सत्यमेव जयते

Report of the
Comptroller and Auditor General of India

No. 5

(Civil - Local Bodies)

for the year ended March 2010



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 audits, 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 years 2008-10 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 2008-10 have also been included wherever necessary.

OVERVIEW

This Report includes four Chapters. Chapters-I and III represent an overview of the accounts and finances of the *Panchayati Raj* Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. Chapter-II comprises of two performance audits, one long paragraph and three transaction audit paragraphs and Chapter-IV comprises of two performance audits, one long paragraph and six transaction audit paragraphs arising out of the 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

Panchayati Raj Institutions continue to maintain the accounts in conventional formats though the State Government had accepted the simplified Accounting Formats prescribed by the Comptroller and Auditor General of India. Database on the finances of PRIs was not yet developed. There was no system of consolidation and compilation of accounts at the State level in respect of receipts and expenditure of the various tiers of PRIs.

(Paragraph 1.9.1)

2. Performance Audit of Member of Parliament Local Area Development Scheme

Performance Audit of Member of Parliament Local Area Development Scheme conducted in Bharatpur, Bikaner, Churu, Dausa, Pali, Sikar, Sriganganagar and Tonk districts revealed that the utilisation of funds ranged between 40.49 and 89.53 per cent of the funds available with the District Authorities during the last five years (2004-09) leaving substantial closing balances in various bank accounts. The unspent balances of ₹ 0.54 crore left by predecessor *Rajya Sabha* MP of District Bikaner had not been distributed among the successor *Rajya Sabha* MPs of the State, rendering them idle. Further, instances of diversion of funds, release of advances to Implementing Agencies (IAs) in excess of the prescribed limit, non-refund of unspent balances by IAs were seen in Audit. There were several instances of delays in sanctioning works as well as sanctioning works without adhering to stipulated Scheme procedures. An expenditure of ₹ 1.44 crore was incurred on 61 works which were not permitted under the Scheme. Also an excess expenditure of ₹ 44.48 lakh to three trusts/societies against the prescribed ceiling was found.

(Paragraph 2.1)

3. Performance Audit of Member of Legislative Assembly Local Area Development Scheme

Performance Audit of the Member of Legislative Assembly Local Area Development Scheme conducted in Alwar, Bharatpur, Bhilwara, Bundi, Churu, Dungarpur, Jhunjhunu and Sikar districts revealed that unsanctioned balance of ₹ 17.06 crore was lying in the Personal Deposit Accounts of District Authorities rendering them idle. An expenditure of ₹ 1.75 crore was incurred on 140 inadmissible works. 3,047 works amounting to ₹ 39.86 crore were sanctioned with a delay of one to 654 days beyond the prescribed period of 45 days from the date of receipt of recommendations. There was delay of three to 829 days in completion of 421 works costing ₹ 6.15 crore. Irregular payment of *prorata* charges of ₹ 14.13 lakh was made in respect of 53 works. Implementing agencies did not furnish utilisation certificates/ completion certificates for ₹ 24.95 crore of 2,432 works to the concerned District Authorities. There were cases of doubtful expenditure and double payment worth ₹ 0.90 lakh.

(Paragraph 2.2)

4. Long Draft Paragraph on Utilisation of Twelfth Finance Commission Grant by PRIs

The Twelfth Finance Commission (TFC) sanctioned a grant of ₹ 1,230 crore to *Panchayati Raj* Institutions in the State for improving service delivery system of water supply and sanitation for the period 2005-2006 to 2009-2010. High priority was to be assigned for creation of database and maintenance of accounts at grass root level. It was seen that there were delays in release of TFC grants at all levels, ₹ 104.38 crore were lying unspent even after expiry of the scheme in March 2010, expenditure of ₹ 5.29 crore was incurred on inadmissible works, utilisation certificates of ₹120.19 crore were pending for adjustment and 851 works worth ₹ 3.66 crore were lying incomplete for more than one to five years.

(Paragraph 2.3)

5. Audit of Transactions

Improper monitoring at state and district level and non-execution of scheme as intended resulted in failure of *Swarna Jayanti Gram Swarozgar Yojana* special project 'Production of *Vermi* Compost' and consequent unfruitful expenditure of ₹ 37.50 lakh. Besides, *Zila Parishad* Rural Development Cell, Jaipur failed to utilise central grant of ₹ 37.80 lakh which led to non-availing of central grant of ₹ 112.95 lakh.

(Paragraph 2.4)

Zila Parishad (Rural Development Cell), Jaipur irregularly sanctioned and utilised funds of ₹ 24.97 lakh for construction of hospital building under Member of Parliament Local Area Development Scheme.

(Paragraph 2.5)

(B) Urban Local Bodies

6. An Overview of Accounts and Finances of Urban Local Bodies

'Own revenue' of Urban Local Bodies accounted for only 26.45 *per cent* and 29.44 *per cent* of their total receipts during 2008-09 and 2009-10 respectively and as such they were dependent on grants and loans from the Central and State Governments. Annual accounts of ULBs (except six ULBs) for the year 2008-09 and 2009-10 were still being maintained in the conventional formats on cash basis instead of accrual basis.

(Paragraphs 3.3.2, 3.3.3 and 3.4)

7. Performance Audit of Financial Management in Municipal Corporations

Performance Audit of Financial Managements by three Municipal Corporations (M Corps) (Jaipur, Jodhpur and Kota) during 2005-09 revealed that M Corps could not augment their revenue resources to the desired extent. Budget and Accounts were not prepared in time. Short fall in collection of certain revenue arrears accumulated to ₹ 516.02 crore. Non/Short levy of non-tax revenue resulted in loss of ₹ 22.82 crore.

(Paragraph 4.1)

8. Performance Audit of Sanitation including Solid Waste Management in Municipal Corporations

Performance Audit of Sanitation including Solid Waste Management of three M Corps, Jaipur, Jodhpur and Kota revealed that there was tardy progress in implementation of MSW Rules, 2000 as house-to-house collection and its segregation were not done fully and sanitary landfills were not set up for scientific disposal of the waste even after nine years of their notification leading to deterioration in quality of ambient air and water. Despite shortage, 452 sweepers were diverted by M Corps for other items of work. Incorrect estimation of the maximum quantity of waste by M Corp, Jaipur led to avoidable payment of ₹ 3.47 crore to private contractors engaged for transportation of waste. M Corps, Jaipur and Jodhpur failed to take action against contractors despite repeated shortfalls/deficiencies in Solid Waste Management and cleaning of roads/drains, collection and transportation of waste.

(Paragraph 4.2)

9. Long Paragraph on Utilisation of Twelfth Finance Commission Grant by Urban Local Bodies

A test check on utilisation of Twelfth Finance Commission Grant by ULBs revealed that there were instances of delay and inequitable distribution of TFC grants, diversion in contravention of TFC guidelines and incurring of expenditure against the approved Action Plan. Improper monitoring by High Level Committee on utilisation of TFC grants was also noticed.

(Paragraph 4.3)

10. Audit of Transactions

Failure of Local Self Government Department to approve rates of tender and sanction expenditure within validity period of tender, resulted in avoidable expenditure of ₹ 20 lakh on construction of *nallah* in Municipal Council, Pali.

(Paragraph 4.5.1)

Municipal Corporation, Jodhpur irregularly changed land use of three plots from residential to commercial purpose only for built up areas of plots instead of its entire areas without approval of the State Government which resulted in short-realisation of conversion charges of ₹ 30.68 lakh.

(Paragraph 4.6)

Failure of Municipal Board, Banswara in taking timely and effective action for recovery of rent of shops from defaulting tenants resulted in accumulation of outstanding rent amounting to ₹ 84.88 lakh.

(Paragraph 4.8)

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 confirm to the new pattern of *Panchayati Raj*, the Rajasthan *Panchayat* Samiti and *Zila Parishad* Act was enacted in 1959 which provided for a three tier[1] structure of local self governing bodies at district, block and village levels and enhance decentralisation of powers. Consequent to 73rd Constitutional Amendment, the Rajasthan *Panchayati Raj* Act (RPRA), 1994 came into effect from April 1994, which 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 were 33 *Zila Parishads* (ZPs) with two cells in each ZP viz. Rural Development Cell (RDC) and *Panchayat* Cell (PC), 249 *Panchayat Samitis* (PSs) and 9,177 *Gram Panchayats* (GPs) in the State. The last election of all the three tier of PRIs was held in January-February 2010.

1.2 State profile

Rajasthan is the largest State in the country in terms of size and spans an area of 3.42 lakh square kilometers (sq kms). As per the 2001 census, the total population of the State was 5.65 crore, of which 4.33 crore (76.64 *per cent*) lived in rural areas. The comparative demographic and developmental profile of the State vis-à-vis the national profile is given in **Table 1.1** below:

Table 1.1: Important statistics of the State

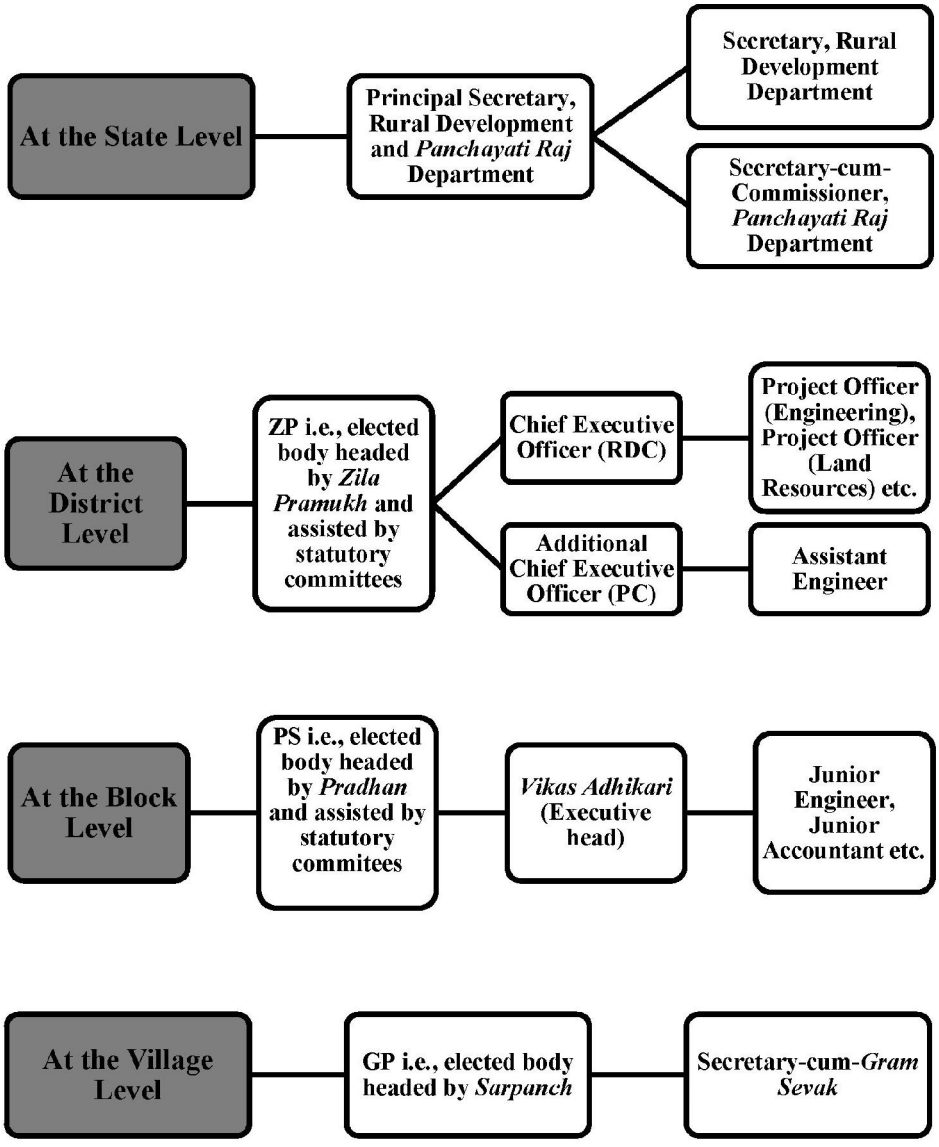
Indicator	Unit	State	National
Population	Crore	5.65	102.86
Population (Rural)	Crore	4.33	74.25
Population (Urban)	Crore	1.32	28.61
Population Density	Persons per sq km	165	324
Decadal Growth Rate	Percentage	28.33	21.34
Sex Ratio	Per 1000 males	922	933
Literacy Rate	Percentage	61.03	64.84

(Source: As per Census 2001)

1. *Zila Parishad* at District level, *Panchayat Samiti* at Block level and *Gram Panchayat* at Village level.

1.3 Organisational set up

The administrative department dealing with affairs of the PRIs is Rural Development and *Panchayati Raj* Department (RD&PRD). The department is headed by Principal Secretary at Government level assisted by Secretary, Rural Development Department and Secretary-cum-Commissioner, *Panchayati Raj* Department. The organisational chart for the department is given below:



1.4 District Planning Committee

In pursuance of Article 243ZD of the Constitution of India and Section 121 of RPRA, 1994, the State Government has to constitute District Planning

Committee (DPC) in each district. The Committee consists of 25 members, out of which 20 members will be elected from urban and rural areas of the district in proportion to elected members of District Council/Urban Bodies. Remaining five members will be nominated as under:

- District Collector;
- Chief Executive Officer, ZP;
- Additional Chief Executive Officer, ZP and
- Two members as a representative of voluntary agencies will be nominated out of nominations made by the State Government or Member of Parliament/Legislative Assembly.

Out of above stated nominated members, first three are permanent members. *Zila Pramukh*, ZP is the Chairman of DPC. Chief Planning Officer is Secretary of DPC. Functions of the DPC are consolidation of annual plans prepared by PSs and Urban Bodies of the district and preparation of draft for development of whole district and forward the same to the State Government.

Out of 33 DPCs, 32 DPCs have been constituted by the State Government. DPC for one newly created Pratapgarh district is to be constituted.

In 15 districts[2] it was observed that against of the schedule of four meetings (one meeting in a quarter) in a year, only one to three meetings were held during 2008-10.

1.5 Social Audit

Social Audit supplements financial audit and is a tool for assessment of proper utilisation of public money for creation of quality assets beneficial to intended people on ground level. Ward *Sabha*/*Gram Sabha* of *panchayats* were empowered to conduct Social Audit under Section 8(E) of RPRA, 1994 and Audit of Scheme Rules, 2011 under MNREGA Act. A separate Directorate of Social Audit was created from 2009-10. Social Audit is conducted twice a year by Social Audit forum[3] formed at GP level during first and last quarter of a financial year. Social Audit is being conducted from 1996-97 and has been completed up to first half of 2011-12. The compliance of Social Audit report is watched by *Gram Sabha*.

1.6 Audit arrangement

The Director, Local Fund Audit Department (LFAD) is the primary Auditor of the accounts of the PRIs under the RPRA, 1994. Audit is being conducted by the Comptroller and Auditor General (C&AG) of India under Section 14 of

2. Alwar, Baran, Bharatpur, Bhilwara, Bikaner, Dausa, Dholpur, Hanumangarh, Jalore, Jhunjhunu, Nagaur, Jodhpur, Kota, Rajsamand and Sirohi.
3. Social Audit forum in *Gram Sabha* comprising of five members with at least two women members.

C&AG's (Duties, Powers and Conditions of Service) Act, 1971. Section 75(4) of the RPRA, 1994 as amended on 27 March 2011 also empowers the C&AG to conduct audit of the accounts of PRIs and provides for placement of audit report before the State Legislature. The State Government entrusted (February 2011) Technical Guidance and Supervision by the C&AG over audit of PRIs by Director, LFAD. An amendment in the Rajasthan Local Fund Audit Act, 1954 has also been made for laying of the Annual Audit Report compiled by the Director, LFAD with regard to PRIs before the State Legislature by insertion of Section 18 in Rajasthan Local Fund Audit Act, 1954.

1.7 Audit coverage

Out of 32 ZPs (each having a PC and RDC), 237 PSs and 9,184 GPs, (for the period 2007-08 and 2008-09) test check of accounts of 32 ZPs (PC), 32 ZPs (RDC) and 180 PSs including 1,662 GPs for the year 2007-08 and 32 ZPs (PC), 32 ZPs (RDC) and 108 PSs including 816 GPs for the year 2008-09 was conducted during 2008-09 and 2009-10 respectively. The position of audit coverage (numerically as well as fiscally) is indicated in **Table 1.2** below:

Table 1.2: Audit coverage of PRIs

	Numeral Audit coverage				Fiscal Audit coverage (Average basis)			
	2008-09		2009-10		2008-09		2009-10	
	Total	Audit coverage	Total	Audit coverage	Total expenditure	Audit coverage	Total expenditure	Audit coverage
	(in Numbers)				(₹ in crore)			
GPs	9,184	1,662	9,184	816	538.40	97.43	631.03	56.07
PSs	237	180	237	108	323.36	245.59	410.39	187.01
ZP (PC)	32	32	32	32	47.64	47.64	57.79	57.79
ZP (RDC)	32	32	32	32	7,248.70	7,248.70	965.87	965.87

(Source : As per information supplied by Panchayati Raj Department and Rural Development Department)

1.8 Financial position of PRIs

1.8.1 Fund flow chart of PRIs:

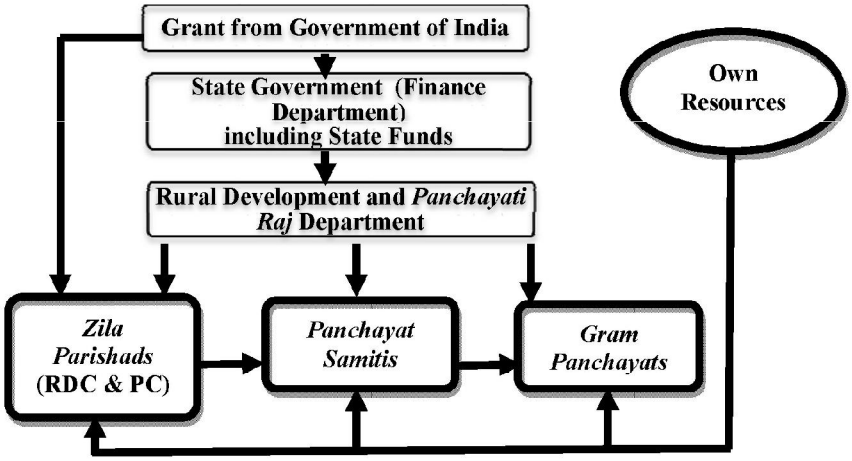


Table 1.3: Fund flow arrangements in some flagship schemes

Sl. No.	Schemes	Fund flow
1.	Mahatma Gandhi National Rural Employment Guarantee Schemes (MNREGA)	GoI transfers its share of MNREGA funds to Rajasthan Rural Employment Guarantee Council which transfers it to ZPs (RDC). State Government also transfers its share of MNREGA to ZPs (RDC). ZPs (RDC) transfer funds to Programm Officer who in turn releases the funds to implementing agencies.
2.	Backward Region Grant Fund (BRGF)	GoI transfers its share of BRGF to the State Government and the State Government after including its share releases funds to PRD. PRD releases the funds to ZPs and PSs for capacity building and GPs as development fund.

1.8.2 Financial position of Panchayati Raj Department

In addition to own sources 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. The position of receipts and expenditure of PRIs for the period 2005-10 based on data made available (April 2011) by the PRD is given in **Table 1.4** below:

Table 1.4: Financial position of PRD

(₹ in crore)

Particulars	2005-06	2006-07	2007-08	2008-09	2009-10
(A) Revenue receipts					
Own Tax	2.59	2.25	2.04	N.A.	N.A.
Own Non-Tax	12.33	13.99	12.45	N.A.	N.A.
Total Own Revenue	**14.92**	**16.24**	**14.49**	**-**	**-**
Grants-in-aid from State Government	128.72	125.37	166.27	540.40**	853.21**
Twelfth Finance Commission (TFC) grants	245.99	222.97	146.04	369.00	246.00
Total Receipts	**389.63***	**364.58***	**326.80***	**909.40**	**1,099.21**
(B) Expenditure					
Revenue expenditure (Pay and allowances and maintenance expenditure)	340.43	319.98	297.60	881.88	1,024.09
Capital expenditure	49.20	44.60	29.20	27.52	75.12
Total Expenditure	**389.63***	**364.58***	**326.80***	**909.40**	**1,099.21**

(Source: As per data provided by Panchayati Raj Department)

N.A. : Not available

* ***In addition, grants of ₹157.57 crore, ₹180 crore and ₹180.10 crore were released during 2005-06, 2006-07 and 2007-08 respectively to the PRIs as per recommendations of Third State Finance Commission and same amounts were booked as expenditure by PRD in the relevant years in their own accounts.***

** ***Third State Finance Commission grant included in grant-in-aid from the State Government in 2008-09 and 2009-10.***

The above position indicates that:

- Grant-in-aid from the State Government had increased by 56 *per cent* and 146.33 *per cent* in 2008-09 and 2009-10 over ₹ 346.37 crore (including State Finance Commission (SFC) grant) in 2007-08. As intimated (December 2011) by the department, increase in grant was for meeting out enhanced expenditure of pay and allowances of PRIs staff due to implementation of Sixth Pay Commission recommendations and also due to increased grant under Third State Finance Commission.

- Similarly, TFC grant had also increased by 152.67 *per cent* and 68.45 *per cent* in 2008-09 and 2009-10 over ₹ 146.04 crore in 2007-08.

- There was overall increase in total receipts by 79.40 *per cent* and 116.85 *per cent* in 2008-09 and 2009-10 over ₹ 506.90 (including SFC grant) in 2007-08.

- Compared to 2007-08 capital expenditure decreased by 5.75 *per cent* in 2008-09, it increased by 157.26 *per cent* in 2009-10 due to creation of assets by PRIs.

- Total expenditure had increased to ₹ 909.40 crore (by 79.40 *per cent*) in 2008-09 from ₹ 506.90 crore (including SFC grants) in 2007-08. The same further increased by 116.85 *per cent* in 2009-10 to ₹ 1,099.21 crore.

- Data in respect of 'Own tax' and 'Own non-tax' revenue of PRIs for 2008-09 and 2009-10 was not made available by PRD as there were no adequate arrangements for consolidation of data at State level.

1.8.2.1 Twelfth Finance Commission grants

The position of grants released by GoI and further released by the State Government to PRIs under recommendations of the Twelfth Finance Commission (TFC) during 2008-09 and 2009-10 is given in **Table 1.5** below:

Table 1.5: Grants of TFC

(₹ in crore)

Grants released by GoI to the State Government				Grants released by the State Government to PRIs	
Year	**Installment**	**Amount**	**Date of receipt of grants**	**Amount**	**Date of release of grants to PRIs**
2008-09	(First installment)	123	06.10.2008	123	16.10.2008
	(Second installment)	123	17.03.2009	123	31.03.2009
2009-10	(First installment)	123	07.08.2009	123	21.08.2009
	(Second installment)	123	07.01.2010	123	21.01.2010

The comments on utilisation of TFC grants have been included in paragraph 2.3 of the report.

1.8.3 Financial position of Rural Development Department

The position of receipts and expenditure of Rural Development Department (RDD) for the years 2006-10 based on data made available by the RDD is given in **Table 1.6** below:

Table 1.6: Financial position of RDD

(₹ in crore)

Particulars	2006-07			2007-08			2008-09			2009-10		
	CSS	SSS	Total	CSS	SSS	Total	CSS	SSS	Total	CSS	SSS	Total
Opening balance	365.46	211.12	**576.58**	552.81	233.44	**786.25**	648.17	248.41	**896.58**	455.67	124.25	**579.92**
Receipts	1,573.73	149.25	**1,722.98**	1,908.66	240.54	**2,149.20**	7796.57	194.15	**7,990.72**	775.29	185.25	**960.54**
Total available funds	1,939.19	360.37	**2,299.56**	2,461.47	473.98	**2,935.45**	8444.74	442.56	**8,887.30**	1,230.96	309.50	**1,540.46**
Expenditure	1,521.85	179.99	**1,701.84**	2,282.57	235.11	**2,517.68**	6972.86	275.84	**7,248.70**	811.34	154.53	**965.87**
Closing balance	417.34	180.38	**597.72**	178.90	238.87	**417.77**	1471.88	166.72	**1,638.60**	419.62	154.97	**574.59**
Percentage of expenditure	78.48	49.95	**74.01**	92.73	49.60	**85.77**	82.57	62.33	**81.56**	65.91	49.93	**62.70**

(Source: As per data provided by Rural Development Department)
(CSS: Centrally Sponsored Scheme, SSS: State Sponsored Scheme)
Note: In addition ₹ 71.44 crore (CSS: ₹ 53.58 crore and State plan: ₹ 17.86 crore) also received additionally from GoI/Government of Rajasthan for construction of 40,824 houses under Indira Awas Yojana.

The above table indicates that:

- There was difference of ₹ 478.81 crore between the closing balance of 2007-08 and opening balance of 2008-09 and of ₹ 1,058.68 crore between the closing balance of 2008-09 and opening balance of 2009-10. RDD attributed (January 2010 and June 2011) the difference due to non-inclusion of release made by the Central and State Governments at the end of 2007-08 and 2008-09 and interest accrued for 2007-08 and 2008-09 which were 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 2008-09 and 2009-10, RDD could utilise only 81.56 and 62.70 *per cent* respectively out of total available funds under Centrally Sponsored Schemes (CSS) and State Sponsored Schemes (SSS). During the year 2009-10, only 49.93 *per cent* funds were utilised under SSS out of total available funds due to which possibility of deprival of the intended benefits by the targeted beneficiaries cannot be ruled out. RDD attributed (December 2011) less utilisation of funds under CSS/SSS to (i) availability of huge opening balances, (ii) receipt of recommendations for works at the fag end of the year, (iii) non- completion/non-starting of work due to dispute/encroachment on land and (iv) litigation in some cases, etc.

1.9 Accounting arrangements and maintenance of accounts

1.9.1 Accounting arrangements

Although the State Government had accepted (August 2003) formats of accounts prescribed by the C&AG for preparation of annual accounts (16 formats) and data base (eight formats) and relevant orders for implementation was circulated to PRIs. Despite the orders for implementation of the aforesaid formats, Annual Accounts for the years 2007-08 and 2008-09 were maintained by the PRIs in conventional formats prescribed under Chapter 11 of RPRR, 1996 and database was also not being maintained in prescribed formats.

Meanwhile, Simplified Accounting Formats, 2009 have been adopted for mandatory implementation with effect from 1 April 2011. Necessary amendment in Rule 245 of RPRR, 1996 was under consideration with Law Department (since December 2010). Training to PRI staff for maintaining database and accounts for the year 2009-10 and onwards in revised formats has been given (February 2011).

In the exit conference (November 2011), while accepting the facts the State Government stated that necessary action is being taken to implement new accounting formats with newly developed software i.e., *Panchayati Raj* Institution Accounting Software.

There was no system of consolidation and compilation of accounts at the State level in respect of receipts and expenditure of the various tiers of PRIs for generation of information on flow of funds to the local bodies and its application. Consolidation of realistic data on income and expenditure of PRIs is required for realistic assessment of the needs of the *Panchayats* for basic civic and developmental functions.

The RD&PRD has taken up a project called Computerisation Automation Refinement of Integrated System of Management and Accounts (CARISMA) for computerising and inter-connectivity of 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, 1,100 out of 9,189 GPs at an initial cost of ₹ 23.31 crore. The project alongwith its major key components viz. creation of database, inter-connectivity of PRIs and maintenance of accounts was scheduled to be completed by February 2011. The average inter-connectivity of live links during 2007-11 as intimated by RD&PRD in July 2011 is given in **Table 1.7** below:

Table 1.7: Average inter-connectivity of live links

Name of PRI	Total No. of PRI	Average inter-connectivity of live links in the year			
		2007-08	2008-09	2009-10	2010-11
ZPs	32	10(31)	17(53)	15(47)	5(16))
PSs	237	45(19)	74(31)	66(28)	22(09)
GPs	1,100	81(07)	219(20)	199(18)	80(07)
Note: Figure in bracket denote the percentage to the total number of PRIs concerned.					

The above position indicates that average inter-connectivity of live links decreased during 2009-10 (ZPs: 47 *per cent*, PSs: 28 *per cent* and GPs: 18 *per cent*) in comparison to average live links of 2008-09 (ZPs: 53 *per cent*, PSs: 31 *per cent* and GPs: 20 *per cent*). Average inter-connectivity further decreased during 2010-11 (ZPs: 16 *per cent*, PSs: nine *per cent* and GPs: seven *per cent*). Reasons for lesser connectivity were attributed (July 2010) to problems relating to power and network points, technical matters related with hardware/software and towers, online connectivity and natural calamities etc. Further, due to incorporation of additional and ancillary works such as installation of routers, batteries and increase in the height of towers etc., an amount of ₹ 47.53 crore[4] was made available for implementation of scheme and ₹ 43.15 crore had been spent. The State Government intimated (January 2012) that in view of the connectivity problems being faced and non-availability of additional funds to overcome these problems, it was decided in a meeting (October 2010) to wind up the project. Further, ₹ 1.58 crore has been demanded from ITI Limited, New Delhi.

Thus, the amount of ₹ 43.15 crore spent on CARISMA project has become infructuous.

1.9.2 Maintenance of accounts

1.9.2.1 Delayed submission of annual accounts

- Annual accounts of ZPs (RDC) for the year 2007-08 and 2008-09 were required to be sent to RDD by 30 September 2008 and 2009 respectively.

The position of submission of annual accounts to RDD by ZPs (RDC) is shown in ***Appendix-I***. It was observed that there was delayed submission of annual accounts for the year 2007-08 ranging from 62 days to 303 days by 30 ZPs (RDC) to RDD. ZPs (RDC), Jodhpur and Pali did not submit their annual accounts to RDD. Similarly, annual accounts for the year 2008-09 were submitted by 30 ZPs (RDC) to RDD with delays ranging from 98 days to 379 days. ZPs (RDC), Jodhpur and Pali did not submit their annual accounts to RDD. The State Government stated (December 2011) that a Chartered Accountant has been appointed for preparation of accounts of ZP, Jodhpur and ZP, Pali has been asked for reasons for non-submission of accounts.

- Similarly, Annual Accounts for ZPs (PC) for the year 2007-08 and 2008-09 were required to be sent to *Panchayati Raj* Department (PRD) by 15 May of the following years.

The position of submission of annual accounts to PRD by ZPs (PC) is shown in ***Appendix-I***. It was observed that there was delayed submission of annual accounts for the year 2007-08 ranging from three days to 258 days by 28 ZPs (PC) to PRD. ZPs (PC), Barmer, Jalore and Kota did not submit their annual accounts to PRD. ZP (PC), Sikar submitted its annual accounts in time.

4. Eleventh Finance Commission: ₹ 26.38 crore, *Rashtriya Gram Swarojgar Yojana*: ₹ two crore, *Panchayat* Empowerment and Accountability Incentive Scheme: ₹ 0.70 crore and TFC: ₹ 18.45 crore.

Similarly, annual accounts for the year 2008-09 were submitted by 29 ZPs (PC) to PRD with delays ranging from nine to 331 days. ZP (PC), Barmer did not submit its annual accounts to PRD. ZPs (PC), Bundi and Jaipur submitted its annual accounts in time. The State Government intimated (January 2012) that ZP (PC), Barmer has submitted their accounts for the years 2007-08 and 2008-09 and all offices have been directed to furnish accounts in time.

Delayed submissions of annual accounts were also pointed out in previous Audit Reports for 2004-05, 2005-06, 2006-07 and 2007-08 respectively. However, no remedial action was taken.

1.9.2.2 Certification of accounts

As per Rajasthan Local Fund Audit Rules, 1955, Local Fund Audit Department (LFAD) is to certify the accounts of PRIs but Director, LFAD intimated (April 2011) that they conduct only transaction audit of accounts and do not certify the accounts of PRIs. Hence, correctness of the accounts of PRIs cannot be verified in audit.

1.10 Outstanding utilisation certificates

Funds are allotted to ZPs by RD & PRD for execution of works under various schemes. After execution of works, certificate of utilisation of allotted funds are sent to RD & PRD. Analysis of information furnished by RD&PRD indicates that there was huge pendency of utilisation certificates as given in **Table 1.8** below:

Table 1.8: Outstanding utilisation certificates

(₹ in crore)

Particulars	Total Allotment	Total Expenditure	UCs Received	Outstanding UCs	Remarks
RDD	1,242.68	NA	124.25	1,118.43	As on 31.05.2011
PRD (SFC– III)	1,188.56	904.34	775.62	412.94	As on 28.02.2011
PRD (TFC)	1,230.00	1087.07	945.73	284.27	As on 28.02.2011

1.11 Arrears of Audit

The LFAD is the Statutory Auditor for the accounts of PRIs. There were arrears of audit of 23,703 units of PRIs (ZPs: 40, PSs: 413 and GPs: 23,250) since 1980-81. As of December 2011, the details of arrears is given in **Table 1.9** below:

Table 1.9: Arrears of audit of Director, LFAD

Arrears of audit (one year one unit)	ZP	PS	GP	Total
Upto 1980-81	0	03	4,522	4,525
1980-81 to 2009-10	15	184	10,445	10,644
2010-11	25	226	8,283	8,534
Total	**40**	**413**	**23,250**	**23,703**
(Source: As per data provided by Director Local Fund Audit Department)				

Possibilities of availability of records of three PSs and 4,522 GPs prior to 1980-81 are remote after lapse of 30 years. Moreover, delay in Audit leads to loss of relevancy and as such irregularities remain undetected, leading to failure in scrutiny of proper utilisation of public money.

In order to reduce arrears of Audit, Director, LFAD intimated (February 2011) that audit of previous years arrears have been taken up alongwith audit of current year and efforts are being made for filling up of vacant posts alongwith creation of additional manpower for clearance of arrears.

1.12 Lack of response to Audit Observations

1.12.1 Up to December 2011, 50,163 (ZPs: 1,884, PSs: 48,279) paragraphs of 6,342 (ZPs: 401, PSs: 5941) inspection reports of PRIs issued by Director, LFAD were pending for settlement. Audit observations includes 7,308 paragraphs of embezzlement involving ₹ 14.06 crore were also pending for action as of December 2011.

1.12.2 A total of 1,755 inspection reports (IRs) of ZPs and PSs (including GPs) comprising 18,433 paragraphs issued by Office of the Principal Accountant General upto July 2004 and thereafter by Office of the Senior Deputy Accountant General (Local Bodies Audit and Accounts) from August 2004 to March 2010 were pending for settlement at the end of June 2011 as detailed in **Table 1.10** below:

Table 1.10: Outstanding IRs and paragraphs

Year	IRs	Paragraphs
Upto 2002-03	230	439
2003-04	235	1,360
2004-05	302	2,872
2005-06	240	2,630
2006-07	182	2,080
2007-08	195	2,610
2008-09	206	3,581
2009-10	165	2,861
Total *	**1,755**	**18,433**
* ***This includes 90 inspection reports comprising 352 outstanding paragraphs of Soil Conservation Department***		

In the exit conference (November 2011), State Government stated that there are large number of Audit Observations which are difficult to manage and needs to be categorised according to their significance.

1.13 Impact of Audit

During 2008-09 and 2009-10 excess payments, double payments, dues, interest on excess cash balances, rent of shops etc. aggregating to ₹ 18.41 lakh and ₹ 17.98 lakh were recovered in 81 and 54 cases respectively by the PRIs at the instance of C&AG's audit.

Besides above, under MNREGA, ZP (RDC) has recovered ₹ 1.57 crore out of ₹ 2.25 crore, after pointing out by audit.

1.14 Conclusion

- Accounting records were not maintained in the prescribed formats and the grants were not utilised in a time bound manner to derive intended benefits. The database at any of the three levels viz., *Gram Panchayat*, District and State was also not developed despite availability of funds.

- There was no system of consolidation and compilation of accounts at the State level in respect of receipts and expenditure of the various tiers of PRIs.

- Instances of non-submission of UCs were noticed.

- 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.

CHAPTER-II

PERFORMANCE AUDIT, LONG PARAGRAPH AND AUDIT OF TRANSACTIONS

PANCHAYATI RAJ INSTITUTIONS

This chapter contains two Performance Audits on 'Member of Parliament Local Area Development Scheme' and 'Member of Legislative Assembly Local Area Development Scheme', one Long Paragraph on 'Utilisation of Twelfth Finance Commission Grant by *Panchayati Raj* Institutions' and three paragraphs relating to transaction audit of *Panchayati Raj* Institutions.

Rural Development and *Panchayati Raj* Department

PERFORMANCE AUDIT

2.1 Member of Parliament Local Area Development Scheme

Executive Summary

Member of Parliament Local Area Development Scheme (MPLADS) was launched (December 1993) by Government of India (GoI) as a Centrally Sponsored Scheme, with the objective to enable Members of Parliament (MPs) to recommend works of developmental nature and creation of durable community assets based on the locally felt needs. Deficiencies noticed during Performance Audit of the Scheme implemented in Bharatpur, Bikaner, Churu, Dausa, Pali, Sikar, Sriganganagar and Tonk districts were as under:

The utilisation of funds ranged between 40.49 and 89.53 per cent of the funds available with the District Authorities (DAs) during the last five years (2004-09) leaving substantial closing balances in various bank accounts. The unspent balances of ₹ 0.54 crore left by predecessor Rajya Sabha MP of District Bikaner had not been distributed among the successor Rajya Sabha MPs of the State, rendering them idle. Further, instances of diversion of funds, release of advances to Implementing Agencies (IAs) in excess of the prescribed limit, non-refund of unspent balances by IAs were seen in Audit. There were several instances of delays in sanctioning works as well as sanctioning works without adhering to stipulated Scheme procedures. An expenditure of ₹ 1.44 crore was incurred on 61 works which were not permitted under the Scheme. Also an excess expenditure of ₹ 44.48 lakh to three trusts/societies against the prescribed ceiling was found.

2.1.1 Introduction

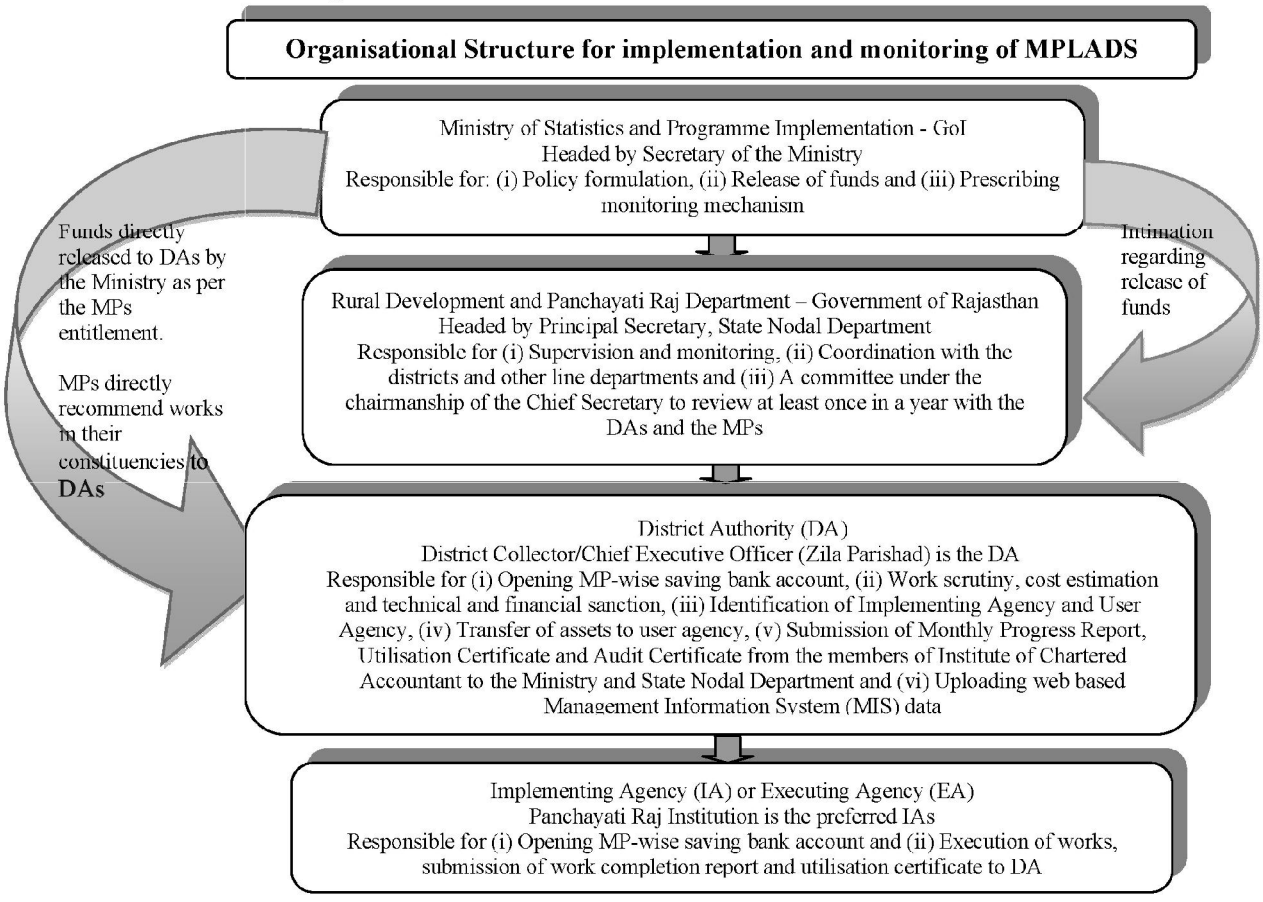
The MPLADS was introduced on 23 December 1993 to enable MPs to cater to local requirements involving creation of assets in their constituencies and to provide facilities such as drinking water, primary education, public health, sanitation and roads etc. to the community. The implementation of MPLADS

is governed by guidelines initially issued in February 1994. These were updated and revised in December 1994, February 1997, September 1999, April 2002 and in November 2005. The MPLADS is a Plan Scheme fully funded by the GoI and funds released under the Scheme are non-lapsable. The Scheme provides that a Member of *Lok Sabha* may select works for implementation in his/her constituency while a Member of *Rajya Sabha* may select works for implementation in one or more districts of his/her choice in the State from which he/she has been elected. In 1993-94, when the Scheme was launched, an amount of ₹ five lakh per annum per MP was allotted which was subsequently raised to ₹ one crore per annum per MP from 1994-95. Since 1998-99, ₹ two crore per annum is being allotted to each MP.

The main objectives of the Scheme are to carryout works of a developmental nature and creation of durable assets based on locally felt needs with special focus to areas inhabited by Scheduled Castes (SCs) and Scheduled Tribes (STs) population. There were 25 *Lok Sabha* and 11 *Rajya Sabha* members in Rajasthan.

2.1.2 Organisational set up

At the Central level, the Scheme is administered by the Ministry of Statistics and Programme Implementation (henceforth referred to as the Ministry). A chart depicting the role of various authorities at Central, State and District level is given below:



2.1.3 Audit objectives

The performance audit was taken up with the objective of verifying whether:

- The funds released under the Scheme were being utilised in a proper manner for achieving the objectives of MPLADS;
- MPLADS met the principal objective of fulfilling the constituents request to the MPs for basic facilities, including community infrastructure of development nature, with emphasis on creation of durable community assets in their areas;
- The process of selection of the works was transparent and the works approved by the MPs were consistent with guidelines, avoided duplication and overlapping and were guided by their merit and relative priority within the area for each MP;
- The DAs and the IAs processed the works promptly in accordance with the provisions of the MPLADS guidelines and relevant rules ensuring competitive bids, quality assurance, schedule of rates and checks ensuring reasonableness of the cost/rates;
- The accountability for maintenance and upkeep of assets created were ensured and the standards and quality of the assets created were maintained properly;
- The physical and financial performance reports were free from misstatements and in particular, the utilisation certificates and status of the works report fairly represented utilisation of MPLADS funds;
- The internal control, management and performance monitoring systems and procedures ensured output oriented monitoring of the Scheme; and
- The up-to-date and comprehensive list of community assets created was transparently displayed.

2.1.4 Audit criteria

The criteria for the performance audit were:

- Guidelines of the MPLADS, Circulars and Orders issued by Ministry of Statistics and Programme Implementation, GoI.
- Public Works Financial and Accounts Rules issued by Government of Rajasthan (GoR).
- *Gramin Karya Nirdeshika* (GKN), 2004 issued by GoR.
- Rajasthan *Panchayati Raj* Rules, 1996.

2.1.5 Audit methodology, coverage and sampling

The audit methodology included:

- Examination of records relating to implementation of the Scheme in the office of Secretary, Rural Development Department (RDD), *Zila Parishads* Rural Development Cell (ZPs RDC), *Panchayat Samitis* (PSs) and *Gram Panchayats (*GPs).

- Study of progress reports, works control registers, sanction files, recommendation files, utilisation certificates (UCs)/completion certificates (CCs) files, survey reports and evaluation reports and accounts.

- A study of the Scheme in eight nodal districts[1] covering nine *Lok Sabha* and two *Rajya Sabha* members of Parliament selected by using Simple Random Sampling without Replacement Method covering the period 2004-09 was conducted during April 2009 to December 2009 and records relating to the Scheme were test-checked in the RDD, ZPs and various executing agencies i.e. Public Works Department (PWD), Public Health Engineering Department (PHED), Irrigation Department, Forest Department, *Panchayati Raj* Institutions (PRIs), Urban Local Bodies (ULBs), Rajasthan State Electricity Board (RSEB) and Non Government Organisations (NGOs) of nodal districts.

An Entry Conference was held on 27 April 2009 with the Secretary, RDD, GoR, Jaipur in which audit methodology, scope and objectives etc. were discussed. The results of the performance audit were discussed with the RDD in an exit conference on 12 May 2010 and on 14 November 2011.

The factual statement was issued to the RDD, GoR, Jaipur in March 2010 and revised in June 2010.

2.1.6 Response to previous audit findings

The C&AG had conducted two performance audits on the MPLADS in the past, which were incorporated in the C&AG's Audit Reports (Civil) for the years 1996-97 and 1999-2000. However, many of the shortcoming, such as execution of various inadmissible/prohibited works, non maintenance of assets register, incomplete work, diversion of funds, delays in sanction and completion of works etc. pointed out in those two reports were still persisting (till the current audit).

The recurrence of similar shortcomings and lapses on the part of DAs indicated lack of monitoring, internal control and failure of DAs to adhere to the instructions issued by the Department.

1. Eight nodal districts, Bharatpur, Bikaner, Churu, Dausa, Pali, Sikar, Sriganganagar, and Tonk covering nine *Lok Sabha* constituencies (Bayana, Bharatpur, Bikaner, Pali, Churu, Dausa, Sikar, Sriganganagar and Tonk) and two *Rajya Sabha* constituencies (Bharatpur and Bikaner).

Recommendation

In order to avoid recurrence of lapses and shortcomings in the Scheme implementation, responsibility needs to be fixed on the officials who failed to exhibit due diligence in compliance to the guidelines.

2.1.7 Financial management

2.1.7.1 Release of funds

The Central Government releases funds of ₹ two crore per annum in two equal installments of ₹ one crore each directly to the DA under intimation to the State Nodal Department and to the MP concerned. The DA and the IA deposited the funds in a nationalised saving bank account with separate accounts being opened for each MP.

Funds released to the DAs are non-lapsable and can be carried forward for utilisation in the subsequent years.

The interest accrued on the funds released under the Scheme, is to be used for permissible works recommended by the MP concerned.

2.1.7.2 Budget estimates and expenditure

The position of funds released and expenditure incurred thereagainst in eight test-checked nodal districts during 2004-09 is given in **Table 2.1** below:

Table 2.1: Funds released and expenditure incurred in test checked districts

(₹ in crore)

Name of districts	Opening balance (as on 1April 2004)	Funds released to DA	Interest received	Total available funds	Expenditure	Percentage of expenditure	Unspent balance (as on 31 March 2009)
Bharatpur	10.95	27.30	0.63	38.88	21.88	56.28	17.00
Bikaner	4.44	14.00	0.36	18.80	15.13	80.48	3.67
Churu	1.18	10.00	0.18	11.36	8.96	78.87	2.40
Dausa	4.21	10.00	0.56	14.77	9.84	66.62	4.93
Pali	1.50	10.00	0.36	11.86	8.18	68.97	3.68
Sikar	1.97	10.00	0.44	12.41	10.27	82.76	2.14
Sriganganagar	0.64	10.00	0.06	10.70	9.58	89.53	1.12
Tonk	3.61	10.00	0.37	13.98	5.66	40.49	8.32
Total	**28.50**	**101.30**	**2.96**	**132.76**	**89.50**	**67.41**	**43.26**

(Source: Annual Accounts certified by Chartered Accountant)

Position indicated above revealed that

- Total available funds during 2004-05 to 2008-09 was ₹ 132.76 crore against which an expenditure of ₹ 89.50 crore only (67.41 per cent) was incurred during 2004-05 to 2008-09 and ₹ 43.26 crore was lying unspent. Percentage of expenditure was highest in Sriganganagar district (89.53 *per cent*) and lowest in Tonk district (40.49 *per cent*). The RDD, GoR stated

(November 2011) that DA Churu had utilised ₹ 2.08 crore out of ₹ 2.40 crore but action taken in other cases has not been intimated.

2.1.7.3 Distribution of funds of ex-Rajya Sabha (RS) MP

The Scheme stipulates that the unspent balances under MPLADS left by the predecessor elected RS MPs in a particular State would be equally distributed amongst the successor RS MPs in that particular State.

Audit revealed that unspent balances of ₹ 0.54 crore (March 2011) left by predecessor RS MP of District Bikaner had not been distributed among the successor RS MPs. The RDD, GoR did not furnish the reply (November 2011).

2.1.7.4 Diversion of funds

Funds were required to be spent for the intended purpose but DA, Churu temporarily diverted scheme funds as detailed in **Table 2.2** below:

Table 2.2: Diversion of funds in Churu district

(₹ in lakh)

Diverted to			Received back to MPLADS
Scheme	**Date**	**Amount**	**Date**
Desert Development Programme-IV	31.03.2005	20.00	25.06.2005
Indira Awas Yojna (New)	31.03.2005	43.48	25.06.2005
District Rural Development Agency (Administration)	04.10.2006	7.00	31.03.2007

(Source: Data extracted from records of DAs)

Diversion of the Scheme fund was not only contrary to the Scheme guidelines but also caused a loss of interest of ₹ 0.68 lakh to the Scheme calculated at the rate of saving bank account. The RDD, GoR accepted the facts and stated (November 2011) that the DAs have been instructed not to divert scheme fund in future. The diversion of funds indicated that internal controls and financial management needed to be strengthened at DA level and State Level.

2.1.7.5 Release of advance in excess of prescribed limits

The MPLADS guidelines envisage that the DA may release advances up to 75 *per cent* (for projects sanctioned up to October 2005) and 50 *per cent* (for projects sanctioned after October 2005) of the estimated amount of a sanctioned work to the IA.

However, in seven nodal districts DAs gave advances of ₹ 19.59 crore for execution of 1,209 works where only ₹ 13.73 crore were admissible resulting in excess release of ₹ 5.86 crore to the IAs as detailed in **Table 2.3** below:

Table 2.3: Details of advances given in seven districts

(₹ in crore)

	Bharatpur	Bikaner	Churu	Dausa	Pali	Sikar	Tonk	Total
Number of works	555	23	17	248	49	131	186	1,209
Total advance released	10.78	0.77	0.09	1.29	1.77	1.62	3.27	19.59
Total advance admissible	8.08	0.48	0.06	0.81	1.09	1.09	2.12	13.73
Excess release of advance	2.70	0.29	0.03	0.48	0.68	0.53	1.15	5.86

(Source: Data extracted from records of DAs)

The RDD, GoR stated (November 2011) that the DAs have been instructed to release advances up to 50 *per cent*.

2.1.7.6 Non-refund of unspent balances by IAs

As per para 4.16 of the Scheme guidelines the unspent balance should be refunded by the IAs to the DAs within 30 days of the completion of work. It was seen that four works of ₹ 8.43 lakh were cancelled by DA, Pali but advances of ₹ 7.12 lakh[2] made (2005-06 and 2007-08) to the IAs for these cancelled works, were not refunded by IAs to DA. The RDD, GoR stated (November 2011) that recovery is being made.

Thus, DAs failed to follow up with the IAs to refund the unspent balance lying with them which indicated deficient monitoring. This resulted in blocking of fund and may also lead to misappropriation.

2.1.7.7 Contingency expenses

The Scheme guidelines (November 2005) provided that the DA can utilise upto 0.5 *per cent* of the amount spent on completed projects in a year under MPLADS as contingency expenses on items like purchase of stationary, office equipments including computer (excluding Laptop), telephone/fax charges, postal charges and expenses incurred to make MPLADS works monitoring software operational and to get audit certificates and audit of the accounts.

It was however noticed that the CEO, ZP, Dausa purchased a Laptop worth ₹ 0.55 lakh contrary to the provisions of the Scheme guidelines.

The RDD, GoR stated (November 2011) that the Laptop was purchased at market rate for effective monitoring of the scheme. The reply is not tenable as purchase of Laptop was not permissible under the scheme.

2.1.7.8 Improper maintenance of accounts

The Scheme envisaged that the DAs and the IAs open separate savings accounts for each MP in nationalised bank. A monthly bank reconciliation of the cash book and pass book balances was to be carried out. Scrutiny of records of DAs and IAs disclosed the following discrepancies;

- DAs had not reconciled the figures of the cash book and bank pass-book as prescribed.

2. Pali: 2005-06 (Amount ₹ 3.20 lakh) and 2007-08 (₹ 3.92 lakh).

- Although DAs maintained separate bank accounts for each MP but IAs did not do so. Instead, IAs maintained a single savings bank account for transactions involving MPLADS funds. In case of release of funds to institutions such as schools, colleges, clubs, societies and other NGOs, where such institutions were the users as well as IAs, MPLADS funds were kept in the bank accounts of such institutions where funds from other sources were also deposited.

- DA, Bharatpur kept Scheme funds of ₹ 24.65 crore[3] of *Lok Sabha* MP, Bayana and *Rajya Sabha* MP, Bharatpur from 2004-05 to 2008-09 in non-nationalised bank (Rajasthan *Gramin* Bank) contrary to the provision of the guidelines.

These lacunae in banking arrangements and accounting procedures indicated that internal controls at the DAs and the IAs level were weak. The RDD, GoR stated (November 2011) that all districts have been instructed to maintain accounts properly.

2.1.7.9 Non-receipt of installment of ₹one crore

As per paragraph 4.3 of the Scheme guidelines the second installment of the MPLADS funds was to be released subject to the fulfillment of the following eligibility criteria:

- the unsanctioned balance is less than ₹ 50 lakh,

- the unspent balance of funds of the MP concerned is less than ₹ one crore and

- UCs and audit certificates prior to the previous year have been furnished by DA.

It was seen that Scheme fund of ₹ one crore as second installment for the year 2007-08 could not be released by the GoI for *Rajya Sabha* MP, Bharatpur due to non-submission of proposal for release of the funds by the DA. The DA did not send the proposal due to unsanctioned balance of ₹ 80.27 lakh.

The RDD, GoR stated (November 2011) that due to non-receipt of recommendations in time from MP, the eligibility for release of second installment could not be fulfilled.

2.1.7.10 Interest not refunded

Interest of ₹ 6.06 lakh[4] was earned on amount transferred by other nodal districts[5] but the same was not transferred to the concerned nodal districts by DA, Churu. The RDD, GoR stated (November 2011) that efforts are being made to refund interest amount.

3. *Lok Sabha* MP, Bayana: ₹ 13.77 crore and *Rajya Sabha* MP, Bharatpur: ₹ 10.88 crore.
4. ₹ 1.16 lakh in 2004-05, ₹ 1.17 lakh in 2005-06, ₹ 1.47 lakh in 2006-07, ₹ 1.21 lakh in 2007-08 and ₹ 1.05 lakh in 2008-09.
5. Baran, Bhilwara, Bikaner, Chittorgarh, Jaipur and Nagaur.

2.1.7.11 Outstanding advances

Out of total outstanding advances of ₹ 29.12 crore against IAs as of March 2009, ₹ 2.04 crore lying unspent/unutilised since two to six years and ₹ 0.41 crore more than six years ***(Appendix-II)***. The advances remained unadjusted due to non- receipt of UCs/CCs/refund of unspent amount from the IAs.

The RDD, GoR stated (November 2011) that concerned DAs have been instructed to utilise outstanding advances.

Recommendation

DAs should be prescribed with a schedule for monitoring of utilisation of advances by the IAs.

2.1.8 Recommendations and selection of works

Recommendation of works

Each MP was required to recommend a prioritised list of works based on the locally felt needs for execution to the DA up to the annual fund entitlement, preferably within 90 days of the commencement of the financial year. In this regard, Audit observed the following:

2.1.8.1 Delay in recommendation by MPs

In respect of 3,295 works[6] (59.75 *per cent* of 5,515 total recommended works) amounting to ₹ 64.07 crore pertaining to eight test-checked DAs, recommendations were furnished by MPs with delays beyond the prescribed time limit of 90 days from the commencement of the financial year and the MPs continued recommending the works up to the end of the financial year.

The RDD, GoR stated (November 2011) that MPs have been requested by concerned DAs to recommend works in time.

2.1.8.2 Recommendations not sent in the prescribed format

Para 3.1 of the guidelines stipulates that recommendations for works received from the MPs should be duly signed on their letter heads. It was observed that MP, Tonk sent the recommendations on plain paper in six cases[7] involving ₹ 25.26 lakh. The RDD, GoR stated (November 2011) that DAs have been instructed for compliance.

6. Bharatpur: 728 works (₹ 14.37 crore), Bikaner: 217 works (₹ 8.25 crore), Churu: 346 works (₹ 5.15 crore), Dausa: 600 works (₹ 7.67 crore), Pali: 169 works (₹ 4.87 crore), Sikar: 344 works (₹ 5.46 crore), Sriganganagar 694 works (₹ 12.73 crore) and Tonk: 197 works (₹ 5.57 crore).
7. Senior Secondary School, Sirohi (Newai): ₹ two lakh, Meera Girls Hostel (Newai): ₹ five lakh, Saadat Hospital (Tonk): ₹ six lakh, Rest House, Superintendent of Police, (Tonk): ₹ five lakh, *Navodaya Vidhyalaya* (Tonk): ₹ four lakh and Rest House, *Krishi Upaj Mandi* (Tonk): ₹ 3.26 lakh.

2.1.8.3 Cost estimates not furnished

As per guidelines (para 3.9), recommendations for works received from the MPs should be supported by the cost estimates. It was noticed that in eight test checked districts 3,415[8] recommendations (out of 5,515) of works costing ₹ 70.45 crore (during the period 2004-05 to 2008-09) were not supported by estimates.

The RDD, GoR stated (November 2011) that request had been made to MPs to support the recommendations with cost estimates. Non-receipt of cost estimates required preparation of the estimates by the IAs.

2.1.8.4 Selection of prohibited works

As per the Scheme guidelines effective from November 2005, all works which meet the locally felt community, infrastructure and developmental needs are permissible under MPLADS, except those prohibited under the guidelines.

However, it was noticed that in sampled districts an expenditure of ₹ 1.44 crore was incurred on 61 works which were not permitted as per the Scheme guidelines as details given in **Table 2.4** below (work wise details in ***Appendix - III***).

Table 2.4: Details of execution of prohibited works

(₹ in crore)

Type of prohibited works undertaken by DAs on the recommendation of MPs	Details of execution of prohibited works		
	No. of districts involved	No. of works	Cost of works
Office and Residential buildings belonging to Central and State Governments, their Departments, Government Agencies/ Organisations and Public Sector Undertakings	5	45	0.87
Office and residential buildings and other works belonging to private, cooperative and commercial organisations	3	5	0.18
Maintenance and repair works of any type	2	3	0.08
Renovation works except heritage and archeological monuments and buildings with specific permission available from the Archeological Survey of India	2	2	0.10
Purchase of all movable items except vehicles, earth movers and equipments meant for hospital, educational, sports, drinking water and sanitation purposes belonging to Central, State, UT and Local Self Governments	4	6	0.21
Total		**61**	**1.44**

(Source: Data extracted from record of DAs)

The execution of works prohibited under the Scheme indicated that the MPs had not kept the objectives and guidelines of the Scheme in view while

8. Bharatpur: 1,044 cases (Amount ₹ 20.19 crore), Bikaner: 460 (₹ 14.53 crore), Churu: 249 (₹ 4.23 crore), Dausa: 166 (₹ 3.15 crore), Pali: 25 (₹ 0.28 crore), Sikar: 489 (₹ 8.32 crore), Sriganganagar: 825 (₹ 15.09 crore) and Tonk: 157 (₹ 4.66 crore).

recommending works and the DAs had not verified the eligibility of these works before granting administrative approval and financial sanction. The RDD, GoR stated (November 2011) that the repair work of Table Tennis room and compound wall, Churu, the work for Gram Panchayats in District, Bikaner and construction of boundary wall of police premises, Dausa were permissible. The contention of the department was not tenable because these works were not permitted as per Annexure-II of para 4.2 of the scheme guideline.

2.1.8.5 Execution of works for society/trust

Community infrastructure and public utility building works are permissible for registered societies/trusts under the Scheme, provided the society/trust has been in existence for the preceding three years and engaged in social service/welfare activities. The Scheme also specifies that not more than ₹ 25 lakh may be spent from the MPLADS fund for one or more works of a particular society/trust. However, MPLADS funds were sanctioned in excess of the prescribed limit in three districts as work-wise and trust-wise details given in **Table 2.5** below:

Table 2.5: Details of execution of works beyond prescribed limits

(₹ in lakh)

Nodal district and name of trust	Number of works	Amount sanctioned	Expenditure incurred	Permissible limit for expenditure	Excess expenditure
Adarash Vidya Mandir *Samiti*, Bharatpur	15	39.48	34.08	25.00	9.08
Adarash Vidya Mandir *Samiti*, Pali	9	42.78	41.75	25.00	16.75
Adarash Vidya Mandir *Samiti*, Tonk	16	44.05	44.05	25.00	19.05
Total	**40**	**126.31**	**119.88**	**75.00**	**44.88**

(Source: Data extracted from records of DAs)

Thus, an expenditure of ₹ 44.88 lakh was incurred in excess of the provisions of the guidelines. The RDD, GoR stated (November 2011) that no funds will be sanctioned in excess of prescribed limit for such works.

Recommendations

- *The Ministry may provide a cut-off date in a financial year for accepting recommendation of works by MPs. Works recommended thereafter can be carried forward to the next financial year.*
- *DAs should be held accountable for taking up works that are not permitted under Scheme.*

2.1.9 Processing and award of work

2.1.9.1 Delay in sanction

As per para 3.12 of the Scheme guidelines, all eligible work should be sanctioned within 45 days from the date of receipt of proposal from the MP. However, in case of delay due to genuine reasons, a clarification for the delay

should be incorporated in the sanction letter and also intimated to the MP and the State Government. It was revealed in audit that DAs of eight test checked districts sanctioned 2,178 works[9] (39.49 *per cent* of total 5,515 sanctions) of ₹ 39.56 crore with a delay of one to 739 days from the prescribed time limit of 45 days. No clarification and reasons of delay were incorporated in the sanction letters and intimated to the Government.

The DAs failed to apply the necessary checks and balance provided in the Scheme guidelines for ensuring transparency and accountability in spending under the Scheme. The delay in sanction by DAs delayed the entire schedule for completion of work. The RDD, GoR stated (November 2011) that all DAs have been instructed to sanction works in prescribed time limit.

2.1.9.2 Sanction of works without adhering to guidelines

Para 3.3 of the Scheme guidelines envisaged that the DA should follow the established work scrutiny; technical, work estimation and tendering etc. in the matter of work execution. It was observed that out of total 5,515 works[10] sanctioned for ₹ 102.97 crore feasibility study was not conducted for 2,699 works of ₹ 47.75 crore[11] during 2004-05 to 2008-09. This led to delays in execution of works, non commencement of works and incomplete works which are brought out subsequently under paragraph number 2.1.10 of this report. The RDD, GoR stated (November 2011) that all DAs have been instructed for compliance.

2.1.9.3 Identification of the implementing agency

As per para 2.11 of the Scheme guidelines, the DA was required to identify the agency for work execution and the PRIs and ULBs were to be preferred as IAs in rural and urban areas respectively. The Ministry had also clarified in December 2006 that the guidelines on MPLADS did not allow MPs to select the executing agency and this was the responsibility of the DAs alone.

It was noticed that for 3,348 recommended works (60.71 *per cent*) of ₹ 64.54 crore, the executing agencies were identified/selected by the MP.

Further, the *Lok Sabha* MPs, Bayana and Bharatpur recommended a NGO (Lupin Human Welfare and Research Foundation, Bharatpur) as IA, for 122 works of ₹ 3.02 crore during 2004-09 in the areas of PRIs and ULBs.

9. Bharatpur: 749 works (₹ 14.31 crore), Bikaner: 45 works (₹ 1.53 crore), Churu: 81 works (₹ 1.20 crore), Dausa: 357 works (₹ 5.07 crore), Pali: 127 works (₹ 2.53 crore), Sikar: 290 works (₹ 5.07 crore), Sriganganagar: 406 works (₹ 7.40 crore) and Tonk: 123 works (₹ 2.45 crore).
10. Bharatpur: 1,471 works (Amount ₹ 27.15 crore), Bikaner: 480 works (₹ 15.95 crore), Churu: 620 works (₹ 10.17 crore), Dausa: 851 (₹ 10.40 crore), Pali: 495 works (₹ 10.23 crore), Sikar: 608 works (₹ 10.43 crore), Sriganganagar: 546 works (₹ 10.09 crore) and Tonk: 444 works (₹ 8.55 crore).
11. Bharatpur: 1,471 works (Amount ₹ 27.15 crore), Churu: 620 works (₹ 10.17 crore) and Sikar: 608 works (₹ 10.43 crore).

The RDD, GoR stated (November 2011) that DAs had requested the MPs for not mentioning the name of IAs in their recommendations. The Scheme guidelines clearly provide no role for MPs in the selection of IAs and by complying with recommendations regarding specific IAs the DAs failed to provide necessary checks and controls under the Scheme, thus diluting transparency and accountability.

2.1.9.4 Inadequate coverage of areas inhabited by the SCs/STs community

Para 2.5 of the guidelines (November 2005) emphasizes the need for development of areas inhabited by SCs/STs and provides that MPs are required to recommend every year works costing at least 15 *per cent* of Scheme funds for areas inhabited by SCs population and 7.5 *per cent* for areas inhabited by STs population.

During 2005-06 to 2008-09 out of total sanctioned amount of ₹ 276 crore, works of ₹ 50.54 crore were sanctioned for development of SCs/STs inhabited area in the state. Thus, only 18.31 *per cent* of funds were sanctioned against the prescribed minimum provision of 22.5 *per cent* for these weaker section communities. The department did not compile separate data of sanctioned amount for development of SCs and STs inhabited areas up to 2007-08. Hence bifurcation between SCs and STs was not available at state level for that period. However, for 2008-09, separate sanctioned amount for SCs and STs areas was available at state level which is as under:

(₹ in crore)

For SCs inhabited areas		For STs inhabited areas	
Amount	**Percentage**	**Amount**	**Percentage**
9.74	13.53	7.60	10.56

Out of eight test checked districts, in five districts Scheme funds were sanctioned (November 2005 to March 2009) for areas inhabited by SCs population were short by 11.72 *per cent* to 55.17 *per cent* and in four districts 10.42 *per cent* to 100 *per cent* for areas inhabited by STs population as shown in ***Appendix -IV***.

Due to failure of the Department to monitor the adequacy of the coverage of areas inhabited by the SCs/STs community, the promotion of equity and social justice as envisaged under MPLADS could not be ensured.

The RDD, GoR stated (November 2011) that all DAs have been instructed for adequate coverage of areas inhabited by the SCs/STs community.

Recommendation

DAs should effectively monitor the adequacy of the coverage of areas inhabited by the SC/ST community.

2.1.10 Execution of works

2.1.10.1 Status of work completed

- *At state level*

The MPLADS guidelines stipulated that time limits for completion of works should generally not exceed one year. However, at the beginning of 2004-05, there were 3,618 incomplete works under MPLADS and 21,605 works were sanctioned during 2004-09. Fifty Nine works were cancelled and against remaining 25,164 works, 22,736 works were completed at the end of 2008-09 leaving 2,428 incomplete works. The percentage of works remaining incomplete ranged from 31.30 *per cent* in 2006-07 to 45.45 *per cent* in 2005-06. The year-wise break up is given in **Table 2.6** below:

Table 2.6: Status of completed works at State level

Year	Opening balance of incomplete work	Works sanctioned during the year	Total works	No. of cancelled Works	Net Total Works	Works completed during the year	Incomplete works at the end of the year	Percentage of works remaining incomplete out of net total works
2004-05	3,618	3,549	7,167	3	7,164	4,357	2,807	39.18
2005-06	2,807	5,401	8,208	14	8,194	4,470	3,724	45.45
2006-07	3,724	4,540	8,264	14	8,250	5,668	2,582	31.30
2007-08	2,582	4,176	6,758	14	6,744	3,868	2,876	42.65
2008-09	2,890*	3,939	6,829	14	6,815	4,387	2,428	35.63

(Source: Data furnished by Deputy Secretary, RDD, Jaipur)
**** Included 14 works cancelled during previous years.***

It may be seen that the number of incomplete works had come down from 3,618 as on 01 April 2004 to 2,428 as on 31 March 2009. However, information on incomplete works was deficient, as no age-wise analysis of incomplete works was available with the Department and the Department maintained data on incomplete works on cumulative basis. The RDD, GoR stated (November 2011) that instructions have been issued to complete the work lying incomplete.

- *In test checked districts*

The position of works sanctioned and completed thereagainst in eight test checked nodal districts is given in **Table 2.7** below:

Table 2.7: Status of completed works in test checked eight districts

Year	Sanctioned work up to 31 March 2009		completed work up to 31 March 2009		Incomplete work up to 31 March 2009	
	Physical/ number	Financial/ amount (₹ in crore)	Physical/ number	Financial/ amount (₹ in crore)	Physical/ number	Financial/ amount (₹ in crore)
2004-05	976	16.43	967	15.98	9	0.45
2005-06	1,328	25.26	1,313	24.66	15	0.60
2006-07	1,194	20.87	1,179	20.35	15	0.52
2007-08	1,103	22.36	985	19.22	118	3.14
2008-09	914	18.05	646	12.83	268	5.22
Total	**5,515**	**102.97**	**5,090**	**93.04**	**425**	**9.93**

Out of total 5,515 sanctioned works for ₹ 102.97 crore, 5,090 works of ₹ 93.04 crore were completed as on 31 March 2009 leaving 425 works of ₹ 9.93 crore incomplete. This included 157 works of ₹ 4.71 crore that were lying incomplete from period between one to four years. Due to land dispute, court cases and paucity of funds these works could not be completed within prescribed time. The RDD, GoR stated (November 2011) that instructions have been issued to DAs to complete the works lying incomplete.

2.1.10.2 Delay in execution of works

The DA was required to verify the eligibility and technical feasibility of each work recommended by the MP concerned. Besides, before sanctioning the work, the DA had to ensure that all clearances for such works had been obtained from the competent authorities. The guidelines also prescribed that the sanction letter/order should stipulate a time frame for completion of works by the IAs. The time limits for completion of works should generally not exceed one year and the sanction letter/order was also to include a clause for suitable penal action against the IA in the event of its failure to complete the work within the stipulated time. The following shortcomings were noticed:

- **Non Commencement of work:** Audit observed that six works[12], for which ₹ 9.59 lakh was sanctioned and ₹ 7.31 lakh was released by the DAs to IAs were not started (till May 2011) due to non-availability of land, court cases and land dispute.

- **Delay in completion of works:** out of 5,090 completed works 432 works (8.49 *per cent*) costing ₹ 8.51 crore, were completed with a delay of two to 2,135 days against the stipulated period mentioned in the sanction order. The RDD, GoR stated (November 2011) that DAs have been instructed to complete the works in time.

- **Incomplete works:** 40 works sanctioned for ₹ 1.46 crore (₹ 1.03 crore was released by DAs to IAs) remained incomplete in respect of eight districts for a period ranging from two to 11 years due to land dispute, court cases and paucity of funds. District wise details are given in ***Appendix-V.***



(Community Centre, Khambal, PS, Sojat, District Pali (Sanctioned in May 2005) Photo Dated 25 May 2011



(Community Centre, Modawas, PS, Sojat, District Pali (Sanctioned in May 2005) Photo Dated 25 May 2011

12. Bharatpur: four works (sanctioned ₹ 5.09 lakh, released ₹ 3.81 lakh) and Tonk: two works (sanctioned ₹ 4.50 lakh, released ₹ 3.50 lakh).

- **Unfruitful expenditure:** Construction of community centre near dairy at Bishnoi *Ki Dhani*, Sanwata Kalan (PS, Rohat District Pali) was sanctioned in October 2005. Against the sanction of ₹ 1.08 lakh an expenditure of ₹ 1.06 lakh was incurred. In the joint physical verification it was found that the completion certificate for the work was issued in March 2006 but the work in respect of doors, windows, floorings and finishing was still to be completed. Thus, issuance of completion certificate for incomplete work rendered expenditure incurred on the work unfruitful as the building was not in use as of May 2011.

These cases of delay in initiating as well as completing the works and non-completion of works indicated that the DAs did not effectively assess the feasibility of works and plan for necessary approvals before according administrative approval and financial sanction. It resulted in idling of funds released to IAs for these works. DAs and IAs also failed to take suitable penal action against the erring agencies as per provisions of the Scheme. The RDD, GoR stated (November 2011) that instructions have been issued to DAs to complete the works in time.

2.1.10.3 Delay in work completion reports

As per para 5.3 of the guidelines work completion reports are required to be sent by IAs to DAs within 30 days from the date of completion of the works. It was seen that in 692 cases (2004-05 to 2008-09) for ₹ 15.13 crore completion certificates were sent with a delay ranging between one to 1,560 days from the prescribed period as detailed in **Table 2.8** below:

Table 2.8: Delays in works completion reports

	Bikaner	Bharatpur	Churu	Dausa	Pali	Sikar	Sriganga-nagar	Tonk	Total
Number of works	42	194	68	49	102	115	66	56	692
Amount (₹ in crore)	1.93	4.18	1.68	0.87	2.08	2.14	1.20	1.05	15.13
Delay period in days	1-270	1-1,560	1-720	1-270	1-990	1-660	1-750	1-1,410	1-1,560
Range of delay in days									
1-100	26	80	30	35	22	43	29	20	285
101-200	14	57	18	09	36	49	23	15	221
201-500	02	48	16	05	25	17	11	18	142
501-1,560	-	09	04	-	19	06	03	03	44

(Source: Data extracted from records of DAs)

The RDD, GoR stated (November 2011) that DAs have been instructed for compliance.

Recommendations

- *The DAs should assess the capability of the IAs for executing the sanctioned works in a timely manner prior to assignment of works.*
- *Suitable action be taken against the executing agency responsible for incomplete or delayed works.*

2.1.11 Maintenance of assets

2.1.11.1 Non- maintenance of assets register

The Scheme guidelines provide that the DA will maintain a register of all the assets created with the Scheme funds and subsequently transfer it to user agencies.

Scrutiny of records revealed that assets registers had not been maintained in none of the test checked districts. In the absence of assets register assurance about the custody of assets and their maintenance could not be ascertained. DAs accepted the facts and stated (May 2011) that work control register is being used as assets register. The reply is not tenable because work control register records transfer of installments to IAs and receipt of UCs/CCs from IAs, whereas assets register records all assets created, their transfer to user agency and its maintenance. Further, as per guidelines these records were to be maintained separately at DAs level.

2.1.11.2 Assets not put to use

The Scheme guidelines provided that as soon as work was completed, assets created should be put to public use. The new bus stand and *Yatri Vishram Grah* was constructed by the Municipal Board (MB), Sujangarh (District Churu) under Urban Infrastructure Development Scheme for Small and Medium Town and MPLADS respectively. The new bus stand completed in February 2007 at a cost of ₹ 67.06 lakh could not be operated due to lack of agreement on terms and condition of Memorandum of Understanding between MB and Rajasthan State Road Transport Corporation. The *Yatri Vishram Grah* completed in December 2007 at a cost of ₹ 5.50 lakh had not been put to use due to non-commencement of operation of the new bus stand. The RDD, GoR accepted (November 2011) the facts. The matter be resolved so that assets created be put to use.



Yatri Vishram Grah and shed at New Bus Stand, Sujangarh, District Churu
Photo Dated 05 May 2011

2.1.11.3 Misuse of assets

In joint physical verification by Audit, it was found that eight assets created at a cost of ₹ 19.50 lakh were not being utilised for the purpose for which these were sanctioned. Community centre were being used for residence purpose by

the family of the local residents, contractors and class rooms were being used as staff recreation room as details given in ***Appendix-VI.*** As per para 3.6 of scheme guidelines the DA should get in advance, a firm commitment about the operation, upkeep and maintenance of the proposed assets from the user agency concerned before the execution of the work is sanctioned. Thus, the user agency being accountable for misuse of assets, necessary action against concerned user agency was not taken. The RDD, GoR stated (November 2011) that efforts are being made to utilize assets created under the scheme for the public use.

	
(Community Centre, Kishore Dealer ki Dhani GP, Gangadwari PS, Sikrai. District Dausa being used as residence) Photo Dated 20 May 2011	***(Community Centre, Main Village Road, GP, Gangadwari PS, Sikrai, District Dausa being used as residence) Photo Dated 20 May 2011***

2.1.11.4 Maintenance and upkeep of assets

The DA was to get in advance, a firm commitment from the concerned user agency for the upkeep and maintenance of the proposed asset before the sanction and execution of the work. However, it was observed that no such undertaking was obtained from the user agencies for 2,556 works of ₹ 45.10 crore[13] before sanctioning the works by the DAs, Bharatpur, Churu and Sikar. The RDD, GoR stated (November 2011) that concerned DAs have been instructed for compliance.

Recommendations

- *Assets register should be maintained at all levels and asset mapping should be done for proper utilisation and upkeep of assets and their loss/encroachment.*
- *Advance commitment from the user agencies regarding operation, maintenance and upkeep of assets should be obtained by the DAs before execution of works.*

13. Bharatpur: 1,412 works (Amount ₹ 25.63 crore), Churu: 566 works (₹ 9.78 crore) and Sikar: 578 works (₹ 9.69 crore).

2.1.12 Financial performance reports

2.1.12.1 Discrepancies in figures of MPRs and annual accounts

Test check of Monthly Progress Reports (MPRs) and annual accounts showed discrepancies in these basic records in all eight test checked districts as outlined below:

- Different expenditure figures of the same financial year were mentioned in the MPRs and the annual accounts.
- The closing balance of the annual accounts and the MPRs of March of the same financial year did not match.
- The figures of interest mentioned in the annual accounts did not match with the figures mentioned in the MPRs of the same accounting period.
- The figures of expenditure as provided by the nodal department did not match with the figures collected from the test checked nodal districts.

The discrepancies in figures in these basic records, which should invariably match, indicated weak internal controls at the DAs level. In this scenario there cannot be any assurance of the expenditure incurred, interest earned and unspent balance with DAs and IAs. The RDD, GoR accepted (November 2011) the facts.

2.1.12.2 Non submission of UCs for funds for natural calamities

Para 2.7 of the Scheme guidelines stipulates that *Lok Sabha* MPs from the non-affected areas of the State can also recommend permissible works upto a maximum of ₹ 10 lakh per annum for the natural calamity affected area in that State. Further, para 2.8 provides that in the event of calamity of severe nature in any part of the country an MP can recommend works upto a maximum of ₹ 50 lakh for the affected district.

- On recommendation of MP Pali an amount of ₹ 10 lakh was given (July 2005) to natural calamity (Tsunami affected District Kanyakumari) but its UC/CC/Audit Certificate has not been received even after a lapse of six years.

- Further, on the recommendation of MP the DA, Dausa sanctioned ₹ 5 lakh and sent to calamity affected District Kanyakumari but the UC/CC/ Audit Certificate was not found received even after lapse of six years.

The RDD, GoR did not furnish any reply (November 2011).

2.1.12.3 Non-furnishing of utilisation/completion certificates (UCs/ CCs) by IAs

As per para 5.3 of the guidelines the IAs shall furnish a work completion report and UC within 30 days of the completion of the work to the concerned

DA. It was seen that UCs/CCs of ₹ 6.86 crore[14] were not furnished in 427 works by IAs till April 2011 as detailed in **Table 2.9** below:

Table 2.9: Non-furnishing of UCs/CCs

(Amount in ₹ crore)

	Bharatpur	Bikaner	Churu	Dausa	Sikar	Sriganganagar	Pali	Tonk	Total
Number of works	58	08	18	148	17	08	124	46	427
Amount	1.42	0.37	0.45	1.29	0.23	0.17	2.32	0.61	6.86

(Source: Data extracted from records of DAs)

The RDD, GoR stated (November 2011) that DAs have been instructed for compliance.

Recommendation

The DAs should ensure that UCs/CCs from IAs are obtained timely.

2.1.13 Monitoring and supervision

2.1.13.1 Monitoring committee meeting

The DAs were required to review the MPLADS works every month with the implementing agencies. MP concerned was to be invited to such meeting. A committee under the chairmanship of Chief Secretary/Additional Chief Secretary was required to be constituted to review the implementation of the Scheme with District Authorities and MPs at least once in a year as per para 6.3 (i) of the guidelines.

At State level, though State Level Monitoring Committee was constituted (2 March 2007) but no annual meeting was held upto 2008-09.

At District level, District Level Monitoring Committee meetings required to be held every month, was not held in Pali and only one meeting was held in the district of Bharatpur and Bikaner from November 2005 to March 2009. Against provision of 41 monthly meeting at each DA level, six, eight and 12 meetings were held in the district of Tonk, Sriganganagar and Sikar respectively during November 2005 to March 2009. No meeting was found to be held from November 2005 to March 2007 in Churu district but three meetings each in 2007-08 and 2008-09 were held. The RDD, GoR stated (November 2011) that all DAs have been instructed for compliance.

2.1.13.2 Inspection of works

MPLADS guidelines provide the DA would be responsible for overall coordination and supervision of the works and inspect at least 10 *per cent* of the works under implementation every year. Further, State Government

14. Year 2004-05: 48 works (Amount ₹ 0.83 crore), 2005-06: 55 works (₹ 0.85 crore), 2006-07: 64 works (₹ 0.84 crore), 2007-08: 106 works (₹ 1.86 crore) and 2008-09: 154 works (₹ 2.48 crore).

Officer not below the rank of Executive Engineer was required to inspect Scheme works as and when they make official field visit. However, only one inspection was carried out at the State level during 2004-05 to 2008-09 and in absence of maintenance of record at district level it could not be verified whether DAs had done the inspections. Thus, non-fulfillment of the requirement of inspection weakened the prescribed internal controls with a possible adverse effect on the execution and quality of works. The RDD, GoR stated (November 2011) that all DAs have been instructed for compliance.

2.1.13.3 Training of district officer

The Scheme guidelines provided for the State Government to make arrangements for imparting training to the officials of the DAs associated with the implementation of MPLADS. It was observed that no training was imparted during the period 2004-05 to 2006-07. However, training was imparted during 2007-08 to 2008-09. The RDD, GoR did not furnish the reply (November 2011).

2.1.13.4 Details of works not displayed at DAs Office

The DAs were required to display the list of all completed and ongoing works using MPLADS funds at the district authority office.

However, the same was not found done in all test checked districts. The RDD, GoR stated (November 2011) that all DAs have been instructed for compliance.

2.1.13.5 Uploading of data on website

On receipt of recommendation for works from the MP and issue of the work sanction order, the DAs were required to ensure that the details of the work sanctioned were entered in the input formats and uploaded on the MPLADS website for Public Knowledge.

However, as of March 2009, out of 15,926 works sanctioned since the inception of the Scheme, details of only 5,178 works (32.51 *per cent*) were uploaded by the DAs of test checked seven districts. Thus, due to lack of complete uploading of MPLADS data on website, public and MPs were deprived of knowledge on status of works sanctioned under the Scheme. The RDD, GoR stated (November 2011) that uploading of data on website is under progress.

2.1.13.6 Details of works above ₹ five lakh not furnished to Ministry

As per para 6.4 (3) of the Scheme guideline the DA should furnish work details alongwith photograph of each work costing ₹ five lakh and above to the Ministry for web hoisting but such details alongwith photograph of 115 works amounting to ₹ 6.77 crore were not furnished to the Ministry by DAs of six test checked districts[15]. The RDD, GoR stated (November 2011) that all

15. Bharatpur, Churu, Dausa, Pali, Sriganganagar and Tonk.

DAs have been instructed for compliance.

Recommendations

- *The meeting of the Monitoring Committee at the State level under chairmanship of the Chief Secretary / Additional Chief Secretary should be convened at least once in a year with wider participation of MPs to enhance accountability of the DAs.*
- *A robust and regular Internal Audit System should be immediately put in place.*
- *A comprehensive database of releases, actual expenditure, unspent balances, works sanctioned, works completed etc. should be prepared so as to analyse the impact of the Scheme on the community.*
- *For effective implementation of the Scheme, sufficient training for financial and technical matters to the district officials needs to be imparted.*

2.1.14 Conclusion

The MPLADS, a Plan Scheme fully funded by the GoI, aims at enabling MPs to cater to local requirements through the creation of assets in their respective constituencies. However, implementation of the Scheme was marked by various serious shortcomings and lapses.

Delay in issuing recommendations led to further delay in issuance of sanction and utilisation of funds deferring the intended benefits to that extent. Identification/selection of implementing agency by MPs in their recommendation was in contravention of guidelines. Monitoring and Supervision for successful implementation of the Scheme was inadequate. The Government did not establish an effective feedback system to evaluate the Scheme and to plug the loopholes noticed midway. The data updating work was incomplete.

The execution of substantial number of inadmissible works by the DAs on MP's recommendation indicates inadequate systemic arrangement for ensuring effective use of funds for creation of community based assets.

Many of the systemic weaknesses affecting the implementation of the MPLADS had been persisting since its inception 17 years ago. The lapses were brought to the notice by the C&AG in the two earlier performance audit reports.

2.2 Member of Legislative Assembly Local Area Development Scheme

Executive Summary

The Member of Legislative Assembly Local Area Development Scheme (MLALADS) was introduced in 1999-2000 as a Plan Scheme fully funded by Government of Rajasthan with the objective to enable Members of Legislative Assembly (MLAs) to cater to local requirements involving creation of assets in their constituencies and to provide facilities such as drinking water, primary education, public health, sanitation and roads etc. to the community. Important points noticed during Performance Audit of the implementation of the Scheme in Alwar, Bharatpur, Bhilwara, Bundi, Churu, Dungarpur, Jhunjhunu, and Sikar districts from May 2010 to January 2011 were as under:

Unsanctioned balance of ₹ 17.06 crore was lying in the Personal Deposit Account of District Authorities rendering them idle. An expenditure of ₹1.75 crore was incurred on 140 inadmissible works during 2004-09. There was delay of three to 829 days in completion of 421 work costing ₹6.15 crore. Irregular payment of prorata charges of ₹ 14.13 lakh was made in respect of 53 works. Implementing agencies did not furnish Utilisation Certificates/ Completion Certificates for ₹ 24.95 crore in 2,432 works to the concerned District Authority. There were doubtful expenditure of ₹0.50 lakh and double payment of ₹ 0.40 lakh.

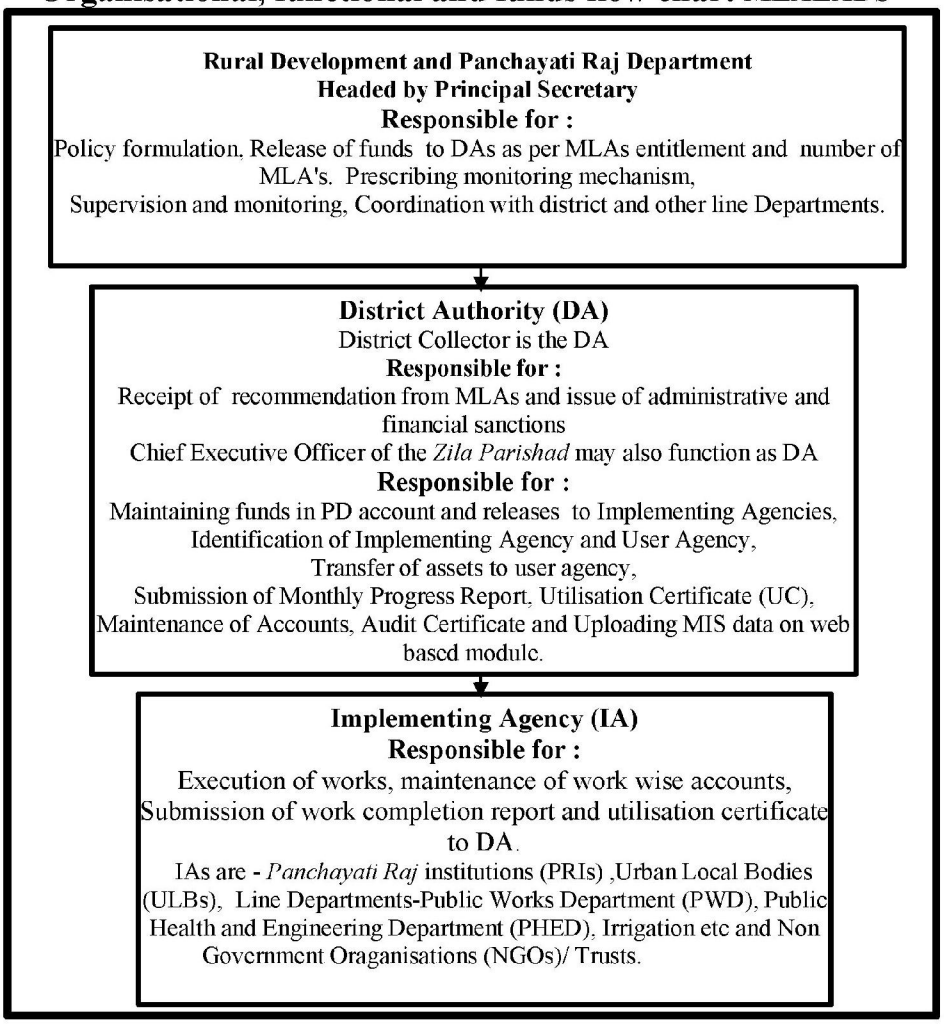
2.2.1 Introduction

MLALADS is funded by the Government of Rajasthan (GoR). The Scheme is a plan scheme administered by the Rural Development Department (RDD), Government of Rajasthan (GoR), Jaipur. MLALADS is governed by guidelines issued in June 1999 which were revised in February 2003, September 2005 and July 2009. In 1999-2000, an amount of ₹ 25 lakh per MLA per annum was allotted, which was subsequently raised to ₹ 40 lakh per annum per MLA from 2000-01, ₹ 60 lakh from 2001-02, ₹ 80 lakh from 2007-08 and ₹ one crore from 2010-2011. The main objective of the Scheme is to carry out works of developmental nature for public use based on locally felt needs so as to promote balanced regional development.

2.2.2 Organisational set up

Organisational set up of the scheme is given below:

Organisational, functional and funds flow chart MLALADS



2.2.3 Audit objectives

The performance audit was conducted with the objective of verifying whether:

- The fund released under the Scheme were being utilised in a proper manner for achieving the objectives of MLALADS;

- MLALADS met the principal objective of fulfilling the constituents request to the MLAs for basic facilities, including community infrastructure of development nature, with emphasis on creation of durable community assets in their areas in a sustainable manner;

- The process of recommendation and selection of the works was transparent and consistent with the guidelines;

- The DAs and the IAs processed the works promptly in accordance with the provisions of the MLALADS guidelines and relevant rules ensuring

competitive bids, quality assurance, schedule of rates and checks ensuring reasonableness of the cost/rates;

- The assets created under the Scheme were being put to intended use and maintained properly;

- The up-to-date and comprehensive list of community assets created were being maintained;

- The physical and financial performance reports were free from misstatements and in particular, the UCs and status of the works/projects reports fairly represented utilisation of MLALADS funds; and

- The internal control, management and performance monitoring systems and procedures ensured output/outcome-oriented monitoring of the Scheme.

2.2.4 Audit criteria

The criteria used to benchmark the implementation of the Scheme were drawn from:

- Guidelines of the MLALADS, Circulars and Orders issued by RDD, GoR from time to time; and

- Compliance with Public Works Financial and Accounts Rules, *Gramin Karya Nirdeshika* (GKN)-2004 issued by GoR, Rajasthan *Panchayati Raj* Rules, 1996 and General Financial and Account Rules.

2.2.5 Audit methodology

The performance audit of the Scheme commenced with an entry conference with Principal Secretary, RDD, GoR, Jaipur on 20 September 2010 in which the audit methodology, scope, objectives and criteria were explained. Records relating to the Scheme were examined in the office of RDD, *Zila Parishads* Rural Development Cell (ZPs RDC), *Panchayat Samitis* (PSs) and various line departments between May 2010 and January 2011. The Factual Statement was issued to the RDD, GoR Jaipur in March 2011 and their reply was received in September 2011. The exit conference was held on 14 November 2011. We appreciate the co-operation of the RDD, GoR, Jaipur, the DAs and the IAs in conducting the performance audit.

2.2.6 Audit scope and sample

The performance audit for the period 2004-05 to 2008-09 was conducted through a sample check of the records in RDD, GoR and eight districts covering 57 MLAs[16]. Selection was done based on stratified random sampling.

16. Alwar: 11; Bharatpur: nine; Bhilwara: eight; Bundi: four; Churu: six; Dungarpur: four; Jhunjhunu: seven and Sikar: eight.

2.2.7 Financial management

2.2.7.1 Release of funds

RDD, GoR releases funds to the CEO, ZPs to be deposited in the latter's Personal Deposit (PD) Account. The funds were being released in two equal installments upto the year 2007-08 and in one installment from 2008-09. Funds released to the ZP RDC are non- lapsable (except for the period 13 June 2007 to 04 August 2009 i.e., for the year 2007-2008 and 2008-09 only[17]) and can be carried forward for utilisation in the subsequent years.

2.2.7.2 Budget estimates and expenditure

Annual budget allocations, funds released, total funds available and expenditure incurred on the Scheme in the State during the five years (2004-09) is given in **Table 2.10** below:

Table 2.10 : Budget estimates and expenditure incurred

(₹ in crore)

Year	Opening balance	Allocation	Funds Released	Miscellaneous receipts[18]	Total funds available (2+4+5)	Expend-iture incurred during the year	Closing Balance (6-7)	*Per cent* utilisation of available funds
1	2	3	4	5	6	7	8	9
2004-05	128.57	120	120.00	0.19	248.76	75.91	172.85	30.52
2005-06	172.85	120	119.73	0.90	293.48	112.64	180.84	38.38
2006-07	180.84	120	120.00	0.69	301.53	108.56	192.97	36.00
2007-08	192.97	160	160.19	1.52	354.68	137.33	217.35	38.72
2008-09	217.35	160	140.00	0.72	358.07	132.09	225.98	36.89
Total		**680**	**659.92**	**4.02**	**792.51**	**566.53**		

(Source: Data provided by Rural Development Department, GoR, Jaipur)

The expenditure incurred against funds available with the DAs in State during each of the last five years indicated that the utilisation of funds ranged between 30.52 *per cent* and 38.72 *per cent* of the available funds. The overall utilisation of the total funds available during the five years period was 71.49 *per cent*. Substantial balances ranging from ₹ 172.85 crore to ₹ 225.98 crore remained unutilised.

The position of funds released and expenditure incurred in the selected/test-checked districts during 2004-2009 is given in **Table 2.11** below:

17. As per RDD, GoR, Jaipur order dated 13 June 2007 funds lying un-recommended after 31 December shall be treated as lapsed. This order was however discontinued vide Government order dated 04 August 2009.
18. Miscellaneous receipts represent interest and receipt from public contribution from registered trust/NGOs/Registered Cooperative Societies nominated as executing agencies.

Table 2.11 : Funds released and expenditure incurred

(₹ in crore)

Name of Districts	No. of MLAs	Opening Balance (01 April 2004)	Funds released by Govern-ment	Interest	Public Contri-bution	Total funds available	Expendi-ture incurred	Closing balance	*Per cent* utilisa-tion of available funds
1	2	3	4	5	6	7 (3+4+5+6)	8	9	10
Alwar	11	8.26	36.30	-	-	44.56	27.02	17.54	60.64
Bharatpur	9	8.11	29.70	-	0.01	37.82	23.88	13.94	63.14
Bhilwara	8	4.36	26.40	0.17	0.45	31.38	23.09	8.29	73.58
Bundi	4	3.61	13.20	-	0.02	16.83	8.75	8.08	51.99
Churu	6	3.36	19.80	-	0.01	23.17	20.09	3.08	86.71
Dungarpur	4	2.19	13.20	0.01	0.03	15.43	11.35	4.08	73.56
Jhunjhunu	7	3.22	23.10	0.01	0.01	26.34	23.13	3.21	87.81
Sikar	8	4.64	26.40	0.11	0.20[19]	31.35	27.60	3.75	88.04
Total	**57**	**37.75**	**188.10**	**0.30**	**0.73**	**226.88**	**164.91**	**61.97**	**72.69**

(Source: Annual Accounts of ZP Certified by Chartered Accountant)

A comparison of the test checked districts shows that the maximum utilization of available funds was in Sikar district (88.04 *per cent*) whereas it was minimum (51.99 *per cent*) in Bundi district during the period.

2.2.7.3 Un-recommended amount lapsed /refunded to Government

Funds not recommended for utilisation against proposals by the end of 31 December each year by the MLAs during the years 2007 and 2008 were to lapse.

During the year 2007 and 2008, an amount of ₹ 12.40 lakh was short recommended by MLA, Nainwa Constituency (Bundi) which lapsed. Audit observed that un-recommended amount was not refunded by DA to GoR. In reply DA, Bundi stated (January 2011) that amount will be deposited in the Government account. However, the amount is yet to be deposited back (November 2011).

2.2.7.4 Unsanctioned/unadjusted balance

Audit scrutiny revealed that balance of ₹ 17.06 crore was lying in PD accounts of DAs for which sanctions could not be issued due to non-receipt of recommendations from MLAs and advances of ₹ 44.99 crore released (2004-09) to IAs for execution of works[20] were lying unadjusted as on 31 March 2009. This resulted in blocking of funds and deprived the public of benefits of the facilities such as drinking water, roads, community centres etc. The district wise details are given in **Table 2.12** below:

19. Public contribution in Sikar district includes penalty of ₹ 0.15 lakh and ₹ 0.07 lakh during the year 2004-05 and 2005-06 respectively.
20. Construction of Roads, Community Centers, Hand Pumps and Tanks, Boundary Walls, Purchases of Computers, Ambulance, Sports Articles in Schools, Construction of Buildings for Hospitals, Bus Stands, *Sainik Vishram Grih*, Stadium, Martyr Monuments, Office Building of Gram Panchayats, Electrification of Villages, AC/Cooler/Fans in *Dak Bungalows*, Desilting of ponds, Levelling of play grounds etc.

Table 2.12 : Unsanctioned/unadjusted balances

(₹ in crore)

Name of District	Cash lying in PD Account of DAs	Advances laying with IAs	No. of IAs against whom advance outstanding	More than one year but below two years old outstanding advance		Two to five years old outstanding advance		Above five years old outstanding advance	
				No. of IAs	Amount	No. of IAs	Amount	No. of IAs	Amount
Alwar	5.19	12.35	404	300	9.57	104	2.78	-	-
Bharatpur	2.54	11.40	301	181	6.68	120	4.72	-	-
Bhilwara	2.48	5.81	275	173	3.70	72	1.10	30	1.01
Bundi	2.33	5.75	222	120	3.03	102	2.72	-	-
Churu	1.32	1.84	87	87	1.84	-	-	-	-
Dungarpur	1.52	2.56	71	50	2.11	21	0.45	-	-
Jhunjhunu	1.55	1.66	157	155	1.46	2	0.20	-	-
Sikar	0.13	3.62	194	149	2.56	45	1.06	-	-
TOTAL	**17.06**	**44.99**	**1,711**	**1,215**	**30.95**	**466**	**13.03**	**30**	**1.01**

(Source: Data extracted from annual accounts of DAs)

Scrutiny further revealed that:

- In Bhilwara district an amount of ₹ 1.01 crore was lying outstanding against 30 IAs over five years but action for recovery of outstanding advances had not been initiated.

- An advance of ₹ 5.25 lakh for work of construction of cement concrete road and community centre was given during 2007-08 and 2008-09 to *Sarpanch, Gram Panchayat* (GP), Nigohi, PS, Deeg, (Bharatpur). However, neither the amount was refunded nor works were started even after lapse of more than two years (November 2010). No action for recovery was taken by CEO, ZP RDC, Bharatpur.

- The unadjusted advances included ₹ 2.97 crore on 311 works which were cancelled due to land disputes, public hindrances, etc. The districts wise details are given in **Table 2.13** below:

Table 2.13 : Cancelled works

(₹ in crore)

Sl. No.	Name of district	Number of works	Sanctioned Amount	Advance Released
1.	Alwar	204	3.33	2.12
2.	Bundi	77	0.85	0.54
3.	Jhunjhunu	1	0.03	0.01
4.	Sikar	29	0.53	0.30
	Total	**311**	**4.74**	**2.97**

(Source :- As per data provided by ZPs (RDC))

- The DAs failed to follow up with the IAs to refund the unspent balances lying with them resulting in idling of funds. RDD, GoR instructed (May 2011) to receive back the unutilised amount from IAs lying with them.

Further RDD, GoR stated (September 2011) that the Scheme is non-lapsable and MLAs can recommend in their five years tenure at any time. The reply of RDD was not tenable as GKN-2004 provides that the works should be completed within nine months or the financial year and the advances should be adjusted within 10 days after completion of works.

2.2.7.5 Retention of MLA LADS fund in savings bank account

As per directions of RDD, GoR, Jaipur (September 2003) the funds of MLALADS were to be kept in PD Account of concerned ZPs. On demand for execution of works the funds were to be released to concerned IAs.

The annual accounts of the test checked districts for the year 2004-2009 revealed that in Bhilwara, Dungarpur, Jhunjhunu and Sikar scheme funds were deposited in Savings Bank Account opened at district level by CEOs, ZP RDC in violation of the Government orders. Interest of ₹ 31.38 lakh[21] earned, was not utilised as there was no provision in the Scheme for its use. RDD, GoR stated (September 2011) that instructions have been issued (May 2011) to deposit the amount lying in saving bank account to PD account and not to repeat such irregularities in future. The DAs, Bhilwara, Dungarpur, Jhunjhunu and Sikar intimated (November 2011 and February 2012) that interest amount of ₹ 31.38 lakh has been deposited in PD account. The action taken is incomplete as generation of interest in the scheme was not envisaged. The interest component has arisen on account of deviation from the scheme guidelines. The deposited interest in PD accounts cannot be utilised in absence of provision regarding its use in the guidelines.

2.2.7.6 Irregularities in maintenance of cash book

Under the provisions of Rules 229 and 238 of Rajasthan *Panchayati Raj* Rules, 1996, a cash book in Form-29 is required to be maintained for keeping the records of receipt and payment of funds. Audit observed that:

- In Jhunjhunu, cash book was not maintained properly. Neither receipt entries made nor balances worked out at the end of each day/month. Monthly reconciliation of the cash book with PD Account and Bank Account was also not done. The cash book was neither maintained properly nor checked by head of office.

- In Churu, monthly reconciliation of cash book with PD Account was not found done. Difference of ₹ 10.14 lakh between the cash book and PD Account had not been reconciled.

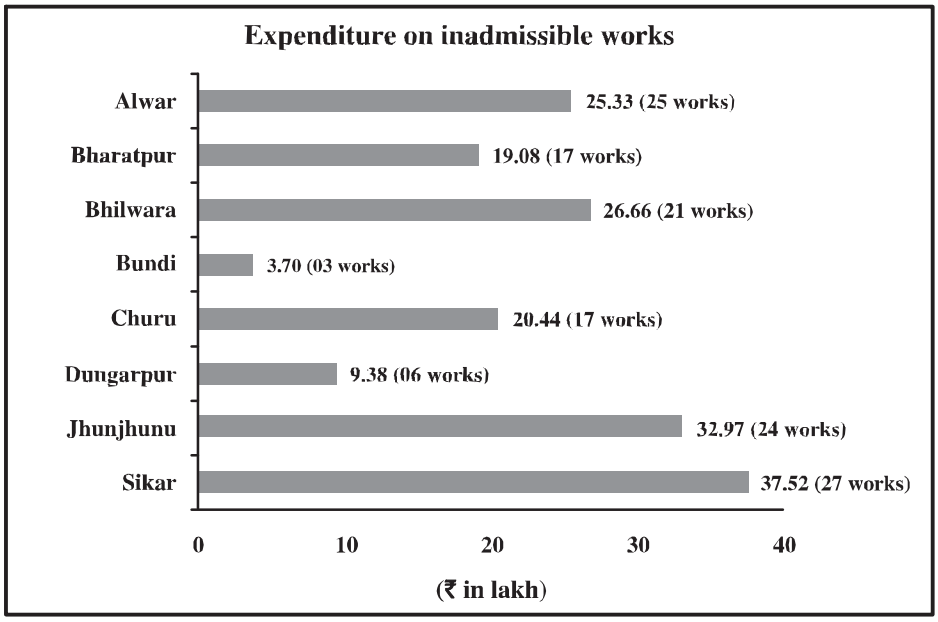
Thus, lack of adequate safeguards in maintaining cash book is fraught with the risk of misappropriations and possible frauds. RDD, GoR instructed (May 2011) to maintain cash book as per rules.

21. Bhilwara: ₹ 17.42 lakh, Dungarpur: ₹ 1.44 lakh, Jhunjhunu: ₹ 1.39 lakh and Sikar: ₹ 11.13 lakh.

2.2.8 Recommendation and selection of works

2.2.8.1 Execution of inadmissible works

- According to the Scheme guidelines (Paras 2.4 and 2.22) works of private/ commercial organisations, works within the premises of religious institution, caste based assets, martyr monuments and purchase of articles/commodities were not admissible. It was, however, noticed that an expenditure of ₹ 1.75 crore was incurred during 2004-2009 on 140 works[22] which were inadmissible under the Scheme guidelines.



Further, it was also seen that maximum 27 inadmissible works of ₹ 37.52 lakh were executed in Sikar district whereas three works of ₹ 3.70 lakh have been executed in Bundi district.

RDD, GoR stated (September 2011) that instructions have been issued (May 2011) to Chief Executive Officers (CEOs) of all ZPs to request the MLAs not to recommend the inadmissible work.

22. **(i) Religious institution and caste (67)** (Alwar: eight works, ₹ 12.97 lakh, Bharatpur: 14 works , ₹ 15.11 lakh, Bhilwara: five works, ₹ 7.10 lakh, Churu: eight works, ₹ 8.37 lakh, Jhunjhunu: 11 works, ₹ 20.01 lakh and Sikar: 21 works, ₹ 25.92 lakh); **(ii) Private/commercial organisations (40)** (Alwar: eight works, ₹ 5.96 lakh, Bhilwara: 15 works, ₹ 19.26 lakh, Bundi : one works, ₹ 1.07 lakh, Dungarpur: six works, ₹ 9.38 lakh, Churu: five works, ₹ 9.68 lakh, Jhunjhunu: two works, ₹ 2.12 lakh and Sikar: three works, ₹ 5.95 lakh); **(iii) Purchase of articles/commodities (28)** (Alwar: eight works, ₹ 5.11 lakh, Bharatpur: one works, ₹ 0.47 lakh, Bhilwara: one works, ₹ 0.63 lakh, Bundi: one work, ₹ 0.63 lakh, Churu: four works, ₹ 2.39 lakh, Jhunjhunu: 10 works, ₹ 8.94 lakh and Sikar: three works, ₹ 5.65 lakh) and **(iv) Martyr monuments (five)** (Alwar: one works, ₹ 1.29 lakh, Bharatpur: two works, ₹ 3.50 lakh, Bundi: one works, ₹ two lakh and Jhunjhunu: one works, ₹ 1.40 lakh).

Illustration of inadmissible works on religious buildings

Inadmissible construction of Community Centre, (Imliwali Gali Ward No. 13) Rajgarh (Alwar)	*Inadmissible construction of Community Centre (Bavandham Temple, Mala Khera Bazar) Rajgarh*
	
Sanctioned amount : ₹3.25 lakh (March 2007) and ₹two lakh (June 2008) *Expenditure : ₹4.98 lakh* *Work : roof work of temple*	*Sanctioned amount: ₹ two lakh (July 2008)* *Expenditure : ₹1.60 lakh* *Work : floor work done in the temple of Bavan Dham .*

- As per Scheme guidelines the objective of the Scheme is to enable MLAs to recommend works of developmental nature with emphasis on creation of durable community assets.

It was observed that in Bundi district 10 works of temporary nature viz. repair of path and park by levelling and filling soil work were sanctioned and got executed at a cost of ₹ 4.76 lakh against the provisions of guidelines. GoR stated (September 2011) that works are being executed on the recommendation of MLAs. Reply is not convincing because *kuchcha* works did not result in creation of durable assets and were executed irregularly in contravention of the scheme guidelines.

2.2.8.2 Execution of works for Trust/NGO

As per Scheme guidelines one or more works costing ₹ 10 lakh can be sanctioned to a Trust/Non Government Organisation (NGO) from MLA funds. It was noticed that in Alwar an amount of ₹ 13.05 lakh was sanctioned on works in excess of the prescribed limit as shown in **Table 2.14** below:

Table 2.14 : Works executed in excess of the prescribed limit

(₹ in lakh)

Sl. No.	Name of Trust/NGO	No. of Works	Amount sanctioned	Amount admissible	Excess sanctioned
1.	Dr. B.R. Ambedkar Hostel Khudanpuri, Alwar	6	22.91	10	12.91
2.	Adarsh Vidya Mandir Secondary School, Kishangarh Bas, Alwar	2	10.14	10	0.14
	Total	**8**	**33.05**	**20**	**13.05**

RDD, GoR stated (September 2011) that instructions have been issued to all the CEOs of ZPs to follow the instructions of the guidelines.

2.2.8.3 Works recommended irregularly

As per Scheme guidelines, MLAs can recommend up to 20 *per cent* of annual allotment on the works of repair of old community assets previously

constructed from this Scheme. It was noticed that in 186 cases[23], repair works of old community assets which were not constructed previously from this Scheme were got done irregularly at a cost of ₹ 1.95 crore.

RDD, GoR stated (Sep. 2011) that CEOs of all ZPs have been instructed (May 2011) that DA is responsible for execution of work which is prohibited under the Scheme and MLAs are to be requested to recommend permissible works only.

2.2.9 Processing and Award of works

2.2.9.1 Delay in sanction

As per Scheme guideline all eligible works are to be sanctioned within 45 days from the date of receipt of recommendation from the MLA. However, in case of difficulty due to genuine reasons, a detailed report containing reasons for non-execution should be sent to the concerned MLA. It was seen in the test checked districts, that 3,047 works of ₹ 39.86 crore were sanctioned with a delay of one to 654 days beyond prescribed limit of 45 days from the date of receipt of recommendations as shown in **Table 2.15** below:

Table 2.15 : Delay in sanction

(₹ in crore)

Sl.No.	Name of district	No. of Works	Amount sanctioned	Delay period in days
1.	Alwar	286	4.93	1-321
2.	Bharatpur	670	7.96	1-608
3.	Bhilwara	32	0.35	3-130
4.	Bundi	234	2.33	7-291
5.	Churu	638	8.72	1-517
6.	Dungarpur	67	1.78	7-325
7.	Jhunjhunu	898	10.56	1-654
8.	Sikar	222	3.23	2-219
	Total	**3,047**	**39.86**	

An analysis in audit revealed that the delay in sanction by the DAs occurred mainly due to delay in initiating timely action to obtain the plans/estimates from the users /IAs so as to complete the process of sanction. Delay in sanction of 898 works amounting to ₹ 10.56 crore having delays upto 654 days was observed in Jhunjhunu district which was the maximum amongst selected districts.

In reply district authorities stated that delay occurred due to late receipt of technical sanctions, extra time taken for obtaining feasibility report, allotment of land and announcement of the enforcement of the model code of conduct by Election Commission for Lok Sabha General Election 2009.

23. Alwar: 36 works (expenditure ₹ 45.29 lakh), Bharatpur: 14 works (expenditure ₹ 20.28 lakh), Bhilwara: 14 works (expenditure ₹ 15.15 lakh), Bundi: 19 works (expenditure ₹ 16.15 lakh), Churu: 15 works (expenditure ₹ 9.69 lakh), Dungarpur: six works (expenditure ₹ 13.45 lakh), Jhunjhunu: 28 works (expenditure ₹ 33.38 lakh) and Sikar: 54 works (expenditure ₹ 41.80 lakh).

Further RDD, GoR stated (September 2011) that the instructions have been issued (May 2011) to CEOs of all ZPs to adhere to the time limits of sanctions. It was also added that State level web-based monitoring system is being developed so that sanction can be issued in time and work-wise monitoring would be possible. The reply is not acceptable as the department has given a generalised statement without analysing delays in each case. Also, the reasons like time for technical sanction, feasibility study and allotment of land are activities that are a part of the planning process. Further, the delays are significantly large to be attributable to the enforcement of model code of conduct. Besides model code of conduct does not interfere in implementation of ongoing works. The fact remains that inefficient processing of sanctions delayed the entire schedule for completion of work. No action was found to have been taken against the officials entrusted with the issue of technical sanction despite significant delays.

2.2.9.2 Irregular selection of IAs

As per Section 87 of Rajasthan *Panchayati Raj* Act, 1994 and orders of RDD, GoR, Jaipur (August 2007), PSs could not be appointed as IAs in place of GPs. If a *Sarpanch* of GP expresses inability to do a work, the Collector can form a committee to execute the work. During scrutiny it was noticed that in Bharatpur district 21 works costing ₹ 32.86 lakh and in Bhilwara district seven works costing ₹ 7.10 lakh were got executed through PSs instead of GPs.

RDD, GoR stated (September 2011) that all the CEOs of ZPs have been instructed (May 2011) to follow the guidelines.

2.2.9.3 Execution of works more than ₹ 10 lakh without prior approval of the State Government

As per Scheme guideline works should not be sanctioned for more than ₹ 10 lakh in each case. In exceptional circumstances before issuing sanctions for more than ₹ 10 lakh approval from the State Government should be obtained. It was noticed that in Alwar districts sanctions for more than ₹ 10 lakh were issued during the year 2005-08 in three cases but approval was not obtained from State Government as detailed in **Table 2.16** below:

Table 2.16 : Execution of works more than ₹ 10 lakh

(₹ in lakh)

Sl. No.	Name of Works	Sanction No. & Date	Amount	Advance release	Implementing Agencies
1.	Construction of Stadium Government Higher Secondary School Laxmangarh, Alwar	5572-78 29.03.2007	18.47	7.39	PWD, Rajgarh
2.	Construction of WBM road Boop ka Heda to Labedar village Milkpur Tijara Alwar	263-70 19.05.2007	19.35	7.74	PS, Tijara
3.	Repair of an old dam in village Sanwatsar, Thanagazi Alwar	1372-80 16.06.2005	11.62	4.64	Irrigation Department, Alwar
	Total		**49.44**	**19.77**	

The works at Sl.No. (2) and (3) have been cancelled but advance released ₹ 12.38 lakh was not found refunded. DA, Alwar stated (September 2010) that in the second case expenditure was incurred as per the State Government policy to link the roads to places of religious importance. No reply was furnished for the remaining two works. Reply is not relevant to the audit comment which is for sanction of works more than ₹ 10 lakh without the approval of State Government.

2.2.9.4 Splitting of works

In Bharatpur districts, sanction of ₹ 15.79 lakh was issued for construction work of Sub Tehsil, Bhusawar by showing three separate works to avoid approval of the State Government as detailed in **Table 2.17** below:

Table 2.17 : Splitting of works

(₹ in lakh)

Name of works	Financial Sanction number and date	Sanction amount	Executing agencies
Construction of Sub *Tehsil*, Bhusawar	566-70/ 16.06.2008	9.86	Public Works Department (PWD)-II, Bharatpur
Development of Sub *Tehsil* premises, Bhusawar	566-70/ 16.06.2008	4.93	PWD-II, Bharatpur
CC Work of Sub *Tehsil*, Bhusawar	3962-70/ 31.12.2008	1.00	Municipal Council, Bharatpur
Total		**15.79**	

RDD, GoR stated (September 2011) that all the CEOs of ZPs have been instructed (May 2011) to sanction works as per guidelines.

2.2.10 Execution of works

2.2.10.1 Position of works sanctioned and their completion

The position of works sanctioned and completed during 2004-2005 to 2008-2009 is given in **Table 2.18** below:

Table 2.18 : Position of sanction and executed works

Sl. No.	Name of district	No. of works sanctioned	No. of works completed	No of Works in-complete	Works completed with delay	Range of delay (Days)
1.	Alwar	2,760	2,095	665	44	9-724
2.	Bharatpur	2,394	2,309	85	103	7-820
3.	Bhilwara	2,769	2,536	233	35	13-829
4.	Bundi	2,617	1,950	667	33	19-708
5.	Churu	1,637	1,633	04	71	15-720
6.	Dungarpur	785	778	07	08	30-383
7.	Jhunjhunu	2,381	2,355	26	97	3-496
8.	Sikar	2,064	2,050	14	30	19-630
	Total	**17,407**	**15,706**	**1,701**	**421**	

(Source : As per data provided by ZPs (RDC))

The Scheme guidelines and para 22 of the GKN-2004 stipulates that the time limit for completion of the works should generally not exceed nine months or the financial year. The above table indicates that 421 works costing ₹ 6.15 crore were completed with a delay ranging from three to 829 days as shown in **Table 2.18** above.

The above position also indicates that out of total sanctioned 17,407 works, 15,706 works were completed and 1,701 works were lying incomplete (July 2010 to January 2011) which should have been completed latest by December 2009 as per para 22.11 of GKN-2004, thereby, depriving the public from their intended benefits.

Further, in Bharatpur district 103 works were delayed where as the position was better in Dungarpur district where eight works were delayed.

The delays are largely due to absence of feasibility report at the time of issue of technical sanction. RDD, GoR stated (September 2011) that instructions have been issued (May 2011) to the CEOs of all the ZPs to ensure that works are completed within stipulated period. If work is completed with delay and remains incomplete, penal action may be taken against erring officials. RDD, GoR also added that delays in construction work occur due to local circumstances like non availability of land, delays in tender process, legal proceeding, obstacles created by local community etc. The reply is not tenable since issues like non-availability of land, utility for the local community etc. would be covered under the feasibility study prior to issue of technical sanction which was not prepared. Issue of technical sanction without feasibility report has led to delay in completion of works. The response of the department is general and evasive without making efforts to identify causes of delay in individual works.

2.2.10.2 Unfruitful expenditure on incomplete works

- As per para 7.4.2 of GKN-2004 the sanctioning authority should ensure that works, which are not possible to be completed, should not be sanctioned. It was noticed that 154 works[24] involving an expenditure of ₹ 1.39 crore were lying incomplete for more than two to six years due to land dispute, public hindrances or some other reasons. As the works were lying incomplete, the beneficiaries were deprived of the desired benefits of the Scheme.

It was seen that no feasibility report was obtained before issue of technical sanction/financial sanction which resulted in non-completion of works. In reply RDD, GoR stated (September 2011) that DAs have been instructed (May 2011) to complete the work in time.

24. Alwar: 104 works (expenditure incurred: ₹ 86.98 lakh); Bharatpur: 20 works (expenditure incurred: ₹ 13.20 lakh); Bhilwara: four works (expenditure incurred: ₹ 5.10 lakh); Bundi: eight works (expenditure incurred: ₹ 3.79 lakh); Jhunjhunu: six works (expenditure incurred: ₹ 5.11 lakh) and Sikar: 12 works (expenditure incurred: ₹ 24.56 lakh) **Total: 154 works (expenditure incurred: ₹ 138.74 lakh).**

Illustrations of incomplete works:

Vishranti Grah near Tejaji Temple, Haled, Bhilwara	*Community center near Vandana Public School, Thanagaji, Alwar*
	
Sanctioned amount : ₹five lakh (October 2005) ***Expenditure : ₹4.10 lakh*** ***Status of work : work of floor, plaster, windows and installation of electric/sanitary fittings still to be done (December 2010)***	***Sanctioned amount : ₹one lakh (July 2008)*** ***Status of work : lying incomplete as on October 2010***

- As per GKN-2004 amount of advance given to implementing agencies should be adjusted on receipt of utilisation certificate/completion certificate. It was seen that in a case the work was incomplete but the expenditure of ₹ 1.54 lakh[25] was shown adjusted by treating the work as complete.

In reply, RDD, GoR stated (September 2011) that the CEO, ZP, Alwar has been asked to furnish compliance of the objection.

- CEO, ZP, Bhilwara sanctioned (16 July 2007 and 3 July 2007) construction of *Vishranti Grah* I and II at Sarsia (single work), PS, Jahajpur for ₹ 3.43 lakh each and for this purpose ₹ five lakh was sanctioned from MLALAD and the balance ₹ 1.86 lakh from State Finance Commission. The work of construction of *Vishranti Grah* was shown completed on 30 September 2007 and 15 November 2007, though it was lying incomplete. Scrutiny followed by joint inspection (03 December 2010) along with the departmental officers revealed that only structure was completed. It was stated (December 2010) by Assistant Engineer/*Sarpanch* that more than ₹ five lakh is still required for completion of the work. Besides, possibility of its use in future is also remote as the surrounding area is a pond filled with water. Thus, improper selection of site resulted in wasteful expenditure of ₹ 6.86 lakh. Collector, Bhilwara called for explanation (18 January 2008) from Junior Engineer but no further action was found taken in this regard (December 2010).

Vishranti Grah Sarsia, PS Jahajpur (Bhilwara)	
	***Sanctioned amount :*** *₹ 6.86 lakh (July 2007)* ***Status of work :*** *work of floor, plaster, windows, doors and installation of electric/sanitary fittings still to be done*

2.2.10.3 Double Payment for the same work

25 . Gravel Road Odela to Choma Ramgarh (Alwar) sanction dated 26 May 2004, sanction amount ₹ 1.67 lakh, expenditure ₹ 1.54 lakh and executing agency-GP Beegwa, Ramgarh.

2.2.10.3 Double Payment for the same work

During scrutiny of records of Municipality Deeg it was noticed that construction of CC Road in Ward No. 17 was completed at a cost of ₹ two lakh and adjustment order (No. 966-67 dated 05 June 2008) was issued showing balance payment of ₹ 0.40 lakh. The payment of ₹ 0.40 lakh was made twice (once by voucher No. 85-A dated 10 June 2008 and cheque No. 712703 dated 10 June 2008 and then by voucher No. 90 dated 13 June 2008, cheque No. 712719 dated 16 June 2008). In reply DA, Bharatpur while accepting the facts agreed to recover the amount of ₹ 0.40 lakh. The RDD (September 2011) continued to state that ZP, Bharatpur has been instructed to recover the amount. However, the amount is yet to be recovered.

2.2.10.4 Doubtful expenditure

In Bharatpur district sanctions were issued for installation of four hand pumps but only two hand pumps were got installed. Payment was made for four works (as per details given in **Table 2.19** below) by sending separate completion certificate and pasting the same photo on both the works.

Table 2.19 : Cases of doubtful expenditure

(₹ in lakh)

Name of work	Financial sanction number and date	Sanction amount	Expen-diture	Remarks
New Hand pump Daurala Wala Rasta par Bhawali	1072-75/ 19.08. 2008	0.25	0.25	Same photo on both works
New Hand pump near Meetha kua Sirthal Nagar	1072-75/ 19.08. 2008	0.25	0.25	
New Hand pump Vas Wale Raste par Bhavali Sirthla	1072-75/ 19.08.2008	0.25	0.25	Same photo on both works
New Hand pump Bhawali Meena Nagla, Bhawali, Sirthal	1072-75/ 19.08.2008	0.25	0.25	

In reply the RDD, GoR stated (September 2011) that CEO, ZP, Bharatpur has been instructed to investigate the matter.

Recommendation

The DAs should be made responsible for issue of administrative sanction after feasibility report.

2.2.11 Other shortcomings in execution of works

2.2.11.1 Irregular payment of prorata charges

As per Scheme guideline *prorata* charges were not to be paid to executing agencies on MLALADS works. However, it was seen that a sum of ₹ 14.13 lakh was paid as *prorata* charges to IAs (*Vidhyut Vitaran Nigam* Limited and Raj Comp etc) in 53 works[26] during 2004-09.

26. Alwar: 18 works (₹ 2.85 lakh), Bharatpur: eight works (₹ 2.16 lakh), Bhilwara: four works (₹ 0.50 lakh), Bundi: one work (₹ 0.43 lakh), Dungarpur: 11 works (₹ 2.27 lakh), Jhunjhunu: two works (₹ 0.14 lakh) and Sikar: nine works (₹ 5.78 lakh).

RDD, GoR stated (September 2011) that *prorata* charges have been levied by IAs as per their departmental rules. However, the concerned CEOs of ZPs have been asked to recover the amount of *prorata* charges.

2.2.12 Maintenance of assets

2.2.12.1 Assets not put to use

According to Paras 7.3.1 and 7.4.2 of the GKN-2004 an undertaking should be taken from the user agency that the proposed work is necessary and useful. The sanctioning authority should ascertain that the expenditure incurred on the work may not become unfruitful. It was however seen that seven works relating to tubewell, *Vishranti Grah* completed at a cost of ₹ 14.77 lakh[27] in Sikar, Jhunjhunu and Bhilwara districts were not put to use due to non-provision of electricity and wrong selection of sites, resulting in blocking of funds.

- Construction of Community Hall, Kali Kalyandham Padla Sagwara (Dungarpur) and Frooti Talai Faloz PS, Dungarpur was sanctioned (June-July 2005) for ₹ 2.05 lakh and ₹ 2.50 lakh respectively but were lying unused since last five years (December 2010) due to being constructed far from inhabitants and on hilly area. RDD, GoR stated (September 2011) that CEO, ZP, Dungarpur has been instructed to intimate the factual position. CEO, ZP, Dungarpur has instructed concerned agency to utilize the assets.

2.2.12.2 Misuse of assets

Joint physical verification by audit and functionaries in Bhilwara, Bharatpur, Churu and Dungarpur districts (July 2010 to January 2011) revealed that the following five assets (**Table 2.20**) created under the scheme were being used by individuals for their private use which was different from the intended use defeating the very purpose of the scheme.

Table 2.20 : Details of misuse of assets

(₹ in lakh)

Sl. No	Name of Works	Amount spent	used
1.	Community Centre Kishan Pura PS, Rajgarh (Churu)	4.66	Private School
2.	Community Centre Bikamsara PS Sardar Shahar (Churu)	2.16	Private School
3.	*Vishranti Grah* near Indergarh, Mataji Shahpura (Bhilwara)	0.60	Residence of Pujari
4.	Community Centre Khanwa PS Roopbas (Bharatpur)	1.25	Residence of Sarpanch
5.	Community Centre Kala Tekri, Gulab Pura, PS Sagwara, (Dungarpur)	2.25	Residing priest of temple
	TOTAL	**10.92**	

RDD, GoR stated (September 2011) that the concerned CEOs of ZPs have been asked to furnish compliance. Thus, misuse of assets reflected the failure

27. Sikar: four works (expenditure ₹ 10.45 lakh), Jhunjhunu: two works (expenditure ₹ 3.24 lakh), Bhilwara: one work (expenditure ₹ 1.08 lakh), *Vishranti Grah* and tubewell.

of the DAs to obtain commitment from the user agencies regarding operation, maintenance and upkeep of assets before execution of works.

2.2.12.3 Non-maintenance of assets register

As per Scheme guideline and GKN-2004, Assets Register is required to be maintained at ZP RDC level. Scrutiny revealed that out of test checked eight districts, assets register had not been maintained in ZP RDC, Bundi during 2004-09. In the absence of assets register, custody of assets and their maintenance could not be ensured. DA, Bundi (January 2011) accepted and stated that it will be maintained in future.

Recommendation

- *A proper reporting structure should be developed to depict the final end use of assets and their maintenance thereafter.*
- *DAs should be instructed to take suitable action against the user agencies not using the assets efficiently for the purpose for which these had been recommended by the MLAs.*
- *Accountability for maintenance of records at various levels should be prescribed and monitored.*

2.2.13 Reporting of financial progress

2.2.13.1 Non submission of UCs/CCs

As per the Scheme guidelines and GKN-2004, the IAs were required to submit UCs/completion certificates (CCs) within 10 days in prescribed format after utilisation of advance/completion of work to the concerned DA. It was seen that UCs/CCs of ₹ 24.95 crore in the test checked districts were not furnished by IAs for 2,432 works during the period 2004-2009 as detailed in **Table 2.21** below:

Table 2.21 : Non submission of UCs/CCs

(₹ in crore)

	Alwar	Bhilwara	Bharatpur	Bundi	Churu	Dungarpur	Jhunjhunu	Sikar	Total
No. of Works for which UCs/CCs not submitted	646	265	131	885	92	195	34	184	2,432
Amount	7.41	2.25	1.67	6.20	1.04	3.46	0.37	2.55	24.95

Thus, in the absence of UCs, utility of the amount paid/spent could not be ascertained.

In reply, RDD, GoR stated (September 2011) that UCs/CCs of 71 works out of 92 works in Churu district and 23 works out of 34 works in Jhunjhunu district have been adjusted. The remaining CEOs have been instructed (May 2011) to adjust the UCs/CCs timely.

2.2.13.2 Delay in sending CCs

It was observed that in 2,979 cases (2004-2009) of ₹ 38.21 crore, CCs were sent with delays ranging between three to 1,886 days from the prescribed period as detailed in **Table 2.22** below:

Table 2.22 : Delay in sending CCs

(₹ in crore)

Name of District	Alwar	Bharatpur	Bhilwara	Bundi	Churu	Dungarpur	Jhunjhunu	Sikar	Total
Number of Works	40	109	413	105	1410	122	354	426	2,979
Amount	0.70	1.23	4.10	0.73	18.38	3.43	3.34	6.30	**38.21**
Delay period in days	37-1,353	23-443	6-1,111	7-1,565	4-1,886	10-1,419	8-754	3-1,760	

The RDD, GoR stated (September 2011) that ZPs have been instructed to obtain CCs from IAs in time. The receipt of CCs by the DAs is an important internal control measure to watch progress, completion and use of assets which has been found to be neglected by the DAs and RDD.

Recommendation

The DAs should ensure that UCs/CCs are obtained for actual expenditure from the IAs timely.

2.2.14 Monitoring and controls

2.2.14.1 Inadequate coverage of areas inhabited by SCs/STs community

Para 2.1 of the Scheme guideline (applicable from 12 March 2008) emphasizes the need for development of areas inhabited by SCs/STs and provides that MLAs are required to recommend every year works costing at least 20 *per cent* of the Scheme funds for areas inhabited by SCs/STs population. In case of non-receipt of proposals from MLAs, the DA may sanction works for SCs/STs areas upto 20 *per cent* of funds allotted.

During the year 2008-09 out of total recommended works of ₹ 10.40 crore, ₹ 1.47 crore (14.13 *per cent*) were utilised for development of SCs/STs inhabited areas in 13 constituencies of Churu, Jhunjhunu and Sikar districts as against prescribed provisions of 20 *per cent.*

The DAs failed to monitor this aspect of the Scheme so as to ensure that the benefits of the Scheme were adequately percolating to the areas inhabited by weaker sections of the community. RDD, GoR instructed (May 2011) all District Collector to ensure sanction of works for 20 *per cent* of funds as per the Scheme guidelines.

2.2.14.2 Delay in furnishing Monthly Progress Reports (MPR) and Audit Report by Members of Institute of Chartered Accountants of India

As per Scheme guidelines DA should furnish MPRs to the RDD, GoR, Jaipur within eight days of the end of the month. The guideline also stipulates that the Audit Reports of Chartered Accountants (CA) should reach within three months i.e. up to 30 June after closing of the financial year. It was seen that 44 MPRs were furnished with delays in seven districts[28] including one with delay of 54 days in Sikar district. The MPRs were not produced to audit in Bhilwara district. The CA Reports in the test checked district were submitted with delay ranging between one month to eight months. Thus, the DAs failed to furnish MPRs and CA reports in time. It was also seen that the scheme guidelines or Government orders do not specify the use of MPR's and CA reports on their receipt by the Government.

RDD, GoR stated (September 2011) that necessary instructions have been issued in May 2011 to furnished MPR and CA reports timely.

Recommendation

State Government should issue instructions about the use of MPRs and CA reports in implementation of the MLALADS.

2.2.14.3 Monitoring committee meetings

The State Level Monitoring Committee under the chairmanship of Minister, Rural Development and Panchayati Raj Department was constituted (01 March 2007) for review of implementation of the scheme and its meeting were required to be held every quarter. But in two years only four meetings[29] instead of eight were held. The committee was dissolved from 20 December 2008 and not formed thereafter.

District Level Monitoring Committee under the chairmanship of District Collector was required to be formed and six meetings in a year (one meeting in two months) was to be held. Audit observed that during 2007-08 to 2008-09 only four meetings were held in Churu district, three meetings in Sikar district and two meetings in Jhunjhunu district. The District Level Monitoring Committee was not formed in Alwar, Bharatpur, Bhilwara, Bundi and Dungarpur districts. Thus, inability to constitute monitoring committees and holding of few meetings was bound to have an adverse impact on the monitoring/supervision of the implementation of the MLALADS. RDD, GoR stated (September 2011) that necessary instructions have been issued in May 2011 to all the CEOs to follow the provisions of guidelines/audit observations.

The objectives of the State Level and District Level Monitoring Committee Meeting have also not been mentioned in guideline which needs to be reviewed.

28. Alwar, Bharatpur, Bundi, Churu, Dungarpur, Jhunjhunu and Sikar.
29. 22 March 2007, 04 July 2007, 11 February 2008 and 25 June 2008.

2.2.14.4 *Inspection of works*

According to the Scheme guidelines and GKN-2004 it was the responsibility of the CEO/ACEO Project Officer/Assistant Project Officer of ZP and Junior Engineer/Assistant Engineer of PSs to inspect the progress, quality and utilisation of the sanctioned amount and to ensure removing any hindrances/ obstacles being faced in completion of the work. However, it was seen that records and reports related to inspection was not maintained in test checked districts except Bhilwara. In the absence of maintenance of record it could not be verified as to whether DAs had done inspections of the MLALADS works. Thus, non-fulfillment of inspections weakens the prescribed internal controls with a possible adverse effect on the timeliness of execution and quality of work. RDD, GoR stated (September 2011) that necessary instructions have been issued in May 2011 to all the CEOs to follow the provisions of guidelines/audit observations.

2.2.15 *Conclusion*

MLALADS aims at enabling the MLAs to cater to local requirements through the creation of assets in their constituencies.

Test check of implementation of the Scheme during 2004-2009 revealed that unsanctioned balance of ₹ 17.06 crore was lying idle with DAs for want of utilisation and advances of ₹ 44.99 crore lying unutilised with the IAs, thereby, depriving the beneficiaries of access to developmental works.

The execution of inadmissible works by the DAs on MLAs recommendations indicate inadequate systemic arrangement for ensuring effective use of funds for creation of community based assets. The implementation of works was further characterised by delays, non-adherence to guidelines, unfruitful expenditure, works lying incomplete, non-utilisation and misuse of assets created. Monitoring and supervision of the Scheme was weak as monitoring committees were not existing or their meetings were not held regularly. It is necessary that the RDD GoR, should carefully review and evaluate the benefits of the Scheme, keeping in view its objectives, operational guidelines, actual implementation of the Scheme so that the objective of the Scheme could be achieved.

LONG PARAGRAPH

2.3 Utilisation of Twelfth Finance Commission Grant by *Panchayati Raj* Institutions

2.3.1 Introduction

The Twelfth Finance Commission (TFC) recommended a grant of ₹ 1,230 crore to *Panchayati Raj* Institutions (PRIs) in the State for the years 2005-10. The funds were to be utilised by the PRIs to improve the service delivery in respect of water supply and sanitation. Further, high priority was to be assigned for creation of database and maintenance of accounts at grass root level. The State Government allocated TFC grants in the ratio of 5:20:75 among *Zila Parishads* (ZPs), *Panchayat Samitis* (PSs) and *Gram Panchayats* (GPs) respectively.

A review of release and utilisation of TFC grant to PRIs in Rajasthan for the year 2005-06 to 2009-10 was conducted between March 2009 and August 2009 and May-June 2011. Five ZPs[30], 10 PSs[31] and 61 GPs (***Appendix-VII***) and Rural Development & *Panchayati Raj* Department (RD&PRD) were selected for audit scrutiny on expenditure and risk basis, supplemented by inspection reports of one ZP[32], seven PSs[33] in six districts.

2.3.2 Financial performance

2.3.2.1 Non-Utilisation of TFC Grants to the tune of ₹104.38 crore

The TFC allocated ₹ 1,230 crore to the PRIs in Rajasthan during the period 2005-10 payable at the rate of ₹ 246 crore every year to be utilised for water supply and sanitation and maintenance of accounts. Against the total grant of ₹ 1,230 crore received upto March 2010, an expenditure of ₹ 1,125.62 crore was incurred upto September 2011. A sum of ₹ 846.93 crore (75.24 *per cent*) was utilised on water supply arrangements and ₹ 260.24 crore (23.12 *per cent*) on sanitation. The year-wise position of receipt of grants and expenditure incurred by the PRIs is given in **Table 2.23** below:

30. ZPs, Jaipur, Jhunjhunu, Jodhpur, Nagaur and Udaipur.
31. PSs, Kotputli, Sanganer and Shahpura **(District, Jaipur)**; Jhunjhunu **(District, Jhunjhunu)**, Mandore and Luni **(District, Jodhpur);** Merta City and Nagaur **(District, Nagaur)** and Badgaon and Girva **(District, Udaipur).**
32. ZP, Dausa.
33. PSs, Arai and Bhinai **(District, Ajmer)**; Bagidora **(District, Banswara)**; Hanumangarh **(District, Hanumangarh)**; Jaitaran **(District, Pali)**; Jhalarapatan **(District, Jhalawar)** and Baunli **(District, Sawaimadhopur)**.

Table 2.23 : Utilisation of TFC grants

(₹ in crore)

Year	Opening balance	Grants released by GoI to State Government	Grants released by State Government to PRIs	Total funds available	Expendi-ture incurred	Unspent balance	
						Amount	Percent-age
1	2	3	4	5(2+4)	6	7	8
2005-06	-	246	246.00	246.00	13.36	232.64	94.57
2006-07	232.64	246	222.94	455.58	242.78	212.80	46.71
2007-08	212.80	123	146.06	358.86	218.79	140.07	39.03
2008-09	140.07	369	369.00	509.07	273.37	235.70	46.30
2009-10	235.70	246	246.00	481.70	220.72	260.98	54.18
2010-11	260.98	0	-	260.98	147.28	113.70	43.57
2011-12	113.70	0	-	113.70	9.32	104.38	91.80
Total		**1,230**	**1,230.00**		**1,125.62**		

(Source: Expenditure statements of Panchayati Raj Department)

Regarding unspent balances, RD&PRD intimated (February 2012) that according to the guidelines of 13th Finance Commission, the unspent balances will be utilised to computerise the accounts under model accounting system. Necessary action is being taken by the PRIs accordingly.

2.3.3 Release of TFC grants

Audit check of the records in selected PRIs regarding funds released and expenditure incurred under TFC grant revealed the following:

2.3.3.1 Delayed release of grants

According to para 6.1 of guidelines, grants to local bodies were to be released by Government of India (GoI) in two equal installments in July and January of every financial year in the accounts of the State Government. Further as per para 6.2 of the guidelines, Finance Secretary of the State concerned was required to provide a certificate within 15 days of release of each installment by GoI certifying the dates and amounts of grants received by the State from GoI and the dates and amounts of grants released to PRIs. All subsequent installments would be released by GoI after receiving the certificate of the release of funds to the PRIs. It was noticed that the prescribed certificates were issued very late by Government of Rajasthan (GoR) with a delay of 96 to 261 days which resulted in delayed release of grants by GoI ranging from seven to 113 days as detailed in **Table 2.24** below:

Table 2.24 : Allocation and release of TFC grants

Year	Installme-nt No.	Due date of release * of installment by GoI	Date of release by GoI	Period of delay by GoI (in days)	Date of certificates issued by Finance Secretary, GoR	Period of delay excluding prescribed period of 15 days
1	2	3	4	5 (4-3)	6	7
2005-06	First	July 2005	16.11.2005	108	19.08.2006	261
2005-06	Second	January 2006	23.03.2006	51	19.08.2006	134
2006-07	First	July 2006	14.11.2006	106	05.03.2007	96
2006-07	Second	January 2007	14.03.2007	42	26.07.2007	119
2007-08	First	July 2007	02.11.2007	94	25.03.2008	129
2007-08	Second	January 2008	23.05.2008	113	23.09.2008	108
2008-09	First	July 2008	06.10.2008	67	28.02.2009	130
2008-09	Second	January 2009	17.03.2009	45	17.07.2009	107
2009-10	First	July 2009	07.08.2009	7	22.12.2009	122
2009-10	Second	January 2010	07.01.2010	-	Under submission	-

(Source : Consolidated information on allocation, release and utilisation furnished by Secretary and Commissioner, PRD, Jaipur)

* ***Last day of each month taken for calculation.***

Accepting the facts, RD & PRD intimated (November 2011) that due to late receipt of utilisation certificates (UCs) from concerned districts, certificates could not be sent to GoI in time. The certificate for the second installment of 2009-2010 which was required to be sent to the GoI by 22 January 2010 was sent to Finance Department of the State Government by RD&PRD on November 2011 for onward transmission to GoI. Reply of the State Government is not tenable as the receipt and disbursement of the grant was not dependent on furnishing of the utilisation certificates by the district authorities but depended on certificate of release of grant by the State Government to the PRIs.

2.3.3.2 Delay in transfer of TFC grants by ZPs, PSs

As per RD&PRD order (November 2005), the TFC grants were required to be allocated in the ratio of 5:20:75 to ZPs, PSs and GPs. Out of funds allocated for a district, five *per cent* and 20 *per cent* amount was required to be transferred to the Personal Deposit (PD) Accounts of ZPs and PSs respectively and remaining 75 *per cent* amount was to be allocated proportionately (on the basis of 2001 census) to the GPs through PD Account of PSs upto 2005-06. The directions of the State Government required the PSs to transfer the grant to the GPs under its jurisdiction through cheques within seven days of receipt of funds to meet the requirements of TFC to transfer funds to PRIs within 15 days of receipt of funds by the State Government. However, from 2006-07 the grant allocated for GPs was to be directly transferred to them through banking channel.

2.3.3.3 There were delays ranging from 16 to 189 days in 79 cases in transfer of funds from the State Government to test checked ZPs and PSs during 2005-10 (***Appendix-VIII(a)***). The age-wise delays are given in **Table 2.25** below:

Table 2.25 : Delay in transfer of TFC grants

Sl. No.	Delay in days	Number of cases
1.	16 to 30	24
2.	31 to 50	16
3.	51 to 100	23
4.	101 to 150	11
5.	151 to 189	05

It was observed that in these cases although the funds were transferred timely by the Finance Department but delays were noticed in transfer of funds by the treasuries to PD Account of ZPs/PSs in the cases detailed in ***Appendix-VIII-(b)*** *and* ***(c)***. ZPs/PSs also accounted for grants with delay in cash book.

2.3.3.4 A test check of records of 10 PSs revealed that during 2005-06, the grants which were to be transferred within seven days were transferred by PS to GPs with a delay between 18 and 357 days (***Appendix-IX***). Further, interest amount of ₹ 3.42 lakh chargeable on the delayed transfer of funds to the GPs was not levied and recovered from the PSs as per the State Government orders issued in June and October 2006.

2.3.3.5 It was observed in test checked GPs (except GP, Lakhawali (PS, Badgaon); GP, Tidi (PS, Girva) and GP, Sundarpura (PS, Kotputali)) that grants were received (during 2006-10) from GoR with delay of 16 to 859 days.

RD&PRD in its reply stated (August 2011) that delay was procedural and efforts are being made to improve the system.

The release of grants to PRIs by RD&PRD should have been done in a timely manner so as to avoid consequential delay in execution of the works.

2.3.4 Irregularities in distribution of TFC grants

2.3.4.1 Inequitable distribution of TFC grants

RD&PRD order (June 2006) envisaged that five *per cent* ZP share and 20 *per cent* PS share under TFC grants should be utilised for equitable development of GPs. It further stated that in no case these grants were to be utilised for providing special benefit to a particular area against these norms. Accordingly, ZP, Udaipur distributed ₹ 1.89 crore ZP share (2005-06 to 2010-11) amongst 11 PSs. It was observed that larger amounts of ₹ 57.58 lakh (30.49 *per cent*) and ₹ 30.57 lakh (16.19 *per cent*) were distributed to PS, Girva and PS, Kherwara respectively while a meagre amount of ₹ 1.51 lakh (*i.e.,* 0.80 *per cent*) was distributed to PS, Jhadol.

The RD & PRD stated (November 2011) that allocation has been made on the basis of number of villages in panchayats and size of the panchayats. The reply is not tenable as the number of villages in PSs, Girva, Kherwara and Jhadol are more or less equal in numbers. Further, Jhadol is more backward area as compared to developed area of Girva and Kherwara. Thus TFC grant was not distributed equitably to Panchayat Samitis.

2.3.4.2 Out of first installment (2005-06) of TFC grant amounting to ₹ 6.35 crore earmarked for PSs and GPs of Jaipur districts, an amount of ₹ 2.39 crore (₹ 0.50 crore PS share and ₹ 1.89 crore GP share) was allotted to PS, Jhotwara on the basis of population figure of 19.70 lakh instead of actual figure of 1.97 lakh. This mistake was partially rectified (December 2005) and the amount was revised to ₹ 36.24 lakh (₹ 7.63 lakh PS share and ₹ 28.61 lakh GP share).

Subsequently, second installment of ₹ 21.40 lakh (PS share : ₹ 4.51 lakh and GP share : ₹ 16.89 lakh) was sanctioned (31 March 2006) for the year 2005-06 and distributed to PS, Jhotwara. On comparison of the first installment with the second installment it was seen that an excess amount of ₹ 14.84 lakh (₹ 3.12 lakh + ₹ 11.72 lakh)[34] was released in favour of PS, Jhotwara during 2005-06 and correspondingly lesser amount was given to other PSs and GPs even after redistribution.

Thus, unequal/excess grant was sanctioned to PS, Jhotwara on the basis of wrong population figure. RD&PRD intimated (June 2011) that difference will be reconciled. The reply is not tenable as the entire amount allocated to PS, Jhotwara has been spent and there is no issue of reconciliation.

2.3.5 Utilisation of TFC grants

2.3.5.1 TFC grants lying unutilised

Test check of accounts of five ZPs[35] and seven PSs[36] and 33 GPs revealed that an amount of ₹ 5.27 crore (₹ 3.12 crore, ₹ 1.17 crore and ₹ 0.98 crore respectively) was lying unutilised at the end of March 2011. On being pointed out RD&PRD replied (August 2011) that grants could not be utilised due to procedural delays, National Rural Employment Guarantee Act (NREGA) works, elections and non-availability of labour. The reply is not tenable as (i) no action to refund the amount being beyond the absorptive capacity on account of implementation of works out of NREGA funds and non-availability of labour was found (ii) no identification of procedural delays was found to be done (iii) the election were held in December 2008 and May 2009 and the position of unspent funds was as on 31 March 2011. Besides, the priority area of TFC grants included creation of database and maintenance of accounts at grass root level where no progress was made. Thus, poor utilisation of funds indicate lack of quality inputs in planning and delays in execution of works, thereby, depriving the public from the intended benefits of the works principally in areas of water supply and sanitation.

34 . Revised PS share ₹ 7.63 lakh - ₹ 4.51 lakh PS share as per second installment = ₹ 3.12 lakh and revised GP share ₹ 28.61 lakh - ₹ 16.89 lakh GP share as per second installment = ₹ 11.72 lakh.

35 . ZPs, Jaipur, Jhunjhunu, Jodhpur, Nagaur and Udaipur.

36 . PSs, Kotputli and Shahpura **(District, Jaipur)**; Mandore and Luni **(District, Jodhpur)**; Merta City and Nagaur **(District, Nagaur)** and Girva **(District, Udaipur).**

2.3.5.2 Cash payments

As per Rule 211 (i) of Rajasthan Panchayati Raj Rules, 1996 all payments of ₹ 1,000 and above shall be made through bank. In test checked 27 GPs[37] of Jaipur, Jhunjhunu, Jodhpur and Nagaur districts it was observed that in 380 cases payment of ₹ 1,000 and above amounting to ₹ 77.29 lakh was made in cash instead of bank. RD&PRD admitted (August 2011) the facts and stated that cash payments were made due to procedural delays in payment through cheques and in view of urgent demand for payments. The department also stated that in future it would be ensured that all payments are made through cheques. The reply is not tenable as these payments are mostly on purchase of material which could be made through cheques in place of cash. Besides, the objective of rules prescribed by the State Government with the intention of control on prevention of malpractices was compromised.

2.3.5.3 Execution of inadmissible works

As per TFC guidelines (Para 2.1) grants for the PRIs were required to be used to improve the service delivery by the Panchayats in respect of water supply and sanitation. Scrutiny of records revealed that an expenditure of ₹ 5.29 crore out of total amount sanctioned of ₹ 43.89 crore was incurred on 594 inadmissible works sanctioned and executed during 2005-11 against TFC guidelines as per details given in **Table 2.26** below:

Table 2.26 : Inadmissible works

(₹ in lakh)

Sl.No.	Name of work	Number of works	Amount
1	Construction of Roads and *Kharanjas*	416	377.62
2	Purchase of books	18	29.41
3	Works executed in uncovered areas (urban areas)	10	15.93
4	Construction of boundary walls	44	50.76
5	Repairs of buildings (Panchayat Bhawan, Sub Health Centre)	13	8.06
6	Construction of community halls etc.	2	1.66
7	Payment of audit fee	6	0.46
8	Miscellaneous works (flooring, bus stand etc.)	85	44.72
	Total	**594**	**528.62**

RD&PRD replied (August 2011) that the works were executed as per requirement of area. The reply is not tenable because expenditure incurred on such works was not permissible under TFC guidelines.

37. GPs, Banethi, Bhaloji, Dantil, Kalyanpur Kalan, Raikaranpur and Shuklawas **(PS, Kotputli);** Budana, Kulod kalan, Makhar, Nooan and Pratappura **(PS, Jhunjhunu);** Jhalamond, Luni, Palsani and Subdand **(PS, Luni);** Popawas **(PS, Mandore);** Badgaon, Gotan, Harsolao and Merta Road **(PS, Merta City);** Alay, Basni Belima, Bhundel, Jhadisara, Kumhari and Satheran **(PS, Nagaur)** and Devan **(PS, Shahpura).**

2.3.5.4 Delays in commencement of works

As per *Panchayati Raj* Department (PRD), GoR order (November 2005) the works undertaken for improvement of water supply and sanitation were required to be commenced within one month of issue of financial sanctions. However, it was observed that in 49 cases (17 GP[38]: 42 cases, one PS[39]: five cases and one ZP[40]: two cases) there were delays ranging between 187 days and 646 days beyond the prescribed period of one month, which indicated ineffective monitoring of works. RD&PRD while accepting the facts (August 2011) attributed the delays to non-availability of labour/employees, engagement of laboures in MNREGA works and procedural delay. The reply of the department has attributed vague and same reasons have been stated as were given in preceding paragraphs for unutilised TFC grants which were not found tenable for reasons already detailed. This resulted in depriving the rural population of improved quality in service delivery in water supply and sanitation.

2.3.5.5 Unfruitful expenditure on incomplete works

As prescribed in *Gramin Karya Nirdeshika*-2004 (para 22.11) the works sanctioned under TFC grants were to be completed within time schedule (upto six months). It was observed that 851 works sanctioned during 2005-10 out of total of 2,257 works in five ZPs[41] and three GPs[42] were lying incomplete as of 31 March 2011 for more than one to five years despite incurring an expenditure of ₹ 3.66 crore. This included 76 inadmissible works which have been commented previously in this paragraph. RD&PRD while accepting the facts stated (August 2011) that works remained incomplete due to election, NREGA works and non-availability of labour/employees. The reply assigns the same reasons as assigned for delays in commencement of work and unutilised grants which have not been found tenable for reasons detailed earlier in this paragrah. Thus, entire expenditure of ₹ 3.66 crore became unfruitful and the intended benefit could not be provided to the public. Further, deterioration in quality of works also cannot be ruled out with the passage of time.

2.3.5.6 Non-submission of utilisation certificates (UCs)

As per Para 8 of the State Government Circular (February 2006) the UCs should be furnished by the concerned GPs to PSs within ten days of incurring expenditure. PSs should forward these UCs within seven days of its receipt to the ZPs which in turn shall forward consolidated UCs within seven days to Chief Accounts Officer, PRD, Jaipur. However, UCs of ₹ 1,005.43 crore only

38. GPs, Lakhawali **(PS, Badgaon)**; Nai and Tidi **(PS, Girva)**; Banethi, Keshwana Rajput and Raikaranpur **(PS, Kotputli)**; Dhawa, Jhalamond, Luni and Subdand **(PS, Luni);** Jajiwal Kalan, Keru and Nandar kalan **(PS, Mandore);** Gotan and Harsolao **(PS, Merta City)** Basni Balema and Kumhari **(PS, Nagaur)**.
39. PS, Merta City (District Nagaur - PS Head).
40. ZP, Udaipur (ZP Head).
41. ZPs, Jaipur, Jhunjhunu, Jodhpur, Nagaur and Udaipur.
42. GP, Alay **(PS, Nagaur)**, Nai **(PS, Girva)** and Nooan **(PS, Jhunjhunu)**.

were received from PRIs upto September 2011 against a total expenditure of ₹ 1,125.62 crore (September 2011) incurred in the state.

Further, it was seen that two districts sent UCs of less than 50 *per cent* of the expenditure incurred by them up to September 2011 as shown in the **Table 2.27** below. Interestingly, in Pratapgarh district no UCs was sent for expenditure incurred.

Table 2.27 : Non-submission of utilisation certificates

(₹ in crore)

Sl.No.	Name of districts	Expenditure (Upto September 2011)	UCs received (September 2011)	Percentage
1.	Hanumangarh	21.62	10.08	46.62
2.	Pratapgarh	9.40	Nil	Nil

(Source: Expenditure statements of Panchayati Raj Department, Jaipur)

On enquiry the RD&PRD stated (June 2011) that the pending UCs would be obtained and intimated to audit

2.3.6 Non-recovery of user charges

Para 2.1 of TFC guidelines contemplates that the PRIs should be encouraged to take over the assets relating to water supply and sanitation and maintain them with the help of TFC grants. Further as per para 3.1 (xii) the PRIs should recover at least 50 *per cent* of the recurring cost in the form of user charges. It was noticed that assets relating to water supply and sanitation were not taken over by all the 61 GPs ***(Appendix-VII)*** test checked. Since the *Gram Panchayats* have not taken over, the responsibility of maintenance of water supply and sanitation which would continue to be with Public Health and Engineering Department. Further, the user charges were also not recovered by the PRIs. Accepting the facts, RD&PRD intimated (June 2011) that no decision has been taken by High Level Committee[43] (HLC) regarding taking over of water supply assets. State Government have also intimated (February 2012) that it is not practicable to recover the user charges as these assets are being utilised by rural population which comprises of large numbers who are below the poverty line and in future, if it is found possible the Government may decide to levy the user charges in special rural areas. The reply is not tenable as the TFC guidelines regarding recovery of at least 50 *per cent* of the recurring cost have not been adhered to. Besides, non-recovery of user charges has led to creation of conditions for potential disruption of the functioning of these assets for deficiency in service quality caused by non-maintenance, non-operation, failure to clear electricity dues etc.

43. High Level Committee (HCL) was responsible (i) to ensure proper utilisation of TFC grants, (ii) to identify works to be under taken under TFC grants, (iii) to monitor the progress of works and utilisation certificates and (iv) to fix the user charges.

2.3.7 Non-observance of best practices of royalty to be followed for augmenting the resources

TFC recommended (para 4.1) best practices for augmenting the resources of the PRIs which, inter alia, included the following:

2.3.7.1 The minimum rates for levy of certain major taxes (liquor octroi, passengers tax and vehicle tax etc.) and non-tax revenue (income from sale of plots in *Abadi* areas, allotment of *pattas*, income from *Haat* market and parking charges of vehicles at fair etc.) for the *Panchayats* be fixed by the State Government. It was observed that no such rates were fixed by the State Government. On being enquired, RD&PRD intimated (June 2011) that it was not considered necessary by the State Government to fix the rates. The non-fixing of the rates by the State Government has an adverse impact on the resource and functionality of PRIs particularly the *Gram Panchayats*.

2.3.7.2 All common property resources vested in the village *Panchayats* must be identified, listed and made revenue generating by GPs. Scrutiny of records of PRIs revealed that such practices were not initiated by any of the 61 GPs ***(Appendix-VII)***. RD&PRD informed (June 2011) that revenue generating properties were not identified and listed. Instructions are being issued to units to identify and list the common properties.

2.3.7.3 Valuation of taxable lands and buildings should be done by a separate cell in the PRD of the State Government and not left to the *Panchayats*. On being enquired, RD&PRD intimated (June 2011) that State Government has not taken any decision so far to undertake valuation by separate cell and recover the tax on taxable lands and buildings. Therefore no such separate cell was constituted. The response of the Government does not reflect appropriate recognition of the inputs required to strengthen the financial position of the *Panchayats*.

Thus, best practices for augmenting the resources of PRIs were not initiated.

2.3.8 Non-creation of database

TFC emphasized (paras 2.3 and 3.1 (XV) of guidelines) that high priority was to be assigned to creation of database and maintenance of accounts at grass root level. Further, as per para 3.1 (XV) of guidelines the State Government may assess the requirements of each local body for creation of database and maintenance of accounts and earmark funds accordingly. Scrutiny of test checked 61 GPs ***(Appendix-VII)*** revealed that no such database was created. On being pointed out, RD&PRD admitted (June2011) that the State Government and GoI did not fix any percentage for utilisation of TFC grant on creation of database and maintenance of accounts. It was further stated that database was not created due to rush of work/non-availability of trained staff. The reply was not tenable as the TFC guidelines regarding assessing the requirement of each local body for the purpose and earmark funds has not been adhered to. Consequently, objective of efficiency, transparency and

accountability that could have been achieved through the creation of database and maintenance of accounts were not found initiated under the TFC grants.

2.3.9 Monitoring

TFC recommended (para 5 of guidelines) that a HLC be constituted by the State Government to monitor proper utililsation of PRI grants. The HLC was responsible for monitoring both physical as well as financial targets and ensuring adherence to the specific conditions attached to each grant. It was also responsible for approval of the projects at the beginning of every year to be under taken including those relating to creation of database, maintenance of accounts at grass root level, fixing the user charges and monitoring progress of works and utilisation certificates.

HLC held 11 meetings as against 19 scheduled quarterly meetings between August 2005 to March 2010. It did not perform its duties to ensure speedy and effective utilisation of TFC grants which included creation of database and maintenance of accounts at grass root level and fixing the user charges. Although HLC in its various meetings stressed the need to expedite the utilisation of the grant and furnishing of utilisation certificates but did not prescribe targets and reporting mechanisms for effective monitoring. This indicates improper monitoring by HLC at the highest level and pending UCs and unspent component of TFC grant is indicative of its failure to enforce its decisions.

2.3.10 Conclusion

The test check of utilisation of TFC grants in selected ZPs, PSs and GPs revealed that there were inordinate delays in release of TFC grants at all levels. Further irregularities in distribution of TFC grants were also noticed in audit. Action plan for creation of database and maintenance of accounts at grass root level was not initiated and the objectives of developing mechanism for effective monitoring in PRIs remained non-starter. An expenditure of ₹ 5.29 crore was incurred on inadmissible works. UCs amounting to ₹ 120.19 crore were pending as on 30 September 2011. 851 works costing to ₹ 3.66 crore were lying incomplete for more than one to five years. An amount of ₹ 5.27 crore was lying unutilised at the end of 31 March 2011 in the test checked units. Effective monitoring was not conducted by HLC to ensure speedy utilisation of TFC grants.

Thus, the role of the State Government largely remained in receiving and releasing of grants. It did not take any meaningful action to guide, the enable PRIs to achieve the objectives for which TFC grants were released. There was ineffective monitoring by HLC. Instances of deviation from the conditions of grants when pointed out to the RD&PRD were not acted upon and replies were mostly non-committal.

AUDIT OF TRANSACTIONS

2.4 *Unfruitful expenditure*

Improper monitoring at state and district level and non-execution of scheme as intended resulted in failure of *Swarna Jayanti Gram Swarozgar Yojana* special project 'Production of Vermi Compost' and consequent unfruitful expenditure of ₹ 37.50 lakh.

Government of India (GoI), Ministry of Rural Development (MoRD) New Delhi, on the proposal of *Zila Parishad* (Rural Development Cell) (ZP RDC) previously District Rural Development Authority (DRDA)) Jaipur sanctioned (March 2003) a special project under *Swarna Jayanti Gram Swarozgar Yojana* (SGSY) for setting up 100 Community Facility Centres (CFCs) at a cost of ₹ 2.51 crore (₹ 2.51 lakh for each CFC) for production of *Vermi* Compost in rural areas of 13 *Panchayat Samitis* of Jaipur district. The project was to be implemented by a Non-Government Organisation (NGO) [44], under the administrative control of ZP RDC monitored by District and State Level Committees. Selection of beneficiaries for formulation of Self Help Groups (SHGs) was to be done by NGO. The list of beneficiaries was to be finalised and approved by DRDA. NGO was to provide training to beneficiaries and create awareness about *Vermi* Compost. District Level Committee (DLC) was empowered to decide /shift sites of CFCs. State Level Committee (SLC) as well as DLC were to periodically review the progress of implementation of project. The project period was three years (up to March 2006) from the date of sanction and total cost of project was to be shared between Central and State in the ratio of 75:25. The State share of ₹ 62.75 lakh was borne by the NGO. An agreement executed (December 2003) between ZP RDC and NGO provided for deposit by NGO of its 25 *per cent* share in advance with ZP RDC for release of central grant every time and *Vermi* Compost produced was to be distributed among beneficiaries at cost of production. The NGO was to form SHGs, create awareness among beneficiaries and provide training to SHG members. The GoI released ₹ 75.30 lakh[45] towards first installment and NGO deposited 12.50 lakh[46].

Test check (December 2008 - February 2009) of records of ZP RDC, Jaipur for the year 2007-08 revealed that out of the first installment from GoI, ZP RDC released ₹ 37.50 lakh (₹ 18.75 lakh in December 2003 and ₹18.75 lakh in September 2004) to NGO alongwith ₹12.50 lakh of the share of the NGO, deposited by it in ZP RDC. After expiry (March 2006) of the time period of scheme, the NGO submitted (October 2006) the Utilisation Certificates (UCs) of setting up of 20 CFCs by incurring an expenditure of ₹ 50.46 lakh. The expenditure was not accepted by ZP RDC on the grounds that out of 20 CFCs, 10 were established without the approval of ZP RDC. The matter was taken up in a meeting of SLC held on 16 August 2004 it was decided that work in ongoing CFCs may be continued, revolving fund of ₹ 30 lakh may be maintained with NGO and ZP to provide list of places for establishment of

44. M.R.Morarka Foundation.
45. March 2003: ₹ 56.48 lakh and September 2003: ₹ 18.82 lakh.
46. December 2003: ₹ 6.25 lakh and September 2004: ₹ 6.25 lakh.

CFCs. This decision was not honoured by ZP. Thereafter no grant was transferred to NGO by ZP RDC. The Indian Institute of Rural Management was asked to undertake the evaluation of the project by GoI and it reported (April 2007) that (i) the ZP RDC refused to accept the expenditure of ₹ 33 lakh on first 10 CFCs as these were not established with its approval, (ii) The NGO did not create awareness, formed SHGs only on papers, did not impart training to beneficiaries, farmers etc. Besides this, DLC and SLC have also not exercised periodical inspection of implementation of project (as only one meeting of DLC and SLC was held). Subsequently due to increase in cost with the passage of time the NGO submitted (August 2007) a revised estimate of ₹ 3.17 lakh per CFC, which was forwarded (October 2007) by ZP RDC to State Government for onward transmission to GoI for approval and for extension of project period. The same was not accepted by GoI.

Keeping in view the shortcomings in the implementation and documentation of present activities for a long period, the GoI decided (November 2007) to close the project and asked the Rural Development Department (RDD), Jaipur to direct the concerned ZP RDC to refund the full amount released by the GoI with interest, within a fortnight. The request (February 2008) of State Government for revival/continuation of the project was also not accepted (March 2008) by GoI. The ZP RDC issued (January 2009) sanction for refund of central grant of ₹ 46.39 lakh (i.e., remaining central grant of ₹ 37.80 lakh along with interest earned) and refunded it in March 2009. As per agreement executed between DRDA (now ZP RDC) and NGO, in case of failure of scheme or non-implementation, the NGO was bound to refund the amount advanced to it. ZP RDC issued (June 2008) letter to NGO for depositing the advance amount ₹ 37.50 lakh but no action was taken thereafter. Non-refund of GoI grant ₹ 37.50 lakh (recoverable from NGO) alongwith interest, created unnecessary liabilities on ZP RDC.

On being pointed out (January 2009), the Chief Executive Officer, ZP RDC, Jaipur did not furnish reply.

Thus, failure of project due to improper monitoring at state and district level (as only one meeting was held at district level and at state level on implementation of project), non-honouring of SLC decision dated 16 August 2004, slow progress by NGO and non-execution of scheme as intended and agreed, resulted in unfruitful expenditure of ₹ 37.50 lakh of central grant. Besides this central grant of ₹ 37.80 lakh was not put to use and central grant of ₹ 112.95 lakh was not availed. The failure of scheme deprived the beneficiaries, the benefit of the project. The ZP RDC also un-necessarily incurred liability of ₹ 37.80 lakh along with interest payable thereon.

The matter was referred (January 2011) to the State Government; reply was awaited (January 2012).

2.5 *Irregular sanction and utilisation*

Zila Parishad (Rural Development Cell), Jaipur irregularly sanctioned and utilised funds of ₹ 24.97 lakh for construction of hospital building under Member of Parliament Local Area Development Scheme.

Government of India issued (November 2005) guidelines for implementation of "Member of Parliament Local Area Development Scheme" (MPLADS). As per these guidelines, well reputed registered societies engaged in social service/welfare activities and working for three years or more can be sanctioned funds for execution of works under MPLADS provided that (i) society is not engaged in commercial activities, (ii) assets created (including buildings) from MPLADS funds should be identifiable and remain open for use by general public, (iii) wherever MPLADS works are to be done in pooling, funds from other scheme sources should be used first and the MPLADS funds should be released later so that MPLADS funds results in completion of the works and in usable form and (iv) structure constructed with MPLADS funds shall be the property of State/ Union Territory Government. Whether such a society/trust is well reputed or not, should be decided by district authority concerned on the basis of relevant factors, like performance in the field of social service, welfare activities, non-profit orientation of its activities, transparency of its activities etc.

During test check (January 2010) of records of *Zila Parishad* (Rural Development Cell) (ZP RDC), Jaipur for 2008-09, it was observed that ZP RDC sanctioned (February 2004) ₹ 25 lakh for construction of hospital building of Amar Jain Medical Relief Society, Jaipur at Vaishali Nagar, Jaipur. Public Works Department (PWD), City Division-II, Jaipur was appointed as a Project Implementation Agency (PIA). Due to delay in finalisation of design and drawing, the work commenced in April 2007. Meanwhile, the PIA intimated (February 2006 and March 2006) to ZP RDC that construction should not be taken up due to insufficient funds. ZP RDC also intimated (March 2006) to Member of Parliament concerned that work would not be separately identifiable as having been executed out of MPLADS funds. The PIA also suggested for cancellation of sanction. A scrutiny of sixth and final bill of work revealed that after incurring of ₹ 24.97 lakh, PIA executed superstructure of third floor of hospital during April to November 2007 which was not complete and also not in a usable position. The work was also not separately identifiable as having been executed out of MPLADS funds.

The State Government stated (May 2011) that the whole project of construction of the building was ₹ six crore, out of which ₹ 25 lakh was sanctioned from MPLADS for construction of identified block at third floor and Amar Jain Medical Relief Society fulfils the conditions for sanctioning the funds under MPLADS. The reply was not tenable because executed work was not separately identifiable as it was part of building costing ₹ six crore and was neither completed nor usable (November 2011). The vesting of ownership of assets in Government could not be verified in audit, as no registered document proving transfer of assets was available on record. The State

Government in exit conference (November 2011) reiterated the above position.

Thus, sanction of ₹ 25 lakh and utilisation of ₹ 24.97 lakh for construction of hospital building of Amar Jain Medical Relief Society was irregular. The hospital is neither complete nor in a usable position for general public (November 2011). The work is also not separately identifiable as having been executed out of MPLADS funds because it is part of building estimated to cost ₹ six crore which was against the guidelines of the schemes. Besides, no documentary evidence in support of ownership of the created assets vesting in the Government was produced before audit.

2.6 Irregular expenditure

Irregular expenditure on execution of prohibited/non permissible works under Third State Finance Commission ₹ 86.50 lakh.

Rural Development and *Panchayati Raj* Department (RD&PRD), Government of Rajasthan issued (April 2006) guidelines for utilisation of grants released to *Panchayati Raj* Institutions under the Third State Finance Commission (TSFC). Scheme provided under para 2 that the works for construction of boundary walls (other than the boundary wall of school buildings), community hall, platform, welcome gates and *hathai* were prohibited and not be taken up. The RD&PRD clarified (March 2007) that construction of cement concrete (CC) road and purchase of books were also included in the list of prohibited works.

During test check (April 2008 to April 2009) of seven *Panchayat Samitis* (PSs), it was observed that 110 works[47] of building works including boundary walls, community halls, CC road, platforms, etc. though prohibited/ non-permissible under TSFC were sanctioned by *Vikas Adhikaris*/ *Sarpanches* of respective PSs/*Gram Panchayats* (GPs) and an expenditure of ₹ 86.50 lakh out of funds made available under TSFC was incurred thereon by GPs during 2006-08. On this being pointed out PS, Bhadesar stated (March 2009) that works were executed as per GP needs and Badi Sadri stated (March 2009) that funds under TSFC were untied for construction of platform for villagers. PS, Gangrar stated (August 2008) that all works were executed as per guidelines and instructions issued (September 2006) by Rural Development Department. The replies were not tenable as the works were executed on prohibited / non-permissible items under TSFC scheme. Moreover, Secretary-cum-Commissioner, *Panchayati Raj* Department specifically stressed (September 2006) for non execution of prohibited works under TSFC. The concerned PSs intimated (December 2011) that these works were essential and required by general public. These works were included in the District Plans

47. *Panchayat Samitis*, Badi Sadri: 32 works (expenditure incurred ₹15.58 lakh); Bhadesar: 17 works (expenditure incurred ₹ 11.36 lakh); Bhaisroadgarh: 12 works (expenditure incurred ₹ 5.69 lakh); Chauhttan: three works (expenditure incurred ₹ 17.57 lakh); Gangrar: 19 works (expenditure incurred ₹ 15.63 lakh); Marwar Mundwa: 17 works (expenditure incurred ₹ 13.84 lakh) and Neem Ka Thana: 10 works (expenditure incurred ₹ 6.83 lakh).

and have been approval by GPs/competent authority. In PSs, Bari Sadri, Bhadesar and Chauhttan funds were not available with PRIs under other heads and these works were executed from TSFC funds.

Secretary-cum-Commissioner, RD&PRD stated (November 2011) that point 1 (6)(7) of TSFC guidelines allowed maintenance of *Kabristan*, *Shamshangrih* and other public assets. The works have been executed in public interest after approval of the *Gram Sabha*. The reply of the Department is contrary to specific provision under para 2 of TSFC guidelines which explicitly prohibited construction of all type of boundary wall (except school boundary wall), CC road and community hall, etc. The concerned PRIs could have generated their own resources for execution of such works or sought additional specific grant from RD&PRD for these works wherein the priority of these works would have been examined in detail instead of diverting funds under TSFC on activities specifically prohibited under scheme guidelines.

Thus, utilisation of funds received under TSFC on ineligible works resulted in irregular expenditure of ₹ 86.50 lakh.

CHAPTER-III

AN OVERVIEW OF ACCOUNTS AND FINANCES OF URBAN LOCAL BODIES

3.1 Introduction

Consequent upon the 74th 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 (RMA), 2009 was enacted by repealing all the prevailing municipal laws and enactments[1].

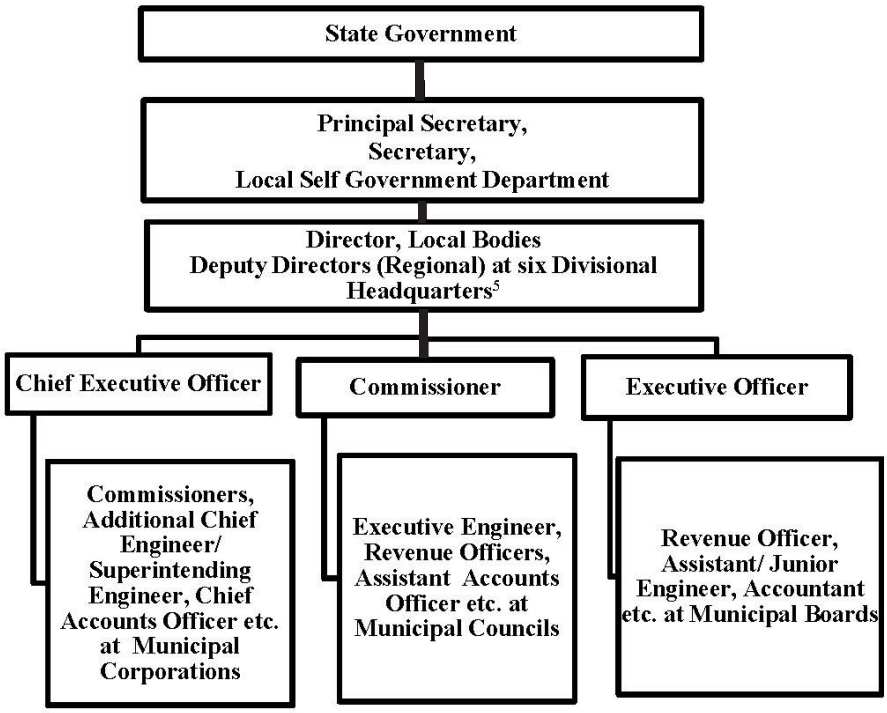
As per census 2001, the urban population of Rajasthan State was 1.32 crore, which constituted 23.36 *per cent* of the total population (5.65 crore) of the State. In Rajasthan State, there were 184 Urban Local Bodies (ULBs) i.e., five Municipal Corporations[2] (M Corps), 13 Municipal Councils[3] (MCs) and 166 Municipal Boards[4] (MBs) as of March 2010. The last elections of the ULBs in Rajasthan State were held in five phases during November 2009 to February 2011.

3.2 Organisational set up

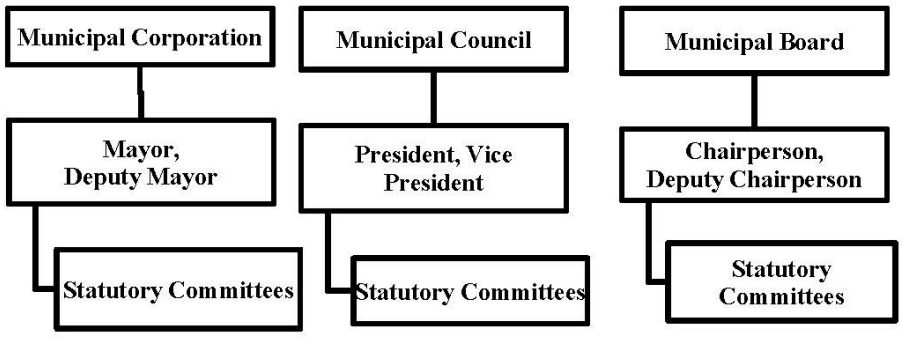
The administrative department dealing with affairs of the ULBs is Local Self Government Department (LSGD). The department is headed by Principal Secretary, LSGD at Government level and by Director at Directorate Local Bodies level. An organisational chart combining the State Government administrative machinery with ULBs is given below:

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, Ajmer, Bikaner, Jaipur, Jodhpur and Kota.
3. Municipal Councils, Alwar, Beawar, Bharatpur, Bhilwara, Churu, Hanumangarh, Jhunjhunu, Kishangarh, Pali, Sikar, Sriganganagar, Tonk and Udaipur.
4. Municipal Boards, Class-II (with population 50,000-99,999): 36, Class-III (with population 25,000-49,999): 58 and Class-IV (with population less than 25,000): 72.

EXECUTIVE LEVEL



ELECTED MEMBER LEVEL

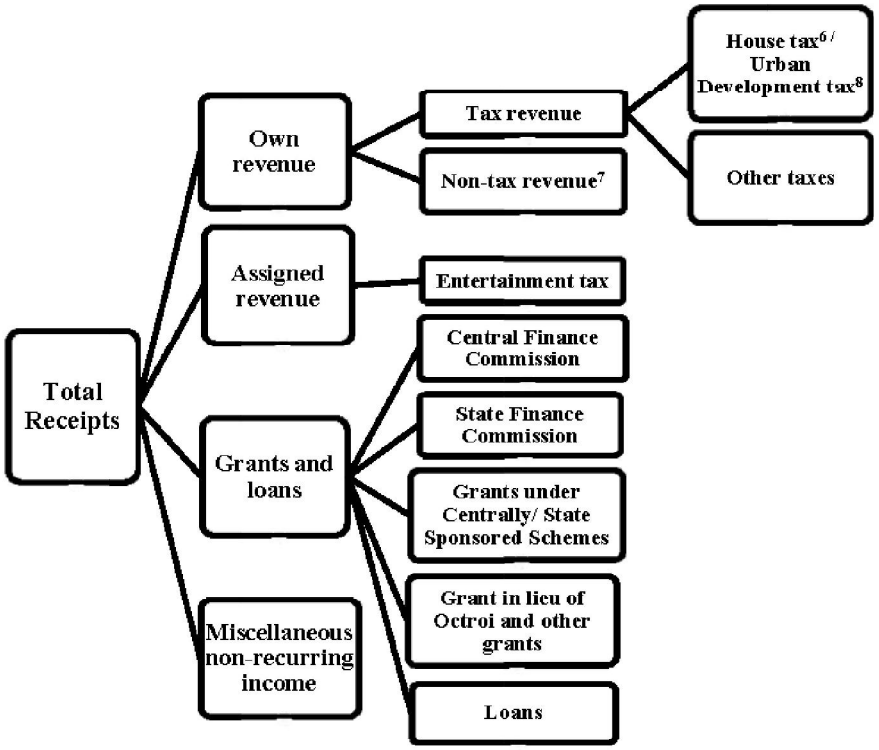


5. Ajmer, Bikaner, Jaipur, Jodhpur, Kota and Udaipur.

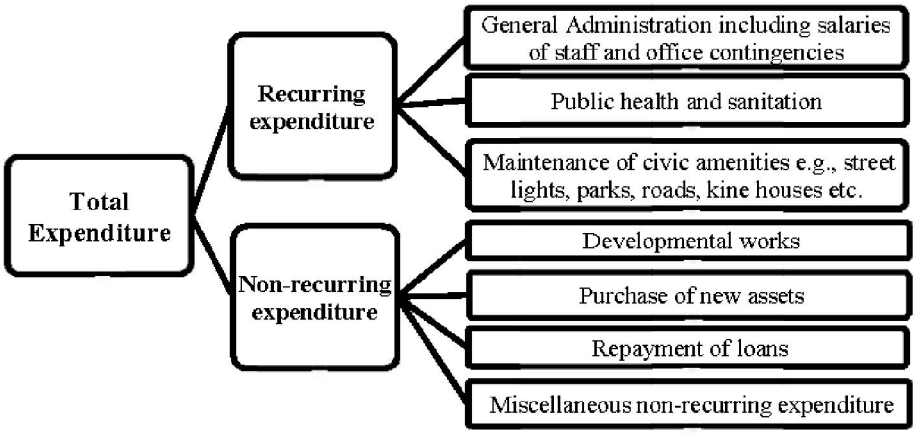
3.3 Financial management

3.3.1 Sources of receipts and items of expenditure

Various sources of receipts of ULBs are depicted as under :



Various items of expenditure of ULBs are depicted as under:



6. Tax on annual letting value or area of building or land or both.
7. Income under Bye-laws and Acts, income from assets, sale of land, interest on investment and miscellaneous recurring income.
8. Urban Development tax was introduced from 29 August 2007 on abolition of House tax from 24 February 2007.

3.3.2 Receipts and expenditure

The position of receipts and expenditure of the ULBs during 2005-10 is given in **Tables 3.1 to 3.3** below:

Table 3.1: Receipts of ULBs

(₹ in crore)

Sources of receipts	2005-06	2006-07	2007-08	2008-09	2009-10
(A) Own revenue					
(a) Tax revenue					
(i) House tax	34.12	19.50	8.38	7.03	39.90
(ii) Urban development tax	-	-	-	11.99	21.61
(iii) Octroi	3.34	2.50	3.66	3.90	7.52
(iv) *Morgasth* fee	-	-	-	0.10	46.97
(v) Tax on vehicle	0.20	0.24	2.59	0.67	0.46
(vi) Passenger tax	2.03	2.24	2.73	2.02	2.23
(vii) Terminal tax	0.09	0.14	0.54	0.12	0.10
(viii) Other taxes	1.45	2.94	4.97	3.00	4.42
(ix) Outsourcing	-	-	-	-	41.13
Total of tax revenue (a)	**41.23**	**27.56**	**22.87**	**28.83**	**164.34**
	(3.89)	**(2.31)**	**(1.53)**	**(1.54)**	**(7.55)**
(b) Non-tax revenue					
(i) Revenue from bye-laws	48.40	70.21	67.93	68.30	83.72
(ii) Revenue from assets	13.59	13.55	14.42	17.22	46.43
(iii) Revenue from Acts	12.95	13.25	18.93	18.37	35.06
(iv) Revenue from penalties	2.73	4.15	6.71	6.09	8.66
(v) Revenue from waterworks	1.26	0.25	1.06	2.30	1.84
(vi) Interest on investments	10.65	7.15	61.37	14.21	8.61
(vii) Misc non-tax revenue	39.56	50.30	63.96	91.92	81.85
(viii) sale of land	104.70	141.67	210.38	249.33	210.52
Total of non-tax revenue (b)	**233.84**	**300.53**	**444.76**	**467.74**	**476.69**
	(22.09)	**(25.15)**	**(29.84)**	**(24.91)**	**(21.89)**
Total of Own revenue (A)	**275.07**	**328.09**	**467.63**	**496.57**	**641.03**
	(25.98)	**(27.46)**	**(31.37)**	**(26.45)**	**(29.44)**
(B) Assigned revenue	1.07	-	-	3.00	7.12
	(0.10)	-	-	(0.16)	(0.33)
(C) Grants and loans					
(i) General and special grant	27.91	44.80	41.93	65.27	51.91
(ii) Grant in lieu of octroi	494.97	544.46	566.64	627.65	747.70
(iii) Special assistance and loans	143.36	160.35	254.68	417.37	484.79
Total of Grants and loans (C)	**666.24**	**749.61**	**863.25**	**1,110.29**	**1,284.40**
	(62.93)	**(62.74)**	**(57.91)**	**(59.13)**	**(58.99)**
(D) Miscellaneous non-recurring income[9]	**116.37**	**117.02**	**159.80**	**267.81**	**244.62**
	(10.99)	**(9.80)**	**(10.72)**	**(14.26)**	**(11.24)**
Grand Total (A to D)	**1,058.75***	**1,194.72***	**1,490.68***	**1,877.67**	**2,177.17**

(Source: As per data provided by Directorate Local Bodies Department, Rajasthan, Jaipur)

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

* ***Figures in respect of 2005-06 and 2006-07 do not include grants released under recommendations of Twelfth Finance Commission and Third State Finance Commission and in respect of 2007-08 do not include grants released under recommendations of Third State Finance Commission as intimated by the State Government (April 2010) and Chief Accounts Officer, Directorate Local Bodies Department, Rajasthan, Jaipur (August 2010) respectively.***

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

Table 3.2: Expenditure of ULBs

(₹ in crore)

Items of Expenditure	2005-06		2006-07		2007-08		2008-09		2009-10	
(A) Recurring expenditure										
(i) General administration	137.03	(14.15)	160.44	(14.85)	178.54	(13.28)	237.21	(13.08)	324.43	(14.42)
(ii) Public health and sanitation	288.13	(29.75)	316.91	(29.32)	355.25	(26.43)	440.33	(24.28)	623.40	(27.71)
(iii) Maintenance of civics amenities	99.82	(10.30)	117.18	(10.84)	132.51	(9.86)	147.35	(8.12)	230.60	(10.25)
Total of Recurring expenditure (A)	**524.98**	**(54.20)**	**594.53**	**(55.01)**	**666.30**	**(49.57)**	**824.89**	**(45.48)**	**1,178.43**	**(52.38)**
(B) Non-recurring expenditure										
(i) Expenditure on developmental works	282.08	(29.12)	330.38	(30.57)	538.63	(40.08)	820.58	(45.24)	805.94	(35.82)
(ii) Purchase of new assets	8.91	(0.92)	7.41	(0.69)	4.29	(0.32)	9.27	(0.51)	11.69	(0.52)
(iii) Repayment of loans	13.92	(1.44)	8.42	(0.78)	13.42	(1.00)	13.69	(0.76)	40.76	(1.81)
(iv) Miscellaneous non-recurring expenditure[10]	138.69	(14.32)	139.98	(12.95)	121.43	(9.03)	145.32	(8.01)	213.12	(9.47)
Total of Non-recurring expenditure (B)	**443.60**	**(45.80)**	**486.19**	**(44.99)**	**677.77**	**(50.43)**	**988.86**	**(54.52)**	**1,071.51**	**(47.62)**
Grand Total (A+B)	**968.58***		**1,080.72***		**1,344.07***		**1,813.75**		**2,249.94**	

(Source: As per data provided by Directorate Local Bodies Department, Rajasthan, Jaipur)

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

* ***Figures in respect of 2005-06 and 2006-07 do not include expenditure incurred out of grants released under recommendations of Twelfth Finance Commission and Third State Finance Commission and in respect of 2007-08 do not include expenditure incurred out of grants released under recommendations of Third State Finance Commission as intimated by the State Government (April 2010) and Chief Accounts Officer, Directorate Local Bodies Department, Rajasthan, Jaipur (August 2010) respectively.***

Table 3.3: Break-up of receipts and expenditure of ULBs

(₹ in crore)

Category of ULBs	2006-07		2007-08		2008-09		2009-10		Percentage of increase (+)/ decrease (-) of 2008-09 with reference to 2007-08		Percentage of increase (+)/ decrease (-) of 2009-10 with reference to 2008-09	
	Receipts	Exp	Receipts	Exp	Receipts	Exp	Receipts	Exp	Receipts	Exp	Receipts	Exp
(A) Municipal Corporations												
(i) Ajmer*	-	-	-	-	55.43	54.13	48.65	55.13	-	-	(-) 12.23	(+) 1.85
(ii) Bikaner*	-	-	-	-	49.97	42.60	37.10	37.92	-	-	(-) 25.76	(-) 10.99
(iii) Jaipur	283.27	244.19	389.24	326.99	457.56	486.50	400.30	367.54	(+) 17.55	(+) 48.78	(-) 12.51	(-) 24.45
(iv) Jodhpur	54.40	52.80	62.77	65.42	84.46	71.18	93.28	110.09	(+)34.55	(+) 8.80	(+) 10.44	(+) 54.66
(v) Kota	65.50	62.56	85.74	76.95	85.52	96.22	89.45	95.53	(-) 0.26	(+) 25.04	(+) 4.60	(-) 0.72
Total (A)	**403.17**	**359.55**	**537.75**	**469.36**	**732.94**	**750.63**	**668.78**	**666.21**	**(+)36.30**	**(+) 59.93**	**(-) 8.75**	**(-) 11.25**
(B) Municipal Councils	234.48	215.31	274.04	272.07	338.87	347.98	353.71	342.68	(+) 23.66	(+) 27.90	(+) 4.38	(-) 1.52
(C) Municipal Boards	557.07	505.86	678.89	602.64	805.86	715.14	1,154.68	1,241.05	(+) 18.70	(+) 18.67	(+) 43.29	(+) 73.54
Grand Total (A+B+C)	**1,194.72**	**1,080.72**	**1,490.68**	**1,344.07**	**1,877.67**	**1,813.75**	**2,177.17**	**2,249.94**	**(+) 25.96**	**(+) 34.94**	(+) **15.95**	(+) **24.05**

(Source: As per data provided by Directorate Local Bodies Department, Rajasthan, Jaipur)

* ***M Corps, Ajmer and Bikaner came into existence with effect from July 2008 and August 2008 respectively, hence figures of these M Corps in respect of years 2006-07 and 2007-08 have been included in MCs.***

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

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 62.74 *per cent*, 57.91 *per cent*, 59.13 *per cent* and 58.99 *per cent* during 2006-07, 2007-08, 2008-09 and 2009-10 respectively.

- There were excess receipts of ₹ 90.17 crore, ₹ 114 crore, ₹ 146.61 crore and ₹ 63.92 crore over expenditure in ULBs during the year 2005-06, 2006-07, 2007-08 and 2008-09 respectively but in the year 2009-10 there was excess expenditure of ₹ 72.77 crore over receipts due to increase in expenditure on general administration, public health and expenditure from grants of the State Finance Commission and Twelfth Finance Commission. Director, Local Bodies (DLB) intimated (January 2012) that excess expenditure was possibly met from saving of the preceding years. As annual accounts of the ULBs were not certified, audit could not identify the sources from which excess expenditure was met. The above is indicative of weakness of internal control over assurance derivable from accounts of the ULBs.

- There were decreasing trends in part of non-tax revenue to the total receipts for the year 2008-09 (24.91 *per cent*) and 2009-10 (21.89 *per cent*) in comparison to 2007-08 (29.84 *per cent*).

- Receipts of M Corp, Bikaner had decreased by 25.76 *per cent* from ₹ 49.97 crore in 2008-09 to ₹ 37.10 crore in 2009-10 due to less receipts of income from bye-laws and assets, sale of land and specific assistance and loans from governments while its expenditure had decreased 10.99 *per cent* from ₹ 42.60 crore in 2008-09 to ₹ 37.92 crore in 2009-10 due to decrease of expenditure on development works.

- Expenditure of M Corp, Jodhpur had increased by 54.66 *per cent* from ₹ 71.18 crore in 2008-09 to ₹ 110.09 crore in 2009-10 due to increase in expenditure on public welfare and health, developmental works, purchase of new assets, repayment of loans and miscellaneous works while its receipts had increased only 10.44 *per cent* from ₹ 84.46 crore in 2008-09 to ₹ 93.28 crore in 2009-10.

- In 2009-10, while expenditure of MBs increased by 73.54 *per cent* in comparison of 2008-09, the receipts increased by 43.29 *per cent* only.

- There was difference in some figures of receipts and expenditure of M Corps maintained at Directorate level (**Table 3.3**) and at concerned M Corp level (**Table 4.2**), which need to be reconciled.

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 is given in **Table 3.4** below:

Table 3.4 : Own Revenue of ULBs

(₹ in crore)

Category of ULBs	2007-08					2008-09					2009-10				
	Tax	Non-Tax	Total own revenue	Percentage of own revenue to		Tax	Non-Tax	Total own revenue	Percentage of own revenue to		Tax	Non-Tax	Total own revenue	Percentage of own revenue to	
				Total receipt	Recurring expenditure				Total receipt	Recurring expenditure				Total receipt	Recurring expenditure
(A) Municipal Corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i) Ajmer*	-	-	-	-	-	0.66	18.58	19.24	34.71	53.31	1.61	10.18	11.79	24.23	28.02
(ii) Bikaner*	-	-	-	-	-	0.37	9.33	9.70	19.41	37.99	1.28	8.32	9.60	25.88	33.90
(iii) Jaipur	6.59	195.59	202.18	51.94	128.68	12.28	158.94	171.22	37.42	87.63	61.30	65.71	127.01	31.73	53.00
(iv) Jodhpur	0.09	19.25	19.34	30.81	43.64	0.28	11.82	12.10	14.33	25.58	42.53	21.76	64.29	68.92	104.23
(v) Kota	2.70	19.12	21.82	25.45	42.47	0.13	14.47	14.60	17.07	22.93	0.30	11.86	12.16	13.59	16.20
Total (A)	**9.38**	**233.96**	**243.34**	**45.25**	**96.25**	**13.72**	**213.14**	**226.86**	**30.95**	**61.65**	**107.02**	**117.83**	**224.85**	**33.62**	**50.33**
(B) Municipal Councils (13)	3.72	49.61	53.33	19.46	35.07	3.13	72.48	75.61	22.31	46.53	20.62	87.04	107.66	30.44	56.11
(C) Municipal Boards (166)	9.77	161.19	170.96	25.18	65.40	11.98	182.12	194.10	24.09	65.93	36.70	271.82	308.52	26.72	57.16
Grand Total (A+B+C)	**22.87**	**444.76**	**467.63**	**31.37**	**70.18**	**28.83**	**467.74**	**496.57**	**26.45**	**60.20**	**164.34**	**476.69**	**641.03**	**29.44**	**54.40**

(Source: As per data provided by Directorate Local Bodies Department, Rajasthan, Jaipur)

* ***M Corps, Ajmer and Bikaner came into existence with effect from July 2008 and August 2008 respectively, hence figures of these M Corps in respect of year 2007-08 have been included in MCs.***

The analysis of the above indicates that:

- Although there was increasing trend in own revenue of ULBs during the years 2007-10 but it was sufficient to meet out only 70.18 *per cent*, 60.20 *per cent* and 54.40 *per cent* of recurring expenditure of the ULBs for the years 2007-08, 2008-09 and 2009-10 respectively.

- Non-tax revenue of M Corp, Jaipur had decreased from ₹ 195.59 crore in 2007-08 to ₹ 158.94 crore in 2008-09 and ₹ 65.71 crore in 2009-10 due to less revenue from bye-laws, penalties, interest on investments, miscellaneous income. Besides revenue from sale of land had also sharply decreased by 93.83 *per cent* from ₹ 101.34 crore in 2008-09 to ₹ 6.25 crore in 2009-10.

3.3.3.2 The position of tax and non-tax revenue (excluding miscellaneous receipt of which no targets/projections for collection were made) projected and actually realised by Municipal Corporations during 2007-10 is given in **Table 3.5** below:

Table 3.5 : Tax and non- tax revenue of M Corps

(₹ in crore)

Name of Corporation	Tax Revenue						Non-tax Revenue (Excluding miscellaneous receipts)					
	2007-08		2008-09		2009-10		2007-08		2008-09		2009-10	
	P	A	P	A	P	A	P	A	P	A	P	A
Ajmer*	-	-	8.56	0.66 (8)	8.56	1.61 (19)	-	-	7.05	3.17(45)	8.86	4.92(56)
Bikaner*	-	-	2.01	0.37(18)	1.21	1.28(106)	-	-	3.06	1.34(44)	3.49	0.89(26)
Jaipur	5.00	6.59(132)	40.00	12.28(31)	29.00	18.60(64)	133.75	53.45(40)	123.73	46.58(38)	82.05	61.15(75)
Jodhpur	13.62	0.09(1)	13.62	0.47(3)	24.00	1.13(5)	8.16	2.78(34)	12.08	9.69(80)	15.55	9.10(59)
Kota	4.06	2.70(67)	1.22	0.13 (11)	2.00	0.30 (15)	7.43	7.58(102)	5.68	6.21(109)	6.52	6.45(99)

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

P : Projected and A : Actual

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

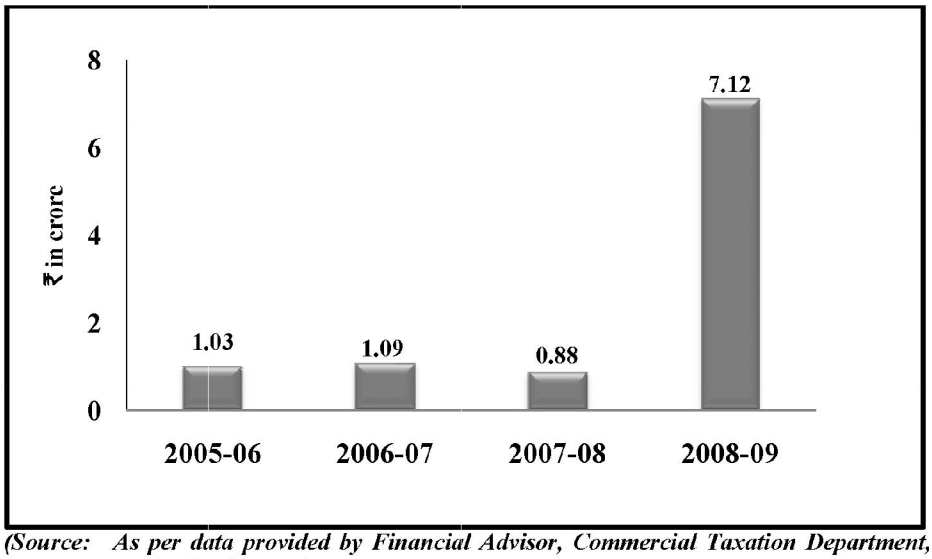
* ***M Corps, Ajmer and Bikaner came into existence with effect from July 2008 and August 2008 respectively, hence figures of these M Corps in respect of 2007-08 have not been given.***

The above trend indicates that during 2008-09 and 2009-10 the realisation of tax revenue against the revenue projected in respect of five Municipal Corporations ranged between three *per cent* to 31 *per cent* and five *per cent* to 106 per cent respectively whereas realisation of non-tax revenue ranged between 38 *per cent* to 109 *per cent* and 26 *per cent* to 99 *per cent* respectively. This indicated that targets need to be fixed realistically.

3.3.4 Assigned Revenue (Entertainment Tax)

The Third State Finance Commission (SFC) in his final report (February 2008) recommended 100 *per cent* transfer of net proceeds of entertainment tax to ULBs collected within its jurisdiction. The State Government accepted (March 2008) recommendation from the year 2008-09 and transferred the entire amount of entertainment tax for the years 2008-09 and 2009-10 while for the years 2005-07 it was transferred at the rate 15 *per cent* of net proceeds of that tax as per recommendation of Second SFC. The position of due share of entertainment tax for the year 2005-09 is given below:

Due share of entertainment of ULBs



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

The State Government had released due share of Assigned revenue for the years 2005-07 of ₹ 3 crore in January 2009 and due share of 2008-09 of ₹ 7.12 crore in March 2010.

3.3.5 Finance Commissions grants

3.3.5.1 Twelfth Finance Commission grants

Under recommendations of Twelfth Finance Commission (TFC), every year grants of ₹ 44 crore was to be released to ULBs. The Government of India (GoI) released ₹ 220 crore during 2005-10. The comments on release and utilisation of TFC grants are commented in paragraph 4.3 of the report.

3.3.5.2 State Finance Commission grants

The State Government had released grants to the local bodies at the rate of 3.5 *per cent* of the net State tax revenue (excluding of entertainment tax) from the year 2008-09 on the basis of recommendations of Third SFC and for the years 2005-07 it continued release of grants on the basis of Second SFC. Of this, 24.3 *per cent* share was released to ULBs. The grants released to ULBs by the State Government under recommendations of the SFCs during 2005-10 are given in **Table 3.6** below:

Table 3.6: Grants of SFCs to ULBs

(₹ in crore)

Year	Grants to be released	Grants actually released	Short(-)/ excess (+) release of grants
2005-06	50.58	53.75	(+) 3.17
2006-07	60.30	60.30	-
2007-08	57.85	57.85	-
2008-09	75.41	75.41	-
2009-10	139.95	139.95	

3.3.6 Recurring and non-recurring expenditure

The position of recurring expenditure (RE) and non-recurring expenditure (NRE) incurred in ULBs during 2005-10 is given in **Table 3.7** below:

Table 3.7 : Expenditure of ULBs

(₹ in crore)

Category of ULBs	2005-06			2006-07			2007-08			2008-09			2009-10		
	RE	NRE	Total	RE	NRE	Total	RE	NRE	Total	RE	NRE	Total	RE	NRE	Total
(A) Municipal Corporation															
(i) Ajmer*	-	-	-	-	-	-	-	-	-	36.09 (67)	18.05	54.14	42.07 (76)	13.06	55.13
(ii) Bikaner*	-	-	-	-	-	-	-	-	-	25.53 (60)	17.07	42.60	28.32 (75)	9.60	37.92
(iii) Jaipur	116.78 (57)	89.78	206.56	146.44 (60)	97.75	244.19	157.12 (48)	169.87	326.99	195.39 (40)	291.11	486.50	239.63 (65)	127.91	367.54
(iv) Jodhpur	34.87 (82)	7.69	42.56	38.30 (73)	14.50	52.80	44.32 (68)	21.10	65.42	47.31 (66)	23.87	71.18	61.68 (56)	48.42	110.10
(v) Kota	40.58 (65)	22.25	62.83	43.07 (69)	19.49	62.56	51.38 (67)	25.57	76.95	63.66 (66)	32.56	96.22	75.05 (79)	20.47	95.52
Total (A)	**192.23 (62)**	**119.72**	**311.95**	**227.81 (63)**	**131.74**	**359.55**	**252.82 (54)**	**216.54**	**469.36**	**367.98 (49)**	**382.66**	**750.64**	**446.75 (67)**	**219.46**	**666.21**
(B) Municipal Councils	113.10 (63)	65.15	178.25	132.57 (62)	82.74	215.31	152.06 (56)	120.01	272.07	162.49 (47)	185.49	347.98	191.89 (56)	150.79	342.68
(C) Municipal Boards	219.65 (46)	258.73	478.38	234.14 (46)	271.72	505.86	261.42 (43)	341.22	602.64	294.42 (41)	420.71	715.13	539.79 (43)	701.26	1,241.05
Grand Total (A+B+C)	**524.98 (54)**	**443.60**	**968.58**	**594.52 (55)**	**486.20**	**1,080.72**	**666.30 (50)**	**677.77**	**1,344.07**	**824.89 (45)**	**988.86**	**1,813.75**	**1,178.43 (52)**	**1,071.51**	**2,249.94**

(Source: As per data provided by Directorate Local Bodies Department, Rajasthan, Jaipur)
Note: RE: Recurring expenditure and NRE: Non-recurring expenditure.
Figures in brackets denote the percentage of recurring expenditure to the total expenditure.
* *M Corps, Ajmer and Bikaner came into existence with effect from July 2008 and August 2008 respectively, hence figures of these M Corps in respect of years 2005-06 to 2007-08 have been included in MCs.*

The above financial trend indicates that:

- Recurring expenditure in M Corp, Jaipur increased by 24.36 *per cent* and 22.64 *per cent* during the years 2008-09 and 2009-10 respectively in

comparison to respective preceding year due to increase in expenditure on general administration, public health services etc. while non- recurring expenditure increased by 71.37 *per cent* in 2008-09 due to increase in expenditure on developmental works and purchase of new assets but decreased sharply by 56.06 *per cent* in 2009-10 due to lesser expenditure on development works.

- During 2009-10, non-recurring expenditure in M Corps, Ajmer, Bikaner, Kota and MCs decreased by 27.65 *per cent*, 43.76 *per cent*, 37.13 *per cent* and 18.71 *per cent* respectively due to decrease in expenditure on development works but it was increased in M Corp, Jodhpur and MBs by 102.85 *per cent* and 66.68 *per cent* due to increase in expenditure on developmental works, repayment of loans and miscellaneous expenditure etc.

3.4 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. Under the provisions contained in RMA, 2009, Municipal Accounting Manual has been prepared. In accordance with this manual the State Government has decided to maintain accounts in Double Entry Accounting System. Accordingly, the LSGD directed (December 2009) to 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[11] 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). The position of maintaining the accounts on Accrual Based Accounting System by ULBs with effect from 1 April 2010 though called for (September 2011) by audit was not made available by Director, Local Bodies Department. Although as per RMA, 2009 read with Rajasthan Local Fund Audit Rules, 1955, Local Fund Audit Department (LFAD) is to certify the annual accounts of ULBs but the annual accounts of ULBs are not being certified by Director, LFAD. The consequences are absence of assurance about the financial statements of the ULBs.

- The Ministry of Urban Development, GoI has issued (April 2011) database formats to be adopted by ULBs as prescribed by the 13th Central Finance Commission to Principal Secretary, Department of Urban Development of the State Government. Chief Accounts Officer, Director Local Bodies Department intimated (June 2011) that prescribed database formats have been furnished to all 184 ULBs of the State and relevant information regarding database is being collected.

11. Municipal Corporations, Ajmer, Bikaner, Jaipur, Jodhpur, Kota and MC, Udaipur.

3.5 Audit arrangements 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.

The State Government entrusted (February 2011) Technical Guidance and Supervision (TGS) to the C&AG over audit of local bodies. The State Government had amended RMA, 2009 by inserting a new Section 99(A) which provides for Audit of accounts of the municipalities by the C&AG.

3.6 Arrears of Audit of Director, Local Fund Audit Department

Director, LFAD is the Statutory Auditor for accounts of ULBs.

Audit of five M Corps, 12 MCs and 100 MBs due as on 31March 2010 by the Director, LFAD was pending as of December 2010 due to shortage of staff and deployment of staff for election duties as intimated by Director, LFAD (May 2011).

3.7 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)[12].

It was observed that:

3.7.1 At the end of December 2011, 5,110 IRs issued by Director, LFAD containing 59,611 paragraphs remained pending for settlement. These included 217 cases of embezzlement of ₹ 1.57 crore.

3.7.2 Nine hundred thirty five IRs containing 9,421 paragraphs involving monetary value of ₹ 3,306.41 crore issued during the years 2002-10 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 2010 were also pending for settlement as of May 2011 due to lack of satisfactory compliance of the paragraphs from ULBs/department. Besides first compliance report of 172 IRs containing 2,597 paragraphs were still awaited. The year-wise position of outstanding paragraphs is given in **Table 3.8** below:

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

Table 3.8: Outstanding paragraphs of ULBs

(₹ in crore)

Year	Pending			Outstanding first compliance reports	
	IRs	Paragraphs	Monetary value		
2002-03	3	47	165.72	-	-
2003-04	73	448	79.96	-	-
2004-05	127	1,276	582.14	-	-
2005-06	180	1,633	536.11	3	239
2006-07	184	1,883	589.13	3	285
2007-08	134	1,494	302.37	19	201
2008-09	146	1,588	387.94	90	1,128
2009-10	88	1,052	663.04	57	744
Total	**935**	**9,421**	**3,306.41**	**172**	**2,597**

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 authorities. The State Government stated (November 2011) that ULBs have been instructed (February 2010) to invariably furnish first compliance of IRs issued by Accountant General and Director, LFAD.

3.8 Impact of Audit

During 2008-10, recoveries amounting to ₹ 1.09 crore were made at the instance of C&AG's audit in 52 cases.

Besides above, on being pointed out in Performance Audit of Financial Management and Public Utility Services in M Corps, Jaipur, Jodhpur and Kota, recoveries of ₹ five crore (Jodhpur) and ₹ 7.13 lakh (Jaipur) have been made.

3.9 Conclusion

While the receipts of ULBs showed an increasing trend, they were largely dependent on Government funds because of low 'Own Revenue' base.

In 2009-10, the expenditure of ULBs was higher than its receipts and the expenditure on developmental works actually declined in comparison to the increase in recurring expenditure.

Annual accounts of ULBs (except six ULBs) for the year 2008-09 and 2009-10 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.

CHAPTER-IV

PERFORMANCE AUDIT, LONG PARAGRAPH AND AUDIT OF TRANSACTIONS URBAN LOCAL BODIES

This chapter contains two Performance Audits on 'Financial Management in Municipal Corporations' and 'Sanitation including Solid Waste Management in Municipal Corporations', one Long Paragraph on 'Utilisation of Twelfth Finance Commission Grant by Urban Local Bodies' and six paragraphs related to transactions audit of Urban Local Bodies.

Local Self Government Department

PERFORMANCE AUDIT

4.1 Financial Management in Municipal Corporations

Executive Summary

The Rajasthan Municipalities Act (RMA), 1959 (replaced by Rajasthan Municipalities Act, 2009) provided for establishment and incorporation of a Municipal Corporation (M Corp) in every large urban area. Performance audit of Financial Management by three M Corps (Jaipur, Jodhpur and Kota) during 2005-09 was conducted (July 2009 to April 2010) which revealed that M Corps could not augment their revenue resources to the desired extent. There were shortfalls in collection of revenue/dues leading to accumulation of arrears of ₹ 516.02 crore while liabilities of sizeable amounts were lying un-discharged. Without generating adequate own income and exercising proper control over expenditure in the M Corps, delivery of quality civic services and creation of adequate infrastructure to cater to the growing need of urban people by the M Corps was remote.

Due to slackness in revenue realisation efforts by M Corps, shortfalls in collection of certain revenues ranged between 29 and 97 per cent and arrears of revenue accumulated to ₹ 516.02 crore. Non/short levy or realisation of non-tax revenue by M Corps resulted in loss of revenue of ₹ 22.82 crore. Budget and accounts were not prepared in time. There was a delay ranging from 85 to 164 days in preparation of budget and 14 to 100 days in submission of accounts to State Government.

4.1.1 Introduction

The Rajasthan Municipalities Act (RMA), 1959[1] provided for establishment and incorporation of a Municipal Corporation (M Corp) in every large urban area. There were five M Corps[2] in Rajasthan (March 2009). The M Corps were required to perform such primary and secondary functions and exercise such powers as embodied in different sections of the RMA. Their main functions *inter alia* include sanitation i.e., sweeping/cleaning of streets, roads, drainage, etc., solid waste management, construction of roads, drainage, sewerage etc. (developmental works) and regulation of the construction of buildings in municipal area. Financial resources of corporations are grant-in-aid from State Government (SG) and own revenue. The RMA, 1959 empowered M Corps to collect obligatory taxes (e.g. tax on buildings and land) and to levy and collect other tax and non-tax revenues (e.g. advertisement fee, building permission fee, etc.) by framing rules/bye-laws with the approval of SG.

There is an ongoing increase of population in urban centers due to growth and migration. The increase in the urban population and related economic activities accentuate the demand for urban infrastructure. Hence, to create adequate urban infrastructure and provide civic services and amenities to urban people, M Corps were required to augment their resources so as to create adequate urban infrastructure and provide better civic services/ amenities to urban people according to their growing needs.

4.1.2 Organisational set up

The Department of Local Self Government (LSGD) is the controlling Department of all municipalities for all administrative purposes. It also performs monitoring and co-ordination function at the state level for all the municipal bodies of the State. This Department has a Directorate to look after the day to day functioning of all these Urban Local Bodies. The Municipal Government vests in the Municipal Corporation, which is an elected body. Duties and powers of officials of M Corps are given in **Table 4.1** below:

Table 4.1 : Duties and Powers of officials of M Corps

Chief Executive Officer (CEO)/ Commissioner	The Chief Executive Officer / Commissioner shall perform all the duties and exercise all the powers specifically imposed or conferred upon him by or delegated to him under the Rajasthan Municipal Act, 1959 and Allied Laws. He shall issue and withhold/ withdraw all licenses and permissions. He shall receive and recover and credit to the Municipal fund all fees payable for license and permissions granted or given by him under the Act. He shall exercise supervision and control over the acts and proceedings of all officers and servants of the Municipal Council in matters of executive administration and in matters concerning the accounts and records. He shall supply any return statement,

1. Subsequently replaced by RMA, 2009 from 15 September 2009.
2. Ajmer (Since July 2008), Bikaner (August 2008), Jaipur (December 1992), Jodhpur (December 1992) and Kota (January 1993).

	estimate, statistics, accounts, report or a copy of any document in his charge called for by the Municipal Council/ Board and shall comply with any orders passed thereon.
Chief Accounts Officer	As per the Rajasthan Municipal Accounts Rules, (RMARs) 1963 and General Finance and Accounts Rules the Chief Accounts Officer is responsible for keeping the accounts and records relating to collection of revenue and expenditure there from. He is responsible to maintain general cash book, classified register of receipts and payments, pass book with a recognised bank or Government treasury. He shall prepare accounts of receipt and expenditure and lay before the Municipal Board and also maintain all special fund accounts with the help of his subordinates i.e. Senior Accounts Officers/ Accounts Officers/ Accountants/ Junior Accountants.
Revenue Officer	The Revenue Officer is responsible for the collection of all Municipal revenue including the property taxes, cess, license fees, rents from buildings, etc.

4.1.3 Audit objectives

The performance audit on finance management in M Corps was conducted to ascertain :

- Whether there was efficient, effective and proper budgetary and accounting system;
- Whether the financial management was efficient and effective to safeguard municipal funds against any loss;
- Whether an efficient and adequate system existed in the M Corps to ensure correct assessment, prompt raising of demands and collection of revenue; and
- Whether the monitoring mechanism was appropriate and effective.

4.1.4 Audit criteria

The audit was conducted with reference to:

- Provisions of RMA, 1959 and relevant rules[3] framed there under by SG.
- Relevant rules/bye-laws framed by M Corps and approved by SG.
- Relevant notifications, orders, circulars and scheme guidelines issued by Central/SG from time to time.

3. Such as Municipal Solid Wastes (Management and Handling) Rules, 2000 (MSW Rules) issued by Government of India (GoI); Rajasthan Municipalities (Budget) Rules, 1966; RMAR, 1963, etc. issued by State Government.

4.1.5 Audit scope and methodology

The performance audit (along with regular test audit for the year 2008-09) was conducted during July 2009 to April 2010, covering the period 2005-09 by test check of records related to financial management including collection of own revenue[4] in three M Corps, Jaipur, Jodhpur and Kota. Exit conference was held on 21 December 2011 where in all important findings and replies were discussed.

The significant findings noticed during performance audit are mentioned in the succeeding paragraphs.

4.1.6 Budgetary planning and accounting control

4.1.6.1 Annual budget estimates of M Corps for the years 2005-09 required to be laid in their Boards' meetings before 15 December[5] of the preceding year were laid with delays ranging from 97 to 128 days in Jaipur, 124 to 164 days in Jodhpur and 85 to 142 days in Kota. The annual accounts of M Corps were required to be prepared before 15 May of the following year and after approval by their Boards, the same were to be transmitted to SG before 30 June[6]. However, M Corp, Jodhpur prepared the annual accounts for the years 2005-09 with delays ranging from 15 to 128 days and as a result the accounts (except for 2006-07) were forwarded to Director, Local Bodies (DLB) with delays of 14 to 100 days. M Corp, Kota did not prepare annual accounts for the period under Audit till October 2011. There were no delays in M Corp, Jaipur. Even though the M Corps did not submit budgets to SG, the Government did not take any action in the matter. In exit conference, the facts were accepted and delays in budgetary estimates were attributed to the need for passing of the budget by the Finance Committee and the Board of the concerned Municipal Body whose meeting is determined by these bodies themselves. The delays in accounts were attributed to shortages of staff in the accounting cadres. DLB also intimated that vide notification dated 25 November 2010, CEOs of M Corps have been empowered to submit budget directly to the SG when the meetings of the prescribed committees are not held or budget not passed. DLB further informed that proposal for recruitment of staff is under submission to the Government. Thus, it is evident that the SG did not monitor the activities of preparation, passage of budget and accounts. The bottlenecks in terms of quantity and quality of staff were not addressed with the urgency it deserved.

4.1.6.2 The Government of Rajasthan through an executive order (December 2004) directed that accounts on accrual basis are also required to be prepared in addition to those on cash basis as per Rule 9 of Rajasthan Municipalities Accounts Rules 1963. Subsequently instructions have been

4. Excluding income from sale and regularisation of municipal lands as this aspect had already been included in the performance audit of 'Land Management in Urban Local Bodies' for the Audit Report (Civil-Local Bodies) 2006-07.
5. Section 277 (4) of RMA, 1959 and Rule 5 of RM (Budget) Rules, 1966.
6. Rules 9 (3) and 14 (2) of RM Accounts Rules, 1963 read with Section 277 (1) of RMA, 1959.

issued under Section 91 of the RMA, 2009 effective from 1 April 2010, prescribing the accrual based annual accounts to be statutory accounts for the Municipal Bodies. Accrual based annual accounts of M Corps, Jodhpur and Kota for the years 2005-06 to 2008-09 were to be prepared by a private agency engaged for *e*-governance. In M Corp, Jaipur, such accounts for the year 2008-09 had not been prepared as of March 2010. In M Corp Jodhpur and Kota the accounts for the period was under progress (January 2012). In the exit conference, none of the officials of M Corps present or officials of DLB was in a position to confirm that the accounts prepared through a private entity on contract basis through Information Technology (IT) application software were consistent with the requirements of the revised accounting manual prescribed by the SG. The primary Auditor (Director Local Fund Audit Department) did not certify the accounts of M Corps. Due to non-preparation of accrual based accounts and absence of audit of the financial statements where prepared, the actual position of assets and liabilities of M Corps could not be ascertained. However M Corp, Kota stated (13 February 2012) that accounts for the year 2005-06 and 2006-07 have been prepared and audited by Chartered Accountants. Accounts for the year 2007-08 to 2010-11 have not been prepared.

Recommendations

Budgets should be prepared in due time.

4.1.7 Receipts and expenditure

Diagrammatic presentation of sources of receipts and items of expenditure of ULBs is as per para 3.3.1 of the report.

Year-wise position of receipts and expenditure of the three test checked M Corps for the period 2005-09 is given in **Table 4.2** below:

Table 4.2 : Receipts and expenditure of M Corps

(₹ in crore)

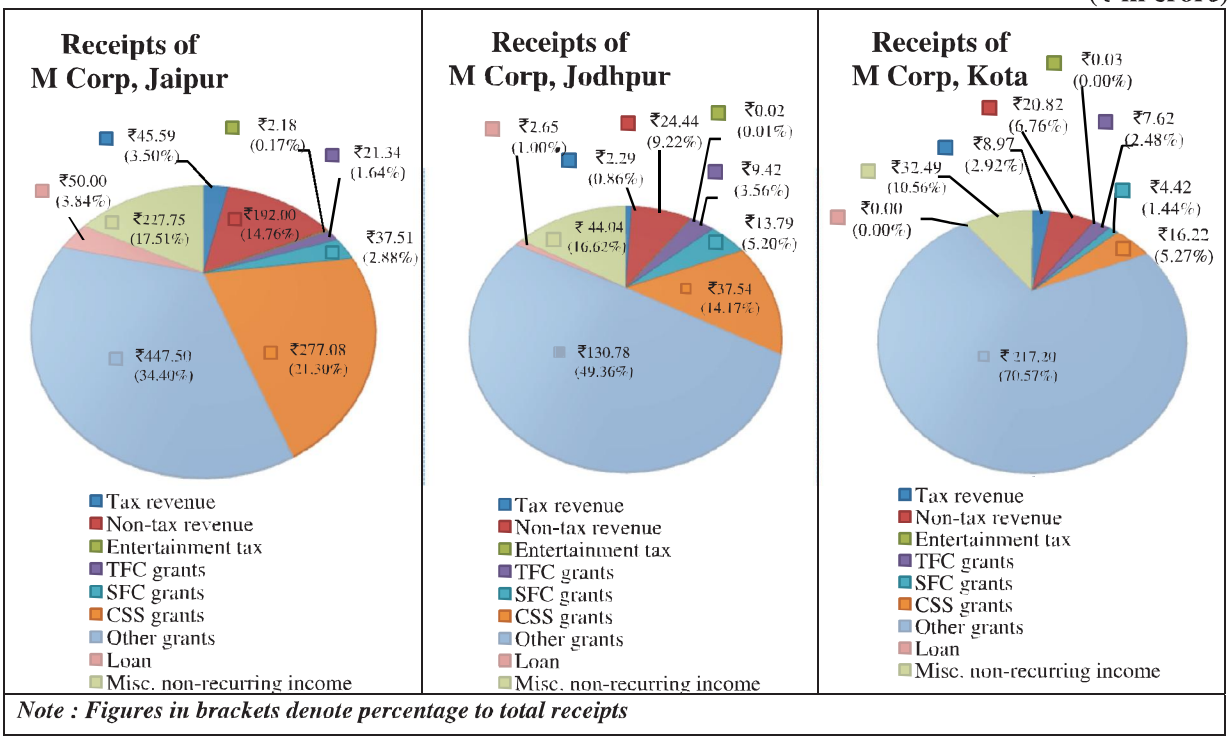
M Corp	Opening Balance (1 April 2005)	2005-06		2006-07		2007-08		2008-09		Total		Closing Balance (31 March 2009)
		R	E	R	E	R	E	R	E	R	E	
Jaipur	12.24	223.49	206.56	282.27	244.79	337.63	326.98	457.56	486.50	**1,300.95**	**1,264.83**	48.36
Jodhpur	8.40	51.43	42.60	54.02	52.87	62.77	65.42	96.75	83.47	**264.97**	**244.36**	29.01
Kota	45.83	66.75	62.97	67.55	60.88	85.83	76.72	85.52	96.22	**305.65**	**296.79**	54.69
Total		**341.67**	**312.13**	**403.84.**	**358.54**	**486.23**	**469.12**	**639.83**	**666.19**	**1,871.57**	**1,805.98**	

(Source: Annual Accounts in conventional formats and information made available by the M Corps)
(R= Receipts and E= Expenditure)

Head-wise/item-wise total receipts and expenditure of M Corps during 2005-09 (Details in ***Appendix*-X and XI**) are depicted as under:

(i) Receipts:

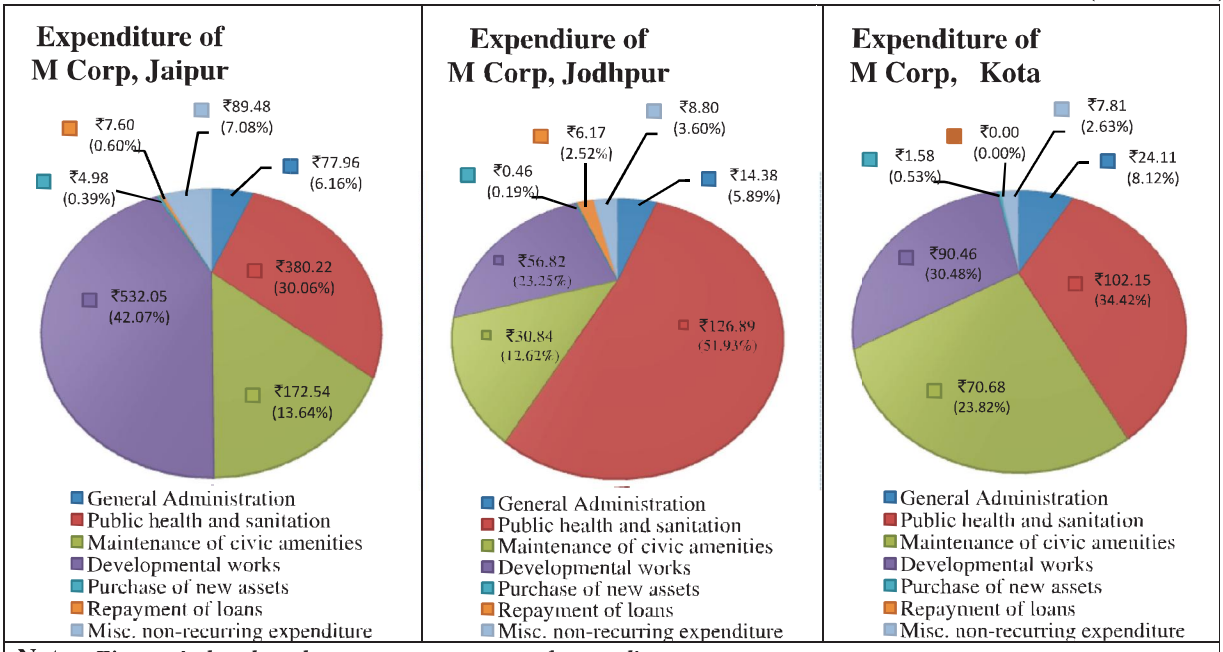
(₹ in crore)



Note : Figures in brackets denote percentage to total receipts

(ii) Expenditure:

(₹ in crore)



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

The following were noticed:

4.1.7.1 Discrepancy in figures of receipts

The total of receipts shown in the annual accounts of M Corp, Kota for the year 2006-07 was ₹ 67.55 crore whereas their item-wise total comes to ₹ 69.67 crore, thus leaving a difference of ₹ 2.12 crore.

In exit conference Chief Accounts Officer, M Corp, Kota stated that the Corporation had reconciled the difference but no details were available/ provided in support. The reply could not be verified as the reconciled position, has not been intimated to audit so far (January 2012).

4.1.7.2 Excess expenditure over budgeted amount

The budget should be prepared on basis of estimated receipts and expenditure. The Municipal Bodies can revise the budget during the course of a year with the approval of the SG as per Section 278 of RMA, 1959.

A comparison of the budget provisions and expenditure incurred there against during 2005-09 revealed that expenditure had exceeded the budget provisions by nine to 73 *per cent* in M Corp, Jaipur under three heads of account[7] and 20 *per cent* under lighting head in case of M Corp, Kota. The variations were attributable to the failure to identify areas requiring re-appropriation in time indicating shortcomings in the internal control procedures relating to budgetary controls. In exit conference the excess expenditures in M Corp, Jaipur were attributed to requirements and it was intimated that SG has been approached (December 2011) for regularisation while in case of M Corp, Kota the excess expenditure was stated to be notional which arose due to adjustment of expenditure on electricity against receivables on account of transfer of land to the electricity distribution company. The reply was not tenable as adjustment affects both the receipt and expenditure side leading to excess over budgeted amount which requires the sanction of SG.

These expenditures in excess of the budget provision have not been regularised (December 2011) by the SG as required.

4.1.7.3 Shortfalls in collection of revenue

Sections 147 to 160 of RMA, 1959 laid down the procedure for recovery of municipal claims from assesses by issue of bills, demand notices or warrants for distress and by sale of property of the defaulters. Alternatively, dues could be recovered by filing civil suits against the defaulters in the courts of law or by invoking provisions of the Public Demand Recovery (PDR) Act, 1952 and/or Rajasthan Land Revenue Act, 1956.

It was observed that:

- Shortfalls in collection of tax revenue against income projected in the

7. Lighting, Cattle house and Garden.

annual budgets (2005-09) of M Corps ranged from 39 to 99 *per cent*[8] and that of certain non-tax revenues[9] ranged from 29 to 97 *per cent* (***Appendix-XII***). M Corp, Jodhpur stated (June 2010) that the targets of revenue collection could not be achieved due to administrative reasons. In exit conference, reasons for shortfall were attributed to fixing of estimated receipts on a higher side without any rationale by the Finance Committee and the Board, shortage of staff for recovery of revenues and reluctance of the public to pay applicable dues which gets facilitated/encouraged through changes in system of charging of tax. The reply is not tenable as the SG under Section 277 of RMA, 1959 has the power to modify any part of the budget. The shortage of staff, lack of adequate response from public is controllable and anticipated event which needs to be addressed both by the SG as well as the M Corps. The non-realisation of the dues is attributable to administrative failure of initiating action by the concerned M Corps.

- Due to shortcomings on part of M Corps to enforce the statutory provisions regarding deterrent action such as seizure and sale of the properties of defaulters, the arrears of own revenue/dues have accumulated to ₹ 516.02 crore[10] (Details in Paragraph 4.1.8. and ***Appendix-XIII***). Due to paucity of own funds, M Corps, Jaipur and Jodhpur had *inter alia* liabilities of ₹ 4.93 crore[11] and ₹ 5.67 crore[12] respectively remaining un-discharged (31 March 2009) and M Corps (Jaipur and Jodhpur) could not provide their entire matching shares under certain developmental schemes[13]. To discharge the liabilities, M Corps, Jaipur and Jodhpur were forced to raise interest bearing loans of ₹ 50 crore and ₹ 15 crore respectively during March 2009 and October 2009. During exit conference it was intimated that the loan of ₹ 15 crore has been repaid by M Corp, Jodhpur. It was also stated at the exit conference that M Corp, Jaipur was making efforts for recovery and dues pertaining to M Corp, Kota were not leviable or non- realisable. The replies are not tenable as stated efforts for recovery are in the nature of directing concerned officials which are not effective. The view that dues in M Corp, Kota are non-leviable/non-recoverable should be supported by decision taken

8. House tax (Jaipur: 39 to 80 *per cent* and Jodhpur: 86 to 99 *per cent)* and UD Tax (Jaipur: 66 *per cent;* Jodhpur: 95 *per cent* and Kota: 88 *per cent*).
9. Slaughtering fee (Jodhpur: 68 to 74 *per cent*); Building permission fee (Jaipur: 39 to 67 *per cent* and Jodhpur: 29 to 93 *per cent*); Road cutting charges (Jaipur: 42 to 95 *per cent* except during 2007-08, Jodhpur: 80 to 97 *per cent* and Kota: 32 to 75 *per cent* except 2005-06); Income from cattle houses (Jodhpur: 80 to 91 *per cent*) and Parking lots (Kota: 43 to 68 *per cent*).
10. ₹ 29.39 crore as per ***Appendix-XIII*** and house tax (Jaipur: ₹ 260.70 crore and Jodhpur: ₹ 109.56 crore) and urban development tax (Jaipur: ₹ 99.50 crore, Jodhpur: ₹ 7.77 crore and Kota: ₹ 9.10 crore).
11. ₹ 3.06 crore payable to various contractors, suppliers, etc (as per purchase ledger) and ₹ 1.87 crore to be repaid to Rajasthan Urban Infrastructure Finance and Development Corporation Limited as of March 2010.
12. GPF contribution (₹ 1.18 crore), Pension Fund contribution (₹ 0.90 crore) and payables to contractors (₹ 3.59 crore). Besides, M Corp, Jodhpur stated (June 2010) that liability towards gratuity contribution was also pending for the period prior to 1992, which could not be calculated by M Corp as of September 2010.
13. Jawaharlal Nehru National Urban Renewal Mission (JNNURM), Integrated Housing and Slums Development Programme and Urban Infrastructure Development Scheme for Small and Medium Towns.

by the competent authorities for write-off. The dues if not processed in time have a stronger possibility of becoming unrealisable.

- Further, own revenue of M Corps aggregating ₹ 76.84 crore (Jaipur: ₹ 60.47 crore, Jodhpur: ₹ 10.03 crore and Kota: ₹ 6.34 crore) during 2008-09 was not sufficient even to meet their recurring expenditure aggregating to ₹ 322.38 crore (Jaipur: ₹ 204.03 crore, Jodhpur: ₹ 54.69 crore and Kota: ₹ 63.66 crore) incurred on payment of salaries, contingencies, etc. during 2008-09, thereby, leaving narrow scope for smooth delivery of civic services and creation of adequate infrastructure for urban people from M Corps' own revenue. The M Corps were largely dependent on grant/assistance from Government. The M Corps did not initiate effective action to maximise the collection of revenue and to mobilise their own resources either by levying new tax and tapping new sources of non-tax revenues (October 2010) or by enforcing better realisation from existing sources. In exit conference, reasons for short collection was attributed to shortage of staff for recovery of revenues and reluctance of the public to pay applicable dues which gets facilitated/ encouraged through changes in system of charging of tax. It was also intimated that possibilities of new sources of revenue such as taxes/fees on mobile towers, marriage gardens and sale of land in case of M Corp, Jodhpur are being explored for augmenting the revenue.

Recommendations

The ability of the M Corps to meet its obligations is critically dependent on its efforts to raise resources and they need to come out with an effective policy for levy, assessment and collection of tax and non tax revenues. The SG should play the role of an active facilitator.

4.1.8 Poor performance in collection of obligatory tax

As per Section 104 (1) of RMA, 1959, an obligatory tax commonly known as house tax was leviable on buildings or lands or both (properties) situated within municipal limit up to 2006-07. From 2007-08, house tax was abolished and Urban Development (UD) tax was levied with reference to area and value of the properties.

The demand, collection and balance position of house tax and UD tax in M Corps was being watched through *e*-governance operated by a private agency. The positions of demand and collection of House tax and UD tax for the period 2005-09 are given in **Tables 4.3 to 4.4** below:

Table 4.3 : Demand and collection of house tax

(₹ in crore)

Year	Jaipur			Jodhpur			Kota
	Total demand	Collection (Percentage)	Balance	Total demand	Collection (Percentage)	Balance	
2005-06	NA	22.76	NA	90.65	0.86 (0.95)	89.79	House tax was not assessed and collected by M Corp, Kota.
2006-07	266.87	2.99 (1.12)	263.88	110.54	0.86 (0.78)	109.68	
2007-08*	265.14	2.98 (1.12)	262.16	109.68	0.06 (0.05)	109.62	
2008-09*	262.66	1.96 (0.75)	260.70	109.62	0.06 (0.05)	109.56	
* Total Demand included arrears of previous years.							

(Source: Information collected from respective M Corps)

Table 4.4 : Demand and collection of UD tax

(₹ in crore)

Year	Jaipur			Jodhpur			Kota		
	Total demand	Collection (Percentage)	Balance	Total demand	Collection (Percentage)	Balance	Total demand	Collection (Percentage)	Balance
2007-08	50.54	3.61 (7.14)	46.93	3.88	0.01 (0.26)	3.87	4.74	0.07 (1.48)	4.67
2008-09	109.82	10.32 (9.40)	99.50	7.97	0.20 (2.51)	7.77	9.42	0.32 (3.40)	9.10

(Source: Information collected from respective M Corps)

It was observed that:

4.1.8.1 M Corp, Kota did not collect house tax in any of the years due to decision of the mayor not to permit levy of the tax. The minutes of the Board meeting of Municipal Corporation (May 2003 and May 2005) show that the mayor of M Corp, Kota got his/her proposal for non-levy of the house tax endorsed by the board of the M Corp, Kota. The Chief Executive Officer (CEO), M Corp, Kota protested (8 May 2005) by clearly highlighting that this is an obligatory tax and the mayor will have to bear responsibility for the decision. The CEO, M Corp, Kota also brought this illegal decision/action to the notice of the SG. As per sub-section (8) of section 104 of RMA, 1959, the SG may exempt from levy of this tax on request and representation by the Board on reasonable grounds. The SG may allow such exemption by a special order to be published in the official Gazette but no such order was found to exist. On the contrary the SG even dismissed the decision of the Board (January 2006) under section 68 (3) of RMA, 1959 being an obligatory tax which was to be collected by M Corp, Kota. Being an obligatory tax the M Corps was bound to levy the tax from the dates prescribed by the SG, which needs to be collected now. Besides, appropriate legal and administrative action should be taken against those responsible for non-collection of the obligatory house tax. In exit conference the audit contention was accepted.

4.1.8.2 Collection of house tax in M Corp, Jaipur had declined over the years from ₹ 22.76 crore in 2005-06 to ₹ 1.96 crore in 2008-09. As against the demands/arrears of house tax, M Corps, Jaipur and Jodhpur could collect only one *per cent* (approximate) of the demand during 2005-09 indicating slackness in taking timely and effective action to maximise collection of the tax revenue.

The performance of M Corps in collecting UD tax was also not encouraging as the percentage of collection during 2008-09 was only 9.40 in Jaipur, 2.51 in Jodhpur and 3.40 in Kota.

4.1.8.3 The short collection of house tax was attributed by M Corps mainly to agitation by some political parties, granting exemption to buildings and land measuring up to 100 sq yd (commercial) and up to 300 sq yd (residential) from April 2007 by SG due to which the potential tax payers did not take interest in paying the tax to M Corps and usually waited for the declaration about tax exemption/waiver. This discouraged the law abiding tax payers and encouraged the defaulters not to pay the leviable taxes to M Corps in future.

4.1.8.4 In M Corps, survey of buildings and land assessable to house tax and UD tax got conducted through M/s Oswal Data Processors in 2005 was *mutatis mutandis* adopted for the assessment of UD tax. The records of new

constructions and additions to the properties made after 2005 were not maintained. Thus, there was no assurance that all the potential properties assessable to UD tax had actually been brought into the tax net.

In exit conference it was stated that reasons for short collection are identical to those for shortfall in collection of revenue and survey for updation of the database of properties after 2005 shall be carried out shortly.

The replies were not tenable as these taxes were obligatory and their collection necessary for meeting the obligations of the M Corps. The SG and M Corps were required to create necessary legal and administrative mechanism to enable levy, assessment and collection of these obligatory taxes.

Recommendation

Failure to collect Urban Development Tax should be tackled. SG should issue illustrative instructions to guide M Corps as to how to tackle such cases. Survey to ensure a reliable database needs to be put in place. Penalty provisions and interest to deter non-compliance by tax payers need to be examined.

4.1.9 Loss due to non/short realisation of non-tax revenue

4.1.9.1 Building permission fee, regularisation charges, etc.

- M Corp, Jodhpur and Urban Improvement Trust (UIT), Jodhpur (Now Jodhpur Development Authority) had been regulating construction of buildings in Jodhpur city under the provisions of Municipal Building Bye-laws effective from November 1945. Later, the UIT, Jodhpur Building Bye-laws, 2001 framed by UIT, Jodhpur and published in the SG Gazette on 4 January 2002 were followed by M Corp, Jodhpur also.

Scrutiny of records revealed that (i) UIT, Jodhpur had issued notices to owners of 12 buildings during 1997-99 to deposit building permission fee/regularisation charges of ₹ 1.13 crore for constructions done without permission or against the approved plans/maps. However, after transfer of colonies and files to M Corp, Jodhpur, no follow up action was taken by M Corp to expedite recovery of the amount and (ii) In 13 cases, M Corp, Jodhpur granted (2006-09) building permission after realising fees of ₹ 1.36 lakh instead of ₹ 13.77 lakh[14] recoverable as per building regulations of 2001. This resulted in short realisation of fees amounting to ₹ 12.41 lakh which could not be recovered as of November 2009. During exit conference the M Corp, stated that action against defaulting officials would be initiated.

- As per Jaipur Development Authority (Regularisation of Irregular Construction of Buildings) Regulations, 1989, any irregular construction of buildings could be regularised on payment of the charges at double the reserve price of the area of unauthorised construction. It was observed that M Corp, Jaipur had granted (April 2006) permission to a person for constructing a

14. Checking fee: ₹ 0.46 lakh, *Malba* fee: ₹ 0.59 lakh and Building permission fee: ₹ 12.72 lakh.

multi-storey commercial building with 5,903.56 square metre (sqm) built up area. However, unauthorised construction was done on additional 292.82 sqm area. M Corp decided (February 2008) to regularise the unauthorised construction subject to recovery of regularisation charges. Commissioner (Planning) of M Corp belatedly issued (May 2009) the demand notice of ₹ 14.32 lakh[15] to the building owner which could not be recovered as of December 2011. In exit conference it was intimated that penalty for unauthorised construction was levied when the builder approached M Corp for approval of the building plan. Since the builder did not deposit the penal amount his building plan has not been approved. The reply was not tenable as the M Corp failed to take recourse to the provisions of RMA, 1959 to recover the penal amount. Besides, no action against the unauthorised construction was found to be taken.

4.1.9.2 Occupancy certificate fee

Jaipur Development Authority (Jaipur Region Buildings) Regulations, 2000 (also adopted by M Corp, Jaipur) stipulated that after completing construction of a building of more than 15 metre height (i.e. multi-storey building), for safety concern of persons occupying the high rise buildings, the building owner was to obtain an occupancy certificate on payment of prescribed fee at ₹ 15 per sqm for residential building and ₹ 30 per sqm for commercial/ institutional building.

It was observed that M Corp, Jaipur did not issue any completion/occupancy certificate during 2005-09 even though permissions for construction of 110 multi-storey buildings (44 residential buildings covering 3,17,923 sqm built-up area and 66 commercial/institutional buildings covering 6,29,376 sqm built up area) were issued by M Corp up to March 2007 i.e. three years ago and in 20 cases permanent 'Fire No Objection Certificates' (NOCs) had already been issued by the Chief Fire Officer of M Corp indicating that construction of these buildings had since been completed. Thus, laxity on part of M Corps to verify and raise demands resulted in non-recovery of occupancy certificate fee of ₹ 2.37 crore to M Corp. Buildings regulations had provision that permanent electric connections should not be provided by *Jaipur Vidyut Vitran Nigam* Limited (JVVNL) till issuance of occupancy certificate by the M Corp, Jaipur for ensuring watch over recovery of occupancy certificate. However, from the findings stated above the JVVNL was not following the provisions of building regulations while issuing permanent electricity connection. The matter was correlated by looking at 'terms and conditions for supply of electricity 2004' wherein there is no requirement of obtaining occupancy certificate from the Municipal authorities before granting permanent electrical connection. In audit opinion, JVVNL is not governed by the building regulations of JDA/M Corp but governed by Electricity Act, 2003 and instructions issued by Electricity Regulatory Commission in so far as giving of electrical connection is concerned. Thus, the objective of M Corp was not achieved and hence there is need to consider appropriate changes in provisions and procedures to keep a watch on recovery of occupancy certificate fee. During exit conference, the

15. Fee for approval of plan/map: ₹ 4.43 lakh, *Malba* charges: ₹ 0.10 lakh and Regularisation fee: ₹ 10.54 lakh less ₹ 0.75 lakh already deposited.

officials of Directorate and Municipal Bodies agreed with audit view and opined that they did not have requisite technical capacity. The SG agreed to look in to the issue in detail in view of security implications for the residents.

4.1.9.3 Advertisement fee

M Corp, Kota fixed the size of a unipole as 160 square feet (sq ft) (16 ft x 10 ft) of which 32 sq ft (16 feet x 2 feet) i.e. 20 *per cent* space was to be reserved for Government/official messages. The advertising agencies paid ₹ 52.68 lakh to M Corp, Kota towards advertisement fee of unipoles for the period 2007-09 without leaving any space for Government/official messages. Thus, fee of ₹ 13.17 lakh[16] becomes due for exhibiting advertisements on the reserved space which had not been recovered as of October 2009. M Corp, Kota stated (October 2009) that notices had been issued to the agencies for depositing the amount. During exit conference, M Corp stated that amount has been recovered but no documents in support of recovery have been produced for verification.

4.1.9.4 Cattle fair fee

A *Pashu Hatwada* (cattle fair) was being organised by M Corp, Jaipur at Ramgarh Road, *Sugli* river every Saturday. Fee for loading/unloading, entry and exit of animals at the rates prescribed by M Corp according to type and size of animals were collected either through its own staff or public auction (private contractor). Despite the facts/trend[17] that the amount obtained through private contractors was proportionately much higher than the amount collected by its staff, M Corp collected cattle fair fee through its own staff and failed to issue permit in time to the successful bidders during 2006-09. This led to loss of revenue to a tune of ₹ 5.24 crore as indicated in **Table 4.5** below:

Table 4.5 : Loss of revenue on account of Cattle fair fee

(₹ in lakh)

Period of loss of revenue	Proportionate amount of fee that could be received through contractors		Details of fee actually collected/received during the same period of loss of revenue		Amount of loss of revenue	Reasons for Loss
	Basis adopted for calculation	Amount	Through whom	Amount		
April 2006 to February 2007 (11 months)	Actual income of ₹ 2.00 crore through bidder during 2005-06 (12 months)	183.33	Through own staff (Amount as per zonal commissioner)	57.41	125.92	Failed to issue permit in time to successful bidders
March 2007 to March 2008 (13 months)	The highest bid of ₹ 3.50 crore offered by bidder 'A' for the period from March 2007 to March 2008 (13 months)	350.00	Through own staff during March 2007 to 9 August 2007 Received from bidder 'A' from 10 August 2007 to March 2008	9.10 207.57	133.33	do
April 2008 to March 2009 (12 months)	The highest bid of ₹ 2.76 crore offered by bidder 'B' for the period from May 2008 to March 2009 (11 months)	301.09	Through own staff as per annual accounts	36.41	264.68	do
Total		**834.42**		**310.49**	**523.93**	

16. ₹ 52.68 lakh was payable for 80 *per cent* space, hence amount payable for 20 *per cent* space worked out to ₹ 52.68 lakh x 20/80 = ₹ 13.17 lakh.
17. The amount of highest bids obtained during 2002-03 to 2005-06 ranged between ₹ one crore (in 2002-03) and ₹ two crore (in 2005-06) per annum whereas the amount collected by its staff was as low as ₹ 2.62 lakh during April to July 2003 and ₹ 0.83 lakh during April to May 2004.

During exit conference M Corp, Jaipur replied that there was low sale/purchase of animals during own staff period and loss worked out by audit was not acceptable. The reply was not tenable as there was delay[18] in approval of bid by the M Corp, Jaipur staff. The fact of leakage of revenue was admitted by CEO, M Corp in his UO note dated 20 November 2009. The loss was attributable to the officials of Jaipur M Corp. and SG.

4.1.9.5 Surcharge on transfer of immovable properties

As per rules framed by M Corps, Jaipur and Kota duly approved by SG (LSGD)[19], a surcharge at 0.5 *per cent* of the value of immovable properties transferred within the municipal limits was leviable before their registration in the registrar office. These rules were made applicable after one month of their publication in the Gazette on 14 February 2007 and 12 July 2007 respectively. Later, collection of the surcharge was deferred by SG (LSGD) vide its general notification issued on 28 January 2008. LSGD could not provide file (January 2012) wherein decision for deferment was taken. Before issue of deferment notification the SG should have followed the procedure of issuing notices to concerned M Corps and hearing them as laid down under Section 298 of RMA, 1959. In absence of concerned file it has not been possible to verify the reason, procedure and authority for deferment.

It was observed that while M Corp, Jaipur did not collect any amount towards surcharge on transfer of immovable properties even though a target of ₹ 10 crore was fixed in its annual budget for the year 2007-08. M Corp, Kota belatedly started its collection from 17 September 2007. Thus, non-collection/belated collection of surcharge resulted in loss of revenue to a tune of ₹ 12.18 crore[20] to M Corps, Jaipur and Kota. M Corp, Kota contended (July 2009) that time period from 13 August 2007 to 26 September 2007 was supposed to be consumed in implementing the notification. The contention was not acceptable, as one month's time after publication of the rules in Gazette had already been provided in the notification itself. During exit conference it was stated that M Corp, Jaipur did not collect the surcharge due to opposition which led to it being withdrawn by the SG on 28 January 2008 while the delay in case of M Corp, Kota was attributed to delay in realisation

18. For 2007-08 the auction was held for the period 02 March 2007 to 31 March 2008. The auctioned amount of ₹ 3.50 crore was not accepted on 01 March 2007 but process of rejection was not finalised for reasons which are not available on record. The work had to be given to the same bidder w.e.f. 10 August 2007 to March 2008 on orders of the Court. Thus this loss is directly attributable to the working of the officials of Jaipur M Corp. For the period May 2008 to March 2009 auction was held on 26 April 2008 and notice for depositing 1/4th amount given on 01 October 2008 which was not accepted by the bidder as 22 (Saturdays) out of 48 (Saturdays) for which tender was floated had elapsed. The loss is attributable to the Jaipur M Corp and State Government.
19. Municipal Corporation, Jaipur (Surcharge on Transfer of Immovable Properties) Rules, 2005 and Municipal Corporation, Kota (Surcharge on Transfer of Immovable Properties) Rules, 2007 published in Rajasthan Gazette on 14 February 2007 and 12 July 2007 respectively.
20. Jaipur: ₹ 11.79 crore on 29,919 properties valuing ₹ 2,357.90 crore (approximately) registered with eight Sub Registrars during April 2007 to January 2008 and Kota: ₹ 0.39 crore on 514 properties valuing ₹ 78.45 crore (approximately) registered with two Sub Registrars during 13 August 2007 to 26 September 2007.

that Sub Registrar office was not collecting the surcharge and collection had to be made by the M Corp itself. The reply was not tenable as non-observance of legal provisions led to loss of ₹ 12.18 crore to M Corps. The M Corps should recover due tax for period upto 28 January 2008, by collecting information from concerning registration authorities.

4.1.9.6 Fee from registration/licensing of marriage places

As per bye-laws[21] for registration of marriage places, no person would operate marriage place without obtaining licence from M Corp. The licence fee was payable every year to M Corp at the rates fixed according to category of the marriage place.

It was observed that:

- In Jaipur, 100 marriage places of Civil Lines Zone were registered in the middle (July to March) of 2006-07, but licence fee was recovered for the remaining period instead of full year as required under the bye-laws resulting in short realisation of ₹ 5.66 lakh. Renewal of 65 marriage places for the subsequent years (2007-10) was not done in four zones of M Corp, Jaipur resulting in non-realisation of the fee of ₹ 11.20 lakh[22] apart from the penalty leviable for non-renewal. The M Corp, stated in exit conference that bye-laws were published on 6 July 2006 hence recoveries for full year 2006-07 were not made. Reply was not tenable, as bye-laws did not provide recovery on proportionate basis.

- In Jodhpur, 41 out of 237 marriage places were reported to have been closed and registration of 68 places/homes was not done resulting in non-realisation of the registration fee of ₹ 3.40 lakh. Six were depositing annual fees. Out of the license fee of ₹ 19.14 lakh demanded (June-August 2009) from 13 marriage places, M Corp, Jodhpur could recover ₹ 0.65 lakh only and the balance amount of ₹ 18.49 lakh remained unrecovered (October 2009). The details of remaining 177 places (109 registered and 68 unregistered) e.g. their area, registration/renewal of licences, raising of demands, recovery of licence fee, etc. were neither available on record nor collected and made available to Audit (October 2009). During the exit conference it was stated that action was being taken for registering the marriage places and recovery of dues.

4.1.9.7 Rent of dairy booths

LSGD of SG issued (January and December 2001) instructions to municipalities to recover rent of dairy milk booths (each of 6 ft x6 ft size) at ₹ 500 per month. The rent was subsequently fixed (June 2005) at ₹ 400 to

21. The Jaipur Municipal Corporation (Marriage Places) Bye-laws, 2005 and Municipal Corporation, Jodhpur (Marriage Places) Bye-laws, 2008.
22. Civil Lines Zone: ₹ 9.70 lakh for 2007-08 (45 places); Hawa Mahal (E) Zone: ₹ 0.35 lakh for 2008-10 (three places); Mansarovar Zone: ₹ 1.00 lakh for 2007-09 (two places) and Sanganer Zone: ₹ 0.15 lakh for 2008-09 (one place).

₹ 850 per booth per month for different categories of booths depending on the quantity of milk sold daily.

It was observed that:

- As per survey conducted (2002-03) by M Corp, Jaipur, 562 dairy booths were in operation under Jaipur Dairy. Against the M Corp's demand of ₹ 1.71 crore towards rent of these dairy booths for the period 2002-05, only ₹ 0.85 crore was paid by Jaipur Dairy and balance of ₹ 0.86 crore along with interest at 18 *per cent* per annum, though demanded, had not been paid to M Corp, Jaipur as of February 2010. From 2005-06 onwards, category-wise rent of only 405 dairy booths was paid by Jaipur Dairy and neither the rent of remaining 157 booths was paid nor their category-wise details furnished to M Corp due to which amount of outstanding rent could not be worked out. During exit conference it was stated that notices to Jaipur dairy have been issued from time to time for recovery of dues amounting to ₹ 2.82 crore and furnishing of details, but Jaipur dairy being government controlled body, had not paid the said amount.

- In Jodhpur, there were 198 dairy milk booths as surveyed (May 2001) by M Corp, Jodhpur. Subsequently, Revenue Officer of M Corp reported (April 2008) that there were 169 booths, of which 89 booths were running unauthorisedly. It was observed that M Corp did not initiate any action for recovery of rent from 89 unauthorised booths. During exit conference it was stated that milk was being sold from shops instead of booths and hence number of booths has declined. It was also stated that amount from 36 booths have been recovered and action for recovery from balance 53 booths was being taken.

4.1.9.8 Parking charges

After inviting open bids, M Corp, Jaipur entrusted the collection of parking charges from five parking places (lots) to six successful bidders (contractors) during 2006-07 (five) and 2007-08 (one). As per terms and conditions of agreements, one-fourth of contract amount was to be deposited by contractor on the date of issue of permit and balance in three equal installments on 30th, 120th and 180th day of issue of permit. On default in payment of any installment on due date, contract was liable to be terminated with immediate effect and parking was to be operated at risk and cost of the contractor. It was observed that on default in payment of installments on due dates, M Corp terminated the contracts with delays of two to six months and collected parking charges through its staff during remaining period. After adjusting cost of collection of M Corp, ₹ 24.94 lakh became recoverable from the defaulting contractors towards risk and costs which could not be recovered by M Corp, Jaipur as of March 2010. During exit conference it was stated that the registered notices for recovery in all the cases have been issued in March 2011 and efforts are being made for recovery of dues under the provisions of the RMA, 2009. The reply was not tenable as there were unexplained delays in issue of notices and taking effective action.

4.1.10 Internal control

Though required under rules[23], the M Corps had no adequate and systematic internal check mechanism to prevent and detect errors and irregularities to guard against loss of public money. Excess expenditure over budgeted amount, significant shortfalls in collection of revenues, loss of revenues due to non/short levy or realisation, etc were seen in audit. Prescribed records such as Demand, Collection and Balance registers[24] of various non-tax revenues, registers of confiscated properties[25] were either not maintained at all or were maintained without complete details. These lapses/deficiencies in various controls indicated weak and inefficient internal control systems in the M Corps.

4.1.11 Monitoring

Monitoring mechanism in M Corps was lax as against 48 meetings each of Board and Executive Committee required to be held during 2005-09 as per rules, the number of meetings actually held was only 16 each (33 *per cent*) in M Corp, Jaipur, 17 meetings of Board (35 *per cent*) and six meetings of Executive Committee (13 *per cent*) in M Corp, Jodhpur and 16 meetings (33 *per cent*) of Board in M Corp, Kota. Thus, these apex bodies of M Corps mainly consisting of public representatives were not provided envisaged opportunities for monitoring the financial management delivered by municipal administration/employees.

4.1.12 Conclusion

Budgets were not prepared in time. Accounts on accrual basis have not been prepared, in absence of which position of assets and liabilities could not be verified. The entire sequence of events starting from assessment, demand, collection and accounting of the revenue administration is largely non-existent in the audited M Corps, resulting in huge arrears of ₹ 516.02 crore and loss of revenue. Surveys of all the properties/unauthorised constructions were not conducted regularly and basic records were not maintained properly to prevent evasion and leakages of revenue. M Corp Jaipur failed to take recourse to the provisions of the Municipal Act to recover the building permission fee and regularisation charges. There was also leakage of resource due to collection by staff in comparison to bidders in collection of cattle fair fee. The M Corps had no adequate and systematic internal check mechanism to prevent and detect errors and irregularities to guard against loss of public money. Thus, without generating adequate own income and exercising proper control over expenditure in the M Corps, possibilities of providing of quality civic services and creation of adequate infrastructure to cater the growing need of urban people were remote.

23. Rule 11 of RMARs, 1963.
24. Forms No. 2, 8, and 9 prescribed under RMARs, 1963.
25. Form 5 A under Rule 24 (2) of RMARs, 1963.

4.2 Sanitation including Solid Waste Management in Municipal Corporations

Executive Summary

The Rajasthan Municipalities Act (RMA), 1959 (replaced by Rajasthan Municipalities Act, 2009) provided for establishment and incorporation of a Municipal Corporation (M Corp) in every large urban area. Performance audit of Sanitation including Solid Waste Management by three M Corps (Jaipur, Jodhpur and Kota) for the period 2005-09 was conducted (July 2009 to April 2010) which revealed that there was tardy progress in implementation of Municipal Solid Wastes (MSW) Rules, 2000 in the M Corps even after nine years of their notification leading to deterioration in quality of ambient air and water. Despite shortage, 452 sweepers were diverted by M Corps for other items of work. House-to-house collection and its segregation were not done fully and sanitary landfills were not set up for scientific disposal of the waste. Incorrect estimation of the maximum quantity of waste by M Corp, Jaipur led to avoidable payment of ₹3.47 crore to private contractors engaged for transportation of waste. M Corps, Jaipur and Jodhpur failed to take action against contractors despite repeated shortfalls/ deficiencies in SWM and cleaning of roads/drains, collection and transportation of waste.

4.2.1 Introduction

The Rajasthan Municipalities Act (RMA), 1959[26] provides for establishment and incorporation of a Municipal Corporation (M Corp) in every large urban area. There were five M Corps[27] in Rajasthan (March 2009). The M Corps are required to perform such primary and secondary functions and exercise such powers as embodied in different sections of the RMA. Their main functions *inter alia* include sanitation i.e. sweeping/cleaning of streets, roads, drainage etc., solid waste management, construction of roads, drainage, sewerage etc. (developmental works) and regulation of the construction of buildings in municipal area.

4.2.2 Organisational set up

The Department of Local Self Government (LSGD) is the controlling Department of all municipalities for all administrative purposes. It also performs monitoring and co-ordination function at the State level for all the municipal bodies of the State. This Department has a Directorate to look after the day to day functioning of all these Urban Local Bodies. Duties and powers of officers of administrative Department and M Corps are given in **Table 4.6** below:

26. Subsequently replaced by RMA, 2009 from 15 September 2009.
27. Ajmer (Since July 2008), Bikaner (August 2008), Jaipur (December 1992), Jodhpur (December 1992) and Kota (January 1993).

Table 4.6 : Duties and responsibilities of officers

Secretary, Local Self Government Department.	Responsible for administration and over all control over Municipal Corporations (M Corps).
Director, Local Bodies	Executive head of Directorate, Local Bodies responsible for coordination, control and monitoring of activities of M Corps.
Chief Executive Officer (CEO)	Responsible for performance of duties and exercise of powers imposed or conferred upon him by or delegated to him under RMA, 1959 (now 2009) and as per rules, bye-laws made there under. He is also responsible for performance of duties under Municipal Solid Wastes (Management and Handling) Rules, 2000.

4.2.3 Audit objectives

The Performance Audit of sanitation including solid waste management was conducted to ascertain whether:

- sanitation work including solid waste management was performed by the M Corps economically, efficiently and effectively;
- optimum utilisation of manpower, materials and machines was ensured by M Corps for smooth delivery; and
- monitoring mechanism was appropriate and effective.

4.2.4 Audit criteria

The audit was conducted with reference to the audit criteria prescribed in :

- Provisions of RMA, 1959 and relevant rules[28] framed there under by State Government.
- Relevant rules/bye-laws framed by M Corps and approved by the State Government.
- Municipal Solid Wastes (Management and Handling) Rules, 2000 (MSW Rules) issued by Government of India (GoI).
- Relevant notifications, orders, circulars and scheme guidelines issued by Central/State Government from time to time.

28 . Municipal Solid Wastes (Management and Handling) Rules, 2000 (MSW Rules) issued by Government of India (GoI).

4.2.5 Audit scope and methodology

The Performance Audit was conducted during July 2009 to April 2010, covering the period 2005-09 by test check of records related to sanitation including Municipal Solid Waste Management in three M Corps, Jaipur, Jodhpur and Kota. The entry conference could not be held due to pre occupation of senior officers in charge of LSGD. The exit conference was held on 21 December 2011.

The significant findings noticed during performance audit are mentioned in the succeeding paragraphs.

4.2.6 Planning for sanitation

In pursuance to State Government's instructions (May 2001), M Corps were required to assess the demand of Sweepers on the basis of population and area of roads with and without side drains as per norms laid down (March 1967) in the United Provinces Public Health Manual. M Corp, Jaipur did not conduct any survey of area of roads with and without drains for determining the required strength of Sweepers. During exit conference it was stated that requirement of sweepers is determined on the basis of population at the rate of four sweepers per 1,000 population on account of notification of the norm in February 1967, demand by elected representatives and members of the Unions. The detail of roads with and without drains was not available with the M Corps. It was also informed that action to prescribe work norms as per United Provinces Public Health Manual was under consideration. The reply was not convincing as deployment will require conduct of regular surveys. The information was also a necessary requirement for ensuring coverage of all areas within its jurisdiction. Besides, the information was vital for monitoring purpose.

4.2.7 Cleaning of streets and sewer lines

4.2.7.1 Diversion of Sweepers despite their shortage

MSW Rules and Policy guidelines (June 2007) required that street sweeping should be done daily including Sundays and holidays. However, 670 to 932 posts (13 to 36 *per cent)*[29] of *Safai Karmcharis* (Sweepers) were lying vacant in M Corps as on 31 March 2009. Despite shortage, 452 Sweepers (M Corps, Jaipur: 131, Jodhpur: 101 and Kota: 220) were posted in other sections or diverted to other work/purposes as of March 2009 affecting the sanitation work for which they were appointed. State Government (SG) informed (December 2011) that the M Corps have justified the diversion of sweepers for other functions due to vacancies in those cadres as there was ban on recruitment by the SG. It was also intimated that SG is issuing orders directing non-diversion of persons appointed as sweepers for any other assignments. The reply was not tenable as such informal adjustments/diversions were

29. Jaipur: 932 (13 *per cent*) against 6,947 sanctioned posts; Jodhpur: 670 (24 *per cent*) out of 2,806 sanctioned posts and Kota: 672 (36 *per cent*) against 1,889 sanctioned posts.

unlikely to result in matching of persons with appropriate skills placed to do appropriate works and the extra expenditure on outsourcing of excess staff for cleaning arose on account of diversion.

4.2.7.2 Irregularities in cleaning of sewer lines through contractors

M Corp, Jodhpur awarded (October and December 2007) the work of running and maintenance of its nine sewer-jet and five de-silting machines to Contractor 'A' for two years from January 2008 to December 2009. Before completion of this contract, M Corp awarded (May 2008) the comprehensive work of cleaning and maintenance of 800 (kilometre) km long sewer lines to contractor 'B'. Later, Additional Civil Judge, Jodhpur passed (9 June 2008) temporary injunction on awarding the contract midway to contractor 'B' and accordingly M Corp, Jodhpur restored (March/May 2009) the work to contractor 'A'.

It was observed that:

- The action of M Corp, Jodhpur in awarding the work to contractor 'B' without terminating the previous contract and belated restoration of the work to contractor 'A' after nine to 11 months resulted in nugatory expenditure of ₹ 6.70 lakh incurred on payment of idle charges to contractor 'A' for three sewer-jet and three de-silting machines for the period June 2008 to April 2009. SG did not furnish any reply to the contents of the paragraph (January 2012) and the reply at the exit conference was that payment has been made for work executed. The reply is not related to the contents of the paragraph.

- An analysis of work done by contractor 'B' revealed that he had not cleaned the sewer lines of different sizes during May 2008 to May 2009 as per frequencies and time schedule stipulated in the contract. 250 km of sewer lines of diameter less than 150 (milimetre) mm to be cleaned once in every two months (i.e. six times per year) was not cleaned at all. Out of 50 km of sewer lines of diameter more than 1,100 mm to be cleaned once in every year, only 2.28 km of sewer lines were cleaned in June 2008. Thus, contractor 'B' did not clean 1,547.720 km[30] of sewer lines for which he was paid in excess by ₹ 34.82 lakh[31] which was not recovered by M Corp, Jodhpur as of October 2009. State Government did not furnish any reply (January 2012).

Recommendations

M Corp should not divert sanitation workers for other works and their services should be fully utilised for cleanliness of cities.

4.2.8 Segregation and collection of waste

To improve MSW services, LSGD of State Government formulated (March 2006) an Action Plan for utilisation of Twelfth Finance Commission (TFC) grant to be released to municipalities during 2005-10. LSGD also issued (June

30. 250 km x 6 times + 50 km – 2.280 km= 1,547.720 km.
31. (Rate contract amount of ₹ 18 lakh per month divided by 800 km long sewer line) x 1,547.720 km = ₹34.82 lakh.

2007) policy guidelines to all the municipalities for effective implementation of MSW Rules, 2000 which prohibits littering of MSW and *inter alia* envisaged house-to-house collection of waste and its category-wise (organic, inorganic, recyclables and hazardous waste) segregation for proper use and disposal of the waste of each category.

The following irregularities were noticed:

4.2.8.1 Non-segregation of waste

In contravention of MSW Rules, category-wise segregation of wastes was not done (2005-09) fully in any of the three M Corps. To seek public participation in waste segregation, local Residents Welfare Associations (RWAs) were not formed in Kota and regular meetings with RWAs and Non-Government Organisations (NGOs) were not held in Jodhpur. Due to non-segregation of wastes, proper use and disposal of each type of waste could not be ensured. SG accepted the facts and stated (December 2011) that work of segregation of waste was not done due to non-cooperation of local residents and for future, tenders for SWM contract were being invited by the SG in collaboration with *Awas Vikas* Limited (AVL) (a SG Public Sector Undertaking). The reply was not tenable as the initiative required continuous, active and prolonged engagement with the residents which was not found to be attempted by the M Corps. It was also not elaborated as to how selection of vendor by the SG through AVL would achieve co-operation from the residents.

4.2.8.2 Deficiencies in house-to-house collection of waste

- Out of 70 wards, M Corp, Jaipur did not start house-to-house collection of waste in its 35 wards during 2005-09 and did not get it done through contractors fully for the remaining 35 privatised wards as illustrated in Paragraph 4.2.10. The SG at the exit conference attributed the failure to non-cooperation by the residents in the wards and informed that the tenders were being invited at the SG level where provisions for publicity as well as penal action for non-cooperation by residents are envisaged. The reply was not tenable as cooperation from the residents required engagement with them which was not found to have been done.

- M Corp, Jodhpur also did not collect waste from house-to-house in all the 60 wards during 2005-08[32] and in 15 wards during 2008-09. The work in 45 wards was allotted (February 2008) to a contractor who did not collect waste from 25 to 30 *per cent* houses (as per notices issued to contractor). In the exit conference it was stated that the vendor did not carry out its obligations and the agreement has since been terminated and the work was being done through NGOs. ₹ 1.53 crore have been recovered against ₹ 3.95 crore (assessed to be recoverable) and for future, the selection of vendor are being done at the level of SG.

32. Except house-to-house collection in five wards only for one to two months (between February and June 2007) after which the work was withdrawn from contractors due to their unsatisfactory performance.

- In M Corp, Kota, house-to-house collection of waste was not done during 2005-09. Besides, 100 rickshaw-trolleys purchased (June 2007) for ₹ 11.51 lakh from TFC grant could not be used as of October 2009. SG at the exit conference accepted that rickshaw-trolleys were not used for house hold collection but stated that rickshaw-trolleys were used for transportation of waste within the city.

Thus, due to non-collection of waste from house-to-house in contravention of MSW Rules, waste was littering on roads, plots and other open spaces spreading foul odour and creating environmental pollution.



Waste littering on road (Main Raja Park Market, Jaipur)



Waste littering on road and pigs wandering (Gali No.4, Raja Park, Jaipur)

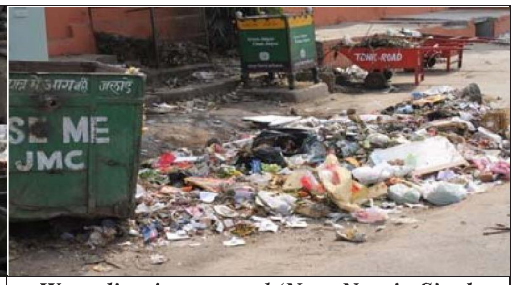
4.2.8.3 Disproportionate distribution of waste containers among wards

As per MSW Rules storage facilities or bins were required to be set up at the places accessible to users and considering the quantity of waste generated and population densities of the area. Further, such facilities should be of 'easy-to-operate' design and the stored waste should not be exposed to open environment which may create unhygienic and insanitary conditions around.

It was observed that M Corps, Jaipur and Jodhpur had waste containers of different sizes with a total capacity of 1,681.335 MT and 856.030 MT respectively. Audit however, observed that the containers were distributed disproportionately among the wards. As a result, while 31 wards of M Corp, Jaipur had containers of nearly four times capacity (1652.53 MT) than required as per norms of 350 gram (Jaipur) /250 gram (Jodhpur) per capita per day for generation of waste as per MSW Rules. Out of remaining 39 wards, 34 wards had no containers and five wards had a few containers. In M Corp, Jodhpur, 15 wards of City Zone had containers of lesser capacity than required. In the exit conference it was stated that this was due to congested nature of these areas. The reply was not tenable as these are long term issues related to hygiene and environment and indicates lack of commitment to these issues on the part of M Corps.



Waste littering on road (Dhurav Marg, Raja Park, Jaipur)



Waste littering on road (Near Narain Singh Circle, Jaipur)

Recommendation

Solid Waste should be scientifically segregated, arrangement for house to house collection and proper transportation should be made.

4.2.9 Transportation of waste

4.2.9.1 Irregular transportation of waste in uncovered vehicles

MSW Rules stipulate that vehicles used for transportation of waste should be covered so as to avoid littering of the waste and its exposure to open environment and the vehicles should be specially designed to avoid multiple handling of waste before its final disposal. SG also prohibited (June 2007 and September 2008) the use of open vehicles particularly tractors with open trolleys for transportation of waste.

It was observed that:

- In violation of MSW Rules, three contractors transported the uncovered waste in 1,378 trips from 29 wards[33] of M Corp, Jaipur between July 2008 and September 2009 but M Corp, Jaipur could not take any action against them due to non-inclusion of such condition in the contracts. SG stated at the exit conference that the condition for imposing penalty on transporting of waste in uncovered vehicle would be included in the contracts which would be executed in future. Thus, the objective of MSW Rules of transportation of solid wastes without its exposure to open environment was not achieved.



Waste transfer station at Galta Gate crematoria showing transportation of rubbish in uncovered vehicle

33. M/s Arihant Enterprises: 746 trips (11 wards of Hawa Mahal – (West) Zone), M/s B S Transport: 55 trips (six wards of Civil Lines Zone) and M/s Rajesh Kumar Yadav: 577 trips (12 wards of Hawa Mahal (East) Zone).

- M Corp, Jodhpur used its own uncovered vehicles (13 dumpers and two tractor-trolleys) and hired 30 tractors with trolleys and eight dumpers for transportation of waste during June 2007 to March 2009 for which ₹ 1.10 crore was paid to the private contractors. Thus, transportation of waste in uncovered vehicles resulted in environmental pollution and potential health hazard by uncovered waste. SG while accepting the facts at the exit conference stated that this was due to non-availability of covered transportation vehicle and precaution was taken to cover the vehicles with tarpaulin sheets. It was also stated that transportation of waste in future would be done in covered vehicles.

4.2.9.2 Lack of optimum utilisation of Corporations' own vehicles

In test checked M Corps' 19 vehicles (Jaipur: one, Jodhpur: 12 and Kota: six) meant for street sweeping, lifting and transportation of waste remained off road/idle for more than nine months to eight years for want of repairs and registration. Besides, affecting the quality of work of sanitation and management, M Corps had to rely on private contractor for meeting the shortfall. SG at the exit conference attributed idling of vehicles to a variety of reasons like non replacement of damaged vehicles, surplus capacity, absence of registrations, shortage of spares, non suitability of the procured machine, shortage of containers, etc. It was also stated that the three drain cleaning vehicles in M Corp, Kota were being used through hiring of hydraulic tractors. The reply was not tenable as purchases of containers, spares, registration, etc. were all indicative of inefficiencies and weaknesses of internal controls of these entities. The reply regarding use of the three drainage cleaning vehicles was not agreed to in view of the reply by the Executive Engineer of the concerned M Corp (August 2009) wherein it has been intimated that these vehicles have not been used since procurement.

4.2.9.3 Avoidable hiring of private vehicles for transportation of waste

In M Corp, Jodhpur per day average carrying capacity of a dumper and a tractor-trolley was 24 MT (eight MT capacity x three trips) and 12 MT (three MT capacity x four trips) respectively. Based on this, M Corp, Jodhpur would have required a maximum of 13 dumpers and 25 tractor-trolleys for transportation of 79,560 MT[34] waste to dumping site at Keru from 60 wards during June 2007 to February 2008 and four dumpers and seven tractor-trolleys for transportation of 29,860 MT[35] waste from 15 wards during March 2008 to March 2009. As M Corp, Jodhpur already had 13 dumpers, 11 dumper placers and eight refuse collectors (excluding six let out to contractor from April 2008) sufficient for transportation of waste, no dumper was required to be hired during 2007-09 and hiring of only seven tractor-trolleys could have sufficed during March 2008 to March 2009. However, M Corp, Jodhpur failed to ensure optimum utilisation of its own vehicles (dumpers/dumper

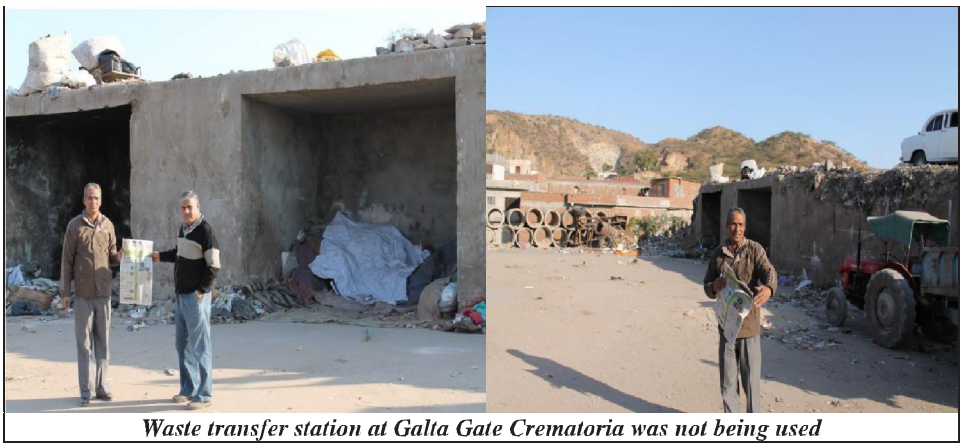
34. 8,840 MT per month (average) x nine months (June 2007 to February 2008 = 79,560 MT and per day quantity transported works out to 291 MT.
35. 29,860 MT (Actual as per weigh bridge at Keru dumping site) and per day quantity transported works out to 76 MT.

placers/refuse collectors) and did not assess actual requirement of dumpers before hiring which led to avoidable extra expenditure of ₹ 1.04 crore incurred on unnecessary hiring of eight dumpers (₹ 83.23 lakh) during June 2007 to March 2009 and 23 tractor-trolleys (₹ 20.89 lakh) during March 2008 to March 2009.

M Corp, Jodhpur (Garage Section) stated (October 2009) that dumpers and tractor-trolleys were hired on the demands of its Health Section for transportation of waste from parks, drains, etc. However, M Corp, Jodhpur neither put forth detailed justifications of the demands of Health Section nor offered any specific comments on the requirement of dumpers worked out by audit on the basis of actual quantity of all the types of waste transported. SG at the exit conference reiterated the earlier referred reply from M Corp which was not tenable as it is bereft of details and justification for hiring of vehicles.

4.2.9.4 Non-usage of waste transfer stations

To facilitate transfer of waste from smaller transporting vehicles to large hauling vehicles for carrying it to the designated disposal sites, M Corps, Jaipur and Kota constructed three waste transfer stations at a cost of ₹ 1.68 crore[36]. These transfer stations could, however, not be put to intended use for more than one to two years as bulk/large hauling vehicles and other required facilities/mechanical works had not been purchased/executed by M Corps, Jaipur (April 2010) and Kota (October 2009). Thus, purpose of their construction was not fulfilled resulting in blocking of funds of ₹ 1.68 crore. SG at the exit conference attributed non-functioning of the waste transfer station due to non-availability of large hauling vehicle, absence of electricity, water and seating space for employees in respect of M Corp, Kota. It also intimated that the concerned transfer stations in Jaipur are now in use. In the course of verification in audit (23 January 2012) it was found that one waste transfer station at Jhalana bye-pass was being used and the other waste transfer station at Galta Gate Crematoria was not being used. The reply in case of Kota is not tenable as reasons are found to be controllable.



Waste transfer station at Galta Gate Crematoria was not being used

36. M Corp, Jaipur: ₹ 58.35 lakh on one transfer station constructed (March 2009) near Galtagate Crematoria and ₹ 58.91 lakh on the second one constructed (August 2008) near Jhalana By-pass both under JNNURM; and M Corp, Kota: ₹ 50.90 lakh from TFC grant on one transfer station constructed (February 2009) near Thegda village.

4.2.9.5 *Excess payment due to excess quantity of waste cleared by private contractors*

M Corp, Jodhpur privatised (February 2008) collection and transportation of waste from its 45 wards. A comparison of the quantity of waste transported by contractor from 45 wards with that transported by M Corp, Jodhpur's own vehicles from other 15 wards during 2008-09 revealed that per capita quantity of waste depicted to have been transported by the contractor was inexplicably higher by 64 *per cent*[37] due to transportation of building rubbish as indicated in **Table 4.7** below:

Table 4.7 : Excess quantity of transportation of building rubbish

Waste transporting agency	Quantity of waste transported during 2008-09 (MT)	Projected population in 2008	Per capita per day quantity of waste transported
Private contractor	89,940	6,93,541 (45 wards)	355 gms
M Corp, Jodhpur	26,860	3,39,001 (15 wards)	217 gms

The quantity of waste including building rubbish transported by the contractor was more by 26,654 MT (89,940 MT minus 63,286 MT[38]) as per norms of 250 gms[39] per capita per day envisaged in the contract. Had the quantity been limited to that as prescribed by norms, M Corp, Jodhpur could have saved ₹ 1.90 crore (26,654 MT x ₹ 711 per MT) which was paid for the excess quantity. Further, the quantity transported in M Corp's vehicles was less than the norms which indicated that entire waste generated was not being cleared daily thereby creating insanitary/unhygienic conditions in violation of MSW Rules. SG at the exit conference stated (December 2011) that waste generated in contractor's ward was excess due to market, railway station, bus stand, etc. being a part of the privatised wards and recoveries on account of transportation of building rubbish has been made from the bills of the contractor. It was also stated that waste generated in the wards serviced by the vehicles owned by the M Corp was lesser than the norm as these wards are spread out containing agricultural land, farm houses and gardens. The SG was asked to direct the M Corp to provide maps of the 60 wards as well as details of verification of recoveries made from the bills. The concerned M Corp was also approached directly to provide these details which have not been produced to audit as of January 2012. The reply was not tenable as it was not supported by the requisite details.

4.2.9.6 *Avoidable extra/excess payments to contractors for transportation of waste*

- After approval of the rate contracts, M Corp, Jaipur awarded (May 2006) the work of transportation of waste from six wards of Civil Lines Zone to three paneled contractors (two wards each) at ₹ 209 per MT. After expiry of these contracts, M Corp, Jaipur awarded (July 2008) the work of

37. (355-217) x 100/217 = 64 *per cent*.
38. Projected population in 2008 = 6,93,541 x 250 gms x 365 days = 63,286 MT.
39. As per information supplied by M Corp, Jodhpur and norms prescribed for waste generation per capita per day for cities having population five to 10 lakh.

transportation from its three zones viz. Civil Lines Zone, Hawa Mahal (East) (HM (E)) Zone and Hawa Mahal (West) (HM (W)) Zone to the same three contractors[40] at ₹ 209 per MT with an annual increase of 10 *per cent* and on other terms and conditions of the same rate contracts (2006).

It was observed that 3.68 lakh MT of waste depicted to have been transported by the contractors during June 2006 to September 2009 was more by 1.51 lakh MT than the quantity arrived at (2.17 lakh MT) by adopting the norms of 350 gms[41] per capita per day. Thus, transportation of waste in excess of the maximum quantity of waste estimated by M Corp, Jaipur led to excess expenditure of nearly ₹ 3.47 crore on payment to the three contractors as per details given in ***Appendix-XIV***.

The reason for transportation of the waste in excess of norms is largely due to transportation of building material and building rubbish which the contractors transported to increase weight and consequent extra payment. The matter was also brought to the notice of Commissioner Vigilance by the Commissioner Health (November 2009). This expenditure on transportation of building rubbish under clause 8 of the agreement was to be obtained from the builder and not from the M Corp, Jaipur.

State Government did not furnish (January 2012) any reply on excess transportation of waste against the prescribed norms.

- Test check (July 2006) of records of M Corp, Jaipur revealed that after inviting (June 2002) open tenders, the M Corp awarded (October and November 2002) the work of transportation of wastes from Wards No. 58 to 61 and 39 to 43 of HM (W) Zone to a contractor for ₹ 2.56 lakh and ₹ 3.48 lakh per month respectively. Clause 12 of the contract agreements explicitly laid down that waste would be dumped on the places specified by the Zonal Commissioner and payment or deduction, as the case may be, would be made at ₹ five per km for more or less distance in comparison to the dumping site. As per agreements executed (October and December 2002) with the contractor, the waste was to be dumped on the trenching ground (dumping site) at Kanota[42] (17 km far from the wards). Subsequently, the dumping site was changed to VKI area (eight km far from wards) from 31 October 2002 subject to deductions to be made for the shorter distance and to Mathuradaspura (17 km far from wards) from 21 February 2003.

In spite of the aforesaid facts evidencing that the original dumping site was Kanota, Commissioner (Headquarters) of M Corp, Jaipur treated the original

40. Civil Lines Zone (Six wards) to M/s B.S. Transport; HM (E) (12 wards) to M/s Rajesh Kumar Yadav and HM (W) (11 wards) to M/s Arihant Enterprises.
41. As per information supplied by M Corp, Jaipur and norms prescribed for waste generation per capita per day for cities having population 20 to 50 lakh.
42. As was *inter alia* evidenced from the contractor's letter (5 August 2002) and the rates justified and counter-offered by the Executive Committee of M Corp, Jaipur considering the dumping site at Kanota, which were accepted by the contractor in his letters of 12 August 2002 (Wards No. 39 to 41) and 26 October 2002 (Wards No. 58 to 61). Accordingly, the contractor transported the waste from Wards No. 58 to 61 to Kanota on 30 and 31 October 2002.

dumping site as VKI area and issued (September 2003) orders for making payment to the contractor for the extra distance of 18 km[43] per trip to the changed dumping site (Mathuradaspura). This irregular decision of M Corp, Jaipur led to avoidable extra payment of ₹ 28.41 lakh (₹ 3.93 lakh[44] + ₹ 24.48 lakh[45]) to the contractor during November 2002 to February 2005, besides showing undue favour to him. SG did not furnish any reply (January 2012).

4.2.10 Comprehensive sanitation/waste removal work contracts and non/short recovery of penalties and other recovery from contractors

Scrutiny of records related to comprehensive sanitation contracts revealed that due to non/short performance of sanitation/waste management work in the following cases, environmental pollution was not prevented. The violations were extensive but no effective action was taken. Potential penalties to the tune of ₹ 36.40 crore could be worked out against the concerned contractors. Besides other recoveries of ₹ 2.18 crore were also not ensured.

4.2.10.1 After inviting open tenders, M Corp, Jaipur issued (May 2005) letters of acceptance (June-July 2005) of comprehensive sanitation contracts for its three zones to three contractors for three years as given in **Table 4.8** below:

Table 4.8 : Letters of acceptance of comprehensive sanitation contracts

Zone	Contractor	Rate per MT (Maximum quantity)			Number of households	Period	Contract amount (₹ in crore)
		I[st] year	II[nd] year	III[rd] year			
HM (E)	M/s Global Waste Management Cell, Mumbai	₹ 480 (50,000 MT)	₹ 509 (51,000 MT)	₹ 531 (52,000 MT)	54,324	15 August 2005 to 14 August 2008	7.76
HM (W)	M/s K K Carrier, Mumbai	₹ 499.50 (45,000 MT)	₹ 534 (46,000 MT)	₹ 576 (47,000 MT)	45,536	18 July 2005 to 17 July 2008	7.41
Moti Doongri (MD)	M/s ACME Enterprises, New Delhi	₹ 400 (50,000 MT)	₹ 415 (51,000 MT)	₹ 430 (52,000 MT)	62,882	1 July 2005 to 30 June 2008 (Terminated on 16 August 2007)	6.35

43. 2 x difference between one side distance of VKI area and Mathuradaspura = 2 x (17 km- 8 km) = 18 km.
44. ₹ 3.93 lakh was not deducted from the bills (1 November 2002 to 10 March 2003) of the contractor for shorter distance of 78,552 km (i.e. 2 x difference between one side distance of Kanota and VKI area = 2 x (17 km- 8 km) = 18 km per trip x 4,364 trips).
45. Extra payment of ₹ 24.48 lakh made to the contractor for extra distance of 4,89,726 km (i.e. 18 km per trip x 27,207 trips) covered up to Mathuradaspura from 11 March 2003 to 29 January 2005 (Wards No. 58 to 61) and from 11 March 2003 to 28 February 2005 (Wards No. 39 to 43).

The comprehensive contracts included door-to-door (house-to-house) collection of waste, its segregation into wet and dry categories, cleaning of sewer lines, sanitary lanes, drains of more than two feet depth, manholes etc., lifting, transportation and unloading of waste to the earmarked disposal sites as per MSW Rules. In case of shortfalls in the different items of work, liquidated damages (penalties) at the specified rates were recoverable from the contractors.

The following deficiencies were noticed:

- In case of non-removal of waste from any of the private premises/ houses, a penalty of ₹ five per day per premises was required to be recovered from the contractors. In case of non-removal of waste, liquidated damages maximum upto 10 *per cent* of contract value was leviable and contract could be terminated, if the liquidated damages exceed 10 *per cent* of the contract value. The contractors collected (July 2005 to August 2008) waste from lesser number of houses (house-days being 5.67 crore) than those existing in the privatised wards (house-days being 12.27 crore[46]). However, against penalty of ₹ 32.98 crore to be deducted/recovered for 6.60 crore house-days from the contractors' bills, or termination of contract after reaching 10 *per cent* of the contract amount M Corp, Jaipur recovered/withheld only ₹ 14 lakh resulting in short recovery of ₹ 32.84 crore[47]. State Government at the exit conference stated that the scheme for door to door collection of waste was implemented first time and waste generated from door to door was to be collected by the contractor along with the user charges from the residents. However, most of the residents did not co-operate and neither paid the user charges to the bidders nor provided him with the waste. Thus, it was not practical to levy the prescribed penalty of ₹ five per day per household. It was also stated that maximum penalty under the contract could be 10 *per cent* of the contract amount of ₹ seven crore. Further, it was stated that in case, conditions of the tender were strictly followed there was strong possibility of the contractor leaving the work which would have had an adverse impact on environment and health of the residents as waste transportation would have been affected and hence the contract was not terminated despite violations.

The reply was not tenable as the objective of comprehensive sanitation work included door to door collection as one of its most important components. The contract with the contractors clearly spelt that the collection from households was to be done by them and user charges collected. The M Corp was not to compensate for any shortfall in collection of user charges. The bidders entered into the contract with full knowledge of their obligations. The contract provided for issue of notices for defect correction but despite continued short collection which finally totaled to 6.60 crore households (documented by officials of the M Corp), no notice(s) for defect removal was found to be given.

46. As per information supplied by the M Corp, Jaipur.
47. HM (E) Zone (M/s Global Waste Management Cell): ₹ 16.42 crore, HM (W) Zone (M/s K K Carrier): ₹ 7.68 crore and MD Zone (M/s ACME Enterprises): ₹ 8.74 crore.

- The contractors were required to clean all the drains, sewer lines/manholes and sanitary lanes throughout the year. It was observed that inadequate cleaning of drains and manholes were done which were 54 *per cent* and 65 *per cent* respectively. M Corp, Jaipur had cleaned 800 sanitary lanes of HM (W) Zone and incurred (June 2007 to August 2008) an expenditure of ₹ 11.83 lakh on cleaning of four drains in contractors' wards of HM (E) and MD Zones, but neither the amount was recovered from the concerned contractors nor any penalty for the default was imposed. SG at the exit conference stated that deductions and recoveries for drains, sewer lines/manholes and sanitary lanes not cleaned by the contractor have been made from the contractor's bills. The reply was not tenable as details showing the bills through which recovery of ₹ 11.83 lakh was made, have not been produced to audit for verification.

- In case of non-removal of waste from secondary collection centres (garbage depots), a penalty of ₹ 100 per depot was required to be deducted from contractors' bills. In MD Zone, the contractor did not clear waste from 19,601 garbage depots during July 2005 to October 2006 but M Corp, Jaipur did not impose and deduct penalty of ₹ 19.60 lakh from their bills. SG at the exit conference stated that the firm has been black listed and no balance amount has been paid to it and action was taken to forfeit the bank guarantee furnished by the firm but it was challenged in the court and final decision is awaited. The reply is not tenable as the issue was of levy of liquidated damages during execution of the contract between July 2005 and October 2006. The action for termination took place much later (September 2007) and fails to address the issue contained in the paragraph.

- The contractor of MD Zone had furnished (May 2005) a bank guarantee of ₹ 31.76 lakh (valid up to 31 August 2008) towards performance guarantee. M Corp, Jaipur terminated the contract mid way on 16 August 2007 i.e. one year before its expiry stating that the work of contractor was not satisfactory. M Corp, Jaipur wrote (January, March and April 2008) to Syndicate Bank, New Delhi and also to contractor (August 2008) to remit/deposit the amount (₹ 31.76 lakh) of bank guarantee, but the same had not been remitted to M Corp, Jaipur. SG at the exit conference stated that the bank had refused to encash the bank guarantee on the grounds that bank guarantee was valid until 90 days of the contract completion/ termination and request for encashment has been sent on 10 January 2008 i.e. beyond 90 days of date of termination of the contract i.e. 16 September 2007. It was also intimated that matter is currently pending before the court for adjudication. In our opinion vigilant action on the part of M Corp could have enabled encashment of the bank guarantee.

4.2.10.2 M Corp, Jodhpur invited (October 2007) open tenders for awarding comprehensive contract including house-to-house collection of waste from 45 wards, its storage and transportation to Keru dumping station. The rate of ₹ 711 per MT tendered by M/s Centre for Development Communication (CDC) was the lowest. However, M Corp, Jodhpur allotted (5 February 2008) the work to its joint venture named M/s Kanak Resources Management Limited for five years. The work was to be started before 15 February 2008.

The following deficiencies were noticed:

- Allotment of the work to M/s Kanak Resources Management Limited (contractor) was irregular as the contractor had not submitted the tenders at all and the firm (M/s CDC) whose tendered rates were accepted had already been blacklisted by Municipal Corporation, Aurangabad (Maharashtra) and State Government had accorded (January 2008) the financial sanction of ₹ 12.19 crore in favour of M/s CDC. Before awarding contract, M Corp, Jodhpur did not ascertain the past experience/performance of the contractor and revised sanction of the Government was not obtained in favour of the contractor. Later, M Corp also viewed several deficiencies/irregularities in the work performed by the contractor for which notices were issued to the contractor in February, June and August 2009. Contract was finally terminated (January 2010) with effect from 11 December 2009 and penalties of (₹ 2.57 crore), users charges (₹ 1.94 crore) and hiring charges of refuse collector (₹ 11.99 lakh) were recoverable from the contractor. M Corp, Jodhpur accepted that revised sanction had not been obtained from State Government and stated (December 2011) that penalties would be adjusted against performance security withheld but did not give any justification for replacement of the original vendor by M/s Kanak Resources Management Ltd.

- As per contract, a penalty of ₹ 1,000 per spot was recoverable if waste was found lying on any spot after 4.00 PM. The contractor belatedly started the work in 40 out of 45 wards between 16 February 2008 and 5 April 2008. M Corp, Jodhpur recovered penalty for non- collection of waste from house-to-house and non-lifting/non-transportation of containers for the period from 5 March 2008 to 4 April 2008, but omitted to recover penalty of ₹ 65.28 lakh[48] leviable at ₹ 1,000 per depot for the waste not cleared from a minimum of eight depots per ward. State Government stated (December 2011) that penalty would be imposed now and would be included along with other recoveries.

- The contractor did not accomplish the work on 22 and 23 February 2009 due to strike by his sanitary workers. M Corp, Jodhpur, therefore, accomplished the work but item-wise penalties of ₹ 13.87 lakh[49] leviable as per contract for non-performance of the work on these days were not imposed and recovered from the contractor. Demand for recovery was sent to the contractor (February 2009) but no recovery was made till date.

SG at the exit conference accepted the facts and stated that the contractor has not submitted the bills for the period July 2009 to 11 December 2009 and his performance security has also not been released. It was also stated that due recoveries would be recovered and the matter is pending before a review committee for decision.

48. ₹ 1,000 per depot per day x minimum eight depots x total ward-wise days of delay i.e. 816 days.
49. House-to-house collection of waste: ₹ 4.67 lakh, non-lifting and transportation of waste containers: ₹ two lakh and non-removal of waste from spots: ₹ 7.20 lakh.

Recommendation

The M Corps should strictly implement contract/agreement executed with contractor to avoid loss to corporations and to provide quality service.

4.2.11 Setting up of waste processing facility

To make use of wastes for producing composts, fuel pallets, etc. and to minimise burden on landfill sites, waste processing units were required to be set up under MSW Rules before 31 December 2003. MSW Rules further stipulate that biodegradable waste such as waste from slaughter houses/meat/fish markets and fruits/vegetable markets should be processed by *vermi*-composting or any other biological process.

The following points were observed:

4.2.11.1 While M Corp, Kota did not set up any waste processing facility as of August 2009, M Corps, Jaipur and Jodhpur had the processing plants set up in January 2007, nearly three years after the due date. Consequently, entire waste generated in Kota during 2004-09 and in Jaipur and Jodhpur prior to setting up of the plants was dumped without any treatment/processing. SG accepted the facts at the exit conference.

4.2.11.2 M Corp, Jaipur awarded (August 2005) the work of establishing a waste processing plant to a contractor on Build, Own, Operate and Transfer (BOOT) basis on 25 acre land at Langariawas (Jaipur) for 30 years which started functioning from January 2007. The processing capacity of the plant was 500 Tonne Per Day (TPD) and daily average quantity brought to dumping site at Mathuradaspura was 700 MT per day. However, only 110 MT (15.7 *per cent* of the total waste and 22 *per cent* of the plant's capacity per day) of waste was processed by the operator and rest was dumped without treatment during January 2007 to March 2009 violating the provisions of MSW Rules and memorandum of undertaking (MoU)/contract. SG stated at the exit conference that the capacity of plant was 350 TPD while the letter (November 2006) of the contractor to M Corp, Jaipur states it to be of capacity 500 TPD. No comments were given on the under utilisation of the plant despite an average daily quantity brought to site in excess of the capacity of plant.

4.2.11.3 In M Corp, Jodhpur, the work of compost plant of 100 TPD was completed (October 2006) at a cost of ₹ 16.35 crore at Keru (Jodhpur) by a contractor. MoU was signed between M Corp, Jodhpur and another contractor in November 2006 for its operation/maintenance for five years which started functioning from January 2007.

The following deficiencies were noticed:

- In violation of MoU, the operator did not obtain the required authorisation from Rajasthan State Pollution Control Board (RSPCB) even after two years of commissioning of the plant as of November 2009 and closed the plant for about one month (25 February to 28 March 2008) without prior permission of M Corp, Jodhpur. Consequently, entire quantity of waste (approximately 4800

MT) brought was dumped without treatment on the dumping site and around the plant. SG at the exit conference accepted the fact and stated that application has been submitted to RSPCB for getting authorisation and a committee has been constituted for levy of penalty for the period for which the plant was not in operation.

- In violation of MSW Rules, the operator did not monitor the quality of ambient air and surface/ground water which was to be done twice a year. Leachate[50] was also not collected and treated. Thus, operator did not take adequate measures to check environmental pollution. SG did not furnish any reply (January 2012).

- M Corp, Jodhpur was also required to supply at least 10 MT of waste containing more than 90 *per cent* of biodegradable waste for *vermi*-composting, against which the M Corp supplied two MT and the operator used only 20 *per cent* waste for *vermi*-composting during July 2007 to March 2008. Thereafter, *vermi*-composting was not done and consequently 68 *vermi*-compost pits constructed at Keru were lying unutilised (October 2010). Thus, M Corp, Jodhpur could neither collect nor supply the agreed quantity (10 MT per day) of biodegradable waste from bulk generators of such waste. The operator also could not obtain it by segregating the mixed waste brought to Keru dumping station. State Government did not furnish any reply (January 2012).

Recommendation

As envisaged in MSW Rules, the M Corps should establish proper and scientific waste process infrastructure with full utilisation of established capacity.

4.2.12 Setting up of waste disposal facilities

To prevent contamination of ground water, surface water and ambient air quality, waste disposal facilities including sanitary landfill sites conforming to the specifications prescribed under MSW Rules were required to be developed before 31 December 2003 and new land sites were to be identified and kept ready for operation up to 31 December 2002. Land filling was to be restricted to post-processing residues and non-biodegradable/ inert /waste found unsuitable for processing.

The following deficiencies were noticed:

4.2.12.1 Earmarking of sites for disposal of waste

- In M Corp, Jaipur, land for disposal of waste was earmarked at Mathuradaspura (176 *bigha* 3 *biswa*) in February 2003, Sewapura (200 *bigha*) in April 2003 and Langariawas (443 *bigha* 16 *biswa* excluding 40 *bigha* for processing plant) in June 2005 with delays of one to 29 months after the due date i.e. 31 December 2002. SG at the exit conference accepted that due to

50. 'Leachate' means liquid that seeps through solid wastes or other medium and has extracts of dissolved or suspended material from it.

administrative reasons land for disposal of waste could not be earmarked in time but did not furnish the nature of administrative reasons.

- M Corp, Jodhpur earmarked (September 2004) 800 *bigha* of land for developing waste disposal facility (Landfill site) at Keru (Jodhpur) with a delay of 20 months. M Corp obtained the requisite authorisation from RSPCB which had expired on 26 October 2005. However, M Corp, Jodhpur did not renew it thereafter. SG at the exit conference admitted the fact and stated that requisite authorisation from RSPCB for landfill site would now be got renewed and dumping of waste is being done in the earmarked sites.

4.2.12.2 Non-development/non-use of disposal sites as 'Sanitary landfills'

Joint inspections of dumping sites at Keru (10 November 2009), Mathuradaspura (9 April 2010) and Sewapura (12 April 2010) were also conducted by the audit party alongwith the Health Officers of M Corps, Jodhpur and Jaipur. It was observed that all these sites did not comply with the specifications laid down in MSW Rules and the sites could not be treated as scientifically developed 'Sanitary landfills' because: (i) pre-processed waste/processing residues were dumped without compacting it to achieve the required density, (ii) requisite measures were not taken to check environmental pollution i.e. quality of ground water, ambient air quality and collection/treatment of leachate, (iii) waste brought to dumping stations and that rejected by operator of the processing plants including inert waste was dumped there, (iv) fencing was broken at many places and stray cattle and rag pickers were roaming in the piles of dumped waste, (v) a Government primary school was running adjoining/within the dumping site (Mathuradaspura) ignoring ill effects on the health of students, (vi) demarcation of the boundaries of the land of dumping sites (Mathuradaspura and Sewapura) and declaration of no-development (buffer) zone around them were also not found done as some habitations existed nearby and (vii) waste dumped on some spots at Sewapura was burning. Further, a sanitary landfill on 85,000 sqm and one leachate holding tank were constructed at Keru and handed over by National Buildings Construction Corporation to M Corp, Jodhpur in June 2007. While the tank was not used at all, the developed landfill was not used for scientific disposal of waste, but was used merely for dumping of waste and no sign of sanitary landfill as such remained as of October 2010.



Dumping site at Mathuradaspura (Jaipur) near school building and stray cattle roaming the dumped waste (9 April 2010).

Thus, failure of M Corps, Jaipur and Jodhpur to develop/use sanitary landfill sites even six years after due date led to dumping of waste in unscientific manner ignoring ill effects on the health of human beings and cattle due to contamination of ground/surface water and ambient air. SG at the exit conference stated that the M Corp had not developed a sanitary landfill site at that point of time and land filling site for scientific solid waste management is being developed at Langariwas but did not reply in respect of dumping site of Mathuradaspura and Sewapura. No reply has been furnished in respect of M Corp, Jodhpur (January 2012).

4.2.12.3 Unauthorised dumping of waste near Aerodrome

As per MSW Rules, prior clearance/approval of Airport Authority is required if proposed landfill site is located within 20 kms from Airport. M Corp, Kota applied (April 2002) to RSPCB for authorisation of a waste disposal facility (landfill site) on 52.28 hectare land at Dabi Road which was not issued by RSPCB for want of No Objection Certificates (NOCs) from four departments including Airport Authority which refused (December 2004) to issue the NOC stating that depositing of rubbish and other polluted or obnoxious matter within a radius of 10 kms from the Aerodrome was not permissible under the Aircraft Rules, 1937. Thus, failure of M Corp, Kota to obtain prior NOC from Airport Authority and authorisation from RSPCB before selecting and developing the site in proximity to Aerodrome led to unauthorised dumping of waste on the potentially unsafe site for air traffic in violation of the MSW Rules and unfruitful expenditure of ₹ 39.59 lakh was incurred on development of site. SG at the exit conference stated that it is trying to get the condition relaxed by Airport Authority and RSPCB. The reply was not tenable as landfill site is located within 20 Kms from Airport without an NOC from the Airport Authority in contravention of MSW Rules, 2000 and M Corp, Kota was also aware that the site selected was not permissible under the rules but insists on seeking relaxation from the application of the rules. It is not willing to look for alternate sites consistent with applicable rules.

Recommendations

Disposal sites should be scientifically developed as sanitary landfills.

4.2.13 Monitoring

Monitoring mechanism in M Corps was lax as against 12 meetings of Health and Sanitation Committee to be held per annum, the number of meetings of committees held in M Corp, Jaipur (one committee): seven in 2005-06, 19 in 2006-07, 10 in 2007-08 and nine in 2008-09 and in case of M Corp, Jodhpur (zone-wise three committees): two to six in 2005-06, nil to six in 2006-07, one to five in 2007-08 and nil to two in 2008-09.

4.2.14 Conclusion

There was tardy progress in implementation of MSW Rules in the M Corps even after nine years of their notification. Category-wise segregation of waste

was not done fully. House-to-house collection of waste was either not done at all or it was not done regularly. While no facility for processing of waste was set up in M Corp, Kota, the quantity of waste being processed by processing plants at Jaipur and Jodhpur was very low in comparison to that brought to site. Infrastructure for safe disposal of waste like sanitary landfills conforming to the specifications/norms laid down in MSW Rules could not be developed ignoring potential contamination of ambient air and water. Cases of improprieties in contract management of works relating to sanitation/waste management were also noticed.

LONG PARAGRAPH

4.3 Utilisation of Twelfth Finance Commission Grant by Urban Local Bodies

4.3.1 Introduction

The Twelfth Finance Commission (TFC) was constituted (November 2002) to give recommendations on specified aspects of Centre - State fiscal relations for the year 2005-10. The TFC was required to make recommendations on the measures needed to augment the Consolidated Fund of the State to supplement the resources of the municipalities.

TFC recommended a grant of ₹ 220 crore for Urban Local Bodies (ULBs) for the years 2005-06 to 2009-10 for the State of Rajasthan. Government of India (GoI) issued guidelines in June 2005 for devolution of TFC grant to ULBs. As per TFC guidelines (June 2005) at least 50 *per cent* of the grant-in-aid provided to the State for ULBs should be earmarked for the schemes of Solid Waste Management. Further, high priority was to be given for creation of database and maintenance of accounts at the grass root level.

Out of five Municipal Corporations (M Corps), 13 Municipal Councils (MCs) and 166 Municipal Boards (MBs) functioning in the State, records of total 26 units pertaining to two M Corps[51], three MCs[52] and 21 MBs[53] for the period 2005-10 were selected for test check covering all zones, including hilly, plain, tribal and desert areas of the State during April 2009 to September 2009 and May 2011 to September 2011. In addition the records of (i) Directorate, Local Bodies Department (DLBD), Jaipur, (ii) Rajasthan Urban Infrastructural Finance and Development Corporation Limited (RUIFDCo) (executing agency - a Government of Rajasthan (GoR) undertaking), Jaipur and (iii) Department of Information, Technology and Communication (DoITC), Jaipur were also reviewed.

The audit observations are discussed in succeeding paragraphs:

51. M Corps : Ajmer and Kota.
52. MCs : Beawar, Kishangarh and Udaipur.
53. MBs : **Tribal**: Banswara, Dungarpur, Mount Abu, Nathdwara, Pratapgarh, Rajsamand, Sagwara, Shivganj and Sirohi; **Desert**: Bilada, Nokha and Phalodi; **Others**: Bundi, Chomu, Dausa, Jaitaran, Nawalgarh, Shahpura, Shrimadhopur, Sojat City and Sumerpur.

4.3.2 Financial performance

4.3.2.1 Non-utilisation of TFC Grant ₹ 28.57 crore

TFC recommended ₹ 220 crore for ULBs in the State of Rajasthan for the period 2005-10 to be equally distributed in 10 half yearly installments of ₹ 22 crore each, which was to be utilised for execution of TFC objective in the respective scheme up to March 2010. First installment of TFC grant was released by DLBD in December 2005 while Action Plan was approved with delay in August 2006 by High Level Committee (HLC) comprising Chief Secretary as Chairman and Additional Chief Secretary, Principal Secretary etc. as members. Entire fund of TFC was to be utilised by 2008-09. However, the municipal bodies were barred by DLBD from incurring any expenditure till 10 October 2006. Consequently, ₹ 28.57 crore was lying unspent as on 21 December 2011. The year-wise release and expenditure incurred against TFC grant during 2005-06 to 2011-12 is given in **Table 4.9** below:

Table 4.9 : Release and utilisation of TFC grant

(₹ in crore)

Year	Opening balance	Release by GoI to GoR	Release by GoR to ULBs	Total funds available	Expenditure incurred	Unspent Balance	
						Amount	Percentage
1	2	3	4	(2+4) 5	6	7	8
2005-06	00.00	44.00	44.00	44.00	00.00	44.00	100.00
2006-07	44.00	22.00	22.00	66.00	21.07	44.93	68.08
2007-08	44.93	22.00	22.00	66.93	48.58	18.35	27.42
2008-09	18.35	88.00	66.00	84.35	53.15	31.20	36.99
2009-10	31.20	44.00	66.00	97.20	26.86	70.34	72.37
2010-11	70.34	0	0	70.34	38.98	31.36	44.58
2011-12	31.36	0	0	31.36	2.79*	28.57	91.10
Total		**220.00**	**220.00**		**191.43**		

(Source: As per information provided by Directorate, Local Bodies, Rajasthan)

* ***Expenditure of 2011-12 intimated by Director Local Bodies in exit conference held on 21 December 2011.***

The above table shows that utilisation of grant was slow since the beginning of the scheme. HLC constituted at State level for ensuring proper utilisation of grant by ULBs had also expressed its displeasure (in fifth and sixth meeting held on 19 September 2007 and 02 January 2008) over slow utilisation of grant.

Scrutiny of records of nine test checked units[54] revealed that ₹ 1.68 crore was lying unutilised as on 31 March 2011. DLBD intimated (December 2011) that the reason for non utilisation of grant of ₹ 28.57 crore was late approval of Action Plan and lack of technical staff in ULBs. Reply is not tenable because posting of technical staff in ULBs was controllable activity and sufficient time was available (64 months) for utilisation of grant.

54. Banswara: ₹ 14.26 lakh, Bundi: ₹ 22.31 lakh, Dausa: ₹ 0.24 lakh, Dungarpur: ₹ 1.14 lakh, Mount Abu: ₹ 66.87 lakh, Rajsamand: ₹ 23.39 lakh, Shahpura: ₹ 0.19 lakh, Shrimadhopur: ₹ 25.55 lakh and Sirohi: ₹ 13.72 lakh **Total: ₹ 167.67 lakh.**

Analysis of records in audit revealed that non utilisation was mainly due to delay in approval of Action Plan, imposing ban on utilisation of TFC grant till October 2006, issue of certificate with delay by GoR resulting in delayed release of funds by GoI and non execution of works as discussed in succeeding paragraph.

4.3.3 Release of TFC grant

4.3.3.1 Delayed release of TFC grant

As per para 6.1 of guidelines, TFC grant were to be released by GoI in two equal installments in July and January of each financial year. It was observed that the GoI released grant with delays ranging between 10 to 392 days.

According to para 6.2 of TFC guidelines the State Finance Secretary was required to provide a certificate within 15 days of release of each installment by GoI certifying the dates and amounts of grant received by the State from GoI and further allocated/released to the ULBs. It was noticed that certificates were sent with delays ranging from 12 to 309 days (excluding prescribed period of 15 days) as indicated in **Table 4.10** below:

Table 4.10 : Delayed release of TFC grant

Year	Due month of release of installment	Amount (₹ in crore)	Date of release by GoI	Delay in release by GoI (4-2) (in days) *	Certificate sent to GoI by Finance Secretary, GoR	Delay in sending certificates (in days)
1	2	3	4	5	6	7 (Col. 6 - (Col. 4 + 15 days)
2005-06	July 2005 (first)	22	14.12.2005	136	03.11.2006	309
2005-06	January 2006 (second)	22	23.03.2006	51	03.11.2006	210
2006-07	July 2006 (first)	22	27.12.2006	149	26.03.2007	74
2006-07	January 2007 (second)	22	27.02.2008	392	25.03.2008	12
2007-08	July 2007 (first)	22	23.05.2008	297	16.10.2008	131
2007-08	January 2008 (second)	22	24.10.2008	267	28.11.2008	20
2008-09	July 2008 (first)	22	15.12.2008	137	28.02.2009	60
2008-09	January 2009 (second)	22	17.03.2009	45	12.08.2009	133
2009-10	July 2009 (first)	22	31.08.2009	31	28.01.2010	135
2009-10	January 2010 (second)	22	10.02.2010	10	Not issued	Not issued

* ***Delay has been calculated from date of release by GoI after excluding prescribed period of 15 days.***

Audit scrutiny revealed that late submission of certificates by GoR and slow utilisation of TFC grant by ULBs, resulted in delayed release of TFC grant by GoI. DLBD stated (December 2011) that the reason for delayed issue of certificates was attributable to delay in approval of Action Plan by the HLC empowered to approve the Action Plan. This delayed utilisation of funds and consequently led to delays in furnishing of certificates to GoI. The delay in

finalisation of Action Plan by HLC is reflective of shortcomings in planning, monitoring and supervision.

4.3.3.2 Improper distribution of TFC grant to Urban Local Bodies

As per decision taken by HLC (21 March 2006) grant was to be distributed on the basis of census 2001. During test-check of records, it was noticed that in five ULBs grant were not distributed on the basis of population figures of census 2001, as shown in **Table 4.11** below:

Table 4.11 : Release of TFC grant to five ULBs

(₹ in lakh)

	M Corp, Ajmer	M Corp, Kota	MC, Udaipur	MC, Kishangarh	MC, Beawar
Grant to be given (on proportion of population of ULB as per censes 2001)	837.00	1,196.90	671.30	200.30	213.30
Grant actually released	**597.34**	**854.16**	**479.07**	**187.24**	**170.59**
Less grant released	**239.66**	**342.74**	**192.23**	**13.06**	**42.71**

DLBD stated (December 2011) that the first installment of the TFC grant was released on basis of Action Plan of municipal bodies. Thereafter it was released on basis of census figures of 2001. Subsequently, in compliance to direction of HLC (January 2008) an amount of ₹ 22 crore representing 10 *per cent* of grant was used for works considered urgent. The reply is not convincing since shortfall in releases ranging between 20 *per cent* to 29 *per cent* in case of the four out of the five ULBs was noticed. Also, the department has not been able to provide details in support of differences in release of grant as due on basis of census and actual releases. This deviation led to inequitable distribution of TFC grant and the beneficiaries were deprived of the benefits to that extent.

4.3.4 Utilisation of TFC grant

4.3.4.1 Non-fulfillment of TFC recommendations

Action Plan was to be implemented during the period 2005-06 to 2008-09 and against the amount of ₹ 220 crore, only an expenditure of ₹ 122.94 crore (55.88 *per cent*) was incurred upto March 2009 on various activities as detailed in **Table 4.12** below:

Table 4.12: Outlay and expenditure as per Action Plan

(₹ in crore)

Activity	Outlay as per detailed and year-wise Action Plan against which expenditure was to be incurred up to March 2009	Expenditure incurred upto March 2009	Expenditure in percentage against outlay
Solid Waste Management			
Equipments/ vehicles	32.95	37.71	114.45
Transfer station	5.25	0.00	0.00
Composting/*vermi* composting	51.13	3.41	6.67
Land fill	35.67	0.00	0.00
Other Solid Waste Management activities	0.00	36.13	-
Total	**125.00**	**77.25**	**61.80**
Reform Agenda			
Computerisation	0.00	0.00	0.00
Accounting reforms	41.50	4.33	10.43
Creation of database including GIS mapping	42.50	0.85	2.00
Total	**84.00**	**5.18**	**6.17**
Administrative Charges			
Administrative Charges (Information, Education and Communication)	11.00	0.50	4.55
Other general works	0.00	40.01	-
Grand Total	**220.00**	**122.94**	**55.88**

The above table shows that ULBs incurred ₹ 40.01 crore on other general works and ₹ 36.13 crore on other Solid Waste Management activities not included in Action Plan. No expenditure was incurred on land fill and transfer station for which outlay of ₹ 40.92 crore (₹ 35.67 crore + ₹ 5.25 crore) was retained in Action Plan. DLBD had only furnished the details of expenditure incurred by ULBs under TFC grant up to March 2009. DLBD stated (August 2010) that TFC grant was not allotted sub head wise to ULBs and information about sub head wise expenditure after March 2009 will be furnished after collection from ULBs. However, no details of utilisation of TFC grant was made available upto December 2011. DLBD further stated (December 2011) that HLC in its meeting held on 28 June 2008 had changed the mode of utilisation of grant as 50 *per cent* on Solid Waste Management and remaining on general purpose grant which was to be utilised as per the requirement and priorities of ULBs. Thus, the HLC abandoned the procedure prescribed by TFC and as a result the objective of improvement in maintenance of accounts and creation of database was not fulfilled which reflects non-fulfillment of TFC recommendations. Further, the grants were not permitted to be used by municipal bodies till October 2006 due to need for approval of Action Plan and by June 2008, the HLC had abandoned the same Action Plan. HLC was not effective in carrying out its functions of monitoring and supervision.

4.3.4.2 Non-execution of GIS mapping work

As per detailed Action Plan (August 2006), the cost of creation of database including Geographical Information System (GIS) was estimated at ₹ 42.50 crore for mapping of properties of 39 ULBs[55] during 2005-06 to 2008-09 for the purpose of enhancing property tax net and better administration. It was noticed that an amount of ₹ 2.35 crore[56] was paid (between January to September 2008) by only 12 out of 39 ULBs to RUIFDCo for GIS mapping work under Rajasthan Urban Information System-II (RUIS-II) through DoITC, GoR. Against this an expenditure of ₹ 1.12 crore[57] was incurred during 2008-09 to 2009-10. Due to non-receipt of funds from the ULBs the work on this project could not proceed further. The Executive Director (ED), RUIFDCo while accepting the facts informed that in the meeting (January 2010) held under Chairmanship of Commissioner and Secretary, DoITC, Project Director, DLBD and others decided to hold in abeyance the project due to paucity of funds. Reply to hold the project in abeyance due to paucity of funds is not tenable as an amount of ₹ 28.57 crore was lying unspent as on 21 December 2011 and full amount was not released to executing agency by ULBs. Further, DLBD informed (December 2011) that the details of expenditure incurred on the project and use of ₹ 1.23 crore has been called for from RUIFDCo. It is seen in audit that a complicated system of decision making and flow of funds exists in Directorate of Local Bodies. Decisions about implementation are taken at the level of Local Self Government Department (LSGD) and Director, Local Bodies (DLB). Government bodies and quasi Government bodies like DoIT and RUIFDCo are entrusted with task of selection of vendors for implementation of identified programs/ activities. A tripartite agreement between the Government body, the vendor and the municipal bodies (one or several) is drawn up and the work plan implemented. Bodies like RUIFDCo and DoITC also obtain technical persons through outsourcing. The funds are first transferred to municipal bodies which further transfer funds in such cases to quasi Government bodies/ Government bodies. The utilisation certificates in such cases only show transfer of funds and not its utilisation. The LSGD, DLBD as well as quasi Government bodies and municipal bodies do not own up the programme/activity.

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55. **2005-06**: Alwar, Baran, Jhalawar, Jhunjhunu and Sikar (₹ 0.50 crore), **2006-07:** Barmer, Balotara, Beawar, Deoli, Fatehpur, Jaisalmer, Jalore, Kishangarh, Pali and Sumerpur (₹ six crore), **2007-08:** Anta, Bundi, Dausa, Dholpur, Gangapur City, Hanumangarh, Hindaun City, Nawalgarh and Raisinghnagar (₹ 14 crore), **2008-09:** Abu Road, Banswara, Chittorgarh, Churu, Ladnu, Merta City, Mount Abu, Nagaur, Nimbahera, Pratapgarh, Rajsamand, Ratangarh, Sardar Shahar, Sirohi and Sujangarh- (₹ 22 crore) = **Total ₹ 42.50 crore.**

56. Alwar: ₹ 47.85 lakh; Abu Road: ₹ 16.59 lakh, Banswara: ₹ 6.50 lakh; Chittorgarh: ₹ 16.24 lakh; Fatehpur: ₹ 32 lakh; Hindaun City: ₹ 6.55 lakh; Ladnu: ₹ 3.93 lakh; Nagaur: ₹ 33.79 lakh; Pratapgarh: ₹ 5.47 lakh; Raisinghnagar: ₹ 7.91 lakh; Ratangarh: ₹ 30.86 lakh and Sujangarh: ₹ 27.23 lakh = **Total: ₹ 2.35 crore.**

57. Advertisement: ₹ 2.15 lakh; Satellite images: ₹ 54.77 lakh; CDP/DPR amount adjusted against TFC: ₹ 39.18 lakh and Quality check of database: ₹ 15.50 lakh = **Total: ₹ 1.12 crore.**

This has resulted in blockade of ₹ 1.23 crore along with unproductive expenditure of ₹ 1.12 crore. Besides non execution of GIS mapping has resulted in lack of inputs required for assessment of property tax and for improving administration of areas under jurisdiction of the municipal bodies.

4.3.4.3 Diversion and retention of funds by Awas Vikas Limited provided for construction of compost plants

During scrutiny of the records of DLBD, Jaipur it was noticed that out of TFC grant, ₹ 6.30 crore ***(Appendix-XV)*** was advanced to *Avas Vikas* Limited (AVL) (executing agency) by 13 ULBs (2006-07 to 2011-12) for construction of compost/*vermi* compost plants in the areas of respective ULBs to be started by 2006-07 and completed up to 2008-09. However, it was noticed that construction of compost plants was not started in nine ULBs upto October 2011. Thus, advances of ₹ 1.56 crore[58] were lying unutilised with AVL. The Chief General Manager, AVL while enclosing details of installation of compost plants informed DLB (June 2010) that there was land dispute in Beawar and in remaining ULBs tenders could not be finalised due to non-participation of bidders and decision regarding cluster planning was pending with DLB.

AVL retained the funds from 2006-07 to 2010-11 and refunded ₹ 68.75 lakh to three ULBs (Beawar, Kishangarh and Sriganganagar) as works were not awarded on Design, Build, Operate, Own and Transfer (DBOOT) basis and dispute of land. Advance of ₹ 87.50 lakh received from six ULBs were treated by AVL as having been diverted to the plants relating to other three ULBs (Bharatpur, Bhilwara and Pali). DLB stated (December 2011) that no sanction for such diversion was issued by the State Government. Further, it was noticed that AVL has reflected an expenditure of ₹ 20 lakh (expenditure ₹ 195 lakh - projects cost ₹ 175 lakh) in excess of the total project cost at Bharatpur.

Non-execution of work in nine ULBs has led to depriving the public of intended benefits like availability of compost/*vermi*-compost, bio-gas and improved sanitary conditions even after funds were released to AVL. Besides ₹ 87.50 lakh pertaining to six ULBs where work has not been executed, has not been refunded. The complex system of decision to assign work to vendors through AVL is taken by DLBD while funds to AVL are to be made available by municipal bodies. AVL while charging nine *per cent* as processing charges is not responsible to the municipal bodies.

Recommendation

It is suggested that the mechanism should be reviewed to ensure accountability towards the spender i.e. the municipal bodies.

58. **2006-07** – Beawar: ₹ 31.25 lakh, Gangapur City: ₹ 12.50 lakh, Hanumangarh: ₹ 12.50 lakh, Jhalawar: ₹ 12.50 lakh, Jhunjhunu: ₹ 12.50 lakh, Kishangarh: ₹ 12.50 lakh, Sriganganagar: ₹ 25 lakh and Tonk: ₹ 15 lakh, **2007-08** – Tonk: ₹ 10 lakh and **2008-09** – Churu: ₹ 12.50 lakh = **Total: ₹ 1.56 crore.**

4.3.4.4 *Diversion of funds against TFC guidelines by monitoring agency*

HLC approved the Action Plan 2006 with the specific instructions that no expenditure should be incurred in violation of TFC guidelines. However, the HLC itself in its meeting held on 10 January 2008 earmarked 10 *per cent* (₹ 22 crore) of TFC grant of ₹ 220 crore for works of 'special needs of extraordinary circumstances'. Further, the HLC in its meeting held on 28 June 2008 changed the mode of utilisation of TFC grant and decided that while at least 50 *per cent* of the TFC grant (₹ 110 crore) was to be utilised on Solid Waste Management, the remaining TFC grant could be treated as general purpose grant and allowed the ULBs to utilise the same as per requirement and priorities of ULBs. This decision of the HLC was inconsistent with the recommendation of the TFC and led to diversion of funds meant for maintenance of accounts and creation of database.

It was observed that an amount of ₹ 18.25 crore[59] was diverted to nine ULBs as per this decision taken in HLC meeting (January 2008 to December 2009) for the works of special needs of extraordinary circumstances against which expenditure of ₹ 17.11 crore[59] was incurred. Further, it was seen that in 23 test checked ULBs an amount of ₹ 8.10 crore[60] was utilised on items like pay and allowances, electricity bills and purchase of equipments and other developmental works during 2007-08 to 2010-11 under general purpose grant as permitted by HLC decision (28 June 2008) which was in violation of TFC guidelines. DLBD while accepting the facts stated (August 2010) that the financial condition of ULBs was very poor and grant was given to provide public services. This was not tenable as the grant were utilised against TFC guidelines and as a result no efforts were made to improve maintenance of accounts and creation of database (a priority objective) under TFC.

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59 . Banswara: allotted ₹ one crore for contempt case of High Court about sewerage work and Dylab ponds, expenditure incurred ₹ 0.95 crore; Bikaner: allotted ₹ one crore for covering of nala, expenditure incurred ₹ one crore; Sikar: allotted ₹ 1.74 crore for land for sewerage treatment plant, expenditure incurred ₹ 1.74 crore; Jaitaran: allotted ₹ 0.50 crore for development works, expenditure incurred ₹ 0.50 crore; Jalore: allotted ₹ 0.51 crore for land acquisition for sewerage, expenditure incurred ₹ 0.51 crore; Jhunjhunu: allotted ₹ one crore for land acquisition for sewerage, expenditure incurred ₹ one crore; Mount Abu: allotted ₹ 3.50 crore for underground cabling and renovation of polo ground, expenditure incurred ₹ 2.85 crore; Nagaur: allotted ₹ four crore for constructions of town hall and their roads, expenditure incurred ₹ four crore; Pilibanga: allotted ₹ five crore for contempt case of High court about removal of encroachments of roads, expenditure incurred ₹ 4.56 crore = **Total Allotment: ₹ 18.25 crore and Total expenditure: ₹ 17.11 crore.**

60 . (i) Cement concrete roads and other construction works in 19 ULBs: ₹ 648.24 lakh (details in ***Appendix-XVI)***, (ii) Electricity bills and purchase of equipments in five ULBs: ₹ 57.75 lakh (Banswara: ₹ 18.70 lakh, Beawar: ₹ 8.13 lakh, Chomu: ₹ 29.03 lakh, Jaitaran: ₹ 0.93 lakh and Mount Abu: ₹ 0.96 lakh), (iii) Pay and allowances of staff in three ULBs: ₹ 49.60 lakh (Beawar: ₹ 18.85 lakh, Bundi: ₹ 26.26 lakh and Nokha: ₹ 4.49 lakh), (iv) Purchase of tree guards in two MBs: ₹ 15.72 lakh (Jaitaran: ₹ 5.52 lakh and Sumerpur: ₹ 10.20 lakh), (v) Cost of land and other compensation in three MBs: ₹ 30.17 lakh (Nathdwara: ₹ 4.76 lakh, Pratapgarh: ₹ 8.79 lakh and Sumerpur: ₹ 16.62 lakh) and (vi) Bolero jeep in one M Corp, Ajmer: ₹ 8.27 lakh = **Total ₹ 8.10 crore**.

4.3.4.5 *Irregular expenditure of ₹ 1.69 crore on computerisation work*

The works of e-governance, accounting reforms and GIS mapping in ULBs of six divisional headquarter's were covered in Rajasthan Urban Infrastructure Development Project through Total Solution Providers funded by Asian Development Bank. Therefore no provision was made in the Action Plan for computerisation of records of five M Corps[61] and one Municipal Council, Udaipur from TFC grant.

Test-check of records of M Corps, Ajmer, Kota and MC, Udaipur revealed that in contravention of Action Plan, an amount of ₹ 1.69 crore[62] was paid (2006-07 to 2010-11) by concerned ULBs to a private firm and expenditure was incurred for operation of the application software (computerisation work) out of TFC grant resulting in irregular utilisation of the grant against Action Plan. Accounts Officer, M Corp, Ajmer and MC, Udaipur stated (May 2011) that payment was made to M/s Oswal Data Processor for computerisation work as per directions (January 2008) of DLB. CAO, M Corp, Kota stated that pay bills and marriage registration and death and birth certificates are the part of computerisation and as per memorandum of understanding (MoU) with the Government the payment made from TFC for computerisation work is genuine. DLBD stated (December 2011) that sanctions for payment of computerisation work at divisional level was as per recommendations of TFC. The reply is not tenable as the expenditure incurred on computerisation work in these ULBs was against the approved Action Plan and the funds were used for the payment to the vendor for operation. The diversion also led to failure of development of appropriate skills in the municipal bodies and municipal bodies do not find themselves in position to take over the functions as on December 2011 even when the contract ends in March 2012. The existing mechanism of involving government and quasi government bodies for identification of vendors and subsequent absence of hand holding or monitoring by these agencies has led to a situation where municipal bodies has not owned the initiative leading to absence of required skill set with the concerned municipal bodies to take over the operations.

4.3.5 *Monitoring*

As per Para 5.1 to 5.4 of TFC guidelines, a HLC headed by the Chief Secretary with Finance Secretary and other Secretaries of the concerned departments as members was constituted (25 August 2005) by the State Government to monitor proper utilisation of Local Bodies Grant. The HLC was responsible through its quarterly meetings for approval of the projects at

61 . Ajmer, Bikaner, Jaipur, Jodhpur and Kota.

62 . M Corp, Ajmer: ₹ 45.76 lakh (2006-07: ₹ 0.54 lakh, 2007-08: ₹ 23.79 lakh, 2008-09: ₹ 15.69 lakh and 2009-10: ₹ 5.74 lakh), M Corp, Kota: ₹ 67.13 lakh (2006-07: ₹ 15.64 lakh, 2007-08: ₹ 17 lakh, 2008-09: ₹ 30.42 lakh and 2010-11 ₹ 4.07 lakh) and MC, Udaipur: ₹ 56.41 lakh (2006-07: ₹ 5.73 lakh, 2007-08: ₹ 12.54 lakh, 2008-09: ₹ 18.47 lakh, 2009-10: ₹ 10.96 lakh and 2010-11 ₹ 8.71 lakh) and = **Total : ₹ 1.69 crore**.

the beginning of every year, monitoring of both physical and financial targets and ensuring adherence to the specific conditions in respect of each grant.

The HLC held 11 meetings against 19 meetings during the period from August 2005 to March 2010. Further, there was a gap of eight months between the fourth (9 January 2007) and fifth (19 September 2007) meetings. HLC expressed (19 September 2007) displeasure over slow utilisation of grant and stated that unless LSGD is in a position to speed up the utilisation of earlier grant, further grant from GoI will remain unclaimed. Further LSGD assured prompt utilisation of grant by the ULBs but the same was not followed as indicated in minutes of HLC meeting held on 02 January 2008 and 28 June 2008. HLC's ineffective monitoring led to diversion of funds, non adherence to Action Plan, non fulfillment of objectives in priority areas like maintenance of accounts and creation of database.

4.3.6 Conclusion

DLBD released first installment of TFC grant in December 2005 and simultaneously imposed a ban on its utilisation up to October 2006. The Action Plan was approved by HLC in August 2006 i.e. nearly eight months after receipt of funds. There were delays in release of TFC grant due to delays in utilisation of releases by ULBs. Irregularities regarding improper distribution of grant, blocking of funds etc. were also noticed. However, against total TFC grant of ₹ 220 crore there was unspent grant of ₹ 28.57 crore as on 21 December 2011. It was noticed that a sum of ₹ 25.21 crore (₹ 17.11 crore for the works of special needs of extraordinary circumstances and ₹ 8.10 crore for general purpose) was found diverted which is inconsistent with TFC guidelines. TFC grant was not properly and timely utilised for the intended purposes, which indicated that monitoring mechanisms were not effective.

AUDIT OF TRANSACTIONS

4.4 Loss of interest

Failure of Municipal Board, Hanumangarh in observing provision of Public Works Financial & Accounts Rules and raising of loan without fulfillment of other essential requirements resulted in loan amount remaining unutilised and loss of ₹ 10.25 lakh in payment of interest.

Rajasthan Municipalities (Purchase of Material and Contracts) Rules, 1974 states that the provisions not provided in these rules and contained in the Public Works Financial and Accounts Rules (PWF&AR) shall be applied *mutatis-mutandis* to these rules. This will have to be ensured by the highest Executive and Accounts Authorities of the urban local bodies (ULBs) concerned. PWF&AR stipulates that for execution of work funds should be allocated after according of Administrative, Financial and Technical sanctions (AF&TS).

Test check (September 2008) of records of Municipal Board (MB), Hanumangarh revealed that for execution of Roads and Water Sullage Scheme in Hanumangarh City at a total cost of ₹ 10.45 crore, Housing and Urban Development Corporation Limited (HUDCO), Jaipur sanctioned (April 1998) loan amounting to ₹ 4.19 crore. As per loan agreement, loan was to be repaid in quarterly installments with interest at the normal rate 8.75 *per cent* per annum. For execution of water sullage work at Hanumangarh town (a part of the city) HUDCO released (August 2004) loan amounting to ₹ 1.31 crore to MB. *Awas Vikas* Limited (AVL), Jaipur being the executing agency submitted (November 2004) technical estimates for ₹ 2.74 crore for the work. MB in its board meeting decided (April 2005) to forward the case to the State Government for according of AF&TS for ₹ 2.74 crore. The State Government accorded (October 2005) Administrative and Financial sanctions for the same amount. MB executed (December 2005) a Memorandum of Understanding with AVL for the execution of the work, according to which ₹ 1.37 crore (50 *per cent* of ₹ 2.74 crore) was to be paid to AVL in advance before starting of the work. MB again approached (April 2006) the State Government for sanction of advance payment to AVL. Pending sanction of the State Government, MB in its board meeting decided (November 2006) to get the work executed under another scheme (Urban Infrastructure Development Scheme for Small and Medium Towns). Finally the State Government while accepting aforesaid decision of MB directed (February 2007) it to repay the entire outstanding loan amount alongwith interest in lump sum. The entire loan amount ₹ 1.31 crore being unutilised was repaid by MB between November 2004 to May 2007 in quarterly installments to HUDCO. Besides this, MB also paid interest of ₹ 18.67 lakh at normal rate on the entire loan amount alongwith installments. The entire loan amount was lying in current account in a bank without earning interest from August 2004 to September 2005. However, out of this the MB deposited (October 2005) ₹ 1.19 crore as term deposit and earned an interest of ₹ 8.42 lakh thereon.

Deputy Secretary (DS), Directorate Local Bodies Department (DLBD) stated (December 2011) that MB purchased a land of 10 *bigha* at the cost of ₹ 4.05 lakh from loan amount for construction of pumping house for disposal of sullage water and that land was sold (August 2009) at the cost of ₹ 26.15 lakh. Hence, there was no loss to MB. The reply was not acceptable as purchase cost of land did not form part of loan amount of ₹ 1.31 crore. The DS, DLBD further stated (November 2011) that instructions are being issued to all the municipalities for raising the loan in future as per actual plan of expenditure. However, the fact remains that Commissioner, MB, Hanumangarh raised the loan much before its requirement, the major portion (91 *per cent* approximate) of which was invested in term deposit. The loan was paid back alongwith interest without being utilised. The decision led to loss of ₹ 10.25 lakh[63] in payment of excess interest to the MB.

4.5 Avoidable expenditure

4.5.1 Avoidable expenditure on construction of nallah

Failure of Local Self Government Department to approve rates of tender and sanction expenditure within validity period of tender, resulted in avoidable expenditure of ₹ 20 lakh on construction of *nallah*.

Test check (January 2009) of the records of Municipal Council (MC), Pali revealed that for segregation of city sewerage from industrial effluents, MC, Pali decided (August 2007) to construct a *nallah* (work) from Subhash Nagar Syphan to Gandhi Nagar under *Sahari Jan Sahabhagita Yojna* (SJSY) at an estimated cost of ₹ 1.21 crore (Based on Basic Schedule of Rates 2005). Under SJSY, the cost of the work ₹ 1.21 crore was to be shared amongst (i) the State Government, (ii) Pali Water Pollution Control, Treatment and Research Foundation (being public share) and (iii) MC in the ratio 50:30:20.

District Collector, Pali sanctioned (September 2007) the work for ₹ 1.21 crore [64] and Superintending Engineer, Directorate Local Bodies Department issued (November 2007) technical sanction of the work for the same amount. MC, Pali invited (September 2007) tenders of the work and technical and financial bids of tenders were opened on 10 and 11 October 2007 respectively. The validity period for accepting the tenders was 120 days from the date of its opening. After negotiations, MC and Contractor 'A' agreed (October 2007) for execution of the work at contract amount of ₹ 1.43 crore at 18 *per cent* above Schedule. Thereafter, MC sent (8 November 2007) the case to Local Self Government Department (LSGD) for approval of rates of tender and according of sanction for incurring expenditure of ₹ 1.43 crore. Despite being reminded about validity period of tender by MC and furnishing timely replies to queries of LSGD, Deputy Secretary, LSGD accorded (29 April 2008) requisite sanction after 172 days (52 days beyond stipulated period). MC immediately issued letter of acceptance to contractor 'A' to sign

63. ₹ 18.67 lakh (interest paid to HUDCO by MB) - ₹ 8.42 lakh (interest earned by MB on the term deposit).
64. State share: ₹ 60.50 lakh; Public share: ₹ 36.30 lakh and MC own share: ₹ 24.20 lakh.

the contract but the contractor 'A' refused (May 2008) to execute the work due to expiry of validity of the tender. MC decided (May 2008) to retender the work at a revised cost of ₹ 1.84 crore (Based on Basic Schedule of Rates 2008). Retendering of the work (June 2008) could not mature as only single tender was received at 23 *per cent* above Schedule which was found to be above the prevailing market prices. Thereafter, MC split up (June 2008) the Schedule 'G' amount of the work of ₹ 1.84 crore in four packages[65]. Information collected (November 2010 and November 2011) from MC revealed that MC constructed the *nallah* by execution of three packages only and as of November 2011 had incurred an expenditure of ₹ 1.54 crore[66] on execution of these packages. Package No. 1 was withdrawn for re-designing of the entire syphan which did not adversely affect use of the *nallah* for the envisaged purpose.

MC, Pali also endorsed (November 2011) the facts narrated above in its letter addressed to Director, Local Bodies but no specific reply to audit objection was made available.

LSGD did not keep time limit of validity of tender in mind and took 172 days in according approval to the MC's proposals of November 2007. Had the LSGD accorded timely approval, MC could have constructed the same type of *nallah* at the cost of ₹ 1.34 crore[67] and the extra expenditure of ₹ 20 lakh[68] (State share: ₹ 10 lakh; Public share: ₹ six lakh and MC own share: ₹ four lakh) could have been avoided. Thus, MC has incurred an avoidable expenditure in excess of ₹ 20 lakh.

The case was referred to the State Government in February 2011; reply was awaited (January 2012).

4.5.2 Avoidable expenditure on construction of drain

Failure of Municipal Council, Bharatpur in providing encroachment free site before awarding of construction work of drain resulted in extra avoidable expenditure of ₹ 10.98 lakh.

As per Rajasthan Municipalities (Purchase of Material and Contracts) Rules, 1974 read with Public Works Financial and Accounts Rules no work should be commenced on land that has not been duly made over by the civil officer.

65. Package No 1: Providing and laying RCC Hume Pipe for ₹ 17.51 lakh; Package No 2: construction of nalla from chainage 0/0 to 0/490 for ₹ 43.13 lakh; Package No 3: construction from chainage 0/490 to 1/470 for ₹ 52.28 lakh and Package No 4: construction from chainage 1/470 to 4/366 for ₹ 70.91 lakh.
66. Package No 2: expenditure incurred ₹ 22.66 lakh (completed in September 2010); Package No 3: expenditure incurred ₹ 59.76 lakh (completed in April 2009) and Package No 4: expenditure incurred ₹ 71.41 lakh (completed in May 2009).
67. Cost of ₹ 1.34 crore = 18 *per cent* above cost of ₹ 1.14 crore arrived after deducting the cost of providing and laying of RCC Hume pipe of ₹ 7.20 lakh from the original Schedule 'G' amount of ₹ 1.21 crore.
68. ₹ 1.54 crore - ₹ 1.34 crore.

Test check (November 2008) of records of Municipal Council (MC), Bharatpur revealed that Board of MC, Bharatpur accorded (March 2006) administrative and financial sanction (A&FS) for ₹ 14 lakh for construction of drain on both sides of Rajasthan State Industrial Development and Investment Corporation (RIICO) Road from Babu Raj Bahadur Hospital to RIICO Industrial Area. Executive Engineer of MC accorded (August 2005) technical sanction for ₹ 13.97 lakh of the work. MC awarded (November 2006) the work for construction of drain on both sides of the road to a contractor 'A' selected on the basis of open tenders for ₹ 14.81 lakh (at six *per cent* above Schedule) with the stipulated dates of commencement and completion of work as 24 November 2006 and 24 May 2007 respectively. Records revealed that the contractor constructed the drain (February 2007) on one side only as site of proposed work were encroached at different places by individuals on both sides of RIICO Road. MC failed to remove these encroachments as of December 2007 due to which the contractor could not complete the work. On request (December 2007) of the contractor, MC treated (April 2008) the work as completed although incomplete after incurring an expenditure of ₹ 10.34 lakh[69] on its construction. Further information collected (June 2011) from MC revealed that for construction of drain on other side MC accorded (July 2007) fresh A&FS for ₹ 15 lakh and MC completed (January 2009) the drain by incurring an expenditure of ₹ 15.45 lakh through Contractor 'B'.

Directorate Local Bodies Department (DLBD) stated (April 2011) that District Collector and Officers of RIICO had repeatedly been requested for removal of encroachment but the dispute could not be resolved so the payment was made to the contractor 'A'. Further, there is no hindrance in flow of water except at encroached places and dirty water is flowing smoothly in both sides' drain of the road to the envisaged place by providing sufficient slope in the drain. The fact remains that the MC had to incur expenditure of ₹ 15.45 lakh on construction of drain on other side after foreclosing the contract with Contractor 'A' due to its inability to provide encroachment free site to the contractor in time. Had the MC ensured availability of encroachment free site before commencement of construction work of drain on both sides of RIICO Road, the extra expenditure of ₹ 10.98 lakh[70] could have been avoided.

Thus, failure of MC, Bharatpur in providing encroachment free site before awarding of construction work of drain resulted in extra avoidable expenditure of ₹ 10.98 lakh.

69. First running bill (February 2007): ₹ 5.99 lakh, Second running bill (March 2007): ₹ 3.46 lakh and third and incomplete final bill (June 2008): ₹ 0.89 lakh.

70. ₹ 15.45 lakh (expenditure incurred on remaining work) + ₹ 10.34 lakh (expenditure incurred on incomplete work) - ₹ 14.81 lakh (initial work order amount of work) = ₹ 10.98 lakh.

4.6 Short-realisation of conversion charges

Municipal Corporation, Jodhpur irregularly changed land use of three plots from residential to commercial purpose only for built up areas of plots instead of its entire areas without approval of the State Government which resulted in short-realisation of conversion charges of ₹ 30.68 lakh.

Rajasthan Municipalities Act, 1959 restricts change of use of any land of municipalities for the purpose other than that for which it was allotted or sold. However, in public interest, Rajasthan Municipalities (Change of Land Use) Rules (RMRs), 2000 permit a municipality to change the use of land from residential to commercial purposes by recovering conversion charges. Under rules ibid, cases involving the area of land more than 1,500 square yards (13,500 square feet (Sqft)) are to decided by the State Government.

Test check (October 2008) of records of Municipal Corporation (M Corp), Jodhpur revealed that M Corp, Jodhpur changed (December 2005) land use of three plots measuring 10,850 sqft, 12,220 sqft and 20,680 sqft situated at *Bhagat ki Kothi*, Pali Road, Jodhpur under RMRs, 2000 from residential to commercial purposes for its built up areas measuring 3,680 sqft, 5,180 sqft and 11,840 sqft excluding set back from two to three sides of the plots while permitting conversion and recovery of conversion charges. M Corp realised conversion charges of ₹ 4.94 lakh, ₹ 6.90 lakh and ₹ 15.66 lakh respectively only for built up areas of these plots. After land use conversion, these plots were re-constituted into a big plot measuring 43,750 sqft by the owners of plots for construction of a commercial complex and M Corp permitted (January 2007) owners for construction of a commercial complex on it.

The areas of plots that was left for setback was to be used as parking lot for the commercial complex meant for commercial activity. RMRs, 2000 does not provide that land use of built up area of a plot only is to be changed. Hence, M Corp, Jodhpur should have also changed land use of setback areas of the pre-constituted three plots measuring 7,170 sqft, 7,074 sqft and 8,840 sqft at the time of according permission (January 2007) for construction of commercial complex by recovering conversion charges[71] of ₹ 9.62 lakh, ₹ 9.37 lakh and ₹ 11.69 lakh respectively. The approval of the State Government was also to be obtained under RMRs, 2000 as the area of one plot (20,680 sqft) as well as of re-constituted plot was in excess of 13,500 sqft.

Thus, M Corp, Jodhpur irregularly changed land use of three plots from residential to commercial purpose only for built up areas of plots instead of its entire areas without approval of the State Government which resulted in short-realisation of conversion charges of ₹ 30.68 lakh[72] and exercise of powers which were not vested with M Corp, Jodhpur.

The Chief Executive Officer, M Corp, Jodhpur during exit conference held in November 2011 while accepting the facts intimated that notice has been issued

71. Calculated proportionately on the basis of conversion charges realised on built up areas.
72. ₹ 30.68 lakh = ₹ 9.62 lakh + ₹ 9.37 lakh + ₹ 11.69 lakh.

(November 2011) for recovery of dues. Secretary, Local Self Government Department at the time of exit conference (November 2011) also directed the Director, Local Bodies to conduct preliminary enquiry in the case.

4.7 Loss of revenue

Failure of Municipal Boards, Srikaranpur and Phalodi to regularise agriculture land for residential purpose resulted in depriving the municipalities of revenue of ₹ 1.18 crore.

The guidelines (December 1999 and July 2001) of the State Government for regularisation of agriculture land for residential purposes stipulate that (i) Officers authorised by Revenue Department will transfer the title of agriculture land from private holder to municipalities concerned under Section 90(B) of Rajasthan Land Revenue (RLR) Act, 1956 and (ii) after transferring the title of land, municipality will regularise the agriculture land for residential purpose on deposit of the regularisation charges by the land holders at the rate fixed by the State.

Test check of records of Municipal Boards (MBs), Srikaranpur (November 2007) and Phalodi (July 2008) revealed that Authorised Officers (Sub District Magistrates (SDM), Srikaranpur and Phalodi) transferred title of agriculture land of 3.85 lakh square yards (sqyds) in 125 cases in favour of MBs, Srikaranpur in February 2001 and Phalodi during April- July 2007 under Section 90 (B) of RLR Act, 1956 but both the MBs did not regularise the land from agriculture to residential purpose depriving the regularisation charges of ₹ 1.18 crore [73] in spite of clear instructions (July 2001) of the State Government to regularise the cases by organising camps and issuing notices to the land holders.

On being pointed out, while accepting the facts, MB, Srikaranpur replied (August 2009 and December 2011) that SDM, Srikaranpur had taken *suo-motu* action under Section 90(B) and two notices (October and November 2001) have been issued to deposit the regularisation charges but no amount has been deposited by any land holder due to non-furnishing of ownership related documents and non-fulfillment of prescribed norms. MB, Phalodi replied (July 2008) that outstanding amount would be recovered soon by taking appropriate action in pending cases.

MB, Srikaranpur had last issued notices in October 2001 and November 2001 with no subsequent follow up either by regularising through deposit of regularisation charges or in the alternative, taking possession of the land.

Thus, failure of MBs, Srikaranpur and Phalodi to regularise 3.85 lakh sqyds agriculture land for residential purposes even after lapse of more than four

73. MBs, Srikaranpur: 120 cases comprising areas of land 0.25 lakh sqyds regularisation charges ₹ 0.10 crore at the rate of ₹ 40 per sqyd and Phalodi: five cases comprising areas of land 3.60 lakh sqyds regulariastion charges ₹ 1.08 crore at the rate of ₹ 30 per sqyd.

years (Phalodi) and 10 years (Srikaranpur) resulted in depriving the municipalities revenue of ₹ 1.18 crore.

The matter was referred to the State Government in October 2009, reply was awaited (January 2012).

4.8 Non-recovery of outstanding rent

Failure of Municipal Board, Banswara in taking timely and effective action for recovery of rent of shops from defaulting tenants resulted in accumulation of outstanding rent amounting to ₹ 84.88 lakh.

Rajasthan Municipalities Act (RMA), 1959 empowers the municipality for recovery of rent of its property by issuing demand notices, warrant of distress to the tenant followed by sale of his property and by filing a suit in the court of competent jurisdiction. Further, outstanding rent can be got recovered under Rajasthan Public Demand Recovery Act, 1952. Besides, Rajasthan Public Premises (RPP) (Eviction of Unauthorised Occupation) Act, 1964 provides for eviction of tenants defaulting in the payment of rent.

Test check (June 2008) of records of Municipal Board (MB), Banswara and information collected (May 2011) from MB revealed that the MB let out 22 shops situated at Kagdi Complex, Banswara to 25 persons on monthly rent basis through auction during April 1999 to June 2005 . As per terms and conditions of agreement executed between MB and tenants concerned (i) monthly rent would increase automatically by 10 *per cent* after expiry of one year of tenancy and (ii) in case rent is not deposited up to three months, MB has right to evict the tenant under RPP (Eviction of Unauthorised Occupation) Act, 1964. It was noticed that 22 tenants deposited their rent only for one month to three years 10 months and that too without increasing the rent by 10 *per cent* after expiry of each year while remaining three tenants (Sl Nos. 11, 15 and 17 of ***Appendix-XVII***) deposited their rent for full period of tenancy without increasing the rent by 10 *per cent*. Despite having powers conferred under the RMA and RPP Acts *ibid*, MB did not take timely and effective action which resulted in accumulation of outstanding rent amounting to ₹ 84.88 lakh[74] as of March 2010 as per details given in ***Appendix-XVII***. This outstanding amount would increase further with passage of time.

Secretary of the Local Bodies Department stated (January 2010) that (i) rent of 22 shops could not be recovered as tenants stopped depositing the rent due to dispute on that place, (ii) MB has passed (April 2006) a proposal for dismantling of these shops for beautification of Kagdi and (iii) MB has issued notice for recovery of outstanding rent. Audit observed that shops were not dismantled because approval of the State Government on the MB's proposal of April 2006 was still awaited and shops were being used by tenants for their business (May 2011). Further, MB informed (May and August 2011) that it has filed (January 2011) suits in 17 cases in the court of the Estate Officer and as of August 2011 respondents neither furnished replies in time

74. The outstanding rent has been worked out on the monthly rent increased by 10 *per cent* after expiry of each year.

nor deposited outstanding amount and as such the cases are pending in the court for decision. The fact remains that despite the matter having been brought to the notice of MB in July 2008, action taken has been delayed (January-February 2011) in 17 cases and action is yet to be initiated in eight cases which proves that MB did not take timely and effective action either in resolving the dispute with the tenants or for recovery of outstanding rent. Further, action against defaulting officials has not been taken since the matter was detected.

Thus, failure of MB, Banswara in taking timely and effective action for recovery of rent of shops from defaulting tenants resulted in accumulation of outstanding rent amounting to ₹ 84.88 lakh as of March 2010.

JAIPUR,
The

(SUMAN SAXENA)
Principal Accountant General
(General and Social Sector Audit), Rajasthan

Countersigned

NEW DELHI,
The

(VINOD RAI)
Comptroller and Auditor General of India

APPENDIX-I

(Refer paragraph 1.9.2.1; page 9)

Statement showing status of delayed/non-submission of Annual Accounts for the year 2007-08 and 2008-09

Name of districts	Status of submission of Annual Accounts to RDD by ZPs (RDC)				Status of submission of Annual Accounts to PRD by ZPs (PCs)			
	Actual date of sub-mission of annual accounts for the year 2007-08	Delayed sub-mission (in days)	Actual date of submission of annual accounts for the year 2008-09	Delayed sub-mission (in days)	Actual date of sub-mission of annual accounts for the year 2007-08	Delayed sub-mission (in days)	Actual date of submission of annual accounts for the year 2008-09	Delayed sub-mission (in days)
Ajmer	31.01.2009	122	09.04.2010	190	09.09.2008	116	16.09.2009	123
Alwar	19.02.2009	141	27.07.2010	299	17.08.2008	93	12.11.2009	180
Banswara	04.02.2009	126	12.01.2010	103	29.01.2009	258	23.10.2009	160
Baran	09.01.2009	100	05.03.2010	155	29.01.2009	258	27.10.2009	164
Barmer	23.01.2009	114	21.04.2010	202	Not received	-	-	-
Bharatpur	27.01.2009	118	09.03.2010	159	24.07.2008	69	01.06.2009	16
Bhilwara	20.01.2009	111	05.04.2010	186	07.07.2008	52	09.09.2009	116
Bikaner	12.12.2008	72	16.08.2010	319	26.05.2008	10	10.07.2009	55
Bundi	09.01.2009	100	22.02.2010	144	07.07.2008	52	13.05.2009	-
Chittorgarh	28.01.2009	119	30.04.2010	211	19.05.2008	03	26.05.2009	10
Churu	31.07.2009	303	11.05.2010	222	24.07.2008	69	14.07.2009	59
Dausa	01.02.2009	123	01.07.2010	273	07.06.2008	22	31.07.2009	76
Dholpur	02.12.2008	62	05.03.2010	155	24.07.2008	69	28.08.2009	104
Dungarpur	23.03.2009	173	13.04.2010	194	06.06.2008	21	24.07.2009	69
Hanumangarh	16.02.2009	138	07.01.2010	98	23.01.2009	252	28.08.2009	104
Jaipur	13.02.2009	135	12.03.2010	162	18.09.2008	125	13.05.2009	-
Jaisalmer	01.06.2009	243	22.06.2010	264	25.06.2008	40	28.07.2009	73
Jalore	27.04.2009	208	15.10.2010	379	Not received	-	09.09.2009	116
Jhalawar	24.03.2009	174	05.03.2010	155	17.07.2008	62	15.10.2009	152
Jhunjhunu	05.02.2009	127	13.07.2010	285	02.06.2008	17	24.06.2009	39
Jodhpur	Not received	-	-	-	27.05.2008	11	17.07.2009	62
Karauli	04.02.2009	126	25.02.2010	147	22.05.2008	06	25.05.2009	09
Kota	02.02.009	124	09.03.2010	159	Not received	-	11.08.2009	87
Nagaur	18.02.009	140	06.03.2010	156	31.07.2008	76	30.06.2009	45
Pali	Not received	-	-	-	29.08.2008	105	16.07.2009	61
Rajsamand	24.12.2008	84	05.04.2010	186	09.09.2008	116	21.07.2009	66
Sawaimadhopur	10.02.2009	132	22.02.2010	144	29.08.2008	105	04.06.2009	19
Sikar	02.03.2009	152	30.04.2010	211	12.05.2008	-	03.09.2009	110
Sirohi	02.01.2009	93	22.01.2010	113	17.06.2008	32	12.04.2010	331
Sriganganagar	27.01.2009	118	17.03.2010	167	27.08.2008	103	10.09.2009	117
Tonk	29.12.2008	89	27.01.2010	118	07.07.2008	52	31.03.2010	319
Udaipur	31.01.2009	122	05.04.2010	186	17.06.2008	32	23.07.2009	68

APPENDIX-II

(Refer paragraph 2.1.7.11; page 21)

Statement showing position of outstanding advances under MPLADS

(₹ in lakh)

Sl.No.	Name of district	Total outstanding advances		Two to six years old outstanding advances		More than six years old outstanding advances	
		Number of agencies	Amount	Number of agencies	Amount		
1.	Bharatpur	52	1,079.54	4	51.62	1	0.29
2.	Bikaner	33	130.87	6	24.07	4	1.80
3.	Churu	33	156.75	4	5.82	1	0.83
4.	Dausa	42	363.36	5	4.07	10	7.14
5.	Pali	80	267.84	23	60.50	4	6.13
6.	Sikar	88	185.11	14	19.70	9	24.51
7.	Sriganganagar	14	57.56	1	0.81	1	0.78
8.	Tonk	68	671.14	14	37.09	-	-
	Total	**410**	**2912.17**	**71**	**203.68**	**30**	**41.48**

APPENDIX-III

(Refer paragraph 2.1.8.4; page 22)

Selection of prohibited works under MPLADS

(₹ in lakh)

Sl. No.	Name of district authority	Name of work	Implementing agency	FS No. and Date	Sanctioned amount	Expend-iture
(A)	**Execution of works of Office and Residential buildings belonging to Central and State Governments, their departments, Government Agencies/ Organisations**					
1.	Bikaner	Construction of Meeting Hall in Mini Secretariat in *Gram Panchayat* (GP) 9, PSD'A'	GP, 9 PSD 'A'	4738-77/23.8.2005	1.00	1.00
2.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 19, GD	GP, 19 GD	4738-77/23.8.2005	1.00	1.00
3.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 5 MLD'A' Rojdi	GP, 5 MLD'A' Rojdi	4738-77/23.8.2005	1.00	1.00
4.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 2 MGM	GP, 2 MGM	4738-77/23.8.2005	1.00	1.00
5.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 2 RKM	GP, 2 RKM	4738-77/23.8.2005	1.00	1.00
6.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 17 KND	GP, 17 KND	4738-77/23.8.2005	1.00	1.00
7.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 2 GMB	GP, 2 GMB	4738-77/23.8.2005	1.00	1.00
8.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 6 ZWM	GP, 6 ZWM	4738-77/23.8.2005	1.00	1.00
9.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 2 KLD and 365 Head	GP, 2 KLD and 365 Head	4738-77/23.8.2005	1.00	1.00
10.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 6 DD	GP, 6 DD	4738-77/23.8.2005	1.00	1.00
11.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 2 MLD 'A'	GP, 2 MLD 'A'	4738-77/23.8.2005	1.00	1.00
12.	Bikaner	Construction of Meeting Hall in Mini Secretariat	GP, 2 GDB	4738-77/23.8.2005	1.00	1.00

Sl. No.	Name of district authority	Name of work	Implementing agency	FS No. and Date	Sanctioned amount	Expend-iture
		.in GP, 2 GDB				
13.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 1 SKM'B'	GP,1 SKM'B'	4738-77/23.8.2005	1.00	1.00
14.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP,12, MLD'A'	GP, 12, MLD'A'	4738-77/23.8.2005	1.00	1.00
15.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 6, SKM'A'	GP, 6, SKM'A'	4738-77/23.8.2005	1.00	1.00
16.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 7, MLD 'B'	GP, 7, MLD 'B'	4738-77/23.8.2005	1.00	1.00
17.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 13 DOL	GP,13 DOL	4738-77/23.8.2005	1.00	1.00
18.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP,7 KND	GP, 7 KND	4738-77/23.8.2005	1.00	1.00
19.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 10, DOL	GP, 10, DOL	4738-77/23.8.2005	1.00	1.00
20.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 4, KPD	GP, 4, KPD	4738-77/23.8.2005	1.00	1.00
21.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 3, KD'A'	GP, 3, KD'A'	4738-77/23.8.2005	1.00	1.00
22.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP,1 MLK 'C'	GP, 1 MLK 'C'	4738-77/23.8.2005	1.00	1.00
23.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP,10, KD	GP, 10, KD	4738-77/23.8.2005	1.00	1.00
24.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 22 RJD	GP, 22 RJD	4738-77/23.8.2005	1.00	1.00
25.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 8, KND 'B'	GP, 8, KND 'B'	4738-77/23.8.2005	1.00	1.00
26.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 2, KM	GP, 2, KM	4738-77/23.8.2005	1.00	1.00

Sl. No.	Name of district authority	Name of work	Implementing agency	FS No. and Date	Sanctioned amount	Expend-iture
27.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 24, ASC	GP,24, ASC	4738-77/23.8.2005	1.00	1.00
28.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 8, PSD	GP, 8, PSD	4738-77/23.8.2005	1.00	1.00
29.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 17, MD	GP, 17, MD	4738-77/23.8.2005	1.00	1.00
30.	Bikaner	Construction of Meeting Hall in Mini Secretariat in GP, 5, PSD	GP, 5, PSD	4738-77/23.8.2005	1.00	1.00
31.	Bikaner	Construction of *Panchayat Bhawan*, Desalsar	GP, Desalsar	9/20.12.2005	3.50	3.50
32.	Bikaner	Construction of compound wall of PHED, Surawali	GP, Surawali	735-40/5.5.2006	4.25	4.25
33.	Dausa	Construction of Boundary Wall of Police Line Premises, Dausa	PS, Mahasara Khurd	11882-92/ 11.12.2006	3.00	3.00
34.	Dausa	-do-	-do-	15046-51/ 21.02.2007	2.00	2.00
35.	Pali	Library Hall, Collectorate, Pali	PWD Division, Pali	1159/26.12.2006	2.44	2.44
36.	Sikar	Construction of Porch in front of District Collectorate, Sikar	PWD Division- I, Sikar	876-79/4.10.2004	2.61	2.06
37.	Sikar	Additional work of porch of District Collectorate, Sikar	PWD Division-I, Sikar	1631-34/4.3.2005	1.50	1.50
38.	Sikar	Construction of two quarters *Rajkiya Samudaik Swasthya Kendra*, Khachariawas	President Medicare Relief Society, Khachariawas (Sikar)	435-446/22.6.2005 Revised 1656-60/5.11.2007	7.55	7.55
39.	Sriganganagar	Construction of Gymnasium Hall in District Police Line, Hanumangarh	G P, Hirniyawali	1830/13.6.2006	2.46	2.46
40.	Sriganganagar	Boundary wall of Water Works Office Haripura	GP, Haripura	3164/3.8.2006	2.50	2.50
41.	Sriganganagar	Boundary wall of Water Works Office Mankasar	GP, Mankasar	3164/3.8.2006	2.00	2.00

Sl. No.	Name of district authority	Name of work	Implementing agency	FS No. and Date	Sanctioned amount	Expend-iture
42.	Sriganganagar	Boundary wall of Water Works Office, 10, MJW	Assistant Engineer (AEN), Hanumangarh	4141-69/4.9.2008	1.50	1.50
43.	Sriganganagar	Construction of Bar Sangh, lawyer-client discussion room, Sriganganagar	Municipal Council, Sriganganagar	1389-99/27.6.2008	5.00	4.44
44.	Sriganganagar	Litigation Shed for petitioner in district and session court Sriganganagar	Urban Improvement Trust, Sriganganagar	12257-65/28.9.2006	1.42	1.18
45.	Sriganganagar	Construction of a shed for litigants in campus of Mini Secretariat, Raisinghnagar	Municipality Raisinghnagar	4816/25.8.2005	18.57	16.63
Total(A)					**90.30**	**87.01**
(B) Execution of works of private commercial and cooperative organisations						
1.	Bikaner	Construction of one hall, four rooms and water hut in Marudhar Engineering College, Bikaner	PS, Bikaner	2083-86/17.3.2008	10.00	10.00
2.	Sriganganagar	Electrification of Milk Chilling Plant Borani Hanumangarh (Bhadra)	AEN, JVVNL, Bhadra	4697/20.9.2006	2.94	2.94
3.	Tonk	Construction of boundary wall and earth embankment *Gram Seva Sahakari Samiti*, Malpura (Indoli)	President *Gram Seva Sahakari Samiti*, Indoli	2625/ 26-2-2007	1.04	1.04
4.	Tonk	Construction of boundary wall *Gram Seva Sahakari Samiti* Building, Hameerpur (Todaraising)	GP, Hameerpur	2457/20.2.2007	1.21	1.21
5.	Tonk	Construction of Rest House, *Krishi Upaj Mandi*, Tonk	Secretary, *Krishi Upaj Mandi*, Tonk	7591/3.8.2006	3.26	3.26
Total (B)					**18.45**	**18.45**
(C) Irregular expenditure on maintenance and repair works						
1.	Bikaner	Dat covering and Desilting of chak 6 MDWM	GP, Lunkha	434-39 /28.5.2007	4.00	1.59
2.	Bikaner	Dat covering and Desilting of 3-4 MDWM	GP, Lunkha	434-39 /28.5.2007	3.50	1.56

Sl. No.	Name of district authority	Name of work	Implementing agency	FS No. and Date	Sanctioned amount	Expend-iture
3.	Churu	Repair of TT Room and Compound Wall	Executive Engineer (XEN), PWD, Churu	32703-10/ 14.02.2006	5.02	4.96
Total (C)		**three cases**			**12.52**	**8.11**
(D) *Irregular* execution on renovation works						
1.	Dausa	Renovation of *Bavadi* (Pool) at Mahavar *Mohalla*, Dausa	-	16830 dated 18.03.2008	1.00	0.87
2.	Pali	Construction and renovation of stand and tin shed in Bangur stadium, Pali	-	2262/20.1.2007 and 303/25.6.2008 (revised)	21.42	9.27
Total (D)		**(two works)**			**22.42**	**10.14**
(E) Irregular purchase of movable items						
1.	Bikaner	Purchase of Audio Visual aids	Bio Science College, Dr. Tanveer Malawat Public Charitable Trust, Bikaner	668-72/ 16.12.2004	10.00	10.00
2.	Pali	Purchase of Ambulance (Maruti Omni)	JCI, Marwar Junction., Pali	53-59/15.5.2008	2.59	2.59
3.	Sikar	Purchase of air conditioner 5 Nos. Circuit House, Sikar	XEN, PWD Dn. Sikar	753-57/13.5.2008	1.50	1.50
4.	Sriganganagar	Purchase of two AC and stabiliser telephone EAPBX in Circuit House, Sriganganagar	Block Development Officer, *Panchayat Samiti*, Sriganganagar	1733-41/24.7.2008	1.38	1.38
5.	Sriganganagar	Installation of five computers in SDO Office Sriganganagar, Raisinghnagar, Karanpur, Ghadsana and Suratgarh	CEO, ZP (RDC), Sriganganagar	525-33/1.3.2008	3.00	3.00
6.	Sriganganagar	Developing Wireless Information System in District Collectorate, Hanumangarh	District Collector, Hanumangarh	1490/1.7.2004	3.00	3.00
Total (E)		**(six cases)**			**21.47**	**21.47**

APPENDIX-IV

(Refer paragraph 2.1.9.4; page 25)

Statement showing position of shortfall in sanctioning of scheme funds in SC/ST areas under MPLADS

(₹ in crore)

Sl. No.	Name of districts	Total sanctioned works		Works targeted for SCs areas (15 *per cent* of total sanctioned)	Works sanctioned		Short fall in expenditure	Percentage of shortfall
		Number	Amount		Number	Amount		
Shortfall in SCs areas								
1.	Bharatpur	1054	20.64	3.10	118	2.27	0.83	26.77
2.	Bikaner	480	15.95	2.39	57	2.11	0.28	11.72
3.	Churu	370	6.40	0.96	29	0.74	0.22	22.92
4.	Dausa	161	1.96	0.29	14	0.13	0.16	55.17
5.	Pali	292	6.41	0.96	14	0.53	0.43	44.79
Shortfall in STs areas (7.50 *per cent* of total sanctioned)								
1.	Bharatpur	1054	20.64	1.55	34	0.67	0.88	56.77
2.	Bikaner	480	15.95	1.20	-	-	1.20	100.00
3.	Churu	370	6.40	0.48	1	0.05	0.43	89.58
4.	Pali	292	6.41	0.48	15	0.43	0.05	10.42

APPENDIX -V

(Refer Paragraph 2.1.10.2; page 27)

Statement showing incomplete works under MPLADS

(₹ in lakh)

Sl.No.	Name of district	No. of works	Sanctioned amount	Released amount	No. of years for which works remained incomplete	Reason
1.	Bharatpur	5	12.70	7.00	2-8	Reasons not made available.
2.	Bikaner	4	31.80	17.35	2-3	-do-
3.	Churu	1	4.07	1.50	2	Layout disputes.
4.	Dausa	2	3.00	2.75	2	Reasons not made available.
5.	Pali	6	56.75	54.21	2-8	Paucity of funds.
6.	Sikar	6	11.75	6.75	2-11	Reasons not made available.
7.	Sriganganagar	1	2.10	1.05	3	Land disputes.
8.	Tonk	15	24.00	12.38	2-5	Court stay.
	Total	**40**	**146.17**	**102.99**	**2-11**	

APPENDIX-VI

(Refer Paragraph 2.1.11.3; page 30)

Statement showing misuse of assets under MPLADS

(₹ in lakh)

Sl. No	Name of Distt.	Name of Work	Sanction No. and Date	Sanction Amount	Expenditure Incurred	Assets are being used for
1.	Dausa	Construction of Community Centre at *Dhani* of Kishore dealer (GP, Gangadwari, PS, Sikrai)	8370-74/.15.9.2008	2.50	2.50	Asset was being used as a residence purpose by the family of a local resident.
2.	Dausa	Construction of Community Centre near main village road in *abadi* area (GP, Gangadwari, PS, Sikrai)	16781-87/ 19.1.2009	2.50	2.50	Asset was being used as a residence purpose by the family of a local resident.
3.	Dausa	Construction of Community Centre at Naya bas Thekla Dhani (GP, Ranoli, PS, Sikrai)	14371-78/ 12.2.2007	2.00	2.00	Asset was being used for running of Aanganbari centre.
4.	Dausa	Construction of Community Centre near Bus Stand, Jhhon (GP, Dharanwas, PS, Dausa)	3607-11/ 25.6.2008	2.50	2.50	The building was being used as residence by the family of ex-Sarpanch.
5.	Sikar	Construction of Community Centre at Dadiya	2363-68/ 27.3.2006	2.50	2.50	Asset was being used as a residence purpose by family of a local resident.
6.	Sikar	Construction of two rooms with varandha at Government Upper Primary School, Baid ki *Dhani*	859-65/ 12.9.2005	3.50	3.50	Of two rooms, One room was being used as a staff recreation room.
7.	Sriganganagar	Construction of Community Centre at Kohla (PS, Hanumangarh)	8310-20/ 14-12-2007	2.00	2.00	Asset was being used as a residence by a local resident
8.	Tonk	Construction of Community Centre at Government Upper Primary School, Naya Maharajpura (PS, Malpura)	1598/ 19.2.2001	2.00	2.00	Asset was being used by a contractor.
	Total			**19.50**	**19.50**	

APPENDIX-VII

(Refer Paragraphs 2.3.1, 2.3.6, 2.3.7.2 and 2.3.8. page 55, 62 and 63)

List of *Gram Panchayats* covered under TFC

Sl.No.	Name of district	Name of PS	Name of GP
1.	Jaipur	Kotputli	Baneti, Bhaloji, Dantil, Kalyanpur Kalan, Keshwana Rajput, Rai Karanpur, Rajnauta, Ram Singhpura, Sarunda, Suklawas and Sundarpura
		Sanganer	Awaniya, Beelawas, Dantli, Jaisinghpura, Rampura Ooti, and Vatika
		Shahpura	Amarsar, Dewan, Kariri, Manoharpur, Khoraladkhani, Nathawala and Nayan.
2.	Jhunjhunu	Jhunjhunu	Budana, Kulod Kalan, Makhar, Nooan and Pratap pura
3.	Jodhpur	Mandore	Jajiwal kalan, Keru, Nandar Kalan and Popawas
		Luni	Dhawa, Jhalamond, Palassni, Luni, Sangaria and Subdand
4.	Nagaur	Merta City	Badagaon, Gotan, Harsolao, Merta Road and Rein
		Nagaur	Alay, Basani Belima, Bhundel, Jhadisara, Kumhari, Satheran and Tausar
5.	Udaipur	Badgaon	Badgaon, Lakhawali, Madar and Sapetia
		Girva	Balicha, Dantisara, Paduna, Nai, Saru and Tidi

APPENDIX–VIII

(Refer paragraph 2.3.3.3; page 57-58)

(a) Delay in receipt of installments of TFC grant by *Zila Parishads* and *Panchayat Samitis* (2005-06 to 2009-10)

Sl.No.	Name of ZP/PS	Name of district	Date of release by Government of India	Released by State Government (Finance Department)	Date of which amount would have been credited to the ZP and PS	Date of receipt of TFC Grant in ZP/PS	Amount (₹ in lakh)	Delay in days	Remarks
(A) Details of First installment									
1.	PS, Shahpura	Jaipur	16.11.2005	28.11.2005	01.12.2005	30.12.2005	27.48	29	Including GP Share
2.	PS, Kotputli	Jaipur	16.11.2005	28.11.2005	01.12.2005	31.12.2005	32.62	30	Including GP Share
3.	PS, Luni	Jodhpur	16.11.2005	28.11.2005	01.12.2005	31.12.2005	12.80	30	
4.	PS, Mandore	Jodhpur	16.11.2005	28.11.2005	01.12.2005	28.12.2005	39.40	27	Including GP Share
5.	PS, Merta City	Nagaur	16.11.2005	28.11.2005	01.12.2005	23.12.2005	9.83	22	-
6.	PS, Girva	Udaipur	16.11.2005	28.11.2005	01.12.2005	30.12.2005	12.95	29	-
(B) Details of Third installment									
1.	ZP, Jaipur	Jaipur	14.11.2006	30.11.2006	29.11.2006	09.01.2007	33.83	41	
2.	PS, Sanganer	Jaipur	14.11.2006	30.11.2006	29.11.2006	30.12.2006	6.63	31	
3.	PS, Shahpura	Jaipur	14.11.2006	30.11.2006	29.11.2006	31.03.2007	9.20	122	
4.	PS, Kotputli	Jaipur	14.11.2006	30.11.2006	29.11.2006	21.02.2007	11.34	84	
5.	ZP, Jhunjhunu	Jhunjhunu	14.11.2006	30.11.2006	29.11.2006	06.01.2007	19.25	38	
6.	PS,Jhunjhunu	Jhunjhunu	14.11.2006	30.11.2006	29.11.2006	27.12.2006	8.83	28	
7.	ZP, Jodhpur	Jodhpur	14.11.2006	30.11.2006	29.11.2006	15.01.2007	27.49	47	
8.	PS, Luni	Jodhpur	14.11.2006	30.11.2006	29.11.2006	01.02.2007	13.33	64	

Sl.No.	Name of ZP/PS	Name of district	Date of release by Government of India	Released by State Government (Finance Department)	Date of which amount would have been credited to the ZP and PS	Date of receipt of TFC Grant in ZP/PS	Amount (₹ in lakh)	Delay in days	Remarks
9.	PS, Mandore	Jodhpur	14.11.2006	30.11.2006	29.11.2006	02.03.2007	9.10	93	
10.	PS, Merta City	Nagaur	14.11.2006	30.11.2006	29.11.2006	29.12.2006	9.76	30	
11.	ZP, Udaipur	Udaipur	14.11.2006	30.11.2006	29.11.2006	29.12.2006	31.06	30	
12.	PS, Girva	Udaipur	14.11.2006	30.11.2006	29.11.2006	31.01.2007	12.98	63	
13.	PS, Badgaon	Udaipur	14.11.2006	30.11.2006	29.11.2006	23.01.2007	7.03	55	
(C) Details of Fifth installment									
1.	PS, Sanganer	Jaipur	02.11.2007	16.11.2007	17.11.2007	31.12.2007	4.97	44	
2.	PS, Kotputli	Jaipur	02.11.2007	16.11.2007	17.11.2007	22.01.2008	8.50	66	
3.	PS, Jhunjhunu	Jhunjhunu	02.11.2007	16.11.2007	17.11.2007	04.12.2007	6.62	17	
4.	ZP, Jodhpur	Jodhpur	02.11.2007	16.11.2007	17.11.2007	03.12.2007	109.96	16	
5.	PS, Luni	Jodhpur	02.11.2007	16.11.2007	17.11.2007	20.03.2008	10.00	124	
6.	PS, Mandore	Jodhpur	02.11.2007	16.11.2007	17.11.2007	27.12.2007	6.83	40	
7.	ZP, Nagaur	Nagaur	02.11.2007	16.11.2007	17.11.2007	26.12.2007	124.23	39	
8.	PS, Nagaur	Nagaur	02.11.2007	16.11.2007	17.11.2007	31.03.2008	10.05	135	
9.	PS, Merta City	Nagaur	02.11.2007	16.11.2007	17.11.2007	24.05.2008	7.32	189	
10.	PS, Girva	Udaipur	02.11.2007	16.11.2007	17.11.2007	19.03.2008	9.74	123	
11.	PS, Badgaon	Udaipur	02.11.2007	16.11.2007	17.11.2007	31.12.2007	5.27	44	
(D) Details of Sixth installment									
1.	ZP, Jaipur	Jaipur	23.05.2008	05.06.2008	07.06.2008	28.06.2008	33.83	21	
2.	PS, Sanganer	Jaipur	23.05.2008	05.06.2008	07.06.2008	26.06.2008	6.63	19	
3.	PS, Kotputli	Jaipur	23.05.2008	05.06.2008	07.06.2008	23.07.2008	11.34	46	
4.	ZP, Jhunjhunu	Jhunjhunu	23.05.2008	05.06.2008	07.06.2008	25.06.2008	19.25	18	
5.	PS, Jhunjhunu	Jhunjhunu	23.05.2008	05.06.2008	07.06.2008	23.06.2008	8.83	16	
6.	ZP, Jodhpur	Jodhpur	23.05.2008	05.06.2008	07.06.2008	30.06.2008	27.49	23	

Sl.No.	Name of ZP/PS	Name of district	Date of release by Government of India	Released by State Government (Finance Department)	Date of which amount would have been credited to the ZP and PS	Date of receipt of TFC Grant in ZP/PS	Amount (₹ in lakh)	Delay in days	Remarks
7.	PS, Luni	Jodhpur	23.05.2008	05.06.2008	07.06.2008	01.10.2008	13.33	116	
8.	PS, Mandore	Jodhpur	23.05.2008	05.06.2008	07.06.2008	28.08.2008	9.10	82	
9.	ZP, Nagaur	Nagaur	23.05.2008	05.06.2008	07.06.2008	15.07.2008	31.00	38	
10.	PS, Nagaur	Nagaur	23.05.2008	05.06.2008	07.06.2008	30.06.2008	13.40	23	
11.	PS, Merta City	Nagaur	23.05.2008	05.06.2008	07.06.2008	14.10.2008	9.76	129	
12.	ZP, Udaipur	Udaipur	23.05.2008	05.06.2008	07.06.2008	30.06.2008	31.06	23	
13.	PS, Girva	Udaipur	23.05.2008	05.06.2008	07.06.2008	27.10.2008	12.98	142	
14.	PS, Badgaon	Udaipur	23.05.2008	05.06.2008	07.06.2008	16.07.2008	7.03	39	
(E) Details of Seventh installment									
1.	ZP, Jaipur	Jaipur	06.10.2008	15.10.2008	21.10.2008	16.12.2008	31.38	56	
2.	PS,Sanganer	Jaipur	06.10.2008	15.10.2008	21.10.2008	31.12.2008	6.15	71	
3.	PS, Shahpura	Jaipur	06.10.2008	15.10.2008	21.10.2008	23.04.2009	8.54	184	
4.	PS, Kotputli	Jaipur	06.10.2008	15.10.2008	21.10.2008	16.12.2008	10.52	56	
5.	ZP, Jhunjhunu	Jhunjhunu	06.10.2008	15.10.2008	21.10.2008	17.11.2008	17.14	27	
6.	ZP, Jodhpur	Jodhpur	06.10.2008	15.10.2008	21.10.2008	23.01.2009	27.77	94	
7.	PS, Mandore	Jodhpur	06.10.2008	15.10.2008	21.10.2008	21.01.2009	9.20	92	
8.	PS, Luni	Jodhpur	06.10.2008	15.10.2008	21.10.2008	30.01.2009	13.46	101	
9.	ZP, Nagaur	Nagaur	06.10.2008	15.10.2008	21.10.2008	18.11.2008	29.66	28	
10.	PS, Nagaur	Nagaur	06.10.2008	15.10.2008	21.10.2008	17.11.2008	12.80	27	
11.	PS, Merta City	Nagaur	06.10.2008	15.10.2008	21.10.2008	24.11.2008	9.32	34	
12.	ZP, Udaipur	Udaipur	06.10.2008	15.10.2008	21.10.2008	30.01.2009	31.14	101	
13.	PS,Badgaon	Udaipur	06.10.2008	15.10.2008	21.10.2008	09.02.2009	7.57	111	
14.	PS, Girva	Udaipur	06.10.2008	15.10.2008	21.10.2008	16.02.2009	13.99	118	
(F) Details of Ninth installment									
1.	ZP, Nagaur	Nagaur	07.08.2009	21.08.2009	22.08.2009	16.09.2009	29.66	25	

Sl.No.	Name of ZP/PS	Name of district	Date of release by Government of India	Released by State Government (Finance Department)	Date of which amount would have been credited to the ZP and PS	Date of receipt of TFC Grant in ZP/PS	Amount (₹ in lakh)	Delay in days	Remarks
2.	ZP ,Jodhpur	Jodhpur	07.08.2009	21.08.2009	22.08.2009	29.01.2010	27.77	160	
3.	ZP, Udaipur	Udaipur	07.08.2009	21.08.2009	22.08.2009	30.09.2009	31.14	39	
4.	ZP, Jaipur	Jaipur	07.08.2009	21.08.2009	22.08.2009	23.09.2009	31.38	32	
5.	PS, Nagaur	Nagaur	07.08.2009	21.08.2009	22.08.2009	15.09.2009	12.80	24	
6.	PS, Mandore	Jodhpur	07.08.2009	21.08.2009	22.8.2009	30.01.2010	9.20	161	
7.	PS, Luni	Jodhpur	07.08.2009	21.08.2009	22.08.2009	01.02.2010	13.46	163	
8.	PS, Badgaon	Udaipur	07.08.2009	21.08.2009	22.08.2009	11.11.2009	7.57	81	
9.	PS, Girva	Udaipur	07.08.2009	21.08.2009	22.08.2009	29.10.2009	13.99	68	
10.	PS, Shahpura	Jaipur	07.08.2009	21.08.2009	22.08.2009	17.09.2009	8.54	26	
(G) Details of Tenth installment									
1.	ZP, Jaipur	Jaipur	07.01.2010	21.01.2010	22.01.2010	15.03.2010	31.38	52	
2.	PS, Shahpura	Jaipur	07.01.2010	21.01.2010	22.01.2010	31.03.2010	8.54	68	
3.	PS, Kotputli	Jaipur	07.01.2010	21.01.2010	22.01.2010	31.03.2010	10.52	68	
4.	ZP, Jhunjhunu	Jhunjhunu	07.01.2010	21.01.2010	22.01.2010	09.03.2010	17.13	46	
5.	ZP, Jodhpur	Jodhpur	07.01.2010	21.01.2010	22.01.2010	31.03.2010	27.77	68	
6.	PS, Mandore	Jodhpur	07.01.2010	21.01.2010	22.01.2010	31.03.2010	9.20	68	
7.	PS, Luni	Jodhpur	07.01.2010	21.01.2010	22.01.2010	31.03.2010	13.46	68	
8.	ZP, Nagaur	Nagaur	07.01.2010	21.01.2010	22.01.2010	18.03.2010	29.66	55	
9.	ZP, Udaipur	Udaipur	07.01.2010	21.01.2010	22.01.2010	26.02.2010	31.14	35	
10.	PS, Badgaon	Udaipur	07.01.2010	21.01.2010	22.01.2010	16.03.2010	7.57	53	
11.	PS, Girva	Udaipur	07.01.2010	21.01.2010	22.01.2010	31.03.2010	13.99	68	

(b) Delay in receipt of TFC Grant as transfer of grant orders were issued late by concerned treasuries

S.No.	Name of ZP/PS	Name of district	Date of release by Government of India	Released by State Government (Finance Deptt.)	Date of which amount would have been credited to the ZP and PS	Date of Treasury Office order	Date of receipt of TFC Grant in ZP/PS	Amount (₹ in lakh)	Delay in days
1.	ZP, Jaipur	Jaipur	14.11.2006	30.11.2006	29.11.2006	06.01.2007	09.01.2007	33.83	38
2.	ZP, Jaipur	Jaipur	23.05.2008	05.06.2008	07.06.2008	24.06.2008	28.06.2008	33.83	17
3.	ZP, Jaipur	Jaipur	06.10.2008	15.10.2008	21.10.2008	12.11.2008	16.12.2008	31.38	22
4.	ZP, Jhunjhunu	Jhunjhunu	14.11.2006	30.11.2006	29.11.2006	26.12.2006	06.01.2007	19.25	27
5.	ZP, Jhunjhunu	Jhunjhunu	23.05.2008	05.06.2008	07.06.2008	21.06.2008	25.06.2008	19.25	14
6.	ZP, Jhunjhunu	Jhunjhunu	06.10.2008	15.10.2008	21.10.2008	11.11.2008	17.11.2008	17.13	21

(c) Delay in receipt of TFC Grant by *Zila Parishads* and *Panchayat Samitis* in PD A/Cs

Sl. No.	Name of ZP/PS	Name of district	Date of release by Government of India	Released by State Government (Finance Department)	Date of which amount would have been credited to the ZP and PS	Date of receipt of TFC Grant in ZP/PS PD A/Cs	Amount (₹ in lakh)	Delay in days
(A) Details of First installment								
1.	PS, Merta City	Nagaur	16.11.2005	28.11.2005	01.12.2005	23.12.2005	9.83	22
(B) Details of Third installment								
1.	ZP, Jodhpur	Jodhpur	14.11.2006	30.11.2006	29.11.2006	15.01.2007	27.49	47
2.	ZP, Jhunjhunu	Jhunjhunu	14.11.2006	30.11.2006	29.11.2006	26.12.2006	19.25	27
3.	PS, Girva	Udaipur	14.11.2006	30.11.2006	29.11.2006	20.12.2006	12.98	21
4.	PS, Badgaon	Udaipur	14.11.2006	30.11.2006	29.11.2006	20.12.2006	7.03	21
5.	PS, Merta City	Nagaur	14.11.2006	30.11.2006	29.11.2006	29.12.2006	9.76	30
(C) Details of Fifth installment								
1.	ZP, Jodhpur	Jodhpur	02.11.2007	16.11.2007	17.11.2007	03.12.2007	109.96	16

Sl. No.	Name of ZP/PS	Name of district	Date of release by Government of India	Released by State Government (Finance Department)	Date of which amount would have been credited to the ZP and PS	Date of receipt of TFC Grant in ZP/PS PD A/Cs	Amount (₹ in lakh)	Delay in days
2.	ZP, Nagaur	Nagaur	02.11.2007	16.11.2007	17.11.2007	26.12.2007	124.23	39
3.	PS, Mandore	Jodhpur	02.11.2007	16.11.2007	17.11.2007	11.12.2007	6.83	24
4.	PS, Nagaur	Nagaur	02.11.2007	16.11.2007	17.11.2007	31.03.2008	10.05	135
5.	PS, Merta City	Nagaur	02.11.2007	16.11.2007	17.11.2007	24.05.2008	7.32	189
(D) Details of Sixth Installment								
1.	ZP, Jodhpur	Jodhpur	23.05.2008	05.06.2008	07.06.2008	30.06.2008	27.49	23
2.	ZP, Jhunjhunu	Jhunjhunu	23.05.2008	05.06.2008	07.06.2008	25.06.2008	19.25	18
3.	ZP, Nagaur	Nagaur	23.05.2008	05.06.2008	07.06.2008	15.07.2008	31.06	38
4.	PS, Nagaur	Nagaur	23.05.2008	05.06.2008	07.06.2008	30.06.2008	13.40	23
5.	PS, Merta City	Nagaur	23.05.2008	05.06.2008	07.06.2008	14.10.2008	9.76	129
(E) Details of Seventh Installment								
1.	ZP, Nagaur	Nagaur	06.10.2008	15.10.2008	21.10.2008	18.11.2008	29.66	28
2.	ZP, Jodhpur	Jodhpur	06.10.2008	15.10.2008	21.10.2008	23.01.2009	27.77	94
3.	ZP, Jhunjhunu	Jhunjhunu	06.10.2008	15.10.2008	21.10.2008	17.11.2008	17.13	27
4.	PS, Mandore	Jodhpur	06.10.2008	15.10.2008	21.10.2008	21.01.2009	9.20	92
5.	PS, Badgaon	Udaipur	06.10.2008	15.10.2008	21.10.2008	15.01.2009	7.57	86
6.	PS, Girva	Udaipur	06.10.2008	15.10.2008	21.10.2008	15.01.2009	13.99	86
7.	PS, Nagaur	Nagaur	06.10.2008	15.10.2008	21.10.2008	17.11.2008	12.80	27
8.	PS, Merta City	Nagaur	06.10.2008	15.10.2008	21.10.2008	24.11.2008	9.32	34
(F) Details of Ninth installment								
1.	PS, Badgaon	Udaipur	07.08.2009	21.08.2009	22.08.2009	08.09.2009	7.57	17
2.	PS, Girva	Udaipur	07.08.2009	21.08.2009	22.08.2009	08.09.2009	13.99	17
3.	PS, Nagaur	Nagaur	07.08.2009	21.08.2009	22.08.2009	15.09.2009	12.80	24
(E) Details of Tenth installment								
1.	PS, Badgaon	Udaipur	07.01.2010	21.01.2010	22.01.2010	10.02.2010	7.57	19
2.	PS, Girva	Udaipur	07.01.2010	21.01.2010	22.01.2010	10.02.2010	13.99	19

APPENDIX –IX

(Refer paragraph 2.3.3.4; page 58)

Delay in issue/receipt of TFC grant by *Gram Panchayats* during 2005-06

Sl. No.	Name of *Panchayat Samiti*	Name of district	Grants released by GOI (Date)	Released by Finance Secretary of State Government (Date)	Grants received in *Panchayat Samiti* (Date)	Released by PS to GP (Date)	Amount in (₹ in lakh)	Delay beyond seven days of receipt in PS	Interest[1] (in ₹)
(A) Details of First installment									
1.	Shahpura	Jaipur	16.11.2005	28.11.2005	30.12.2005	04.02.2006	21.70	29	10,344
2.	Jhunjhunu	Jhunjhunu	16.11.2005	28.11.2005	02.12.2005	28.12.2005	35.51	19	11,091
3.	Badgaon	Udaipur	16.11.2005	28.11.2005	08.12.2005	24.03.2006	3.39	99	5,608
						06.05.2006	1.23	142	3,052
						09.05.2006	1.02	145	2,594
						27.05.2006	1.58	163	4,552
						03.06.2006	1.94	170	5,844
								Total (A)	**43,085**
(B) Details of Second installment									
1.	Kotputli	Jaipur	23.03.2006	31.03.2006	31.03.2006	02.05.2006	42.52	25	18,929
2.	Sanganer	Jaipur	23.03.2006	31.03.2006	31.03.2006	31.05.2006	24.86	54	23,908
3.	Shahpura	Jaipur	23.03.2006	31.03.2006	31.03.2006	24.06.2006	34.50	78	47,924
4.	Luni	Jodhpur	23.03.2006	31.03.2006	31.03.2006	04.05.2006	49.98	27	24,030
5.	Mandore	Jodhpur	23.03.2006	31.03.2006	31.03.2006	25.04.2006	34.14	18	10,945
6.	Jhunjhunu	Junjhunu	23.03.2006	31.03.2006	31.03.2006	01.06.2006	33.12	55	32,438
7.	Merta City	Nagaur	23.03.2006	31.03.2006	10.04.2006	06.05.2006	36.62	19	12,390
8.	Nagaur	Nagaur	23.03.2006	31.03.2006	31.03.2006	08.05.2006	50.27	31	27,750
9.	Girva	Udaipur	230.3.2006	31.03.2006	31.03.2006	30.03.2007	14.26	357	1,01,090
								Total (B)	**2,99,404**
								Grand Total	**3,42,489**

[1]. RBI interest repo rate six *per cent* per annum upto 31.3.2006, 6.50 *per cent* on 1.4.2006 to 7.6.2006 and for more than 90 days delay interest rate will be increased by one *per cent* for the period exceeding 90 days.

APPENDIX-X

(Refer paragraph 4.1.7; page 87)

Statement showing head-wise receipts of Municipal Corporations

(₹ in lakh)

Sl. No.	Head of receipt	Municipal Corporation, Jaipur					Municipal Corporation, Jodhpur					Municipal Corporation, Kota				
		2005-06	2006-07	2007-08	2008-09	Total	2005-06	2006-07	2007-08	2008-09	Total	2005-06	2006-07	2007-08	2008-09	Total
I	**Tax revenue**															
	Octroi including *Dharmada*	-	-	-	-	-	-	-	-	-	-	334.03	280.22	263.12	0.48	877.85
	House tax	1,611.67	1,054.75	304.19	196.13	3,166.74	78.64	94.40	7.92	27.35	208.31	-	-	-	-	-
	UD Tax			355.00	1,031.64	1,386.64			1.23	19.36	20.59			6.67	12.48	19.15
	Land & Building Tax from State Government	-	5.33	-	-	5.33	-	-	-	-	-	-	-	-	-	-
	Total (I)	**1611.67**	**1060.08**	**659.19**	**1227.77**	**4,558.71**	**78.64**	**94.40**	**9.15**	**46.71**	**228.90**	**334.03**	**280.22**	**269.79**	**12.96**	**897.00**
II	**Non-tax revenue**															
	Bye-laws, Act & Rules*	2,704.52	4,810.01	4,259.73	3,616.99	15,391.25	234.51	226.41	109.78	314.31	885.01	130.45	207.99	143.67	337.45	819.56
	Properties and rights**	240.12	257.30	134.03	219.61	851.06	64.41	71.90	121.95	101.87	360.13	42.66	52.05	188.48	19.80	302.99
	Penalties and fines	41.21	132.45	177.92	55.81	407.39	3.28	8.16	13.45	188.03	212.92	-	0.01	-	-	0.01
	Commercial organisation	0.40	0.40	-	-	0.80	-	-	-	-	0	16.73	16.83	23.31	8.78	65.65
	Lease	211.65	419.33	612.47	377.49	1,620.94	44.13	29.24	25.95	48.37	147.69	22.24	62.83	32.13	16.08	133.28
	Interest on investment	53.66	46.18	52.24	264.94	417.02	42.12	9.46	7.32	16.97	75.87	149.46	115.48	181.03	186.81	632.78
	PSP	-	-	-	-	0.00	57.30	-	-	-	57.3	-	-	-	-	-
	Income from maintenance of Sewerage	114.64	146.19	117.93	123.15	501.91	-	-	-	-	-	-	-	-	-	-
	Income from ladies hostel	1.93	1.49	0.14	-	3.56	-	-	-	-	-	-	-	-	-	-
	Carcas Plant	6.00	-	0.32	-	6.32	-	-	-	-	-	-	-	-	-	-
	Miscellaneous	-	-	-	-	0.00	13.72	219.15	172.58	299.68	705.13	21.34	54.42	-	52.05	127.81
	Total (II)	**3374.13**	**5813.35**	**5354.78**	**4657.99**	**19,200.25**	**459.47**	**564.32**	**451.03**	**969.23**	**2,444.05**	**382.88**	**509.61**	**568.62**	**620.97**	**2,082.08**
III	**Capital Receipts**															
	Sale/Regularisation of land	3,815.21	5,610.60	8,146.49	10,133.90	27,706.20	900.26	620.79	1,143.27	259.54	2923.86	57.51	197.83	1,137.20	829.67	2222.21

Sl. No.	Head of receipt	Municipal Corporation, Jaipur					Municipal Corporation, Jodhpur					Municipal Corporation, Kota				
		2005-06	2006-07	2007-08	2008-09	Total	2005-06	2006-07	2007-08	2008-09	Total	2005-06	2006-07	2007-08	2008-09	Total
IV	**Grant and Loan from Government**															
	Compensation in lieu of Octroi	9,705.86	10,578.07	11,645.76	12,820.68	44,750.37	2,753.87	3,044.72	3,519.53	3,760.35	13,078.47	4,625.56	5,103.29	5,628.83	6,362.26	21,719.94
	Grant under SFC	725.97	1,027.06	895.58	1,102.31	3,750.92	269.12	376.95	330.76	402.11	1,378.94	-	307.48	134.09	-	441.57
	Entertainment tax	56.60	-	-	161.60	218.20	4.47	0.35	-	12.93	17.75	3.76	-	-	-	3.76
	Annual grant	202.90	201.89	250.47	24.55	679.81	72.89	83.29	83.29	34.30	273.77	50.72	67.20	80.57	220.10	418.59
	Grant under EFC/TFC	680.63	340.32	264.85	847.80	2,133.60	235.21	136.54	97.88	471.08	940.71	127.24	305.21	79.17	249.88	761.50
	Specific purposes loan and grant	694.40	777.07	4,149.11	3,381.33	9,001.91	183.91	98.19	222.79	3,224.41	3,729.30	348.47	126.78	607.14	120.96	1,203.35
	Total (IV)	**12066.36**	**12924.41**	**17205.77**	**18338.27**	**60,534.81**	**3519.47**	**3740.04**	**4254.25**	**7905.18**	**19,418.94**	**5155.75**	**5909.96**	**6529.80**	**6953.20**	**24,548.71**
V	**Other receipts**															
	EMD, SD, Temporary Advance, etc.	1,481.52	2,819.02	2,396.40	11,397.87	18,094.81	185.31	381.89	419.52	494.53	1481.25	744.55	69.62	77.22	135.33	1026.72
	Grand Total	**22,348.89**	**28,227.46**	**33,762.63**	**45,755.80**	**130,094.78**	**5,143.15**	**5,401.44**	**6,277.22**	**9,675.19**	**26,497.00**	**6,674.72**	**6,967.24**	**8,582.63**	**8,552.13**	**30,776.72**

* *Building permission fee, advertisement fee, cattle fair fee, surcharge on transfer of immovable properties, registration of marriage places, food license fee, road cutting charges etc.*

** *Rent of shops/booths, Tehbazari, parking fee, sale of waste water, etc.*

UD- Urban development, EMD- Earnest money, SD-Security deposit

APPENDIX-XI

(Refer paragraph 4.1.7; page 87)

Statement showing head-wise expenditure of Municipal Corporations

(₹ in lakh)

Sl. No.	Head of expenditure	Municipal Corporation, Jaipur					Municipal Corporation, Jodhpur					Municipal Corporation, Kota				
		2005-06	2006-07	2007-08	2008-09	Total	2005-06	2006-07	2007-08	2008-09	Total	2005-06	2006-07	2007-08	2008-09	Total
I	**Recurring expenditure**															
	General Administration	1,202.65	1,782.60	1,875.03	2,935.98	7,796.26	291.81	325.37	410.16	410.18	1437.52	436.10	509.59	696.30	768.55	2410.54
	Tax recovery	508.59	671.40	613.85	915.77	2,709.61	216.73	227.83	248.65	357.04	1050.25	133.14	150.16	164.62	221.18	669.1
	Public Health (Sanitation)	7,752.85	8,730.31	9,636.37	11,902.85	38,022.38	2,580.96	2,790.52	3,233.86	4,083.36	12688.7	2,098.44	2,054.09	2,579.91	3,482.74	10215.18
	Public Safety (Fire)	107.13	182.04	130.57	190.79	610.53	105.37	107.49	115.60	152.71	481.17	136.49	152.99	174.43	226.81	690.72
	Lighting	1,713.36	2,248.88	1,784.15	1,834.99	7,581.38	112.33	212.26	235.81	244.45	804.85	507.83	457.95	712.62	470.68	2149.08
	Cattle house	99.41	215.78	532.32	125.19	972.70	19.55	34.89	41.74	66.23	162.41	105.73	97.34	128.65	135.38	467.1
	Garden	246.85	568.88	604.53	801.39	2,221.65	5.41	5.79	6.48	7.51	25.19	253.38	262.51	322.40	443.69	1281.98
	Public works repair	374.54	516.82	521.50	710.29	2,123.15	98.12	118.02	129.46	147.60	493.2	176.08	169.97	204.39	290.44	840.88
	Provision of new posts/amount of arrear	-	-	-	864.20	864.20	57.30	-	10.00	-	67.3	28.82	29.46	36.44	52.57	147.29
	Pension	-	-	-	-	0.00	-	-	-	-	-	30.18	31.76	-	-	61.94
	Education and Miscellaneous	12.38	22.95	13.32	121.70	170.35	-	-	-	-	-	165.87	175.66	144.18	273.97	759.68
	Total	**12,017.76**	**14,939.66**	**15,711.64**	**20,403.15**	**63,072.21**	**3,487.58**	**3,822.17**	**4,431.76**	**5,469.08**	**17,210.59**	**4,072.06**	**4,091.48**	**5,163.94**	**6,366.01**	**19,693.49**
II	**Non-recurring expenditure**															
	Developmental works	4,768.38	5,847.98	15,733.57	26,854.67	53,204.60	520.17	1,152.68	1,517.84	2,491.39	5682.08	1,924.36	1,855.90	2,241.16	3,024.34	9,045.76
	Purchase of new assets	186.42	93.27	42.08	176.86	498.63	5.21	24.66	15.33	0.67	45.87	36.04	9.51	54.46	57.91	157.92
	Repayment of loan	222.86	192.53	178.92	165.27	759.58	68.10	83.62	231.19	234.18	617.09	-	-	-	-	0.00
	Miscellaneous	3,460.76	3,405.60	1,032.28	1,049.63	8,948.27	178.91	203.99	345.69	151.84	880.43	264.15	130.98	212.45	174.03	781.61
	Total	**8,638.42**	**9,539.38**	**16,986.85**	**28,246.43**	**63,411.08**	**772.39**	**1,464.95**	**2,110.05**	**2,878.08**	**7,225.47**	**2,224.55**	**1,996.39**	**2,508.07**	**3,256.28**	9,985.29
	Grand Total	**20,656.18**	**24,479.04**	**32,698.49**	**48,649.58**	**126,483.29**	**4,259.97**	**5,287.12**	**6,541.81**	**8,347.16**	**24,436.06**	**6,296.61**	**6,087.87**	**7,672.01**	**9,622.29**	**29,678.78**

APPENDIX-XII

(Refer paragraph 4.1.7.3; page 90)

Statement showing certain revenues projected *vis-a-vis* collected in Municipal Corporations during 2005-09

(₹ in lakh)

Municipal Corporation/ Revenue items	Year	Jaipur			Jodhpur			Kota		
		Projected	Collection	Percentage	Projected	Collection	Percentage	Projected	Collection	Percentage
1	2	3	4	5	6	7	8	9	10	11
1. Tax Revenue									0.00	0.00
(i) House tax	2005-06	36,00.00	1,611.67	44.77	550.00	78.64	14.30	200.00		
	2006-07	40,00.00	1,054.75	26.37	1,362.00	94.40	6.93	2,000.00	0.00	0.00
	2007-08	500.00	304.19	60.84	1,362.00	7.92	0.58	0.00	0.00	0.00
	2008-09	1,000.00	196.13	19.61	937.00	27.35	2.92	0.00	0.00	0.00
(ii) Urban development tax	2007-08	-	355.00	0.00	0.00	1.23	0.00	0.00	6.67	0.00
	2008-09	3,000.00	1,031.64	34.39	425.00	19.36	4.56	100.00	12.48	12.48
2 (A). Income under bye-laws										
(i) Slaughtering fee	2005-06	5.00	3.15	63.00	2.50	0.79	31.60	3.76	3.85	102.39
	2006-07	5.00	4.95	99.00	3.50	0.99	28.29	3.86	4.34	112.44
	2007-08	5.00	40.76	815.20	4.00	1.02	25.50	4.00	3.50	87.50
	2008-09	50.00	50.47	100.94	4.00	1.12	28.00	4.25	0.00	0.00
(ii) Building permission fee	2005-06	500.00	219.76	43.95	100.00	71.24	71.24	40.00	30.24	75.60
	2006-07	2,000.00	1,211.17	60.56	200.00	51.07	25.54	25.00	22.60	90.40
	2007-08	4,000.00	1,689.37	42.23	200.00	14.84	7.42	55.00	30.66	55.75
	2008-09	4,000.00	1,302.15	32.55	200.00	80.79	40.40	55.00	99.62	181.13
(iii) Advertisement fee (hoardings/ signboards)	2005-06	500.00	631.61	126.32	150.00	147.84	98.56	35.00	40.14	114.69
	2006-07	1,500.00	838.75	55.92	300.00	159.28	53.09	50.00	120.62	241.24
	2007-08	2,500.00	1,224.88	49.00	250.00	83.19	33.28	100.00	51.86	51.86
	2008-09	3,000.00	1,743.00	58.10	250.00	221.04	88.42	100.00	167.14	167.14

Municipal Corporation/ Revenue items	Year	Jaipur			Jodhpur			Kota		
		Projected	Collection	Percentage	Projected	Collection	Percentage	Projected	Collection	Percentage
1	2	3	4	5	6	7	8	9	10	11
2 (B). Income under Act/Rules										
(i) Income from Cattle House	2005-06	4.00	7.31	182.75	2.00	0.18	9.00	2.50	2.29	91.60
	2006-07	10.00	6.19	61.90	2.00	0.40	20.00	1.00	2.16	216.00
	2007-08	10.00	8.82	88.20	1.00	0.26	26.00	3.00	3.21	107.00
	2008-09	10.00	8.69	86.90	1.00	0.39	39.00	3.00	5.44	181.33
(ii) PFA/RMA licence fees	2005-06	7.00	38.38	548.28	2.00	0.29	14.50	0.50	0.21	42.00
	2006-07	50.00	9.18	18.36	0.50	2.46	492.00	0.25	0.20	80.00
	2007-08	50.00	2.55	5.10	3.00	2.18	72.67	1.00	0.14	14.00
	2008-09	50.00	30.41	60.82	5.00	3.22	64.40	1.00	0.17	17.00
(iii) Road cutting charges	2005-06	500.00	90.01	18.00	50.00	1.35	2.70	5.00	8.60	172.00
	2006-07	150.00	87.52	58.35	20.00	1.90	9.50	5.00	3.42	68.40
	2007-08	150.00	324.99	216.66	20.00	3.99	19.95	5.00	1.34	26.80
	2008-09	1,000.00	54.34	5.43	20.00	2.05	10.25	5.00	1.23	24.60
3. Income from properties										
(i) *Tehbazari* and rent	2005-06	100.00	57.35	57.35	20.00	17.83	89.15	20.00	19.75	98.75
	2006-07	100.00	21.01	21.01	20.00	17.37	86.85	20.00	23.04	115.20
	2007-08	100.00	47.11	47.11	20.00	12.31	61.55	11.00	17.60	160.00
	2008-09	100.00	123.36	123.36	20.00	18.98	94.90	20.00	12.07	60.35
(ii) Income from cycle stand / parking lots	2005-06	70.00	42.56	60.80	-	-	-	15.00	6.20	41.33
	2006-07	70.00	84.86	121.23	-	-	-	10.00	4.65	46.50
	2007-08	85.00	67.03	78.86	-	-	-	10.00	5.68	56.80
	2008-09	85.00	61.53	72.39	-	-	-	15.00	4.83	32.20

Source: Annual accounts made available by M Corps, Jaipur, Jodhpur and Kota in conventional formats.
PFA- Prevention of Food Adulteration Act, RMA-Rajasthan Municipal Act.

APPENDIX-XIII

(Refer paragraph 4.1.7.3; page 90)

Statement showing arrears of own revenue/dues of Municipal Corporations remaining unrecovered

Item of revenue/income	Municipal Corporation	Against whom due	Period to which dues relate	Amount due (₹ in crore)	Remarks
(a) Octroi and *dharmada* (on 956 MT of iron scrap purchased for ₹ 7.60 crore by the firms from Deputy Controller of Stores, Western Railways, Kota)	Kota	Eight firms of Ajmer city	August 1994 to September 1997	0.08	M Corp, Kota stated (August 2008) that Municipal Council, Ajmer was requested to take effective action for recovery of the dues from these firms situated in Ajmer city, but the council did not take effective action for recovery. Thereafter, M Corp neither referred the matter to Government nor initiated any other effective action for recovery (e.g. under PDR Act) as of July 2009.
(b) Rent of shops, kiosks, etc.	Jaipur	Tenants of 182 shops/kiosks of four zones viz. HW (E), HW (W), MD and VD Zones	December 1969 to March 2009	1.02	The relevant files and information about recovery of rent of 63 kiosks of Kamala Nehru Market (West) under Civil Lines Zone were not made available to Audit.
	Jodhpur	Tenants of 80 shops of Rameshwari Market, Jodhpur	April 2001 to March 2009	1.12	M Corp, Jodhpur stated (June 2010) that recovery of rent which could not be effected due to protest from public representatives and traders, would now be effected by getting the resolution passed in the Board's meeting.
	Kota	Tenants of 667 shops/kiosks/ *tehbazari*	March 1974 to March 2009	0.43	M Corp, Kota stated (October 2009 and June 2010) that amount had gone in arrears and remained unrecovered as of March 2010 due to lack of timely recovery of rent, locking/closure of 32 shops/kiosks of Fruit *Mandi* at Bhimgajmandi and non-availability of whereabouts of their original/sub-tenants.

Item of revenue/income	Municipal Corporation	Against whom due	Period to which dues relate	Amount due (₹ in crore)	Remarks
(c) 15 *per cent* share in sale proceeds of land as per Urban Development and Housing Department orders (July 1983 and September 1998)	Kota	UIT, Kota	2007-08 and 2008-09	10.54	M Corp, Kota stated (October 2009) that efforts were on to recover the amount from UIT.
	Jodhpur	Jodhpur Development Authority	-do-	13.28	The amount could not be recovered by M Corp, Jodhpur as of September 2010.
(d) The following dues recoverable for 1,001 plots of Indira Vihar residential colony transferred (April 2008) by RIICO to M Corp, Kota for further maintenance with the approval of LSGD (June 2007): (i) Economic rent (ii) Service charges with interest (iii) Development charges with interest	Kota	Plot holders	Up to March 2008	0.02 0.27 1.25	M Corp, Kota could neither feed the details of plots and allottees into computer nor maintain the proper records due to which demand notices could not be issued to the allottees for recovering the dues outstanding as on 31 March 2008 and the amount due for 2008-09 could also not be worked out.
		Total		**28.01**	
(e) Road cutting charges	Jaipur	PHED, Jaipur	November 2007	0.02	M Corp, Jaipur (Works Division-II) stated (April 2010) that notice for recovery of the differential amount (at 25 *per cent* of ₹ 8.53 lakh) had since been issued.
	Jaipur (in HM (E) Zone)	-do	2003-04	0.34	M Corp, Jaipur did not intimate the progress of recovery and latest position of outstanding amount (April 2010).
	Jaipur (in HM (W) Zone)	-do-	2003-04	0.23	-do-
		Total		**0.59**	
	Jodhpur	Posts and Telegraph Department (now BSNL)	Prior to 2003-04	0.18	The outstanding amount was reported to State Government in November 2006. Further progress of recovery and other action taken for effecting recovery, though called for (September 2009) in audit, had not been intimated by M Corp, Jodhpur.
		Microwave Project	Prior to 2003-04	0.01	

Item of revenue/income	Municipal Corporation	Against whom due	Period to which dues relate	Amount due (₹ in crore)	Remarks
		BSNL	Prior to November 2006	0.13	
		PHED	Prior to 2003-04	0.23	
		RSEB	Prior to 2003-04	0.04	
		Total		**0.59**	
(f) Public contribution	Jaipur	Beneficiaries of sewer lines	Up to 2008-09	0.20	Against a minimum of ₹ 98.01 lakh to be recovered as public contribution (at 30 *per cent*), only ₹ 77.63 lakh was received in M Corp for 32 works executed at a cost of ₹ 3.27 crore under *Shahari Jan Sahabhagi Yojana* and the balance amount of ₹ 20.38 lakh remained un-recovered as of July 2009. Though called for, M Corp, Jaipur did not intimate the efforts made/action taken to recover the balance amount (April 2010).
	Grand Total			**29.39**	

HM (E)- Hawa Mahal (East), HM (W)- Hawa Mahal (West), VD- Vidhyadhar Nagar, MD- Moti Dungari, BSNL- Bharat Sanchar Nigam Limited, PHED- Public Health Engineering Department, RSEB- Rajasthan State Electricity Board, UIT- Urban Improvement Trust.

APPENDIX-XIV

(Refer paragraph 4.2.9.6; page 110)

Statement showing excess payments to contractors for transportation of more quantity of waste than generated as per norms in Municipal Corporation, Jaipur

Name of contractor/Ward No.	Projected population of the wards (Year)	Period	Quantity transported during the period (MT)	Quantity generated as per norms of 350 gms per capita per day (MT)	Excess quantity (MT)	Rate per MT (In ₹)	Amount of excess payment (₹ in lakh)
M/s Arihant Enterprises (Wards No. 4 and 11 of Civil Lines Zone)	86,517 (2006)	06/06 to 12/06	7,022.105	5,571.698	1,450.407	209	3.03
	88,941 (2007)	01/07 to 12/07	16,791.465	11,362.213	5,429.252	209	11.35
	91,432 (2008)	01/08 to 17/7/08	8,810.470	6,368.239	2,442.231	209	5.10
	Total		**32,624.040**	**23,302.150**	**9,321.890**	**209**	**19.48**
M/s Rajesh Kumar Yadav (Wards No. 15 and 19 of Civil Lines Zone)	63,469 (2006)	06/06 to 12/06	7,211.970	4,353.976	2,857.994	209	5.97
	65,247 (2007)	01/07 to 12/07	14,702.110	8,335.307	6,366.803	209	13.31
	67,075 (2008)	01/08 to 17/7/08	9,074.807	4,671.775	4,403.032	209	9.20
	Total		**30,988.887**	**17,361.058**	**13,627.829**	**209**	**28.48**
M/s B S Transport (Wards No. 5 and 7 of Civil Lines Zone)	69,875 (2006)	06/06 to 12/06	7,010.190	4,573.319	2,436.871	209	5.09
	71,833 (2007)	01/07 to 12/07	16,629.690	9,176.666	7,453.024	209	15.58
	73,845 (2008)	01/08 to 17/7/08	8,831.910	5,143.304	3,688.606	209	7.71
	Total		**32,471.790**	**18,893.289**	**13,578.501**	**209**	**28.38**
M/s B S Transport (Wards No. 4, 5, 7, 11, 15 and 19 of Civil Lines Zone)	2,32,352 (2009)	18/7/08 to 31/12/08 (167 days)	21,883.695	13,580.974	8,302.721	229.90	19.09

Name of contractor/Ward No.	Projected population of the wards (Year)	Period	Quantity transported during the period (MT)	Quantity generated as per norms of 350 gms per capita per day (MT)	Excess quantity (MT)	Rate per MT (In ₹)	Amount of excess payment (₹ in lakh)
	2,38,858 (2010)	1/1/09 to 27/6/09 (178 days)	25,659.275	14,880.853	10,778.422	229.90	24.78
	2,38,858 (2010)	28/6/09 to 30/9/09 (95 days)	17,067.045	7,942.028	9,125.017	250.80	22.88
	Total		**64,610.015**	**36,403.855**	**28,206.160**		**66.75**
M/s Rajesh Kumar Yadav (12 wards of HM (E) Zone)	3,85,948 (2009)	18/7/08 to 31/12/08 (167 days)	37,613.250	22,458.653	15,154.597	229.90	34.84
	3,96,755 (2010)	1/1/09 to 18/6/09 (169 days)	39,195.913	23,364.013	15,831.900	229.90	36.40
	3,96,755 (2010)	19/6/09 to 30/9/09 (104 days)	34,215.040	14,377.854	19,837.186	250.80	49.75
	Total		**1,11,024.203**	**60,200.520**	**50,823.683**		**120.99**
M/s Arihant Enterprises (11 wards of HM (W) Zone)	3,84,237 (2009)	18/7/08 to 31/12/08 (167 days)	34,671.165	22,558.661	12,112.504	229.90	27.85
	3,94,996 (2010)	1/1/09 to 30/6/09 (181 days)	37,839.080	25,135.696	12,703.384	229.90	29.21
	394996 (2010)	1/7/09 to 30/9/09 (92 days)	23,250.965	12,776.155	10,474.810	250.80	26.27
	Total		**95,761.210**	**60,470.512**	**35,290.698**		**83.33**
	G. Total		**3,67,480.145**	**2,16,631.384**	**1,50,848.761**		**347.41**

One metric tonne = 10,00,000 grams.

APPENDIX-XV

(Refer Paragraph 4.3.4.3; page 126)

Advance received/expenditure incurred by AVL for Compost Plant under TFC

(Amount in ₹ lakh)

Sl. No.	Name of ULB	Project Cost	Received on	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	Total	Refund back	Expenditure	Physical status
1.	Alwar	175.00	12.5.2008	0.00	0.00	31.25	20.00	0.00	18.66	69.91	0.00	63.25	Land made available in May 2010 and Work started.
2.	Beawar	100.00	13.3.2007	31.25	0.00	0.00	0.00	0.00	0.00	31.25	31.25	0.00	Refunded back on 30.06.2011.
3.	Bharatpur	175.00	14.5.2007, 10.11.2008 10.11.2009, 22.2.2010	0.00	31.25	31.25	62.50	0.00	0.00	125.00	0.00	195.00	Completed and Handed over.
4.	Bhilwara	175.00	24.3.2007, 12.2.2009, 19.6.2009, 26.11.2009	31.25	0.00	22.22	123.00	0.00	0.00	176.47	0.00	176.50	Completed and Handed over.
5.	Churu	50.00	3.6.2008	0.00	0.00	12.50	0.00	0.00	0.00	12.50	0.00	0.00	
6.	Gangapur city	50.00	9.3.2007	12.50	0.00	0.00	0.00	0.00	0.00	12.50	0.00	0.00	
7.	Hanumangarh	100.00	30.3.2007	12.50	0.00	0.00	0.00	0.00	0.00	12.50	0.00	0.00	
8.	Jhalawar	50.00	9.2.2007	12.50	0.00	0.00	0.00	0.00	0.00	12.50	0.00	0.00	
9.	Jhunjhunu	50.00	24.3.2007	12.50	0.00	0.00	0.00	0.00	0.00	12.50	0.00	0.00	
10.	Kishangarh	50.00	6.2.2007	12.50	0.00	0.00	0.00	0.00	0.00	12.50	12.50	0.00	Refunded back on 11.05.2011.
11.	Pali	175.00	5.7.2007, 1.1.2009 24.2.09, 31.08.2009 8.12.2009	0.00	11.95	25.55	65.00	0.00	0.00	102.50	0.00	172.50	Work completed and electricity to be provided by Municipality, Pali..
12.	Sriganganagar	125.00	6.2.2007	25.00	0.00	0.00	0.00	0.00	0.00	25.00	25.00	0.00	Refunded back on 13.12.2010 as work awarded on DBOOT.
13.	Tonk	100.00	31.3.2007, 23.5.2007	15.00	10.00	0.00	0.00	0.00	0.00	25.00	0.00	0.00	
	Total	**1375.00**		**165.00**	**53.20**	**122.77**	**270.50**	0.00	**18.66**	**630.13**	**68.75**	**607.25**	

Total Advance: ₹ 630.13 lakh, Expenditure: ₹ 607.25 lakh, Refund back: ₹ 68.75 lakh and
Total: (Expenditure + Refund): ₹ 676 lakh.
DBOOT- Design, Build, Operate, Own and Transfer.

APPENDIX-XVI

(Refer Footnote No. 60 of Paragraph 4.3.4.4; page 127)

Irregular expenditure on CC roads and other construction works under TFC grant by ULBs

(₹ in lakh)

Sl. No.	Name of ULB	No. of works	Actual expenditure	Name of work
1.	Ajmer	10	133.97	CC paver road and tube well etc.
2.	Banswara	2	12.77	Construction of BT road.
3.	Beawar	7	16.12	CC road, painting work etc.
4.	Bilada	18	24.36	CC road, tank, shops and boundary wall etc.
5.	Bundi	6	19.10	CC road and repair work etc.
6.	Chomu	2	5.20	Construction of WBM road and drains etc.
7.	Dausa	21	40.88	CC road etc.
8.	Dungarpur	4	11.32	CC road, street light etc.
9.	Kishangarh	9	51.43	CC road and drains etc.
10.	Kota	6	34.52	Alteration of office building and construction of community hall etc.
11.	Mount Abu	1	2.72	Construction of CC road etc.
12.	Phalodi	2	14.26	Repair, Construction of paver road etc.
13.	Pratapgarh	4	14.38	Teen shed, tiles work and construction of CC road.
14.	Sagwara	10	21.57	Wall construction, CC and BT road
15.	Shahpura	11	23.00	CC road, paver and WBM road
16	Shivganj	11	21.59	CC road and cement poles etc.
17.	Sirohi	6	10.90	CC road etc.
18	Sojat City	6	17.76	CC road and drain etc
19.	Udaipur	9	172.39	RCC shed and paver road etc.
	Total	145	**648.24**	

CC- Cement concrete, BT- Black top, WBM- Water bound macadam, RCC-Reinforced cement concrete.

APPENDIX-XVII

(Refer Paragraph 4.8; page 136)

Details of accumulation of outstanding rent in respect of shops at Kagadi Complex, Banswara

(Amount in ₹)

Sl. No.	Shop No.	Name of tenant	Date of taking of possession of shop on rent	Period for which rent was to be paid	Total amount of rent to be paid for entire period of tenancy	Actual amount of rent paid	Balance amount of rent lying outstanding
1.	1	Shri Vidhyadhar/ Shri Prahalad Rai	08.04.1999	April 1999 to March 2010	2,94,648	52,644	2,42,004
2.	2	Shri Rajendra Panchal/ Shri Bhagwati Lal	05.04.1999	April 1999 to March 2010	3,15,840	10,082	3,05,758
3.	3	Shri Sunil Parmar/ Shri Jagdish	08.04.1999	April 1999 to March 2010	3,05,736	12,375	2,93,361
4.	4	Shri Ashok Kumar/ Shri Phool Chand	02.04.1999	April 1999 to March 2010	3,05,736	9,625	2,96,111
5.	5	Shri Bhagu Lal/ Shri Jetha Lal	06.04.1999	April 1999 to March 2010	3,11,232	49,840	2,61,392
6.	6	Shri Naresh Nagawat/ Shri Satish Nagawat	07.04.1999	April 1999 to March 2010	3,44,796	76,260	2,68,536
7.	7	Shri Raj Kumar/ Shri Chauyath Mal	16.07.1999	July 1999 to March 2010	3,97,092	91,945	3,05,147
8.	8	Shri Rajesh Kumar/ Shri Basant Lal	02.04.1999	April 1999 to March 2010	5,14,872	20,835	4,94,037
9.	9	Shri Manoj Kothari/ Shri Rajendra Kothari	08.04.1999	April 1999 to March 2010	4,78,140	52,890	4,25,250
10.	10	Shri Wasim / Shri Yusuf	02.04.1999	April 1999 to March 2010	4,67,028	8,400	4,58,628
11.	11	Shri Sunil Kumar/ Shri Subhash Chand	01.02.2000	February 2000 to March 2005	2,21,802	1,94,590	27,212
12.	11	Shri Shakir Hussain/ Shri Fakir Mohammad	April 2005	April 2005 to March 2010	3,76,431	1,91,400	1,85,031

Sl. No.	Shop No.	Name of tenant	Date of taking of possession of shop on rent	Period for which rent was to be paid	Total amount of rent to be paid for entire period of tenancy	Actual amount of rent paid	Balance amount of rent lying outstanding
13.	12	Shri Sunil Kumar and Shri Sanjay Kumar/ Shri Subhash Chand	01.02.2000	January 2000 to March 2010	6,67,920	4,51,860	2,16,060
14.	13	Smt. Nirmla Devi / Shri Ashok Kumar	01.01.2000	January 2000 to March 2010	7,69,749	3,525	7,66,224
15.	14	Shri Sajjad Hussain/ Shri Fajle Hussain	01.01.2000	January 2000 to December 2003	2,00,053	1,88,300	11,753
16.	14	Shri Yusuf/ Shri Mahaboob Khan	09.01.2004	January 2004 to March 2010	4,14,684	4,235	4,10,449
17.	15	Smt. Batul Bai/ Shri Sajjad Hussain	01.01.2000	January 2000 to December 2003	2,20,066	2,07,130	12,936
18.	15	Smt. Sultana/Shri Yusuf Khan	09.01.2004	January 2004 to March 2010	4,56,240	4,660	4,51,580
19.	16	Shri Ali Jafar/Shri Yusuf	01.06.2005	June 2005 to March 2010	1,14,328	4,875	1,09,453
20.	17	Shri Mahesh Chand/ Shri Pushkar Ram	01.01.2000	January 2000 to March 2010	4,87,833	2,450	4,85,383
21.	18	Shri Babu Bhai/ Shri Jumma Bhai	01.01.2000	January 2000 to March 2010	8,45,940	8,500	8,37,440
22.	19	Shri Jai Singh/ Shri Chhajju Singh	01.01.2000	January 2000 to March 2010	4,62,918	48,131	4,14,787
23.	20	Shri Asaraf Ayush/ Shri Mahboob	01.01.2000	January 2000 to March 2010	5,27,580	21,200	5,06,380
24.	6A	Shri Dharmendra/ Shri Indramal Jain and Smt. Snehlata/ Shri Indramal Jain	03.11.1999	November 1999 to March 2010	3,92,064	13,824	3,78,240
25.	7A	Shri Narendra/ Shri Indramal Jain	03.11.1999	November 1999 to March 2010	3,37,159	11,880	3,25,279
				Grand Total	**1,02,29,887**	**17,41,456**	**84,88,431**

APPENDIX-XVIII

Glossary of Abbreviations		
ACEO	:	Assistant Chief Executive Officer
AEN	:	Assistant Engineer
BOOT	:	Build, Own, Operate and Transfer
BPL	:	Below Poverty Line
C&AG	:	Comptroller and Auditor General of India
CA	:	Chartered Accountant
CARISMA	:	Computerisation Automation Refinement of Integrated System of Management and Accounts
CC	:	Cement Concrete
CEO	:	Chief Executive Officer
CFC	:	Community Facility centre
CSS	:	Centrally Sponsored Scheme
DA	:	District Authority
DC	:	District Collector
DDO	:	Drawing and Disbursing Officer
DLB	:	Director, Local Bodies
DLBD	:	Directorate Local Bodies Department
DLC	:	District Level Committee
DLFAD	:	Director, Local Fund Audit Department
DoITC	:	Department of Information Technology and Communication
DPC	:	District Planning Committee
DRDA	:	District Rural Development Agency
EA	:	Executing Agency
EE	:	Executive Engineer
EFC	:	Eleventh Finance Commission
GKN	:	Gramin Karya Nirdeshika
GoI	:	Government of India
GoR	:	Government of Rajasthan
GP	:	Gram Panchayat
HLC	:	High Level committee
HM	;	Hawa Mahal
HUDCO	:	Housing and Urban Development Corporation
IA	:	Implementing Agency
IR	:	Inspection Report
JDA	:	Jaipur Development Authority
JVVNL	:	Jaipur Vidyut Vitran Nigam Limited
JEN	:	Junior Engineer
LSGD	:	Local Self Government Department
M Corp	:	Municipal Corporation
MB	:	Municipal Board
MC	:	Municipal Council
MNREGS	:	Mahatma Gandhi National Rural Employment Guarantee Scheme
MSW	:	Municipal Solid Waste
MT	:	Matric tonne
MoRD	:	Ministry of Rural Development
MoU	:	Memorandum of Understanding
MP	:	Member of Parliament
MPLADS	:	Member of Parliament Local Area Development Scheme

Glossary of Abbreviations		
NBBC	:	National Building Construction Corporation
NGO	:	Non-Government Organisation
NMAM	:	National Municipal Accounts Manual
NRE	:	Non-Recurring Expenditure
PC	:	Panchayat Cell
PD	:	Personal Deposit
PHED	:	Public Health Engineering Department
PRD	:	Panchayati Raj Department
PRI	:	Panchayati Raj Institution
PS	:	Panchayat Samiti
PWD	:	Public Works Department
RSPCB	:	Rajasthan State Pollution Control Board
RD&PRD	:	Rural Development and Panchayati Raj Department
RDC	:	Rural Development Cell
RDD	:	Rural Development Department
RE	:	Recurring Expenditure
RLR	:	Rajasthan Land Revenue
RMA	:	Rajasthan Municipalities Act
RMP	:	Residential Market Price
RMRs	:	Rajasthan Municipalities Rules
RPRA	:	Rajasthan Panchayati Raj Act
RPRRs	:	Rajasthan Panchayati Raj Rules
RRP	:	Residential Reserve Price
RSRTC	:	Rajasthan State Road Transport Corporation
RSWC	:	Rajasthan State Warehousing Corporation
RUDIFCo	:	Rajasthan Urban Infrastructure Finance & Development Corporation
SDM	:	Sub Divisional Magistrate
SFC	:	State Finance Commission
SG	:	State Government
SGSY	:	SwarnajayantiGram SwarojgarYojana
SHG	:	Self Help Group
SLC	:	State Level Committee
Sq yd	:	Square Yard
SSS	:	State Sponsored Scheme
TFC	:	Twelfth Finance Commission
TGS	:	Technical Guidance and Supervision
TPD	:	Tonne per day
TSFC	:	Third State Finance Commission
UC	:	Utilisation Certificate
UDC	:	Upper Division Clerk
UD Tax	:	Urban Development Tax
UIT	:	Urban Improvement Trust
ULB	:	Urban Local Body
VKI	:	Vishawakarma Industrial Area
WRD	:	Water Resources Department
ZP	:	Zila Parishad