

## OVERVIEW

This Report includes four Chapters. Chapters I and III present an overview of the accounts and finances of the Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. Chapter II comprises of one performance review and five transaction audit paragraphs and Chapter IV comprises eight transaction audit paragraphs arising out of the audit of financial transactions of the PRIs and ULBs respectively.

A synopsis of important findings contained in this Report is presented in this overview.

### (A) Panchayati Raj Institutions

#### 1. An Overview of Accounts and Finances of Panchayati Raj Institutions

- Government had accepted (August 2003) the formats of annual accounts prescribed by the Comptroller and Auditor General of India, PRIs were maintaining the accounts in conventional formats. Database on the finances of PRIs was not yet developed.

*(Paragraph 1.3.1)*

- There was a difference of ₹ 37.50 lakh between cash books and PD/Bank pass books in one *Zila Parishad* and three *Panchayat Samitis* as on 31 March 2007

*(Paragraph 1.3.2.2)*

- 'Own Revenue' of the PRIs constituted only 4.43 *per cent* of their total receipts during 2007-08. Thus, they were largely dependent on Government grants.

*(Paragraph 1.6.1)*

- Budgetary and internal control mechanism in PRIs was weak. Instances of excess expenditure (₹ 11.89 crore), non-refund of unspent balances of closed schemes (₹ 8.93 crore), unadjusted advances (₹ 59.64 lakh) and outstanding utilisation certificates (₹ 842.33624.99 crore) were noticed.

*(Paragraphs 1.7.1 to 1.7.5)*

## 2. Performance review on Devolution of functions, funds and functionaries to Panchayati Raj Institutions

The 73<sup>rd</sup> Constitutional Amendment Act passed by parliament in 1992 had defined the process of decentralisation of governance in India. In 1994 Government of Rajasthan passed Rajasthan Panchayati Raj Act to empower the establishment of local bodies viz. *Zila Parishads*, *Panchayat Samitis* and *Gram Panchayats* upto village level. In compliance of legislations, the State Government had issued various orders mainly in June 2003 for devolution of functions, funds and functionaries relating to 29 subjects enumerated in the Eleventh Schedule of the Constitution to Panchayati Raj Institutions from 16 departments of the State Government.

The above devolution order neither specified the modalities of devolution nor the time schedule for implementing the process of devolution by the State Government.

Activities related to Animal Husbandry, Dairy and Poultry, Public Health Engineering Department, Public Works Department were devolved and withdrawn on account of one or other reasons. Funds were also not devolved as per recommendations of Third State Finance Commissions.

Twenty nine subjects of 16 departments ordered for devolution in June 2003 were not actually devolved in true letter and spirit, which ultimately forced the Government to issue fresh orders in October 2010 for devolution of functions, funds, and functionaries in respect of all district level functions being executed in rural areas of five departments i.e. Primary Education, Women and Child Development, Medical and Health, Social Welfare and Justice and Agriculture Department in first phase.

*(Paragraph 2.1)*

## 3. Audit of Transactions

- In *Zila Parishads* (Rural Development Cell), Dholpur, Banswara and Jaipur an expenditure of ₹ 88.06 lakh were was incurred by sanctioning of excess funds over the prescribed limit to certain beneficiary organisations under Member of Parliament Local Area Development Scheme without obtaining prior approval of Government of India and by sanctioning of funds to ineligible trust.

*(Paragraph 2.2.1)*

- In *Zila Parishad* (Rural Development Cell), Hanumangarh an expenditure of ₹ 61.62 lakh was incurred irregularly on construction of cattle breeding centres in contravention to 'Haryali' guidelines of Desert Development Programme.

***(Paragraph 2.2.2)***

- In *Zila Parishad* (Rural Development Cell), Bharatpur funds of ₹ 22.85 lakh received from Government of India under Area Intensive Programme for Educationally Backward Minorities for creation of educational infrastructure and facilities were utilised irregularly on road works.

***(Paragraph 2.2.3)***

- Construction of defective and incomplete anicut by *Zila Parishad* (Rural Development Cell), Sawaimadhopur led to wasteful expenditure of ₹ 24.46 lakh.

***(Paragraph 2.3)***

## **(B) Urban Local Bodies**

### **4. An Overview of Accounts and Finances of Urban Local Bodies**

- 'Own revenue' of Urban Local Bodies accounted for only 31.37 *per cent* of their total receipts during 2007-08 as such they were dependent on grants and loans from the Central and State Governments.

***(Paragraphs 3.3.2 and 3.3.3)***

- The share of assigned revenue (entertainment tax) declined by 61.06 *per cent* in 2007-08 as compared to 2002-03 due to relaxation in tax on certain items and reduction in rate of entertainment tax.

***(Paragraph 3.3.4)***

- State Government's partial acceptance of recommendation of Third State Finance Commission from 2008-09 instead of 2005-06 resulted in denial of share of ULBs amounting to ₹ 120.07 crore for the period 2005-06 to 2007-08.

***(Paragraph 3.4.2)***

- Instances of excess expenditure (₹ 4.94 crore) over the sanctioned budget grants and outstanding advances (₹ 4.70 crore) given to individuals for long period were noticed in audit.

*(Paragraphs 3.6.2 and 3.6.3)*

## 5. Audit of Transactions

- Municipal Board, Kesrisinghpur realised regularisation amount and lease money at residential rates instead of commercial rates on conversion of land use from agriculture to commercial purpose which resulted in loss of revenue of ₹ 22.99 lakh.

*(Paragraph 4.1.1)*

- Failure of Municipal Council, Tonk to negotiate timely with Rajasthan State Road Transport Corporation for collection of passenger tax at enhanced rate and non-collection of the tax from private vehicles resulted in loss of revenue of ₹ 30.53 lakh.

*(Paragraph 4.1.2)*

- Municipal Council, Alwar incurred expenditure on other works, from funds meant for heritage conservation resulting in diversion of funds ₹ 28.27 lakh.

*(Paragraph 4.2)*

- Supply of two more fire brigade vans by Local Self Government Department in violation of Government of India norms and without ascertaining the requirement and availability of requisite trained staff with Municipal Board, Dungarpur led to avoidable expenditure of ₹ 27.90 lakh.

*(Paragraph 4.3)*

- Irregular extension of lease periods of rented properties by Municipal Board, Dungarpur and slackness on part of Director, Local Bodies in according approval for sale of land on lease of 99 years deprived the municipality revenue of ₹ 32.31 lakh.

*(Paragraph 4.4.2)*