



**Annual Technical Inspection Report**  
**On**  
**Panchayati Raj Institutions and Urban Local Bodies**  
**for the year ending 31 March 2011**



**OFFICE OF THE ACCOUNTANT GENERAL (AUDIT), TRIPURA, AGARTALA**

**In terms of the Technical Guidance and Support (TGS) by  
the Comptroller and Auditor General of India**

**Government of Tripura**

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## **PREFACE**

This report has been prepared for submission to the Government of Tripura in accordance with the terms and conditions of the Technical Guidance and Support (TGS) on the audit of accounts of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) entrusted by the Government of Tripura to the Comptroller & Auditor General of India under Section 20 (1) of the C&AG's (DPC) Act, 1971, in 2011.

2. This Annual Technical Inspection Report for the year 2010-11 is a consolidation of major audit findings arising out of audit of accounts of 236 PRIs (two Zilla Parishads, 10 Panchayat Samities and 224 Gram Panchayats) and 5 ULBs (Agartala Municipal Council and four Nagar Panchayats) conducted during 2011-12.

3. The Report contains four chapters. Section 'A' of Chapter I and III contains an overview and Section 'B' contains the comments on financial reporting of PRIs and ULBs. Chapter II contains Audit of Transactions of PRIs. Chapter IV contains Audit of Transactions of ULBs for the year ended 31st March 2011.

4. The purpose of this report is to provide an overview of the functioning of PRIs and ULBs in the State and draw the attention of the concerned Executive Departments to take appropriate remedial action wherever necessary.

# OVERVIEW

This Report, dealing with the results of audit of accounts of Local Bodies, is prepared in two parts and consists of four chapters. Part-I deals with Panchayati Raj Institutions and Part II deals with Urban Local Bodies. A synopsis of audit findings is presented in this overview.

## Part-I

### Chapter- I

#### An Overview of the Panchayati Raj Institutions

There are four Zilla Parishads, 23 Panchayat Samitis and 511 Gram Panchayats in Tripura as of March 2012.

*(Paragraph 1.1)*

The State Government has devolved only five subjects out of 29 listed in the 11<sup>th</sup> Schedule of the Constitution to PRIs. Besides, the transfer of functionaries to PRIs was not done.

*(Paragraph 1.7)*

A test check of records PRIs during 2011-12 revealed that none of the PRIs prepared Annual Accounts. In the absence of preparation of Annual Accounts the actual financial position could not ascertained.

*(Paragraph 1.14.1)*

Scrutiny of the records of two Zilla Parishads and 10 Panchayat Samitis revealed that neither the Zilla Parishads nor the Panchayat Samitis have prepared the budget of their estimated receipts and disbursement for the year upto 2010-11 and expenditures were incurred without preparing the budget.

*(Paragraph 1.14.3)*

### Chapter- II

#### Audit of Transactions in Panchayati Raj Institutions

Utilisation of Panchayat Development Fund for construction of cycle stands, interaction room and vegetable market has led to diversion of ₹ 11.90 lakh.

*(Paragraph 2.1)*

TFC grants ₹ 20.48 lakh was diverted towards maintenance of office buildings.

*(Paragraph 2.2)*

User charges of ₹ 2.76 lakh for lift Irrigation Scheme remained unrealized.

*(Paragraph 2.3)*

Due to non-preparation of bank reconciliation statement possibility of defalcation and misappropriation of funds could not be ruled out.

*(Paragraph 2.4)*

Due to non-production of records the authenticity of expenditure could not be ascertained.

*(Paragraph 2.5)*

## **Part-II**

### **Chapter- III**

#### **An Overview of the Urban Local Bodies**

There were 16 Urban Local Bodies (1 Municipal Council and 15 Nagar Panchayats) in the State as of March, 2012.

*(Paragraph 3.1)*

All the 18 functions listed in the XII Schedule of the Constitution have been transferred by the State Government to the ULBs. But in practice, functions like fire service, road and bridges are still controlled by the State Government departments.

*(Paragraph 3.6)*

The ULBs have not finalised their accounts since their inception.

*(Paragraph 3.9.3)*

Test check of records of four Nagar Panchayats revealed that none of the Nagar Panchayats has prepared the budget.

*(Paragraph 3.9.4)*

### **Chapter- IV**

#### **Audit of Transactions in Urban Local Bodies**

Failure of the Agartala Municipal Council in making the Dimsagar lake free from encroachment not only caused delay in implementation of the project for conservation of the lake but also led to locking of funds to the extent of ₹ 23.43 lakh.

*(Paragraph 4.1)*

Due to inaction of the AMC, ₹ 99.44 lakh remained un-realised from the allottees of two markets stalls.

*(Paragraph 4.2)*

---

Non allotment of stalls resulted in idle investment of ₹ 3.77 crore.

*(Paragraph 4.3)*

Bidhayak Elaka Unnayan Pakalpa scheme funds of ₹ 45.99 lakh was lying in bank account for prolonged period due to non-execution of works.

*(Paragraph 4.4)*

Delay in construction of Anganwadi Centres led to blockage of funds to the extent of ₹ 12.99 lakh for more than four years.

*(Paragraph 4.5)*

Advance for ₹ 72.59 lakh in respect of Agartala Municipal Council and ₹ 147.05 lakh in respect of Ranirbazar Nagar Panchayat paid to various Implementing Officers for developmental works during 2009-10 and 2010-11 remained un-adjusted. Besides, ₹ 27.35 lakh paid to one Junior Engineer in Teliamura Nagar Panchayat as advance remained un-adjusted/un-refunded.

*(Paragraph 4.6)*

Touji rent of ₹ 97.47 lakh was outstanding in 18 markets of AMC and collection of stall rent by Ranirbazar Nagar Panchayat has not increased during the last three years resulting in outstanding rent to the extent of ₹ 9.95 lakh.

*(Paragraph 4.7)*

Utilisation certificates to the extent of ₹ 5.84 crore were pending for submission.

*(Paragraph 4.8)*

Trade license fee to the extent of ₹ 5.91 lakh remained outstanding.

*(Paragraph 4.9)*

Due to non-recording of cash withdrawal of ₹ 7.46 lakh in the cash book, possibility of misappropriation/embezzlement of Government money may not be ruled out.

*(Paragraph 4.10)*



## CHAPTER I

### SECTION 'A' AN OVERVIEW OF PANCHAYATI RAJ INSTITUTIONS

#### 1.1 Background

The 73<sup>rd</sup> Constitutional amendment gave constitutional status to Panchayati Raj Institutions (PRIs) and established a system of uniform structure, holding of regular election, regular flow of funds through Finance Commission, etc. As a follow up, the States are required to entrust these bodies with such powers, functions and responsibilities so as to enable them to function as institutions of self-government. In particular, the PRIs are required to prepare plans and implement schemes for economic development and social justice including those enumerated in the Eleventh Schedule of the Constitution.

Post 73<sup>rd</sup> Constitutional amendment, the Government of Tripura enacted the Tripura Panchayats Act, 1993 with a view to establish three tiers Panchayati Raj system which would enable them to function as local self government at the Village, Block and District levels.

The number of PRIs under each tier in the State as of March 2012 is shown in **Table 1.1** below:

**Table 1.1: Category- wise PRIs in Tripura.**

| Sl. No | PRIs             | Number of PRIs |
|--------|------------------|----------------|
| 1      | Zilla Parishad   | 04             |
| 2      | Panchayat Samiti | 23             |
| 3      | Gram Panchayat   | 511            |

#### 1.2 State profile

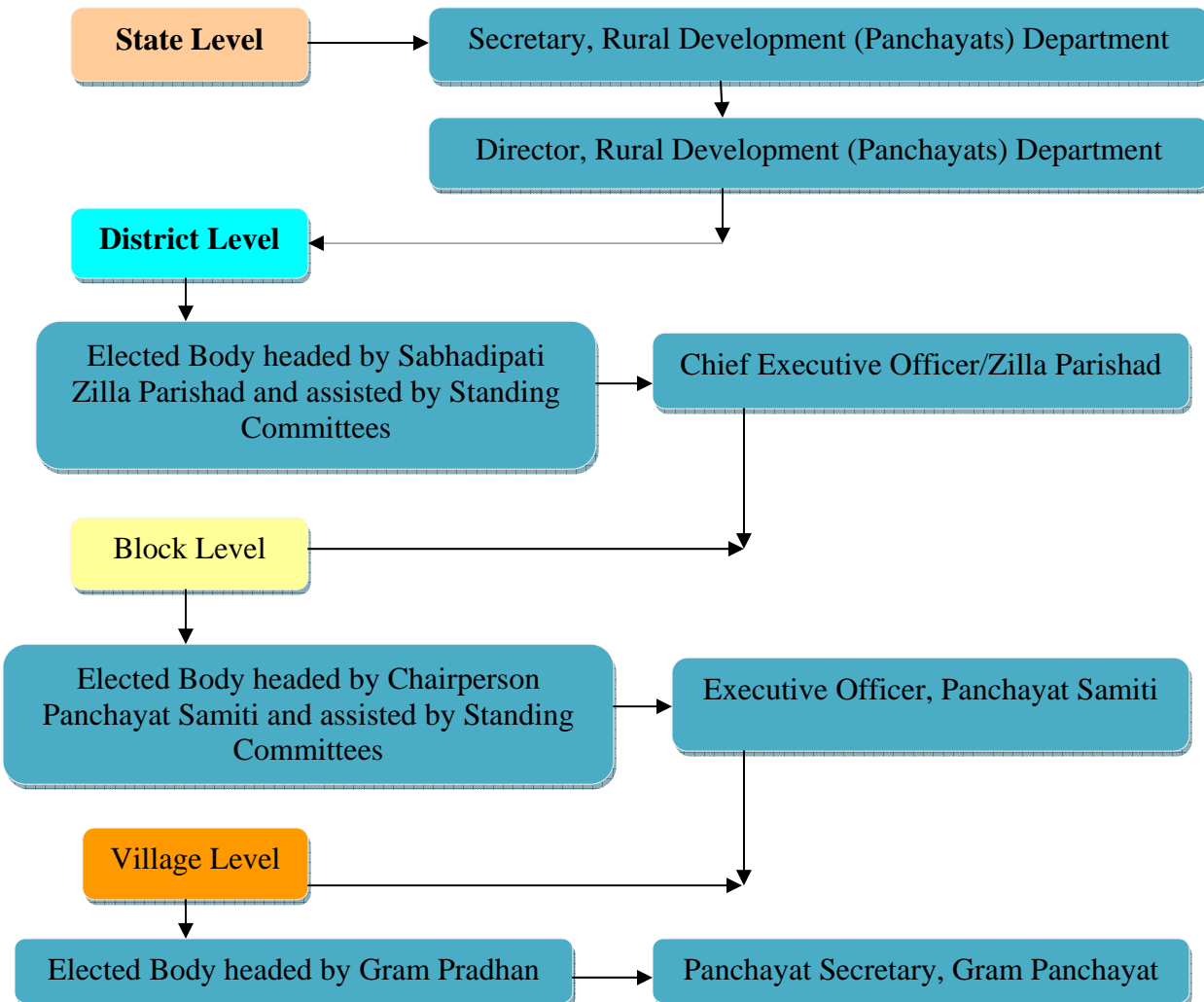
Tripura, a State in North East India, became a full-fledged State of the Indian Union on 21 January 1972. It is the third smallest State in the country and covers an area of 10,491.69 sq. km. Out of this total area, 7132.56 sq. km (68 *percent* of the State) comes under the Tripura Tribal Areas Autonomous District Council (TTAADC) set up under Sixth Schedule to the Constitution of India. Tripura is a land-locked State, surrounded by Bangladesh on its North, South and West. The length of its international border is 856 km (84 *percent* of its total border), while it shares a 53 km-long border with Assam and a 109

km-long border with Mizoram. In the North East, Tripura comes second to Assam in respect of population and population density. Important statistics of the State as per Census 2011 are shown in the **Table 1.2** below:

**Table 1.2: State Statistics as per 2011 Census**

| Indicator                                   | Nos./percentage |
|---|-----------------|
| Total population                            | 36,71,032       |
| Percentage of decadal variation (2001-2011) | 14.75           |
| Male  | 18,71,867       |
| Female                                      | 17,99,165       |
| Sex ratio (female per 1000 male)            | 961             |
| Density(per sq km)                          | 350             |
| Overall literacy rate (%)                   | 87.80           |
| Male literacy (%)                           | 92.20           |
| Female literacy (%)                         | 83.20           |

### **1.3 Organizational structure of PRIs**



### 1.3.1 Standing Committees

The Tripura Panchayats Act 1993 provides that Zilla Parishad (ZP) and Panchayat Samiti (PS) shall constitute standing committees to perform the assigned functions. The leadership of the committees is given in **Table 1.3** below:

**Table 1.3: Leadership of the Standing Committees.**

| PRIs | Standing Committees   | Leadership   |
|------|---|--|
| ZP   | (a) Finance, Audit & Planning Committee<br>(b) Education, Environment, Cultural, Health and Sports Affairs Committee<br>(c) Communication, Rural Electrification and Non Conventional Energy Committee<br>(d) Industries including Cottage Industries and Sericulture Committee<br>(e) Social Justice Committee<br>(f) Agriculture, Food, Irrigation, Cooperation, Fishery and Animal Husbandry Committee<br>(g) Poverty Alleviation etc. Committee | Sabhadhipati is the ex-officio President of the Finance, Audit & Planning Committee.<br>Presidents of other committees are elected among the elected members.      |
| PS   | (a) Finance, Audit & Planning Committee<br>(b) Education, Environment, Cultural, Health and Sports Affairs Committee<br>(c) Communication, Rural Electrification and Non Conventional Energy Committee<br>(d) Industries including Cottage Industries and Sericulture Committee<br>(e) Social Justice Committee<br>(f) Agriculture, Food, Irrigation, Cooperation, Fishery and Animal Husbandry Committee<br>(g) Poverty Alleviation etc. Committee | Chairman of the PS is the ex-officio President of the Finance, Audit & Planning Committee<br>Presidents of other committees are elected among the elected members. |

Source: The Tripura Panchayats Act, 1993

The roles and responsibilities of the Standing Committees are given in **Appendix 1.1**.

## **1.4 Duties and Functions of PRIs**

The Tripura Panchayats Act, 1993 prescribed various duties and functions for PRIs. Some of the important duties and functions are given below:

- (i) Preparation of Annual Action Plan.
- (ii) Promotion and development of agriculture and horticulture.
- (iii) Promotion of village plantation, social forestry and farm forestry.
- (iv) Irrigation including minor irrigation and water management.

- (v) Promotion of dairy farming, poultry and piggery.
- (vi) Development of pisciculture in private and community land.
- (vii) Implementation of poverty alleviation programmes.
- (viii) Any other local work or service of public utility.

### **1.5 Decentralised planning**

In pursuance of Article 243 ZD of the Constitution of India and Section 222 of the Tripura Panchayats Act, 1993 the Government of Tripura constituted District Planning Committee (DPC) in the four districts in September 2008. The DPC consists of a Chairman, two Vice-Chairman and some other elected representatives in each district. The District Magistrate & Collector is the Member Secretary of the Committee.

The role and responsibility of the DPC is to consolidate the plans prepared by the Panchayats, Nagar Panchayats and the Sixth Schedule areas in the district as a whole. It is also empowered to take decisions on the development of the district. As per Section 222 of the Act, every DPC shall prepare draft development plan with regard to matters of common interest between the Zilla Parishads, the Panchayat Samitis, the Gram Panchayats, Notified Area authorities and Municipal authorities and other local authorities in the District including special planning, sharing of water and other physical and natural resources integrated development of infrastructure and environmental conservation and the extent and type of available resources whether financial or otherwise and consult such institutions and organizations as the Government may by order specify. The Chairman of every DPC shall forward development plans as recommended by such committee to the State Government. The DPC shall meet at least twice in a year.

Scrutiny of minutes of the meetings (dated 10.12.2010 and dated 12.01.2012) of DPC, Dhalai District revealed that the maximum allocation of funds under BRGF was made to the power sector for installation of electrical poles in 2010-11. During meetings, the DPC observed that the progress of the said works was very slow and fund could not be utilized to the desired extent. The DPC further observed that the Science, Technology & Environment Department also could not utilize the allotted fund. Accordingly, they had been directed to utilize the fund and submit utilization certificates immediately.

Thus, the review meetings of DPC in Dhalai District indicate that the functioning of DPC was effective. However, the status of functioning of DPCs in other districts though called for has not been furnished.

## **1.6 Financial profile**

### **1.6.1 Fund flow to PRIs**

The resource base of PRIs mainly consists of State Finance Commission (SFC) grants, Panchayat Development Fund (PDF) and Central Finance Commission (CFC) grants for development and maintenance purposes. Besides, the PRIs receive funds under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) outside the State budget. The own sources of funds in PRIs is meager as there is no tax revenue in the PRIs. The fund-wise source and its custody for each tier and the fund flow arrangements in flagship schemes are given in **Table 1.4** and **1.5** below respectively. The authorities for reporting use of funds in respect of ZPs, PSs and GPs are Chief Executive Officer, Executive Officer and Panchayat Secretary respectively.

**Table 1.4: Fund flow mechanism in PRIs.**

| Name of Fund | Zilla Parishads    |                 | Panchayat Samities |                 | Gram Panchayats    |                 |
|--------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|
|              | Source of fund     | Custody of fund | Source of fund     | Custody of fund | Source of fund     | Custody of fund |
| Own receipts | Assesses and users | Bank            | Assesses and users | Bank            | Assesses and users | Bank            |
| PDF          | State Govt.        | -do-            | State Govt.        | -do-            | State Govt.        | -do-            |
| CFC          | GOI                | -do-            | GOI                | -do-            | GOI                | -do-            |
| MGNREGS      | GOI                | -do-            | GOI                | -do-            | GOI                | -do-            |

**Table 1.5 Fund flow arrangements in flagship schemes.**

| Sl. No. | Scheme  | Fund flow  |
|---------|---|--|
| 1       | 2   | 3  |
| 1       | Central Finance Commission grants                                   | Government of India transfers the fund to the State exchequer, which is released to the RD (Panchayats) Department. The RD (Panchayats) Department transfers the fund to the respective bank accounts of ZPs, PSs and GPs. |
| 2       | Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) | GOI and State Government transfer their respective share of MGNREGA funds to the District Programme Coordinators (DPC). DPC transfers the funds to ZPs, PSs and GPs.   |

The grants enjoin upon sanctioning authorities in Government of India (GOI) to ensure proper utilization of grant money. This is achieved through receipt of progress reports,

Utilization Certificates by the implementing agencies. Each sanction of grant contains certain conditions of grants-in-aid mentioned in General Financial Rules.

**1.6.2 Resources: Trends and Composition**

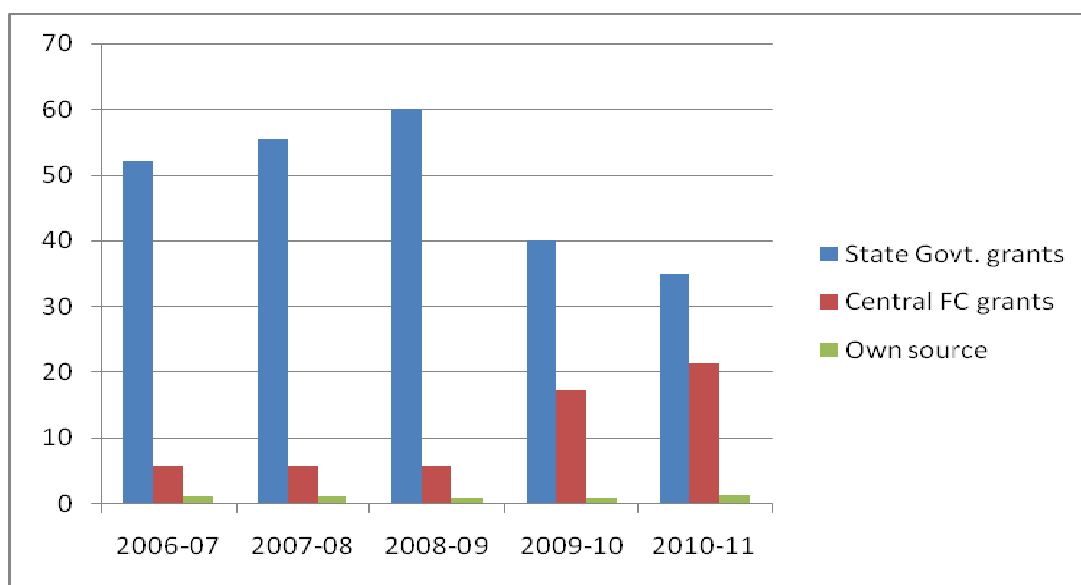
**Table 1.6** below shows the trends of resources of PRIs for the period 2006-07 to 2010-11.

**Table 1.6: Time series data on resources of PRIs.**

| Head               | (₹ in crore) |              |              |              |              |
|--------------------|--------------|--------------|--------------|--------------|--------------|
|                    | 2006-07      | 2007-08      | 2008-09      | 2009-10      | 2010-11      |
| State Govt. grants | 52.00        | 55.33        | 60.00        | 40.00        | 34.93        |
| Central FC grants  | 05.70        | 05.70        | 05.70        | 17.10        | 21.18        |
| Own source         | 01.02        | 00.97        | 00.70        | 00.72        | 01.25        |
| <b>Total</b>       | <b>58.72</b> | <b>62.00</b> | <b>66.40</b> | <b>57.82</b> | <b>57.36</b> |

Source: Rural Development (Panchayats) Department

**Chart No. 2**



The above table/chart shows that grants from State Government has shown decreasing trend for last two years. Analysis of budget of the State Government revealed that the revised estimates for the year 2009-10 and 2010-11 were less than the actual of the preceding years. Hence, the grants during 2009-10 and 2010-11 were minimized to that extent. The declining trend coincides with the increasing devolution of Central Funds for schemes to be implemented by Panchayats.

### 1.6.3 Funds under MGNREGS

**Table 1.7:** below shows the district-wise fund received and expenditure made under MGNREGA<sup>^</sup> for the period from 2006-07 to 2010-11.

**Table 1.7**

(₹ in crore)

| Financial year | Name of District | Fund received |              | Total availability including OB and other receipts | Total expenditure | % age utilization |
|----------------|------------------|---------------|--------------|--|-------------------|-------------------|
|                |                  | Central       | State        |  |                   |                   |
| 1              | 2                | 3             | 4            | 5  | 6                 | 7                 |
| 2006-07        | Dhalai           | 19.22         | 4.50         | 49.85  | 47.01             | 94.30             |
| 2007-08        | Dhalai           | 37.35         | 4.42         | 59.39  | 59.39             | 100.00            |
|                | South            | 51.84         | 7.40         | 63.73  | 63.08             | 98.98             |
|                | West             | 80.46         | 10.46        | 95.37  | 86.11             | 90.29             |
| <b>Total</b>   |                  | <b>169.65</b> | <b>22.28</b> | <b>218.49</b>                                      | <b>208.58</b>     | <b>95.46</b>      |
| 2008-09        | Dhalai           | 93.89         | 10.43        | 104.41   | 101.52            | 97.23             |
|                | South            | 113.12        | 14.61        | 128.56   | 121.43            | 94.45             |
|                | West             | 195.35        | 17.19        | 222.23   | 209.32            | 94.19             |
|                | North            | 52.55         | 5.83         | 58.79  | 58.19             | 98.98             |
| <b>Total</b>   |                  | <b>454.91</b> | <b>48.06</b> | <b>513.99</b>                                      | <b>490.46</b>     | <b>95.42</b>      |
| 2009-10        | Dhalai           | 59.06         | 10.00        | 72.28  | 75.45             | 104.38            |
|                | South            | 218.03        | 15.00        | 240.28   | 206.25            | 85.84             |
|                | West             | 364.55        | 13.60        | 390.36   | 273.28            | 70.01             |
|                | North            | 250.13        | 8.68         | 259.13   | 174.19            | 67.22             |
| <b>Total</b>   |                  | <b>891.77</b> | <b>47.28</b> | <b>962.05</b>                                      | <b>729.17</b>     | <b>75.79</b>      |
| 2010-11        | Dhalai           | 94.54         | 4.87         | 100.92   | 99.15             | 98.25             |
|                | South            | 149.86        | 7.33         | 158.95   | 156.50            | 98.46             |
|                | West             | 218.31        | 6.92         | 231.79   | 227.96            | 98.35             |
|                | North            | 126.57        | 5.51         | 146.18   | 144.15            | 98.61             |
| <b>Total</b>   |                  | <b>589.28</b> | <b>24.63</b> | <b>637.84</b>                                      | <b>627.76</b>     | <b>98.41</b>      |

Source: State MGNREGA Cell, Rural Development Department and MoRD, GOI.

## 1.7 Devolution of Functions, Funds and Functionaries

The 73<sup>rd</sup> Constitutional amendment envisaged transfer of functions, funds and functionaries of 29 subjects listed in the Eleventh Schedule of the Constitution to PRIs. The Tripura Panchayats Act, 1993 has only an enabling provision for transfer of subjects to different tiers of PRIs. The State Government has devolved five subjects\* to PRIs out of 29 subjects listed in the Eleventh Schedule of the Constitution (August, 2006 & August, 2007). The remaining 24 subjects are yet to be transferred.

<sup>^</sup> Date of introduction of MGNREGA in Tripura: Dhalai District - 2nd February, 2006: South Tripura District - 1st April, 2007: West Tripura District 1st April, 2007: North Tripura District - 1st April, 2008.

\* (1) Water Resources, (2) Primary School, (3) Adult and Non- Formal Education, (4) Social Welfare including Welfare of the Handicapped and Mentally Retarded and (5) Women and Child Development.

Out of these five subjects, funds for payment of wages of pump operators and power consumption charges only had been transferred to the PRIs.

Besides, the transfer of functionaries to PRIs was not done which is a prerequisite for successful working of local self government at the grass-root level. The works of the PRIs are being performed by the State Government functionaries.

## **1.8 State Finance Commission**

As per the provision of the Tripura Panchayats Act, 1993 the First State Finance Commission (SFC) was set up in the year 1994. The SFC submitted its report in January 1996 to the State Government. The Second SFC was constituted in the year 1999 and its reports were submitted on 10<sup>th</sup> April, 2003. The State Government did not accept the recommendations of the Second SFC and decided to continue the implementation of the recommendations of the First SFC only. The Third Finance Commission was constituted in March 2008 covering the period from 2010-11 to 2014-15. The Commission submitted the report in October 2009 and the Government laid the Action Taken Report in the Tripura Legislative Assembly in March 2010. The State Government accepted 41 out of 47 recommendations of Third SFC relating to PRIs mainly on the issue of augmentation of revenue, enhancement of rates of honorarium in respect of elected representatives, devolution of funds, framing of necessary rules for maintenance of accounts by all tiers of PRIs, training for public representatives etc. The Government did not accept two recommendations relating to introduction of service charge to be realized from the beneficiaries who are provided significant individual benefits of durable nature from the Panchayats and discontinuation of the programme for providing *dhuti*, *saree* and *lungi* at the subsidized rate to the beneficiaries on the eve of 'Durga Puja' festival. The recommendations for enhancement of rates of honorarium in respect of elected representatives and conducting training for public representatives, maintenance of assets registers as prescribed by the C&AG and State Government are being implemented.

## **1.9 Utilisation of Funds**

Status of utilization of funds in respect of seven Panchayat Samitis out of ten test checked Panchayats Samitis and 74 Gram Panchayats out of 224 test checked Gram Panchayats



for the year ended 31<sup>st</sup> March 2011 relating to different schemes are shown in the **Tables 1.8** and **1.9** below:

**Table 1.8: Status of utilisation of funds by seven Panchayat Samitis during 2010-11.**

(₹ in lakh)

| Sl. No | Name of the Panchayat Samiti | Fund available |                 |              | Expenditure   |                 |              | Closing balance as on 31.03.2011 |               |              |
|--------|------------------------------|----------------|-----------------|--------------|---------------|-----------------|--------------|----------------------------------|---------------|--------------|
|        |                              | PDF            | NREGA           | CFC          | PDF           | NREGA           | CFC          | PDF                              | NREGA         | CFC          |
| 1      | Kalyanpur                    | 19.65          | 1063.26         | 6.86         | 10.82         | 950.49          | 6.86         | 8.83                             | 112.77        | Nil          |
| 2      | Bishalgarh                   | 34.38          | 2859.27         | 17.43        | 17.10         | 2834.33         | 2.01         | 17.28                            | 24.94         | 15.42        |
| 3      | Melaghar                     | 38.78          | 2283.32         | 27.67        | 38.16         | 2143.24         | 27.67        | 0.62                             | 140.08        | Nil          |
| 4      | Kathalia                     | 30.49          | 1291.60         | 7.08         | 21.70         | 1192.81         | 5.05         | 8.78                             | 98.79         | 2.02         |
| 5      | Rajnagar                     | 36.99          | 1957.02         | 26.05        | 25.90         | 1742.85         | 25.39        | 11.09                            | 214.18        | 0.65         |
| 6      | Hrishyamukh                  | 8.81           | 939.05          | 4.92         | 6.67          | 937.05          | 3.10         | 2.21                             | 2.00          | 0.92         |
| 7      | Satchand                     | 26.99          | 1834.85         | 7.28         | 8.81          | 1780.71         | 0.60         | 18.18                            | 54.13         | 6.68         |
|        | <b>Total</b>                 | <b>196.09</b>  | <b>12228.37</b> | <b>97.29</b> | <b>129.16</b> | <b>11581.48</b> | <b>70.68</b> | <b>66.99</b>                     | <b>646.89</b> | <b>25.69</b> |

**Table 1.9: Status of utilisation of funds by 74 Gram Panchayats under four Panchayats Samitis during 2010-11**

(₹ in lakh)

| Sl. No. | Name of Panchayat Samiti | No. of GPs | Fund available | Expenditure    | Balance as on 31.03.11 |
|---------|--------------------------|------------|----------------|----------------|------------------------|
| 1       | Khowai                   | 22         | 770.06         | 626.63         | 143.43                 |
| 2       | Mohanpur                 | 30         | 2268.09        | 2091.20        | 176.89                 |
| 3       | Kathalia                 | 08         | 331.87         | 286.78         | 45.09                  |
| 4       | Salema                   | 14         | 886.69         | 728.74         | 157.95                 |
|         | <b>Total</b>             | <b>74</b>  | <b>4256.71</b> | <b>3733.35</b> | <b>523.36</b>          |

From the above, it is observed that the Panchayats Samitis and the Gram Panchayats have been utilizing the funds allocated to them to a great extent. Only 5 percent of funds in respect of Panchayat Samities and 12 percent in respect of GPs was lying un-spent at the end of the year primarily due to the fact that some grants were released to the PRIs at the fag end of the year.

## 1.10 Accountability framework

### 1.10.1 Authority and responsibility of State Government on PRIs

The Constitution of India empowers States to legislate on Panchayats and Municipalities. Further, in exercise of the Tripura Panchayats Act 1993 and the Tripura Panchayats (Administartion) Rules 1994, the State Government exercises its powers in relation to PRIs as detailed in **Appendix- 1.2**.

***1.10.2 Power of State Government to rescind or suspend resolution of Gram Panchayat, Panchayat Samiti or Zilla Parishad***

1) As per Section 218 of Tripura Panchayat Act 1993 the State Government may, by order in writing, rescind any resolution passed by a Gram Panchayat, a Panchayat Samiti or a Zilla Parishad, if in its opinion such resolution- (a) has not been legally passed; or (b) is in excess, or abuse of the powers conferred by, or under this Act or in rules made there under.

2) The State Government shall, before taking any such action under sub-section (1), give the Gram Panchayat, the Panchayat Samiti, or the Zilla Parishad concerned an opportunity for making representation against the proposed order.

***1.10.3 Audit mandate***

Government of Tripura, Finance Department framed the 'Tripura Local Fund Audit Rules 2011' for audit of accounts of local bodies by the Director, Local Fund Audit and in this regard a gazette notification was issued on 12.01.2012 for implementation of the rules. Rule 3 (1) provides that the State Government or such authority as it may direct; shall appoint a person to be Director, Local Fund Audit (LFA), and the following category of officers to assist him, namely:

(a) Deputy Director,

(b) Assistant Audit Officer,

(c) Auditor/Senior Auditor and

(d) Chartered Accountants, as appointed under sub-rule (4) of Rule 3.

The audit of the accounts of the PRIs is being conducted by DLFA (February, 2012).

***1.10.4 Social Audit***

The primary objective of social audit is to bring the activities of local bodies under close surveillance of the public and the latter to have access to records and documents of the former. Owing to this mechanism, the citizens should be able to have immediate access to information which would facilitate transparency and accountability in day to day functioning of local bodies. Social audit *inter alia* includes:

- Use of Gram Sabha and Ward Committees as important vehicles for spreading of awareness about social audit.
- Appointment of nodal officer at the level of Gram Sabha and Ward Committees who would register complaints and fix the date for social auditing.

Social audits are being conducted in MGNREGA works at the Gram Panchayat level.

### ***1.10.5 Audit by C&AG of India***

C&AG conducts audit of substantially financed local bodies under section 14(1) of C&AG (DPC) Act, 1971. Audit of PRIs has been conducted as per request of the State Government in January 2004. However, the Government of Tripura has entrusted audit of accounts of PRIs under Section 20(1) of the DPC Act to CAG under TGS arrangement vide order dated 17.08. 2011 as per recommendations of 13<sup>th</sup> Finance Commission.

During 2011-12 the accounts of two Zilla Parishads<sup>\*</sup>, 10 Panchayat Samitis<sup>♦</sup> and 224 Gram Panchayats were test checked by audit (upto October 2011). The important audit findings are summarized in chapter II.

## **1.11 Conclusion**

The State is lagging far behind in devolution of subjects listed in the Eleventh Schedule of the Constitution to the PRIs. The PRIs are yet to levy various taxes as per the provisions of the Tripura Panchayats Act, 1993 to augment their own source of revenue.

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<sup>\*</sup> Paschim Tripura Zilla Parishad and Dakshin Tripura Zilla Parishad

<sup>♦</sup> Rajnagar, Kathalia, Melaghar, Bishalgarh, Kalyanpur, Boxanagar, Satchand, Bocafa, Hrishmukh and Matabari.

## **SECTION 'B'**

### **FINANCIAL REPORTING**

#### **1.12 Legal framework**

Financial reporting in the Local Bodies is a key element of accountability. Matters relating to drawal of funds, form of bills, incurring of expenditure and maintenance of primary financial records are governed by departmental standing orders and instructions.

#### **1.13 Accounting system of PRIs**

Rural Development (Panchayats) Department, Government of Tripura instructed PRIs to maintain the accounts in New Accounting Structure 2009 w.e.f 01.04.2010 as devised by the Ministry of Panchayati Raj, Government of India in consultation with the Comptroller and Auditor General of India. In practice, the PRIs started maintaining their accounts as per the new Accounting Structure from the year 2011-12. The State Government has engaged Chartered Accountant (CA) firms to introduce Double Entry Accounting System (DEAS) in PRIs and they were to train the GP staff in the software implementation and ensure preparation of accounts in double entry system.

#### **1.14 Financial Reporting issues**

##### *1.14.1 Preparation of Annual Accounts*

As provided under Section 175, Section 119 and Section 66 of the Tripura Panchayat Act, 1993 the Zilla Parishads, Panchayat Samitis and the Gram Panchayats shall keep such accounts in such form as may be prescribed. As per the Tripura Panchayats (Administration) Rules 1994, the Chief Executive Officer of the Zilla Parishad is responsible for maintenance of accounts of Zilla Parishad and the Executive Officer of the Panchayat Samiti is responsible for maintenance of accounts of Panchayat Samiti. The account of the Gram Panchayat is maintained by Panchayat Secretary. Test check of records of PRIs during the year 2011-12 revealed that none of the PRIs prepared Annual Accounts upto the year 2010-11. In the absence of preparation of Annual Accounts, the actual financial position could not be ascertained.

### ***1.14.2 Certification of Accounts***

The State Government has not yet made any specific provision in the State Acts/Rules for certification of accounts of the PRIs.

### ***1.14.3 Budget***

Budget is the most important tool for financial planning, accountability and control. As per provisions of Sections 64, 118 and 173 of the Tripura Panchayat Act, 1993, annual budget of Gram Panchayats, Panchayat Samitis and Zilla Parishads showing the estimated receipts and disbursement for the following year are required to be prepared and submitted to the next higher authority for approval. If the approval of the higher authority is not received within two months, or by the last day of the year, whichever is earlier, the budget shall be deemed to have been approved by the prescribed authority. The Act further states that no expenditure shall be incurred unless the budget is approved by the prescribed authority.

Scrutiny of records of two Zilla Parishads and ten Panchayat Samitis revealed that neither the Zilla Parishad nor the Panchayat Samitis have prepared the budget of its estimated receipts and disbursement for the year up-to 2010-11 and expenditures were incurred without any budget provisions.

Thus, making expenditure without preparation of budget estimates is violation of the respective provision of the Tripura Panchayat Act. This has been reported by audit in earlier reports as well, however, such violation of the provisions of the Act has been continuing.

## **1.15 Conclusion**

All the three tiers of PRIs have neither prepared the annual budget nor finalized the accounts. In the absence of Annual Accounts, the actual financial position could not be ascertained and making expenditure without preparation of budget estimates is violation of the respective provision of the Tripura Panchayat Act.

## CHAPTER II

### AUDIT OF TRANSACTIONS (PANCHAYATI RAJ INSTITUTIONS)

#### 2.1 Diversion of Panchayat Development Fund

##### **Utilisation of Panchayat Development Fund for construction of cycle stands, interaction room and vegetable market has led to diversion of ₹ 11.90 lakh.**

Government of Tripura introduced a State sponsored scheme namely Panchayat Development Fund (PDF) in November 1998 by replacing the 'Untied Fund' for undertaking various developmental works in PRIs and to increase productivity in Agriculture and Allied Sectors such as, creation of plantation, creation of irrigation sources, land levelling, construction of water harvesting and fisheries structures, acquisition of pumps, tillers, spray machines and other similar equipment, setting up of nurseries for supply of planting materials etc. The guidelines of PDF prohibit any new construction work.

Test check of records of Matabari Panchayat Samiti revealed that during 2010-11, Panchayat Samiti diverted PDF of ₹ 11.90 lakh towards construction of three new cycle stands, one interaction room and one vegetable market which were not permissible as per the scheme guidelines of PDF.

Thus, the Matabari Panchayat Samity has diverted ₹ 11.90 lakh which was irregular.

While admitting the fact, the Executive officer stated that no such works would be taken up in future by utilising PDF.

#### 2.2 Diversion of TFC grants

##### **TFC grants of ₹ 20.48 lakh was diverted towards maintenance of office buildings.**

One of the objectives of TFC grants is to improve the water supply and sanitation in rural areas.

During test check of records of Kumarghat Panchayat Samiti, it was noticed that Rural Development (Panchayats) Department, Government of Tripura, sub-allocated and placed ₹ 20.48 lakh to the Executive Officer (BDO) Kumarghat Panchayat Samiti during 2008-09 for the purpose of repair/maintenance of Panchayat Samiti office and maintenance of

office building of Gram Panchayats and Village Committees which were not permitted as per TFC guidelines.

Thus, the Executive Officer (BDO), Kumarghat Panchayat Samiti spent the entire amount of ₹ 20.48 lakh on maintenance of Panchayat Samiti office and office buildings of Gram Panchayats/Village Committees in violation of guidelines.

### **2.3 Non-realisation of user charges of Lift Irrigation Scheme**

#### **User charges of ₹ 2.76 lakh for lift Irrigation Scheme remained unrealized.**

As per the decision of Government of Tripura for payment of power consumption bill for Lift Irrigation Scheme (LI), users of the schemes are to pay 20 percent of power consumption bills and 80 percent is to be paid out of the budget being transferred in favour of Panchayat Department from the budget wing of Public Works Department.

Test check of 28 Gram Panchayats revealed that the users charges of LI schemes for the year 2010-11 amounting to ₹ 2.76 lakh were not realized and remained outstanding although the GPs were having sufficient manpower of at least two to three Panchayats Secretaries, one Gram Rojgar Sevak. Reasons for non-realisation of user charges were neither on records nor stated to audit. The reason for non-realisation of user charges of Lift Irrigation was not intimated by the Gram Panchayats.

### **2.4 Bank reconciliation statement not prepared**

#### **Due to non-preparation of bank reconciliation statement possibility of defalcation and misappropriation of funds could not be ruled out.**

Test check of records 29 Gram Panchayats revealed that difference of cash balance of ₹ 28.93 lakh for the year 2009-10 and ₹ 68.04 lakh for the year 2010-11 between Cash Book and Bank Pass Book at the close of the year was not reconciled.

Due to non-reconciliation of cash balance, possibility of defalcation and misappropriation of funds could not be ruled out. The authenticity of cash balance appearing in Cash Book of Gram Panchayats also remained unconfirmed (**Appendix 2.1**).

## 2.5 Non-production of records

**Due to non-production of records the authenticity of expenditure could not be ascertained.**

Two Gram Panchayats (GPs)\* did not produce records/vouchers to audit for the expenditure incurred amounting to ₹ 3.34 lakh for the year 2010-11 under MGNREGA and PDF scheme although the expenditures were reflected in the Cash Book of the GPs.

Due to non-production of records/vouchers, expenditure to the extent of ₹ 3.34 lakh could not be verified and the authenticity of expenditure could not be ascertained in audit.

## 2.6 Conclusion and recommendations

Diversion of funds, non-realisation of user charges, non-preparation of bank reconciliation statement etc., indicated that internal control mechanism was not adequate.

In view of the audit findings, the following recommendations are made:

- Fund should not be utilised for non-permissible and un-authorized works;
- Reconciliation of balances with the Bank should be done periodically;
- Internal control mechanism should be strengthened.

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\* Kalikrishnanagar ₹ 2.00 lakh  
Madhya Ganki ₹ 1.34 lakh  
**Total ₹ 3.34 lakh**



## CHAPTER III

### SECTION "A" AN OVERVIEW OF URBAN LOCAL BODIES

#### 3.1 Introduction

Consequent upon the 74<sup>th</sup> Constitutional Amendments, the Urban Local Bodies (ULBs), were made full fledged and vibrant institutions of Local Self Governments and witnessed a significant increase in responsibilities with greater powers, distinct sharing of resources with the State Government. The amendment empowered ULBs to function efficiently and effectively and to deliver services for economic development and social justice with regard to 18 subjects listed in the XII Schedule of the Constitution. The Government of Tripura enacted the Tripura Municipal Act, 1994 empowering ULBs to function as institutions of self government and to accelerate economic development in urban areas.

The categories-wise ULBs in the State as of March 2012 are shown in **Table 3.1** below:

**Table 3.1: Category-wise ULBs in Tripura State.**

| Sl. No. | ULBs              | Number of ULBs |
|---------|-------------------|----------------|
| 1       | Municipal Council | 01             |
| 2       | Nagar Panchayat   | 15*            |

The ULBs are governed by the Tripura Municipal Act, 1994. Each ULB area is divided into a number of wards, which is determined and notified by the State Government.

#### 3.2 Size of ULBs

The comparative position of ULBs in the State of Tripura in terms of area and population is given in **Table 3.2** below:

**Table 3.2: Statement showing area and population of ULBs.**

| Sl. No.      | Name of the Local Bodies         | Area<br>(in Sq. Km.) | Total Population as<br>per 2011 Census |
|--------------|----------------------------------|----------------------|--|
| 1            | Agartala Municipal council (AMC) | 58.840               | 3,97,619                               |
| 2            | 15 Nagar Panchayats              | 119.101              | 2,75,110                               |
| <b>Total</b> |                                  | <b>177.941</b>       | <b>6,72,729</b>                        |

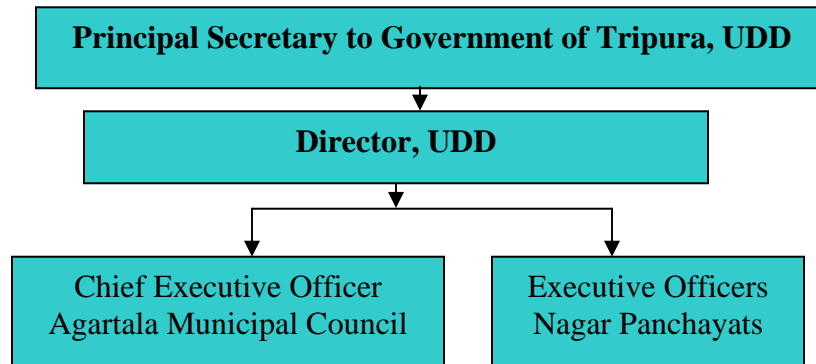
Source: Urban Development Department

\* Three Nagar Panchayats created in 2009

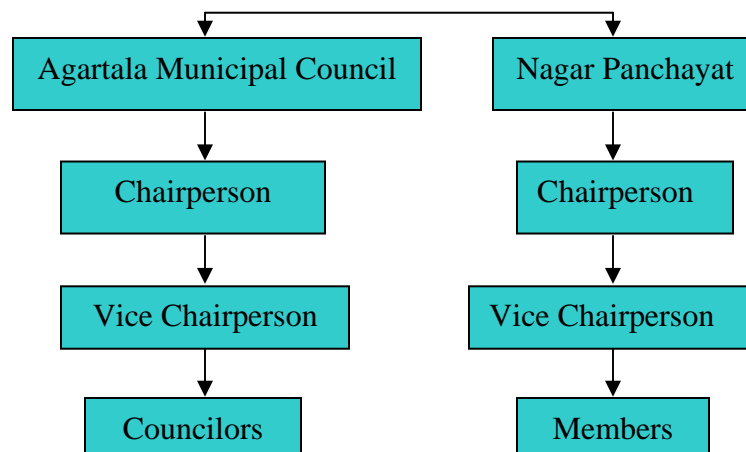
### 3.3 Organizational set up

3.3.1 The Principal Secretary, Urban Development Department (UDD) is the overall in charge of Urban Local Bodies in the State. The organizational structure with respect to functioning of ULBs in the State is as under:

#### Administrative Body



#### Elected Body



#### 3.3.2 Composition of ULBs

All the ULBs have a body comprising of Councilors/Members elected by the people under their jurisdiction. The Chairperson who is elected presides over the meetings of the Council/Nagar Panchayats and is responsible for overall function of the body. All the ULBs have Standing Committees to deal with their respective functions.

The Chief Executive Officer is the executive head of the Agartala Municipal Council (AMC) while the Nagar Panchayat (NP) is headed by the Executive Officer. They exercise such powers and perform such functions as prescribed in the Act and as per instructions of the Urban Development Department.

### **3.3.3 Standing Committees**

The ULBs perform their functions through the supervision of different Standing Committees as shown in **Table 3.3** below:

**Table 3.3: Leadership of the Standing Committees**

| <b>ULB</b> | <b>Standing Committees</b>  | <b>Leadership</b>  |
|------------|---|--|
| AMC        | (a) Finance Committee<br>(b) Public Health Committee<br>(c) Public Works Committee<br>(d) Education, Health and Sanitation Committee<br>(e) Sports and Culture Committee<br>(f) Poverty Alleviation Committee | Chairperson of the municipality shall be the ex-officio President of the Finance Committee.<br>The President of each Standing Committee other than the Finance Committee shall be appointed by the Chairperson from amongst the members of such Committee. |
| NPs        | (a) Finance Committee<br>(b) Public Health Committee<br>(c) Public Works Committee<br>(d) Education, Health and Sanitation Committee<br>(e) Sports and Culture Committee<br>(f) Poverty Alleviation Committee | Chairperson of the NP shall be the ex-officio President of the Finance Committee.<br>The President of each Standing Committee other than the Finance Committee shall be appointed by the Chairperson from amongst the members of such Committee.           |

According to Tripura Municipal (Procedure and conduct of business) Rules 1996, 72 number of meetings were required to be held in a year by the six Standing Committees in each ULB. During audit of Agartala Municipal Council for the year 2010-11, it was observed that the required number of standing committee meetings were not held, only 12 meetings were held against the prescribed of 72 meetings.

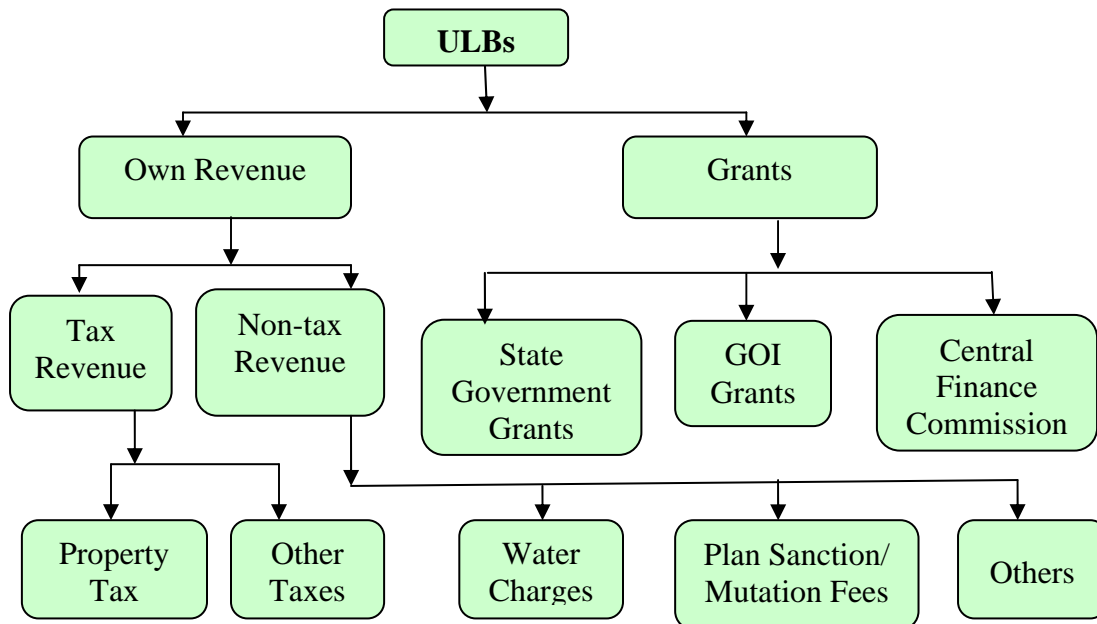
Similarly, Standing Committee meetings in respect of the Nagar Panchayats were not held regularly. During 2010-11, Dharmanagar Nagar Panchayat conducted only 31 meetings; Kailashahar 16; Khowai 04; Teliamura 24 and no meeting was held in Ranir Bazar Nagar Panchayat. Thus, the Committees were not active as required under the Act.

### 3.4 Financial profile

#### 3.4.1 Resources of ULBs

The ULBs do not have a large independent tax domain. The finances of ULBs comprise of receipts from own sources, grants and assistance from Government of India (GOI)/State Government. State Government Grants are received through devolution of net proceeds of the total tax revenue under the recommendations of State Finance Commission. Property tax on land and buildings is the mainstay of ULBs own tax revenue. While power to collect certain taxes is vested with the ULBs, powers pertaining to the rates and revision thereof, procedure of collection, method of assessment, exemption, concessions, etc. are vested with the State Government. The own non-tax revenue of ULBs comprise of fee for sanction of plans/mutations, water charges, etc.

Grants and assistance released by the Governments are utilized for developmental activities and execution of various schemes. Flow chart of finances of ULBs is as shown below:



#### 3.4.2 Custody of fund in ULBs

The grants received for implementation of various schemes are kept in banks accounts of the ULBs duly authorized by the State Government. The Drawing and Disbursing Officers under ULBs are empowered to draw the fund from the banks after obtaining sanction from the State Government.

### 3.4.3 Position of funds of ULBs

The details position of funds of ULBs for the period from 2006-07 to 2010-11 are shown in **Table 3.4** below:

**Table 3.4: Statement showing the position of funds of ULBs for the last five years.**

*(₹ in crore)*

| ULBs         | AMC          |                |              |               | NPs          |                |              |               |
|--------------|--------------|----------------|--------------|---------------|--------------|----------------|--------------|---------------|
|              | Year         | Central Grants | State Grants | Own Revenue   | Total        | Central Grants | State Grants | Own Revenue   |
| 2006-07      | 2.07         | 12.23          | 6.99         | 21.29         | 4.49         | 12.76          | 2.31         | 19.56         |
| 2007-08      | 5.49         | 14.77          | 6.42         | 26.68         | 4.77         | 13.01          | 1.85         | 19.63         |
| 2008-09      | 18.69        | 15.48          | 9.78         | 43.95         | 19.48        | 14.91          | 4.37         | 38.76         |
| 2009-10      | 1.87         | 23.26          | 11.46        | 36.59         | 26.80        | 26.59          | 3.52         | 56.91         |
| 2010-11      | 36.34        | 34.31          | 12.84        | 83.49         | 11.43        | 29.37          | 4.23         | 45.03         |
| <b>Total</b> | <b>64.46</b> | <b>100.05</b>  | <b>47.49</b> | <b>212.00</b> | <b>66.97</b> | <b>96.64</b>   | <b>16.28</b> | <b>179.89</b> |

Source: Urban Development Department

### 3.4.4 Grants received and expenditure there from

Receipts and expenditure by the AMC and 15 NPs during the year 2010-11 are shown in **Table 3.5** below:

**Table 3.5: Statement showing grants received and expenditure there from of ULBs during 2010-11.**

*(₹ in crore)*

| Type of ULBs | Grants received | Expenditures | Balance unspent |
|--------------|-----------------|--------------|-----------------|
| AMC          | 70.65           | 33.84        | 36.81           |
| NPs          | 40.80           | 22.00        | 18.80           |
| <b>Total</b> | <b>111.45</b>   | <b>55.84</b> | <b>55.61</b>    |

Source: Urban Development Department

For the above, it would be seen that AMC could utilize only 47.89 percent of the funds received during 2010-11 and all the NPs utilized only 53.92 percent indicating slow implementation of developmental schemes depriving the people from intended benefit of the schemes in time.

### 3.4.5 Own revenue of ULBs

Own revenue of ULBs include property tax, building permission fees, trade license, hoarding tax, mutation fees, rent from stalls, etc. Collection of own revenue in respect of 12 ULBs during the last five years is shown in **Table 3.6** below:

**Table 3.6: Statement showing collection of own revenue of 12 ULBs during the last five years.**

(₹ in lakh)

| Sl. No.      | Name of the ULB | Year          |               |               |               |               |
|--------------|-----------------|---------------|---------------|---------------|---------------|---------------|
|              |                 | 2006-07       | 2007-08       | 2008-09       | 2009-10       | 2010-11       |
| 1            | NP Dharmanagar  | 52.27         | 34.88         | 52.29         | 55.54         | 53.79         |
| 2            | NP Kailashahar  | 23.53         | 13.91         | 22.07         | 27.57         | 33.41         |
| 3            | NP Kumarghat    | 9.79          | 7.16          | 15.15         | 15.43         | 17.78         |
| 4            | NP Kamalpur     | 8.11          | 7.65          | 11.35         | 11.49         | 14.22         |
| 5            | NP Khowai       | 25.49         | 18.57         | 50.31         | 33.27         | 33.94         |
| 6            | NP Teliamura    | 7.75          | 5.89          | 27.75         | 17.62         | 27.46         |
| 7            | NP Ranirbazar   | 7.06          | 8.04          | 13.31         | 12.94         | 25.13         |
| 8            | NP Sonamura     | 8.63          | 13.63         | 23.34         | 17.70         | 25.22         |
| 9            | NP Udaipur      | 46.09         | 31.19         | 117.50        | 59.56         | 83.26         |
| 10           | NP Amarpur      | 4.81          | 7.19          | 7.64          | 13.37         | 13.32         |
| 11           | NP Subroom      | 10.61         | 11.17         | 13.99         | 14.57         | 11.35         |
| 12           | NP Belonia      | 26.48         | 26.20         | 82.67         | 72.95         | 84.03         |
| <b>Total</b> |                 | <b>230.62</b> | <b>185.48</b> | <b>437.37</b> | <b>352.01</b> | <b>422.91</b> |

Source: Urban Development Department

The above table indicates that the revenue collection trend in respect of NPs is not consistent. The growth in revenue is also not very significant except few cases.

### 3.4.6 The trend of own revenue income of AMC

The trend of own revenue income of AMC for the last five years is shown in **Table 3.7** below:

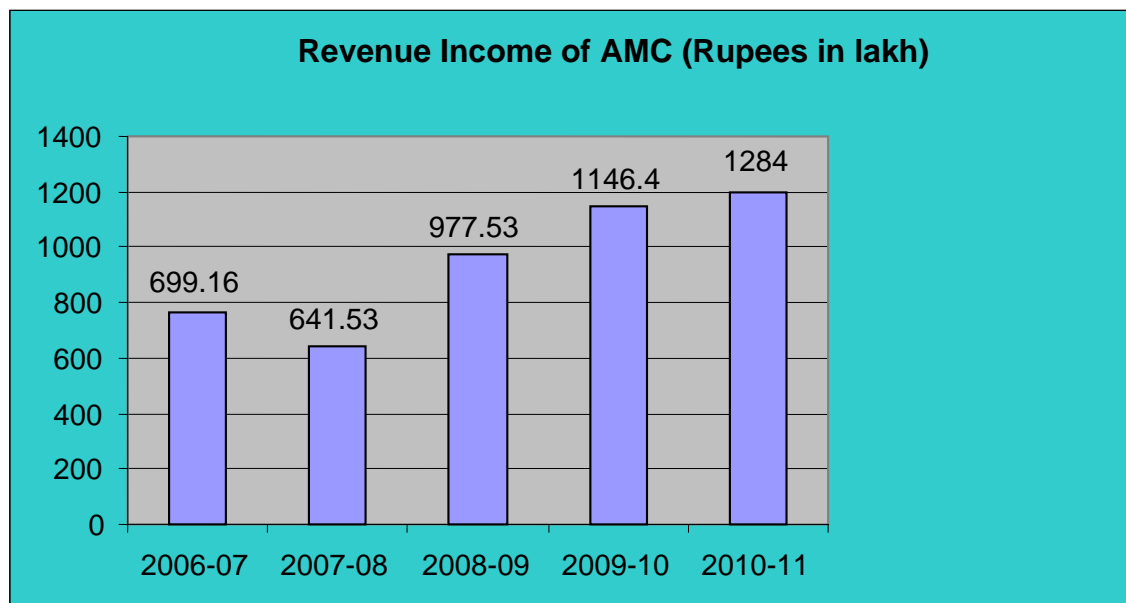
**Table 3.7: Statement showing trend of own revenue income of AMC.**

(₹ in lakh)

| Year    | Revenue income | % Increased over last year |
|---------|----------------|----------------------------|
| 2006-07 | 699.16         | 47                         |
| 2007-08 | 641.53         | (-) 8                      |
| 2008-09 | 977.53         | 52                         |
| 2009-10 | 1146.4         | 17                         |
| 2010-11 | 1284.00        | 12                         |

Source: Performance Budget 2010-11, Outcome Budget 2011-12 and IR of AMC.

From the above, it would be seen that the revenue income has increased substantially in last five years, however, the growth rate is not consistent rather it has got reduced in recent years.



### 3.5 Investment through major schemes

Receipts *vis-à-vis* expenditure incurred for major schemes implemented by ULBs during 2008-09, 2009-10 and 2010-11 are given in **Table 3.8** below:

**Table 3.8: Statement showing receipts and expenditure of major schemes**

| Name of the Scheme  | 2008-09  |             | 2009-10  |             | 2010-11  |             |
|---|----------|-------------|----------|-------------|----------|-------------|
|   | Receipts | Expenditure | Receipts | Expenditure | Receipts | Expenditure |
| Swarna Jayanti Shaahari Rojgar Yojana (SJSRY)                               | 298.39   | 298.39      | 24.88    | 24.88       | 279.25   | 279.25      |
| Urban Infrastructure Development Scheme for Small and Medium Towns (IDSSMT) | 2005.00  | 1151.00     | 1097.80  | 130.50      | 89.72    | 1479.00*    |
| Jawaharlal Nehru National Urban Renewal Mission (JNNURM)                    | 1760.85  | 41.75       | 2250.00  | 235.25      | 797.30   | 1060.30*    |
| Integrated Housing and Slum Development Programme (IHSDP)                   | Nil      | Nil         | 911.86   | 911.86      | 705.65   | 705.65      |

Source: Urban Development Department

\* Expenditure also incurred from the previous year's unspent balances available under the schemes.

The above table shows that there was 100 *percent* utilization of funds in respect of SJSRY and IHSDP Schemes over the years. However, during 2008-09 and 2009-10 utilization of funds in respect of IDSSMT and JNNURM Schemes was not sufficient reasons for which was not furnished to audit.

### **3.6 Status of devolution of functions**

The Tripura Municipal Act 1994 envisaged transfer of functions of various departments of the State Government to ULBs. All the 18 functions listed in the XII Schedule of the Constitution have been transferred by the State Government to the ULBs. But in practice, functions like fire service, road and bridges are still controlled by the State Government departments.

### **3.7 Accountability framework**

#### ***3.7.1 Power of the State Government***

Acts governing the ULBs entrusts the State Government with the following powers so as to enable it to monitor the proper functioning of the ULBs:

- Frame rules to carry out the purposes of the Tripura Municipal Act;
- Dissolve the ULBs, if the ULBs fail to perform or default in the performance of any of the duties imposed on them;
- Removal of difficulties in giving effect to the provisions of the Act;
- Creation, abolition, recruitment and placement of staff of State Government at the disposal of the Municipality;

#### ***3.7.2 Audit mandate***

As per Section 264, 265 and 266 of the Tripura Municipal Act, 1994, the accounts of the Municipality shall be examined and audited by an auditor appointed in that behalf by the State Government. The State Government shall, by rules, make provision with respect to the maintenance of accounts of the Municipalities and auditing of such accounts, including the power of the auditor. The auditor shall submit the audit report to the Chairperson of the Municipality and a copy thereof to the State Government. C&AG is conducting audit of ULBs under Section 20(1) of C&AG's DPC Act 1971 as entrusted by



the State Government in 1996. Based on the recommendations of the Thirteenth Finance Commission, the State Government has entrusted (March 2011) audit of all ULBs in the State under Technical Guidance and Support (TGS) to the C&AG as per standard terms and conditions.

The audit of the accounts of Agartala Municipal Council and four\* Nagar Panchayats was test checked during 2011-12 (upto November 2011).

### **3.7.3 Internal Audit**

The State Government established a Directorate of Audit in June 2004 for internal audit of various State Government Departments, Public Sector Undertakings including Urban Local Bodies. Till the year 2011, the internal audit of ULBs had been conducted regularly by the Director of Audit.

## **3.8 Conclusion**

The ULBs perform their functions through the supervision of different Standing Committees. However, it was observed that the required number of Standing Committee meetings were not held. The revenue collection trend in respect of NPs and AMC is not consistent. Tripura Municipal Act 1994 envisaged transfer of all the 18 functions listed in the XII Schedule of the Constitution. But in practice, functions like fire service, road and bridges are still controlled by the state Government.

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\* Ranirbazar, Bishalgarh, Santirbazar, Teliamura

**SECTION “B”**

**Financial Reporting**

**3.9 Legal Framework**

**3.9.1** Financial reporting is a key element of accountability. Best practices require preparation of General Purpose Financial Statement (GPFS) for each entity. According to Section 262 (1) of the Tripura Municipal Act, 1994, the ULBs should prepare the Annual Financial Statements which would include Income and Expenditure Accounts for the preceding year within three months of the close of a financial year in such form and manner as prescribed. Section 263 of the said Act provides that every Municipality should prepare annual Balance Sheet of assets and liabilities in the prescribed form within six months of the close of the financial year.

**3.9.2 Accounting Reforms**

Based on the recommendations of Eleventh Finance Commission, the Ministry of Urban Development, GOI in consultation with Comptroller and Auditor General of India developed the National Municipal Accounts Manual (NMAM) which is based on double entry accrual based system of accounting. The Urban Development Department, Government of Tripura has drafted (June 2010) the ‘Tripura Municipal Accounting Manual’ based on the NMAM. The Manual has been finalized in June 2011 and not yet implemented.

**3.9.3 Non finalization of Annual Accounts**

The ULBs have not the finalized their annual accounts. The accounts of Agartala Municipal Council and all the Nagar Panchayats are in arrears since inception (**Appendix 3.1**). The different ULBs have engaged the Chartered Accountants for preparation of accounts during 2011. The preparations of accounts are still in progress. Due to non maintenance of accounts the true and fair view of actual financial position of ULBs could not be ascertained.

### **3.9.4 Budget**

Under section 260(1) of the Tripura Municipal Act, 1994, the Budget Estimates of Municipality for a year should be prepared in the prescribed form and presented before a meeting of Municipality, specially convened for the purpose, not later than the tenth day of March every year and should be adopted after discussion within two weeks of presentation. A copy of the Budget Estimates adopted by the Municipality should be sent to the State Government and a revised budget for the current year should be framed in the prescribed form and presented before the Municipality for adoption after the first day of October every year, but not later than the thirty first day of December.

Test check of records of four Nagar Panchayats revealed that none of the Nagar Panchayats has prepared the budget till now and expenditures were incurred without preparation and approval of the budget. Thus, Non preparation of budget indicates lack of internal control in the management of finances in the Nagar Panchayats. The Agartala municipal Council however, prepares its annual budget regularly.

### **3.9.5 Certification of Accounts**

The State Government has not made any provisions in the State Acts/Rules for certification of accounts for the ULBs.

## **3.10 Conclusion**

The accounts of Agartala Municipal Council and all the Nagar Panchayats are in arrears since inception. None of the Nagar Panchayats has prepared the budget till now and expenditures were incurred without preparation and approval of the budget.

## CHAPTER IV

### AUDIT OF TRANSACTIONS (URBAN LOCAL BODIES)

#### 4.1 Locking of funds

**Failure of the Agartala Municipal Council in making the Dimsagar lake free from encroachment not only caused delay in implementation of the project for conservation of the lake but also led to locking of funds to the extent of ₹ 23.43 lakh**

The Ministry of Environment and Forest, Government of India (GOI) sanctioned (March 2005) a project under the centrally sponsored scheme of National Lake Conservation Plan (NLCP) for conservation and management of three lakes at Agartala Municipal Council (AMC) area, namely Laxminarayan Bari lake, Durga Bari lake and Dimsagar lake at an estimated cost of ₹ 2.018 crore on 70:30 cost sharing basis between the GOI and the Government of Tripura. The Detailed Project Report (DPR) was prepared by M/s Stup Consultant Limited, New Delhi. The main objectives of the project were water resources development, water pollution control and beautification of water bodies with proper fencing, guard wall, plantations, games, aquatic nourishment, amusement of boating, fountains etc. The project was to be completed within a span of twelve months (March 2006) and the AMC was designated as implementing agency. The GOI released the first installment of ₹ 50.00 lakh to the State Government in March 2005 and the State Government released the GOI's share of ₹ 50.00 lakh along with its own share of ₹ 21.43 lakh to the AMC in July 2005. AMC, however, did not take up the works of Laxminarayan Bari lake and Durga Bari lake on the ground that certain experts suggested that re-excavation and dredging of the water bodies might cause severe damage to the Heritage Building (Ujjyanta Palace) due to close proximity. No details/report on expert suggestion was produced to audit. The fact was, however, intimated (January 2008) to GOI after a gap of almost three years from the date of sanction of the project. It was observed that AMC could utilize only ₹ 48.00 lakh on construction of retaining wall and sitting arrangement for the public on the southern side of Dimsagar lake during the period from 2005-06 to 2010-11 (upto September 2011) and the principal amount of ₹ 23.43 lakh remained un-utilised till date (November 2011). GOI, however, did not release the

subsequent installment due to non-furnishing of utilization certificates of the first installment in full. As per the DPR, AMC was required to construct surface drain to discharge the domestic waste water from the surrounding residences, responsible for water pollution of the Dimsagar lake. The work, however, could not be executed due to encroachment of the east, west and north banks of the lake by the unauthorized occupants. AMC did not provide to audit any information on action taken to free encroachment of land. This indicated that the proposal for sanction of GOI fund to conserve and manage the lakes under NLCP was not realistic and the DPR was prepared without conducting proper survey.

Thus, failure of the AMC to make the Dimsagar lake free from encroachment due to lack of proper survey led to locking up of funds to the extent of ₹ 23.43 lakh for more than six years and the main objective of the National Lake Conservation Plan scheme remained un- achieved.

On this being pointed out in audit, the Chief Executive Officer stated (November 2011) that necessary steps were being taken to complete the remaining works of Dimsagar lake.

## **4.2 Non-realisation of premium money amounting to ₹ 99.44 lakh**

**Due to inaction of the AMC, ₹ 99.44 lakh remained un-realised from the allottees of two markets stalls.**

AMC constructed Shyamali Bazar Bipani Bitan and Chandrapur Bipani Bitan through the NBCC Ltd. at a cost of ₹ 771.41 lakh. NBCC handed over the Bipani Bitan to AMC in April 2008. There were 55 stalls in ground floor and 55 stalls in 1<sup>st</sup> floor in Shyamali Bazar Bipani Bitan. Chandrapur Bipani Bitan was constructed with 86 stalls in ground and 74 stalls in 1<sup>st</sup> floor.

Test check of records of AMC revealed that 55 stalls were allotted at Shyamali Bazar Bipani Bitan and 147 stalls were allotted at Chandrapur Bipani Bitan @ of ₹ 500 to ₹ 1000 per annum considering the area of the room in February 2009. AMC, however, had given an opportunity to the allottees to exercise either option I or option II. As per option I, if the allottees pay full value of the amount payable at the time of allotment, they will be entitled for five per cent rebate on the total cost of the stalls. As per option II, the allottees may pay 50 percent of the total value at the time of allotment and the

balance of 50 percent be paid in four equal installments on or before 28.05.2009, 28.08.09, 28.11.09 and 28.02.10. It was observed that 34 allottees exercised option II in Shyamali Bazar Bipani Bitan and 132 allottees opted for option- II in Chandrapur Bipani Bitan in February 2009.

Further scrutiny of records revealed that 166 (34 + 132) allottees paid 50 percent of the premium amount and balance 50 percent amounting to ₹ 99.44 lakh remained un-paid till the date of audit (November 2011). No record was made available to audit whether the authority of AMC had taken any action to realize the balance amount from the defaulters.

The Chief Executive Officer while admitting the fact stated (November 2011) that notices would be issued for realization of balance amount. Latest position is yet to be intimated (March 2012).

### **4.3 Idle investment**

#### **Non allotment of stalls resulted in idle investment of ₹ 3.77 crore**

The Urban Development Department, Government of Tripura decided to construct one commercial complex at Udaipur Nagar Panchayat for the purpose of the evicted hawkers of Udaipur town. Accordingly, Nagar Panchayat (NP) constructed 'Lake City Shopping Complex' which was completed on 15.12.2007 with the project cost of ₹ 8.75 crore having 178 no. of stalls. Out of 178 stalls, only 101 stalls were allotted among the hawkers leaving 77 stalls un-allotted till the date of audit (March 2011). The details of non-allotment of vacant stalls are shown in the **Table 4.1** below:

**Table 4.1 Statement showing non-allotment of vacant stalls**

| <b>Name of floor</b> | <b>Total no of stalls</b> | <b>No. of stalls allotted</b> | <b>No. of vacant stalls</b> |
|----------------------|---------------------------|-------------------------------|-----------------------------|
| Ground floor         | 62                        | 31                            | 31                          |
| First floor          | 62                        | 49                            | 13                          |
| Second floor         | 54                        | 21                            | 33                          |
| <b>Total</b>         | <b>178</b>                | <b>101</b>                    | <b>77</b>                   |

The average construction cost of one stall was ₹ 0.049 crore (₹ 8.75 crore ÷ 178 nos.) and the total cost of 77 vacant stalls was ₹ 3.77 crore (₹ 0.049 crore × 77 nos.).

On this being pointed out in audit, the Executive Officer replied (July 2011) that 77 number stalls were lying vacant as targeted persons were not interested to start their business at that period. To avoid idle investment before construction, the NP should have

obtained/explored the number of interested persons so as to decide the actual number of requirement of stalls in the Commercial Complex although the basic amenities like electricity water supply were provided by the NP. The NP did not take any initiative for allotment of stalls by publishing advertisements in the local news papers.

Thus, non allotment of stalls has resulted in idle investment of ₹ 3.77 crore.

#### **4.4 Non-execution of woks under Bidhayak Elaka Unnayan Prakalpa**

**Bidhayak Elaka Unnayan Prakalpa scheme funds of ₹ 45.99 lakh was lying in bank account for prolonged period due to non-execution of works.**

The Government of Tripura introduced “Bidhayak Elaka Unnayan Prakalpa” (BEUP) in the year 2001-02 under which every member of Legislative Assembly of the State will have a choice to suggest works for ₹ 5.00 lakh in a year to the concerned Sub-Divisional Magistrate (SDM) who will get them implemented by following the established procedure laid down by the State Government subject to the guidelines of BEUP. The amount was increased to ₹ 7.50 lakh in 2004-05 and to ₹ 10.00 lakh from 2005-06 onwards. As per the guidelines of BEUP the implementing agencies will be given maximum priority to complete the works preferably within 60 days of receiving the work order/sanction from the SDM.

Scrutiny of records of AMC revealed that 41 works relating to construction of roads and drains etc. sanctioned during 2006-07 to 2009-10 under BEUP were not executed till date as shown in the **Table 4.2** below:

**Table 4.2: Statement showing non execution of works under BEUP.**

|              | <i>(₹ in lakh)</i>                |              |              |
|--------------|-----------------------------------|--------------|--------------|
| Sl. No.      | Years from which work was pending | No. of works | Amount       |
| 1            | 2006-07                           | 09           | 15.92        |
| 2            | 2007-08                           | 13           | 9.50         |
| 3            | 2007-08                           | 03           | 2.40         |
| 4            | 2007-08                           | 07           | 6.33         |
| 5            | NA                                | 01           | 6.25         |
| 6            | 2009-10                           | 05           | 3.47         |
| 7            | 2009-10                           | 03           | 2.12         |
| <b>Total</b> |                                   | <b>41</b>    | <b>45.99</b> |

Reasons for non execution were not on records. The Executive Officer replied that latest position would be furnished to audit. But reply has not been furnished (March 2012).

Thus, non execution of works under BEUP deprived the people from intended benefit of the scheme.

#### **4.5 Blocking up of funds**

**Delay in construction of Anganwadi Centres led to blockage of funds to the extent of ₹ 12.99 lakh for more than four years.**

Test check of records of Ranirbazar Nagar Panchayat revealed that Social Education and Social Welfare Department, Government of Tripura released ₹ 10.50 lakh from the fund allocated by Government of India to NP for construction of six Anganwadi Centres (AWCs) during 2007-08.

But the work for construction of AWCs have not yet started till the date of audit (August 2010) resulting in blocking up of fund to extent of ₹ 12.99 lakh including previous unspent balance of ₹ 2.49 lakh.

On this being pointed out in audit, the Executive Officer stated (August 2010) that due to land dispute the construction work was held up and assured that efforts would be taken to settle the dispute. However, latest position has not yet been intimated (March 2012).

#### **4.6 Un-adjusted advances**

**Advance for ₹ 72.59 lakh in respect of Agartala Municipal Council and ₹ 147.05 lakh in respect of Ranirbazar Nagar Panchayat paid to various Implementing Officers for developmental works during 2009-10 and 2010-11 remained un-adjusted. Besides, ₹ 27.35 lakh paid to one Junior Engineer in Teliamura Nagar Panchayat as advance remained un-adjusted/ un-refunded.**

During test check of advance register revealed that AMC released an amount of ₹ 72.59 lakh as advances to the Implementing Officers and agencies for execution of various development works under different Centrally and State Sponsored Schemes but the Implementing Officers and agencies neither submitted the necessary adjustment against the amount sanctioned as advances for execution of works nor refunded the un-utilized funds (**Appendix 4.1**) till the date of audit (November 2011).

Similarly test check of records of Ranirbazar Nagar Panchayat revealed that advances of ₹ 147.05 lakh paid to Implementing Officers for various developmental works during 2009-10 and 2010-11 are also not yet adjusted as detailed in **Appendix 4.2**.



The Chief Executive Officer of AMC informed (November 2011) that notices were being issued for submission of adjustment while the Executive Officer of the Ranirbazar Nagar Panchayat stated that necessary steps would be taken to submit the adjustments.

Test check of Teliamura Nagar Panchayat revealed that Nagar Panchayat had engaged a Junior Engineer (JE) in March 2010 on contractual basis at a consolidated pay of ₹ 8,000 per month w.e.f. 26.03.2010. The JE was paid an advance of ₹ 27.35 lakh (**Appendix 4.3**) for implementation of works as per work orders (64 nos.) issued to him from time to time. It was, however, observed in audit that the JE has reportedly joined in Office of the Superintending Engineer, RD, Ambassa Circle in the month of June 2011 without prior intimation to Nagar Panchayat. He did not submit any adjustment against the advances paid to him. It was further, observed that the Executive Officer has issued a show cause notice (March 2011) to JE for keeping them at dark about his joining in another service/department and also without submitting adjustments. Reply of the JE has not been received till date of audit (September 2011).

The Executive Officer informed (September 2011) that steps had already been initiated against the concerned JE for obtaining adjustment. Details of steps taken were not furnished (March 2012).

Due to non-submission of adjustments against the advances sanctioned it could not be ascertained in audit whether the works were completed in time for which the funds were placed with Implementing Officers. Besides, due to non-submission of adjustments, the possibility of theft and misappropriation of Government money cannot be ruled out.

#### **4.7 Outstanding rent**

**Touji rent of ₹ 97.47 lakh was outstanding in 18 markets of AMC and collection of stall rent by Ranirbazar Nagar Panchayat has not increased during the last three years resulting in outstanding rent to the extent of ₹ 9.95 lakh**

Test check of records of 18 markets under AMC and Ranirbazar Nagar Panchayat revealed that touji rent amounting to ₹ 97.47 lakh in respect of AMC and stall rent of ₹ 9.95 lakh in respect of Ranirbazar Nagar Panchayat was outstanding as on 31.03.2011. Records showed that ₹ 121.79 lakh only being the touji rent was collected by the AMC during 2010-11 against the total dues of ₹ 219.26 lakh as on 31<sup>st</sup> March 2011. The

collection of outstanding dues has not increased substantially during the last three years. Reasons for poor collection of rent were not on records.

This being pointed out in audit, the Chief Executive Officer of AMC informed (November 2011) that special drive was being undertaken for realization of outstanding touji rent. The Executive Officer of Ranirbazar Nagar Panchayat assured that the hundred per cent stall rent would be collected henceforth.

#### **4.8 Non submission of utilisation certificates**

##### **Utilisation certificates to the extent of ₹ 5.84 crore were pending for submission**

Scheme guidelines of CSS, CFC grants and State Government grants stipulates that UCs should be obtained from the grantees and submitted to GOI/State Government Department within six months from the date of their sanction unless specified otherwise.

Test check of records of AMC and Ranir Bazar Nagar Panchayat revealed that utilisation certificates to the extent of ₹ 5.84<sup>₹</sup> crore were pending for submission to the sanctioning authorities. The Urban Development Department, Government of Tripura releases the funds to ULBs under various Centrally Sponsored Schemes and State Sponsored Scheme from time to time. But the utilization certificates are not being submitted to the sanctioning authorities. Reasons for non-submission of utilisation certificates were not on records.

Non submission of utilization certificates indicates slow progress of developmental works.

#### **4.9 Outstanding trade license fee**

##### **Trade license fee to the extent of ₹ 5.91 lakh remained outstanding**

Every Nagar Panchayat is to realize the trade license fee as prescribed (July 2006) by Urban Development Department, Government of Tripura.

During test check of records of collection register of trade license fee of Teliamura Nagar Panchayat it was observed that trade license fee of ₹ 5.91 lakh remained outstanding as

|  |                     |
|--|---------------------|
| <sup>₹</sup> Agartal Municipal Council | ₹ 4.43 crore        |
| Ranirbazar Nagar Panchayat             | ₹ 1.41 crore        |
| <b>Total</b>                           | <b>₹ 5.84 crore</b> |

on 31.03.2011. The amount of outstanding rent was pertaining to the period prior to 2010-11. Reasons for such outstanding were not on records. However, the Executive Officer informed (September 2011) that there was loss of trade licensees who did not exist in the market and notice was also served to each licensee to deposit pending bills/fees. He further stated that a special camp for collection of pending bills/ fees of trade license would be held on 23.09.2011. Latest position has not been furnished (March 2012).

**4.10 Non-recording of cash withdrawal in the cash book**

**Due to non-recording of cash withdrawal of ₹ 7.46 lakh in the cash book, possibility of misappropriation/embezzlement of Government money may not be ruled out.**

During test check of records of cash book and pass book of Secretary Ward No. 26 Matri Pally under South Zone of AMC, it was observed that the Ward Secretary has withdrawn ₹ 7.46 lakh from joint bank accounts (A/C No. 66226 and 65995, TGB Badharghat Branch) between 03.04.2010 and 31.07.2010 through 14 cheques, for implementation of various works under the Tripura Urban Employment Programme (TUEP) and other schemes. However, the entire amount of ₹ 7.46 lakh was neither entered in the Cash Book nor any disbursement was shown in the payment side of Cash Book. Details amount withdrawn are given below in the **Table 4.3** below:

**Table 4.3: Statement showing drawal of money from banks**

| <i>(₹ in lakh)</i> |            |            |             |              |              |
|--------------------|------------|------------|-------------|--------------|--------------|
| Sl. No.            | Date       | Cheque No. | Amount      | Bank A/C No. | Scheme       |
| 1                  | 11.06.2010 | 001391     | 0.80        | 66226        | TUEP         |
| 2                  | -do-       | 001392     | 0.50        | -do-         | -do-         |
| 3                  | -do-       | 001393     | 0.50        | -do-         | -do-         |
| 4                  | -do-       | 001394     | 0.80        | -do-         | -do-         |
| 5                  | -do-       | 001395     | 1.00        | -do-         | -do-         |
| 6                  | -do-       | 001396     | 1.00        | -do-         | -do-         |
| 7                  | 27.07.2010 | 001397     | 1.00        | -do-         | -do-         |
| 8                  | 31.07.2010 | 001398     | 0.55        | -do-         | -do-         |
| 9                  | 03.04.2010 | 620983     | 0.21        | 65995        | Other scheme |
| 10                 | -do-       | 620984     | 0.42        | -do-         | -do-         |
| 11                 | 10.06.2010 | 620985     | 0.03        | -do-         | -do-         |
| 12                 | -do-       | 620986     | 0.20        | -do-         | -do-         |
| 13                 | -do-       | 620987     | 0.16        | -do-         | -do-         |
| 14                 | 23.07.2010 | 620988     | 0.28        | -do-         | -do-         |
| <b>Total</b>       |            |            | <b>7.46</b> |              |              |

There was no system of reconciliation of balances with the bank pass book and Cash Book. Besides, there was no signature of DDO in the payment side of the Cash Book as token of check. No physical verification of cash was found on record. This indicated that there was a lack of internal control mechanism in AMC.

This being pointed out in audit, the Chief Executive Officer stated that the matter would be investigated shortly. The report of investigation is awaited (March 2012).

#### **4.11 Conclusion and recommendations**

Locking up of funds, idle investment on construction of market stalls, blockage of funds, non-adjustment of advances, non submission of utilization certificate etc., are instances indicating inadequate internal control mechanism in the ULBs.

The following recommendations are made for consideration of the Government:

- Annual accounts may be prepared by the ULBs without further delays.
- Outstanding taxes, rent and other sources of revenue should be collected promptly.
- Proper assessment of requirement should be made before construction of market stalls.
- Advances given to Implementing Officers should be adjusted within the prescribed time.
- Internal control mechanism should be strengthened.

**Agartala**

**(S. K. Garg)**  
**Sr. Deputy Accountant General (Audit)**

**Countersigned**

**Agartala**

**(R. K. Agrawal)**  
**Accountant General (Audit),**  
**Tripura**

## Appendix – 1.1

### Roles and responsibilities of Standing Committees

*(Reference: Paragraph 1.3.1; Page 3)*

| Sl. No. | Panchayat Samiti   | Zilla Parishad  |
|---------|--|---|
| 1       | The Finance Audit and Planning Committee shall perform functions relating to establishment matters and the finances of the Panchayat Samiti, framing of budget, scrutinizing proposals for increase of revenue, examination of receipt and expenditure statements, consideration of all proposals affecting the finances of the Panchayat Samiti and general supervision of revenue and expenditure of the Panchayat Samiti and the plan priorities, allocation of outlay to development programmes, horizontal and vertical linkages, implementation of guidelines issued by the Government, regular review of planning programmes, evaluation of important programmes and small savings schemes. | The Finance Audit and Planning Committee shall perform functions relating to establishment matters and the finances of the Zilla Parishad, framing of budget, scrutinizing proposals for increase of revenue, examination of receipt and expenditure statements, consideration of all proposals affecting the finances of the Zilla Parishad and general supervision of revenue and expenditure of the Zilla Parishad and the plan priorities, allocation of outlay to development programmes horizontal and vertical linkages, implementation of guidelines issued by the Government, regular review of planning programmes, evaluation of important programmes and small savings schemes. |
| 2       | The Education, Environment, Cultural, Health and Sports Affairs Committee shall perform functions relating to all educational environment and sports activities of the Panchayat Samiti, undertake the planning of education in the Block within the framework of the national policy and the national and State plans. Survey and evaluation of the educational activities of the Panchayat Samiti, perform such other duties pertaining to education, adult literacy and cultural activities as the Panchayat Samiti may assign to it and health services, hospital, family welfare and other allied matters.  | The Education, Environment, Cultural, Health and Sports Affairs Committee shall perform functions relating to all educational, environmental and sports activities of the Zilla Parishad, undertake the planning of education in the Block within the framework of the national policy and the national and State plans. Survey and evaluation of the educational activities of the Zilla Parishad, perform such other duties pertaining to education, adult literacy and cultural activities as the Zilla Parishad may assign to it and health services, hospital, family welfare and other allied matters.  |
| 3       | The Communication, Rural Electrification and Non Conventional Energy Committee shall perform functions relating to communication, buildings, non conventional energy, rural electrification and allied matters.  | The Communication, Rural Electrification and Non Conventional Energy Standing Committee shall perform functions relating to communication, buildings, non conventional energy, rural electrification and allied matters.  |

**Appendix – 1.1 (Concl.)**

**Roles and responsibilities of Standing Committees**

*(Reference: Paragraph 1.3.1; Page 3)*

| <b>Sl. No.</b> | <b>Panchayat Samiti</b>  | <b>Zilla Parishad</b>   |
|----------------|--|---|
| <b>4</b>       | The Agriculture committee shall perform functions relating to agriculture production, animal husbandry, fisheries, contour bunding and reclamation of waste land food and cooperation.   | The Agriculture committee shall perform functions relating to agriculture production, animal husbandry, fisheries, contour bunding and reclamation of waste land food and cooperation.  |
| <b>5</b>       | The Industries Committee shall perform functions relating to village and cottage industries, promotion of industries development of the district, promotion of sericulture and promotion of handloom and handicrafts.  | The Industries committee shall perform functions relating to village and cottage industries, promotion of industries development of the district, promotion of sericulture and promotion of handloom and handicrafts.   |
| <b>6</b>       | The Social Justice Committee shall perform functions relating to promotion of education, economic, socio cultural and other interest of the Scheduled Castes and the Scheduled Tribes and the Backward Classes, protection of the Scheduled Castes the Schedule Tribes and the Backward Classes from social injustice and all other forms of exploitation, amelioration of the condition of the Scheduled Castes and the Scheduled Tribes and the Backward Classes and securing social justice to the Scheduled Castes and Scheduled Tribes, women and other weaker sections of the society. | The Social Justice committee shall perform functions relating to promotion of education, economic, socio cultural and other interest of the Scheduled Castes and the Scheduled Tribes and the Backward Classes, protection of the Scheduled Castes the Schedule Tribes and the Backward Classes from social injustice and all other forms of exploitation amelioration of the condition of the Scheduled Castes and the Scheduled Tribes and the Backward Classes and securing social justice to the Scheduled Castes and Scheduled Tribes, women and other weaker sections of the society. |
| <b>7</b>       | The Poverty Alleviation Committee shall perform functions relating to promotion of rural water supply, sanitation and employment, other poverty alleviation programmes, rural housing, social forestry and farm forestry.  | The Poverty Alleviation Committee shall perform functions relating to promotion of rural water supply, sanitation and employment, other poverty alleviation programmes, rural housing, social forestry and farm forestry.   |

**Appendix – 1.2**

**Powers of State Government in relation to PRIs**

*(Reference: Paragraph 1.10.1; Page 9)*

| <b>Section of Tripura Act</b> | <b>Power</b>  | <b>Nature of power and conditionalities attached to its exercise</b>  |
|-------------------------------|---|---|
| 158                           | Placing the services of State Government officers at disposal of Zilla Parishad | <p>The State Government may place at the disposal of Zilla Parishad, services of such officers or other employees serving under it and on such terms and conditions as it may think fit.</p> <p>Provided that any such officer or employee shall be recalled by the State Government if a resolution to that effect is passed by the Zilla Parishad, at a meeting specifically convened for the purpose, by a majority of the total number of members holding office for the time being.</p>  |
| 159                           | Disciplinary power of the State Govt.   | The State Government shall have disciplinary control over the Chief Executive Officer, the Additional Chief Executive Officer, Secretary and officers and employees whose services are placed at the disposal of the Zilla Parishad under Section 158 of the Act.   |
| 220                           | Infringement of Rules or bye-laws or regulations                                | In making rules the State government in making bye-laws the Gram Panchayat, in making regulations the Panchayat Samiti and in making regulations or regulation the Zilla Parishad, with the sanction of the prescribed authority, may direct that a breach of it shall be punishable with fine which may extend to five hundred rupees and when the breach is a continuing one, with a further fine which may extend to five thousand rupees for every day after the date of first conviction during which the offender is proved to have persisted in the offence. |

## Appendix – 1.2 (Concl.)

## Powers of State Government in relation to PRIs

*(Reference: Paragraph 1.10.1; Page 9)*

| Section of Tripura Act | Power   | Nature of power and conditionalities attached to its exercise  |
|------------------------|---|--|
| 222                    | District Planning Committees  | The Government shall constitute in every District, a Planning Committee to consolidate the plans prepared by the Zilla Parishad, the Panchayat Samitis, the Gram Panchayats, Notified area Authorities and Municipal Authorities or any other local authorities in the District and to prepare a draft development plan for the District as a whole.   |
| 227                    | Power of Government to make model regulations                         | The government may, subject to the provisions of this Act and the rules made there under, after pervious publication of the draft for not less than one month, make model regulations, detailed regulations and by-laws for Gram Panchayat, Panchyat Samiti and Zilla Parishad.  |
| 228                    | Rules and orders to be laid before the House of the State legislature | <p>1) The State Government may, by notification published in the Official Gazette, make rules for carrying out the purposes of this Act.</p> <p>2) Every rule made under this Act shall be laid as soon as may be after it is made, before the State Legislature while it is in session for a period of fourteen days which may be comprised in one session or in two or more successive sessions and if, before the expiry of the session in which it is so laid or sessions immediately following, the House agrees or makes any modification in the rule or the House agrees that the rules should not be made, the rule shall thereafter have the effect or be effective only in such modified form or be of no effect, as the case may be, so however that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.</p> |



**Appendix – 2.1**

**Statement showing un-reconciled differences between Cash Book and Bank  
Statement where bank reconciliation statement not prepared.**

*(Reference: Paragraph 2.4; Page 15)*

*(₹ in lakh)*

| <b>Sl. No.</b> | <b>Name of the Gram Panchayat</b> | <b>As on</b> | <b>Cash balance as per Cash Book</b> | <b>Cash balance as per Bank</b> | <b>Difference</b> |
|----------------|-----------------------------------|--------------|--------------------------------------|---------------------------------|-------------------|
| 1              | Birchandranagar                   | 31.03.2011   | 3.95                                 | 18.55                           | 14.60             |
| 2              | -do-                              | 31.03.2010   | 7.39                                 | 7.62                            | 0.23              |
| 3              | Ranguti                           | 31.03.2011   | 0.01                                 | 3.59                            | 3.58              |
| 4              | -do-                              | 31.03.2011   | 0.57                                 | 1.43                            | 0.86              |
| 5              | Rangrung                          | 31.03.2010   | 15.53                                | 17.07                           | 1.54              |
| 6              | Sorojoni                          | 31.03.2011   | 0.03                                 | 2.13                            | 2.10              |
| 7              | Laxmipur                          | 31.03.2011   | 0.64                                 | 0.93                            | 0.29              |
| 8              | -do-                              | 31.03.2011   | 4.92                                 | 5.49                            | 0.57              |
| 9              | Noorpur                           | 31.03.2011   | 4.35                                 | 6.58                            | 2.23              |
| 10             | -do-                              | 31.03.2011   | 1.79                                 | 1.82                            | 0.03              |
| 11             | Chandipur                         | 31.03.2011   | 2.38                                 | 4.11                            | 1.73              |
| 12             | Bhagabannagar                     | 31.03.2011   | 2.38                                 | 4.11                            | 1.73              |
| 13             | Paschim Noabadi                   | 31.03.2011   | 0.11                                 | 1.15                            | 1.04              |
| 14             | -do-                              | 31.03.2011   | 5.46                                 | 5.97                            | 0.51              |
| 15             | Uttar Champamura                  | 31.03.2011   | 0.05                                 | 5.41                            | 5.36              |
| 16             | Jirania                           | 31.03.2011   | 0.02                                 | 0.73                            | 0.71              |
| 17             | R. K. Nagar                       | 31.03.2011   | 0.88                                 | 5.68                            | 4.80              |
| 18             | Manik Bhandar                     | 31.03.2011   | 11.97                                | 15.68                           | 3.71              |
| 19             | Halahali                          | 31.03.2011   | 14.53                                | 19.45                           | 4.92              |
| 20             | Kulai                             | 31.03.2010   | 4.48                                 | 13.97                           | 9.49              |
| 21             | -do-                              | 31.03.2011   | 1.15                                 | 4.81                            | 3.66              |
| 22             | Paschim lal charri                | 31.03.2010   | 3.32                                 | 6.17                            | 2.85              |
| 23             | -do-                              | 31.03.2011   | 4.46                                 | 4.85                            | 0.39              |
| 24             | Kalyanpur                         | 31.03.2010   | 2.71                                 | 8.27                            | 5.56              |
| 25             | Paschim Darikapur                 | 31.03.2011   | 0.22                                 | 0.53                            | 0.31              |
| 26             | Promodhnagar                      | 31.03.2011   | 0.24                                 | 2.15                            | 1.91              |
| 27             | Ghilatali                         | 31.03.2011   | 9.44                                 | 19.72                           | 10.28             |
| 28             | Darikapur                         | 31.03.2010   | 0.43                                 | 9.69                            | 9.26              |
| 29             | -do-                              | 31.03.2011   | 0.42                                 | 3.14                            | 2.72              |
|                | <b>Total</b>                      |              | <b>103.83</b>                        | <b>200.80</b>                   | <b>96.97</b>      |

### Appendix – 3.1

#### Statement showing Arrear of Accounts of ULBs

(Reference: Paragraph 3.9.3; Page 26)

| Sl. No. | Name of ULBs                | Year from which Accounts are in Arrear |
|---------|-----------------------------|--|
| 1.      | Agartala Municipal Council  | 1977-78                                |
| 2.      | Ranirbazar Nagar Panchayat  | 1991-92                                |
| 3.      | Teliamura Nagar Panchayat   | 1987-88                                |
| 4.      | Khowai Nagar Panchayat      | 1979-80                                |
| 5.      | Amarpur Nagar Panchayat     | 1979-80                                |
| 6.      | Kamalpur Nagar Panchayat    | 1978-79                                |
| 7.      | Kumarghat Nagar Panchayat   | 1987-88                                |
| 8.      | Kailashahar Nagar Panchayat | 1977-78                                |
| 9.      | Dharmanagar Nagar Panchayat | 1977-78                                |
| 10.     | Sonamura Nagar Panchayat    | 1979-80                                |
| 11.     | Udaipur Nagar Panchayat     | 1977-78                                |
| 12.     | Sabroom Nagar Panchayat     | 1978-79                                |
| 13.     | Belonia Nagar Panchayat     | 1977-78                                |
| 14.     | Bishalgarh Nagar Panchayat  | 2009-10                                |
| 15.     | Santirbazar Nagar Panchayat | 2009-10                                |
| 16.     | Ambassa Nagar Panchayat     | 2009-10                                |

### Appendix – 4.1

#### Statement showing un-adjusted advances lying with various Implementing Officers/Agencies of Agartala Municipal Council as on 31-03-2011.

*(Reference: Paragraph 4.6; Page 32)*

*(₹ in lakh)*

| Name of IOs/Agencies | Date of advance | Amount       |
|----------------------|-----------------|--------------|
| Phani Bhushan Deb    | 03.11.2010      | 0.70         |
| - do -               | 21.03.2011      | 0.42         |
| Badal Banik          | 03.11.2010      | 1.00         |
| Bapi Acharjee        | 25.03.2009      | 0.80         |
| - do -               | 16.09.2009      | 0.32         |
| - do -               | 08.04.2010      | 0.20         |
| - do -               | 20.09.2010      | 0.30         |
| - do -               | 15.11.2010      | 0.50         |
| - do -               | 21.03.2011      | 0.15         |
| Ranjit Bhattacharjee | 06.01.2011      | 0.12         |
| Goutam Deb Barma     | 16.09.2009      | 0.13         |
| - do -               | 08.04.2010      | 0.20         |
| - do -               | 20.09.2010      | 0.13         |
| - do -               | 03.11.2010      | 0.50         |
| - do -               | 06.11.2011      | 0.12         |
| Sujit Acharjee       | 04.11.2010      | 0.10         |
| - do -               | 16.11.2010      | 2.00         |
| Mrinal Bhattacharjee | 08.04.2010      | 0.20         |
| - do -               | 03.11.2010      | 0.50         |
| Manik Acharjee       | 25.03.2009      | 0.80         |
| - do -               | 04.07.2009      | 0.80         |
| - do -               | 16.09.2009      | 0.28         |
| - do -               | 02.02.2010      | 0.39         |
| Niranjan Saha        | 06.01.2011      | 0.12         |
| Kanu lal Dhar        | 08.04.2010      | 0.10         |
| Mrinmoy Deb Barma    | 22.11.2010      | 0.20         |
| Dwijendra Deb        | 08.04.2010      | 0.10         |
| Babul Ghosh          | 25.03.2009      | 0.40         |
| - do -               | 08.04.2010      | 0.20         |
| Bandhu Pran Dey      | 08.04.2010      | 0.20         |
| Pradip Ghosh         | 08.04.2010      | 0.20         |
| Ashish Bhattacharjee | 24.07.2009      | 0.40         |
| - do -               | 08.04.2010      | 0.20         |
| <b>Total</b>         |                 | <b>12.78</b> |

## Appendix-4.1 (Contd.)

Statement showing un-adjusted advances lying with various Implementing Officers/Agencies of Agartala Municipal Council as on 31-03-2011.

(Reference: Paragraph 4.6; Page 32)

(₹ in lakh)

| Name of IOs/Agencies | Date of advance | Amount       |
|----------------------|-----------------|--------------|
| Ashish Bhattacharjee | 20.09.2010      | 0.12         |
| - do -               | 27.09.2010      | 1.25         |
| - do -               | 22.03.2011      | 0.12         |
| Ranjit Kr. Paul      | 18.06.2009      | 0.72         |
| - do -               | 24.07.2009      | 0.40         |
| - do -               | 16.09.2009      | 0.22         |
| - do -               | 08.04.2010      | 0.20         |
| Ranjit Sutradhar     | 08.04.2010      | 0.20         |
| Dilip Kr. Dey        | 01.08.2009      | 0.12         |
| - do -               | 08.04.2010      | 0.20         |
| Achinta Kar          | 23.08.2010      | 0.12         |
| - do -               | 27.09.2010      | 0.37         |
| - do -               | 06.01.2011      | 0.12         |
| Krishnadhan Das      | 04.11.2010      | 0.10         |
| Kanuram Saha         | 29.06.2009      | 0.24         |
| - do -               | 16.09.2009      | 0.17         |
| - do -               | 08.04.2010      | 0.20         |
| - do -               | 20.09.2010      | 0.16         |
| - do -               | 27.09.2010      | 0.87         |
| - do -               | 15.11.2010      | 0.32         |
| - do -               | 18.11.2010      | 0.10         |
| Ashoke Kr. Biswas    | 25.03.2009      | 0.80         |
| - do -               | 04.07.2009      | 0.16         |
| - do -               | 16.09.2009      | 0.15         |
| - do -               | 08.04.2010      | 0.20         |
| - do -               | 27.09.2010      | 1.25         |
| Laxman Das           | 22.03.2011      | 0.12         |
| Sulabh International | 31.10.2009      | 0.50         |
| - do -               | 08.12.2009      | 0.38         |
| - do -               | 16.01.2010      | 2.00         |
| - do -               | 24.03.2010      | 0.67         |
| - do -               | 19.06.2010      | 4.35         |
| <b>Total</b>         |                 | <b>16.90</b> |

**Appendix- 4.1 (Concl.)**

**Statement showing un-adjusted advances lying with various Implementing Officers/Agencies of Agartala Municipal Council as on 31-03-2011.**

*(Reference: Paragraph 4.6; Page 32)*

*(₹ in lakh)*

| <b>Name of IOs/Agencies</b> | <b>Date of advance</b> | <b>Amount</b> |
|-----------------------------|------------------------|---------------|
| NBIRT                       | 28.01.2009             | 3.50          |
| - do -                      | 31.07.2009             | 6.00          |
| - do -                      | 05.12.2009             | 3.00          |
| - do -                      | 04.09.2010             | 4.40          |
| - do -                      | 18.09.2010             | 0.46          |
| Soumitra Roy, J.E           | 06.08.2009             | 0.90          |
| - do -                      | 08.09.2010             | 0.50          |
| Joydeb Chakraborty, A.E     | 19.12.2009             | 2.00          |
| - do -                      | 26.12.2009             | 2.00          |
| - do -                      | 19.03.2010             | 2.00          |
| - do -                      | 19.03.2010             | 1.00          |
| - do -                      | 23.03.2010             | 0.57          |
| - do -                      | 30.09.2010             | 3.50          |
| - do -                      | 04.12.2010             | 1.00          |
| Subrata Dey, J.E            | 04.06.2009             | 0.40          |
| - do -                      | 24.08.2009             | 2.00          |
| - do -                      | 05.12.2009             | 0.24          |
| - do -                      | 09.02.2010             | 3.00          |
| - do -                      | 07.05.2010             | 2.00          |
| - do -                      | 24.06.2010             | 3.00          |
| - do -                      | 25.08.2010             | 0.44          |
| - do -                      | 18.09.2010             | 1.00          |
| <b>Total</b>                |                        | <b>42.91</b>  |
| <b>Grant total</b>          |                        | <b>72.59</b>  |

## Appendix – 4.2

Statement showing un-adjusted advances with Implementing Officers in respect of  
Ranirbazar Nagar Panchayat for the year 2009-10 and 2010-11

(Reference: Paragraph 4.6; Page 32)

(₹ in lakh)

| Name of IOs<br>S/Smt.   | Adjustment<br>pending 2009-10 | Advance paid<br>during 2010-11 | Total         | Adjustment<br>submitted | Balance       |
|-------------------------|-------------------------------|--------------------------------|---------------|-------------------------|---------------|
| Jadugopal Bhowmik       | 0.26                          | 7.33                           | 7.59          | 7.33                    | 0.26          |
| Swapam Chakraborty      | 3.16                          | 18.98                          | 22.15         | 8.81                    | 13.33         |
| Prasanta Saha           | 10.20                         | 47.99                          | 58.19         | 26.23                   | 31.96         |
| Joykesh Dey             | 10.38                         | 32.28                          | 42.66         | 5.59                    | 37.07         |
| Ranjit Debnath          | 3.98                          | 19.81                          | 23.78         | 0.59                    | 23.19         |
| Diplal Das              | 11.45                         | 34.30                          | 45.75         | 26.83                   | 18.92         |
| Bibhuti Bhushan Debnath | 11.95                         | 30.26                          | 42.21         | 38.52                   | 3.69          |
| Achyutananda Debnath    | 8.61                          | 9.34                           | 17.95         | 0.20                    | 17.76         |
| Anjana Kar(Barua)       | 0.20                          | 1.27                           | 1.47          | 0.60                    | 0.87          |
| <b>Total</b>            | <b>60.19</b>                  | <b>201.56</b>                  | <b>261.75</b> | <b>114.70</b>           | <b>147.05</b> |

Appendix – 4.3

Statement showing amount of advance outstanding with the Junior Engineer w.e.f.  
05.07.2010 to 29.12.2010

(Reference: Paragraph 4.6; Page 32)

(₹ in lakh)

| Sl. No.      | Cheque No. | Date       | Amount       |
|--------------|------------|------------|--------------|
| 1            | 183442     | 05.07.2010 | 0.61         |
| 2            | 183443     | 05.07.2010 | 0.61         |
| 3            | 183444     | 05.07.2010 | 0.73         |
| 4            | 183445     | 05.07.2010 | 0.58         |
| 5            | 183446     | 05.07.2010 | 1.07         |
| 6            | 183447     | 05.07.2010 | 4.56         |
| 7            | 183448     | 05.07.2010 | 0.39         |
| 8            | 183511     | 20.07.2010 | 0.63         |
| 9            | 183512     | 13.07.2010 | 0.44         |
| 10           | 183513     | 13.07.2010 | 0.61         |
| 11           | 183514     | 13.07.2010 | 0.61         |
| 12           | 365741     | 20.08.2010 | 0.32         |
| 13           | 365742     | 20.08.2010 | 0.25         |
| 14           | 365744     | 20.08.2010 | 0.35         |
| 15           | 369230     | 10.09.2010 | 0.92         |
| 16           | 369231     | 10.09.2010 | 0.60         |
| 17           | 369232     | 10.09.2010 | 0.18         |
| 18           | 369233     | 10.09.2010 | 0.45         |
| 19           | 369234     | 10.09.2010 | 0.06         |
| 20           | 369235     | 10.09.2010 | 0.25         |
| 21           | 369217     | 29.09.2010 | 3.50         |
| 22           | 369258     | 06.10.2010 | 0.51         |
| 23           | 372825     | 08.11.2010 | 2.03         |
| 24           | 557041     | 29.12.2010 | 7.09         |
| <b>Total</b> |            |            | <b>27.35</b> |