruslah (Chopal)	1994	0.11
		Total	4.98

Appendix-7

(Refer to Paragraph-2.6; Page-13)

BLOCKING OF FUNDS IN PLA

Panchayat Samiti

(Rs. in lakh)

Sr. No.	Name of PSs	Period	OB	Receipt	Total	Expenditure	Balance
1.	Karsog	2005-08	0.81	0.57	1.38	0.89	0.49
2.	Naggar at Katrai	2005-08	2.53	0.66	3.19	0.76	2.43
3.	Nagrota Surian	2005-08	1.87	1.55	3.42	0.09	3.33
4.	Mehla	2005-08	2.21	0.34	2.55	0	2.55
5.	Salooni	2005-08	2.77	22.20	24.97	9.18	15.79
		Total	10.19	25.32	35.51	10.92	24.59

Appendix-8

(Refer to Paragraph-2.7; Page-13)

DIVERSION OF FUNDS FOR BENEFICIARIES ORIENTED INDIVIDUALS/GROUP PROGRAMME UNDER SGRY.

Panchayat Samiti

(Rs. in lakh)

Sr. No	Name of PSs	Period	Amount allocation incurred for food grains	Amount required to be utilised for individual benefits	No. of schemes	No of schemes sanctioned for individual benefits	Amount sanctioned for individual benefits
1.	Kullu	2005-08	107.69	24.23	46	---	---
2.	Karsog	2005-08	155.59	3.51	108	---	---
3.	Nagger	2005-08	70.42	15.84	259	13	1.98
		Total	333.70	43.58	413	13	1.98

Appendix-9

(Refer to Paragraph-2.11; Page-17)

INCOMPLETE WORKS.

Panchayat Samiti

(Rs. in lakh)

Sr.No.	Name of PSs	Period	Amount sanctioned	Expenditure incurred	Unspent amount	No. of works
1.	Nurpur	2006-07	20.00	12.0	8.00	10
2.	Rajgarh	2006-07	1.85	1.27	0.58	4
3.	Mehla	2006-07	1.24	0.51	0.73	6
4.	Fatehpur	2006-07	5.55	4.17	1.38	5
5.	Bamsan	2006-07	2.31	1.38	0.93	9
6.	Bharmour	2006-07	6.82	3.38	3.44	13
		Total	37.77	22.71	15.06	47

Gram Panchayats

(Rs. in lakh)

Sr. No.	Name of GPs	Period	Amount sanctioned	Expenditure incurred	Unspent amount	No. of works
1.	Jodna (Chopal)	2003-06	4.76	3.48	1.28	3
2.	Noura Bhora (Chopal)	2007-08	6.90	2.53	4.37	4
3.	Ruslah (Chopal)	2007-08	2.91	2.28	0.63	4
4.	Munaubhaia (Chopal)	2006-07	4.30	2.40	1.90	3
5.	Khundnewal (Chopal)	2006-07	1.55	0.97	0.58	3
6.	Jhokar (Chopal)	2007-08	2.50	0.98	1.52	3
7.	Mashdoh (Chopal)	2007-08	12.30	7.04	5.26	14
8.	Dansa (Rampur)	2007-08	0.59	0.29	0.30	2
		Total	35.81	19.97	15.84	36
		Grand Total	73.58	42.68	30.90	83

Appendix-10

(Refer to Paragraph-2.12; Page-18)

EXCESS EXPENDITURE ON MATERIAL COMPONENTS OF WORKS EXECUTED UNDER SGRY SCHEME.

(Rs. in lakh)

Sr. No	Name of GPs	scheme	No. of works	Amount sanctioned	40% material payment	Actual material payment	60% labour payment	Actual labour payment	Difference
1.	Gathunter (N/ Surian)	SGRY	9	1.33	0.53	0.90	0.80	0.43	0.37
2.	Katholi (N/Surian)	SGRY	16	0.77	0.31	0.50	0.46	0.27	0.19
3.	Khabbal (N/Surian)	SGRY	9	2.50	1.00	1.74	1.50	0.78	0.72
4.	Basa (N/Surian)	SGRY	17	2.15	0.86	1.58	1.29	0.57	0.72
5.	Masroor (N/Surian)	SGRY	8	1.66	0.66	0.89	1.00	0.33	0.67
6.	Dhar (N/Surian)	SGRY	16	3.57	1.43	2.08	2.14	1.49	0.65
7.	Bharer (N/Surian)	SGRY	10	2.06	0.82	1.54	1.23	0.52	0.71
8.	Guler (N/Surian)	SGRY	29	1.90	0.76	1.23	1.14	0.67	0.47
9.	Sugnara (N/Surian)	SGRY	10	1.39	0.56	1.09	0.84	0.27	0.57
10.	Sadhana Ghat (Pacchad)	SGRY	36	7.85	3.14	3.69	4.71	4.16	0.55
11.	Dimber (Rajgarh)	SGRY	45	6.89	2.76	4.00	4.13	2.39	1.74
12.	Thaour Niwar (Rajgarh)	SGRY	31	9.31	3.73	4.30	5.59	5.02	0.57
13.	Bhumpal (Nadaun)	SGRY	16	1.58	0.63	1.01	0.95	0.57	0.38
14.	Karaur (Nadaun)	SGRY	10	1.42	0.57	1.01	0.85	0.41	0.44
15.	Bela (Nadaun)	SGRY	15	1.92	0.77	1.31	1.16	0.62	0.54
16.	Badaran (Nadaun)	SGRY	16	2.22	0.89	1.46	1.33	0.75	0.58
17.	Jhalan (Nadaun)	SGRY	18	2.40	0.95	1.63	1.44	0.76	0.68
18.	Banikhet (Bhatiyat)	SGRY	17	8.96	3.58	4.29	5.37	4.47	0.90
19.	Sidhwari (Dharamshala)	SGRY	23	3.32	1.33	2.40	1.99	0.92	1.07
21.	Lothal (Mehla)	SGRY	40	16.15	6.46	8.15	9.69	8.00	1.69
22.	Bharmoti (Nadaun)	SGRY	10	1.36	0.54	0.88	0.82	0.49	0.33
23.	Dhaloon (N/ Bagwan)	SGRY	11	1.42	0.57	0.84	0.85	0.58	0.27
24.	Jaisingh Pur (Lambagaon)	SGRY	14	2.25	0.90	1.80	1.35	0.45	0.90
		Total	426	84.38	33.75	48.32	50.63	34.92	15.71

Appendix-11

(Refer to Paragraph-2.13: Page-18)

MATERIAL PURCHASE WITHOUT INVITING QUOTATIONS 2003-08

(Rs. in lakh)

Sr.No.	Name of GPs	Amount
1.	Jarot (Nagrota Surian)	5.29
2.	Kehrian (Nagrota Surian)	7.28
3.	Katholi (Nagrota Surian)	9.68
4.	Basa (Nagrota Surian)	10.14
5.	Masroor (Nagrota Surian)	3.34
6.	Dhanar (Nagrota Surian)	4.49
7.	Bharar (Nagrota Surian)	5.60
8.	Bilaspur (Nagrota Surian)	7.55
9.	Nagrota Surian (Nagrota Surian)	9.59
10.	Sadna Ghat (Pacchad)	13.60
11.	Dilman (Pacchad)	6.87
12.	Jamern-Ki-Ser (Pacchad)	12.04
13.	Mehlog (Pacchad)	5.76
14.	Sarahan (Pacchad)	9.40
15.	Karashali (Rohru)	12.06
16.	Chamyabal (Kunihar)	4.66
17.	Hatkot (Kunihar)	8.86
18.	Kotli (Kunihar)	3.31
19.	Parnu (Kunihar)	3.87
20.	Bhumpal (Nadaun)	5.19
21.	Amlehar (Nadaun)	4.58
22.	Basaral (Nadaun)	1.11
23.	Naryah (Nadaun)	7.42
24.	Batren (Nadaun)	5.78
25.	Samirpur (Bamsan)	9.37
26.	Uteep (Mehla)	12.43
27.	Bat (Mehla)	7.62
28.	Luddu (Mehla)	17.54
29.	Aiju (Chauntra)	4.19
30.	Noura Bhora (Chopal)	5.59
31.	Ruslah (Chopal)	8.62
32.	Bijmal (Chopal)	14.29
33.	Phancha (Rampur)	5.36
		252.48

Appendix-12

(Refer to Paragraph-2.14; Page-19)

IRREGULAR PAYMENT ON MUSTER-ROLL (2003-08).

(In rupees)

Sr.No.	Name of GPs	Amount
1.	Guler (Nagrota Surian)	550
2.	Danoghat (Kunihar)	2145
3.	Padranu (Jubbal & Kotkhai)	5525
4.	Nishani (Nirmand)	975
5.	Naur (Nirmand)	1500
6.	Rahnu (Nirmand)	4290
7.	Sarhan (Nirmand)	537
8.	Bahwa (Nirmand)	1335
9.	Arsu (Nirmand)	3168
10.	Deem (Nirmand)	2135
11.	Chayal (Nirmand)	5040
12.	Samirpur (Bamsan)	9220
13.	Sandel (Bhatiyat)	1330
14.	Kakira Jarai (Bhatiyat)	5423
15.	Parishiara (Bhatiyat)	8264
16.	Jandrog (Bhatiyat)	82955
17.	Dhundand (Kunihar)	1650
	Total	136042

Appendix-13

(Refer to Paragraph-2.15; Page-19)

OUTSTANDING RENT OF SHOPS

Panchayat Samiti

(Rs. in lakh)

Sr. No.	Name of PSs	Period	Amount	No. of Shops
1.	Kullu	2007-08	0.81	1
2.	Pragpur	2007-08	1.51	7
3.	Bilaspur	2007-08	0.33	7
4.	Jubbal & Kotkhai	2007-08	0.05	1
5.	Rohru	2007-08	0.16	1
6.	Chhohara	2007-08	0.10	2
		Total	2.96	19

Gram Panchayats

(Rs. in lakh)

Sr. No.	Name of GPs	Period	Amount	No of Shops
1.	Mahasu (Jubbal & Kotkhai)	2006-07	0.29	8
2.	Anti (Jubbal & Kotkhai)	2006-07	0.51	4
3.	Paddar (Nagrota Bagwan)	2006-07	0.13	6
4.	Nirmand (Nirmand)	2003-08	0.71	22
5.	Janjehali (Seraj)	2003-08	1.24	10
6.	Taibul Jurie (Rampur)	2003-08	0.42	6
7.	Ghurkari (Kangra)	2003-08	0.93	5
8.	Tang Narwana (Dharamshala)	2003-08	0.57	12
9.	Alampur (Lamba Gaon)	2005-08	0.31	4
10.	Jaisingh Pur (Lamba Gaon)	2003-08	1.28	32
		Total	6.39	109
		Grand Total	9.35	128

Appendix-14

(Refer to Paragraph-2.16; Page-19)

NON-RECOVERY OF HOUSE TAX 2003-08

(Rs. in lakh)

Sr.No.	Name of GPs	Amount
1.	Jarot (Nagrota Surian)	0.09
2.	Kehrian (Nagrota Surian)	0.29
3.	Batseri (R/Peo)	0.08
4.	Tangroti (Dharamshala)	0.22
5.	Padranu (Jubbal & Kotkhai)	0.12
6.	Nirmand (Nirmand)	0.07
7.	Gamog (Nirmand)	0.06
8.	Sarhan (Nirmand)	0.09
9.	Rakkar (Dharamshala)	0.18
10.	Arssu (Nirmand)	0.12
11.	Gadaj (Nirmand)	0.09
12.	Chayal (Nirmand)	0.30
13.	Bhumpal (Nadaun)	0.08
14.	Bela (Nadaun)	0.08
15.	Tang Narwana (Dharamshala)	0.48
16.	Naryah (Nadaun)	0.09
17.	Narwana (Dharamshala)	0.18
18.	Janjehli (Seraj)	0.11
19.	Chattri (Seraj)	0.15
20.	Behl Behli Dhar (Seraj)	0.07
21.	Thunag (Seraj)	0.13
22.	Ahju (Chountra)	0.09
23.	Puied (Naggar)	0.37
24.	Sewegi (Naggar)	0.09
25.	Bijmal (Chopal)	0.09
26.	Makrog (Chopal)	0.13
27.	Naren (Rampur)	0.14
28.	Jasour (N/Bagwan)	0.12
29.	Ghurkari (Kangra)	0.25
30.	Kawadi (N/Bagwan)	0.38
31.	Baldhar (N/Bagwan)	0.33
32.	Pathiar (Nagrota Bagwan)	0.13
33.	Barbela (Dharamshala)	0.17
34.	Jaisingh Pur (Lamba Gaon)	1.06
		6.43

Appendix-15

(Refer to Paragraph-2.17; Page-20)

NON-RECOVERY OF DUTY ON ACCOUNT OF INSTALLATION OF MOBILE TOWERS.

(Rs. in lakh)

Sr.No.	Name of GPs	Period	Amount	No. of towers
1.	Gathiunter (Nagrota Surian)	2006-07	0.06	1
2.	Masroor (Nagrota Surian)	2007-08	0.10	3
3.	Danoghat (Kunihar)	2006-07	0.24	4
4.	Kalpa (R/Peo)	2006-07	0.18	3
5.	Panwari (R/Peo)	2007-08	0.20	3
6.	Them Garenge (R/Peo)	2007-08	0.06	1
7.	Sangla (R/Peo)	2007-08	0.14	2
8.	Lothal (Mehla)	2006-07	0.06	1
9.	Sapani (R/Peo)	2006-07	0.24	3
10.	Himri (Jubbal Kotkhai)	2006-07	0.16	4
11.	Sarswati Nagar (Jubbal & Kotkhai)	2007-08	0.06	1
12.	Sarkad (Bamsan)	2007-08	0.08	3
13.	Janjehali (Seraj)	2006-07	0.22	5
14.	Talkehar (Chauntra)	2006-07	0.06	1
15.	Ahju (Chauntra)	2006-07	0.08	1
16.	Ruslah (Chopal)	2006-07	0.08	2
17.	Bijamal (Chopal)	2006-07	0.12	3
18.	Makrog (Chopal)	2006-07	0.20	4
19.	Mucchara (Rohru)	2006-07	0.18	3
20.	Ghukari (Kangra)	2007-08	0.08	1
21.	Narwana (Dharamshala)	2007-08	0.02	1
22.	Sidhwari (Dharamshala)	2007-08	0.08	1
23.	Shili (Seraj)	2006-07	0.08	1
		Total	2.76	52

Appendix-16

(Refer to Paragraph-2.18; Page-20)

NON-MAINTENANCE OF RECORDS BY PRIs.

Zila Parishad (2006-08)

Sr.No	Name of ZPs
1.	Mandi
2.	Kullu

Panchayat Samities (2005-08)

Sr.No.	Name of PSs
1.	Kullu
2.	Karsog
3.	Naggar
4.	Sangrah
5.	Lamba Gaon
6.	Nagrota Surian
7.	Rajgarh
8.	Fatehpur
9.	Seraj
10.	Mehla

Gram Panchayats (2003-08)

Sr.No.	Name of GPs
1.	Jarot (Nagrota Surian)
2.	Amlala (Nagrota Surian)
3.	Kehrian (Nagrota Surian)
4.	Galhanter (Nagrota Surian)
5.	Katholi (Nagrota Surian)
6.	Gher-II (Nagrota Surian)
7.	Narag (Pacchad)
8.	Dimber (Rajgarh)
9.	Ser Jagas (Rajgarh)
10.	Hatkot (Kunihar)
11.	Kotli (Kunihar)
12.	Kunihar (Kunihar)
13.	Palania (Kunihar)
14.	Dhundand (Kunihar)
15.	Seweda Chandi (Kunihar)
16.	Bakhalag (Kunihar)
17.	Meber (R/Peo)
18.	Pangi (R/Peo)
19.	Panwari (R/Peo)

20.	Sangla (R/Peo)
21.	Mahasu (Jubbai & Kotkhai)
22.	Himri (Jubbai & Kotkhai)
23.	Karaur (Nadaun)
24.	Kalur (Nadaun)
25.	Jhalen (Nadaun)
26.	Pandher (Bamsan)
27.	Dakhar (Bamsan)
28.	Bainkhet (Bhatiyat)
29.	Sandel (Bhatiyat)
30.	Sunera (Mehla)
31.	Bat (Mehla)
32.	Lothal (Mehla)
33.	Thunag (Seraj)
34.	Kamas (Naggar)
35.	Puied (Naggar)
36.	Sewegi (Naggar)
37.	Ruslah (Chopal)
38.	Jhokar (Chopal)
39.	Mucchara (Rohru)
40.	Pancha (Rampur)
41.	Khasdhar (Chhohara)
42.	Amatrad (N/Bagwan)
43.	Mahadev (Sundernagar)
44.	Bari Rajadian (Bilaspur)
45.	Pekha (Chhohara)
46.	Banet (Bhatiat)

PREFACE

1. This report has been prepared for submission to the Government of Himachal Pradesh in accordance with the terms of Technical Guidance and Supervision (TGS) of the audit of accounts of Urban Local Bodies (ULBs) by the Comptroller & Auditor General of India as envisaged by the Eleventh Finance Commission.
2. Chapter-I of the Report contains a brief introduction on the functioning of the ULBs alongwith observations regarding devolution of Funds, Functions and Functionaries to them and Chapter-II deals with the observations on transaction audit arising out of inspection of ULBs. Chapter-III contains performance review of Integrated Development of Small and Medium Towns scheme.
3. The cases mentioned in this report are those, which came to notice in the course of test check of accounts of 17 Urban Local Bodies during the year 2008-09. Matters relating to the periods subsequent to 2007-08 have also been included, wherever necessary.

OVERVIEW

This report contains the results of audit of 17 out of 49 Urban Local Bodies (ULBs) under the scheme of Technical Guidance and Supervision (TGS). The Report contains three Chapters. Chapter I and II containing introduction on the functioning of ULBs and audit comments on accounting procedure, irregularities in execution of works and outstanding revenue receipts etc. Chapter III contains a performance review on IDSMT and UIDSSMT scheme .A synopsis of the findings contained in the report is presented in the overview.

An overview of the Accounts and Finances of Urban Local Bodies.

- ❖ During 2005-08, the budget estimates were not realistic as expenditure was ranging between 73 and 98 percent
(Paragraph 1.10)
- ❖ State Government has not made provision in Acts/Rules for certification of accounts of ULBs by any agency.
(Paragraph 1.11)
- ❖ Utilisation certificates (UCs) amounting to Rs. 50.59 lakh were awaited from three ULBs.
(Paragraph 1.12)
- ❖ The State Government had not devolved two functions i.e. “Fire services execute the devolved functions and Regulation of land use and construction of building”.
(Paragraph 1.13.2)
- ❖ The State Government has not ensured required manpower in ULBs to execute the devolved functions.
(Paragraph 1.13.8.1)
- ❖ Faulty planning on the part of NP led to non-utilisation of store tanks rendering the entire expenditure of Rs. 27.46 lakh unfruitful.
(Paragraph 2.1)
- ❖ Ineffective monitoring of developmental works caused abandonment of constructions of commercial complex by the contractor and also resulted in time and cost overrun.
(Paragraph 2.2)
- ❖ Failure of Urban Local Bodies to utilize the funds under RGURF/NSDP for construction of parking lots and schemes for welfare of slum dwellers resulted in blocking of funds of Rs. 60.00 lakh and Rs. 14.15 lakh respectively.
(Paragraph 2.3)
- ❖ An expenditure of Rs. 3.12 crore was incurred in excess of norms due to failure of the ULBs to collect the outstanding tax of Rs. 4.92 crore which was likely to be utilized on development works thereby reducing the percentage of establishment expenditure.
(Paragraph 2.4)

- ❖ Municipal Corporation, Shimla failed to construct Ambulance roads depriving the public from providing ambulance facility besides resulting in blocking of funds of Rs. 15.50 lakh.
(Paragraph 2.5)
- ❖ Failure to start the execution of developmental works of Rs. 3.08 crore resulted in blocking of funds besides depriving the public from intended benefits.
(Paragraph 2.6)
- ❖ Non-finalisation of new schemes by MC Shimla resulted in non-utilization of funds of Rs. 19.00 lakh.
(Paragraph 2.7)
- ❖ Improper planning of ULBs led to non-setting up of Solid Waste Management Projects and blocking of funds Rs. 1.07 crore.
(Paragraph 2.8)
- ❖ Three Urban bodies did not reconcile the balances of banks resulting into difference of Rs. 27.56 lakh.
(Paragraph 2.9)
- ❖ Rent of Rs. 1.58 crore was not recovered by the ULBs from allottees of shops.
(Paragraph 2.10)
- ❖ House tax amounting to Rs. 4.11 crore remained outstanding as of March 2008.
(Paragraph 2.11)
- ❖ Due to non-revision of rates of house tax the ULBs failed to raise demand for Rs. 67.62 lakh required under SFC recommendations.
(Paragraph 2.12)
- ❖ Three ULBs failed to mobilize their resources ,which resulted in creation of undischarged liabilities on account of energy charges amounting to Rs.1.02 crore.
(Paragraph 2.13)

With the objective of slowing down the increasing trend of migration from small and medium towns to large cities by providing infrastructure and generating income growth and employment the IDSMT scheme was launched (1992) in Himachal Pradesh and 21 out of 49 towns were covered under the scheme during 1995-2005. Project execution was not satisfactory as only one out of 21 projects could be completed as of March 2008. From December 2005 the scheme was merged in Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) and three towns were covered. Out of three projects sanctioned under UIDSSMT two are in progress and one was yet to be started.
(Paragraph 3.1.1)

- ❖ Out of the grants of Rs. 18.94 crore released for all the 21 projects during 1995-2008, Rs. 17.31 crore only could be spent as of as of March 2008.
(Paragraph 3.2.2)
- ❖ Out of 21 projects sanctioned 1995-2005 only one project was completed.
(Paragraph 3.4.1)
- ❖ In five projects/towns test checked, expenditure of Rs, 1.21 crore incurred on the construction of Shopping complex, Community hall, shops etc. was rendered unproductive as these amounts were lying unutilized.
(Paragraph 3.4.6)
- ❖ 13 ULBs diverted Rs. 2.36 crore from IDSMT/UIDSSMT to Municipal Funds for payment of salary etc.. Moreover an expenditure of Rs. 1.51 crore was incurred by 4 ULBs on schemes not sanctioned by State Level Sanctioning Committee (SSLC).
(Paragraph 3.2.7 & 3.4.2)
- ❖ Institutional finance of Rs. 7.65 crore was not arranged by 14 Local bodies resulting in tardy progress/non-completion of the projects.
(Paragraph 3.2.6)

CHAPTER -1

ACCOUNTS AND FINANCES OF URBAN LOCAL BODIES

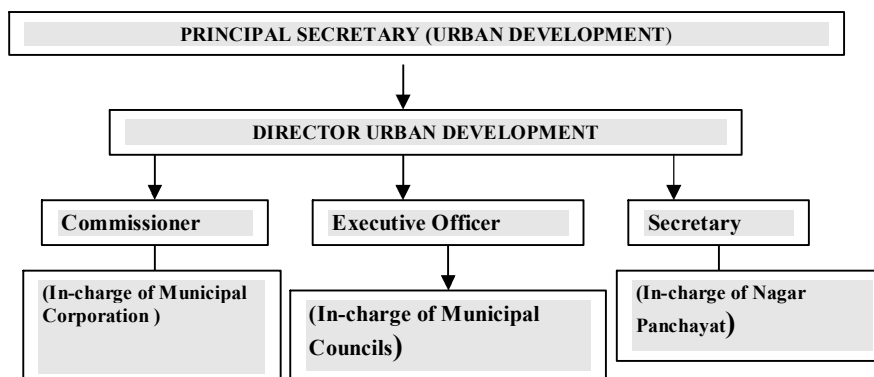
1.1 Introduction.

The 74th Constitutional Amendment paved way for decentralization of powers and transfer of 18 functions as listed in the 12th schedule of the Constitution alongwith funds and functionaries to the Urban Local Bodies. To incorporate the provision of the 74th Constitutional Amendment, the Himachal Pradesh Government (Local Self Government) enacted the Himachal Pradesh Municipal Corporation Act, 1994 and Himachal Pradesh Municipal Act, 1994. Prior to enactment of these Acts, the functions listed in the 12th schedule of the Constitution were not devolved upon the ULBs. However, the obligatory and discretionary functions were with ULBs.

The Eleventh Finance Commission (EFC) recommended that the Comptroller and Auditor General of India (CAG) shall be responsible for exercising control and supervision over the proper maintenance of accounts and their audit for all the three tiers/levels of Panchayati Raj Institutions and Urban Local Bodies (ULBs). The State Government accordingly through an executive order allowed (*April 2004*) the Principal Accountant General (PAG) to conduct the audit of accounts of ULB in such manner as he deems fit and issue audit/inspection reports since all ULBs were in receipt of grants from the consolidated fund of the Centre/State. Formal notification for entrustment was also issued by the State Government in October, 2008.

1.2 Organizational Set up.

The Organizational set up of ULBs is as under:-



There is one Municipal Corporation, 20 Municipal Councils (MCs) and 28 Nagar Panchayats (NPs) in the State.

The Mayor heads the Municipal Corporation whereas the President heads both MCs and NPs.

1.3 Powers and functions.

To function as institution of self-government and to carry out the responsibilities conferred upon them, the ULBs exercise their powers and functions in accordance with the provisions of the Constitution. Some obligatory functions of the ULBs are as follows:-

- Water supply for public and private purpose;
- Construction and maintenance of sewage and drainage system;
- Collection and disposal of solid waste;
- Construction and maintenance of streets, bridges, culverts etc;
- Construction and maintenance of public latrines, urinals and similar conveniences;
- Lighting of public streets and other public places;
- Construction and maintenance of markets;
- Preventing and checking spread of dangerous diseases including immunization;
- Town planning and development including preservation of monuments, places of historical, artistic and other importance;
- Overall administration including survey, removal of encroachment, dangerous buildings, registration of births and deaths and pollution control of all kinds.

Further, the ULBs may at their discretion provide the following services either wholly or partially out of its property and fund:

- Education;
- Sanitation;
- Music and other entertainments in public places;
- Houses for deaf, dumb, disabled and destitute persons;
- Public works relating to relief, care of sick, medical service;
- Measure to promote public safety, health, convenience or general welfare;

The State Government may impose or transfer any such functions and duties of the Government to the ULBs including those performed by the departments.

1.4 Audit Coverage.

Test check of the records of Municipal Corporation, Shimla, seven¹ Municipal Committees (MCs) (out of 20 MCs) and nine² Nagar Parishads (NPs) (out of 28 NPs) was conducted during 2008-09 and a review of the execution of Integrated Development of Small and Medium Towns (IDSMT) scheme for the period 2003-08 was also conducted in 16 MCs and seven NPs during April-June 2008. The important audit findings of the annual inspection are incorporated in Chapter-II and findings of the review on IDSMT scheme are in Chapter-III.

1.5 Sources and allocation of Funds.

For execution of various developmental works, the ULBs received funds mainly from the Government of India and the State Government in the form of grants. The Government of India grants also include grants assigned under the recommendations of EFC and Twelfth Finance Commission (TFC). The State Government grants are received through devolution of net proceeds of the total tax revenue under the recommendation of the State Finance Commission (SFC). Besides, the source includes the revenue mobilized by the ULBs in the form of taxes, rent, fees, issue of license, etc.

Position of funds released to the ULBs during 2005-08 is given below:-

Year	Receipts				Total expenditure incurred ³
	State Govt.	Central Govt.	Own revenue	Total	
2005-06	27.02	0.28	36.48	63.78	64.84 ⁴
2006-07	44.11	0.82	41.35	86.28	82.23
2007-08	54.37	12.15	44.26	110.78	85.90

Sectorwise details of expenditure for the period 2005-08 was as under:-

Year	(Rs. in crore)		
	Housing	Education	Sanitation
2005-06	--	--	9.51
2006-07	--	--	11.30
2007-08	--	--	23.99

The Department had shown nil expenditure under Housing and Education Sectors.

¹ Chamba, Dalhousie, Dharamshala, Naina Devi, Nalagarh, Palampur & Una.

² Baddi, Ghumarwin, Jawalamukhi, Nagrota Bagwan, Nadaun, Sarkaghat, Santokhgarh, Sujanpur & Talai.

³ The department has no separate detail of expenditure incurred under revenue and capital.

⁴ Expenditure was more than receipt as the ULBs received grants from other departments.

The grants were allocated among the Municipal Corporation, MCs and NPs on the basis of total population and revenue earned by them from their own resources.

1.6 Utilisation of TFC grants.

The position of funds released and utilized under TFC during the period from 2005-06 to 2007-08 was under:-

(Rs. in crore)			
Year	Funds allocated to ULBs	Funds released	Expenditure incurred
2005-06	1.60	---	---
2006-07	1.60	3.20	1.26
2007-08	1.60	1.60	---
Total	4.80	4.80	1.26

Evidently the funds released during 2005-08 could be utilized only to the extent of 26.25 percent. As such the objectives were not achieved.

1.7 Audit Arrangement.

The recommendations of EFC stipulate that the CAG shall be responsible for exercising control and supervision over proper maintenance of the accounts of ULBs and their audit.

The audit of ULBs is being conducted by the Director Urban Development through Local Audit Department. The PAG also conducts test audit under Technical Guidance and Supervision (TGS) as per recommendations of EFC. For this purpose the State Government has issued (October 2008) a notification for amendments in the relevant Act.

1.8 Pending Audit objections.

The Commissioner/Executive Officer/Secretary of the Municipal Corporation, MC and NP respectively having administrative powers are required to comply with the observations contained in the Inspection Reports (IRs) issued by this office and rectify the defects/omissions and report their compliance to settle the observations. The detail of IRs and paragraphs issued, settled and outstanding as on 31st March 2009 was as under:-

Year issue	of	No. of IRs/Paras issued		No. of IRs/Paras Settled		No. of IRs/Paras outstanding	
		IRs	Paras	IRs	Paras	IRs	Paras
2006-07		15	183	1	59	14	124
2007-08		17	207	0	11	17	196
2008-09		17	219	--	--	17	219

1.9 Internal Audit of ULBs.

Under the provisions of Municipal Corporation and Municipal Committees Acts, 1994, the accounts of Local Bodies shall be audited by a separate and independent agency.

The Local Audit Department conducts internal audit of ULBs. All the ULBs are required to be audited annually. It was noticed that coverage of audit by the local audit department was between 18 and 96 percent during the last three years as shown below:-

Sr. No.	Year	Total units/units to be audited	Numbers of units actually audited	Percentage of units audited
1.	2005-06	49/49	18	37
2.	2006-07	49/49	09	18
3.	2007-08	49/49	47	96

The Director stated (*May 2009*) that due to shortage of staff, audit of all the local bodies could not be conducted.

1.10 Budget Estimates.

The budget estimates of ULBs are prepared as per Himachal Pradesh Municipal Code, 1975 in the prescribed form keeping in view the budget estimates of expected income and expenditure for the next financial year and placed before the house of the committee for approval. After approval of the budget by the house of the committee it is submitted to the Director Urban Development for approval. The budget provisions and the expenditure there against for the test checked Municipal Corporation, seven MCs and nine NPs for the year 2005-06 to 2007-08 were as under:- **(Unit-wise position in Appendix-1):-**

(Rs. in crore)

Year	Budget Estimate	Actual Expenditure	Savings (-) Excess (+)	Percentage over all utilization
2005-06	48.04	34.96	(-)13.08	73
2006-07	48.89	42.32	(-)6.57	87
2007-08	50.85	50.02	(-)0.83	98

Perusal of above table would indicate that the budget estimates were not realistic as the expenditure during 2005-08 was ranging between 73 and 98 percent of the budget estimate. No reasons for less utilization of budget had been furnished.

1.11 Non-Certification of Accounts.

With no specific provision in the State Acts/Rules, certification of accounts by any agency was not in existence in the ULBs. In the absence of provisions for certification, the authenticity of the final accounts can not be vouchsafed and no audit opinion on the true and fair view of the accounts of ULBs could be given.

1.12 Awaited Utilisation Certificates.

Utilisation Certificates (UCs) are required to be sent on annual basis in respect of grants utilised.

Test check of records relating to Grants-in-aid, maintained in the Directorate, Urban Development revealed that UCs amounting to Rs. 50.59 lakh pertaining to various grants released during 2007-08 were awaited (*June 2009*) from three⁵ ULBs. No specific reasons were advanced for non submission of UCs by concerned local bodies.

1.13 Devolutions of funds, functions and functionaries.

Introduction.

The spirit of 74th constitutional amendment and philosophy of decentralization which recognizes the grassroots level participation and implementation is the very essence of good governance. Article 243W of the Constitution authorized the State Legislative to enact laws to endow the local bodies with powers and authority in this regard.

Consequent upon the 74th constitutional amendments Act 1992, the State Government, through legislation had enacted the Himachal Pradesh Municipal Corporation Act 1994 and Himachal Pradesh Municipal Committees Act 1994 by repealing the existing Acts to establish a three tiers ULB system and incorporating all the 18 functions enshrined in the eleventh schedule of the Constitution. The audit findings are discussed in the succeeding paragraphs.

1.13.1 Devolution of functions.

The State Government was required to transfer all the 18 subjects listed in the 11th schedule of the constitutions to ULBs. Following deficiencies were however noticed in the transfer of functions:-

⁵ NP Sujampur Rs. 28.93 lakh, NP Jawalji Rs. 14.78 lakh & NP Joginder Nagar Rs. 6.88 lakh.

1.13.2 Inadequate transfer of functions.

The State Government through its notifications (August 1994) entrusted only 16 functions (**Annexure-2**) out of the 18 functions listed in the schedule to the ULB. Two functions namely (i) Fire Services and (ii) Regulation of land use and construction of buildings were not transferred though mandated for transfer under the Acts. The Director, Urban Development Department stated (February 2008) that the function of 'Fire Service' was a centralized facility both for Urban and Rural area and as such there was no proposal to transfer this function. The reasons for non-transfer of function "Regulation of land" were awaited as of July 2009.

1.13.3 Withdrawal of forestry function from Municipal Corporation, Shimla.

The Municipal Corporation Shimla was managing forestry function since 1892 with four forest areas under its jurisdiction and Urban forestry was also included in sixteen devolved functions. The Corporation was having two Rest Houses and three nurseries. The Corporation was meeting the requirement of timber and wood out of its forest. However, the State Government resumed (April 2006) the forestry functions alongwith functionaries from the Corporation and timber/wood lying in the depot of Corporation was also taken over. Due to transfer of the above functions the Corporation had to spend Rs. 30.00 lakh (Appx.) annually for the procurement of timber and wood, besides being deprived of the recurring income of Rs. 11.00 to 15.00 lakh every year derived from forest of Corporation area, Rest Houses and forest nurseries. The reasons for resumption of the forestry function by State Government were called for (May 2009), reply to which was awaited as of June 2009.

1.13.4 Non entrustment of major schemes to ULBs.

The cardinal principle behind devolution of functions to the local bodies is that the implementation of the devolved functions should also be entrusted to these bodies.

Jawaharlal Nehru National Urban Rural Mission (JNNURM) was announced by the Hon'ble Prime Minister on 3rd December, 2005 with the objective of developing basic amenities in urban areas. Shimla city was also included under JNNURM. Four projects costing Rs. 50.13 crores (Solid Waste

management for Shimla town: Rs. 16.04 crore; Widening and lowering of existing tunnel near Auckland House School, Shimla : Rs. 10.09 crore; Housing scheme for urban poor at Tutu (Shimla) 252 flats : Rs. 9.99 crore and Housing scheme for Urban poor of Shimla town (Dhalli): 384 flats: Rs. 14.01 crore) were sanctioned for Shimla town under JNNURM. It was noticed that instead of entrustment of these works to Shimla Municipal Corporation, the State Government had entrusted these works to Himachal Urban Development Agency (HIMUDA) and funds of Rs. 9.47 crores have also been placed at the disposal of the above agency during 2006-07 and 2007-08 out of which an expenditure of Rs. 1.67 core has been made as of May 2009. The entrustment of the major scheme like JNNURM to HIMUDA instead to the Shimla Municipal Corporation by the State Government was against the spirit of devolution envisaged in the constitutional amendment. As the degree of success of ULBs as an institution of self government essentially depends on the extent of administrative and financial devolution coupled with the autonomy within the constitutional frame work, entrustment of the implementation of JNNURM to Shimla MC would have been appropriate.

1.13.5 Lack of co-ordination between two agencies in performing the function.

Water supply to Shimla town is being handled by two agencies i.e. Shimla Municipal Corporation and the State Irrigation and Public Health Department (IPH). The work of distribution of water within the city is with the Corporation while all other work beyond the jurisdiction of Shimla city including pumping of water is with the State IPH Department.

The total requirement of water for Shimla city is 41.28 Million liters of water per day while the Corporation could supply only between 27.36 to 29.86 Million liters per day during 2003-08 thereby leaving a gap ranging between 13.92 and 11.93 Million liters in demand and supply. This gap further increases in the summer months of April of July every year with influx of tourists. Thus the water shortage has become a perennial problem to the local people of this city.

While the people of the city perpetually reel under acute shortage, a huge amount of water is wasted daily due to leakage, which both the Corporation and State IPH Department have not been able to plug at time end.

In one such instance, test check or records revealed that during the year 2007-08, 11,13,28,489 KL quantity of water have been supplied by the IPH department but the Corporation Shimla had received 11,09,02,330 KL quantity of water thereby a difference of 4,26,159 KL quantity of water.

This agreement has led to a blame game whereby both the agencies shift the responsibilities to each other which in turn resulted in not providing even the available quantity of water to the people of the city. It was, however, imperative that both the agencies should perform the functions in coordinated manner for ensuring the delivery of service as well as accountability.

1.13.6 Non-legislation to amend the laws for the transferred functions.

For empowering the ULBs to execute the transferred functions as envisaged in the constitutional amendment, the State Government has to amend the laws by legislation, frame rules or guidelines as a follow up measure. However, no legislations to amend the laws for the scheduled area were enacted (June 2009). No amendments were also made in codes, manuals and departmental instructions in respect of functions like roads and buildings, public health, veterinary hospitals, primary health centers and hospitals etc. The devolved functions is being carried out by the concerned line departments. Thus the Government Departments was directly exercising the functions and control over the ULBs functions including its resources and the devolution remained only on paper.

1.13.7 Devolution of functionaries.

Empowerment of the ULBs can not be considered as meaningful unless accompanied by the requisite devolution of functionaries. The State Government was therefore to provide required administration structure and support to make the institutions and functionaries of the developed functions accountable to ULBs.

1.13.7.1 Inadequate devolution of functionaries.

It was noticed that the State Government has not ensured the manpower required for devolved functions as in 20 MCs against 1671 sanctioned posts in different categories, available manpowers was 1499 resulting in shortage of 172 (10 percent) and in 28 NPs, against 704 sanctioned posts, available manpower was only 496 resulting in shortage of 208 posts (30 percent) as of March 2009. As such the available manpower in

ULBs was not sufficient to execute the transferred functions. Action taken to fill up the vacant posts was called for (April 2009), from Director (UDD), the reply is awaited.

1.13.8 Devolution of funds.

In order to perform the devolved functions properly, these institutions require the matching funds/resources. The State Government was, therefore, required to release the whole assigned funds to the ULBs to enable them to perform the assigned functions effectively.

1.13.8.1 Non devolution of funds as per recommendations of the SFC.

The Second SFC recommended (24th October 2002) different provisions for establishment expenditure and aggregate maintenance provisions for services like constructing/providing roads, streets, drains, streetlight points and public toilets in Municipal Corporation, MCs, and NPs for the years 2003-2007. The third SFC in its interim Report also recommended similar provisions during 2007-08. The details of provisions recommended and actual release there against is given below:-

(Rs. in crore)

Year	Recommended Provisions for		Total	Actual provisions and payments made	Difference Excess (+) Less (-)
	Establishment	Aggregate maintenance provisions			
2003-04	34.94	4.22	39.16	13.01	(-) 26.15
2004-05	37.49	4.64	42.13	21.15	(-) 20.98
2005-06	40.23	5.11	45.34	23.38	(-) 21.96
2006-07	43.18	5.62	48.80	23.37	(-) 25.43
2007-08	32.39	9.10	41.49	30.52	(-) 10.97
Total	188.23	28.69	216.92	111.43	(-) 105.49

The table indicates that non-devolution of funds as per recommendations of the second and third SFCs resulted in short release of Rs. 105.49 crore to ULBs during 2003-08 which was about 49.80 percent less than the recommendations of the SFCs.

1.13.8.2 Withdrawal of powers from Municipal Corporation Shimla for issuing road permits.

All restricted roads in Shimla town are maintained by Municipal Corporation Shimla. For plying vehicles on these roads, Municipal Corporation Shimla was issuing permits after charging fees. The income of the Corporation on this account ranged between Rs.1 lakh to Rs. 6.00 lakh every year.

However, the State Government took over (2006-07) powers of the Corporation Shimla to issue permits as per provisions contained in Shimla Road Users and Pedestrians (Public Safety and Convenience) Act, 2007. Thus the Corporation was deprived of the income so generated despite the fact that these roads are being maintained by it.

1.14 Conclusion.

Preparation of budget estimates were found to be un-realistic. The relevant Acts/Rules to incorporate provisions of certification of accounts by the statutory auditors were not amended. Though the State Government had amended the relevant Acts in 1994, it had devolved only 16 functions out of the 18 functions mandated for devolution in the 74th amendment Act.. The State had also not assigned the funds to ULBs as per the recommendations of the SFCs and also not entrusted the implementation of the major scheme like JNNURM. No action has been taken by the ULBs to get the Inspection Reports and paras settled.

1.15 Recommendations.

- ❖ Internal control and monitoring mechanism should be strengthened to ensure realistic preparation of budget estimates and timely submission of UCs.
- ❖ The Government should suitably amend the Acts/Rules to incorporate the provision for certification of accounts by the statutory auditors.
- ❖ Government should consider transfer of all functions to ULBs as mandated in the Constitution 74th amendment.
- ❖ The State Government should assign the entire funds recommended by the State Finance Commission enabling the ULBs to discharge their functions effectively.
- ❖ Implementation of the major schemes of devolved functions should also be entrusted to the ULBs.

CHAPTER- II

TRANSACTION AUDIT

2.1 Unfruitful expenditure.

Faulty planning on the part of NP led to non-utilisation of store tanks rendering the entire expenditure of Rs. 27.46 lakh unfruitful.

In NP Baddi area the water supply was being maintained/provided by the Irrigation and Public Health Department (IPH) and so was responsible for ensuring regular and sufficient water supply. The water connections in NP area were being released and charges collected by the IPH Department.

Scrutiny of records revealed that based on proposal initiated by NP, estimates for six water storage tanks of 20,000 litres capacity were got approved(July-August 2006) for Rs. 24.60 lakh from Executive Engineer (EE) IPH Nalagarh with a view to provide sufficient & regular supply of water to the public. The construction works were awarded by the Secretary NP between August 2006 and May 2007 at a cost of Rs. 31.10 lakh. Four overhead water storage tanks were completed (November 2006) at a cost of Rs. 17.16 lakh and remaining two tanks completed in July 2007 and December 2007 at a cost of Rs. 5.15 lakh each. However, these overhead water storage tanks were not made functional as of September 2008. The Secretary NP Baddi stated (September 2008) that these tanks could not be made functional due to non-testing of tanks. The reply reflects lack of interest in taking the project to its logical conclusion. Non-utilisation of six tanks constructed rendered the entire expenditure of Rs. 27.46 lakh unfruitful. It would appear from above that the NP approved the proposal without any real need for the same and constructed storage tanks without examining this necessity. The splitting of functions between NP and IPH department has resulted in the unfruitful expenditure of Rs.27.46 lakh..

2.2 Abandoned work.

Ineffective monitoring of developmental works caused abandonment of construction of commercial complex by the contractor and also resulted in time and cost overrun.

The construction of Commercial complex at Nalagarh consisting of Shopping complex, underground parking, Yatri Niwas and Community hall was awarded (September 2001) by MC Nalagarh to a contractor for Rs. 1.08 crore to be completed in two years. The objective of the commercial complex was to promote resource generating schemes and provide facilities to general public and tourists. The contractor started the work in November 2001 and upto May 2005, the contractor executed the work to the extent of Rs. 1.02 crore. Thereafter no work was executed by the contractor as of September 2008 and the work was lying in the abandoned state since May 2005. The contractor was levied (May 2008) liquidated damages of Rs. 11.00 lakh which was recoverable from him as of September 2008. The contract was rescinded (August 2008) under clause three of agreement by forfeiting his security. Non-completion of work even after seven years has resulted in unfruitful expenditure on incomplete structure besides resulting in time and cost overrun. Moreover, as this project was a commercial project, the MC has also been deprived of recurring revenue of Rs. 90.18 lakh which would have been derived from sale/auction of shopping complex. In reply, the MC stated (September 2008) that the contractor did not complete the work and his contract was rescinded. The contract for completion of remaining works would be awarded. The reply was not tenable as the MC has been ineffective in the monitoring and taken an inordinate time of three years for rescinding the work which in turn delayed the award of work for balance work.

2.3 Non-utilisation of funds under RGURF and NSDP.

Failure of Urban Local Bodies to utilize the funds under RGURF and SDP for construction of parking lots and on schemes for welfare of slum dwellers resulted in blocking of funds of Rs. 60.00 lakh and Rs. 14.15 lakh respectively.

2.3.1 Funds amounting to Rs. 60.00 lakh (Rs. 30.00 lakh each) were sanctioned (April 2007) in favour of MC Palampur and Una under Rajiv Gandhi Urban Renewal Facility (RGURF) for the construction of two parking lots. As

per condition of sanction these funds were required to be utilized within financial year 2007-08.

Scrutiny of records of MC Palampur and Una revealed that the above funds had not been utilized as of August/September 2008. In both the cases the works had not been started as the estimates for Rs. 38.43 lakh (Palampur) and 27.41 lakh (Una) were awaiting approval from Himachal Pradesh Public Works Department (HPPWD). The process for submission of estimates for obtaining approval was delayed considerably as the MC Palampur submitted the estimate in May 2008 and MC Una sent it in June 2008 whereas the funds were received in April 2007. Thus delay in submission also delayed the approval of estimates which ultimately resulted in non-commencement of these works and blocking of funds besides depriving the MCs from intended recurring income. The EOs of concerned MCs stated (August/September 2008) that works will be started on receipt of approval for estimates.

2.3.2 Guidelines of National Slum Development Programme (NSDP) provide that funds should be utilized promptly on the different schemes sanctioned for the welfare of slum dwellers.

Scrutiny of records of NP Baddi revealed that there was opening balance of Rs. 10.59 lakh as on 31st March 2005 and funds of Rs. 8.20 lakh were also received under NSDP between 2005-06 and 2007-08. Thus total funds of Rs. 18.79 lakh were available for utilization under NSDP but an expenditure of Rs. 4.24 lakh only had been incurred as of September 2008 leaving an unspent balance of Rs. 14.55 lakh. Thus funds had not been utilized for the purpose for which sanctioned and parked in the bank unnecessarily. The Secretary stated (September 2008) that after ascertaining the factual position, the funds would be utilized by framing schemes for the upliftment of slum dwellers. The reply was not tenable as no scheme has been sanctioned for utilization of unspent funds.

2.4 Excess expenditure on establishment.

Six Urban Local bodies incurred expenditure of Rs. 3.12 crore in excess of norms and failed to collect the outstanding taxes to the tune of Rs. 4.92 crore which could have been utilized thereby reducing the percentage of establishment expenditure.

As per section 53 (i) (c) of Himachal Pradesh Municipal Act and section 75 (i) of Himachal Pradesh Municipal Corporation Act, 1994, the expenditure on establishment charges should not exceed one third of the total expenditure of the ULBs.

In six⁶ ULBs (two MCs and four NPs) test checked, the expenditure of Rs. 3.12 crore was incurred in excess of prescribed norms during 2005-08. The concerned ULBs stated (April 2008 to March 2009) that the excess expenditure was due to limited sources of income and increase of allowances/regularization of services of daily waged staff etc. The reply was not tenable as excess expenditure was due to not taking effective steps to ensure optimum collection of various taxes which was in arrear to the extent of Rs. 4.92 crore. The execution of various developmental works could have been taken up with these funds and the limit of one third expenditure on establishment could have been ensured.

2.5 Non-providing of Ambulance Roads.

Municipal Corporation Shimla failed to construct Ambulance roads depriving the public from emergency transport facility and thereby blocking funds of Rs. 15.50 lakh.

The DC Shimla provided Rs. 23.50 lakh during 2001-08 to the Corporation for construction of Ambulance road in 15 localities of the Corporation area.

It was noticed that the work on 6 roads out of 15 roads costing to Rs. 15.50 lakh had not been started/completed as of August 2008 as under:-

(Rs. in lakh)

Year in which funds received	Numbers of works to be executed	Amount received	Expenditure incurred	Perusal status of work
2001-02	1	2.00	--	Not started due to Forest Area.
2002-03	1	1.50	--	Work in progress.
2007-08	4	12.00	--	These works not started due to disputed site and forest land.
Total	6	15.50		

⁶ MC Dharamshala Rs. 122.17 lakh, MC Dalhausie Rs. 50.60 lakh.
NPs Ghumarwin Rs.35.10 lakh; Jawalamukhi Rs. 60.82 lakh; Nagrota Bagwan Rs. 22.14 lakh and Sarkaghat Rs. 21.56 lakh.

It would be evident from above that 2 works costing Rs. 3.50 lakh sanctioned between 2001-02 and 2002-03 were not started/completed as of June 2009. Non-start/completion of above works has resulted in blocking of funds besides depriving the public from intended facilities. While admitting the facts, the EE of Corporation stated (June 2009) that these works could not be started/completed due to involvement of forest land and site disputes. The reply was not tenable as no concrete steps had been taken to address this issue before obtaining funds.

2.6 Non Execution of developmental works.

Failure to start the execution of developmental works of Rs. 3.08 crore resulted in blocking of funds besides depriving the public from intended benefits.

Funds amounting to Rs. 2.73 crore were received by the Corporation Shimla from various agencies⁷ during 1992-93 to 2006-07 for execution of 188 developmental works such as construction/repair of link roads, toilets and parking places etc. As per the sanctions, these works were to be completed within one year.

It was noticed that these works had not been taken up for execution as of August 2008. Non-execution of these works has not only resulted in blocking of funds but the very purpose of sanctioning the works also stood defeated. In reply, the Executive Engineer MC Shimla stated (August 2008) that the corporation was executing priority works and could not spare enough time for execution of above schemes. The reply was very evasive as the works were approved, based on proposals from the Corporation.

Similarly funds amounting to Rs. 35.03 lakh (MC Dalhousie Rs. 20.00 lakh, MC Dharamshala Rs. 8.06 lakh, NP Ghumarwin Rs. 6.97 lakh) were received between 2005-08 for the execution of various developmental works such as Rehan Basera (shelter to live), Paths and Community Hall etc. These works were required to be completed within one year from date of sanction.

It was noticed that these works had not been started as of March 2009. Thus non-start of work has not only resulted in blocking of funds but also

⁷ Deputy Commissioner, (DC) Shimla (130 works: Rs. 196 lakh), Divisional Commissioner, Shimla (17 works: Rs. 28 lakh) Director Urban Development Department (39 works: Rs. 38 lakh) & Director, Tourism (3 works: Rs. 12 lakh)

deprived the ULBs from recurring revenue from the completion of Rehan Basera and Community hall. The EO Dalhousie (November 2008) stated that the construction of Community hall could not be started due to non-finalization of site whereas other ULBs attributed the non-start of work to land dispute and non-availability of land. The reply was not tenable as the ULBs failed to ensure availability of freehold land for these schemes before sanctioning the works.

2.7 Non-utilization of balance funds.

Non-finalization of new schemes by Municipal Corporation Shimla resulted in non-utilization of funds of Rs. 19.00 lakh.
--

As per the condition for developmental works sanctioned by the sanctioning authorities, the Corporation after utilising the funds, was required to submit the utilisation certificates of each scheme/work to the sanctioning authority and refund the unutilized funds or obtain approval to utilise the unspent funds on other schemes/works.

Scrutiny of records of Corporation (July- September, 2008) revealed that funds for Rs. 1.41 crore⁸ were received by the Corporation from DC Shimla and Director UD for execution of developmental works like construction/repair of roads, toilets, parking places etc. during 1990 and 2007. All the works were completed between 2000-01 and 2007-08 by the Corporation at the cost of Rs. 1.22 crore leaving unspent balance of Rs. 19.00 lakh as of *March 2009*.

Although a period of one to eight years has elapsed after completion of works, the unspent balance of Rs. 19.00 lakh was neither refunded to the sanctioning authority nor any approval to utilise the unspent funds on other developmental works was obtained resulting in unnecessary blocking of Government funds. The EE stated (September, 2008) that the sanctioning authority was being contacted to allow unspent funds to be utilised for some other developmental works. The reply was not tenable as the unspent balance of Rs. 6.45 lakh & Rs. 9.25 lakh had been lying since 2000-2001 and 2002-03 respectively.

⁸ DC Shimla 61 works : Rs 72.00 lakh and Director UD works 82: Rs 69.00 lakh.

2.8 Non-utilisation of TFC funds.

Improper planning of ULBs led to non-setting up of Solid Waste Management Projects and blocking of funds Rs. 1.07 crore.

Detailed Project Report (DPR) for setting up of solid waste management (SWM) project at Nalagarh was got prepared (2006) from an Architect for Rs. 71.00 lakh. On the basis of DPR, funds amounting to Rs. 53.33 lakh were released (January 2007) by Director (UD) under TFC grants. Accordingly estimate for Rs. 34.81 lakh was got approved (March 2008) from Executive Engineer Himachal Pradesh State Industrial Development Corporation (HPSIDC) Baddi. The estimate was sent to the Director in April 2008 for fixing the date for opening of tenders. The Director proposed (May 2008) some additions and alteration in the estimate and revised estimate for Rs. 40.54 lakh was sent (July 2008) to the Director (UD) for according technical sanction. However, the technical sanction was awaited as of September 2008 and entire amount was lying un-utilised.

Similarly an amount of Rs. 53.33 lakh was released (December 2006: Rs. 26.66 lakh and January 2007: Rs. 26.67 lakh) for setting up SWM project in Palampur town. It was noticed that initially forest land in Mohal Tanda Guggar was got transferred (March 2007) from Forest Department. An amount of Rs. 2.55 lakh (Rs. 2.03 lakh for Net Present Value (NPV) and Rs. 0.52 lakh for Compensatory Afforestations (CA) was paid (March 2007) to Forest Department. However, the SWM project could not be executed in the selected site due to resentment by the local public. New site at Mohal Surad Mouza Bandla was selected and case for transfer of land in favour of MC Palampur was sent (May 2008) to DC Kangra. The decision to transfer the land was awaited as of August 2008. Thus due to frequent change in site ,the SWM project could not be established and funds lying un-utilised.

In reply the Executive Officer Nalagarh stated (September 2008) that the work could not be started for want of approval of estimate/technical sanction. The EO Palampur stated (August 2008) that the project could not be implemented due to resentment by the public. These projects have not been started as of June 2009.

Thus ,lack of planning has resulted in blocking of funds of Rs. 104.11 lakh besides wasteful expenditure of Rs. 2.55 lakh on payment of NPV and CA.

2.9 Non-reconciliation of Balances.

Non-reconciliation of figures of cash books and pass books has resulted in difference of Rs. 27.56 lakh.

Rule 19 (2) Chapter-III of Municipal Code 1975 enjoins that the cash balances of the accounts maintained with the bank should tally with the balances of the cash book at the end of every month by way of reconciliation.

Scrutiny of records of two MCs (Nalagarh & Dharamshala) revealed that a difference of Rs. 25.28 lakh between the cash balances as per cash books and that of bank accounts at the end of *March, 2008* remained unreconciled.

In NP (Nagrota Bagwan), test check revealed that the balance of Rs. 2.28 lakh for the year 2007-08 remained unreconciled. The un-reconciled balance not only reflect the incorrect financial status of the ULBs but possibility of misappropriation of Government funds could not be ruled out. The Executive Officers and Secretary of concerned ULBs stated (April 2008 to March 2009) that efforts were being made to reconcile the differences and final outcome would be intimated.

2.10 Non realization of rent.

Twelve ULBs failed to realize the rent of shops from allottees amounting to Rs. 1.58 crore.

Section 258 (i) (b) (2) of Himachal Pradesh Municipal Act, 1994 provides that any amount which is due to the municipality and remains unpaid for fifteen days after the same is due, the E.O/Secretary as the case may be, may serve notice of demand upon the persons concerned. The Act also provides that any sum due for recovery shall without prejudice to any other mode of collection, be recoverable as arrear of land revenue.

It was noticed in test checked 12 ULBs, (five MCs and seven NPs) **(Appendix-3)** that an amount of Rs. 1.58 crore on account of rent from persons to whom shops/stalls were rented out was outstanding as of March, 2008. Yearwise breakup of outstanding amount was not made available to audit. The concerned local bodies stated (April 2008 to March 2009) that notices had been issued to defaulters for recovery of rent, but no case for recovery as arrear of land revenue had been initiated.

2.11 Outstanding House tax.

Due to ineffective monitoring a revenue of Rs. 4.11 crore on account of house tax in ten ULBs remained outstanding.

In 10 ULBs (MC 4 and NP 6) (**Appnedix-4**) there was opening balance of house tax of Rs. 2.74 crore as on March 2005 and demand of Rs. 4.22 crore was raised during the period 2005-08. However, the collection of house tax was only to the extent of Rs. 2.85 crore during the corresponding period leaving outstanding balance of Rs. 4.11 crore as of March 2008. Obviously the pace of recovery was slow as even the current demand could not be recovered. Non-recovery of house tax has deprived the ULBs from revenue which could have been utilized for other developmental works. The concerned ULBs stated (April 2008 to March 2009) that cases would be filed against the defaulters for recovery of arrears.

2.12 Loss of revenue.

Non-revision of rates of house tax by six ULBs as per recommendations of SFC resulted in loss of revenue of Rs. 67.62 lakh.

The Director, Urban Development directed (*November, 2003*) all the ULBs that, as per the recommendations of the 2nd State Finance Commission there shall be a percentage increase in the rate of house tax every year so as to reach the level of 12.5 per cent at the end of 2006-07 from 7.5 percent as of 2002-03. Accordingly, the rates were to be enhanced at the rate of one percent each year from 2002-03.

In six test checked ULBs (**Appendix-5**) the instructions had not been followed for revision of rates of house tax resulting into loss of revenue to the tune of Rs. 67.62 lakh. The concerned officers of ULBs stated (April 2008 to March 2009) that action would be taken to revise the rates.

2.13 Un-discharged liabilities.

Failure to mobilize the resources by three ULBs resulted in creation of un-discharges liabilities on account of energy charges to the tune of Rs. 1.02 crore.

The ULBs had been maintaining street lights in their jurisdiction and the payment for electricity being supplied by the Himachal Pradesh State Electricity Board (HPSEB) was to be made based on bills raised by HPSEB. In

three test checked ULBs, un-discharged liability amounting to Rs. 1.02 crore (Dalhousie Rs. 55.48 lakh, Palampur Rs. 42.63 lakh and Dharamshala Rs. 3.76 lakh) on account of energy charges payable to HPSEB was outstanding (March, 2008). Year wise break up of arrears in all the cases was not made available. The reasons for un-discharged liability was attributed by the Executive Officers of concerned ULBs (November 2008, August 2008, March 2009 respectively) to weak financial position of these ULBs. The replies were not tenable as these ULBs failed to realize the revenue on account of various taxes to the extent of Rs. 3.77 crore (Dalhousie Rs. 70.64 lakh, Palampur Rs. 95.77 lakh & Dharamshala Rs. 2.11 crore) as of March 2008.

2.14 Outstanding advances.

Advances of Rs. 4.61 lakh were awaiting adjustment/recovery in two ULBs.

Financial rules provide that the advances made to individuals/contractors/suppliers for departmental purposes should be promptly adjusted and the unspent balances refunded/recovered immediately.

Test check of records of two MCs⁹ revealed that Rs. 4.61 lakh advanced during the years between 2000 to 2006 to Government officials had not been adjusted (March 2008). In MC Dharamshala, the amount of Rs. 1.08 lakh had been lying unadjusted since 2002-03. This is indicative of weak internal control mechanism to follow up regular adjustment of advances resulting in blocking of institutional funds.

2.15 Non-recovery of installation charges for Mobile Towers.

Failure to realize the installation/renewal charges of mobile towers by nine ULBs has resulted in loss of revenue of Rs. 6.00 lakh.

Himachal Pradesh Government authorized (August 2006) the ULBs to levy duty on installation of mobile communication towers at the rate of Rs. 10,000/- per tower and annual renewal fee at the rate of Rs. 5000/- per annum.

In nine ULBs, 43 mobile towers were installed in their jurisdiction during 2005-08 but the concerned ULBs had not recovered the charges of Rs.

⁹ Dharamshala: Rs. 1.08 lakh (2002-03) Nalagarh : Rs. 3.53 lakh (2004-06).

6.00 lakh (installation charges Rs. 3.60 lakh and renewal charges Rs. 2.40 lakh) as of March 2008 (**Appendix-6**). The concerned ULBs stated (April 2008 to March 2009) that action would be taken to recover the dues.

2.16 Conclusion.

Non-completion of works/projects within the stipulated period not only resulted in blocking of funds but caused undesirable delay in providing intended services to the beneficiaries. Accounting irregularities such as un-reconciled balances, long outstanding advances were noticed. This was indicative of inadequacy of internal control and monitoring to ensure proper accounting of public funds. Lack of sustained drive for collection of tax, rent and other charges caused accumulation of dues which in turn added to fund constraints.

2.17 Recommendations.

- ❖ Effective steps should be taken to complete the works/projects so as to avoid the cost and time overrun besides providing amenities to the public in time.
- ❖ Overall financial management needs to be strengthened in ULBs for augmenting their financial resources by improving collection of revenue and speedy recovery of dues.
- ❖ Monthly reconciliation of balances and prompt recovery of advances should be ensured.

CHAPTER-III

IMPLEMENTATION OF SCHEMES

3.1 Integrated Development of Small and Medium Town Scheme and Urban Infrastructure Development Scheme for Small and Medium Towns.

3.1.1 Highlights.

The Government of India (GOI) launched a centrally sponsored scheme of “Integrated Development of Small and Medium Towns” (IDSMT) in December 1979 to slow down the increasing trend of migration from small and medium towns to large cities by providing infrastructure and generating economic growth and employment in the small and medium towns. The scheme was started in Himachal Pradesh in the year 1992. Only 21 Towns out of 49 were covered under the scheme during 1995-2005. Project execution was not satisfactory as only one out of 21 projects of IDSMT scheme could be completed as of March 2008. From December 2005 the scheme was merged in Urban Infrastructure Development scheme for small and medium towns (UIDSSMT) and three towns were covered. Out of three projects sanctioned under UIDSSMT two are in progress and one was yet to be started. The inability to raise institutional finance or to generate internal resources was a major factor for tardy progress. Some of the significant points noticed are given in succeeding paragraphs.

- Out of the grants of Rs. 18.94 crore released for all the 21 projects during 1995-2008, Rs. 17.31 crore only could be spent as of March 2008.
(Para 3.2.2)
- Out of 21 projects sanctioned 1995-2005 only one project was completed.
(Para 3.4.1)
- In five projects/towns test checked, expenditure of Rs. 1.21 crore incurred on the construction of Shopping Complex, Community Hall, Shops etc. was rendered unproductive as these assets were lying unutilized.
(Para 3.4.6)
- Thirteen ULBs diverted Rs. 2.36 crore from IDSMT/UIDSSMT to Municipal funds for payment of salary etc. Moreover, an expenditure of Rs. 1.51 crore was incurred by four ULBs on

schemes not sanctioned by State Level Sanctioning Committee (SLSC).

(Para 3.2.7 & 3.4.2)

- Institutional finance of Rs. 7.65 crore was not arranged by 14 Local bodies resulting in tardy progress/non-completion of the projects.

(Para 3.2.6)

3.1.2 Introduction.

The Government of India (GOI) launched a centrally sponsored scheme for Integrated Development of Small and Medium Towns (IDSMT) in December 1979 to slow down the increasing trend of migration of people from rural areas and smaller towns to large cities by providing infrastructure and other facilities and by generating economic growth and employment in the small and medium towns. The main objective of the IDSMT were to:

- Improve infrastructure facilities and helping in creation of durable public assets in small and medium towns having potential to emerge as regional centers of economic growth and employment;
- Decentralize economic growth and employment opportunities;
- Increase the availability of service sites for housing, commercial and industrial uses and to promote the principles of planned and orderly spatial development;
- Integrate spatial and socio-economic planning : and
- Promote resource-generating schemes for Urban local bodies to improve their overall financial position and ability.

From December 2005, GOI subsumed schemes of IDSMT and Accelerated Urban Water Supply Programme (AUWSP) with a new scheme called Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) with the following objectives:

- To improve infrastructure facilities and help create durable public assests and quality oriented services in cities & towns.
- To enhance public – private - partnership in infrastructural development and
- To promote planned integrated development of towns and cities

Under IDSMT the main components for assistance included works like:

- Strengthening of road facilities including ring, arterial, bypass/link roads and small bridges.
- Development of market complexes/shopping centers;
- development of city/town parks and

- Creation of major public amenities like Gardens, Playground, Marriage Hall, Pay and use toilets and social amenities especially for poorer sections.

The duration of UIDSSMT is seven years beginning from 2005-06. The projects sanctioned prior to 2005-06 were, however, allowed to be continued as per guidelines of erstwhile scheme of IDSMT.

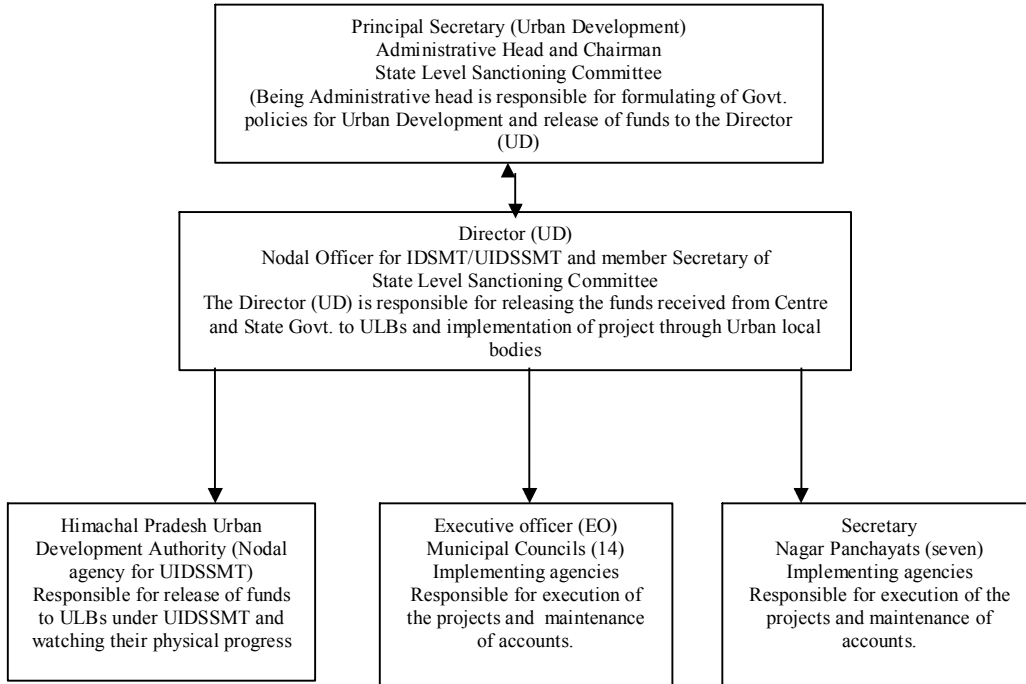
In Himachal Pradesh the scheme for IDSMT was implemented from the year 1992 and after its merger with UIDSSMT in 2005-06, this is still being implemented in 16¹⁰ Municipal Councils (MCs) and Seven¹¹ Nagar Panchayats (NPs) of the State.

¹⁰ Bilaspur, Chamba, Dharmashala, Hamirpur, Kullu, Mandi, Nahan, Nurpur, Nalagarh, Poanta, Palampur, Rampur, Solan, Sundernagar, Theog and Una.

¹¹ Baddi, Jawalamukhi, Kotkhai, Manali, Mehetpur, Narkanda and Santokhgarh.

3.1.3 Organisational setup.

The organisational set up for implementation of both the schemes is as under:-



3.1.4 Scope of Audit.

Records of the Director (Urban Development) and all the 16¹² Municipal Councils (MCs) and seven¹³ Nagar Panchayats (NPs) for the period 2003-08 were test checked during April-June 2008. Audit findings as discussed in the succeeding paragraphs are based on analysis of records, data, information and replies furnished to questionnaire/audit memoranda by the above mention units.

3.1.5 Audit Objectives.

Audit was conducted to ascertain whether;

- the schemes achieved the objective of arresting the increasing trend of migration from small and medium towns to large cities by way of providing developed growth centers, employment and creating durable infrastructures;
- economic growth and employment opportunities were decentralized to provide a regional planning approach;
- the projects were implemented in economic, efficient and effective manner;

¹² Bilaspur, Chamba, Dharamashala, Hamirpur, Kullu, Mandi, Nahan, Nurpur, Nalagarh, Palampur, Poanta, Rampur, Sundernagar, Solan, Theog and Una.

¹³ Baddi, Jawalamukhi, Kotkhai, Manali, Mehatpur, Narkanda and Santokhgarh.

- mechanism for monitoring the programme worked efficiently and
- assets created were being managed and utilised properly.

3.1.6 Audit criteria.

The audit criteria used for conducting audit was as under:

- Guidelines of the schemes IDSMT and UIDSSMT issued by GOI.
- Departmental Rules and Regulation.
- Government notification and instructions issued from time to time for the implementation of State and Centrally sponsored schemes: and
- Procedure prescribed for monitoring and evaluation of schemes/programmes.

3.1.7 Audit Methodology.

An entry conference was held with the Director Urban Development Department (April 2008) wherein audit objectives, criteria and scope of audit were discussed.

3.2 Financial Management.

3.2.1 Funding patterns.

Funding patterns for implementation of IDSMT and UIDSSMT schemes were as under:

IDSMT: Upto July 1995 loan assistance in the ratio of 50:50 between Central and State Governments was given and from August 1995 to November 2005 grant-in-aid was to be shared by Central and State Government in the ratio of 60:40 after excluding 20 to 40 percent of project cost to be arranged by ULBs as institutional finance.

In respect of projects sanctioned prior to 2005-06 under IDSMT, the central share was to be passed on to the State Government as grant and thereafter both the Central and State shares were to flow as grant to a special Revolving Fund to be set up at the Municipal level. Amounts of institutional finance and receipts on account of rent, sale proceeds, user charges, etc. were also required to be credited to the Revolving Fund of the IDSMT project concerned.

UIDSSMT: Grant-in-aid was to be shared by Central and State Government in the ratio of 80:10 and balance 10 percent to be arranged by the ULBs from own sources/institutional finance. Under UIDSSMT the grant from Central and State Government were to flow to the nodal agency

designated by the State Government for onward disbursement to Urban Local Bodies (ULBs).

3.2.2 Financial outlay and expenditure.

Town and Country Planning Organization (TCPO) of GOI, Ministry of Urban Development approved 24 projects during 1995-2007 for 24 towns of the state consisting of 154 works (147 works under 21 projects of IDSMT scheme and seven works under three projects of UIDSSMT scheme) with an estimated cost of Rs. 56.46 crore (IDSMT Rs. 29.40 crore Central share Rs. 11.55 crore, State share Rs. 7.69 crore and Financial Institutional Loans (FIS) Rs 10.16 crore and UIDSSMT Rs. 27.06 crore, Central share Rs. 21.66 crore, State share Rs. 2.70 crore and Rs. 2.70 crore as institutional finance). The yearwise position of funds (grants/loan) provided for implementation of both the scheme was as under:-

(Rs. in crore)

Year of approval	Number of towns for which project sanctioned	No. of works included in the project	Approved project cost	Eligible share				Grants released				
				Central	State	FIS loan	Total	Central	State	FIS loan	Total	Exp.
IDSMT												
1995-96	1	7	1.77	0.80	0.52	0.45	1.77	0.80	0.56	-	1.36	1.98
1996-97	1	5	0.94	0.45	0.30	0.19	0.94	0.45	0.32	-	0.77	0.70
1997-98	1	6	1.00	0.48	0.32	0.20	1.00	0.48	0.36	-	0.84	0.70
1998-99	1	14	2.17	0.90	0.60	0.67	2.17	0.90	0.60	-	1.50	1.32
1999-2000	4	35	5.80	2.26	1.50	2.04	5.80	2.26	1.50	-	3.76	3.85
2000-01	2	12	2.54	0.96	0.64	0.94	2.54	0.96	0.64	-	1.60	1.63
2001-02	3	16	3.96	1.44	0.96	1.56	3.96	1.43	0.96	-	2.39	2.01
2002-03	4	29	6.44	2.34	1.56	2.54	6.44	2.34	1.56	-	3.90	3.62
2003-04	2	13	2.66	0.96	0.64	1.06	2.66	0.62	0.79	-	1.41	0.76
2004-05	2	10	2.12	0.96	0.64	0.51	2.12	0.48	0.93	-	1.41	0.74
Total	21	147	29.40	11.55	7.69	10.16	29.40	10.72	8.22	-	18.94	17.31
UIDSSMT												
2005-06	-	-	-	-	-	-	-	-	-	-	-	-
2006-07	3	7	27.06	21.66	2.70	2.70	27.06	7.49	2.70	-	10.19	0.80
2007-08	-	-	-	-	-	-	-	-	-	-	-	-
Total	3	7	27.06	21.66	2.70	2.70	27.06	7.49	2.70	-	10.19	0.80
G. Total	24	154	56.46	33.21	10.39	12.86	56.46	18.21	10.92	-	29.13	18.11

Source: Director (Urban Development)

The following points were noticed;

Out of total Central and State grant of Rs. 18.94 crore released during 1996-2008 and institutional contribution of Rs. 2.51¹⁴ crore by six ULBs, an expenditure of Rs. 17.31 crore was incurred on implementation of 21 projects under IDSMT scheme as of March 2008 as per project wise/town wise details shown in **Appendix-7**.

¹⁴ Chamba (Rs. 0.62 Cr.), Dharamshala (Rs. 0.22 Cr.), Nahan (Rs. 0.45 Cr.), Nalagarh (Rs. 0.50 Cr.), Poanta (Rs. 0.31 Cr.), Manali (0.10 Cr.) and Baddi (Rs. 0.31 Cr.)

During 2006-07 the GOI sanctioned three projects comprising seven works under UIDSSMT. An amount of Rs. 10.19 crore was released by the Director (UD) during 2006-07 to the Nodal agency (HIMUDA) for the execution of works. The Nodal agency released funds of Rs. 4.55 crore (2007-08; Rs. 1.57 crore, 2008-09; Rs. 2.98 crore) to three¹⁵ ULBs and remaining funds of Rs. 5.64 crore were lying with the Nodal agency as the work had not been started in Mandi Town. Expenditure of Rs. 0.46 crore and Rs. 0.37 crore had been incurred by MC Dharamashala and MC Hamirpur as of June 2008, against the release of funds of Rs. 0.98 crore and Rs. 2.62 crore respectively. Thus non-release of funds would result in delay in completion of projects.

3.2.3 Short release of funds due to non-utilisation of funds released earlier.

The Government of India did not release grants amounting to Rs. 82.00 lakh to the State Government for three projects Mehatpur (Rs. 24.00 lakh), Santokhgarh (Rs. 24.00 lakh) and Narkanda (Rs. 34.00 lakh) as the previously released funds to the tune of Rs. 62.00 lakh could not be utilised by the concerned ULBs for execution of various schemes under IDSMT and further instalments were refused. Thus due to tardy implementation of IDSMT project, three ULBs were denied the Central share of Rs. 82.00 lakh.

3.2.4 Release of grants at the fag end.

Grants worth Rs. 2.48 crore were released by the State Government at the fag end i.e. during the month of March of the respective financial years 2003-08 making it difficult for the implementing ULBs to spend the money during the financial year. Yearwise break up was as under:-

	(Rs. in lakh)
2003-04	121.09
2004-05	14.00
2006-07	47.67
2007-08	<u>65.00</u>
Total	247.76

The Government stated (September 2008) that the funds were released as and when received from GOI.

3.2.5 Delay in release of State share.

As per guidelines for IDSMT, State share was to be released to the Urban Local bodies within one month from the date of release of Central grant.

¹⁵ Dharamshala (Rs. 0.98 Cr.), Hamirpur (Rs. 2.62 Cr.), & Mandi (Rs. 0.95 Cr.)

It was observed that Central share of Rs. 1.20 crore was released by GOI in March 2003 to State Government. Although the State Government released the Central share to three¹⁶ local bodies during April 2003, the corresponding State share of Rs. 79.76 lakh was released only in May 2004 to these local bodies after delay of more than one year. The Director (UD) stated (September 2008) that delay was due to receipt of Central grant at the fag end of year 2002-03 and there was no provision in the State budget for State share in that financial year. Facts remain that State share was not released on time which delayed the completion of schemes.

3.2.6 Inability to arrange institutional finance by the implementing agencies.

According to the financing pattern of the scheme, institutional finance was to be arranged by the local body implementing the project.

It was observed that under IDSMT an amount of Rs. 10.16 crore was required to be arranged as institutional finance by the 21 ULBs whereas an amount of Rs. 2.51 crore (25 percent) could only be arranged by seven¹⁷ ULBs whereas no amount against Rs. 7.65 crore was arranged by the remaining 14¹⁸ ULBs. The concerned local bodies attributed the inability to arrange institutional finance to weak financial repayment capacity. Non-availability of institutional finance, thus delayed the completion of projects. The Government stated (September 2008) that IDSMT scheme has been abandoned and no funds would be released for these projects. The remaining un-executed works will be completed by the ULBs from their own sources.

3.2.7 Diversion of funds.

- Contrary to the guidelines it was observed in 13¹⁹ ULBs, that the income of Rs. 2.36 crore generated by way of interest on IDSMT deposits (Rs. 30.55 lakh), rent of shops and auction of assets etc. (Rs. 2.06 crore) upto March 2008 was diverted/credited to MC fund and utilized for the payment of salary. The diversion of funds has delayed the completion of on going schemes and schemes yet to be taken up for

¹⁶ MC Kullu, Theog & Solan.

¹⁷ Baddi, (Rs. 0.31 Cr.), Chamba (Rs. 0.62 Cr.), Manali (Rs. 0.11 Cr.), Nalagarh (Rs. 0.50 Cr.), Poanta (Rs. 0.30 Cr.), Dharamashala (Rs. 0.22 Cr.), & Nahan (Rs. 0.45 Cr.)

¹⁸ Bilaspur, Jawalamukhi, Kullu, Kotkhai, Mehatpur, Nurpur, Narkanda, Palampur, Rampur, Solan, Sundernagar, Santokhgarh, Theog & Una.

¹⁹ Bilaspur, Baddi, Dharamshala, Jawalamukhi, Kullu, Kotkhai, Manali, Poanta, Rampur, Solan, Sundernagar, Theog and Una.

execution in these ULBs for which these funds could have been utilised. The Government stated (September 2008) that the concerned ULBs have been asked to explain the reason.

- Under IDSMT, GOI approved a project for Manali Town (Kullu District) in 2002-03 for Rs. 1.36 crore (Central grant Rs. 0.48 crore, State grant Rs. 0.32 crore and loan Rs. 0.56 crore). Against this, GOI and State Government released their full share of Rs. 0.80 crore (Central Rs. 0.48, State Rs. 0.32 crore) in 2003-2007.

As per approved components of the IDSMT project, a shopping complex consisting of 53 shops was to be constructed at Manali at a cost of Rs. 53.72 lakh. It was however, noticed that NP Manali constructed a parking lot (April 2006) at a cost of Rs. 35.42 lakh in place of shopping complex in view of the decision taken by the committee constituted for suggesting ways and means for the development of Manali Town. However, no approval was obtained for this change from the State level Sanctioning Committee as of June 2008, as required under the provision of guidelines. Thus the funds amounting to Rs. 35.42 lakh were diverted out of IDSMT for construction of parking lot which was irregular and NP was also deprived of income of Rs. 1.33 crore to be generated by sale of shops and shopping complex after construction. The Secretary of NP stated that the shopping complex has been proposed to be constructed on fourth floor of parking complex and as such no approval was obtained from SLSC for diversion of funds. The reply was not convincing as there was no formal approval of SLSC and a revenue of Rs. 1.00 lakh generated out of parking lot was nominal as compare to projected income of Rs. 1.33 crore out of shopping complex. The Government stated (September 2008) that the ULBs are autonomous bodies and such decision might have been taken at their own level. The diversion of the scheme was not in the knowledge of Directorate/Government for which ULB has been asked to explain the reasons.

3.2.8 Non-maintenance of separate books of account/bank account.

As per guidelines of IDSMT scheme, funds received from Centre/State Government were required to be credited to a separate bank account. Separate

books of accounts for Central assistance, State share and institutional finance were also to be maintained by the local bodies in respect of the approved projects and these were not to be mixed up with any other funds.

It was observed that two Local bodies (MC Poanta & MC Sundernagar) had not maintained separate account books for sanctioned project. The EO of the concerned local bodies stated (May 2008) that separate records could not be maintained due to ignorance and the same will be separated in future. The Government stated (September 2008) that instructions have been issued for maintenance of separate account. The reply is not acceptable as this was against the guidelines which provide for maintenance of separate account books.

3.2.9 Non-creation of revolving fund at State level.

Guidelines provide that the State Government should create a State Urban/Municipal Development fund at the State level as part of the reforms exercises undertaken in the context of the constitution (74th amendments Act, 1992) so as to provide capital base for promoting infrastructure development on a continuous basis. The State Urban Development fund could consist of a mix of selected earmarked Government grants and loan from the market, secured with the grant used as base/equity. Loans for IDSMT schemes may be made available through this source in case institutional finance is not forthcoming. Loan from the State Urban/Municipal Development fund may be sanctioned to municipalities at varying rate of interest depending upon the size of municipalities. It was also provided in the guidelines that the Centre and State share were to flow as grant to a special revolving fund to be setup at Municipal level.

While no development fund was created at State level for sanctioning of loan to ULBs, no reasons were advanced for non-creation of development fund at State level by the Director (UD).

Test check of 21 ULBs revealed that the revolving fund was created only by three²⁰ ULBs and the remaining ULBs were crediting the Centre/State grant in a separate Bank account. However, the income generated by way of interest and rent etc. was being credited to Municipal fund which was against the

²⁰ MC Chamba, MC Nahan & MC Theog.

guidelines of IDSMT scheme. The EOs of local bodies stated (May 2008) that the revolving fund would be maintained in future.

3.2.10 Irregular debiting of expenditure.

Funds aggregating to Rs. 13.00 lakh under SDP (Rs. 10.00 lakh) and MPLAD (Rs. 3.00 lakh) were received during 1999 and 2000 from Deputy Commissioner Shimla for construction of a Multipurpose Complex at Kotkahi (Shimla District). The utilisation certificates for above funds were also sent to DC Shimla during 2004. A sub work i.e. construction of level to basement was awarded in September 2001 to a contractor who executed the work to the extent of Rs. 24.27 lakh upto 2002-03. The payment was released in November 2002. It was further observed that IDSMT project for Kotkhai town was sanctioned in 2002-03 for Rs. 1.36 crore. Under the project, the Shopping Complex at a cost of Rs. 81.50 lakh was to be constructed. The first installment of Rs. 40.00 lakh for execution of works under IDSMT project was released in April 2003 by the Director (UD). The work for construction of Shopping Complex was awarded (July 2006) and the same was in-progress (April 2008). Expenditure of Rs. 45.00 lakh was shown incurred on the work upto March 2008. However, expenditure of Rs. 24.27 lakh incurred in 2002-03 on the construction of basement of multipurpose complex (where shopping complex is being constructed under IDSMT) was debited in 2007-08 to IDSMT scheme through transfer of expenditure from head to which initially debited. Thus the debiting of this expenditure to IDSMT account was irregular.

Similarly a project for Manali Town was sanctioned under IDSMT scheme in 2002-03 for Rs. 1.36 crore and the first installment of Rs. 24.00 lakh for this project was released in April 2003. In this project a Shopping Complex near MC office consisting of 21 shops with an area of 1000 square metres was to be constructed at a cost of Rs. 13.65 lakh. It was noticed in audit that the basement for Multipurpose Complex was already constructed (June 1999) at a cost of Rs. 7.25 lakh out of NP fund. The Shopping Complex on basement for Multipurpose Complex was constructed in January 2005 at a cost of Rs. 6.40 lakh. However, the expenditure of Rs. 7.25 lakh incurred (1999) on construction of basement of Multipurpose Complex prior to sanctioning of IDSMT project was also debited to IDSMT account. As such the charging of expenditure incurred prior to sanctioning of project was irregular. While the

Secretaries of both the above NPs stated in April 2008 and September 2008 respectively that the works were sanctioned under IDSMT hence booking of expenditure was made to these works. The State Government stated (September 2008) that both the NPs had been directed for maintaining separate accounts.

The above reply is however, not tenable as the booking of the expenditure to the IDSMT project was made with the objective to have the available sanctioned funds from the IDSMT project by debiting the expenditure of Rs. 31.52 lakh (Rs. 24.27 lakh + Rs. 7.25 lakh) already incurred on other schemes. This had not only facilitated obtaining of extra funds for the IDSMT project but had resulted in overstatement of actual expenditure under the project.

3.3 Planning and implementation of the scheme.

The guidelines for implementation of the IDSMT scheme provided for formulation of State Urban Development Strategy for the next 10 years indicating comprehensive reasoning for proposing town under IDSMT. Based on Urban Development Strategy, State Government was required to identify small and medium town which could be developed as growth centre, keeping in view long term interest of decentralized Urban development and submit this list of selected towns alongwith Urban Development strategy paper to GOI, the Ministry of Urban Development. The Municipalities were further required to prepare town and city development plans.

Under UIDSSMT, for improvement of Urban infrastructure in a planned manner the State Government was required to prioritise towns and cities on the basis of their felt need keeping in view existing infrastructure, population of schedule castes/schedule tribes and special problems like hilly terrain.

The State Urban Development Strategy papers prepared for planning and implementation of schemes were not made available by the Director for audit scrutiny. In the absence of such papers the actual position of strategy adopted for identification of towns could not be ascertained in audit. The Director (UD) stated (June 2008) that the papers were submitted to the GOI in the year 1994 on the basis of which projects for 21 towns were sanctioned and copy thereof was not readily available which will be obtained from GOI in due course of time.

3.4 Implementation of schemes.

3.4.1 Status of sanctioned project.

Under IDSMT, the projects sanctioned were required to be completed within five years from the date of approval accorded by GOI. However, under the new scheme of UIDSSMT effective from December 2005 the time frame for completion of projects had not been specified.

The GOI sanctioned 21 projects comprising works like Shopping Complex, Community Hall, Yatri Niwas and Parking etc. during 1995-05 under IDSMT and three projects having works like Construction of Roads, Channellisation of Nallahs, Sewerage and Drains etc. under UIDSSMT in 2006-07. During 2005-06 and 2007-08 no projects were sanctioned in the State under UIDSSMT by GOI. The position of projects sanctioned, projects required to be completed and projects actually completed upto March 2008 was as under:-

Year of sanction	No. of projects	Works included in the project	Due year for completion	Actual status as on March 2008	Delay involved as of March 2008
1995-96	1	7	2000-01	Project completed on due date	
1996-97	1	5	2001-02	In progress	6 year
1997-98	1	6	2002-03	In progress	5 year
1998-99	1	14	2003-04	In progress	4 year
1999-2000	4	35	2004-05	In progress	3 year
2000-01	2	12	2005-06	In progress	2 year
2001-02	3	16	2006-07	In progress	1 year
2002-03	4	29	2007-08	In progress	--
2003-04	2	13	2008-09	In progress	--
2004-05	2	10	2009-10	In progress	--
2005-06	--	--	---	--	--
2006-07	3	7	---	--	--
2007-08	--	--	---	--	--

From the above table it was observed that out of 21 projects comprising 147 works under scheme of IDSMT, 17 projects having 124 works were required to be completed by March 2008. However, only one project of MC Nahan having seven works was completed in 2002-03 and in the remaining 20 projects, 58 works were completed and 34 works were in progress whereas commencement of 48 works had not been started as of June 2008. In one ULB the work had been abandoned by the contractor in May 2005 to whom composite contract was awarded. In one ULB the work had been stopped (May 2005) by the higher authorities for selection of other site and after revoking earlier orders the work was yet to be restarted as of March 2008. In three Urban local bodies the major commercial components like Shopping complex costing Rs. 1.60 crore could not be started either due to non-availability of

land or due to disputes at site. The construction of guest house in Kullu town was delayed due to frequent change in scope of work by the elected body whereas the commencement of work was delayed in Mehatpur town for want of technical sanction. The concerned ULBs attributed the delay in-completion of projects to shortage of fund.

Out of three projects sanctioned under UIDSSMT two were in progress and the work on third project was yet (July 2008) to be started. The concerned ULBs stated (May-June 2008) that IDSMT projects could not be completed due to shortage of funds and some dispute at sites.

This indicated very tardy progress of the projects/schemes sanctioned under IDSMT scheme. Non-completion of projects in prescribed time schedule led to denial of the schemes benefits of economic growth and employment to the people of these towns besides possibility of cost over run. The Government stated (September 2008) that two more projects (Chamba & Baddi) has been completed and 70 percent work has been completed in 10 projects. In remaining towns, the projects are incomplete due to sub-judice matters and non-finalization of sites.

3.4.2.1 Execution of schemes without approval of State level Sanctioning Committee.

A project for Nurpur Town was sanctioned under IDSMT in 2003-04. According to the approved works of the project, a Community hall was to be constructed on first floor and parking on the ground floor at a cost of Rs. 65.25 lakh. It was noticed that the Municipal Council decided (July 2003) to construct only Community hall on the ground floor and parking was proposed at nearby Balmiki Colony. The MC again decided (March 2006) to construct Community hall on both ground and first floor. The case for approval of change in scope of work was sent to the Director (UD) in May 2005 and the approval was awaited as of June 2008. The execution of Community hall was taken up (September 2005) without any time frame for completion and the work on second floor was in-progress (June 2008) after incurring an expenditure of Rs. 57.05 lakh against awarded amount of Rs. 56.39 lakh for construction of Community hall in first floor only. Thus the execution of work without getting approval for change in scope of work was irregular and against the guidelines of IDSMT and also resulted in non-construction of

parking lot. The EO MC Nurpur stated (June 2008) that the work was taken up as per the decision of the elected house. The reply is not tenable as change in design would result into excess expenditure on construction of double storeyed Community hall (instead of single storeyed) and also resulting into non-execution of other components of the project. The Government stated (September 2008) that the ULB has been directed to send fresh proposal for change in scope of work so that fresh approval of SLSC could be obtained.

3.4.2.2 A project for Dharmashala Town was sanctioned under IDSMT in 1996-97 for Rs. 2.17 crore. As per the project, a Shopping complex at Kotwali Bazar consisting of 27 shops was to be constructed at a cost of Rs. 21.04 lakh. It was noticed that the proposed site was not found feasible due to change in land use and SLSC decided (February 2002) to construct the Shopping complex at the site adjoining to MC office which was owned by the local body. The other provisions like numbers of shops and cost of scheme remained unchanged. However, the MC obtained technical sanction in November 2003 from HP Housing Board for the construction of Rest House building at the site approved for Shopping complex as the elected house resolved (December 2003) that this site was also not found suitable for Shopping complex. The case for change in scheme was sent to the Director (UD) in January 2004 and the approval was awaited (June 2008). The construction of Rest House was awarded to contractor in February 2004. The contractor executed the work to the extent of Rs. 28.12 lakh upto April 2006 when the MC decided (May 2006) to auction the half built structure. The half built structure was auctioned (May 2006) for twenty five years at monthly rent of Rs. 0.20 lakh besides security of Rs. 20.10 lakh (adjustable in future rent) as the council was incurring an expenditure of Rs. 0.18 lakh per month for repayment of loan of Rs. 22.50 lakh. Thus the execution of schemes not stipulated in the project was unauthorised. Moreover, the auction was also not beneficial as against amount of Rs. 30.00 lakh as security and monthly rent of Rs. 0.30 lakh approved by the MC in August 2005, the structure was allotted

for 25 years for Rs. 20.10 lakh as security and monthly rent of Rs. 0.20 lakh.

3.4.2.3 For Bilaspur Town a project under IDSMT was approved (1999) for Rs. 1.41 crore. Funds aggregating to Rs. 97.00 lakh were released between June 1999 and June 2007 (D.C. Bilaspur Rs. 17.00 lakh, Centre grant Rs. 48.00 lakh and State share Rs. 32.00 lakh).

As per approved components of the project, Shopping Complex, Multipurpose Commercial hall, Office block, open parking passages and Yatri Niwas were to be constructed. The work was allotted to Himachal Pradesh Housing Board for execution and the construction started in June 2002 for which funds of Rs. 80.00 lakh were released by the MC between 2002-03 and 2007-08. An expenditure of Rs. 39.80 lakh had only been incurred upto April 2008 for half built structure of covered parking (Rs.30.00 lakh), approach road (Rs. 3.00 lakh), compensation to HPPWD (Rs. 5.00 lakh) and Architect fee (Rs. 1.80 lakh). The remaining funds of Rs. 43.20 lakh remained unutilised as the work stood held up since 2004 due to non-handing over the site by the Public Works Department. The site was handed over in August 2006 by the HPPWD but the balance work was not taken up as of June 2008 due to non-dismantling of store building handed over by the Himachal Public Works Department. This shows that the ULB had started the work without ensuring the availability of site which led to non-completion of the project.

Further as per approved project, an open parking was to be constructed at a cost of Rs. 9.77 lakh but an expenditure of Rs. 30.00 lakh was incurred on covered parking which was not approved. No approval for change in scope of work was obtained (May 2008). This resulted in incurring of excess expenditure of Rs. 20.23 lakh. The EO stated (May 2008) that the remaining funds could not be utilised as the work stood held up since 2004 and ex-post-facto sanction would be obtained for change in scope of work. The reply is not tenable as the project was not taken up strictly in accordance with the approved provisions and consequently delayed the completion of project which would further escalate the cost of construction.

3.4.3 Infertuous expenditure on Parking cum Community Hall.

The IDSMT project was sanctioned in 2001-02 for Poanta town for Rs. 1.40 crore and funds of Rs. 80.00 lakh (Centre Rs. 48.00 lakh and State Rs. 32.00 lakh) were released between 2001-02 and 2006-07. It was noticed that an expenditure of Rs. 1.13 crore was incurred upto March 2008 on construction of two components. The parking-cum-community hall in Poanta Town was to be constructed at a cost of Rs. 85.15 lakh for which the work was awarded to a contractor in June 2002 for Rs. 92.79 lakh to be completed in 18 months. The work was started in August 2002 and upto December 2005 the contractor could complete 41 percent work only. The contractor was made (March 2006) a payment of Rs. 38.18 lakh upto 6th running account bill. Thereafter the work had been lying in abandoned state. It was also noticed that the MC vide its resolution of January 2007 decided to stop further execution of work for want of funds. Thus the expenditure incurred on half built structure had been rendered as unfruitful/wasteful. Stoppage of work was attributed to paucity of adequate funds for which no efforts have been made by the local body.

3.4.4 Excess expenditure over sanctioned estimates.

As per schemes guidelines, expenditure on execution of works should not exceed the costs approved in Project of the concerned town and re-appropriation of funds from one component to the other was also not permissible.

It was observed that in six²¹ ULBs, against approved project cost of Rs. 3.00 crore, expenditure of Rs. 5.84 crore was incurred on seven works as per table below:

(Rs. in lakh)

Name of ULB	Name of scheme	Estimated cost	Expenditure incurred	Reasons for excess expenditure
Chamba	Shopping complex	79.00	222.49	The excess was due to change in site as original site was not got vacated. The cost was also increased due to construction of extra two halls and restaurant.
Poanta	---do--	45.86	73.12	The excess was due to construction of three storeyed Shopping complex against two approved in the project.
Rampur	---do--	48.40	102.02	The excess was due to extra provision for office accommodation and town hall.
Theog	Shopping complex Slaughter house	25.76 5.06	30.08 7.09	Due to site conditions. Due to construction of extra Retaining wall
Nalagarh	Car parking	32.01	40.63	Due to site conditions.
Una	Construction of roads/drains	19.66	30.19	Due to site conditions.
Total		300.45	583.65	

This had not only led to irregular excess expenditure of Rs. 2.83 crore but also resulted in non-completion of seven other schemes and non-commencement of seven schemes in these towns.

On this being pointed out, the EO/Secretaries of the ULBs stated (April-June 2008) that the excess expenditure incurred was due to site conditions and the same was got approved in the meetings of local bodies. The replies are not tenable as guidelines did not permit for incurring excess expenditure and had adversely affected the other components of the projects for want of adequate funds. Besides, the deviations in the provisions of the projects were required to be got approved from the technical authority/Director (UD) and not by the house.

3.4.5 Idling of Assets.

The sanction of commercial scheme under IDSMT was accorded on the basis of assessment made in the project appraisal report of concerned project. In five²² ULBs, the infrastructure like Shopping Complex, Community hall, Shops etc. built at a cost to Rs. 1.21 crore between February 2002 and

²¹ Chamba, Nalagarh, Poanta, Rampur, Theog and Una.

²² NP Baddi (Rs. 68.73 lakh), MC Nahan (Rs. 5.75 lakh), MC Poanta (24.37 lakh), MC Una (Rs. 19.30 lakh) & NP Jawalamukhi (Rs. 3.00 lakh).

January 2007 was lying idle as these could not be put to use either departmentally or through public auction. This has rendered the entire expenditure of Rs. 1.21 crore as unfruitful. The concerned EOs of ULBs stated (April-June 2008) that these could not be auctioned for lack of demand. The replies were not correct as the requirement of these assets were not assessed properly.

3.4.6 Under/Non-utilisation of parking.

The construction of Car parking is a cost recovery scheme which would help in reducing the traffic congestion and improve the circulation system of the town.

Under IDSMT scheme a Shopping complex was constructed in April 2006 and a Car parking was developed at a total cost of Rs. 49.57 lakh in the open space around the Shopping complex building at Baddi town (Solan District) which was covered through boundary wall. As per project report, the car parking was to generate an income of Rs. One lakh annually. It was observed that no income had been generated since April 2006 from car parking though various vehicles were being parked in the parking space. On this being pointed out in audit the Secretary of NP Baddi stated (May 2008) that the matter for fixing the charges for car parking would be placed before the elected house for decision. However the fact remains that no action had been taken to fix the parking fee since April 2006 and resultantly NP has suffered a loss of Rs. 2.00 lakh from April 2006 to March 2008.

- Similarly under IDSMT scheme a parking lot for 30 cars at ground floor of Shopping Complex of Chamba Town (Chamba District) was completed in August 2004 at a cost of Rs. 14.08 lakh. It was observed that no income had been generated from this parking as of March 2008. On being pointed out the EO stated (June 2008) that the parking has been attached with the Barat Ghar and there was no demand on other days. The reply was not tenable as no efforts were made to utilize the parking fruitfully.

3.4.7 Blocking of funds due to Non-commencement of work.

Under IDSMT, GOI approved a project for Mehatpur Town (Una District) in 2004-05 for Rs. 1.10 Crore. The project consisted of several schemes

like construction of Shopping complex, Parking lot and Development of park etc. Funds of Rs. 61.51 lakh (Centre grant Rs. 24.69 lakh and State share Rs. 36.82 lakh) were released by the Director (UD) between April 2005 and April 2008. The work had not yet been started (June 2008). An expenditure of Rs. 3.06 lakh was only incurred on soil testing, charges for according technical sanction and purchase of cement (utilised on other works). Thus funds to the extent of Rs. 58.45 lakh stood blocked as components of project were not taken up for execution. On being pointed out in audit, the Secretary of NP Mehatpur stated (June 2008) that the work was delayed for want of technical sanction which has now been obtained (October 2007) from HPPWD as there was no competent authority available in Urban Development Department for according technical sanction to works beyond financial limit of Rs. six lakh.

- IDSMT project for Narkanda town (Shimla District) was sanctioned in 2003-04 at a cost of Rs. 1.36 crore. The project included schemes like construction of Shopping complex, Parking lot, Community hall, Yatri niwas, Ice skating rink and development of Children park etc. Funds of Rs. 50.83 lakh were released to Urban local body between March 2004 and April 2008. The execution of work was entrusted (August 2004) to H.P. Housing Board for which first instalment of Rs. 23.00 lakh was released in August 2004. The work was awarded (January 2005) by the Secretary NP to a contractor who executed the work to the extent of Rs. 8.46 lakh when the work was stopped in May 2005 as per the direction of higher authority. The Housing Board refunded (May 2007) the unspent balance of Rs. 14.54 lakh. Thereafter the work was entrusted (May 2007) to HPPWD and funds of Rs. 10.00 lakh released in May 2007. The EE Kumarsain Division informed (November, 2007) that the foundation work and raising of some pillars was carried out by the Housing Board. As per new structural drawings the work already executed by the Housing Board has to be dismantled. The estimate of new proposal was framed for Rs. 1.95 crore (including dismantling of existing structure) against already approval of Rs. 1.36 crore. Though the EE has asked (November 2007) the Secretary to ensure the

arrangements for required funds before award of work, no assurance was conveyed by the Secretary as of May 2008 and the work had been lying in abandoned state since May 2005. On this being pointed out in audit, it was stated (May 2008) that all out efforts would be made to get the project completed.

- The GOI approved IDSMT project for Jawalamukhi Town (Kangra District) in 2000-01 for Rs. 1.15 crore (Centre grant Rs. 48.00 lakh, State share Rs. 32.00 lakh and FIs loan Rs. 34.74 lakh). The Central and State share of Rs. 80.00 lakh was released to the Urban local body between April 2001-02 and 2004-05. The project was to be completed by the end of 2006-07. It was observed that expenditure of 55.00 lakh had been incurred upto 2004-05 and thereafter no work had been executed. As such the funds of Rs. 25.00 lakh had been blocked since 2004-05 besides rendering the expenditure of Rs. 55.00 lakh incurred on incomplete components as unfruitful. The Secretary of NP Jawalamukhi stated (June 2008) that the works on major components i.e. Shopping complex, Car parking and Channellisation of Nallah were held up due to site disputes and to resolve the disputes, efforts were being made. The reply is not tenable as the free hold title of land should have been ensured before starting the work. Delay in completion of project has denied the NP from earning revenue by way of annual rent of shops and parking fees which could have been utilised for completion of remaining components.

3.4.8 Non-commencement of construction of shopping complex at Solan.

The Shopping Complex consisting of 74 shops at the bus stand was to be constructed at an estimated cost of Rs. 55.20 lakh under IDSMT project for Solan town (Solan District).

The funds amounting to Rs. 55.20 lakh were received between 2000-01 to 2004-05 for construction of Shopping complex but the work had not started (May 2008) which has resulted into blocking up of Government funds. The EO of MC Solan stated (June 2008) that the work could not be started at the proposed site which involved transfer of some land under the possession of Military authorities for which matter was under consideration of the Defence Ministry. The reply is not tenable as free

hold site for construction of Shopping complex was not selected while finalization of IDSMT project and delay in construction could also result in cost of run.

3.4.9 Non-Construction of Guest House.

As per approved components of IDSMT project (for Kullu town) sanctioned by GOI in 1997-98 for Rs. 1.26 crore, the construction of guest house at Kullu was to be completed at a cost of Rs. 20.35 lakh. Funds of Rs. 80.00 lakh released (Centre grant Rs. 48.00 lakh and State share Rs. 32.00 lakh) between 2000-01 and 2004-05 to ULB.

It was observed that the MC requested (June 2002) the State Government to substitute the construction of Guest House to construction of parking at various places. The request was approved by the State Government/SLSC in June 2002. However, the construction of parking could not be taken up since 2002 due to site dispute. The newly elected house decided in May 2006 to construct the guest house as per originally approved provision of the project. The approval for substitution of component was awaited (June 2008) from Government/SLSC. As such neither the guest house nor parking could be constructed as of June 2008. Thus the frequent changes in the scope of work has resulted into non-execution of commercial scheme and blocking of funds besides loss in revenue which was to be generated out of rent of Guest house and parking lot. The Executive officer stated (June 2008) that the matter has been referred to Government for getting the approval from Government of India. The reply was not tenable as the delay in construction of Guest house would result into cost of run.

3.4.10 Outstanding rent of shops.

An amount of Rs. 22.38 lakh pertaining to the period from January 2005 to March 2008 on account of rent of IDSMT shops leased out was outstanding in six²³ Local bodies as of March 2008. The ULBs stated that some cases were pending in the court for recovery and in other cases notices have been issued for recovery. The Government stated (*September 2008*) that the concerned ULBs have been directed to take necessary steps for recovery of rent.

²³ Chamba: Rs. 2.47 lakh; Kullu: Rs. 4.00 lakh; Nahan: Rs. 4.15 lakh; Poanta: Rs. 2.78 lakh; Rampur: Rs. 4.72 lakh and Una: Rs. 4.51 lakh.

3.5 Utilisation of Infrastructure for purposes not covered under IDSMT Project.

3.5.1 Utilisation of Yatri Niwas for office purpose.

The construction of Yatri Niwas under IDSMT was a cost recovery scheme which would provide social amenities to people of town.

- It was observed that Yatri Niwas at Baddi town (Solan District) on first floor of Shopping Complex was completed in April 2006 at a cost of Rs. 42.37 lakh against estimated cost of Rs. 47.39 lakh. A portion (317.52 square meters) was rented out in December 2007 to Pollution Control Board for office purpose and the remaining portion (270.09 Square meters) was being utilised by Nagar Panchayat for their office. The Secretary stated (May 2008) that Yatri Niwas could not be put to use for intended purpose due to non-availability of sufficient staff. The reply was not correct as no efforts had been made to make it functional by arranging the staff and providing furniture/fixture etc. which also resulted into non-achieving of objectives of the Yatri Niwas.
- A Yatri Niwas at Manali Town (Kullu District) was completed (October/November 2005) at a cost of Rs. 15.63 lakh on second floor of Shopping complex. The scheme was to generate a total income of Rs. 8.73 lakh by way of rent annually by estimating 240 days occupancy in a year besides providing social amenities to people of town. The Nagar Panchayat referred (October 2005) the case for shifting of office to newly constructed Yatri Niwas to the Director (UD). The request was turned down (November 2005) due to the fact that Yatri Niwas had been constructed under centrally sponsored scheme which would generate income of Rs. 8.73 lakh annually. The case was again referred (June 2006) with the plea that existing office was scattered in three buildings and hampering the working. The Additional Director accorded approval (July 2006) and the office was functioning there.

Scrutiny of records further revealed that the Engineering Branch functioning in three rooms of old building had not shifted to Yatri Niwas. Moreover, the buildings where office was functioning are

adjoining each other in the same complex. As such the shifting of office was not justified. Thus utilising Yatri Niwas for office accommodation was against the guidelines. The Secretary stated (June 2008) that office will be re-shifted when the office of SDM functioning in other building of Nagar Panchayat is shifted to their building which was under construction. The Government stated (September 2008) that the Secretary NP has been asked to intimate the latest position of re-shifting of the office of Nagar Panchayat to other building.

3.5.2 Construction of Slaughter House.

Under IDSMT project for Theog town (Shimla District), a slaughter house consisting of five shops and one hall was constructed (January 2005) at a cost of Rs. 9.55 lakh against the provisions of Rs. 5.25 lakh for 10 shops and one hall. The completed slaughter house remained idle upto August 2007. The Slaughter house was handed over (October 2007) to the Technical Education Department for running Industrial Training Institute (ITI) for which no rent has been received upto April 2008. Thus the purpose of construction of Slaughter house which was very essential in pursuance to Municipal Solid Waste Rules 2000 remained defeated due to its utilisation for other purpose. The Executive Officer stated (April 2008) that the Slaughter house was handed over to Technical Education Department as per approval (January 2007) of elected house. The decision of elected house for handing over the slaughter house for imparting technical education was in-violation of the MSW Rules 2000. The Government stated that the ULB has been directed to explain the reason for handing over the Slaughter house to Technical Education Department on non-rental basis.

3.6 Training for capacity building.

3.6.1 Non-imparting of training to staff.

The Central and State Governments were to make arrangements for training and upgradation of the skills of personnel dealing with the preparation of project reports and implementation of the IDSMT schemes. However, none of the staff of 21 towns dealing with IDSMT schemes was given training as confirmed by concerned ULBs. Thus the aspect of training and capacity building was completely ignored.

The Director (UD) stated (May 2008) that training was organised at Himachal Institute of Public Administration (HIPA) by the GOI, Ministry of Urban Development but no details thereof was made available to audit.

3.7 Monitoring.

To over-see the implementation of scheme, the State Government constituted (*November, 1995*) a State Level Sanctioning Committee (SLSC) consisting of 10 members. The SLSC was required to monitor and review periodically the progress of projects. The State Government had however, not prescribed any frequency for holding meeting of SLSC. Between 1996 and 2004 seven meetings of SLSC were held. A perusal of minutes of meeting made available to audit revealed that the aspect of completion of projects in time was never discussed in these meeting to ensure timely availability of infrastructure facilities in the respective towns. The execution of works under the scheme was therefore, not monitored effectively as 17 projects were not completed by schedule time as mentioned in Para 3.4.1 Supra.

3.8 Evaluation.

As per guidelines, evaluation of the scheme was to be carried out by Town and Country Planning Organization (TCPO) of GOI. It was, however, noticed that no such evaluation had been got conducted either by GOI or State Government to gauge the impact of the scheme.

The Director stated (June 2008) that the evaluation of the scheme has not been carried out by the GOI.

3.9 Conclusion.

The Urban Development Department of State Government could not ensure completion of 17 projects comprising 124 schemes on due date despite spending funds of Rs. 15.81 crore, though these were targeted to be completed by March 2008. As against required institutional finance of Rs.10.16 crore for 21 towns only Rs. 2.51 crore (25 percent) could be contributed by the Local bodies. The remunerative assets created were also lying un-utilised. Thus due to non-completion of the projects and non-utilization of the created assets the objective of the scheme to prevent the migration of people from small and medium towns to large city by providing economic growth and generating employment opportunities could not be achieved.

3.10 Recommendations.

- The sanctioned projects should be completed at the earliest so as to derive timely benefits and to avoid cost overrun.
- Revolving fund must be replenished sufficiently by sale of assets, rent, user charges etc. so as to make the scheme/project self-sustaining. The receipts derived from IDSMT assets should also be credited to this fund.
- Effective steps needs to be taken to put the completed assets into use by way of auction.
- Adequate and effective monitoring mechanism should be evolved at all level to ensure economy, efficiency and effectiveness in implementation of the projects as approved under the scheme.

**Shimla
Dated**

**(Tara Chand Chauhan)
Deputy Accountant General
Local Bodies Audit & Accounts
Himachal Pradesh**

Countersigned

**(Geetali Tare)
Pr. Accountant General (Audit)
Himachal Pradesh**

Appendix-1(A)

(Refer paragraph; 1.10 Page-5)

**Statement of Budget Estimates and actual expenditure of
ULBs for the year 2005-06.**

(Rs. in lakh)

Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)	Percentage of over all utilisation
1.	MC, Shimla	2937.54	2019.45	(-) 918.09	68.75
	Total	2937.54	2019.45	(-) 918.09	68.75
<u>Municipal Council</u>					
1.	Chamba	185.26	211.29	(+) 26.03	114.05
2.	Dalhousie	153.23	123.35	(-) 29.88	80.50
3.	Naina Devi Ji	100.44	95.53	(-) 04.91	80.50
4.	Nalagarh	200.00	136.00	(-) 64.00	68.00
5.	Palampur	113.29	78.46	(-) 34.83	69.26
6.	Una	224.50	199.59	(-) 24.91	88.90
7.	Dharamshala	265.60	172.85	(-) 92.75	65.08
	Total	1242.32	1017.07	(-)225.25	81.87
<u>Nagar Panchayat</u>					
1.	Baddi	195.00	126.64	(-) 68.36	67.94
2.	Jawalamukhi	106.23	74.59	(-) 31.64	70.22
3.	Ghumarwin	46.87	38.31	(-) 8.56	81.74
4.	Sarkaghat	33.97	33.59	(-) 0.38	98.88
5.	Nagrota Bagwan	67.66	54.49	(-) 13.17	80.54
6.	Nadaun	14.65	13.41	(-) 1.24	91.54
7.	Sujanpur	55.72	37.44	(-) 18.28	67.19
8.	Talai	20.71	21.65	(+) 0.94	104.54
9.	Santokhgarh	83.49	59.90	(-) 23.59	71.75
	Total	624.3	460.02	(-)164.28	73.69
	Grand Total	4804.16	3496.54	(-)1307.62	72.78

Appendix-1 (B)

(Refer paragraph; 1.10 Page-5)

Statement of Budget Estimates and actual expenditure of ULBs for the year 2006-07.*(Rs. in lakh)*

Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)	Percentage of over all utilisation
1.	MC, Shimla	2583.66	2407.74	(-) 175.92	93.19
	Total	2583.66	2407.74	(-) 175.92	93.19
<i>Municipal Council</i>					
1.	Chamba	157.78	146.87	(-)10.91	93.09
2.	Dalhousie	212.43	180.75	(-) 31.68	85.09
3.	Naina Devi Ji	99.62	94.36	(-) 5.26	94.72
4.	Nalagarh	277.00	147.00	(-)130.00	53.07
5.	Palampur	116.29	97.31	(-) 18.98	83.68
6.	Una	219.75	205.96	(-) 13.79	93.72
7.	Dharamshala	277.27	225.17	(-) 52.10	81.21
	Total	1360.14	1097.42	262.72	80.68
<i>Nagar Panchayat</i>					
1.	Baddi	204.70	151.82	(-)52.88	74.14
2.	Jawalamukhi	89.48	64.36	(-)25.12	71.53
3.	Ghumarwin	89.98	54.38	(-)35.60	60.44
4.	Sarkaghat	26.85	26.32	(-)0.53	98.03
5.	Nagrota Bagwan	76.88	69.63	(-)7.25	90.56
6.	Nadaun	165.23	128.99	(-)36.24	78.07
7.	Sujanpur	94.11	52.10	(-)42.01	55.36
8.	Talai	34.41	21.65	(-)12.76	62.92
9.	Santokhgarh	163.38	157.90	(-)5.48	96.65
	Total	945.02	727.15	(-)217.87	79.92
	Grand Total	4888.82	4232.31	(-)656.51	86.57

Appendix-1 (C)

(Refer paragraph; 1.10 Page-5)

**Statement of Budget Estimates and actual expenditure of
ULBs for the year 2007-08.***(Rs. in lakh)*

Sr. No.	Name of ULBs	Budget Estimate	Actual Expenditure	Saving(-) Excess (+)	Percentage of over all utilisation
1.	MC, Shimla	2838.28	3234.24	(+)395.96	113.95
	Total	2838.28	3234.24	(+)395.96	113.95
<i>Municipal Council</i>					
1.	Chamba	140.75	141.16	(+)0.41	100.29
2.	Dalhousie	147.91	169.71	(+)21.80	114.74
3.	Naina Devi Ji	100.74	95.90	(-) 4.84	95.20
4.	Nalagarh	265.00	131.00	(-)134.00	49.43
5.	Palampur	125.40	99.67	(-) 25.73	79.48
6.	Una	281.04	205.57	(-) 75.47	73.15
7.	Dharamshala	287.46	225.35	(-) 62.11	78.39
		1348.3	1068.36	279.94	79.24
<i>Nagar Panchayat</i>					
1.	Baddi	206.80	134.36	(-)72.44	64.97
2.	Jawalamukhi	91.68	67.36	(-)24.32	73.49
3.	Ghumarwin	105.40	47.20	(-)58.20	44.78
4.	Sarkaghat	43.75	35.78	(-)7.97	81.78
5.	Nagrota Bagwan	94.94	81.56	(-)13.38	85.91
6.	Nadaun	113.13	88.88	(-)24.25	78.56
7.	Sujanpur	108.04	53.15	(-)54.89	49.19
8.	Talai	27.25	37.79	(+)10.54	138.68
9.	Santokhgarh	107.61	153.20	(+)45.59	142.57
	Total	898.60	699.28	(-)199.32	77.91
	Grand Total	5085.18	5001.88	(-)83.30	98.36

Appendix-2

(Refer paragraph; 1.13.2 Page-7)

Functions devolved to the ULBs. (16)

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

Functions not yet devolved to the ULBs. (2)

1. Regulation of land-use and construction of buildings.
2. Fire services.

Appendix-3

(Refer paragraph; 2.10 Page-19)

Non-realization of rent from shops/stalls (2005-08).

Municipal Council

(Rs. In lakh)

Sr.No.	Name of MCs	Outstanding amount
1.	Nalagarh	19.63
2.	Naina Devi	5.28
3.	Una	14.32
4.	Chamba	15.26
5.	Dalhousie	21.52
	Total	76.01

Nagar Parishad

(Rs. In lakh)

Sr.No.	Name of NPs	Outstanding amount
1.	Nadaun	6.06
2.	Sujunpur Tihra	4.09
3.	Sarkaghat	9.00
4.	Ghumarwin	2.78
5.	Nagrota Bagwan	15.33
6.	Jawalamukhi	38.00
7.	Santokhgarh	6.95
	Total	82.21
	Grand Total	158.22

Appendix-4

(Refer paragraph; 2.11 Page-20)

Non-recovery of house tax (2005-08).

Municipal Council

(Rs. in lakh)

Sr.No.	Name of MCs	Outstanding amount
1.	Una	25.19
2.	Chamba	15.26
3.	Dalhousie	16.65
4.	Dharamshala	166.16
	Total	223.26

Nagar Parishad

(Rs. in lakh)

Sr.No.	Name of NPs	Outstanding amount
1.	Nadaun	31.95
2.	Sujanpur Tihra	22.48
3.	Sarkaghat	16.57
4.	Ghumarwin	34.34
5.	Jawalimukhi	58.29
6.	Santokhgarh	23.72
	Total	187.35
	Grand Total	410.61

Appendix-5

(Refer paragraph; 2.12 Page-20)

**Loss of revenue due to non-revision of rates of house tax
(2005-08).**

Nagar Parishad

(Rs. In lakh)

Sr.No.	Name of NPs	Outstanding amount
1.	Talai	5.98
2.	Nadaun	5.29
3.	Ghumarwin	17.48
4.	Baddi	21.18
5.	Jawalamukhi	16.10
6.	Santokhgarh	1.59
	Total	67.62

Appendix-6

(Refer paragraph; 2.15 Page-22)

Non-recovery of duty on account of installation of Mobile towers.

Municipal Council

(Rs. In lakh)

Sr.No.	Name of MCs	Period	Total No. of towers	Break up		Total
				Installation charges	Renewal charges	
1.	Nalagarh	2006-07	4	0.40	0.35	0.75
2.	Una	2006-07	4	--	0.20	0.20
3.	Dalhousie	2006-07	1	0.10	0.10	0.20
4.	Dharamshala	2006-07	20	2.60	1.00	3.60
Total			29	3.10	1.65	4.75

Nagar Panchayat

(Rs. In lakh)

Sr.No.	Name of NPs	Period	Total No. of towers	Break up		Total
				Installation charges	Renewal charges	
1.	Sujanpur	2005-06	1	--	0.10	0.10
2.	Sarkaghat	2005-06	3	--	0.15	0.15
3.	Baddi	2007-08	3	0.30	--	0.30
4.	Jawalamukhi	2006-07	3	0.20	0.15	0.35
5.	Santokhgarh	2006-07	4	--	0.35	0.35
Total			14	0.50	0.75	1.25
Grand Total			43	3.60	2.40	6.00

Appendix -7 (Refer Paragraph; 3.22 Page – 29)

Town wise position of funds released under IDSMT Scheme.

Sr. No.	Name of the town	Year of Sanction	Approved Project cost	Sharing of funds			Position of funds released			Expenditure incurred	UCCs submitted to GOI of its share	Balance UCCs to be submitted
				Centre share	State share	F.I. Loan	Central	State	Total			
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Nahan	1995-96	177.36	79.81	52.31	45.34	79.65	56.00	135.65	198.13	79.65	0.00
2	Una	1996-97	94.46	45.34	30.23	18.89	45.29	32.40	77.69	70.20	30.00	15.29
3	Rampur	1997-98	100.32	48.00	32.00	20.32	48.00	35.66	83.66	70.20	16.00	32.00
4	Dharamshala	1998-99	216.65	90.00	60.00	66.65	90.00	60.00	150.00	131.80	57.00	32.50
5	Solan	1999-2000	209.35	90.00	60.00	59.65	90.00	50.00	150.00	130.96	30.00	60.00
6	Chamba	1999-2000	161.30	48.00	32.00	81.30	48.00	32.00	80.00	141.00	16.00	32.00
7	Theog	1999-2000	82.60	39.65	26.43	16.52	39.64	26.43	66.07	41.47	12.00	27.64
8	Kullu	1999-2000	126.25	48.00	32.00	46.52	48.00	32.00	80.00	71.36	16.00	32.00
9	Palampur	2000-01	107.85	48.00	32.00	27.89	48.00	32.00	80.00	32.81	16.00	32.00
10	Nalagarh	2000-01	145.79	48.00	32.00	55.79	48.00	32.00	80.00	130.00	16.00	32.00
11	Jawalmukhi	2001-02	114.74	48.00	32.00	34.74	48.00	32.00	80.00	55.00	24.00	24.00
12	Poanta	2001-02	138.96	48.00	32.00	59.96	47.99	32.00	79.99	110.53	24.00	23.99
13	Bilaspur	2002-03	140.80	48.00	32.00	60.80	48.00	32.00	80.00	35.00	24.00	24.00
14	Kotkhai	2002-03	136.34	48.00	32.00	56.34	48.00	32.00	80.00	32.95	24.00	24.00
15	Sundernagar	2002-03	230.95	90.00	60.00	80.95	90.00	60.00	150.00	126.83	45.00	24.00
16	N.P. Mandi	2002-03	135.64	48.00	32.00	55.64	48.00	32.00	80.00	90.78	24.00	45.00
17	N.P. Baddi	2002-03	141.05	48.00	32.00	61.05	48.00	32.00	80.00	110.86	24.00	24.00
18	N.P. Narkanda	2003-04	136.01	48.00	32.00	65.01	14.00	46.83	60.83	19.80	14.00	24.00
19	M.C. Nurpur	2003-04	130.74	48.00	32.00	50.24	48.00	32.00	80.00	57.05	24.00	0.00
20	N.P. Mehatpur	2004-05	109.80	48.00	32.00	29.80	24.00	36.83	60.83	29.60	24.00	24.00
21	N.P. Santokgarh	2004-05	101.93	48.00	32.00	21.93	24.00	56.00	80.00	44.30	24.00	0.00
	Total		2939.73	1154.80	768.87	1016.05	1072.57	812.15	1894.72	1731.42	564.15	508.42

Note: Except MC Nahan no project has been completed.

Note: The GOI has refused to release the balance amount to NP Narkanda, Santokhgarh and Mehatpur as such during the financial year 2007-08 additional amount was released by the State Government so that the works already taken in hand could be completed.