

**REPORT OF THE  
COMPTROLLER AND AUDITOR  
GENERAL OF INDIA**

**FOR THE YEAR ENDED 31 MARCH 2007**

**(CIVIL - LOCAL BODIES)**

**GOVERNMENT OF RAJASTHAN**



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## Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and III of this Report contain observations arising from examination of accounts and finances of Panchayati Raj Institutions and Urban Local Bodies respectively.
3. Chapters II and IV deal with performance review, long paragraphs and the findings of audit in respect of financial transactions of Panchayati Raj Institutions and Urban Local Bodies respectively.
4. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during the year 2006-07 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2006-07 have also been included wherever necessary.





# OVERVIEW



## OVERVIEW

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

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

### (A) Panchayati Raj Institutions

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

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

*(Paragraph 1.3)*

- 'Own Revenue' of the PRIs constituted only 4.45 *per cent* of their total receipts during 2006-07. Thus, they were largely dependent on Government grants.

*(Paragraph 1.6.1.1)*

- There was a difference of Rs 1.25 crore between cash books and PD/Bank pass books in one *Zila Parishad* and ten *Panchayat Samitis* as on 31 March 2006.

*(Paragraph 1.7.2)*

- Budgetary and internal control mechanism in PRIs was weak. Instances of excess expenditure (Rs 9.20 crore), non-refund of unspent balances of closed schemes (Rs 5.13 crore), unadjusted advances (Rs 34.74 lakh) and outstanding utilisation certificates (Rs 300.14 crore) were noticed.

*(Paragraphs 1.8.1 to 1.8.4)*

## **2. Long Paragraph on implementation of *Hiyari Hundel* - Special project for poverty alleviation in Dungarpur district**

The Government of India (GOI) sanctioned (March 2003) special project '*Hiyari Hundel*' under *Swarnjayanti Gram Swarajgar Yojana* for poverty alleviation in Dungarpur district of Rajasthan. The project envisaged to irrigate 2,456.25 hectare (ha) area benefiting 3,671 Below Poverty Line (BPL) families. With this objective 140 anicuts, 11 water tanks, 125 gabion structures and 15 Community Lift Irrigation Schemes were proposed to be constructed within a period of two years from the date of sanction of the project in consultation and at the initiative of local community with formation of 151 Self Help Groups including their training. The project was extended by GOI from March 2005 to March 2008. Significant points noticed were:

- Though the project was extended by GOI upto March 2008 yet Rs 6.63 crore were released against project cost of Rs 8.29 crore due to under-utilisation of funds.
- Site selection of anicuts was made without ensuring their suitability, proper utility and public participation.
- In absence of any provision for lifting of stored water from anicuts to the fields of BPL beneficiaries for strengthening agricultural and other related activities the very objective of improving socio-economic condition of BPL families could not be achieved.

(Paragraph 2.1)

## **3. Long Paragraph on implementation of *Rashtriya Sam Vikas Yojana***

Union Planning Commission launched *Rashtriya Sam Vikas Yojana* (RSVY) as a scheme fully funded by GOI in 2002-03. The main objective of the scheme was to solve the problem of low agricultural productivity and unemployment with focus on developmental programmes to improve the quality of life of the people. The project activities under RSVY to be implemented (2003-06) in Banswara and Dungarpur districts were subsequently extended upto March 2007. However, due to non-identification/non-reporting of relevant output/performance indicators of pre and post project period the extent to which the scheme had solved the problems of low agricultural productivity and employment could not be adjudged. Other important findings are as follows:

- Irregular expenditure of Rs 2.63 crore on construction of anicuts etc. in command areas.
- Execution of works by engaging contractors contrary to rules led to extra expenditure of Rs 10.31 lakh.

- Capital assets procured at a cost of Rs 22.69 lakh proved wasteful as dairy unit became non-functional.
- Mobile van procured at a cost of Rs 16.78 lakh for imparting computer education to students of remote tribal areas remained unutilised.
- Diversion of funds of Rs 27.61 lakh on works not included in guidelines of the scheme.

(Paragraph 2.2)

#### 4. Audit of Transactions

- Allotment of residential plots by *Gram Panchayat*, Kherliganj in *Panchayat Samiti*, Atru (District Baran) of sizes bigger than the prescribed plinth area at concessional rates resulted in a loss of Rs 30.63 lakh.

(Paragraph 2.3)

- In *Zila Parishad* (Rural Development Cell), Udaipur an expenditure of Rs 21.79 lakh was incurred on repairs and maintenance works, not eligible under National Food for Work Programme.

(Paragraph 2.4.1)

- Issuance of supply completion certificate inspite of termination of agreement owing to non-completion of supply within the stipulated period led to avoidable payment of Rs 1.03 crore.

(Paragraph 2.5.1)

- In *Zila Parishad* (Rural Development Cell), Nagaur an expenditure of Rs 21.02 lakh incurred on plantation works under Combating Desertification Project rendered wasteful due to low survival rate and the intended objective of combating desertification was not achieved.

(Paragraph 2.6.1)

- Construction of non-justifiable anicuts in *Panchayat Samiti*, Bamanwas (District Sawaimadhopur) under *Swarnjayanti Gram Swarojgar Yojana* resulted in unfruitful expenditure of Rs 27.71 lakh.

(Paragraph 2.6.2)

- Lack of proper monitoring by *Zila Parishad*, Churu led to unfruitful expenditure of Rs 24.51 lakh on water supply projects under *Swajaldhara Yojana*.

(Paragraph 2.6.3)

- *Panchayat Samiti*, Jhotwara (District Jaipur) failed to remove encroachment and unauthorised possession on land and buildings valuing Rs 40 lakh.

(Paragraph 2.8.1)

- Inclusion of ineligible items of income for incentive grants under Second State Finance Commission led to release of excess incentive grants of Rs 1.98 crore to 17 *Gram Panchayats*.

(Paragraph 2.8.2)

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

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

- 'Own revenue' of Urban Local Bodies accounted for only 27.46 *per cent* of their total receipts during 2006-07 as such they were dependent on grants and loans from the Central and State Governments.

(Paragraphs 3.3.2 and 3.3.3)

- The share of assigned revenue (entertainment tax) declined by 52 *per cent* in 2006-07 as compared to 2002-03 due to relaxation in tax on certain items and reduction in rate of entertainment tax.

(Paragraph 3.3.4)

- Instances of excess expenditure (Rs 10.68 crore) over the sanctioned budget grants and outstanding advances (Rs 1.10 crore) given to individuals for long period were noticed in audit.

(Paragraphs 3.6.2 and 3.6.3)

- Rupees 1.02 crore was recovered during 2006-07 at the instance of C&AG's audit.

(Paragraph 3.10)

### **6. Performance Review on Land Management in Urban Local Bodies**

Land management in Urban Local Bodies includes allotment, sale, disposal and regulation of urban land. The Rajasthan Municipalities Act (RMA), 1959 empowers every municipality to acquire and hold movable/immovable property and to lease, regularise or otherwise transfer the property including municipal land and also any Government land under the provisions of the Act *ibid* and rules made thereunder. For implementing the aforesaid provisions of

the RMA, 1959, the State Government framed Rajasthan Municipalities (Disposal of Urban Land) Rules, 1974 and the Rajasthan Municipalities (Change of Land Use) Rules, 2000 and subsequently issued guidelines/instructions in this regard to the municipalities from time to time. During review of land management system in Urban Local Bodies, significant deficiencies noticed in realisation of revenue, sale, allotment, change of land use, regularisation, levy and collection of land dues and lease money are as under:

- Urban assessment/lease money aggregating Rs 24.76 crore received by Urban Local Bodies were not credited into Government accounts even after lapse of two to nine years.
- Urban assessment of land amounting to Rs 5.73 crore was not/short assessed.
- Municipalities were deprived of revenue of Rs 3.17 crore due to non-regularisation of land.
- Conversion charges and lease money aggregating Rs 12.50 crore on change of land use from residential to commercial and other purposes were not/short levied.
- Short/non-recovery of land dues of Rs 1.89 crore on sale/disposal of land.

*(Paragraph 4.1)*

## **7. Audit of Transactions**

- Failure of Municipal Council, Ajmer to realise fees towards checking and granting permission for construction of buildings resulted in loss of revenue of Rs 14.48 lakh.

*(Paragraph 4.2)*

- Municipal Corporation, Jaipur made irregular payment of Rs 28.52 lakh towards pay and allowances of three days to sanitary employees against the order/ instructions of the State Government.

*(Paragraph 4.4)*





# **CHAPTER-I**

**AN OVERVIEW OF ACCOUNTS AND  
FINANCES OF PANCHAYATI RAJ  
INSTITUTIONS**



# CHAPTER-I

## AN OVERVIEW OF ACCOUNTS AND FINANCES OF PANCHAYATI RAJ INSTITUTIONS

### 1.1 Introduction

The Rajasthan Panchayat Act, 1953 was enacted keeping in view the philosophy enshrined in Article 40 of the Constitution of India, which lays down that the State shall take steps to organise Village Panchayats and endow them with such powers and authority so as to enable them to function as units of self Government. Subsequently, with a view to bringing in conformity with the new pattern of Panchayati Raj, the Rajasthan Panchayat Samiti and Zila Parishad Act was enacted in 1959 which provided for a three tier<sup>1</sup> structure of local self governing bodies at district, block and village levels and further decentralised powers. As a consequence of the 73<sup>rd</sup> Constitutional Amendment, the Rajasthan Panchayati Raj Act (RPR Act), 1994 came into force in April 1994, which apart from mandatory provisions delineated functions and powers of Panchayati Raj Institutions (PRIs). Later, Rajasthan Panchayati Raj Rules (RPRR), 1996 were incorporated thereunder to ensure the smooth functioning of PRIs.

There are 32 *Zila Parishads* (ZPs) with two cells in each ZP i.e., Rural Development Cell (RDC) and Panchayat Cell (PC), 237 *Panchayat Samitis* (PSs) and 9,189 *Gram Panchayats* (GPs) in the State with a total population of 4.33 crore (76.64 per cent of the State's total population of 5.65 crore<sup>2</sup>).

### 1.2 Organisational set up

The overall administration of the PRIs vests with the Principal Secretary, Rural Development and Panchayati Raj Department. An organisational chart on the administration of PRIs is given below:

1. *Zila Parishad* at District level, *Panchayat Samiti* at Block level and *Gram Panchayat* at Village level.
2. As per Census, 2001.



### 1.3 Accounting arrangements

Although the State Government had accepted (August 2003) the formats of accounts prescribed by the Comptroller and Auditor General of India (C&AG), annual accounts for the year 2006-07 were maintained by the PRIs in conventional formats prescribed under Chapter 11 of RPRR, 1996. Further, the State had not developed database on the finances of PRIs as recommended by Eleventh Finance Commission (EFC), on the formats suggested by C&AG in spite of provision of earmarked funds.

Meanwhile the Rural Development and Panchayati Raj Department (RD&PRD) has taken up a project, called Computerisation Automation Refinement of Integrated System of Management and Accounts (CARISMA) for computerising and interconnecting the PRIs. The project includes software pertaining to accounting, Management Information System, statutory duties (birth and death registration) and village database. The State Government

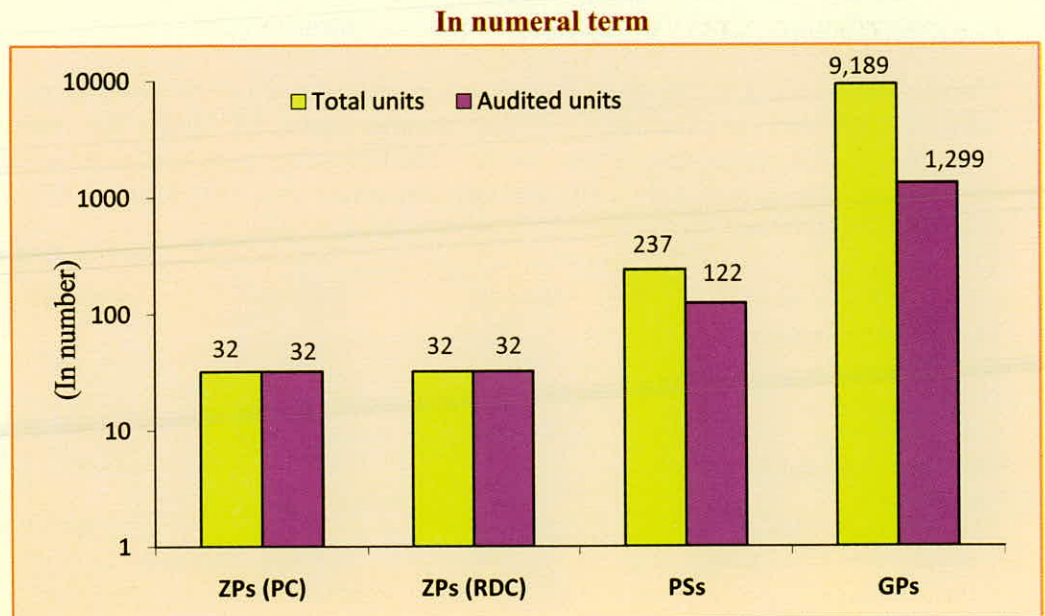
initiated the project in November 2005 to interlink Panchayati Raj Headquarters, 32 ZPs, 237 PSs and 1,100 out of 9,189 GPs at the initial cost of Rs 23.31 crore. The project alongwith its major key components viz. creation of database, inter-connectivity of PRIs and maintenance of accounts is scheduled to be completed by February 2011. The Panchayati Raj Department (PRD) intimated (August 2009) that Panchayati Raj Headquarters, 32 ZPs, 237 PSs and 1,114 GPs had been inter-connected as of 31 March 2009. However, the average percentage of connectivity of live links during June 2007 to June 2009 of ZPs was 46.88 (15 out of 32), PSs 27.43 (65 out of 237) and GPs 15.44 (172 out of 1,114). Further, due to incorporation of additional and ancillary works such as installation of routers, CMM batteries and increase in the height of RF towers etc., an amount of Rs 43.15 crore had been spent as of March 2010 and pending liabilities of Rs 2.17 crore were yet to be met.

### 1.4 Audit arrangements

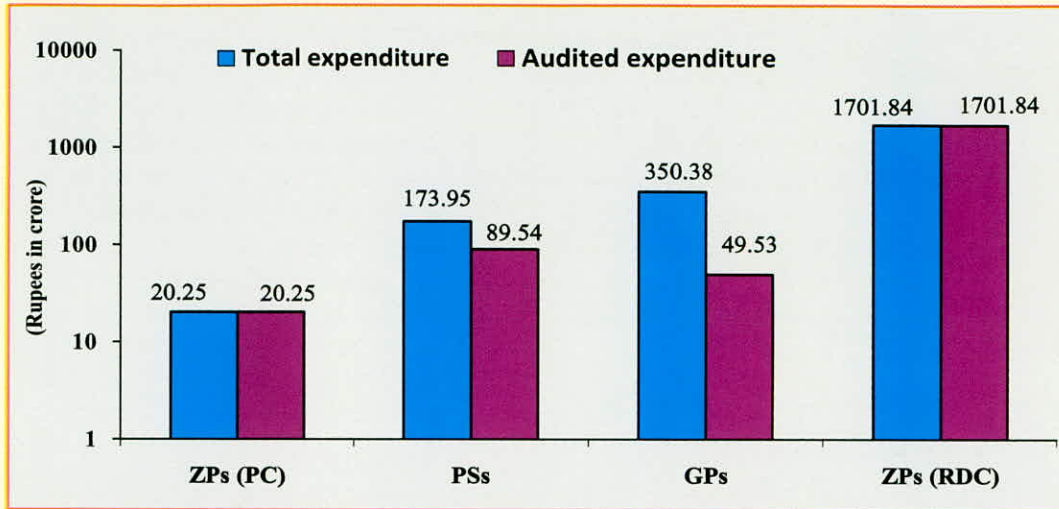
The Director, Local Fund Audit Department (DLFAD) is the primary auditor of the accounts of the PRIs under the RPR Act, 1994. Section 75(4) of the RPR Act, 1994 empowers the C&AG to test check the accounts of PRIs. Audit of accounts is also being conducted by the C&AG under Section 14 of C&AG's (Duties, Powers and Conditions of Service) Act, 1971.

### 1.5 Audit coverage

Out of 32 ZPs (each of PC and RDC), 237 PSs and 9,189 GPs, test check of accounts of 32 ZPs (PC), 32 ZPs (RDC) and 122 PSs including 1,299 GPs for the period up to 2005-06 was conducted during 2006-07. The position of audit coverage (numeral as well as fiscal) is indicated in the following graphs:



**In fiscal term**  
(Worked out on average basis in respect of PSs and GPs)



**1.6 Financial management and devolution of funds, functions and functionaries**

**1.6.1 Financial position of PRIs**

**1.6.1.1 Panchayati Raj Department**

Apart from own resources of tax and non- tax revenue e.g. fair tax, building tax, fees, rent from land and buildings, water reservoirs etc. and capital receipts from sale of land, the PRIs receive funds from the State Government and Government of India (GOI) in the form of grants-in-aid/loans for general administration, implementation of developmental schemes/works, creation of infrastructure in rural areas etc. Funds are also provided under recommendations of the Central/State Finance Commissions.

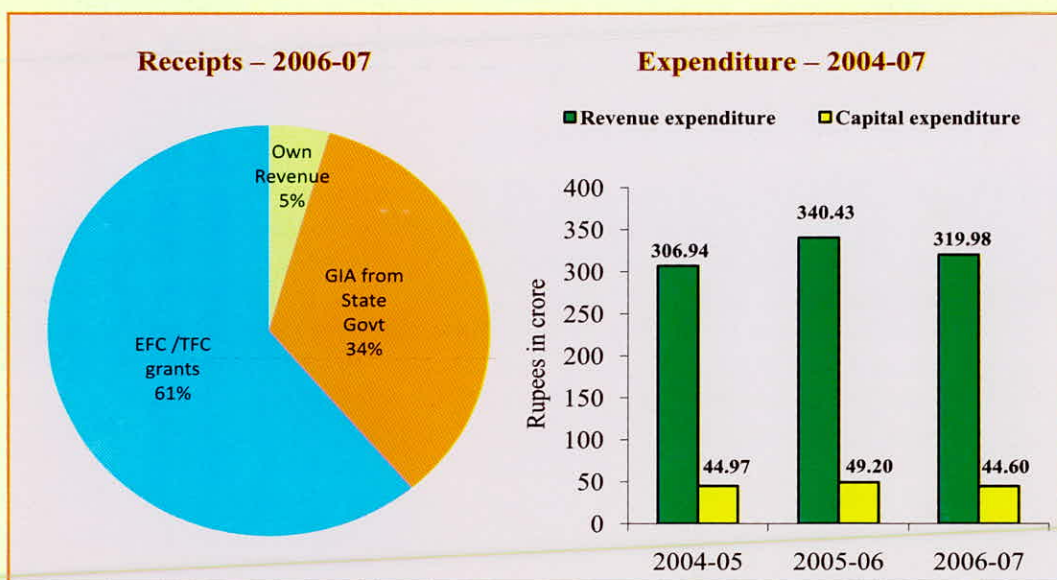
There was no mechanism with the PRD for centralised collection of data on the receipts and expenditure of the various tiers of PRIs for further compilation and processing. However, the position of receipts and expenditure of PRIs for the period 2004-07 based on data made available (June 2009) by the PRD is as under:

(Rupees in crore)

Particulars	2004-05	2005-06	2006-07
<b>(A) Revenue receipts</b>			
Own Tax	1.68	2.59	2.25
Own Non-Tax	13.51	12.33	13.99
<b>Own Revenue</b>	<b>15.19</b>	<b>14.92</b>	<b>16.24</b>
Grants-in-aid (GIA) from State Government	111.83	128.72	125.37
EFC /Twelfth Finance Commission (TFC) grants	224.89	245.99	222.97
<b>Total Receipts</b>	<b>351.91*</b>	<b>389.63*</b>	<b>364.58*</b>

Particulars	2004-05	2005-06	2006-07
<b>(B) Expenditure</b>			
Revenue expenditure (Pay and allowances and maintenance expenditure)	306.94	340.43	319.98
Capital expenditure	44.97	49.20	44.60
<b>Total expenditure</b>	<b>351.91</b>	<b>389.63</b>	<b>364.58</b>

\* In addition, grants of Rs 135.54 crore, Rs 157.57 crore and Rs 180 crore were released during 2004-05, 2005-06 and 2006-07 respectively as per recommendations of Second and Third State Finance Commissions and same amounts were booked as expenditure by PRD in the relevant years.



The above position indicates that:

- 'Own Revenue' of the PRIs in 2006-07 constituted only 4.45 per cent of their total receipts. Thus, they were largely dependent on Government grants.
- While grants-in-aid from State Government (excluding State Finance Commission grants) and EFC/TFC grants had decreased by 7.04 per cent from Rs 374.71 in 2005-06 to Rs 348.34 crore in 2006-07, the own revenue of PRIs increased marginally by 8.85 per cent from Rs 14.92 crore in 2005-06 to Rs 16.24 crore in 2006-07.
- Total expenditure of PRIs decreased by 6.43 per cent from Rs 389.63 crore in 2005-06 to Rs 364.58 crore in 2006-07. Revenue expenditure decreased by 6.01 per cent from Rs 340.43 crore in 2005-06 to Rs 319.98 crore in 2006-07 while capital expenditure decreased by 9.35 per cent from Rs 49.20 crore in 2005-06 to Rs 44.60 crore in 2006-07. Separate bifurcation of capital and revenue expenditure out of State Finance Commission grants was not made available by the PRD.

### 1.6.1.2 Rural Development Department

The position of receipts and expenditure of Rural Development Department (RDD) for the years 2005-06 and 2006-07 based on data made available (October 2009) by the RDD is as under:

(Rupees in crore)

Particulars	2005-06						2006-07					
	Opening balance	Receipts	Total available fund	Expenditure	Percentage of expenditure to total fund	Closing balance	Opening balance	Receipts	Total available fund	Expenditure	Percentage of expenditure to total fund	Closing balance
CSS	346.81	805.67	1,152.48	843.85	73.22	308.63	365.46	1,573.73	1,939.19	1,521.85	78.48	417.34
SSS	181.86	173.35	355.21	172.70	48.62	182.51	211.12	149.25	360.37	179.99	49.95	180.38
<b>Total</b>	<b>528.67</b>	<b>979.02</b>	<b>1,507.69</b>	<b>1,016.55</b>	<b>67.42</b>	<b>491.14</b>	<b>576.58</b>	<b>1,722.98</b>	<b>2,299.56</b>	<b>1,701.84</b>	<b>74.01</b>	<b>597.72</b>

(CSS: Centrally Sponsored Scheme; SSS: State Sponsored Scheme)

The above table reveals that:

- There was difference of Rs 85.44 crore between the closing balances of 2005-06 and the opening balances of 2006-07. RDD attributed (January 2010) the difference to non-inclusion of release made by the Central and State Governments at the end of the 2005-06 and interest accrued for 2005-06 but credited at the beginning of next financial year. The procedure adopted by the State Government was not appropriate as the receipts should have been credited under the Receipt Head of the relevant year instead of increasing the opening balance with reference to closing balance of preceding year.
- During 2005-06 and 2006-07, RDD could utilise only 67.42 and 74.01 per cent of total available funds under Centrally Sponsored Schemes and State Sponsored Schemes.

### 1.6.2 Devolution of funds

#### 1.6.2.1 Twelfth Finance Commission grants

The position of grants released by GOI and further release by the State Government to PRIs under recommendations of the Twelfth Finance Commission (TFC) during 2006-07 is as under:

(Rupees in crore)

Grants received from GOI by the State Government		Due date for release of grants by State Government to PRIs	Grants released by the State Government to PRIs		No. of days for delayed release of grants
Amount	Date of receipt of grants		Amount	Date of release of grants to PRIs	
123.00 (I Instalment)	14.11.2006	29.11.2006	123.00	06.12.2006	07
123.00 (II Instalment)	14.03.2007	29.03.2007	99.94	31.03.2007	02
			23.06	12.06.2007	75

As per guidelines issued by GOI, grants of TFC were required to be transferred by State Government to the PRIs within 15 days of the same being



credited to the State Government Accounts failing which State Government was liable to transfer interest amount to PRIs at RBI Bank rate.

It was observed that State Government released TFC grants to PRIs with a delay of two to 75 days which resulted in creation of avoidable interest liability of Rs 45.87 lakh at the RBI Bank rate of six *per cent* per annum on State exchequer.

### **1.6.2 State Finance Commission grants**

Third State Finance Commission (TSFC) recommended the grants of Rs 240.06 crore for the year 2006-07 against which State Government released Rs 180 crore to PRIs. Short release of grants was attributed (April 2010) to acceptance of recommendations of final Report of TSFC from 2008-09.

### **1.6.3 Devolution of functions**

State Government decided (June 2003) to devolve all 29 subjects listed in the Eleventh Schedule of the Constitution to the PRIs. However, funds, functions and functionaries of only 18 subjects were transferred as of March 2007. Eleven functions not yet transferred to PRIs include important areas like Public health, Animal husbandry, Small scale industries, *Khadi* village and cottage industries, Rural electrification, Technical and vocational education and Family welfare etc.

## **1.7 Maintenance of accounts**

### **1.7.1 Delayed submission of annual accounts**

Annual accounts of ZPs (RDC) for the year 2005-06 were required to be sent to the RDD by 30 September 2006. It was, however, observed that annual accounts for the year 2005-06 were sent (December 2006 to August 2008) by 30 ZPs (RDC) with delays ranging from two months 18 days to 22 months 11 days. ZPs (RDC), Jodhpur and Pali did not send their accounts as of October 2009. Reasons for delayed submission and non- submission of accounts were neither on records nor intimated (October 2009) by RDD.

Similarly, annual accounts of ZPs (PC) are required to be sent to the PRD by 15 May of the following year. The position of timely/delayed submission of accounts by ZPs (PC) to the PRD could not be verified by Audit, as PRD did not furnish desired information even though called for (June 2009) by Audit.

### **1.7.2 Non-rectification of differences between cash books and Personal Deposit (PD)/Bank pass books**

As per provisions of RPRR, 1996 all the transactions (deposit and withdrawal) of ZP/PS during each month were required to be reconciled with PD/Bank pass books and differences, if any, were to be rectified.

Test check of records revealed that one ZP and ten PSs had not rectified the differences (as on 31 March 2006) of Rs 1.25 crore (*Appendix-I*) between the cash books and PD/Bank pass books. There were exceptionally huge differences in ZP, Karauli (Rs 17.16 lakh) and PSs, Sangod (Rs 31.28 lakh), Ramgarh (Rs 16.83 lakh) and Ladpura (Rs 16.73 lakh).

## **1.8 Budgetary and internal control**

The performance of the PRIs in relation to their functions was not effective due to weak internal control mechanism resulting in deficient fund management, ineffective monitoring of activities etc., as detailed in the succeeding paragraphs.

### **1.8.1 Excess expenditure over the allotted funds**

Six ZPs and 14 PSs incurred excess expenditure over the funds authorised/received due to which there were minus balances of funds of Rs 9.20 crore under various heads of accounts/schemes as on 31 March 2006 (*Appendix-II*). Excess expenditure was met from the funds lying unutilised under other schemes. This reflects weak internal control and financial indiscipline in PRIs.

Two ZPs and two PSs while accepting the facts stated (June 2006 to February 2007) that action was being taken for obtaining regularisation/allotment/reimbursement of funds from the departments concerned. No reply was furnished by remaining four ZPs and 12 PSs.

### **1.8.2 Non-refund of balances lying unutilised under closed schemes**

**1.8.2.1** Rural Development Department instructed (November 1997 and March 2004) ZPs that unspent amounts of closed schemes be transferred to the scheme in which the closed schemes had been amalgamated or to refund the same to the respective departments.

Test check of records for the year 2005-06 revealed that in three ZPs unspent funds relating to various closed schemes aggregating Rs 3.10 crore were lying blocked in their PD Accounts for three to six years as of March 2006. These were neither utilised in accordance with the guidelines of the schemes nor refunded to the department concerned (*Appendix-III*).

On this being pointed out, ZP, Alwar stated (February 2007) that there was nil balance in closed schemes. The reply was not tenable as the balance of Rs 152.75 lakh was shown in closed schemes in accounts of ZP, Alwar for the year 2005-06. ZPs, Ajmer and Karauli did not furnish any reply relevant to the audit point.

**1.8.2.2** Similarly, in four PSs unspent funds aggregating Rs 2.03 crore were lying in their PD accounts pertaining to various closed/inactive schemes,

where no transaction had taken place during last seven to 15 years as of March 2006. These were neither refunded to Government nor the balances transferred to the amalgamated schemes (*Appendix-III*).

On this being pointed out, PSs, Rivanbari and Dudu stated (January and March 2007) that action was being taken to refund the funds. PSs, Kuchaman City and Kathumar did not furnish any reply.

### **1.8.3 Advances lying unadjusted/ unrecovered**

In three ZPs and 11 PSs, advances aggregating Rs 34.74 lakh for purchase of food grain, participating in departmental examination, travelling allowance etc., disbursed upto March 2006 were outstanding against officials/ex-Sarpanches in 348 cases for the last three to 47 years as of March 2009 (*Appendix-IV*). This indicated lack of effective and efficient control mechanism in these PRIs. Possibilities of recovery of advances outstanding very long since are also remote.

On this being pointed out, two ZPs accepted the facts and stated (November 2006 and February 2007) that action for recovery of outstanding advances was being taken. The remaining one ZP and 11 PSs did not furnish any reply.

### **1.8.4 Outstanding utilisation certificates**

Against advances of Rs 314.76 crore given by 27 ZPs (RDC) up to March 2007, utilisation certificates (UCs) of Rs 300.14 crore were pending from the executing agencies as of March 2008 and the position of pending UCs as of March 2009 was not made available by the RDD. The PRD did not furnish any information in respect of UCs pending with ZPs (PC) even though called for (June 2009) by Audit.

### **1.8.5 Arrears of audit and audit fee**

Director, Local Fund Audit Department (DLFAD) is the statutory auditor for the accounts of PRIs. Audit fee at prescribed rate is paid to the DLFAD by PRIs. As of March 2009, audit fee of Rs 1.38 crore for the period up to March 2007 remained to be paid to DLFAD by 125 PRIs.

Audit of 5,545 PRIs (ZPs: 14, PSs: 146 and GPs: 5,385) out of 9,458 PRIs (ZPs: 32, PSs: 237 and GPs: 9,189) by DLFAD was pending as of March 2009.

## **1.9 Lack of response to audit observations**

**1.9.1** Up to March 2007, 4,48,227 paragraphs of 31,388 Inspection Reports<sup>3</sup> (IRs) in respect of PRIs issued by DLFAD were pending for settlement at the

3. Number of IRs issued upto 2001-02 not made available by DLFAD.

end of March 2009. First compliance to 209 IRs was also not received as at March 2009. Besides, 58,861 cases of embezzlement involving Rs 121.69 crore for the period upto 2006-07 were also pending for action as of March 2009.

**1.9.2** A total number of 1,296 IRs of ZPs and PSs comprising 10,405 paragraphs involving monetary value of Rs 1,717.44 crore issued by office of the Principal Accountant General (upto July 2004) and thereafter by office of the Senior Deputy Accountant General (Local Bodies Audit &Accounts) up to the period 2006-07 were pending for settlement at the end of March 2010 as detailed below:

(Rupees in crore)

Year	Inspection Reports	Paragraphs	Money value
Upto 1999-2000	43	90	13.96
2000-01	28	45	49.73
2001-02	73	171	23.08
2002-03	133	405	78.73
2003-04	245	1,528	218.33
2004-05	341	3,287	360.92
2005-06	243	2,675	493.60
2006-07	190	2,204	479.09
<b>Total*</b>	<b>1,296</b>	<b>10,405</b>	<b>1,717.44</b>

\* This includes 108 IRs comprising 435 outstanding paragraphs of Soil Conservation Department.

## 1.10 Impact of audit

During 2006-07, the following actions were taken by the PRIs at the instance of C&AG's audit:

- Excess payments, double payments, dues, interest on excess cash balances, rent of shops etc., aggregating Rs 1.37 crore were recovered in 189 cases.
- Rupees 1.33 lakh diverted from one scheme to another in two cases was credited back to the schemes concerned.
- Unutilised funds of Rs 5.27 crore in 22 cases were surrendered to Government/funding agencies.
- Rupees 14.87 lakh paid by ZP (RDC), Bikaner to *Jodhpur Vidyut Vitran Nigam Limited* as supervision charges for execution of works under Centrally Sponsored Schemes in contravention of instructions was recovered (January-February 2009).

### 1.11 Conclusion

The 'own revenue' of PRIs was meagre and therefore they were largely dependent on Government grants eroding their financial autonomy.

Widespread and persistent irregularities and deviations from prescribed accounting and budgetary control procedures indicating lack of adequate internal control mechanism in the PRIs such as non-reconciliation/rectification of differences in cash balances, expenditure in excess of the allotted funds, non-adjustment/recovery of outstanding advances against individuals for a long period, non-submission of UCs and non-refund of unspent balances of closed/inactive schemes were noticed in audit.

There was no mechanism with the PRD for centralised database on the receipts and expenditure of various tiers of PRIs for monitoring and decision making purpose.

There were huge pendency of audit observations and delays in their settlement.

### 1.12 Recommendations

- PRIs should be encouraged to augment their own resources so as to reduce dependency on the Government assistance.
- PRIs should ensure optimum utilisation of the available resources.
- Internal control and monitoring mechanisms should be strengthened to ensure monthly reconciliation and rectification of differences between balances as per cash books and PD/Bank pass books, timely refund of unutilised funds to Government and to exercise checks on excess expenditure over the allotted funds.
- Special and concerted efforts are needed to adjust/recover the old outstanding advances from the employees or public representatives concerned.
- Special drive should be launched for refund of the unutilised funds of closed/inactive schemes by PRIs to the Government Departments/funding agencies concerned.



## **CHAPTER-II**

**LONG PARAGRAPHS AND AUDIT  
OF TRANSACTIONS**

**PANCHAYATI RAJ INSTITUTIONS**





## CHAPTER-II LONG PARAGRAPHS AND AUDIT OF TRANSACTIONS

### PANCHAYATI RAJ INSTITUTIONS

This chapter contains two long paragraphs on 'Implementation of *Hiyari Hundel*-Special project for poverty alleviation in Dungarpur district' and 'Implementation of *Rashtriya Sam Vikas Yojana*' and thirteen paragraphs relating to transaction audit of Panchayati Raj Institutions.

### LONG PARAGRAPHS

#### 2.1 Implementation of *Hiyari Hundel*-Special project for poverty alleviation in Dungarpur district

##### 2.1.1 Introduction

Government of India (GOI), Ministry of Rural Development sanctioned (March 2003) a special project named as "*Hiyari Hundel*"<sup>1</sup> under *Swarnjayanti Gram Swarajgar Yojana* (SGSY) with an estimated outlay of Rs 8.29 crore to be shared by the Central and State Government in the ratio of 75:25 for poverty alleviation in Dungarpur district (*Vaagad Region*)<sup>2</sup> of Rajasthan. The project envisaged to irrigate 2,456.25 hectare<sup>3</sup> (ha) area benefiting 3,671 Below Poverty Line (BPL) families. The special project was conceived with thrust on rain water harvesting as the poor farmers had very little irrigation facilities and were highly dependent on monsoon rain. With this objective 140 anicuts, 11 water tanks, 125 gabion<sup>4</sup> structures and 15 Community Lift Irrigation Schemes (CLISs) were proposed to be constructed within a period of two years from the date of sanction of the project in consultation and at the initiative of local community subject to the technical feasibility and formation of 151 Self Help Groups (SHGs), including their training.

At the State level, the Secretary, Rural Development Department (RDD), was responsible for overall implementation of the project. At District level, the project was being implemented by the Chief Executive Officer (CEO), *Zila Parishad* (Rural Development Cell), (ZP RDC), Dungarpur. The works

1. In *Vaagadi* dialect 'Hiyari' means to work with each other and 'Hundel' means to work together in cooperative manner in the form of groups.
2. Banswara and Dungarpur region of South Rajasthan.
3. Anicuts: 1,641.25 ha, Water tanks: 97 ha and Lift Irrigation Schemes: 718 ha.
4. Structure meant for conservation of water and soil in watershed areas.

sanctioned under the project were to be got executed through 10 agencies<sup>5</sup> comprising *Gram Panchayats*, Government Departments and Non-Government Organisations (NGOs).

The major irregularities noticed during test check (November 2005 to February 2006) of records of all the 10 executing agencies of the project for the period 2003-2006 are discussed in succeeding paragraphs.

### 2.1.2 Financial management

The special project under SGSY was to be formulated for extremely poor areas of the district and maximum beneficiaries (minimum 80 *per cent*) under the project were to be from BPL families. Forty *per cent* amount (Rs 3.32 crore) of total approved cost was to be released by the Central/State Government at the time of sanction (March 2003) of the project. Subsequent instalments were to be released subject to utilisation of 60 *per cent* of total available funds. Funds were provided to the executing agencies by ZP RDC in three instalments of 40, 40 and 20 *per cent* of the sanctioned cost. All the works under the project were to be completed within two months of sanction.

The year-wise break-up of the grants released by the GOI and State Government during 2002-08 vis-à-vis actual expenditure is given below:

(Rupees in crore)

Year	Opening balance	Grants received			Total grants received with interest	Total available funds	Expenditure	Unspent balance
		GOI	State	Interest accrued				
1	2	3	4	5	6 (3+4+5)	7 (2+6)	8	9 (7-8)
2002-03	Nil	2.49	0.83	Nil	3.32	3.32	Nil	3.32
2003-04	3.32	Nil	0.83	0.05	0.88	4.20	2.80	1.40
2004-05	1.40	2.48	Nil	0.02	2.50	3.90	2.60	1.30
2005-06	1.30	Nil	Nil	0.03	0.03	1.33	0.66	0.67
2006-07	0.67	Nil	Nil	0.03	0.03	0.70	0.10	0.60
2007-08	0.60	Nil	Nil	Nil	Nil	0.60	0.03	0.57
<b>Total</b>		<b>4.97</b>	<b>1.66</b>	<b>0.13</b>	<b>6.76</b>		<b>6.19</b>	

Source : As per information supplied by CEO, ZP, Dungarpur in May 2008.

It was observed that:

- Against project cost of Rs 8.29 crore, Rs 6.63 crore (GOI: Rs 4.97 crore and State Government: Rs 1.66 crore) only was released due to under-utilisation of funds. The scheduled date of completion of project was 31 March 2005 which was extended by GOI upto March 2008 even then funds of Rs 57 lakh remained unutilised (March 2008) as CEO, ZP RDC, Dungarpur did not sanction works of CLIS and no expenditure was incurred on training of SHGs formed (as commented in subsequent paragraph 2.1.3).

5. (i) *Vikas Adhikari* (VA), *Panchayat Samiti* (PS), Aspuri, (ii) VA, PS, Bichhiwara, (iii) VA, PS, Dungarpur, (iv) VA, PS, Sagwara, (v) VA, PS, Simalwara, (vi) Indian Farm Forestry Development Co-operative Limited, Pratapgarh, (vii) Society Affiliated to Research and Improvement of Tribal Areas, Udaipur, (viii) Executive Engineer, Irrigation Division, Dungarpur, (ix) Deputy Director, Soil Conservation, Dungarpur and (x) Sanitation, Water and Community Health, Dungarpur.

Considering the fact that CEO, ZP RDC, Dungarpur was unable to complete the project even after five years (including extended project period of three years), Ministry of Rural Development, GOI directed (May 2008) the Secretary, Rural Development & Panchayati Raj Department (RD & PRD) to foreclose the project and refund unspent amount of Central share with interest to GOI. However, the unspent amount with interest had not been refunded to GOI (as of March 2010) and was lying unutilised with ZP RDC, Dungarpur.

**Diversion of funds.**

- Activity of canal construction was not covered under the project approved by GOI. However, CEO, ZP RDC, Dungarpur sanctioned (February 2004) Rs 4.73 lakh for construction of Dachki anicut canal at village Dachki in *Panchayat Samiti* (PS), Dungarpur. Accordingly, PS, Dungarpur spent Rs 4.73 lakh (March 2005) on construction of Dachki anicut canal out of project funds.

Thus, the amount of Rs 4.73 lakh was irregularly diverted on activity not covered under the project.

### 2.1.3 Physical performance

The block-wise and activity-wise allocation of project cost Rs 8.29 crore alongwith sanctioned works and actual achievements are given below:

(Rupees in lakh)

Block	Allocation as per project cost, number of works sanctioned and cost and physical/financial achievements												
	Anicuts		Water tanks		Community lift irrigation schemes		Gabion structures		Formation and Training of users groups		Total		
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	
Aspur	A	29	135.55	3	9.00	2	17.76	20	4.00	32	0.29	86	166.60
	S	16	81.25	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	16	81.25
	At	11	61.41	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	11	61.41
Bichhiwara	A	16	67.60	2	5.60	Nil	Nil	30	6.60	18	0.18	66	79.98
	S	43	217.11	1	5.87	Nil	Nil	6	6.75	Nil	Nil	50	229.73
	At	41	206.34	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	41	206.34
Dungarpur	A	57	249.21	1	3.50	4	36.00	20	4.50	58	0.62	140	293.83
	S	32	151.31	1	5.77	Nil	Nil	4	5.98	Nil	Nil	37	163.06
	At	27	124.55	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	27	124.55
Sagwara	A	17	77.40	2	8.35	4	39.50	15	4.00	19	0.19	57	129.44
	S	13	73.84	1	4.55	Nil	Nil	6	10.27	Nil	Nil	20	88.66
	At	11	57.09	Nil	Nil	Nil	Nil	6	10.28	Nil	Nil	17	67.37
Simalwara	A	21	91.56	3	9.60	5	49.00	40	8.50	24	0.24	93	158.90
	S	21	90.19	5	7.51	Nil	Nil	28	15.54	Nil	Nil	54	113.24
	At	20	84.55	5	7.40	Nil	Nil	22	8.34	Nil	Nil	47	100.29
<b>Total</b>		<b>140</b>	<b>621.32</b>	<b>11</b>	<b>36.05</b>	<b>15</b>	<b>142.26</b>	<b>125</b>	<b>27.60</b>	<b>151</b>	<b>1.52</b>	<b>442</b>	<b>828.75</b>
<b>Sanction</b>		<b>125</b>	<b>613.70</b>	<b>8</b>	<b>23.70</b>	<b>Nil</b>	<b>Nil</b>	<b>44</b>	<b>38.54</b>	<b>Nil</b>	<b>Nil</b>	<b>177</b>	<b>675.94</b>
<b>Total achievements</b>		<b>110</b>	<b>533.94</b>	<b>5</b>	<b>7.40</b>	<b>Nil</b>	<b>Nil</b>	<b>28</b>	<b>18.62</b>	<b>Nil</b>	<b>Nil</b>	<b>143</b>	<b>559.96<sup>6</sup></b>

A: Allocation, S: Sanction, At: Achievement

Source: As per Information supplied by CEO, ZP RDC, Dungarpur in May 2008.

6. Amount does not include 17 incomplete works on which expenditure of Rs 56 lakh had been incurred.

It was observed that:

- Against total 442 works approved at a project cost of Rs 8.29 crore, only 177 works (40 per cent) were sanctioned for Rs 6.76 crore (82 per cent). Further, size and specifications of anicut and gabion structures were also not prescribed in original project report. This indicated that the project estimates were unrealistic. Accepting the facts Secretary, RDD stated (July 2007) that provisions in project report for construction of anicuts and gabion structures were not taken in detailed technical estimates.

- Out of 177 works sanctioned, only 143 works were executed at an expenditure of Rs 5.60 crore. Thus, only 32 per cent of the approved works under the project were carried out whereas expenditure incurred was to the extent of 68 per cent of total project cost. Accepting the contention of audit the CEO, ZP RDC, Dungarpur explained (May 2008) that since works of anicut were executed after more than two years of estimation, cost escalation was natural.

**BPL families were deprived of irrigation benefits in 718 ha land due to non-sanction of lift irrigation schemes.**

- CEO, ZP RDC, Dungarpur did not sanction upto the extended period (March 2008) of project, construction of 15 CLISs (project cost: Rs 1.42 crore) meant to irrigate 718 ha land for providing direct benefit to 531 BPL families.

Secretary, RDD stated (July 2007) that construction of CLISs was not sanctioned due to famine and below average rainfall during 2003-04. Government reply was not tenable as annual average rainfall during the years 2003-2007<sup>7</sup> was more than/almost equal to the average rainfall (728.90 millimetre<sup>8</sup> (mm)) of the district.

**Lack of community participation due to non-formation/training of SHGs.**

- Against target of formation and training to 151 SHGs (users groups), no SHG was formed and trained (January 2007). All the works were got executed without the involvement of the community in the areas like site selection, construction and post construction management of works defeating the very objective of community participation. Secretary, RDD intimated (July 2007) that 125 SHGs had been constituted. However, CEO, ZP RDC, Dungarpur could not furnish the dates of formation of SHGs, their registration, information regarding activities done and benefits taken by SHGs (March 2010). In addition, it was also informed that neither sanction was issued nor any expenditure incurred on formation and training of SHGs.

## **2.1.4 Execution**

### **2.1.4.1 Excess expenditure on construction of gabion structures**

In block Sagwara 15 gabion structures amounting to Rs 4.00 lakh (average Rs 0.27 lakh) were sanctioned but only six gabion structures were constructed at a cost of Rs 10.28 lakh (average cost of Rs 1.71 lakh) which resulted in excess expenditure by the executing agencies. Secretary, RDD intimated (July

7. Year 2003: 698.32 mm, 2004: 786.50 mm, 2005: 535.50 mm, 2006: 1,578.50 mm and 2007: 817.75 mm - Information supplied by Executive Engineer, Irrigation Division, Dungarpur.

8. As per Project Report.

2007) that provision taken for construction of gabion structures was not based on actual technical estimates.

#### 2.1.4.2 Wasteful expenditure due to selection of improper sites of the anicuts and defective construction

**Selection of wrong/ unsuitable site of anicuts led to wasteful expenditure of Rs 23.29 lakh.**

Out of 110 completed anicuts, physical inspection of 11 anicuts<sup>9</sup> constructed at a cost of Rs 51.10 lakh was conducted by review party (December 2005) alongwith the officials of the concerned executing agencies which revealed that:

- The Project Director, Sanitation, Water and Community Health, Dungarpur (SWACH, an NGO) who was initially allotted the work of construction of Bodigama Bada anicut at PS, Aspur had after technical inspection of the site intimated (April 2003) to Additional Collector (Development), Dungarpur that the proposed site at PS, Aspur was not suitable as Bodigama dam already existed in the upstream of the site. Even then, the Additional Collector (Development), Dungarpur sanctioned (31 July 2003) the construction of Bodigama Bada anicut at the same site based on the proposals (29 July 2003) of *Vikas Adhikari* (VA), PS, Aspur. Audit scrutiny revealed that the anicut was got constructed (June 2004) at a cost of Rs 9.03 lakh in the downstream of Bodigama dam. However, in view of the advice of the Project Director the expenditure incurred on the construction of anicut was not justified. CEO, ZP RDC, Dungarpur while accepting the facts intimated (March 2010) that the anicut was constructed as per proposals and technical sanction received from VA, PS, Aspur. However, no reply was furnished by Secretary, RDD.
- Movadawala anicut sanctioned (July 2003) by District Collector, Dungarpur was constructed at a cost of Rs 3.41 lakh in the downstream of Movadawala tank and seepage water of the tank gathered in this anicut. An old anicut already existed in downstream at a short distance of merely 500 metres and was being utilised for irrigation purpose. Thus, there was no utility of this anicut between the tank and the existing old anicut. CEO, ZP RDC, Dungarpur during discussion accepted the view of audit.
- During physical verification conducted (December 2005) by the audit party alongwith representatives of executing agency i.e., IFFDC<sup>10</sup>, Pratapgarh, it was noticed that there were seepages/leakage in the anicuts of Reldanaka, Rangpur and Chowki sanctioned (July and August 2003) by District Collector-cum-Executive Director, DRDA, Dungarpur. Secretary, RDD while accepting the facts replied (July 2007) that leakages were not in main structures but inside bund, which might be due to less compaction of sand/blasting in foundation. This not only confirms that construction was defective but also indicates that the CEO, ZP RDC, Dungarpur did not adequately supervise and monitor the works executed by IFFDC, Pratapgarh.

9. Bamaniya Ghati : Rs 4.60 lakh, Bodigama Bada : Rs 9.03 lakh, Chowki : Rs 2.97 lakh, Hiralala : Rs 3.82 lakh, Kajriwala : Rs 5.81 lakh, Khaparda : Rs 4.19 lakh, Khekhla : Rs 3.58 lakh, Lilwasa : Rs 5.81 lakh, Movadawala : Rs 3.41 lakh, Rangpur: Rs 3.10 lakh and Reldanaka : Rs 4.78 lakh.

10. Indian Farm Forestry Development Co-operative Limited, Pratapgarh, an NGO.

Thus, site selection of two<sup>11</sup> anicuts was unsuitable and the work of three<sup>12</sup> anicuts was found defective which had rendered expenditure of Rs 23.29 lakh wasteful.

#### 2.1.4.3 Delay/shortfall in completion of works

##### Abnormal delay in completion of works.

- All the sanctioned works were to be completed by 31 March 2005 but 12 anicuts, three gabion structures and two village tanks sanctioned during May 2003 to December 2004 were incomplete up to extended period of project i.e., March 2008. No reasons were on record for delay in completion of these works. Besides depriving the targeted community of the intended benefits, expenditure of Rs 0.56 crore<sup>13</sup> incurred on these incomplete structures remained unfruitful.
- The construction works of three anicuts, 13 gabion structures and one water tank sanctioned during 2003-04 at a total cost of Rs 34.91 lakh (three anicuts: Rs 16.38 lakh, 13 gabion structures: Rs 12.65 lakh and one water tank: Rs 5.88 lakh) were not taken up even during the extended period of project despite advances of Rs 14.11 lakh<sup>14</sup> made to executing agencies which remained blocked for more than three years. Besides, the poor community was deprived of the benefits of these works. Further, of Rs 7.43 lakh advanced (2003-05) to the Deputy Director, Soil Conservation, Dungarpur, for construction of gabion structures, Rs 5.26 lakh was refunded in May 2007. Utilisation certificates/completion certificates of remaining amount of Rs 2.17 lakh were yet (May 2008) to be received. Thus, Rs 21.54 lakh remained blocked for two to four years depriving the beneficiaries of the targeted benefits.

#### 2.1.4.4 Utilisation of harvested water not ensured

Majority of the population of Dungarpur district is dependent on rainfed agriculture. The main objective of improving socio-economic condition of BPL families of the district could be achieved only if agricultural and other related activities were strengthened by providing irrigation facilities. However, there was no provision in the project for utilisation of water by drawing and carrying it from anicuts to the fields of BPL beneficiaries without which benefits of 110 anicuts completed during 2003-08 at a cost of Rs 5.34 crore could not be optimally derived. While accepting facts Secretary, RDD stated (July 2007) that though there was no provision in the project for utilisation of water by drawing and carrying it from anicuts to the fields of the BPL families yet construction of water conservation structures viz. anicuts, tanks, gabion

11. Bodigama Bada : Rs 9.03 lakh and Movadawala : Rs 3.41 lakh.
12. Chowki : Rs 2.97 lakh, Rangpur : Rs 3.10 lakh and Reldanaka : Rs 4.78 lakh.
13. Irrigation Division, Dungarpur : Rs 0.17 crore (four works), PS, Bichhiwara : Rs 0.04 crore (one work), PS, Dungarpur : Rs 0.22 crore (five works), PS, Aspur : Rs 0.11 crore (four works) and Soil Conservation Department, Dungarpur : Rs 0.02 crore (three works).
14. Panchayat Samiti, Dungarpur (one anicut) : Rs 2.50 lakh, PS, Simalwara (one anicut) : Rs 2.35 lakh, Project Officer, SWACH, Dungarpur (one anicut) : Rs Nil, Irrigation Division, Dungarpur (one tank) : Rs 2.93 lakh and Soil Conservation Department (13 Gabion structures) : Rs 6.33 lakh.

structures the ground water level and level of water in the wells had increased. However, the State Government had not conducted any evaluation study for confirming this.

Further, the aim of bringing the BPL families above poverty line was defeated as upliftment of any BPL family was not reported by the PSs of the district. Thus, the objective of the project to improve the socio-economic condition of rural BPL families could not be achieved, which was indicative of improper planning.

### **2.1.5 Conclusion**

Due to underutilisation of funds by CEO, ZP RDC, Dungarpur, only Rs 6.63 crore could be released against project cost of Rs 8.29 crore which resulted in foreclosure of the project by GOI. Site selection for anicuts was made without ensuring their suitability, proper utility and public participation. In the absence of any provision for lifting of stored water from anicuts to the fields for strengthening agricultural and other related activities, objective of improving socio-economic condition of BPL families could not be achieved.

## **2.2 Implementation of Rashtriya Sam Vikas Yojana**

### **2.2.1 Introduction**

Union Planning Commission launched *Rashtriya Sam Vikas Yojana* (RSVY) as a scheme fully funded by Government of India (GOI) in 2002-03 with focus on developmental programmes for backward areas to improve the quality of life of the people. The project activities under RSVY to be implemented (2003-06) in Banswara and Dungarpur districts were subsequently extended upto March 2007. GOI provided a sum of Rs 15.00 crore per year for each of the district for a period of three years i.e., a total of Rs 45.00 crore per district. The State Government was to release the funds to the District Rural Development Agency now *Zila Parishad* (Rural Development Cell) (ZP RDC) and book the expenditure to a separate head created for the scheme.

The main activities incorporated in the original/revised plans of Banswara and Dungarpur Districts were (i) Agriculture, (ii) Soil and water conservation, (iii) Animal husbandry and dairy development, (iv) Capacity building, (v) Information technology and (vi) Monitoring and evaluation.

Records relating to RSVY for the period 2003-06 were test checked in the Panchayati Raj Department (PRD), ZPs RDC, Banswara and Dungarpur and all the executing agencies (*Appendix-V*) including Government Departments and Non-Government Organisations (NGOs) in Banswara and Dungarpur during November 2005 to August 2006 which revealed the following:

### 2.2.2 Lack of proper planning

- The main objective of the scheme as per guidelines was to solve the problems of low agricultural productivity and unemployment for which critical gaps in physical and social infrastructure were to be identified and filled up during implementation of the scheme. It was, however, observed that neither the critical gaps nor the relevant output/performance indicators of pre and post project period were identified/reported by the District Administration/PRI. Therefore, the extent to which the scheme achieved the intended objectives could not be adjudged.

- The Chief Executive Officers (CEOs), ZPs RDC Banswara and Dungarpur informed (May and June 2008) that 90 per cent targets were achieved. It was, however, seen that achievements (*Appendix-VI*) shown against the physical and financial targets were attained against revised plan in extended period of the scheme. Moreover, achievements were not linked to the ultimate objectives of the scheme i.e., extent to which the scheme had solved the problems of low agricultural productivity and unemployment.

### 2.2.3 Agriculture, Soil and Water Conservation

Position of targets/achievements of both the districts as per revised plan has been shown in *Appendix-VI*.

**Irregular expenditure of Rs 2.63 crore on construction of anicuts etc. in command areas.**

**2.2.3.1** Audit scrutiny revealed that District Collector, Banswara sanctioned (June 2004 to March 2006) total 48 works of water harvesting structures/activities/lift irrigation schemes at a cost of Rs 2.63 crore which were got executed by seven<sup>15</sup> executing agencies in the areas which were already in the command area of Mahi Bajaj Sagar Irrigation Project (MBSIP). On being pointed out Secretary-cum-Commissioner, RD&PRD stated (September 2007) that works were executed on demand of deprived farmers to irrigate land in non-irrigated/dark zone. Further, CEO, ZP RDC, Banswara while accepting the facts stated (July 2008) that some area in the command of the MBSIP remained un-irrigated due to non-development of lift irrigation system therefore action for declaring this area as non-command is under process with the Government. However, copy of proposals if any for declaring this area as non-command had not been furnished to audit (February 2010).

**Compensation of Rs 6.50 lakh was not imposed/recovered from contractors for delay in starting and completion of works.**

**2.2.3.2** Scrutiny of 11 test checked cases in Public Works Department Division, Dungarpur (six cases) and Irrigation Division, Banswara (five cases) revealed that in three cases compensation of Rs 6.06 lakh (10 per cent of work order amount) leviable on contractors for not starting the works by the stipulated dates of completion of works was not imposed and in one case, compensation of Rs 0.44 lakh imposed for delay in execution/completion of work (non-maintaining of *pro rata* progress) was not recovered (February 2010) (*Appendix-VII*). CEO, ZP RDC, Dungarpur intimated (February 2010) that in two cases where works were started after stipulated dates of

15. *Panchayat Samitis*, Bagidora (10 works), Talwara (three works), Gadi (eight works), Ghatol (14 works), Kushalgarh (eight works), NGOs, SWACH (two works) and N M Sadguru Water and Development Foundation, Dahod, Dungarpur (three works).



completion, 0.10 per cent and 0.98 per cent penalty had been imposed and recovered.

**Execution of works by engaging contractors contrary to rules led to extra expenditure of Rs 10.31 lakh.**

**2.2.3.3** Rajasthan Panchayati Raj Rules (RPRRs), 1996 did not permit execution of works through contractors. Further, all financial sanctions for execution of works clearly mentioned that the works were to be executed as per rates prescribed in *Gramin Karya Nirdeshika* (GKN). Contrary to this CEO, ZP RDC, Dungarpur got 16 works (related mostly to construction of godowns) executed at a cost of Rs 77.62 lakh irregularly through contractors at rates 10 to 19 per cent above the schedule 'G'<sup>16</sup>. This resulted in avoidable excess expenditure of Rs 10.31 lakh due to allowing tender premium.

**Expenditure of Rs 9.14 lakh incurred on CLISs lying non-operational for want of electric connections resulted in blocking of funds.**

**2.2.3.4** Scrutiny revealed that an NGO (People's Education and Development Organisation) (PEDO) of Mada village (District Dungarpur) spent (2003-06) Rs 9.14 lakh on renovation of 11 Community Lift Irrigation Schemes<sup>17</sup> (CLISs) out of 75 CLISs sanctioned (2003-05) for Rs 65.06 lakh by District Collector, Dungarpur but these could not be made operational for want of electric connections resulting in blocking of funds. On being pointed out, CEO, ZP RDC, Dungarpur stated (February 2007) that outstanding amount of electricity charges had been deposited with *Vidyut Vitaran Nigam* Limited and re-connection of CLISs would be got done soon but CLISs were not made operational till February 2010. Besides, remaining 54 CLISs were made operational and on 10 CLISs no expenditure was incurred.

**Excess expenditure due to valuation on higher rates.**

**2.2.3.5** The rate of construction of minor check dams with Random Rubble (RR) stone for drainage line treatment was Rs 45.70 per cubic metre (cum) as per GKN 2000. The District Level Unit Cost Assessment Committee, Banswara fixed (January 2004) the rate of this item as Rs 62.90 per cum in case of check dams where RR stone was available at site. Scrutiny of Measurement Books of check dams where RR stone was available locally revealed that higher rates of Rs 137.30 per cum were adopted by Divisional Forest Officer, Banswara for valuation of works instead of Rs 62.90 per cum. This resulted in excess expenditure of Rs 1.99 lakh.

Secretary-cum-Commissioner, RD&PRD stated (September 2007) that technical estimates were revised according to requirement, which justified the rates paid. Reply is not relevant as it speaks about check dams of higher specification (including masonry work) to be constructed by Soil Conservation Department.

**Purchase of construction material without consolidating annual demand and non-adopting open tender system resulted in extra expenditure of Rs 10.32 lakh.**

**2.2.3.6** RPRRs, 1996 stipulate that all the PRIs are required to consolidate the annual demand of material to be purchased and if the cost of material to be purchased is more than Rs 0.20 lakh, purchases are to be made through open tender system. Test check of records relating to purchase of construction material required for various structures under RSVY revealed that *Gram*

16. Schedule 'G' is based on GKN rates. GKN is a document containing basic schedule of rates for works executed by PRIs.

17. Dhangaon-I : Rs 0.36 lakh, Dhangaon-II : Rs 0.01 lakh, Baba ki Bar : Rs 0.23 lakh, Bedva : Rs 0.43 lakh, Prathvipura : Rs 1.40 lakh, Chibuda : Rs 1.34 lakh, Brabudniya : Rs 1.19 lakh, Divada-I : Rs 1.36 lakh, Divada-II : Rs 1.41 lakh, Kaveri Daryati : Rs 0.98 lakh and Bhuvvaro : Rs 0.43 lakh.

*Panchayats* (GPs) of four *Panchayat Samitis*<sup>18</sup> (PS) of Banswara district did not consolidate the annual demand and thereby not followed the open tender system. Comparison of rates at which material was procured for 38 works (relating to tanks, wells, water harvesting structure, anicut and roads) valued at Rs 1.55 crore with the available competitive rates in the same blocks/GKN 2004 rates revealed that extra expenditure of Rs 10.32 lakh was incurred due to rate difference. Besides, the construction material in most of these works (except cement) was procured from unregistered suppliers without ensuring deduction of Income Tax, Sales Tax and Royalty wherever applicable and payments were made in cash.

Secretary-cum-Commissioner, RD&PRD stated (September 2007) that tenders could not be invited due to non-availability of suppliers for supplying the material in remote areas and that the procurement cost of the material was less than the GKN rates. Reply was not tenable as other executing agencies (SWACH, Banswara and Irrigation Division, Dungarpur) had procured material by inviting open tenders at rates upto 15 *per cent* below the rates of GKN 2004. Whereas, material was procured by GPs of four PSs of Banswara above GKN rates.

#### **2.2.4 Animal Husbandry and Dairy Development**

Under dairy development programme, milk collection centres/societies were to be established by Banswara Dugdh Utpadak Sahakari Sangh Limited (BDUSSL) for developing marketing network of milk and milk products and funds were to be provided under RSVY for purchase and installation of equipments, machines etc.

**Capital assets procured at a cost of Rs 22.69 lakh proved wasteful as dairy unit became non-functional.**

**2.2.4.1** The Collector, Dungarpur sanctioned (during 2003-06) Rs 23.75 lakh under dairy development programme to Dungarpur dairy unit of BDUSSL for purchase of milk collection and distribution equipments against which BDUSSL procured (2005-07) capital assets worth Rs 22.69 lakh<sup>19</sup>. It was seen that money was sanctioned despite decreasing trend<sup>20</sup> in collection of milk from 3,575 Kilogram (kg) (2000-01) to 2,337 kg (2005-06) which further decreased to 1,664 kg in 2007-08. In view of decrease in collection of milk, the BDUSSL stopped milk collection (from 11 May 2008) and consequently dairy unit in Dungarpur became non-functional. CEO, ZP RDC, Dungarpur while accepting the facts stated (February 2010) that efforts were being made for making the dairy unit functional. Fact remains that the expenditure of Rs 22.69 lakh incurred on procurement of capital assets was rendered wasteful.

18. *Panchayat Samitis*, Bagidora : six works; Gadi : five works; Talwara : 14 works and Peepalkhant : 13 works.
19. (i) Milk packing machine : Rs 7.56 lakh, (ii) VMT tanks : Rs 2.97 lakh, (iii) expansion of milk pasteuriser : Rs 5.00 lakh, (iv) deep fridges (12) : Rs 3.00 lakh, (v) milk canes (200) : Rs 2.99 lakh and (vi) milk crates (1000) : Rs 1.17 lakh.
20. Year 2000-01 : 3,575 kg, 2001-02 : 2,641 kg, 2002-03 : 3,658 kg, 2003-04 : 3,641 kg, 2004-05 : 3,522 kg, 2005-06 : 2,337 kg, 2006-07 : 4,104 kg and 2007-08 : 1,664 kg.

**2.2.4.2** Rupees 61.39 lakh for dairy development activities were sanctioned (August 2005) to the BDUSSL, Banswara by the ZP RDC, Banswara (Rs 37.64 lakh) and ZP RDC, Dungarpur (Rs 23.75 lakh) of which Rs 55.27 lakh was spent (Banswara : Rs 32.58 lakh and Dungarpur : Rs 22.69 lakh) for dairy development activities. Despite due pursuance, records relating to expenditure of Rs 32.58 lakh (Banswara) were not produced to audit.

**Rs 5.50 lakh spent on poultry distribution programme proved unfruitful.**

**2.2.4.3** District Collector, Dungarpur sanctioned (February 2004) distribution of 500 poultry units (one cock and nine hens per unit) at a cost of Rs 5.50 lakh under poultry distribution programme to increase income of poor tribals. Accordingly, 5,000 cocks and hens were purchased (April 2004) as per targets by Deputy Director, Animal Husbandry, Dungarpur and distributed to 33 Self Help Groups through an NGO (PEDO) of Mada village (District Dungarpur) during April 2004. Review of related records revealed that of 5,000 cocks/hens distributed, 3,091 (62 per cent) died in the same month, 612 (12 per cent) in May 2004 and remaining 1,294 (except three) during June to December 2005. Progress reports (July to October 2004) revealed production of only 536 eggs by all units of which 225 eggs were sold for Rs 462 only. The remaining 311 eggs were kept for developing chickens. However, records regarding further progress made under the scheme had not been maintained. Thus, expenditure of Rs 5.50 lakh on poultry distribution programme remained unfruitful and the intended objective to increase the income of the poor tribals was not achieved.

Secretary-cum-Commissioner, RD & PRD stated (September 2007) that cocks and hens died in a very short span due to which neither insurance nor post-mortem to ascertain the actual cause of their death could be got done. The reply was not tenable as insurance of cocks/hens was not ensured by the Deputy Director, Animal Husbandry, Dungarpur immediately after purchase as provided in the scheme.

### **2.2.5 Capacity building and information technology**

Position of targets/achievements regarding capacity building and Information Technology (IT) of both the districts as per revised plan has been shown in *Appendix-VI*.

**Mobile van procured at a cost of Rs 16.78 lakh for imparting computer education to students of remote tribal areas remained unutilised.**

**2.2.5.1** Collector (Land Records), Dungarpur procured (December 2006) a mobile van equipped with computers (20 numbers), generator sets, printers, projector etc., at a cost of Rs 16.78 lakh and handed it over in the same month to District Education Officer (DEO), Dungarpur for imparting computer education to students of remote tribal areas. The van, however, had not been utilised since 05 October 2007 and was lying idle (February 2010) as driver, cleaner and trainer were not provided on the van. The DEO, Dungarpur while accepting the facts stated (May 2008) that mobile van could not be utilised in absence of budget provisions for its operation, maintenance and repairs. Thus, due to improper planning entire expenditure of Rs 16.78 lakh on procurement of mobile van remained unfruitful and the intended objective of imparting computer education to students of remote tribal areas was defeated.

**Irregularities in hiring of bus and procurement of training material.**

2.2.5.2 With a view to imparting small scale industrial training to 40 Self Help Groups, the ZP RDC, Banswara sanctioned (June 2005) Rs 21.40 lakh to Deputy Director, Integrated Child Development Scheme, Banswara against which an expenditure of Rs 19.26 lakh was shown as incurred (March 2006). However, it was seen that (i) a bus was hired (Rs 2.06 lakh) and training material including sewing machines was purchased (Rs 7.03 lakh) without inviting tenders in contravention of rule 183 (4) of RPRR, 1996; (ii) procured material was neither taken to stock nor its receipt obtained after distribution; (iii) in most of the cases bills of material purchased from the firms did not contain the Rajasthan Sales Tax/Central Sales Tax number and (iv) bus number, list of trainees taken for outing, tax payment and toll tax receipts of the bus were not found attached to the vouchers to verify the genuineness of journeys performed. Thus, in view of non-accounting of purchased material, possibility of misappropriation/ pilferages could not be ruled out.

**Non-imposition of liquidated damages of Rs 5.56 lakh for delayed/non-supply of computers.**

2.2.5.3 General Financial and Accounts Rules provide for imposing Liquidated Damages (LD) up to 10 per cent for delayed supply/non-supply of material within stipulated period. It was seen that ZP RDC, Dungarpur placed (January 2004) two supply orders at Director General, Supply and Disposal (DGS&D) rates to firm 'A' of Dungarpur (a firm which was not on DGS&D rate contract) for supply of 40 Zenith Desktops and peripherals at Rs 33.74 lakh. Zila Parishad cancelled the supply orders on 20 February 2004 on the request of the firm which failed to supply the material. However, LD of Rs 3.37 lakh (10 per cent of Rs 33.74 lakh) was not imposed on the supplier as the clause regarding imposition of LD for non-supply was not included in the supply order.

Subsequently, four supply orders were placed (20 February 2004) on another firm 'B' of Dungarpur with the stipulated date of supply as 16 April 2004. The material was actually received in parts between April and October 2004 with a delay upto 178 days but due LD of Rs 2.19 lakh was not recovered. Besides, Rs 1.95 lakh withheld by the Zila Parishad for imposing LD against the firm (firm 'B') was subsequently released (May 2005) to the firm 'B'. Secretary-cum-Commissioner, RD&PRD stated (September 2007) that purchase order was given on DGS&D rates wherein there was no provision for imposing LD for delay. Reply was not tenable as firms were not on DGS&D rate contract and LD of Rs 5.56 lakh could not be imposed and recovered (February 2010) due to non-inclusion of clause regarding recovery of LD for non-supply/delay in supply.

**Computer hall constructed at a cost of Rs 25.39 lakh in District Collectorate, Dungarpur was being used for other purposes.**

2.2.5.4 District Collector, Dungarpur sanctioned (January 2004 to December 2005) Rs 27.63 lakh for construction of a computer hall in Dungarpur Collectorate with the objective to develop 'Information Technology'. Scrutiny of records revealed that even after incurring expenditure of Rs 25.39 lakh (as of December 2006), intended purpose could not be served as office of ZP, RDC, Dungarpur was functioning in the computer hall. In reply CEO, ZP RDC, Dungarpur stated (February 2010) that the computer hall had been vacated from April 2008. Fact remains that no information had been given regarding use of hall for IT development.

### 2.2.6 Diversion of funds

**Diversion of funds of Rs 27.61 lakh on works not included in guidelines of the scheme.**

As per guidelines, funds under RSVY should not be used for construction or addition/alteration of office buildings. It was observed that District Collector, Dungarpur in contravention of scheme guidelines sanctioned (March-July 2006) construction of two office buildings at a total cost of Rs 29.61 lakh<sup>21</sup> from the funds of the scheme, against which an expenditure of Rs 27.61 lakh had been incurred (February 2010). CEO, ZP RDC, Dungarpur accepted (February 2010) the fact that expenditure was incurred on construction of office buildings.

### 2.2.7 Monitoring

**Non-identification/non-reporting of output indicators to adjudge benefits of the scheme.**

**2.2.7.1** Guidelines provided for identification of relevant output indicators to monitor the progress of the project. Such key indicators fixed if any were neither indicated in the progress reports of both the ZPs (sent to Deputy Commissioner (Training) PRD, Jaipur) nor related records shown to audit (February 2010) in order to adjudge the extent to which the scheme had solved the problems of low agriculture productivity and unemployment.

**Non-creation of the proper website.**

**2.2.7.2** The guidelines contained a mandatory provision for creation of a website to provide background information of the district, the district plan, results of the benchmark survey and the Management Information System (MIS) developed. The prioritised list of schemes, the reasons for taking up the schemes and the criteria for choice of locations were also required to be made available on the website to ensure complete transparency. It was seen that neither the required website was created nor any MIS developed. The CEO, ZP RDC, Dungarpur in reply stated (February 2010) that website of RSVY was available on the official website of Dungarpur and was being used. Reply was not tenable as prioritised list of the schemes, reasons for taking up the schemes and criteria for choice of locations were not made available on the website of both the districts defeating the objective of ascertaining complete transparency.

### 2.2.8 Conclusion

Due to non-identification/non-reporting of relevant output/performance indicators of pre and post project period, the extent to which scheme had solved the problems of low agricultural productivity and unemployment could not be adjudged. Though the website was created but details viz., prioritised list of schemes, reasons for taking up the schemes and criteria for selection of locations etc., as required regarding the scheme had not been placed on the website defeating the objective of ensuring complete transparency in implementation of the scheme. There were deviations from GKN and General Financial and Accounts Rules in the execution of works. Guidelines of the scheme and RPRR, 1996 were also not adhered to while sanctioning works.

21. Hall over District Information and Science Centre office building (sanctioned cost : Rs 7.99 lakh and expenditure : Rs 5.99 lakh) and Sub Tehsil building at Chikhli (sanctioned cost : Rs 21.62 lakh and expenditure : Rs 21.62 lakh).

## AUDIT OF TRANSACTIONS

### 2.3 Loss of revenue

#### Loss of revenue due to irregular allotment of land

**Allotment of residential plots of sizes bigger than the prescribed plinth area at concessional rates resulted in a loss of Rs 30.63 lakh.**

Rajasthan Panchayati Raj Rules (RPRR), 1996 provide that residential land should not be allotted below District Level Committee (DLC) rates decided by Sub-Registrar of the area concerned. However, under rule 158 (i) of RPRR, 1996 a *Gram Panchayat* (GP) can allot residential plots up to size of 150 square (sq) yards to persons belonging to Scheduled Castes, Scheduled Tribes, Other Backward Classes, Scavengers, Artisans, landless labourers, families selected under Integrated Rural Development Programme, Disabled persons, Migratory Tribes and Flood affected categories at concessional rates of Rs 2.00, Rs 5.00 and Rs 10.00 per sq metre in villages having population up to 1,000, from 1,001 to 2,000 and more than 2,000 respectively.

Test check (June 2007) of records of GP, Kherliganj, *Panchayat Samiti*, Atru, (District Baran) for the period 2005-07 it was noticed that GP allotted (2004 to 2006) 20 residential plots having area of more than 150 sq yards (11 plots: 266.66 sq yards; six plots: 177.77 sq yards; one plot: 222.22 sq yards; one plot: 444.44 sq yards and one plot: 566.67 sq yards) and recovered only Rs 45,100<sup>22</sup> at concessional rate of Re 1.00 per sqft<sup>23</sup> for 18 plots and Rs 0.50 per sqft<sup>24</sup> for two plots instead of prescribed rate of Rs 66.00 per sq feet decided by Sub-Registrar, Atru. Interestingly, two plots (each of 177.77 sq yards) were allotted to a single family (each one in the name of husband and wife). Though necessary undertaking in respect of their poor economic condition and having no other residential plots in the area was obtained from the applicants concerned at the time of allotment yet not a single person to whom the plots were allotted was included in the Below Poverty Line list.

The State Government while accepting the facts stated (July 2009) that as per decision of DLC action would be taken against defaulting *Sarpanch*/Secretary and directions had been issued to lodge the First Information Report against them.

Thus, by making allotment of plots without verifying the genuineness of the undertakings, the GP, Kherliganj provided undue benefit to the applicants by allotting the plots of more than 150 sq yards at concessional rates resulting in a loss of Rs 30.63 lakh<sup>25</sup>.

22. 43,100 sqft at the rate of Re one per sqft = Rs 43,100 and 4,000 sqft at the rate of Re 0.50 per sqft = Rs 2,000 (Total Rs 43,100 + Rs 2,000 = Rs 45,100).

23. Rupees 10.76 per sq metre (one sqft = 0.0929 per sq metre).

24. Rupees 5.38 per sq metre.

25. (266.66 sq yards x 11 + 177.77 sq yards x 6 + 222.22 sq yards + 444.44 sq yards + 566.67 sq yards) x 9 x Rs 66 per sq feet = Rs 31,08,527- Rs 45,100 = Rs 30,63,427.

## 2.4 Diversion/non-utilisation of funds

### 2.4.1 Diversion of funds

**Expenditure on repairs and maintenance works, not eligible under National Food for Work Programme led to irregular diversion of Rs 21.79 lakh.**

Government of India (GOI) introduced (2004-05) National Food for Work Programme (NFFWP) with a view to generate additional supplementary wage employment and providing of food securities through creation of need based economic, social and community assets. As per NFFWP guidelines, funds should not be used as a substitute for plans of other departments/agencies. Further as per the guidelines once the construction of a community asset is completed, it should be handed over to *Panchayat* concerned for maintenance. The assets, thus, created would be owned by Panchayati Raj Institutions (PRIs) and their cost of maintenance would be borne by the State Government.

Test check (December 2006) of records of *Zila Parishad* (Rural Development Cell) (ZP RDC), Udaipur for the year 2005-06 revealed that in contravention of above directives, the ZP RDC, Udaipur sanctioned (2005-06) 90 works with an estimated cost of Rs 32.30 lakh for repairs and maintenance (strengthening) of irrigation canals owned by Irrigation Department (now Water Resources Department). The Executive Engineers (EE), Irrigation Divisions, Udaipur and Salumber being executing agencies incurred an expenditure of Rs 21.79 lakh on these works from the funds of NFFWP.

The Chief Executive Officer, ZP RDC, Udaipur stated (July 2007 and February 2009) that sanctions under NFFWP for strengthening of canals were issued as per guidelines and these works were taken on the demand of villagers and were of immediate requirement. The State Government also endorsed (February 2009) the views of the department. The reply was not tenable as the funds under NFFWP could be used only for creation of assets which were to be owned by PRIs and not for repairs and maintenance of assets owned by other departments.

Thus, expenditure incurred on repairs and maintenance of assets owned by other departments was in contravention of provisions of NFFWP which led to irregular diversion of funds of Rs 21.79 lakh.

### 2.4.2 Irregular expenditure

**Expenditure of Rs 16.63 lakh was incurred on execution of works not covered under Third State Finance Commission.**

As per the directions and guidelines (April 2006) of the State Government (Rural Development and Panchayati Raj Department), the works for construction of boundary walls (other than the boundary wall of school

buildings), community hall, platform, welcome gates and *hathai*<sup>26</sup> were prohibited and not be taken up under the Third State Finance Commission (TSFC) grants.

During audit (May 2007, October 2007 and February 2008) of *Panchayat Samitis* (PSs), Bhinai (Ajmer) and Thanagaji (Alwar) and *Zila Parishad* (ZP), Chittorgarh it was observed that 18 works of community halls, boundary walls, *hathai* and platforms though not covered under TSFC were sanctioned by *Vikas Adhikaris/Sarpanches* of respective PSs/*Gram Panchayats* (GPs) and an expenditure of Rs 16.63 lakh out of funds made available under TSFC was incurred thereon by GPs during 2006-08 as given below:

(Rupees in lakh)

Name of works	PS, Bhinai		PS, Thanagaji		ZP Chittorgarh		Total	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Community hall/ Meeting hall	3	2.68	-	-	3	5.97	6	8.65
<i>Hathai</i>	3	1.05	-	-	-	-	3	1.05
Boundary wall (other than school building)	-	-	4	5.16	3	0.97	7	6.13
Platform	-	-	-	-	2	0.80	2	0.80
<b>Total</b>	<b>6</b>	<b>3.73</b>	<b>4</b>	<b>5.16</b>	<b>8</b>	<b>7.74</b>	<b>18</b>	<b>16.63</b>

On this being pointed out *Vikas Adhikaris*, PSs, Bhinai and Thanagaji stated (May 2007 and October 2007) that these works were done in public interest and to avoid encroachments respectively. The ZP, Chittorgarh did not furnish any reply. The replies of PSs, Bhinai and Thanagaji were not tenable as the expenditure incurred on works was not covered under the TSFC grants and were strictly prohibited. These works could have been executed through other schemes<sup>27</sup> in which sufficient funds were available during 2006-08 and the work of boundary wall was also permissible under those schemes.

The matter was referred to the State Government in March 2009, reply has not been received (March 2010).

## 2.5 Avoidable payment/expenditure

### 2.5.1 Avoidable payment

**Issue of supply completion certificate inspite of termination of agreement owing to non-completion of supply within the stipulated period led to avoidable payment of Rs 1.03 crore.**

The State Government (Rural Development Department) (RDD), executed (March 1996) rate contract with a firm<sup>28</sup> for supply of rigid PVC pipes and

26. *Hathai* - platform around the tree.

27. Member of Parliament Local Area Development Scheme, Member of Legislative Assembly Local Area Development Scheme, *Guru Golwalkar Yojna* and *Swa-Vivek Yojana* etc.

28. M/s Aravali Tubes Private Limited, Hansi, District Hissar (Haryana).



fittings valuing Rs 8.48 crore and placed orders during April and August 1996 for supply of goods valuing Rs 6.35 crore. The supplies were to be made at offices of the 14 Project Directors<sup>29</sup> (PDir), District Rural Development Agencies (DRDAs) within a period of six months from the date of agreement. The goods were to be accepted after inspection by the inspecting agency<sup>30</sup>. The final payment of the goods received was to be released within 30 days from the date of delivery of goods and issue of final acceptance certificates by the various consignees.

Scrutiny (December 2006) of the records of PDir (Administration), RDD, Jaipur, revealed that the firm supplied pipes and fittings valuing Rs 6.24 crore against the ordered quantity valuing Rs 6.35 crore upto March 1997. However, the contract was terminated (November 1997) by the department under clause 22.2 of the agreement i.e., non-completion of the supply within the stipulated period and the bank guarantees of Rs 86.00 lakh were invoked (November/December 1997). Interestingly, the same PDir-cum-Deputy Secretary (Engineering) who invoked bank guarantees due to non-observance of contract agreement furnished a supply completion certificate to the firm on 11 March 1998.

It was further observed that pipes supplied in 12 DRDAs were damaged during installation and testing. The department assessed (May 1998) after expiry of warranty period (March 1998) total value of these damaged pipes and other incidental charges as Rs 38.43 lakh<sup>31</sup>. This confirmed that the various consignees (PDirs, DRDAs) had also issued acceptance certificates without ensuring the quality of pipes. Joint inspection conducted (December 1998 i.e., after expiry of warranty period) by the Special Schemes and Integrated Rural Development, Government of Rajasthan and M/s RITES<sup>30</sup> revealed that un-inspected and rejected materials alongwith some good materials had been supplied by the firm. Since the supply completion certificate was issued in the matter as such the Umpire (the third arbitrator) allowed (July 2005) partial claim of Rs 8.26 lakh (for defective supplies) from forfeited bank guarantees of Rs 86 lakh on the plea that there was no relevance or sanctity of joint inspection after the warranty period. He directed to refund the balance amount of Rs 77.74 lakh (Rs 86 lakh - Rs 8.26 lakh) along with interest. The department after taking advice from Law Department and Advocate General, Rajasthan, paid amount of Rs 77.74 lakh and interest of Rs 73.08 lakh on 30 March 2006 and 4 April 2006 respectively in view of decision of the Umpire.

29. DRDAs, Banswara, Baran, Bhilwara, Bundi, Chittorgarh, Dholpur, Dungarpur, Jhalawar, Kota, Rajsamand, Sirohi, Sawaimadhapur, Tonk and Udaipur.

30. M/s Rail India Technical and Economic Services (RITES).

31. DRDAs, Banswara : Rs 2.66 lakh, Baran : Rs 1.67 lakh, Bhilwara : Rs 4.49 lakh, Bundi :Rs 0.53 lakh, Chittorgarh : Rs 17.81 lakh, Dungarpur : Rs 3.68 lakh, Jhalawar : Rs 4.35 lakh, Kota : Rs 1.03 lakh, Rajsamand : Rs 0.73 lakh, Sawaimadhapur : Rs 0.03 lakh, Tonk : Rs 0.95 lakh and Udaipur : Rs 0.50 lakh.

Financial Advisor, RDD while accepting the facts stated (July 2009) that First Information Report had been lodged against the defaulting officer.

Thus, due to issue of supply completion certificate inspite of termination of agreement owing to non-completion of supply within the stipulated period led to avoidable payment of Rs 1.03 crore<sup>32</sup>.

### 2.5.2 Avoidable expenditure

**Defective construction of a hostel building and non-utilisation of a college building led to avoidable expenditure of Rs 13.17 lakh on repairs and payment of rent, besides blocking of Rs 8.68 lakh on the college building for more than six years.**

*Zila Parishads* (Rural Development Cell) (ZPs RDC), Churu and Nagaur sanctioned the construction works of hostel building at *Bapa Seva Sadan*, Sardarshahar (District Churu) and Girls College building at Nagaur under Member of Parliament Local Area Development Scheme (Rs 30 lakh<sup>33</sup> in October 1997-March 2001) and Member of Legislative Assembly Local Area Development Scheme (MLALADS: Rs 10.00 lakh<sup>34</sup> in April 2002) respectively. The construction of hostel building was completed (November 2001) by *Panchayat Samiti*, Sardarshahar and *Bapa Seva Sadan* at a cost of Rs 21.73 lakh, but its boundary wall was left incomplete after incurring an expenditure of Rs 7.56 lakh. The work of college building was completed (May 2003) by Executive Engineer, Public Works Department, Nagaur at an expenditure of Rs 8.68 lakh (MLALADS: Rs 5.84 lakh and Relief funds: Rs 2.84 lakh).

Test check (November 2006 and January 2007) of records of ZPs RDC, Churu and Nagaur revealed that hostel building at Sardarshahar was not put to use due to defective construction/leakages in its roof and unsatisfactory works of doors and windows. The joint inspection conducted (November 2006) by Audit and departmental authorities concerned also revealed that the building was in dilapidated condition with cracks. Scrutiny of inquiry report revealed that the engineer-in-charge of PS had changed some items of works from the approved technical estimates without getting approval of competent authority which was indicative of fact that PS had not ensured the quality and specification of works. The college building at Nagaur was not put to use for the envisaged purpose due to inadequate accommodation and lack of basic facilities such as toilets, drinking water etc., due to which the college was running in a rental building. It is evident that ZP RDC failed to monitor the utilisation of funds released to executing agency.

Secretary, RDD informed (August 2009) that after carrying out necessary repairs, the hostel building at Sardarshahar was being utilised since July 2009

32. Interest paid : Rs 73.08 lakh + claim raised : Rs 38.43 lakh - claim allowed : Rs 8.26 lakh = Rs 103.25 lakh (say Rs 1.03 crore).
33. Rupees 10.00 lakh (October 1997) for construction of eight rooms; Rs 10.00 lakh (January 2001) for dining hall, verandah and bath room and Rs 10.00 lakh (March 2001) for boundary wall.
34. MLALADS : Rs 7.16 lakh and Relief funds : Rs 2.84 lakh.

for the envisaged purpose. The fact, however, remains that hostel building was not put to use for more than seven years because of defective construction and an additional expenditure of Rs 7.48 lakh had to be incurred on its repairs.

About college building at Nagaur, the Secretary, Panchayati Raj Department stated (November 2007) that action was being taken to hand over it, but the same had not been handed over as of September 2009. The Government, however, did not inform about action taken to create adequate accommodation and basic facilities in the building because of which it was not taken over by the college authorities. It was also seen that prior consent of the college authorities was not obtained before starting the construction activities which indicated lack of proper coordination and planning. Thus, inspite of incurring an expenditure of Rs 8.68 lakh on its construction, the college building could not be put to use for the intended purpose for more than six years. Besides, Government had to incur avoidable expenditure of Rs 5.69 lakh towards payment of rent for running the college in a private building for the period January 2004 to April 2009.

## 2.6 Wasteful/unfruitful expenditure

### 2.6.1 Wasteful expenditure

**Expenditure of Rs 21.02 lakh incurred on plantation works under Combating Desertification Project rendered wasteful due to low survival rate and the intended objective of combating desertification was not achieved.**

The Principal Chief Conservator of Forests categorised (November 1990) plantation under any scheme as good, ordinary and failure where survival rate of plantation was above 70 per cent, 40 to 70 per cent and below 40 per cent respectively.

Test check (January 2007) of records of *Zila Parishad* (Rural Development Cell) (ZP RDC), Nagaur revealed that ZP RDC, Nagaur sanctioned (March 2003-June 2005) plantation works at nine sites in 167 hectares of land for planting 83,500 saplings under Combating Desertification Project (CDP) Phase-III and IV. Forest Department, Nagaur was the nodal agency and the works were got executed through *Gram Panchayats* (GPs). Various GPs incurred an expenditure of Rs 29.52 lakh on plantation during the years 2003-2005. Scrutiny of records revealed that the survival rates of plantation at five sites<sup>35</sup> under CDP Phase-III and four sites<sup>36</sup> under CDP Phase-IV ranged between 1.9 per cent and 37.5 per cent (**Appendix-VIII**). Project Evaluation Report for the period 2002-07 (Phase-III) of Forest Division, Nagaur attributed low survival rate of plants due to negligence of GPs in protection of plants. Thus, the expenditure of Rs 21.02 lakh incurred on non-survived plants became wasteful.

35. Budot, Bhainsdakalan, Jhardia, Begsar and Achhojai-A.

36. Saradi, Dasana khurd, Asalsar and Banded.

The Chief Executive Officer, ZP RDC, Nagaur stated (October 2007) that the Forest Department, Nagaur had been asked to submit the inquiry report after re-counting of survived plants on these sites. Appropriate action would be taken according to the inquiry report as soon as it is received in ZP. Further, Deputy Conservator of Forests, Nagaur stated (May 2009) that inquiry report was still awaited. The reasons for failure of plantations though called for were not intimated (March 2010).

Thus, the expenditure incurred on these plantations did not serve the intended purpose of combating desertification and rendered the expenditure of Rs 21.02 lakh as wasteful.

The matter was referred to the State Government in October 2007, April 2008 and August 2009; reply was awaited (March 2010).

### **2.6.2 Unfruitful expenditure on non-justifiable anicuts**

**Construction of non-justifiable anicuts under Swarnjayanti Gram Swarojgar Yojana resulted in unfruitful expenditure of Rs 27.71 lakh.**

Chief Executive Officer (CEO), Zila Parishad (Rural Development Cell) (ZP RDC), Sawaimadhopur accorded administrative sanction (August 2004) and financial sanctions (November-December 2004) of Rs 29.03 lakh<sup>37</sup> for construction of three anicuts in Panchayat Samiti (PS), Bamanwas under Swarnjayanti Gram Swarojgar Yojana (SGSY) with the objective of increasing the recharging activity of nearby wells. The construction of anicuts was completed by the Gram Panchayats (GP) concerned at an expenditure Rs 27.71 lakh (Phutipal: Rs 9.34 lakh, Sarai: Rs 9.97 lakh and Tundila: Rs 8.40 lakh) as of March 2007.

Test check of records of PS, Bamanwas (District Sawaimadhopur) for the period 2005-07 revealed (July 2007) that Assistant Engineer (AEN) of the PS had after conducting inspection of the proposed sites, reported to the CEO on 11 October 2004 the non-feasibility of these anicuts stating that the site of Phutipal anicut was lying between Govind Sagar anicut (0.5 km upstream) and Bairda earthen dam (one km downstream) intercepting the stored water; Sarai anicut was proposed on a *nallah* where two anicuts/check dams were already constructed by Watershed Development and Soil Conservation Department at a distance of one km and Tundila anicut was to be fed by surplus water discharged through waste weir<sup>38</sup> of Mora Sagar dam the height of which was already raised by 1.5 feet to increase storage capacity of the dam, thus leaving least scope of surplus water for the proposed anicut. The AEN reiterated the same report about Tundila anicut on 29 October 2004. Surprisingly, the same AEN ignoring his previous reports subsequently prepared the estimates and technical reports for constructing these anicuts to increase the recharging activity of nearby wells and the same were forwarded on 29 October 2004 and 27 November 2004 to CEO for issuing technical sanctions. Without giving due

37. Phutipal (GP - Bichhochh) : Rs 9.34 lakh; Sarai (GP - Shafipura) : Rs 9.97 lakh and Tundila (GP - Zahira) : Rs 9.72 lakh.

38. Waste weir resembles ordinary solid weirs in providing for the surplus discharge from a reservoir.

cognizance to non-feasibility reports of the same AEN, the ZP RDC, Sawaimadhopur issued technical and financial sanctions which led to unfruitful expenditure of Rs 27.71 lakh on unwarranted construction of the anicuts earlier not found technically feasible by the AEN.

On this being pointed out by audit, *Vikas Adhikari*, PS, Bamanwas stated (July 2007) that anicuts were constructed on the demands of villagers and were being used for irrigation purposes. Reply was not tenable as the AEN of PS did not find the construction of anicuts justified as other anicuts were available within a distance of one kilometre on the same stream (Phutipal and Sarai anicuts) and there was little scope of surplus water (Tundila anicut). Moreover, PS did not maintain any records/data of quantity of water actually stored in the anicuts which was being used for irrigating the fields.

Thus, construction of non-justifiable anicuts resulted in unfruitful expenditure of Rs 27.71 lakh.

The matter was referred (March 2009) to Government; their reply had not been received (March 2010).

### **2.6.3 Unfruitful expenditure on water supply projects**

#### **Lack of proper monitoring by Zila Parishad, Churu led to unfruitful expenditure of Rs 24.51 lakh on water supply projects under Swajaldhara Yojana.**

As per guidelines issued (June 2003) by Government of India (GOI), the grants were to be released by the GOI in two equal instalments for implementation of the projects approved under *Swajaldhara Yojana*, a Centrally Sponsored Scheme. The first instalment (50 per cent) was to be released at the time of sanction of project and second instalment subject to submission of Utilisation Certificates (UCs) at least for 60 per cent of available funds. The works were to be executed within a period of 12 to 18 months at *Gram Panchayat* level by Village Water and Sanitation Committee (VWSC) under the technical guidance of line department.

Test check (November 2006) of records of *Zila Parishad* (ZP), Churu revealed that ZP, Churu issued (February 2004 subsequently revised in December 2005) administrative and financial sanctions of Rs 50.48 lakh (including public contribution of Rs 4.99 lakh) for three water supply projects at Villages Neshal, Nuhand and Bhainsli of *Panchayat Samiti*, Rajgarh, District Churu. Though a sum of Rs 24.51 lakh<sup>39</sup> had been spent (May 2005) on execution of

39. Neshal : Rs 12.89 lakh (Tube wells, Pumps and Over head service reservoir), Nuhand : Rs 5.60 lakh (Tube wells and Pumps) and Bhainsli : Rs 6.02 lakh (Tube wells, Pumps and Electric connection).

above three projects, yet the projects were still lying incomplete<sup>40</sup> (July 2009) for more than four years due to paucity of funds in two projects (Neshal and Nuhand) and closure of one project (Bhainsli) by the ZP, Churu at incomplete stage due to use of the project by the Chairman, VWSC for personal benefit.

The second instalment of Rs 19.72 lakh<sup>41</sup> could not be received from the GOI due to non-submission of UCs to GOI in respect of funds released towards I instalment because of pending adjustment in the books of accounts of ZP, Churu in respect of funds released to VWSC owing to non-receipt of expenditure details from VWSC, Bhainsli. The ZP, Churu did not initiate concerted action to ensure the proper utilisation of funds released and timely receipt of UCs from the VWSCs concerned. Further, VWSCs could collect only Rs 2.63 lakh as public contribution against due contribution of Rs 4.99 lakh leading to short collection of Rs 2.36 lakh.

On this being pointed out (November 2006 and April 2007), the Additional Chief Executive Officer, ZP, Churu while accepting the facts stated (July 2009) that the second instalment of Rs 14.19 lakh had been received (July 2008) and Rs 0.94 lakh of public contribution had also been received upto January 2009. It was further stated that construction work of Nuhand project had been taken up and Neshal project had been completed. However, scrutiny of records submitted with the reply revealed that only distribution lines had been completed and rising main and electric work of Neshal project were incomplete. The matter relating to Bhainsli project was stated to be under police investigation.

However, the fact remains that projects which were to be completed within 12 to 18 months remained incomplete for more than four years and an expenditure of Rs 24.51 lakh incurred thereon remained unfruitful and the intended purpose of providing potable water to rural public was also not achieved.

The matter was referred to State Government in September 2007 and September 2009; reply was awaited (March 2010).

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40. Neshal : Electric Connection, Laying & jointing of pipeline, Nuhand : Over head service reservoir, Electric connection and Laying & jointing of pipeline and Bhainsli : Over head service reservoir and Laying & jointing of pipelines.

41. Rupees 50.48 lakh (sanctioned amount) – Rs 25.77 lakh (I instalment received) – Rs 4.99 lakh (Public contribution) = Rs 19.72 lakh.

### 2.6.4 Unfruitful expenditure on college building

#### **Non-utilisation of college building constructed under MLALADS/ MPLADS due to lack of coordination led to unfruitful expenditure of Rs 20.83 lakh.**

Zila Parishad (Rural Development Cell) (ZP RDC), Kota issued financial sanctions (September 2000-May 2003) of Rs 82.45 lakh<sup>42</sup> for construction of Government College building at Ramganjmandi comprising 11 blocks ('A' to 'K'), a front block, a tube well and boundary wall under Member of Legislative Assembly Local Area Development Scheme (MLALADS) (Rs 77.45 lakh) and a library room under Member of Parliament Local Area Development Scheme (MPLADS) (Rs 5.00 lakh).

During test check (April 2006) of records of ZP RDC, Kota for the year 2004-05, it was noticed that Executive Engineer (EE), Public Works Department (PWD), District Division, Kota, the Executing Agency (EA) incurred an expenditure of Rs 80.87 lakh<sup>43</sup> on construction of the college building. The EA intimated (April 2004) to the Chief Executive Officer (CEO), ZP RDC, Kota that works of blocks 'A' to 'K' had been completed and requested to direct the college authorities to take possession of the building. The EA also requested (July 2004) college authorities directly for the same. The Principal, Government College, Ramganjmandi informed (April 2006 and March 2008) that building Committee which was constituted (July 2005) by college authorities pointed out (July 2005) defects in works and lack of basic facilities such as doors/windows, flooring, plastering, electric and sanitary fittings etc., in 'A' to 'C' and 'G' to 'K' blocks. The college authorities were not ready to take over possession until defects were rectified, on the other hand EA was also not agree to rectify the defects until the possession was taken over by the college authorities. However, the ZP RDC, Kota which was ultimately responsible for successful implementation of the scheme as per provisions of *Gramin Karya Nirdesika* could not ensure proper coordination between EA and college authorities as a result of which construction was not completed timely and put to use. The EA could hand over 'D' 'E' and 'F' blocks on 10 July 2006. However, 'J' and 'K' blocks (Rs 14.51 lakh), incomplete library room (Rs 5.12 lakh) and tube well (Rs 1.20 lakh) could not be put to use (October 2009) because of defects, non-completion and low water level respectively and an amount of Rs 20.83 lakh spent thereon remained unfruitful for more than five years.

Secretary, Rural Development Department while accepting the facts stated (June 2008) that the CEO, ZP RDC, Kota had been contacting EE, PWD,

42. Blocks 'A' 'B' and 'C' (September 2000) for Rs 15.00 lakh, 'D' 'E' and 'F' (January 2001) for Rs 15.00 lakh, 'G' 'H' 'I' 'J' and 'K' (June 2002) for Rs 29.45 lakh, front block (May 2003) for Rs 15.00 lakh, boundary wall (March 2003) for Rs 2.00 lakh, library room (June 2002) for Rs 5.00 lakh and tube well for Rs 1.00 lakh.
43. Blocks 'A' 'B' and 'C' (Rs 13.19 lakh), 'D' 'E' and 'F' (Rs 14.80 lakh), 'G' 'H' 'I' 'J' and 'K' (Rs 29.56 lakh), front block (Rs 15.00 lakh), boundary wall (Rs 2.00 lakh), tube well (Rs 1.20 lakh) and library room (Rs 5.12 lakh).

District Division, Kota to complete the remaining works of the college building.

Thus, non-utilisation of constructed portion of the college building due to lack of coordination among ZP RDC, Kota, EA and college authorities not only led to unfruitful expenditure to the tune of Rs 20.83 lakh but also defeated the intended purpose of providing better infrastructural facilities to the students.

### **2.6.5 Unfruitful expenditure on Ground Level Reservoirs/water tanks/tankas**

**Construction of Ground Level Reservoirs/water tanks/tankas without developing/ connecting to the source of water resulted in unfruitful expenditure of Rs 11.88 lakh.**

Rajasthan Panchayati Raj Rules (RPRR), 1996 provide that (i) all the works taken up for execution should be completed within stipulated time and no work should be taken up which cannot be completed in two financial years and (ii) the executing agencies/Panchayati Raj Institutions are responsible for proper utilisation and maintenance of all the assets created under different schemes.

It was observed during test check (January 2007) of records of *Zila Parishad* (ZP), Nagaur for the year 2005-06 that ZP, Nagaur sanctioned (February 2001 to June 2006) construction of 48 Ground Level Reservoirs (GLRs)/ water tanks/tankas<sup>44</sup> in different villages of four *Panchayat Samitis* (PSs) under Third State Finance Commission, Eleventh Finance Commission and Twelfth Finance Commission schemes. These GLRs/water tanks/tankas had been completed between April 2001 and July 2006 by *Gram Panchayats* (GPs) concerned by incurring an expenditure of Rs 16.79 lakh. Of these, 32 works could not be put to use for last three to eight years as there were no sources of water available in three cases and in 29 cases no connections were provided with the available water sources. Thus, there was planning and monitoring failure on the part of ZP, Nagaur as GLR/tank construction works and the supply/distribution works for water supply projects should have been sanctioned simultaneously so that assets created could have been put to use and expected benefits would have been provided to the people.

On this being pointed out (July 2007), the State Government intimated (October 2007) that of the above 48 works, 16 works were connected with water sources and 12 works for connecting the source of water had been taken up in the work plan of GPs concerned for 2007-08. However, it was observed that upto May 2009 only 16 GLRs<sup>45</sup>/water tanks/tankas were connected with

44. *Panchayat Samitis*, Ladnu : six, Deedwana : three, Kuchaman City : 27 and Makrana : 12.

45. *Panchayat Samitis*, Kuchaman City : 15 and Ladnu : one.



First Information Report (FIR) on the basis of complaint received (June 2005) in this regard. Interestingly, ZP, Dausa released funds of Rs 10.67 lakh<sup>49</sup> even after lodging of the FIR. Against the total transferred funds of Rs 29.13 lakh, utilisation certificates for Rs 15.96 lakh only were received from VWSCs. Thus, failure of the district nodal agencies as well as DWSC in proper planning and monitoring the execution of works not only allowed the Chairpersons of VWSCs to misuse the scheme funds of Rs 15.96 lakh but possibility of misutilisation of remaining funds of Rs 13.17 lakh could also not be ruled out. Moreover, the ZP, Dausa being the controlling agency failed in getting the successful implementation of *Yojana* as per para 2 (1) of *Gramin Karya Nirdeshika* 2004.

The Additional Chief Executive Officer (ACEO), ZP, Dausa stated (October 2007) that all the three schemes were lying incomplete and FIR was lodged against the Chairpersons of respective VWSCs with Police Station, Salempur. The ACEO further stated (January 2010) that private land where tube wells were constructed had been registered in the name of the VWSCs. However, the change of title of land does not ensure the proper utilisation of funds as information collected (February 2010) by Audit revealed that water of tube wells constructed on the land of Chairpersons of VWSCs was not made available to the general public through water connections and was being utilised for irrigation purpose in the field owned by the Chairpersons themselves.

Thus, due to approval of improper sites of schemes and non-monitoring of the executed works by the ZP, district nodal agency and DWSC the Chairpersons of VWSCs were allowed to use the scheme funds for their own benefit as a result of which the villagers could not get the benefit of the schemes even after spending of Rs 15.96 lakh.

The matter was referred to State Government (April 2007 and September 2009); reply was awaited (March 2010).

## 2.8 Other points

### 2.8.1 Encroachment and unauthorised occupation not evicted

**Panchayat Samiti failed to remove encroachment and unauthorised possession on land and buildings valuing Rs 40 lakh.**

As per Rajasthan Panchayati Raj Rules (RPRRs), 1996, *Panchayats* should keep records of all immovable properties, maintain them and carry out timely inspection of such properties. Further, Rules *ibid* provide that *Panchayat* concerned should conduct survey in January and July every year of trespassers on *Panchayati* land, issue notices to such trespassers for eviction and remove encroachment of properties with Police assistance.

49. Ound Meena (July 2009) : Rs 7.67 lakh and Ound Gurjar (March 2008) : Rs 3.00 lakh.

During test check (January 2006) of records of *Panchayat Samiti* (PS) Jhotwara (District Jaipur) for the year 2004-05, it was observed that immovable properties (Rs 75.20 lakh<sup>50</sup>) i.e., land and buildings (*Gram Sevak* quarters) of three abolished *Gram Panchayats* (GPs) (Nagal Jaisa Bohra, Khatipura and Rampura Rupa) under jurisdiction of *Panchayat Samiti* were encroached. One *Gram Sevak* quarter (estimated value: Rs 0.20 lakh) and open land measuring 6 *Bigha* 13 *Biswa* (estimated value: Rs 20.00 lakh) at GP, Nagal Jaisa Bohra and one *Gram Sevak* quarter at GP, Khatipura (estimated value: Rs 15.00 lakh) were encroached by local villagers. Further one *Gram Sevak* quarter (estimated value: Rs 20.00 lakh) and one room alongwith open land (estimated value: Rs 20.00 lakh) at GP, Rampura Rupa were encroached by a retired *Gram Sevak* and by Department of Posts (GOI) respectively since long period. No proper records of assets and recovery of rent from retired *Gram Sevak* and Post Office were maintained. The rent recoverable was not worked out by the PS. Neither any action under the provisions of RPRRs, 1996 was taken in time by the PS nor the PS lodged any report with police for restoration of possession and removal of encroachment from land and buildings.

*Vikas Adhikari* (VA) PS, Jhotwara intimated (May 2009) that three properties viz. *Gram Sevak* quarter (Rs 15.00 lakh) at Khatipura, 6 *Bigha* 13 *Biswa* open land (Rs 20.00 lakh) and *Gram Sevak* quarter (Rs 0.20 lakh) at Nagal Jaisa Bohra were got vacated by VA, PS, Jhotwara from encroachment of local villagers during 2006-09. Thus, encroachment and unauthorised possession on land and buildings of Rampura Rupa valuing Rs 40.00 lakh (*Gram Sevak* quarter: Rs 20.00 lakh and one room alongwith open land: Rs 20.00 lakh) were not removed by VA, PS, Jhotwara despite adequate legal provisions and powers available under relevant rules.

The matter was referred (April 2009) to the State Government for comments; reply was awaited (March 2010).

### 2.8.2 Excess release of incentive grant

**Inclusion of ineligible items of income led to excess release of incentive grant under Second State Finance Commission amounting to Rs 1.98 crore.**

With a view to motivating the *Gram Panchayats* (GPs) to levy taxes and to recover fees, the State Government, Panchayati Raj Department (PRD) launched (November 2002) Incentive Grant Scheme (Scheme) on accepting the recommendations of Second State Finance Commission (SSFC). As per instructions of the scheme, the GPs which increase their own revenue by levy of taxes and recovery of fees covered under Rajasthan Panchayati Raj Act, 1994 and Rajasthan Panchayati Raj Rules (RPRRs), 1996, would be given incentive grant equal to the amount of additional revenue collected by concerned GPs as compared to previous year's income from levy of such taxes and recovery of such fees. The incentive grant was admissible only on

50. Value of the properties was assessed (March 2004) by *Vikas Adhikari*, PS, Jhotwara.

recovery of taxes and fees from the persons/organisations from whom no such recovery was made earlier.

Test check of records of *Panchayat Samiti* (PS), Nainwa, Bundi (August 2006) for the period 2005-06 and Directorate, PRD (October 2006) for the period 2004-06 revealed that PRD sanctioned (June 2004-December 2005) incentive grant of Rs 2.21 crore to 17 GPs equal to additional revenue collected during the period 2000-05 against the admissible incentive grant of Rs 20.68 lakh (*Appendix-IX*). The additional revenue amounting to Rs 2.00 crore shown as recovered from rent of shops, sale proceeds of land and bank interest for the years 2001-02 to 2004-05 did not qualify for purpose of incentive grant as per instructions of the scheme as these amounts were not earned by levy of taxes and recovery of fees.

This had resulted in excess release of incentive grant of Rs 2.00 crore to 17 GPs in contravention of instructions which was required to be refunded to the Government.

On this being pointed out, the State Government stated (June 2008 and January 2009) that income earned by way of sale proceeds, rent and interest etc., also constitute the own income of the GP in addition to income from taxes and fees as per provision contained in rule 195 of RPRRs, 1996 and there was no reason to exclude the non-tax revenue earned for the purpose of incentive grant. The reply was not tenable as the incentive grant was to be paid only for that part of the own income which was collected additionally by levying of taxes and recovery of fees. The Government further intimated (December 2009) that excess grant of Rs 1.87 lakh on account of bank interest earned had been recovered from GPs concerned.

Thus, inclusion of items of income not admissible as per instruction of scheme for the purpose of working out the amount of incentive grant led to an excess release of Rs 1.98 crore and also defeated the purpose of motivating the GP to widen its tax base.

# **CHAPTER-III**

**AN OVERVIEW OF ACCOUNTS  
AND FINANCES OF URBAN  
LOCAL BODIES**



## **CHAPTER-III**

### **AN OVERVIEW OF ACCOUNTS AND FINANCES OF URBAN LOCAL BODIES**

#### **3.1 Introduction**

Consequent upon the Seventy-fourth Constitutional Amendment in 1992, Articles 243-P to 243-ZG were inserted in the Constitution whereby the legislatures could endow certain powers and duties to the Municipalities in order to enable them to function as institutions of Self-Government and to carry out the responsibilities conferred upon them including those listed in the Twelfth Schedule of the Constitution. The Rajasthan Municipalities Act, 2009 was enacted by repealing all the prevailing municipal laws and enactments<sup>1</sup>.

As per census 2001, the urban population of Rajasthan was 1.32 crore, which constituted 23.36 *per cent* of the total population (5.65 crore) of the State. There were three Municipal Corporations<sup>2</sup> (M Cors), 11 Municipal Councils<sup>3</sup> (MCs) and 169 Municipal Boards<sup>4</sup> (MBs) in Rajasthan as on 31 March 2007.

Out of 18 functions listed in the Twelfth Schedule of the Constitution, 16 functions (*Appendix-X*) were being performed by Urban Local Bodies (ULBs) and remaining two functions i.e., Water supply and Urban planning were not being performed by ULBs as of August 2008.

#### **3.2 Organisational set up**

At the State level, Secretary, Local Self Government Department (LSGD) is the administrative head and Director, Local Bodies (DLB) is responsible for monitoring and coordination of various activities of ULBs.

1. Bikaner Municipal Act, 1923; Udaipur City Municipal Act, 1945; Alwar State Municipalities & Small Towns Act, 1934 and Rajasthan Municipalities Act, 1959 etc.
2. Municipal Corporations, Jaipur, Jodhpur and Kota.
3. Municipal Councils, Ajmer, Alwar, Beawar, Bharatpur, Bhilwara, Bikaner, Pali, Sikar, Sriganganagar, Tonk and Udaipur.
4. Municipal Boards, Class-II (with population 50,000-99,999) : 39, Class-III (with population 25,000-49,999) : 58 and Class-IV (with population less than 25,000) : 72.

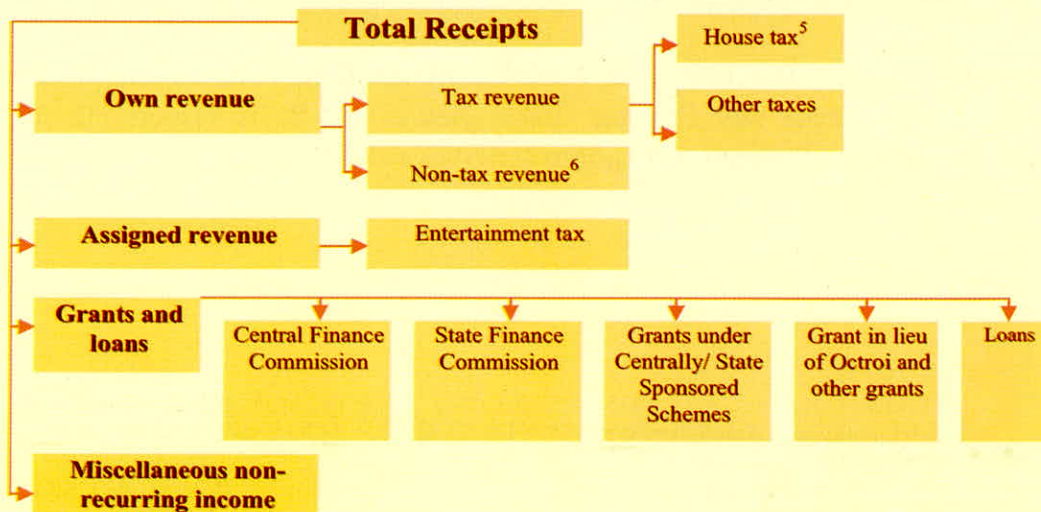
The organisational set up of ULBs is as shown below:



### 3.3 Financial management

#### 3.3.1 Sources of receipts and items of expenditure

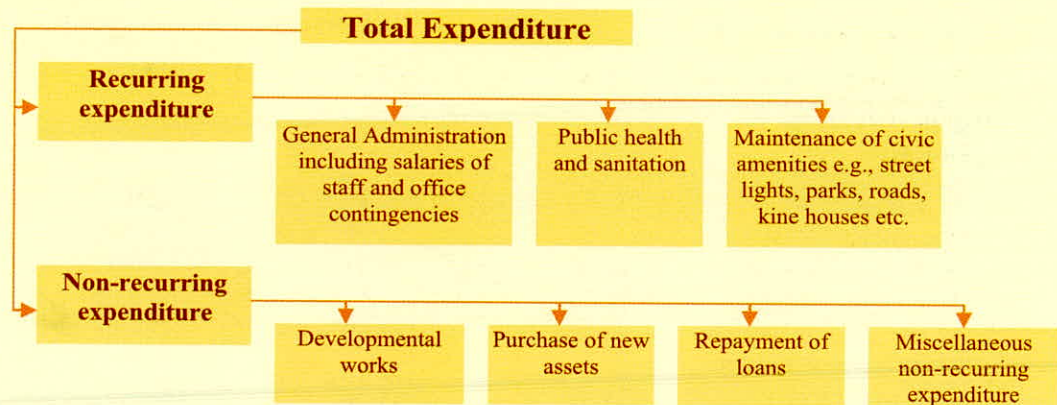
Various sources of receipts of ULBs are depicted as under:



5. Tax on annual letting value or area of building or land or both.

6. Income under By-laws and Acts, income from assets, sale of land, interest on investments and miscellaneous recurring income.

Various items of expenditure of ULBs are depicted as under:



### 3.3.2 Receipts and expenditure

The total receipts and expenditure of the ULBs during 2004-07 were as under:

#### (i) Receipts:

(Rupees in crore)

Sources of receipts	2004-05	2005-06	2006-07
(a) Tax revenue	21.80 (2.48)	41.23 (3.89)	27.56 (2.31)
(b) Non-tax revenue	159.93 (18.22)	233.84 (22.09)	300.53 (25.15)
<b>Total of own revenue</b>	<b>181.73 (20.70)</b>	<b>275.07 (25.98)</b>	<b>328.09 (27.46)</b>
(c) Assigned revenue	1.47 (0.17)	1.07 (0.10)	- -
(d) Grants and loans	602.61 (68.63)	666.24 (62.93)	749.61 (62.74)
(e) Miscellaneous non-recurring income <sup>7</sup>	92.19 (10.50)	116.37 (10.99)	117.02 (9.80)
<b>Grand Total</b>	<b>878.00</b>	<b>1,058.75*</b>	<b>1,194.72*</b>

Source: As per data provided by Director, Local Bodies, Rajasthan, Jaipur.

Note: Figures in brackets denote percentage to the total receipts.

\* Figures do not include grants released under recommendations of Twelfth Finance Commission and Third State Finance Commission as intimated (April 2010) by the State Government.

7. It includes deposits and recoveries of loans and advances.



(ii) **Expenditure:**

(Rupees in crore)

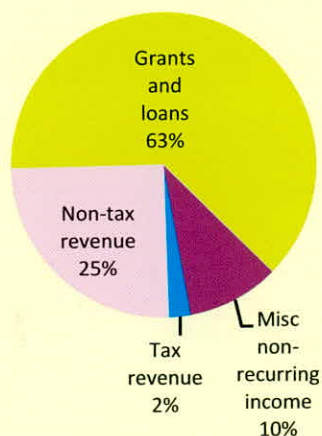
Items of Expenditure	2004-05		2005-06		2006-07	
<b>(A) Recurring expenditure</b>	484.38	(58.40)	524.98	(54.20)	594.53	(55.01)
<b>(B) Non-recurring expenditure</b>						
(a) Expenditure on developmental works	233.13	(28.11)	282.08	(29.12)	330.38	(30.57)
(b) Purchase of new assets	10.90	(1.31)	8.91	(0.92)	7.41	(0.69)
(c) Repayment of loans	11.23	(1.35)	13.92	(1.44)	8.42	(0.78)
(d) Miscellaneous non-recurring expenditure <sup>8</sup>	89.85	(10.83)	138.69	(14.32)	139.98	(12.95)
<b>Total (A+B)</b>	<b>829.49</b>		<b>968.58*</b>		<b>1,080.72*</b>	

Source: As per data provided by Director, Local Bodies, Rajasthan, Jaipur.

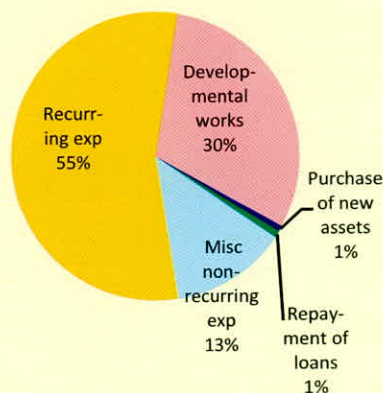
Note: Figures in brackets denote percentage to the total expenditure.

\* Figures do not include expenditure incurred out of grants released under recommendations of Twelfth Finance Commission and Third State Finance Commission as intimated (April 2010) by the State Government.

**Receipts - 2006-07**



**Expenditure - 2006-07**



(iii) The category-wise break-up of receipts and expenditure of ULBs is as under:

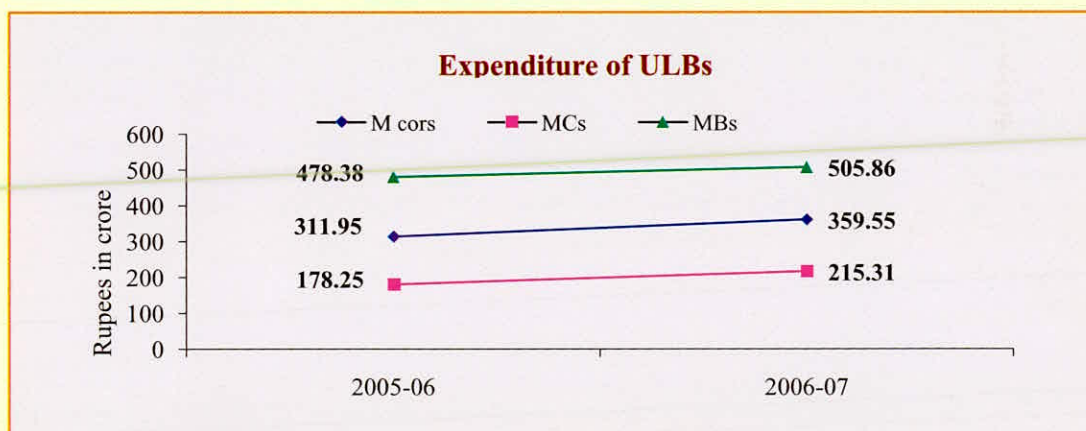
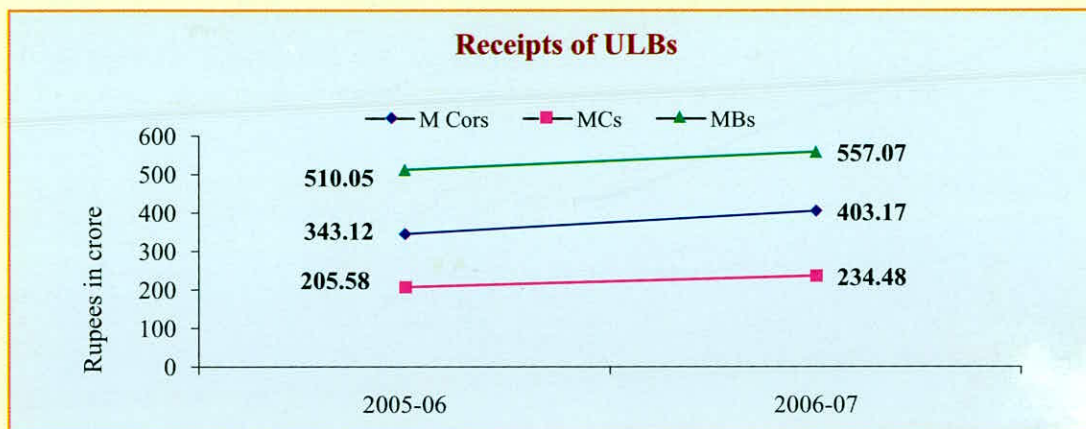
(Rupees in crore)

Category of ULBs	2005-06		2006-07		Percentage of increase (+)/ decrease (-)	
	Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure
<b>(A) Municipal Corporations</b>						
(1) Jaipur	222.99	206.56	283.27	244.19	(+) 27.03	(+) 18.22
(2) Jodhpur	53.04	42.56	54.40	52.80	(+) 2.56	(+) 24.06
(3) Kota	67.09	62.83	65.50	62.56	(-) 2.37	(-) 0.43
<b>Total (A)</b>	<b>343.12</b>	<b>311.95</b>	<b>403.17</b>	<b>359.55</b>	<b>(+) 17.50</b>	<b>(+) 15.26</b>

8. It includes refund or deposits, investments made and disbursement of loans and advances.

Category of ULBs	2005-06		2006-07		Percentage of increase (+)/ decrease (-)	
	Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure
(B) Municipal Councils (11)	205.58	178.25	234.48	215.31	(+) 14.05	(+) 20.79
(C) Municipal Boards (169)	510.05	478.38	557.07	505.86	(+) 9.22	(+) 5.74
<b>Grand Total (A+B+C)</b>	<b>1,058.75</b>	<b>968.58</b>	<b>1,194.72</b>	<b>1,080.72</b>	<b>(+) 12.84</b>	<b>(+) 11.58</b>

Source: As per data provided by Director, Local Bodies, Rajasthan, Jaipur.



The above financial trends indicate that:

- Own resources of ULBs were not adequate and they were dependent on grants and loans from the Central and State Governments being 62.93 per cent and 62.74 per cent during 2005-06 and 2006-07 respectively.
- Tax revenue of ULBs had decreased by 33.16 per cent during 2006-07 due to less recovery of tax on land and building (house tax) etc.
- While recurring expenditure had increased by 13.25 per cent from Rs 524.98 crore in 2005-06 to Rs 594.53 crore in 2006-07, the expenditure on purchase of assets decreased by 16.84 per cent from Rs 8.91 crore in 2005-06 to Rs 7.41 crore in 2006-07.

- The recurring expenditure on pay and allowances of the staff, office contingencies, maintenance of civic services, public health and sanitation etc., amounted to 55.01 *per cent* of the total expenditure in 2006-07.
- In M Cor, Jodhpur while receipts had increased by three *per cent* only, expenditure had increased by 24.06 *per cent* in 2006-07 as compared to 2005-06 due to increase in cost of material to be used in development works, laying of new electricity lines and extension of public utility services in the new colonies transferred under the jurisdiction of the M Cor, Jodhpur.

### 3.3.3 Own Revenue

3.3.3.1 The category-wise position of 'Own Revenue' realised by the ULBs and the percentage of own revenue to total receipts and recurring expenditure are as under:

(Rupees in crore)

Category of ULBs	2005-06					2006-07				
	Tax	Non-Tax	Total own revenue	Percentage of own revenue to total receipts	Percentage of own revenue to recurring expenditure	Tax	Non-Tax	Total own revenue	Percentage of own revenue to total receipts	Percentage of own revenue to recurring expenditure
<b>(A) Municipal Corporations</b>										
Jaipur	16.12	78.61	94.73	42.48	81.12	10.55	124.56	135.11	47.70	92.26
Jodhpur	0.79	16.26	17.05	32.15	48.90	0.94	15.97	16.91	31.08	44.15
Kota	3.34	3.06	6.40	9.54	15.77	2.50	4.20	6.70	10.23	15.56
<b>Total (A)</b>	<b>20.25</b>	<b>97.93</b>	<b>118.18</b>	<b>34.44</b>	<b>61.48</b>	<b>13.99</b>	<b>144.73</b>	<b>158.72</b>	<b>39.37</b>	<b>69.67</b>
<b>(B) Municipal Councils (11)</b>	7.79	27.68	35.47	17.25	31.36	6.14	40.49	46.63	19.89	35.17
<b>(C) Municipal Boards (169)</b>	13.19	108.23	121.42	23.81	55.28	7.43	115.31	122.74	22.03	52.42
<b>Grand Total (A+B+C)</b>	<b>41.23</b>	<b>233.84</b>	<b>275.07</b>	<b>25.98</b>	<b>52.40</b>	<b>27.56</b>	<b>300.53</b>	<b>328.09</b>	<b>27.46</b>	<b>55.19</b>

Source: As per data provided by Director, Local Bodies, Rajasthan, Jaipur.

The analysis of the above indicates that:

- During the year 2006-07, total 'own revenue' of ULBs accounted for 27.46 *per cent* of their total receipts which was enough to meet only 55.19 *per cent* of their recurring expenditure.
- 'Own revenue' of M Cor, Jodhpur had decreased from Rs 17.05 crore in 2005-06 to Rs 16.91 crore in 2006-07 due to less realisation of income from interest on investments and sale of land, while it had increased in M Cor, Jaipur by 42.63 *per cent* from Rs 94.73 crore to Rs 135.11 crore in 2006-07 and in case of M Cor, Kota by 4.69 *per cent* from Rs 6.40 crore to Rs 6.70 crore in 2006-07 due to increase in realisation of income under By-laws, income from assets, interest on investments, sale of land etc.
- 'Own revenue' of MCs and MBs had increased from Rs 35.47 crore to Rs 46.63 crore (31 *per cent*) and Rs 121.42 crore to Rs 122.74 crore (1.09 *per cent*) respectively during 2006-07 mainly due to increased collection of income under By-laws, income from assets, sale of land etc.

**3.3.3.2** The position of tax and non-tax revenue (excluding miscellaneous receipts in respect of which no targets/projections for collection were made) projected and actually realised by M Cors during 2005-07 is as under:

(Rupees in crore)

Name of Corporation	Tax Revenue				Non-tax Revenue (excluding misc. receipts)			
	2005-06		2006-07		2005-06		2006-07	
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual
Jaipur	36.00	16.12 (45)	40.00	10.55 (26)	39.95	33.74 (84)	69.40	58.13 (84)
Jodhpur	5.50	0.79 (14)	13.62	0.94 (7)	4.21	4.48 (106)	9.34	3.45 (37)
Kota	5.06	3.34 (66)	23.10	2.50 (11)	2.72	3.83 (141)	2.51	4.49 (179)

Source: As per figures adopted in the annual accounts of respective Municipal Corporations.

Note: Figures in brackets denote the percentage of actual realisation to the projected revenue.

The above trend indicates that during 2006-07 the realisation of tax revenue against the revenue projected in respect of three Municipal Corporations ranged between seven to 26 per cent. The M Cor, Jaipur could realise only Rs 10.55 crore against the projected amount of Rs 40.00 crore on account of tax revenue (tax on land and building – house tax). The reasons for shortfall in realisation of tax revenue by M Cor, Jaipur were attributed (April 2010) to declaration by political party to abolish the house tax and agitation of political parties on collection of house tax. Reasons advanced by M Cor, Jaipur were not convincing as effective steps prescribed under Rajasthan Municipalities Act such as issue of notices/warrants against the defaulters and action under Public Demand Recovery Act were not taken, which was indicative of non-effectiveness of internal control mechanism.

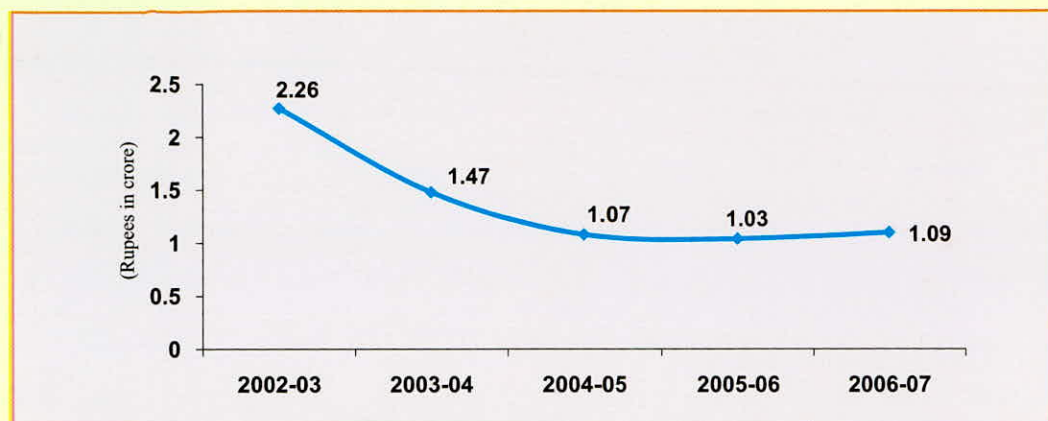
### 3.3.4 Assigned Revenue (Entertainment Tax)

The Second State Finance Commission (SSFC) had recommended that the State Government should release 15 per cent of net proceeds of entertainment tax<sup>9</sup> to ULBs.

The share of entertainment tax due to be released by State Government (Commercial Taxation and Finance Departments) to ULBs during the year 2002-03 was Rs 2.26 crore which gradually declined (52 per cent) to Rs 1.09 crore during the year 2006-07 due to relaxation in entertainment tax on newly constructed cinema halls, theatres etc., and reduction in rate of entertainment tax from 70 per cent to 50 per cent since January 2004. The Financial Advisor, Commercial Taxation Department intimated (March 2009) that due share of entertainment tax for the years 2005-06 to 2007-08 was released during the year 2008-09.

9. Collected by Commercial Taxation Department of State Government under Section 14 of the Rajasthan Entertainment Tax and Advertisement Tax Act, 1957.

### Due share of entertainment tax to ULBs



Source: As per data provided by Financial Advisor, Commercial Taxation Department, Government of Rajasthan, Jaipur.

### 3.3.5 Recurring and non-recurring expenditure

The position of recurring and non-recurring expenditure incurred in ULBs during 2005 -07 is as under:

(Rupees in crore)

Category of ULBs	2005-06			2006-07		
	Recurring expenditure	Non-recurring expenditure	Total	Recurring expenditure	Non-recurring expenditure	Total
<b>(A) Municipal Corporations</b>						
(i) Jaipur	116.78 (57)	89.78	206.56	146.44 (60)	97.75	244.19
(ii) Jodhpur	34.87 (82)	7.69	42.56	38.30 (73)	14.50	52.80
(iii) Kota	40.58 (65)	22.25	62.83	43.07 (69)	19.49	62.56
<b>Total (A)</b>	<b>192.23 (62)</b>	<b>119.72</b>	<b>311.95</b>	<b>227.81 (63)</b>	<b>131.74</b>	<b>359.55</b>
<b>(B) Municipal Councils (11)</b>	113.10 (63)	65.15	178.25	132.57 (62)	82.74	215.31
<b>(C) Municipal Boards (169)</b>	219.65 (46)	258.73	478.38	234.14 (46)	271.72	505.86
<b>Grand Total (A+B+C)</b>	<b>524.98 (54)</b>	<b>443.60</b>	<b>968.58</b>	<b>594.52 (55)</b>	<b>486.20</b>	<b>1,080.72</b>

Source: As per data provided by Director, Local Bodies, Rajasthan, Jaipur.

Note: Figures in brackets denote the percentage of recurring expenditure to the total expenditure.

The above financial trend indicates that:

- Recurring expenditure of M Cor, Jaipur grew by 25.40 per cent from Rs 116.78 crore in 2005-06 to Rs 146.44 crore in 2006-07 due to increase in expenditure on public health services, street light and pay and allowances.

- While non-recurring expenditure of MCs grew by 27 per cent from Rs 65.15 crore in 2005-06 to Rs 82.74 crore in 2006-07 mainly due to increase in expenditure on developmental works and miscellaneous expenditure, in MBs it grew by 5.02 per cent in 2006-07.

### 3.4 Devolution of funds

#### 3.4.1 Finance Commissions grants

##### 3.4.1.1 Twelfth Finance Commission grants

The position of grants released by State Government to ULBs under recommendations of Twelfth Finance Commission (TFC) for core activities of ULBs during 2006-07 is as under:

(Rupees in crore)

Year	Instalment	Amount released by GOI	Amount released by State Government	Utilisation status
2006-07	First	22.00 (27.12.06)	22.00 (12.01.07)	Out of Rs 44.00 crore, Rs 42.95 crore was utilised up to March 2009.
	Second	22.00 (27.02.08)	22.00 (18.03.08)	
<b>Total</b>		<b>44.00</b>	<b>44.00</b>	

As per guidelines of TFC, the State Government had to mandatorily transfer the grants released by GOI to the ULBs within fifteen days of the same being credited to the State Government Accounts. It was observed that second instalment of TFC was released to the ULBs with a delay of five days from the prescribed period.

##### 3.4.1.2 State Finance Commission grants

Based on the recommendations (August 2001) of SSFC and Interim Report (February 2006) of Third State Finance Commission (TSFC), State Government was required to provide grants annually to the local bodies at 2.25 per cent of the net State tax revenue (excluding entertainment tax). Of this, 23.4 per cent and 24.3 per cent share was to be released to ULBs during 2000-05 and 2005-10 respectively. The grants released to ULBs by State Government under recommendations of the SSFC and TSFC during 2002-07 were as under:

(Rupees in crore)

Year	Grants to be released	Grants actually released	Short(-)/ excess (+) release of grants
2002-03	27.61	27.61	-
2003-04	27.61	27.61	-
2004-05	48.94	46.01	(-) 2.93
2005-06	50.58	53.75	(+) 3.17
2006-07	60.30	60.30	-

### **3.5 Database on finances and accounting arrangements**

National Municipal Accounts Manual (NMAM) for ULBs in India developed by the Ministry of Urban Development, GOI under the guidance of C&AG of India was introduced in February 2005. Based on the NMAM, Rajasthan Municipal Accounts Manual has been prepared. The LSGD directed (December 2009) all ULBs to maintain the accounts on Accrual Based (Double Entry) Accounting System from 1 April 2010. As regards switching over to Accrual Based Accounting System in ULBs in first instance, the work was outsourced in respect of six ULBs<sup>10</sup> under Asian Development Bank project. In respect of remaining 177 ULBs, Rajasthan Urban Infrastructure Finance Development Corporation had been authorised as a Nodal Agency for facilitating the task of outsourcing this work (April 2010).

### **3.6 Budgetary control and maintenance of accounts**

The performance of the ULBs in relation to budgetary control and maintenance of accounts was not effective due to weak internal control mechanism resulting in deficient fund management, ineffective monitoring of activities etc., as detailed in the succeeding paragraphs.

#### **3.6.1 Non-rectification of differences between cash books and Personal Deposit/Bank pass books**

Rajasthan Municipalities Accounts Rules (RMARs), 1963 provide that at the end of each month the receipt and expenditure entered in the general cash book should be compared with those appearing in the pass books of Personal Deposit (PD)/ bank accounts and difference if any should be explained in the footnote of the cash book. The DLB also instructed (November 2001 and August 2002) the ULBs to conduct reconciliation of differences between the balance of cash books and the pass books every month.

It was observed that six MBs had not rectified the difference of Rs 41.73 lakh (*Appendix-XI*) as on 31 March 2006 between cash books and PD/Bank pass books. There was exceptionally huge difference in MBs, Bhinmal (Rs 21.37 lakh), Kuchaman City (Rs 7.62 lakh) and Vair (Rs 4.26 lakh).

On this being pointed out, five MBs stated (July-December 2006) that reconciliation would now be done. MB, Bhinmal did not furnish any reply.

#### **3.6.2 Irregular/excess expenditure over the sanctioned budget**

No expenditure can be incurred out of municipal funds unless it is covered by a budget grant and the controlling officer should initiate action against the

10. Municipal Corporations, Jaipur, Jodhpur, Kota and MCs, Ajmer, Bikaner and Udaipur.

Drawing and Disbursing Officers (DDOs) who incur excess expenditure over the sanctioned budget grants<sup>11</sup>.

It was observed that 35 ULBs had irregularly incurred excess expenditure of Rs 10.68 crore (**Appendix-XII**) over the sanctioned budget grants under 360 different items/schemes/heads of accounts during 2005-06, which indicated faulty budget estimation and financial indiscipline requiring regularisation or action against erring DDOs concerned. Excess expenditure was met out of unspent balances available under various other schemes. This also points to weak budgetary control mechanism being followed in these ULBs.

On this being pointed out, 22 ULBs stated that the excess expenditure would be regularised by obtaining *ex-post facto* sanction. Thirteen ULBs did not furnish any reply. Though the State Government directed (February 2010) all the ULBs to avoid the recurrence of such irregularities yet the action taken to regularise the excess expenditure incurred by the ULBs was not intimated (April 2010).

### **3.6.3 Non-adjustment/recovery of advances**

RMARs, 1963 stipulate that temporary advances made to individuals should be adjusted before the close of the year in which they are made and no fresh advance for a particular work should be made unless the previous one has been adjusted.

It was observed that in 18 ULBs advances of Rs 1.10 crore sanctioned for developmental works, repair and maintenance of vehicles, election work, organising administrative camps, cleaning of ponds, travelling allowance, food grains etc., were outstanding against individuals in 369 cases for three to 49 years as of March 2009 (**Appendix-XIII**).

On this being pointed out, 11 ULBs stated that action would be taken to recover the amount and seven ULBs did not furnish any reply.

However, the fact remains that inaction on the part of these ULBs in timely adjustment/recovery had resulted in accumulation of advances of Rs 1.10 crore, besides loss of interest. This was also indicative of lack of effective internal control mechanism in these ULBs. Possibilities of recovery of outstanding advances since long are also remote.

## **3.7 Audit arrangement and position of entrustment of TGS to C&AG**

The C&AG of India conducts audit of ULBs under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

11. Paragraphs 29 and 32 of Appendix-A to the Rajasthan Municipalities (Budget) Rules, 1966.



The State Government is yet to entrust Technical Guidance and Supervision (TGS) of audit by Director, Local Fund Audit Department to the C&AG as recommended by EFC.

### 3.8 Arrears of audit and audit fee of Director, Local Fund Audit Department

Director, Local Fund Audit Department (DLFAD) is the Statutory Auditor for accounts of ULBs. Audit fee at prescribed rate is payable to DLFAD by ULBs. As of March 2009, Rs 23.83 lakh towards audit fee for the year 2006-07 remained to be paid by 105 ULBs.

Audit of one M Cor, seven MCs and 65 MBs by the DLFAD was pending as of March 2009 due to vacant posts of staff and involvement of staff in special audit.

### 3.9 Lack of response to audit observations

For early settlement of audit observations, Departmental Administrative Officers were required to take prompt steps to remove defects and irregularities brought to their notice during the course of audit and/or pointed out through Inspection Reports (IRs)<sup>12</sup>.

It was observed that :

(i) At the end of March 2009, 29,072 IRs issued upto 2006-07 containing 6,92,752 paragraphs issued by DLFAD remained pending for settlement. These included 1,853 cases of embezzlement of money amounting to Rs 14.06 crore of which only Rs 6.17 lakh was recovered. Further, first compliance to 125 IRs was still awaited.

(ii) Five hundred eighty one IRs containing 5,605 paragraphs issued during the years 2002-07 by office of the Principal Accountant General (Civil Audit) upto July 2004 and thereafter by office of the Senior Deputy Accountant General (Local Bodies Audit & Accounts) with effect from August 2004 to March 2007 were also pending for settlement as of March 2010 due to lack of satisfactory compliance of the paragraphs from ULBs/department. The year-wise position of outstanding paragraphs is as under:

Year	Pending	
	IRs	Paragraphs
2002-03	3	47
2003-04	74	484
2004-05	129	1,378
2005-06	183	1,708
2006-07	192	1,988
<b>Total</b>	<b>581</b>	<b>5,605</b>

12. Section 307 (3) of Rajasthan Municipalities Act, 1959 and Rule 15 (1) of Rajasthan Municipalities Accounts Rules, 1963.

This indicated lack of prompt response on the part of the municipal/departmental authorities which had not only resulted in recurrence of the deficiencies and lapses pointed out earlier but also eroded the accountability of the ULBs/departmental officers.

### 3.10 Impact of audit

During 2006-07, recoveries amounting to Rs 1.02 crore (71 cases) and rectification of mistakes/irregularities involving Rs 1.21 crore (five cases) were made at the instance of C&AG's audit.

### 3.11 Conclusion

While both the receipts and expenditure of ULBs showed an increasing trend, they were largely dependent on Government funds because of low 'Own Revenue' base. The expenditure on purchase of assets actually declined in comparison to the increase in recurring expenditure.

Inadequate budgetary and internal control mechanism in ULBs resulted in expenditure in excess of the allotted funds, piling up of differences in balances as per cash books and PD/Bank pass books and non-adjustment/recovery of outstanding advances against individuals for a long time.

Annual accounts of 177 out of 183 ULBs were still being maintained in the conventional formats on cash basis instead of accrual basis. The huge pendency of audit observations and delay in their settlement are fraught with the risk of continuance of irregularities/deficiencies observed during audit.

### 3.12 Recommendations

Following recommendations are made:

- The ULBs should take effective steps to augment their own resources so as to minimise dependency on Government assistance and to provide better civic facilities.
- ULBs should ensure that effective budgetary controls are in place. The internal control mechanism needs to be strengthened to ensure prompt adjustment/recovery of advances and regular reconciliation and rectification of the differences between balances as per cash books and PD/Bank pass books.
- The Government should ensure proper and timely compliance to the audit observations.



**CHAPTER-IV**  
**PERFORMANCE REVIEW AND**  
**AUDIT OF TRANSACTIONS**  
**URBAN LOCAL BODIES**



## CHAPTER-IV PERFORMANCE REVIEW AND AUDIT OF TRANSACTIONS URBAN LOCAL BODIES

This chapter contains one performance review on "Land Management in Urban Local Bodies" and three paragraphs related to transaction audit of Urban Local Bodies.

### PERFORMANCE REVIEW

#### 4.1 Land Management in Urban Local Bodies

##### *Highlights*

*Land management in Urban Local Bodies (ULBs) includes allotment, sale, disposal and regulation of urban land. The Rajasthan Municipalities Act (RMA), 1959 empowers every municipality to acquire and hold movable/immovable property and to lease, regularise or otherwise transfer the property including municipal land and also any Government land<sup>1</sup> under the provisions of the Act ibid and rules made thereunder. For implementing the aforesaid provisions of the RMA, 1959, the State Government framed Rajasthan Municipalities (Disposal of Urban Land) Rules, 1974 and the Rajasthan Municipalities (Change of Land Use) Rules, 2000 and subsequently issued guidelines/instructions in this regard to the municipalities from time to time. During review of land management system in ULBs, various deficiencies in realisation of revenues, sale/ allotment, change of land use, levy and collection of land dues and lease money, regularisation and maintenance of records were noticed in the 21 out of test checked 27 ULBs. Significant points observed were as under:*

- **Shortfall in realisation of projected revenue from sale and regularisation of land ranged between 51 and 64 per cent during 2002-07.**

*(Paragraph 4.1.6.1)*

- **Urban assessment/lease money aggregating Rs 24.76 crore received by ULBs were not credited into Government accounts even after lapse of two to nine years.**

*(Paragraph 4.1.6.2)*

1. Any land (i) which has been vested in the municipality, (ii) which is a *Nazul* land (Land received from ex-rulers of the princely states lying within the limits of municipality with title vesting in the Government) and (iii) which may be placed at the disposal of the municipality by the State Government.

- **Urban assessment of land amounting to Rs 5.73 crore was not/short assessed.**

*(Paragraph 4.1.7)*

- **Municipalities were deprived of revenue of Rs 3.17 crore due to non-regularisation of land.**

*(Paragraph 4.1.8)*

- **Conversion charges and lease money aggregating Rs 12.50 crore on change of land use from residential to commercial and other purposes were not/short levied.**

*(Paragraphs 4.1.9.1 and 4.1.9.2)*

- **Encroachments on land valuing Rs 46.34 crore were not cleared.**

*(Paragraph 4.1.10)*

- **Cases of short/non-recovery of land dues of Rs 1.89 crore on sale/disposal of land were noticed.**

*(Paragraphs 4.1.11.1 to 4.1.11.5)*

- **Irregular allotment/inaction to sell strips of land to the owners of adjoining plots resulted in loss of revenue of Rs 0.87 crore.**

*(Paragraph 4.1.11.6)*

#### **4.1.1 Introduction**

Rajasthan Municipalities (Disposal of Urban Land) Rules (RMRs), 1974 and Rajasthan Municipalities (Change of Land Use) Rules (RMRs), 2000 regulate allotment and disposal of urban land by way of lease, sale, transfer, change of land use and removal of encroachments. Rule 32 of RMRs, 1974 provides the powers to Government in any particular case or in public interest to relax the provisions of rules in respect of price and size of plot/strip of land to such extent as may be considered necessary. The RMA, 1959 also empowers the municipalities to remove any unauthorised obstruction or encroachment at the expenses of the persons causing the obstruction/encroachment and to get the unauthorised occupants evicted from Government/municipal land under the provisions of Rajasthan Public Premises (Eviction of Unauthorised Occupants) Act, 1964. The Local Self Government Department (LSGD) supervises and gives directions to ULBs in matter of handling of land. LSGD has powers to issue orders, guidelines and directions for implementation of rules made for land management. Municipalities are also authorised to permit the change of use of urban land in the public interest for the purposes other than that for which such land was originally allotted or sold to any person, on payment of certain charges at the rates and in the manner as prescribed.

#### 4.1.2 Organisational set up

At the State level, Secretary, LSGD is the administrative head and the Director, Local Bodies (DLB) is responsible for monitoring and coordinating various activities of ULBs. At each region one Deputy Director coordinates the municipalities and at city/town level, Commissioner/Executive Officer is responsible for land management. The DLB and Deputy Director, Local Bodies also have powers of inspection and supervision of the ULBs for proper control.

#### 4.1.3 Audit criteria

Performance audit was conducted with reference to departmental manuals, circulars, gazette notifications, RMA, 1959 and different rules framed for land management.

#### 4.1.4 Audit objectives

The audit objectives were to ascertain whether:

- targets fixed for revenue realisation from disposal and regularisation of land were realistic and lease money/urban assessment was assessed, realised, accounted and credited to Government account;
- regularisation/conversion charges for change of land use were assessed and realised;
- timely action was taken to avoid unauthorised possession and for eviction of unauthorised occupants from encroachments and regularisation of unauthorised construction/possession in *kutchi bastis* used for residential/commercial purposes;
- cost of land was properly assessed and realised on sale/disposal of land and actual use of land ascertained before allotment at concessional rates and free of charge; and
- an effective mechanism of reporting, monitoring and evaluation of performance was in vogue.

#### 4.1.5 Audit coverage

Three Municipal Corporations (M Cors), 11 Municipal Councils (MCs) and 169 Municipal Boards (MBs) were functioning in the State. Records pertaining to two M Cors<sup>2</sup>, four MCs<sup>3</sup> and 21 MBs<sup>4</sup> selected keeping in view their expenditure and location in desert/tribal areas of the State for the period 2002-07 were test checked (May to July 2007). The important points noticed

2. Jodhpur and Kota.

3. Bhilwara, Pali, Sikar and Udaipur.

4. **Desert Area** : Barmer, Balotra, Bhinmal, Churu, Jalore, Jaisalmer, Jhunjhunu, Nawalgarh, Nokha, Ratangarh and Sujangarh, **Tribal Area** : Banswara, Dungarpur, Sirohi, Chittorgarh and Nimbahera, **Others** : Hanumangarh, Srikaranpur, Kishangarh, Malpura and Nohar.



during performance review supplemented by Inspection Reports of three MCs<sup>5</sup> and 39 MBs<sup>6</sup> are discussed in the succeeding paragraphs. An entry conference was held on 08 May 2007 with DLB.

#### 4.1.6 Receipts from sale/regularisation of land

Revenue realised from sale or regularisation of land is one of the sources of income apart from other sources of income of ULBs.

##### 4.1.6.1 Shortfall in revenue realisation

Shortfall in realisation of revenue ranged between 51 and 64 per cent during 2002-07.

Rajasthan Municipalities (Budget) Rules, 1966 stipulate that the estimated budget figures should, as far as possible, be nearest to the actual figures. Position of the estimated targets of revenue realisation of 20 ULBs<sup>7</sup> from sale and regularisation of land and actual receipts there against is depicted below:

(Rupees in crore)

Year	Estimated Receipts			Actual Receipts			Shortfall	Percentage of shortfall
	Sale of land	Regularisation	Total	Sale of land	Regularisation	Total		
2002-03	20.48	8.37	28.85	8.81	3.67	12.48	16.37	56.74
2003-04	27.09	9.45	36.54	9.81	3.41	13.22	23.32	63.82
2004-05	28.71	8.91	37.62	9.90	3.77	13.67	23.95	63.66
2005-06	27.19	10.35	37.54	13.33	5.22	18.55	18.99	50.59
2006-07	43.41	10.43	53.84	14.96	5.01	19.97	33.87	62.91
<b>Total</b>	<b>146.88</b>	<b>47.51</b>	<b>194.39</b>	<b>56.81</b>	<b>21.08</b>	<b>77.89</b>	<b>116.50</b>	

The shortfall ranging between 51 and 64 per cent indicated that the estimates for revenue realisation were not realistic. While fixing targets, actual achievements/receipts of the previous years were not considered. It was observed that there was a gradual increase in the estimated receipts without any proportionate increase in actual receipts. Further, 19 ULBs failed to achieve their targeted revenue while one ULB (Nohar) did not fix targets for the years 2002-03 and 2006-07. As such the financial position of ULBs did not improve. The reasons for failure in realisation of revenue as seen in audit have been discussed in succeeding paragraphs.

##### 4.1.6.2 Irregular withholding of urban assessment/lease money collected

Non-crediting of urban assessment Rs 24.76 crore in Government account by ULBs during 1999-2007.

RMRs, 1974 provide that urban assessment collected by the municipalities in case of land given on lease, shall be credited to the Consolidated Fund of the State after retaining 10 per cent of the collected amount as service charges. Two M Cors, four MCs and 34 MBs received Rs 21.09 crore (Appendix-XIV) as urban assessment during 1999-2007. Of this, only part amount Rs 0.42 crore (two per cent) was credited to the Consolidated Fund of the State by four

5. Ajmer, Beawar and Sriganganagar.

6. The names of these 39 MBs have been indicated in the respective paragraphs.

7. Municipal Corporation, Jodhpur; MCs, Bhilwara, Pali, Sikar and Udaipur; MBs, Balotra, Banswara, Bhinmal, Chittorgarh, Dungarpur, Hanumangarh, Jalore, Jhunjhunu, Kishangarh, Nawalgarh, Nimbahera, Nohar, Nokha, Sirohi and Sujangarh.

units<sup>8</sup> and amount of Rs 18.56 crore (Rs 21.09 crore - Rs 2.11 crore<sup>9</sup> - Rs 0.42 crore) remained to be credited to the Fund even after lapse of two to nine years (May 2009) of the collection. Interestingly, MB, Jaisalmer had deposited full lease money of Rs 0.93 crore in Government account during the same period (1999-2007).

- Revenue (Colonisation) Department of the State Government conveyed (February 2002) approval to transfer 16 *mandis* to eight MBs<sup>10</sup> and seven *Gram Panchayats* with the specific condition that the revenue received from disposal/regularisation of land (developed, vacant or encroached) of these *mandis* would be distributed equally between the State Government and Local Bodies and the entire urban assessment (lease money) of land disposed would be credited to the Government account. It was observed that the *mandis* were transferred to respective MBs during May 2002 and total revenue of Rs 34.47 crore (sale/allotment of land: Rs 33.05 crore<sup>11</sup> and lease amount: Rs 1.42 crore<sup>12</sup>) was realised during 2002-07. As against State share of Rs 17.95 crore<sup>13</sup>, only Rs 11.75 crore<sup>14</sup> was deposited in receipt head of the Government. Thus, Rs 6.20 crore was unauthorisedly retained by the MBs.

In both the cases 38 units out of 46 replied (May and June 2009) that due to their poor financial position lease money could not be credited to Government account.

#### 4.1.7 Non/short realisation of urban assessment (lease money)

**Urban assessment/ lease amount Rs 5.73 crore was not/short assessed and pending for realisation.**

RMRs, 1974 envisage that land in municipal areas should be sold on lease hold basis for 99 years on realisation of premium and annual urban assessment from the lease holder. Further, as per Rule 7 *ibid*, urban assessment was recoverable annually on the basis of reserve price at two and half *per cent* in case of residential plots and five *per cent* in case of commercial and other purposes and urban assessment at half of the prescribed rate was to be recovered for first three years in all cases. As per LSGD order (November 1999), if ten times urban assessment was paid in lump sum by the lease holder, he could be exempted from further payment of urban assessment. Urban Development Department of the State Government also issued (May 1999-December 2000) guidelines for regularisation of the unauthorised constructions/possessions raised upto 15 August 1998 on Government/

8. Municipal Council, Bhilwara and MBs, Nawalgarh, Ratangarh and Sardarshahar.

9. Service charges.

10. Municipal Boards, Anoopgarh, Hanumangarh, Nohar, Pilibanga, Rawatsar, Sadulshahar, Sangaria and Suratgarh.

11. Municipal Boards, Anoopgarh : Rs 2.22 crore, Suratgarh : Rs 13.16 crore, Pilibanga : Rs 3.39 crore, Hanumangarh : Rs 4.34 crore, Nohar : Rs 0.90 crore, Rawatsar : Rs 5.52 crore, Sadulshahar : Rs 3.06 crore and Sangaria : Rs 0.46 crore.

12. Municipal Boards, Anoopgarh : Rs 0.12 crore, Suratgarh : Rs 0.22 crore, Pilibanga : Rs 0.05 crore, Hanumangarh : Rs 0.56 crore, Nohar : Rs 0.06 crore, Rawatsar : Rs 0.10 crore, Sadulshahar : Rs 0.25 crore and Sangaria : Rs 0.06 crore.

13. 50 *per cent* of Rs 33.05 crore + Rs 1.42 crore.

14. Municipal Boards, Anoopgarh : Rs 0.65 crore, Suratgarh : Rs 3.58 crore, Pilibanga : Rs 0.88 crore, Hanumangarh : Rs 2.01 crore, Nohar : Rs 0.48 crore, Rawatsar : Rs 2.81 crore, Sadulshahar : Rs 1.28 crore and Sangaria : Rs 0.06 crore.

municipal land in *kutchi bastis* by recovering prescribed regularisation fees<sup>15</sup> alongwith urban assessment at one *per cent* of reserve price in lump sum from the occupants at the time of regularisation. It was observed that:

- As per Government Order ( December 2001) land leased out on monthly rent basis for commercial purposes can be regularised by issuing lease deed for 99 years after recovery of the regularisation fees at commercial rate<sup>16</sup>.

Accordingly, MB, Baran regularised (January 2003-July 2005) 22 shops leased out earlier to 22 persons on monthly rent basis by issuing lease deeds to them for 99 years after recovering the regularisation fee at concessional rates. However, MB had recovered urban assessment of Rs 11.26 lakh in lump sum (i.e., 10 times) calculated on the basis of "regularisation fee" instead of urban assessment of Rs 30.15 lakh recoverable on the basis of actual "reserve price" of the land as per Rule 7 (i) of RMRs 1974, which resulted in short realisation of urban assessment of Rs 18.89 lakh (June 2009).

- In 788 cases<sup>17</sup> of regularisation of unauthorised possession of 25 *Kutchi bastis* during 1999-2005, MBs of Banswara, Barmer and Bundi incorrectly recovered lump sum urban assessment of Rs 2.99 lakh from the occupants instead of Rs 49.31 lakh recoverable in lump sum on the basis of reserve price of the residential land. After this was pointed out in audit, MB, Banswara recovered Rs 1.30 lakh and stated (June 2009) that notices for recovery of urban assessment had been issued to allottees concerned. Short realisation of urban assessment resulted in loss amounting to Rs 45.02 lakh<sup>18</sup>.

- RMRs, 2000 permit change of land use on payment of appropriate charges for regularisation. On change, the lease money was to be recovered from land owner at five *per cent* of reserve price<sup>19</sup> as per revised use of land. In M Cor, Kota it was observed that in 159 cases five *per cent* of regularisation fee<sup>20</sup> was realised as lease money, instead of five *per cent* of reserve price which resulted in short recovery due to wrong assessment to the tune of Rs 4.36 crore. The M Cor informed (May 2007) that matter was brought (January 2007) to the notice of DLB for guidance, but no progress in the matter was noticed (May 2009). Similarly, in M Cor, Jodhpur it was observed that in 20 cases of change of land use, the lease money demand of

15. Upto 50 square yard (sqy) : Rs 10 per sqy; 51 to 110 sqy : Rs 20 per sqy; 111 to 200 sqy : Rs 50 per sqy and 201 to 300 sqy at reserve price.

16. (i) 20 *per cent* of reserve price for shops leased out up to 25 January 1950, 30 *per cent* of reserve price for shops leased out from 26 January 1950 to 31 December 1983, 50 *per cent* of reserve price for shops leased out from 1 January 1984 to 31 December 1990 and (ii) 50 *per cent* of construction cost of shops.

17. Municipal Boards, Banswara : 271 cases (12 *kutchi bastis*); Barmer : 226 cases (three *kutchi bastis*) and Bundi : 291 cases (10 *kutchi bastis*).

18. Municipal Boards, Banswara : Rs 13.62 lakh; Barmer : Rs 11.35 lakh and Bundi : Rs 20.05 lakh.

19. Reserve Price : Minimum price decided by the committee comprising Government representative under rule 12 of RMRs, 1974 at which plots of land are proposed to be disposed by ULBs.

20. Regularisation Fee : Charges recovered by ULBs for land use change from existing activity to other activity.

Rs 16.58 lakh for the period 2001-07 was not raised. M Cor, Jodhpur stated (June 2009) that the revenue would be realised after reviewing all the cases.

- Test check of records of M Cor, Jodhpur revealed that Government accorded sanction (24 September 1991) for transfer of land measuring 16,400 square feet (sqft) for 99 years lease in the name of "A" for commercial purpose at existing market value subject to recovery of lease money<sup>21</sup> at the rate of 2½ per cent in first three years and thereafter at five per cent of cost of land (reserve price) as per rules. The party filed a suit in Hon'ble High Court against the rate of land of Rs 12,000 per square metre (sqm) and the High Court decided (26 September 2002) that Rs 35 lakh be recovered as cost of land which was deposited in October 2003. It was, however, seen that the lease holder had deposited lease money from 2003-04 instead of October 1991 onwards. The M Cor, Jodhpur did not raise a demand for the same which resulted in non-recovery of Rs 17.51 lakh.<sup>22</sup>
- As per RMRs, 1974 the urban assessment once fixed shall be revised after every 15 years and also on each transfer of land and shall be increased at each stage by 25 per cent of the urban assessment at the time of such revision or transfer. Test check of records of MBs, Jaisalmer and Ratangarh for the year 2005-06 revealed that these MBs had sold /allotted (1987-2000) 434 plots<sup>23</sup> on lease hold for residential/commercial use to various persons in four residential and two commercial schemes. The lease holders deposited annual urban assessment for one to four years and thereafter neither lease holders deposited urban assessment nor the MBs had taken any action to recover the urban assessment. This resulted in accumulation of dues of urban assessment of Rs 38.48 lakh as of March 2007 lying unrecovered from lease holders for one to 15 years and possibility of loss of revenue also cannot be ruled out. Both the MBs while accepting the facts stated (June 2009) that recovery of urban assessment would be made soon from the owners concerned of the plots.

Lease money was not properly assessed and demanded in due course by nine ULBs. As a result an amount of Rs 5.73 crore was not realised which reflects that internal control mechanism was not effective in ULBs.

#### 4.1.8 Regularisation of land

Seven municipalities were deprived of the revenue of Rs 3.17 crore due to non-regularisation of land from short term to 99 years lease basis.

##### *Non-regularisation of land allotted on short term lease/ license/rent*

RMRs, 1974 stipulate that sale of lease hold rights in land shall be for a period of 99 years. Further, Rule 5 of RMRs, 1974 prohibits temporary let out or allotment of land on rent. However, for settlement of time extension cases of short term lease out properties which had already been let out before 1974,

21. Ground rent/lease money is a regular payment required from the owner of leasehold property, payable to the freeholder when a freehold piece of land or building is sold on a long term lease.
22. First three years (period October 1991 to September 1994) at 2½ per cent per year Rs 2.63 lakh and at five per cent per year for eight and half years (period October 1994 to March 2003) Rs 14.88 lakh (ground rent i.e., lease money calculated on Rs 35 lakh).
23. Jaisalmer: 328 plots (Rs 24.03 lakh) and Ratangarh : 106 plots (Rs 14.45 lakh).

LSGD issued (24 December 2001) directions for regularisation of these lands through a committee, the decision of which was mandatory. It was observed that:

- In six units<sup>24</sup> 16,274 sqy land (184 cases) allotted on short-term lease/rent was not yet (May 2009) regularised. Delay in regularisation<sup>25</sup> had resulted in non-realisation of revenue to the extent of Rs 2.99 crore. All the units replied (May-June 2009) that recovery would be made shortly.
- In MC, Udaipur a plot measuring 360 sqft in New Bapu Bazar, near meat market was given (June 1976) to a person on license fee of Rs 93.60 per month under *Tehbazari* By-Laws 1971, for commercial use. As per agreement executed (July 1976), monthly license fee was to be paid by 10<sup>th</sup> of every month failing which the license was to be cancelled and MC was to get the plot evicted. However, the person did not deposit monthly license fee since April 2000. Despite this, MC did not initiate any action to evict the defaulter and dispose-of the land. This had resulted in deprivation of revenue towards cost of the plot valued at Rs 18 lakh at District Level Committee (DLC) rate (Commercial).

Required action for regularisation of municipal land was not initiated timely by seven municipalities which resulted in non-realisation of revenue of Rs 3.17 crore.

#### **4.1.9 Non/short realisation of conversion charges on change of land use from residential to commercial/institutional purposes**

**Conversion charges and lease money of Rs 12.50 crore on change of land use from residential to commercial/institutional purposes were not/short levied.**

RMRs, 2000 permit a municipality to allow change in use of land by an owner/holder from residential to commercial and institutional purposes on payment of conversion charges respectively at the rate of 40 *per cent* and at the rate of 20 *per cent* of Residential Reserve Price (RRP) prevailing on the date of passing order for change of land use. In case where RRP is not fixed, conversion charges would be recovered for commercial and other purposes respectively at 20 *per cent* and 10 *per cent* of residential market rate (DLC rate fixed by the Sub-Registrar/District Collector). Besides, lease deed would be changed and urban assessment would also be recoverable at prescribed rates. In this regard following major irregularities were noticed.

**4.1.9.1** In nine test checked units<sup>26</sup>, Educational Institutions, Hospitals and Diagnostic centres were running on residential land without conversion of

24. Municipal Corporation, Jodhpur : Rs 11.87 lakh; MC, Bhilwara : Rs 190.82 lakh and MBs, Jaisalmer : Rs 87.13 lakh, Srikaranpur : Rs 2.22 lakh, Nohar : Rs 3.08 lakh and Rajgarh : Rs 4.04 lakh.
25. Regularisation means conversion of short term lease/let out to 99 years by recovering charges as per rates decided by LSGD.
26. Municipal Corporation /MCs/MBs, Balotra : Rs 0.02 crore, Barmer : Rs 0.01 crore, Jalore: Rs 0.01 crore, Kota: Rs 0.19 crore, Nimbahera: Rs 0.23 crore, Nokha : Rs 0.04 crore, Pali : Rs 2.18 crore, Sirohi : Rs 0.05 crore and Sujangarh : Rs 0.02 crore.

land use as detailed below:

(Rupees in crore)

Sl. No.	Residential land being used for	No. of cases	Area to be regularised (in sqft)	Amount deposited	Amount to be realised
1	Educational Institutions	142	1,44,587	-	2.41
2	Hospitals and Diagnostic Centres	176	59,779	0.003	0.34
	<b>Total</b>	<b>318</b>	<b>2,04,366</b>	<b>0.003</b>	<b>2.75</b>

Source: As per Information given by ULBs concerned.

Thus, about 99 per cent conversion charges amounting to Rs 2.75 crore were yet (May 2009) to be levied and realised in these cases. Similarly, in MC, Sriganganagar and nine MBs 2,067 holders of 1,13,820 sqy residential land were using land for commercial purposes while 93 holders of 36,877 sqy residential land were using it for other purposes (school, hospital etc.) without getting the land use changed. This resulted in non-levy of conversion charges of Rs 8.93 crore<sup>27</sup> worked out on the basis of prevailing RRP. All ULBs accepted the facts and stated (May and June 2009) that notices were being issued to defaulters.

**4.1.9.2** In M Cor, Jodhpur and MC, Ajmer it was observed that:

- Fifteen residential plots (6,132.39 sqy) of Soni Colony, Thok Teliyan, Anasagar Circular Road, Ajmer were allotted/ transferred (November-December 2001 and February 2004) to four persons by Urban Improvement Trust, Ajmer on lease deed for 99 years. Subsequently, on request of allottees (July and December 2004), the land use committee of the MC, Ajmer permitted (January 2006) change of land use from residential to commercial purpose. MC had recovered conversion charges of Rs 47.46 lakh at 20 per cent of DLC rate of Rs 3,870 per sqy stating that reserve price was not fixed by Nazul Committee for the area. It was, however, observed from scrutiny of site plans and other documents that these plots reconstituted into four plots, were situated on the 120 feet wide main "Anasagar Circular Road" (carrying substantial commercial value as the area was shown as "commercial" in the master plan) for which residential and commercial reserve prices were distinctly fixed (June 2005) at Rs 3,380 and Rs 13,500 per sqy respectively by Nazul Committee of the MC. Therefore, conversion charges of Rs 82.91 lakh in these cases at 40 per cent of Rs 3,380 per sqy instead of at 20 per cent of Rs 3,870 per sqy was recoverable. This resulted into short realisation of conversion charges amounting to Rs 35.45 lakh. After change in land use, the "residential" lease deeds of these plots were also required to be converted into "commercial" ones and accordingly urban assessment of commercial plots worked out to Rs 41.39 lakh at five per cent of commercial reserve price of Rs 13,500 per sqy was also to be recovered. After adjusting Rs 1.09 lakh already recovered, urban assessment amounting to Rs 40.30 lakh was not

27. Bali: Rs 0.28 crore, Chittorgarh : Rs 0.19 crore, Malpura : Rs 0.09 crore, Niwai : Rs 0.05 crore, Padampur : Rs 0.06 crore, Rani : Rs 1.92 crore, Sadri : Rs 1.28 crore, Sriganganagar : Rs 4.70 crore, Sumerpur : Rs 0.22 crore and Suratgarh : Rs 0.14 crore .

recovered from the plot holders. Thus, application of inappropriate rate of residential reserve price led to short realisation of conversion charges Rs 35.45 lakh and urban assessment Rs 40.30 lakh. MC, Ajmer stated (May 2009 and February 2010) that conversion charges would be recovered shortly and decision of Government (referred in March 2009) was awaited for recovery of lease money. Reply was not tenable as rules are clear on change/conversion of land use.

- A resident of main road, Sardarpura, Jodhpur applied for conversion of his residential plot measuring 2,139 sqft into commercial and deposited Rs 2.00 lakh as conversion charges. The M Cor, Jodhpur issued (November 2006) a demand notice of remaining Rs 8.36 lakh. On applicant's appeal Corporation regularised (January 2007) the plot at Rs 440 per sqft instead of prevailing price of Rs 1,210 per sqft. As the plot was on main road of Sardarpura, the amount of Rs 6.59 lakh<sup>28</sup> was less recovered. M Cor, Jodhpur stated (May 2009) that amount would be recovered shortly.

Conversion charges and urban assessment aggregating Rs 12.50 crore on land use change were not assessed and realised as per provisions.

#### 4.1.10 Encroachments on land

**Non-eviction of encroachments on land valuing Rs 46.34 crore**

Rajasthan Municipalities Act, 1959 empowers municipalities to remove unauthorised obstructions or encroachment of land at the expenses of the person causing them. Section 5 of Rajasthan Public Premises (Eviction of Unauthorised Occupants) Act, 1964 also empowers the estate officer of municipality for getting such land evicted and taking its possession forcibly. As per order (May 2000) of LSGD encroached land should be got vacated or got regularised by charging at 25 per cent of the reserve price. It was observed that:

- In 17 test checked units<sup>29</sup> 28.03 lakh sqy land valuing Rs 46.34 crore (calculated on DLC rate/reserve price) was under encroachments for the last two to 27 years.
- Urban Development Department of the State Government issued (May 1999 and January 2002) guidelines/instructions for regularisation of unauthorised constructions for residential and partly residential/commercial made up to 15 August 1998, on Government/municipal land not exceeding 300 sqy in *Kutchi Bastis* of the urban areas. In view of above directives unauthorised possession/construction on land solely for commercial purposes was not to be regularised and unauthorised occupants were to be evicted. It was observed that in MB, Sangod (District Kota) 476 occupants in 13 *Kutchi*

28.  $2,139 \text{ sqft} \times \text{Rs } 770 \text{ per sqft} \times 0.40 = \text{Rs } 6.59 \text{ lakh.}$

29. Begun : Rs 0.35 crore, Bidasar : Rs 0.14 crore, Bhadra : Rs 4.75 crore, Bhinmal : Rs 2.37 crore, Deeg : Rs 0.56 crore, Jhalawar : Rs 7.79 crore, Jhalrapatan : Rs 0.54 crore, Kekri : Rs 2.10 crore, Kota : Rs 11.69 crore, Losal : Rs 0.13 crore, Nagar : Rs 0.71 crore, Pali : Rs 0.73 crore, Pilibanga : Rs 1.66 crore, Ratangarh : Rs 5.92 crore, Sikar : Rs 1.87 crore, Sujangarh : Rs 4.40 crore and Udaipur : Rs 0.63 crore.

*Bastis*<sup>30</sup>, had unauthorised possession on pasture/road side/*waqf* land, etc., (1,17,924 sqy) belonging to the Government/municipality. However, no action was taken by the MB, Sangod to evict the unauthorised occupants. MB, Sangod stated (September 2005 and May 2009) that these cases had not been found fit for regularisation being the occupation of pasture/road side/*waqf* land but certificates of possessions were issued to the occupants as per the orders of the Government. However, action for eviction of unauthorised occupants would be taken as per instructions of the State Government. The reply was not tenable because as per the DLB circular (April 2005), such land was not to be regularised.

Thus, due to inaction of ULBs for eviction of unauthorised occupants from municipal land led to land valuing Rs 46.34 crore lying encroached.

#### **4.1.11 Short/non-recovery of land dues on sale/disposal of land**

##### **4.1.11.1 Non-recovery of land dues**

**Short/non-recovery of land dues of Rs 1.89 crore by municipalities.**

The Deputy Secretary, LSGD allotted (January 1993) 5,667 sqm land to Public Health Engineering Department (PHED), Ratangarh for office building, staff quarters and water tank under rule 18 (2) of the RMRs, 1974 on lease for 99 years and directed MB, Ratangarh to recover the lease money under rule 7 at five *per cent* of reserve price. The MB demanded (November 1993) Rs 35.60 lakh as cost of land from PHED ignoring the demand for lease money. Neither the cost of land nor the lease money amounting to Rs 19.87 lakh (up to 2007) was deposited by PHED (June 2009). Executive Officer, MB, Ratangarh replied (June 2009) that land dues would be recovered as per instructions of State Government.

##### **4.1.11.2 Less recovery of cost of plots**

The MB, Sangod (District Kota) allotted (August 1998) residential plots to 195 persons in Shastri Nagar Colony with the condition to deposit the cost of plots within 60 days. Of these 195 allottees, 147 did not deposit the cost of plots Rs 11.04 lakh owing to encroachments and lack of civic amenities in the colony. MB did not take effective action for realisation of above amount within stipulated period. MB, Sangod stated (May 2009) that the proposal for cancellation of allotments would be submitted to the Municipal Board. The reply was not tenable as the allotments stood automatically cancelled on allottees' failure to deposit the premium within the stipulated period of 60 days. However, no action was taken by MB to evict the unauthorised occupants.

30. Anta road : nine occupants (468 sqy), Bhagwanpur : 99 occupants (36,726 sqy), Dha Bhai ka Chowk : 18 occupants (4,666 sqy), Ganeshpura : 23 occupants (6,364 sqy), Harijan Basti : 28 occupants (2,291 sqy), Jolpa Road : 30 occupants (10,087 sqy), Keshria Khal : 22 occupants (7,274 sqy), Kodio Ka Chowk : 14 occupants (662 sqy), Rangas Pulia : five occupants (1,113 sqy), Regar Basti : 95 occupants (5,501 sqy), Sabzi Mandi : 15 occupants (5,266 sqy), Takha Ji Basti : 84 occupants (17,207 sqy), and Talri Pulia : 34 occupants (20,299 sqy).



#### **4.1.11.3 Misutilisation of allotted land/default by institutions**

- ***Non-cancellation of allotment of land to defaulting institutions***

RMRs, 1974 provide that land shall be allotted at concessional rates to institution other than public and charitable institutions on specific terms and conditions that construction of the building for which land is allotted shall be completed within a period of two years from the date of its allotment and where construction is not completed within the prescribed time, the allotment shall be liable to be cancelled or such institution shall surrender the land immediately and the Board may refund  $\frac{3}{4}$ <sup>th</sup> of the cost of such land paid by the allottee. In case of default the land shall be reverted to the Board. It was observed that 33,592 sqy land was allotted to such 16 institutions at concessional rate by three municipalities<sup>31</sup> during the period ranging from three to 16 years. None of the institutions started the construction work within the prescribed period. Municipalities did not obtain back the title and possession of land (May 2009).

- ***Misutilisation of allotted land by institutions and non-levy of commercial rates***

RMRs, 1974 provide that land to institutions other than charitable and public institutions shall be allotted on reserve price provided that land will not be put to any commercial use. In case of breach of conditions land together with the building constructed thereon shall be reverted to the Board with no claim of compensation.

Test check in three municipalities revealed that 7,756 sqy land allotted to institutions was used for commercial activities, but action for reversion or seizure of land or recovery of Rs 15.96 lakh<sup>32</sup> was not initiated (May 2009) by the respective Board.

Commissioner, MC, Bhilwara stated (May 2009) that notices had been issued to close the commercial activities.

#### **4.1.11.4 Short realisation of cost of land**

The LSGD issued (December 2001) instructions that land/plots/shops let out between 26 January 1950 to 31 December 1983 would be disposed of on realising 30 per cent of prevailing reserve price of land. In case land/shop is sold or transferred by original licensee without consent of municipality, five per cent extra amount would be realised.

Test check of records of M Cor, Jodhpur for the years 2004-06, revealed that M Cor let out (1958-59) 1,435.50 sqft of land on rent to 'E'. 'E' sublet (1959) this land to 'K' who further applied (June 2005) for allotment of the land on lease. As per site inspection report (June 2005) of the M Cor, the applicant had occupied 3,602.11 sqft of land and thus, 2,166.61 sqft of land was possessed in

31. Municipal Council, Bhilwara and MBs, Jaisalmer and Srikanpur.

32. Municipal Councils, Bhilwara : Rs 6.89 lakh and Pali : Rs 2.07 lakh and MB, Jaisalmer : Rs 7.00 lakh.

excess of original land (1,435.50 sqft) let out in 1958-59. The committee of M Cor had given (June 2005) its approval for allotment of land on lease for 99 years. As per decision of the committee 1,435.50 sqft of land was allotted at 30 per cent of reserve price (Rs 1,500 per sqft) of the land and excess (2,166.61 sqft) land occupied was sold at DLC rate (Rs 1,800 per sqft). However, the M Cor, Jodhpur incorrectly applied the reserve price (Rs 465 per sqft) and DLC rate (Rs 560 per sqft) of the area fixed for *Naval Harizan Basti* instead of the area of Fifth road circle to *Shanischar ka Than* near *Chopasani* Road where land is actually situated. The lease deed was issued (July 2005) to the applicant after depositing the amount determined by the M Cor, Jodhpur. This had resulted into short realisation of cost of land of Rs 32.89 lakh. Corporation replied (May 2009) that amount would be realised shortly.

#### 4.1.11.5 Non-recovery of dues from defaulter

In terms of order (December 2001) of LSGD, Jaipur the Local Settlement Committee of MC, Bhilwara allotted a plot measuring 2,580 sqy (Approximate) in May 2006 on 99 years lease at commercial rate after obtaining (May 2005) prior approval of the Government. Lease deed of 2,445.50 sqy land was executed in favour of the party (August 2006) on payment of Rs 38.31 lakh. Party sold the plot in September 2006 for Rs 1.85 crore. As the land was sold within a period of 10 years from the date of execution of deed as per condition No. 4 (a) of perpetual lease deed agreement prescribed under rule 17 (6) of RMRs, 1974, 50 per cent of the profit amounting to Rs 73.35 lakh was to be deposited by the party in the MC account. However, the MC did not raise any demand (May 2009).

#### 4.1.11.6 Irregularities in disposal of strips of land

**Irregular allotment/inaction to sell the strips of land to the owners of adjoining plots resulted in loss of revenue of Rs 0.87 crore to ten MBs.**

RMRs, 1974 provide that a strip of land (adjoining an existing plot) which is not fit to be disposed as a plot should be sold to the owner of the adjoining plot at double the reserve price. Test check of records revealed that:

- In Mahaveer Nagar scheme two corner plots/shops size 450 sqft each were allotted to a party by MB, Barmer whereas adjoining two commercial plots (Nos. 63 and 76) each of size 600 sqft (30 ft x 20 ft) were lying vacant. Instead of being sold by auction MB allotted these adjoining plots also as strips of land in piece meals (August 2005 : 660 sqft, September 2005 : 225 sqft and February 2006 : 315 sqft) which resulted in loss of revenue of Rs 11.91 lakh<sup>33</sup> besides providing undue benefit to individuals. Commissioner, MB, Barmer intimated (June 2009) that efforts were being made for recovery of Rs 11.91 lakh from the party.

33. 1,200 sqft x auction rate Rs 1,333.33 per sqft = Rs 15.99 lakh less recovered amount Rs 4.08 lakh.

- Test-check (July 2005-January 2006) of records of nine MBs for the year 2004-05 revealed that 9,068.17 sqy strips of land valuing Rs 74.79 lakh<sup>34</sup> (in 294 cases) calculated at double the rate of prevailing reserve price under Rule 23 (i) of RMRs, 1974 had been unauthorisedly occupied by the owners of the adjoining plots without land having been sold to them but the MBs concerned did not take any action to sell the land in question to the owners of adjoining plots or to evict the unauthorised occupants. This resulted in loss of revenue of Rs 74.79 lakh.

Thus, loss of revenue Rs 2.76 crore due to irregular/non-disposal of strips of land and allotment of land for specific purpose was not watched. Besides, action against defaulters was also not initiated.

#### **4.1.12 Monitoring**

Monitoring system for land management has not been defined in the rules. However, Rule 19 of Rajasthan Municipalities Accounts Rules, 1963 prescribes for maintaining a separate demand and collection register of lease money in Form 2. It was noticed that proper monitoring was not adhered to by the LSGD. Scrutiny revealed that in six units<sup>35</sup> demand and collection registers for lease money were not maintained. Therefore, arrears of lease money, actual demand for a year, shortfall in realisation, remissions and increase/decrease in outstanding balance at the end of the year, slackness in timely realisation of dues and possible revenue loss could not be ascertained in audit.

Further, DLFAD had been regularly raising the objections regarding sale, regularisation of land, encroachment and non-depositing the lease money in Government account. Similar types of irregularities were again pointed out in Inspection Reports and through this Performance Review by Accountant General also. Though the financial position of most of the ULBs was poor yet major land revenue was not realised. This reflects that there was no proper and effective internal control mechanism in ULBs.

There was no effective mechanism for evaluation and monitoring of land management system in existence.

#### **4.1.13 Conclusion**

The main functions of ULBs were to provide developed land and delivery of services like road, street light, water and sewerage system to public, mainly through revenue realised from sale, regularisation and conversion of land. In

34. Municipal Boards, Gajsinghpur : Rs 7.19 lakh, Malpura : Rs 6.77 lakh, Padampur : Rs 6.40 lakh, Raisingh Nagar : Rs 14.23 lakh, Sadari : Rs 8.36 lakh, Sangariya : Rs 6.83 lakh, Sumerpur : Rs 14.77 lakh, Srivijaynagar : Rs 6.32 lakh and Todaraisingh : Rs 3.92 lakh.

35. Municipal Corporation, Jodhpur and MBs, Barmer, Jalore, Nawalgarh, Nimbahera and Sirohi.

order to enhance revenue the ULBs were to ascertain that cost of land and regularisation/conversion charges were properly assessed and realised. However, rules and regulations of Government regarding land management were not properly adhered to in selected/test checked 15 MBs, two M Cors and four MCs. Land dues on sale/disposal of land were not recovered by ULBs. The local bodies failed to evict unauthorised occupants due to which land valuing Rs 46.34 crore was lying encroached. The basic records such as demand and collection registers for lease money were not maintained by six MBs out of 27 ULBs which is indicative of weak accountability structure in ULBs.

Test check revealed non-observance of rules and lack of monitoring led to delay and shortfall in realisation and crediting of revenue in Government accounts to the tune of Rs 95.26 crore which adversely affected the basic infrastructural development works and financial capability of ULBs to provide services to public.

#### **4.1.14 Recommendations**

- Interpretation of various rules in proper perspectives for management of urban land and strict adherence to the rules may be ensured by ULBs.
- Timely action should be taken for eviction of encroached lands to discourage encroachments.
- Arrangements should be made to realise and safeguard the land revenue in due course of time.
- The basic records such as demand and collection registers for lease money should be maintained by all ULBs.
- An effective mechanism of reporting, monitoring and evaluation of performance of land management should be established.

The matter was brought to the notice of the State Government (December 2007) and the reply was awaited (March 2010).

## AUDIT OF TRANSACTIONS

### 4.2 Loss of revenue

#### Loss of revenue due to non-realisation of fees

**Municipal Council's failure to realise fees towards checking and granting permission for construction of buildings resulted in loss of revenue of Rs 14.48 lakh.**

Municipal Council, Ajmer (Building) By-laws, 2001<sup>36</sup> besides envisaging that no building would be constructed without obtaining prior written permission from the competent authority, also *inter alia*, provide for recovery of 'checking fee' and 'building permission fee' at the rates prescribed therein for residential and commercial plots in proportion of their sizes. These fees were to be deposited by the applicants alongwith application forms.

Test check (November 2006) of the records of Municipal Council (MC), Ajmer revealed that during the period 2004-07 (upto October 2006) the MC, Ajmer had issued "No Dues Certificates" for granting building permission in respect of 1,652 buildings but failed to recover Rs 14.48 lakh<sup>37</sup> (on account of 'checking fee' and 'building permission fee') as detailed in *Appendix-XV* from the applicants which resulted in loss of revenue to that extent.

On this being referred (August 2007, May 2008 and August 2009), Secretary, Local Self Government Department while accepting the facts stated (October 2009) that demand notices were being issued to the persons concerned and seven Revenue Inspectors had been deployed for making recovery. However, the State Government did not intimate any recovery made in this regard (March 2010).

36. By-laws 3, 4, 12.3, 13.1, 13.2, 13.3, 13.11 and 13.12.

37. In case of residential plots amount of fee has been worked out on the basis of lowest applicable rate of 'checking fee' and 'building permission fee'.

### 4.3 Unfruitful expenditure

#### Unfruitful expenditure due to non-utilisation of fire stations for intended purpose

**Failure of Municipal Council to ensure availability of requisite staff led to non-utilisation of fire stations for intended purpose for over five years which resulted in unfruitful expenditure of Rs 54.98 lakh on their construction.**

Rajasthan Municipalities Accounts Rules, 1963 provide for ensuring proper maintenance/utilisation of immovable property in possession of the municipality. Director, Local Bodies, Rajasthan, Jaipur also issued (August 2002) instructions to all municipalities to ensure adequate maintenance and proper utilisation of their immovable properties including buildings.

Test check of records of Municipal Council (MC), Ajmer revealed that Rajasthan Urban Infrastructure Development Project (RUIDP) had proposed (November 2001) construction of two more fire stations at Longia-Delhi Gate and Sedariya for revamping the fire services at Ajmer by providing additional fire fighting services in the city. Funds were arranged from Government grant (21 per cent), own contribution of the MC (31 per cent) and loan at the rate of 13 per cent from Asian Development Bank (48 per cent). The construction of these fire stations was completed in October 2003 by RUIDP at a cost of Rs 54.98 lakh. The buildings were handed over to MC, Ajmer in June 2004. Since then, these fire stations were lying unused for intended purpose mainly due to shortage of fire fighting staff. This resulted in unfruitful expenditure of Rs 54.98 lakh.

MC, Ajmer while accepting the facts, stated (October 2005 and November 2006) that State Government had been requested to sanction/provide the additional staff.

The State Government stated (October 2009) that fire station at Delhi Gate can not be utilised as it is adjacent to narrow and thickly populated area and the same is being used by health branch and fire branch of MC, Ajmer as control room during religious festivals and VIP visits. Further, Sedariya fire station is being used by the sanitation contractor as store room for tools and vehicles. The reply of State Government confirmed that the MC, Ajmer had not ensured feasibility of fire stations and availability of the requisite staff while according concurrence to the proposals of RUIDP for construction of these fire stations.

Thus, due to improper planning an expenditure of Rs 54.98 lakh has remained unfruitful for more than five years.

#### 4.4 Irregular payment

##### Irregular additional payment of pay and allowances to sanitary employees

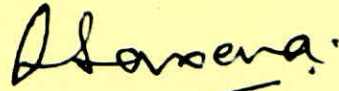
**Municipal Corporation, Jaipur made irregular payment of Rs 28.52 lakh towards pay and allowances of three days to sanitary employees against the order/ instructions of the State Government.**

As per State Government order (January 1956) the compensatory leave is admissible to clerical staff in lieu of attending office/duties on Sundays and other gazetted holidays in pursuance of the compulsory call from the authorities. The applicability of this order was later (with effect from January 1964) extended to Class "IV" employees as well.

Test check (May-October 2006) of records of Municipal Corporation (M Cor), Jaipur for the years 2004-06 revealed that sanitary employees of the corporation who remained on strike for seven days (5-11 March 2005) were paid salary for the month of March 2005 after making deductions for the strike period. It was agreed between M Cor, Jaipur and the sanitary employees' union to get done the cleaning of the waste accumulated in the wards due to strike, during gazetted and weekly holidays on additional pay and allowances subject to approval of the Government. Accordingly, the Chief Executive Officer/Commissioner, M Cor, Jaipur requested (March, April and June 2005) the Secretary, Local Self Government Department to accord sanction for payment to those employees for the extra work done during holidays. In response, the Deputy Director, Directorate of Local Bodies while explicitly stating (May 2005) that there was no provision for payment of over time for additional work done during Government holidays and other days reiterated that compensatory leave alone could be sanctioned in lieu of work done during Government holidays.

However, in utter disregard of the clarification of the State Government, M Cor, Jaipur unjustifiably made (September 2005) a payment of Rs 28.52 lakh on account of additional pay and allowances to the sanitary employees of all the wards of six zones for the extra work done on three days (13, 20 and 27 March 2005). This resulted in irregular payment of pay and allowances amounting to Rs 28.52 lakh to these employees. M Cor, Jaipur did not furnish any reply.

Matter was referred to the State Government in January 2008 and August 2009; reply was awaited (March 2010).



(SUMAN SAXENA)

Principal Accountant General (Civil Audit), Rajasthan

JAIPUR,  
The

24.09.2010

Countersigned



(VINOD RAI)

Comptroller and Auditor General of India

NEW DELHI,  
The





# APPENDICES



## APPENDIX-I

(Refer paragraph 1.7.2; page 8)

### Statement showing differences between cash books and Personal Deposit/ Bank pass books

(Rupees in lakh)

Sl. No.	Name of Zila Parishad/ Panchayat Samiti	Balance Amount			Reply/ remarks
		As per cash books	As per PD/Bank pass books	Difference	
<b>Zila Parishad</b>					
1.	Karauli	1,041.25	1,024.09	17.16	Reply was awaited.
<b>Panchayat Samiti</b>					
1.	Bhopalgarh	261.57	266.13	4.56	Reply was awaited.
2.	Itawa	41.54	47.74	6.20	Reply was awaited.
3.	Jayal	48.94	54.33	5.39	Reply was awaited.
4.	Kuchaman City	203.19	213.00	9.81	Due to non-clearance of cheques.
5.	Ladpura	7.83	24.56	16.73	Reply was awaited.
6.	Pipalkhunt	1.10	0.01	1.09	Reply was not clear.
7.	Ramgarh (Alwar)	8.84	25.67	16.83	Action was being taken.
8.	Sangod	38.20	69.48	31.28	Reply was awaited.
9.	Tizara	6.74	19.54	12.80	Action was being taken.
10.	Todabhim	209.28	212.82	3.54	Action was being taken.
<b>TOTAL</b>				<b>125.39</b>	

**APPENDIX – II**

(Refer paragraph 1.8.1; page 8)

**Statement showing excess expenditure over the funds authorised/ received during 2005-06**

(Rupees in lakh)

Sl. No.	Name of Zila Parishad/ Panchayat Samiti	Number of schemes/ Heads of accounts	Excess expenditure over allotted funds
<b>Zila Parishad</b>			
1.	Alwar	15	139.40
2.	Baran	2	4.30
3.	Jalore	7	99.61
4.	Karauli	7	13.02
5.	Sirohi	12	29.31
6.	Udaipur	9	96.90
<b>Panchayat Samiti</b>			
1.	Baitu	5	36.42
2.	Barmer	38	70.49
3.	Bilara	22	20.09
4.	Hindaun City	42	71.80
5.	Kathumar	22	45.36
6.	Kuchaman City	28	77.31
7.	Kumher	10	22.60
8.	Kushalgarh	26	11.94
9.	Luni	10	17.96
10.	Makrana	8	21.67
11.	Ramgarh (Alwar)	9	6.52
12.	Sarada	58	56.08
13.	Suratgarh	22	50.72
14.	Thanagaji	12	28.12
	<b>TOTAL</b>	<b>364</b>	<b>919.62</b>

### APPENDIX- III

(Refer paragraph 1.8.2; pages 8 and 9)

**Statement showing non-refund of unspent balances of closed schemes as on 31 March 2006**

(Rupees in lakh)

Sl. No.	Name of Zila Parishad/ Panchayat Samiti	Number of Schemes/ Heads of Accounts	Period of blockage	Amount
<b>(A) Zila Parishad</b>				
1.	Ajmer	7	1999-2000 to 2005-06	38.76
2.	Alwar	12	Not available	152.75
3.	Karauli	8	2002-03 to 2005-06	118.25
<b>Total (A)</b>				<b>309.76</b>
<b>(B) Panchayat Samiti</b>				
1.	Dudu	21	Not mentioned	27.95
2.	Kuchaman City	39	Since 1998-99	93.34
3.	Kathumar	43	Not mentioned	68.83
4.	Riyanbari	11	Since 1990-91	12.61
<b>Total (B)</b>				<b>202.73</b>

**APPENDIX – IV**

(Refer paragraph 1.8.3; page 9)

**Details of advances lying outstanding against officials/ex- Sarpanches**

(Rupees in lakh)

Sl. No.	Name of Zila Parishad/ Panchayat Samiti	Amount lying unadjusted/ unrecovered	Number of cases	Period from which out-standing	Reply/ remarks
<b>Zila Parishad</b>					
1.	Baran	0.63	13	3 to 16 years	Action was being taken for recovery.
2.	Banswara	0.70	3	Since 3/99 to 5/05	Reply was awaited.
3.	Rajsamand	0.18	10	3 to 9 years	Action was being taken for recovery.
<b>Panchayat Samiti</b>					
1.	Bagidora	0.93	2	Since 4/03	Reply was awaited.
2.	Bansoor	0.79	2	Since 12/04	Reply was awaited.
3.	Gadi	3.90	11	Since 7/03	Reply was awaited.
4.	Ghatol	0.75	5	Since 3/87	Reply was awaited.
5.	Jawaja	2.23	72	Since 3/85	Reply was awaited.
6.	Kathumar	5.27	22	Since 1963	Reply was awaited.
7.	Kherwara	3.74	19	26 years	Reply was awaited.
8.	Kumher	5.07	27	Since 1962	Reply was awaited.
9.	Masuda	0.95	20	Since 2/83	Reply was awaited.
10.	Sapotra	8.48	138	Since 1961-62	Reply was awaited.
11.	Talwara	1.12	4	Since 8/04	Reply was awaited.
	<b>Total</b>	<b>34.74</b>	<b>348</b>		

### APPENDIX-V

(Refer paragraph 2.2.1; page 19)

#### Names of executing agencies selected for field study under *Rashtriya Sam Vikas Yojana*

District	Panchayat Samiti	Non-Government Organisation	Department
Banswara	(i) Bagidora	(i) Director, Progress Sanstha, Banswara	(i) Deputy (Dy) Director, Animal Husbandry, Banswara
	(ii) Ghatol	(ii) N M Sadguru, Water and Development Foundation, Dahod, Banswara	(ii) Executive Engineer (EE), Irrigation Division, Banswara
	(iii) Banswara	(iii) Incharge, Banswara Dugdh Utpadak Sahakari Sangh Unit, Banswara	(iii) Dy. Conservator of Forests, Banswara
	(iv) Kushalgarh	(iv) Project Officer , Sanitation, Water and Community Health (SWACH), Banswara	(iv) Dy. Director, Agriculture (Extension), Banswara
	(v) Peepalkhunt		(v) Public Works Department Divisions-I and II, Banswara
	(vi) Sajjangerh		
	(vii) Anandpuri		
	(viii) Gadi		
Dungarpur	(i) Bichhiwara	(i) Project Officer, SWACH, Dungarpur	(i) Dy. Director, Watershed & Soil Conservation, Dungarpur
	(ii) Sagwara	(ii) P I Industries Ltd., Udaipur	(ii) Zila Parishad, Dungarpur
	(iii) Dungarpur	(iii) N M Sadguru Water and Development Foundation, Dahod, Dungarpur	(iii) Dy. Conservator of Forests, Dungarpur
	(iv) Aspur	(iv) Director, People's Education and Development Organisation (PEDO), Mada, Dungarpur	(iv) Dy. Director, Agriculture (Extension), Dungarpur



District	Panchayat Samiti	Non-Government Organisation	Department
	(v) Simalwara	<p>(v) Incharge Banswara Dugdh Utpadak Sahakari Sangh Unit, Dungarpur</p> <p>(vi) Indian Farm Forestry Development Co-operative Limited, Pratapgarh</p>	<p>(v) Dy. Director, Animal Husbandry, Dungarpur</p> <p>(vi) Dy. Director, Integrated Child Development Scheme, Dungarpur</p> <p>(vii) EE, Public Works Department Division, Sagwara</p> <p>(viii) EE, Public Works Department Division, Dungarpur</p> <p>(ix) Sub Divisional Officer, (Land Records), Dungarpur</p> <p>(x) Principal, Government SBP College, Dungarpur</p> <p>(xi) EE, Som Kamla Amba Canal Division, Dungarpur</p> <p>(xii) College of Technology &amp; Engineering, Udaipur</p> <p>(xiii) Krishi Vigyan Kendra, Dungarpur</p> <p>(xiv) EE, Irrigation Division, Dungarpur</p>

## APPENDIX-VI

(Refer paragraphs 2.2.2, 2.2.3 and 2.2.5; pages 20 and 23)

Details of physical and financial targets/achievements under *Rashtriya Sam Vikas Yojana*

(Rupees in crore)

Sl. No.	Activity	Works as per original plan		Targets as per revised plan		Works completed		Percentage of achievements to revised plan	
		No.	Cost	No.	Cost	No.	Cost	No.	Cost
<b>Dungarpur (Position upto May 2008)</b>									
1.	Monitoring and evaluation	-	0.71	-	0.23	-	0.18	-	78
2.	Capacity building	2,085	2.01	29	1.78	27	1.46	93	82
3.	Information technology	-	0.95	-	0.78	-	0.72	-	92
4.	Agriculture	24,805	8.92						
	(i) Horticulture			-	1.14	-	0.91	-	80
	(ii) Others			10,081	7.78	9,362	7.62	93	98
5.	Soil and water conservation	1,47,177	30.76						
	(i) Activities in number			32,627	22.78	32,492	22.34	99.58	98
	(ii) Activities in hectare (ha)			4,100	3.97	3,836	3.85	94	97
6.	Animal husbandry	1,799	2.36	1,735	2.25	2,621	2.29	151	102
7.	Repairs of existing structures			-	4.29	182	4.87	-	114
	<b>Total</b>	<b>1,75,866</b>	<b>45.71</b>	<b>48,572</b>	<b>45.00</b>	<b>48,520</b>	<b>44.24</b>	<b>99.89</b>	<b>98.31</b>
<b>Banswara (Position upto July 2008)</b>									
1.	Monitoring and evaluation	-	0.45	-	0.35	-	-	-	Nil
2.	Capacity building	1,845	0.62	102	0.75	152	0.38	149	51
3.	Information technology	30	0.72	30	0.63	49	0.57	163	90
4.	Agriculture	1,44,746	10.79						
	(i) Horticulture			65.80 (ha)	0.08	65.80 (ha)	0.08	100	100
	(ii) Others			3,178	9.64	5,992	9.42	189	98

Sl. No.	Activity	Works as per original plan		Targets as per revised plan		Works completed		Percentage of achievements to revised plan	
		No.	Cost	No.	Cost	No.	Cost	No.	Cost
5.	Soil and water conservation	95,409	32.54						
	(i) Activities in number			30,908	32.12	28,405	31.61	92	98
	(ii) Activities in hectare			3,050 (ha)	1.17	2,890.80 (ha)	1.10	95	94
6.	Animal husbandry	3,335	0.78	295	0.50	257	0.35	87	70
	<b>Total</b>	<b>2,45,365</b>	<b>45.90</b>	<b>34,513</b> <b>3,115.80 (ha)</b>	<b>43.99</b> <b>1.25</b>	<b>34,855</b> <b>2,956.60 (ha)</b>	<b>42.33</b> <b>1.18</b>	<b>101</b> <b>94</b>	<b>96</b> <b>95</b>

## APPENDIX-VII

(Refer paragraph 2.2.3.2; page 20)

### Details of compensation not imposed/recovered under *Rashtriya Sam Vikas Yojana*

#### (A) Compensation not imposed

(Rupees in lakh)

Sl. No.	Name of work	Executing agency	Stipulated date of completion	Work order amount	Maximum compensation leviabale at 10 per cent	Status of works
1.	Construction of road from Negala to Goda Khara	PWD Division, Dungarpur	27.6.2006	15.03	1.50	Work executed by the same contractor under the same agreement after stipulated date of completion. Work completed.
2.	Construction of two Seed Godowns at Dungarpur	PWD Division, Dungarpur	7.11.2006	27.73	2.77	-do-
3.	Lining of Left Main Canal of Chhoti Tandi Tank	Irrigation Division, Banswara	3.12.2005	17.86	1.79	-do-
<b>Total</b>				<b>60.62</b>	<b>6.06</b>	

#### (B) Compensation not recovered

Name of work	Executing agency	Work order amount	Compensation imposed	Date of imposing of compensation	Status of works
Repair of sluice of bund of Bilapada tank	Irrigation Division, Banswara	11.25	0.44	20.9.2005	Work executed and completed by the same contractor under the same agreement.

## APPENDIX-VIII

(Refer paragraph 2.6.1; page 31)

### Statement showing the details of failure of plantation at various Gram Panchayats of Nagaur district

(Rupees in lakh)

Sl. No.	Name of site	Name of Gram Panchayat	Name of Panchayat Samiti	Phase	Area (in hectare)	Sanction No. and date	Amount sanctioned	Expenditure	No. of plants planted	No. of plants survived	Survival rate in percentage	Year of plantation	Proportionate expenditure incurred on failed plantations*
1.	Budot	Agunta	Deedwana	III	17	16196-99/ 3.3.03	7.54	4.21	8,500	2,975	35.00	2003	2.74
2.	Bhainsdakalan	Bhainsdakalan	Riyanbari	III	17	16196-99/ 3.3.03	7.54	4.62	8,500	2,635	31.00	2003	3.19
3.	Jhardia	Chandrai	Ladnu	III	21	4794-813/ 16.6.03	9.31	1.43	10,500	200	1.90	2004	1.40
4.	Begsar	Begsar	Deedwana	III	12	19462- 509/ 19.2.04	5.32	1.58	6,000	960	16.00	2005	1.33
5.	Achhojai-A	Gonarda	Degana	III	42	16196-99/ 3.3.03	18.61	11.18	21,000	6,737	32.08	2003	7.59
6.	Saradi	Saradi	Ladnu	IV	8	4576-95/ 17.6.05	3.49	0.74	4,000	1,500	37.50	2005	0.46
7.	Dasana Khurd	Khojas	Deedwana	IV	23	4576-95/ 17.6.05	8.50	2.71	11,500	3,450	30.00	2005	1.90
8.	Asalsar	Daudsar	Deedwana	IV	15	4576-95/ 17.6.05	5.54	1.66	7,500	2,625	35.00	2005	1.08
9.	Banded	Baklia	Ladnu	IV	12	12059-67/ 13.1.05	5.17	1.39	6,000	245	4.08	2005	1.33
		<b>Total</b>			<b>167</b>		<b>71.02</b>	<b>29.52</b>	<b>83,500</b>	<b>21,327</b>			<b>21.02</b>

\* The expenditure has been calculated on the basis of total expenditure incurred on the site multiplying by the factor of percentage of plants not survived.

## APPENDIX-IX

(Refer paragraph 2.8.2; page 40)

**Statement showing excess release of incentive grant to Gram Panchayats (GPs) under Incentive Scheme of Second State Finance Commission during 2001-05**

(Amount in Rupees)

Sl. No.	Name of Gram Panchayat (Panchayat Samiti)	Year	Total own income of GP	Non-admissible income under taxes and fees					Admissible amount of own income under incentive grant scheme (4 - 9)	Excess / less in own income than previous year income	Incentive grant released by PRD	Admissible amount of incentive grant	Excess payment of incentive grant made by PRD (12-13)
				Sale of land	Auction of shops	Rent of shop	Bank interest	Total (5+6+7+8)					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Kanera (Nimbahera)	2002-03	1,58,201	23,078	-	34,193	-	57,271	1,00,930	-	-	-	-
		2003-04	42,06,485	13,27,227	28,58,702	13,060	-	41,98,989	7,496	(-) 93,434	40,48,284	-	40,48,284
2	Bhopalgarh (Bhopalgarh)	2001-02	66,473	-	-	-	640	640	65,833	-	-	-	-
		2002-03	50,64,557	48,25,000	-	-	1,87,293	50,12,293	52,264	(-) 13569-	48,11,431	-	48,11,431
3	Napavali (Bhadesar)	2002-03	1,10,937	67,637	-	-	-	67,637	43,300	-	-	-	-
		2003-04	3,81,000	1,80,500	-	-	-	1,80,500	2,00,500	(+) 1,57,200	2,70,063	1,57,200	1,12,863
4	Dala (Nimbahera)	2003-04	29,787	3000 7310	-	-	-	10,310	19,477	-	-	-	-
		2004-05	1,79,042	45,310 27,540	-	-	-	72,850	1,06,192	(+) 86,715	1,49,255	86,715	62,540
5	Vijaypur (Chittorgarh)	2002-03	21,561	-	-	-	-	-	21,561	-	-	-	-
		2003-04	3,43,353	3,20,625	-	-	-	3,20,625	22,728	(+) 1167	3,21,792	1,167	3,20,625
6	Biloda (Dungla)	2002-03	3,34,922	2,79,402	-	-	-	2,79,402	55,520	-	-	-	-
		2003-04	8,31,057	7,65,114	-	-	-	7,65,114	65,943	(+) 10,423	4,96,135	10423	4,85,712
7	Potlakala (Bhadesar)	2003-04	88,734	20,750	-	-	-	20,750	67,984	-	-	-	-
		2004-05	7,27,401	2,81,500	-	-	-	2,81,500	4,45,901	(+) 3,77,917	6,38,667	3,77,917	2,60,750
8	Tagawali (Rajakhera)	2001-02	750	-	-	-	-	-	750	-	-	-	-
		2002-03	3,46,519	3,46,519	-	-	-	3,46,519	-	-	3,45,769	-	3,45,769

Sl. No.	Name of Gram Panchayat (Panchayat Samiti)	Year	Total own income of GP	Non-admissible income under taxes and fees					Admissible amount of own income under incentive grant scheme (4-9)	Excess / less in own income than previous year income	Incentive grant released by PRD	Admissible amount of incentive grant	Excess payment of incentive grant made by PRD (12-13)
				Sale of land	Auction of shops	Rent of shop	Bank interest	Total (5+6+7+8)					
1	2	3	4	5	6	7	8	9	10	11	12	13	14
9	Bhadesar (Bhadesar)	2003-04	3,12,778	1,05,250	-	85,500	-	1,90,750	1,22,028	-	-	-	-
		2004-05	8,50,685	4,82,451	-	2,44,691	-	7,27,142	1,23,543	(+) 1,515	5,25,457	1,515	5,23,942
10	Badeli (Nimbahera)	2003-04	4,99,368	-	-	11,550	1873	13,423	4,85,945	-	-	-	-
		2004-05	10,23,905	1,12,930	-	46,750	2139	1,61,819	8,62,086	(+) 3,76,141	5,24,271	3,76,141	1,48,130
11	Kot Baliyan (Bali)	2003-04	1,20,624	-	-	7,200	-	7,200	1,13,424	-	-	-	-
		2004-05	5,64,853	2,10,150	-	35,175	-	2,45,325	3,19,528	(+)2,06,104	4,44,229	2,06,104	2,38,125
12	Lunaya (Bali)	2003-04	42,600	31,000	-	6,800	-	37,800	4,800	-	-	-	-
		2004-05	3,33,530	80,000 65,000	1,71,000	10,500	-	3,26,500	7,030	(+) 2,230	2,90,930	2,230	2,88,700
13	Mirgesewar (Bali)	2003-04	1,19,730	-	-	-	-	-	1,19,730	-	-	-	-
		2004-05	5,21,713	1,52,800 1,65,000	-	-	-	-	3,17,800	2,03,913	(+) 84,183	4,01,983	84,183
14	Ayana (Itawa)	2003-04	74,675	-	-	-	-	-	74,675	-	-	-	-
		2004-05	4,62,157	3,36,490	-	-	-	-	3,36,490	1,25,667	(+) 50,992	4,86,035	50,992
15	Tinwari (Osian)	2003-04	8,80,587	-	-	8,66,389	-	8,66,389	14,198	-	-	-	-
		2004-05	35,49,851	24,42,025	-	10,57,919	-	34,99,944	49,907	(+) 35,709	26,69,264	35,709	26,33,555
16	Osian (Osian)	2003-04	1,30,402	-	-	29,035	-	29,035	1,01,367	-	-	-	-
		2004-05	25,17,687	16,92,523	20,000	74,627	-	17,87,150	7,30,537	(+) 6,29,170	23,87,285	6,29,170	17,58,115
17	Dai (Nainwa)	2000-01	2,13,608	86,010	-	58,500	902	1,45,412	68,196	-	-	-	-
		2001-02	17,79,374.50	15,37,410	-	1,16,000	10,062	16,63,472	1,15,902.50	(+) 47,706.50	15,65,767	47,707	15,18,060
		2003-04	1,99,793	64,565	-	55,000	19,734	1,39,299	60,494	-	-	-	-
		2004-05	19,20,473	17,35,106.40	-	1,25,700	18,957.98	18,79,764.38	40,708.62	(-) 19,785	17,21,456	-	17,21,456
<b>Total</b>										<b>2,20,98,073</b>	<b>20,67,173</b>	<b>2,00,30,900</b>	

## APPENDIX-X

(Refer paragraph 3.1; page 41)

### Statement showing devolution of functions to Urban Local Bodies

#### A. Functions fully devolved to Urban Local Bodies

- (i) Regulation of land use and construction of buildings.
- (ii) Slum improvement and upgradation.
- (iii) Urban poverty alleviation.
- (iv) Burials and burial grounds etc.
- (v) Vital statistics including registration of births and deaths.
- (vi) Public amenities including street lighting, parking lots etc.
- (vii) Regulation of slaughter houses.
- (viii) Planning for economic and social development.
- (ix) Roads and bridges.
- (x) Public health and solid waste management.
- (xi) Fire services.
- (xii) Urban forestry, protection of the environment and promotion of ecological aspect.
- (xiii) Provision of urban amenities and facilities such as parks, gardens, play grounds etc.
- (xiv) Safeguarding the interests of weaker sections of society including the handicapped and mentally retarded persons.
- (xv) Promotion of cultural, educational and aesthetic aspects.
- (xvi) Prevention of cruelty to animals.

#### B. Functions yet to be devolved to Urban Local Bodies

- (i) Urban planning including town planning.
- (ii) Water supply for domestic, industrial and commercial purpose.



## APPENDIX-XI

(Refer paragraph 3.6.1; page 50)

### Statement showing differences between balances as per cash books and Personal Deposit/Bank pass books

(Rupees in lakh)

Sl. No.	Name of Municipal Boards	Balances as on 31 March 2006 as per		
		Cash books	PD/Bank pass books	Difference
1.	Bhinmal	153.85	175.22	21.37
2.	Bisau	31.14	27.72	3.42
3.	Kuchaman City	81.61	89.23	7.62
4.	Rajgarh (Alwar)	6.77	3.11	3.66
5.	Srivijaynagar	21.50	20.10	1.40
6.	Vair	37.45	41.71	4.26
	<b>TOTAL</b>			<b>41.73</b>

## APPENDIX-XII

(Refer paragraph 3.6.2; page 51)

Statement showing details of excess expenditure incurred over sanctioned budget during 2005-06

(Rupees in lakh)

Sl. No.	Name of Urban Local Bodies	No. of Heads/ Items	Amount involved			Remarks/ reply
			Allotment	Expenditure	Excess Expenditure	
1	Bandikui	23	37.58	107.49	69.91	Reply was awaited.
2	Banswara	19	277.08	353.69	76.61	Action was being taken.
3	Bari	12	36.09	51.13	15.04	Reply was awaited.
4	Bhawani Mandi	4	27.50	58.68	31.18	Action was being taken.
5	Bhusawar	6	5.81	7.32	1.51	-do-
6	Bikaner	23	1,381.63	1,600.00	218.37	Reply was awaited.
7	Bisau	4	3.24	10.28	7.04	Action was being taken.
8	Bundi	12	206.32	340.37	134.05	-do-
9	Chirawa	10	38.39	48.69	10.30	-do-
10	Chittorgarh	15	229.10	380.04	150.94	-do-
11	Deeg	3	2.80	4.18	1.38	Reply was awaited.
12	Gangapur City	8	48.60	117.91	69.31	Action was being taken.
13	Kapasan	4	6.25	7.27	1.02	-do-
14	Kekri	7	10.91	26.77	15.86	Reply was awaited.
15	Kesrisinghpur	8	27.65	31.62	3.97	Action was being taken.
16	Kuchaman City	7	11.74	16.25	4.51	-do-
17	Malpura	11	10.90	24.13	13.23	Reply was awaited.
18	Mangrol	12	7.77	29.56	21.79	Action was being taken.
19	Nadbai	6	6.30	8.55	2.25	-do-
20	Nagar	3	6.90	10.71	3.81	Reply was awaited.
21	Nawalgarh	10	24.60	38.62	14.02	-do-
22	Niwai	8	12.35	17.64	5.29	Action was being taken.
23	Phalodi	8	31.40	36.89	5.49	-do-
24	Pokaran	15	8.50	13.28	4.78	Reply was awaited.
25	Rajakhera	20	9.01	46.44	37.43	-do-
26	Rajaldesar	5	4.56	7.59	3.03	Action was being taken.
27	Rajgarh (Alwar)	9	11.16	37.87	26.71	-do-
28	Ramganjmandi	16	37.25	72.75	35.50	-do-
29	Srikananpur	16	84.03	117.82	33.79	-do-
30	Srivijaynagar	9	71.64	85.78	14.14	-do-
31	Sujangarh	10	33.56	49.73	16.17	-do-
32	Sumerpur	12	87.50	96.99	9.49	Reply was awaited.
33	Tijara	13	9.11	15.83	6.72	-do-
34	Uniyara	8	1.95	3.36	1.41	-do-
35	Vidya Vihar Pilani	4	1.14	2.69	1.55	Action was being taken
	<b>Total</b>	<b>360</b>	<b>2,810.32</b>	<b>3,877.92</b>	<b>1,067.60</b>	

**APPENDIX-XIII**

(Refer paragraph 3.6.3; page 51)

**Statement showing details of outstanding advances as on 31 March 2009**

(Rupees in lakh)

Sl. No.	Name of Urban Local Bodies	No. of individuals	Amount	Period	Years	Remarks/ reply
1.	Bagru	6	0.99	Since 1983	26	Action was being taken.
2.	Baran	13	37.58	Since 04/2005	3	Reply was awaited
3.	Beawar	4	4.56	Since 1993	16	Action was being taken.
4.	Bhilwara	16	17.19	Since 06/2005	3	-do-
5.	Bhusawar	4	0.13	Since 06/2005	3	- do -
6.	Chittorgarh	5	3.27	Since 2005-06	3	- do -
7.	Deeg	50	3.07	Since 07/1984	24	Reply was awaited.
8.	Falna	11	4.93	Since 02/1985	24	- do -
9.	Fatehpur	29	7.57	Since 1977	32	Action was being taken.
10.	Kushalgarh	4	3.14	Since 1967-68	41	Reply was awaited.
11.	Nagaur	8	2.72	Since 1972	37	Action was being taken.
12.	Neem Ka Thana	92	6.73	Since 1960	49	- do -
13.	Parbatsar	95	11.94	Since 1971-72	37	-do-
14.	Pokaran	1	0.24	Since 03/2005	4	Reply was awaited.
15.	Rajgarh (Churu)	5	0.68	Since 05/2005	3	-do-
16.	Sardarshahar	5	0.86	Since 05/2005	3	Action was being taken.
17.	Sumerpur	11	4.19	Since 06/2004	4	Reply was awaited.
18.	Viratnagar	10	0.56	Since 05/1992	16	Action was being taken.
	<b>TOTAL</b>	<b>369</b>	<b>110.35</b>			

### APPENDIX-XIV

(Refer paragraph 4.1.6.2; page 58)

#### Details of recovery of lease money by Municipal Corporations/ Councils and Boards and depositing in Government Account

(Rupees in lakh)						
Sl. No.	Name of Municipal Corporation/Council/ Board	Lease money recovered during 1999-2007	Service charges 10 per cent to be retained by unit	Amount deposited in Government Account	Amount not deposited in Government Account	Reasons for amount deposited less/not deposited in Government Account
1	M Cor, Jodhpur	104.22	10.42	-	93.80	Poor financial condition
2	M Cor, Kota	85.68	8.57	-	77.11	Poor financial condition
3	MC, Beawar	139.68	13.97	-	125.71	Poor financial position
4	MC, Bhilwara	280.55	28.06	24.28	228.21	Poor financial condition
5	M C, Pali	234.36	23.44	-	210.92	Government Head of Account not known
6	MC, Udaipur	114.20	11.42	-	102.78	Proposals for exemption sent to Directorate
7	MB, Bayana	23.09	2.31	-	20.78	Poor financial condition
8	MB, Balotra	120.86	12.09	-	108.77	Government Head of Account not known
9	MB, Bidasar	1.90	0.19	-	1.71	Poor financial condition
10	MB, Barmer	61.30	6.13	-	55.17	Poor financial condition
11	MB, Bhinmal	58.32	5.83	-	52.49	Poor financial condition
12	MB, Chhapar	0.62	0.06	-	0.56	Poor financial condition
13	MB, Chittorgarh	116.08	11.61	-	104.47	Poor financial condition
14	MB, Chhabara	29.45	2.95	-	26.50	Amount utilised on development work
15	MB, Churu	19.62	1.96	-	17.66	Poor financial condition
16	MB, Dungargarh	4.08	0.41	-	3.67	Poor financial position
17	MB, Dungarpur	89.10	8.91	-	80.19	Poor financial condition
18	MB, Hanumangarh	24.32	2.43	-	21.89	Poor financial condition
19	MB, Jalore	38.82	3.88	-	34.94	Poor financial condition
20	MB, Jhalawar	15.31	1.53	-	13.78	Poor financial position

Sl. No.	Name of Municipal Corporation/Council/Board	Lease money recovered during 1999-2007	Service charges 10 per cent to be retained by unit	Amount deposited in Government Account	Amount not deposited in Government Account	Reasons for amount deposited less/not deposited in Government Account
21	MB, Jhalrapatan	30.89	3.09	-	27.80	Poor financial condition
22	MB, Jhunjhunu	52.56	5.26	-	47.30	Poor financial condition
23	MB, Kishangarh	101.17	10.12	-	91.05	Poor financial condition
24	MB, Kotputali	33.94	3.39	-	30.55	Poor financial position
25	MB, Malpura	2.11	0.21	-	1.90	Poor financial condition
26	MB, Nawalgarh	18.17	1.82	4.75	11.60	Poor financial condition
27	MB, Nimbahera	38.81	3.88	-	34.93	Reason not furnished
28	MB, Nohar	7.42	0.74	-	6.68	Poor financial condition
29	MB, Nokha	35.01	3.50	-	31.51	Poor financial condition
30	MB, Pratapgarh	23.99	2.40	-	21.59	Reply not furnished
31	MB, Rajgarh	33.60	3.36	-	30.24	Poor financial position
32	MB, Ratangarh	23.82	2.38	9.52	11.92	Poor financial condition
33	MB, Ramganjmandi	20.16	2.02	-	18.14	Poor financial condition
34	MB, Sambharlake	21.76	2.18	-	19.58	Poor financial position
35	MB, Sardarsahar	16.14	1.61	3.62	10.91	Poor financial position
36	MB, Sawaimadhopur	31.19	3.12	-	28.07	Poor financial condition
37	MB, Shivganj	10.32	1.03	-	9.29	Poor financial position
38	MB, Sirohi	28.58	2.86	-	25.72	Poor financial condition
39	MB, Srikananpur	17.70	1.77	-	15.93	Poor financial condition
40	MB, Sujangarh	0.10	0.01	-	0.09	Reason not furnished
<b>Total</b>		<b>2,109.00</b>	<b>210.92</b>	<b>42.17</b>	<b>1,855.91</b>	

## APPENDIX-XV

(Refer paragraph 4.2; page 70)

### Statement showing details of non-realisation of fees for checking and granting permission for construction of buildings

#### (i) Residential

(Amount in Rupees)

Period	Number of cases in which NDC issued			Amount of checking fee recoverable (Minimum Rs 100 per case lump sum for residential plot upto 500 square metre (sqm))	Amount of building permission fee recoverable (Minimum Rs 500 per case lump sum for residential plot upto 500 sqm)	Total amount
	Building Branch	Scheme Branch	Total			
2004-05	600	70	670	67,000	3,35,000	4,02,000
2005-06	644	42	686	68,600	3,43,000	4,11,600
2006-07 (upto October 2006)	267	25	292	29,200	1,46,000	1,75,200
<b>Total (i)</b>	<b>1,511</b>	<b>137</b>	<b>1,648</b>	<b>1,64,800</b>	<b>8,24,000</b>	<b>9,88,800</b>

#### (ii) Commercial

Name of applicant	Date of issue of NDC/ permission of building	Area of plots (sqm)	Amount of checking fee recoverable (Rs 5 per sqm)	Rate of building permission fee (Rs per sqm)	Amount of building permission fee recoverable	Total amount
Seth Shri Bhag Chand Soni Madan Ganj Ideal Corp. Pvt Limited through Director Shri Pramod Soni	17.7.06	3,863.97	19,320	50 (upto 1500 sqm) 125 (beyond 1500 sqm)	75,000 2,95,496 <u>3,70,496</u>	3,89,816
Shri Rohan Agrawal	17.7.06/ 27.7.06	448.16	2,241	50	22,408	24,649
Shri Anil Gupta	17.7.06/ 27.7.06	487.84	2,439	50	24,392	26,831
Shri Vijay Garg	11.10.06	333.80	1,669	50	16,690	18,359
<b>Total (ii)</b>			<b>25,669</b>		<b>4,33,986</b>	<b>4,59,655</b>
<b>Grand Total (i) and (ii)</b>			<b>1,90,469</b>		<b>12,57,986</b>	<b>14,48,455</b>

NDC- No dues certificate

## APPENDIX-XVI

### Glossary of Abbreviations

ACEO	: Additional Chief Executive Officer
AEN	: Assistant Engineer
BDUSSL	: Banswara Dugdh Utpadak Sahakari Sangh Limited
BPL	: Below Poverty Line
C&AG	: Comptroller and Auditor General of India
CARISMA	: Computerisation Automation Refinement of Integrated System of Management and Accounts
CDP	: Combating Desertification Project
CEO	: Chief Executive Officer
CLIS	: Community Lift Irrigation Scheme
CSS	: Centrally Sponsored Scheme
Cum	: Cubic Metre
DDO	: Drawing and Disbursing Officer
DEO	: District Education Officer
DGS&D	: Director General, Supply and Disposal
DLB	: Director, Local Bodies
DLC	: District Level Committee
DLFAD	: Director, Local Fund Audit Department
DRDA	: District Rural Development Agency
DWSC	: District Water and Sanitation Committee
EA	: Executing Agency
EE	: Executive Engineer
EFC	: Eleventh Finance Commission
FIR	: First Information Report
FY	: Financial Year
GIA	: Grants-in-aid
GKN	: Gramin Karya Nirdeshika
GLR	: Ground Level Reservoir
GOI	: Government of India
GP	: Gram Panchayat
IFFDC	: Indian Farm Forestry Development Co-operative Limited
IR	: Inspection Report
LD	: Liquidated Damages
LSGD	: Local Self Government Department
MB	: Municipal Board
MBSIP	: Mahi Bajaj Sagar Irrigation Project
MC	: Municipal Council
M Cor	: Municipal Corporation
MIS	: Management Information System
MLALADS	: Member of Legislative Assembly Local Area Development Scheme
MPLADS	: Member of Parliament Local Area Development Scheme
NFFWP	: National Food for Work Programme
NGO	: Non-Government Organisation

### Glossary of Abbreviations

NMAM	:	National Municipal Accounts Manual
PC	:	Panchayat Cell
PD	:	Personal Deposit
PDir	:	Project Director
PEDO	:	People's Education and Development Organisation
PHED	:	Public Health Engineering Department
PRD	:	Panchayati Raj Department
PRI	:	Panchayati Raj Institution
PS	:	Panchayat Samiti
PWD	:	Public Works Department
RD&PRD	:	Rural Development and Panchayati Raj Department
RDC	:	Rural Development Cell
RDD	:	Rural Development Department
RMA	:	Rajasthan Municipalities Act, 1959
RMRs, 1974	:	Rajasthan Municipalities (Disposal of Urban Land) Rules, 1974
RMRs, 2000	:	Rajasthan Municipalities (Change of Land Use) Rules, 2000
RPR Act, 1994	:	Rajasthan Panchayati Raj Act, 1994
RPRRs, 1996	:	Rajasthan Panchayati Raj Rules, 1996
RR	:	Random Rubble
RRP	:	Residential Reserve Price
RSVY	:	Rashtriya Sam Vikas Yojana
RUIDP	:	Rajasthan Urban Infrastructure Development Project
SGSY	:	Swarnajayanti Gram Swarojgar Yojana
SHG	:	Self Help Group
Sq	:	Square
Sqft	:	Square Feet
Sqm	:	Square Metre
SSFC	:	Second State Finance Commission
SWACH	:	Sanitation, Water and Community Health
TFC	:	Twelfth Finance Commission
TGS	:	Technical Guidance and Supervision
TSFC	:	Third State Finance Commission
UC	:	Utilisation Certificate
ULB	:	Urban Local Body
VA	:	Vikas Adhikari
VIP	:	Very Important Person
VWSC	:	Village Water and Sanitation Committee
ZP	:	Zila Parishad



