

सत्यमेव जयते

**ANNUAL TECHNICAL INSPECTION REPORT ON
PANCHAYATI RAJ INSTITUTIONS &
URBAN LOCAL BODIES
FOR THE YEAR 2013-14**



GOVERNMENT OF HARYANA

**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT)
HARYANA**



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PREFACE

The Annual Technical Inspection Report (ATIR) has been prepared for submission to the Government of Haryana in accordance with the terms of notification dated 20 December 2011 issued by the Government of Haryana entrusting the Comptroller and Auditor General of India the Technical Guidance and Support over the audit of Urban Local Bodies (ULBs) and Panchayati Raj Institutions (PRIs) and test audit of ULBs and PRIs. The Report is to be placed before the State Legislature. This is the third Report prepared on PRIs and ULBs in Haryana.

The report provides an overview of the functioning of PRIs and ULBs in the State and draws the attention of the concerned Executive Departments, to major findings of audit conducted during 2013-14, for taking appropriate remedial action wherever necessary.

The Report has been prepared in two parts: Part A containing chapters I and II, Part B containing chapters III and IV. Chapters I and III contain an overview and financial reporting of PRIs and ULBs respectively. Chapters II and IV contain findings emerging from transaction audit of PRIs and ULBs respectively.

The cases mentioned in this Report are consolidation of major audit findings arising out of audit of accounts of 340 PRIs {5 Zila Parishads (ZP), 38 Panchayat Samitis (PS), 297 Gram Panchayats (GPs)} and 31 ULBs {6 Municipal Corporations, 5 Municipal Councils and 20 Municipal Committees} conducted during the period 2013-14 as well as those which had come to notice in earlier years but could not be dealt in previous Report.

OVERVIEW

This Report is in two parts and consists of four chapters. Chapters 1 and II deal with Panchayati Raj Institutions, Chapters III and IV deal with Urban Local Bodies. The important audit findings are mentioned below:

Profile of Panchayati Raj Institutions

Presently, there are 21 Zila Parishads (ZPs), 126 Panchayat Samities (PSs) and 6,083 Gram Panchayats (GPs) in the State. Overall control of PRIs rests with Principal Secretary to Government of Haryana, Development and Panchayats & Rural Development Departments through the Director, Rural Development and the Director, Development and Panchayats Departments. The 73rd Constitutional amendment gave Constitutional status to PRIs, and the State Government enacted the Haryana Panchayati Raj Act, 1994 and framed the Haryana Panchayati Raj Rules, 1995 and Haryana Panchayati Raj (Finance, Budget, Accounts, Audit, Taxation and Works) Rules, 1996 to enable these institutions to work as a third tier of the Government. The records of accounts of 5 ZPs, 38 PSs and 297 GPs for the period 2008-14 were test-checked during the year 2013-14.

(Chapter I)

Results of audit of Panchayati Raj Institutions

- An assistance of ₹ 66.35 lakh was provided under Indira Awas Yojna (IAY) to 179 male beneficiaries though there were no records to show that there were no eligible female members. In three blocks, 804 beneficiaries to whom assistance of ₹ 1.79 crore was paid had not completed their dwelling units.
- Labour cess amounting to ₹ 3.96 lakh had not been deducted from the bills of the contractors by the Executive Engineer, Panchayati Raj, Yamuna Nagar.
- An amount of ₹ 6.03 lakh was not recovered from 26 ex-Sarpanches and Panches.

- Funds of ₹ 1.56 crore received by the Zila Parishad, Yamuna Nagar and Panchayat Samiti, Jagadhri under Excise Policy were lying unspent.
- Cultivable land was not leased out resulting in loss of revenue of ₹ 5.40 crore.

(Chapter II)

Profile of Urban Local Bodies (ULBs)

Presently, there are 9 Municipal Corporations, 19 Municipal Councils and 50 Municipal Committees in the State. Overall control of the ULBs rests with Principal Secretary to Government of Haryana, Urban Development through Director, Urban Local Bodies Department. The 74th Constitutional amendment gave a constitutional status to the ULBs. To implement the provisions of the 74th Constitutional amendment, the Government of Haryana enacted the Haryana Municipal Corporation Act, 1994 and the Haryana Municipal Act, 1973 for transferring the powers and responsibilities to ULBs. The records of 31 ULBs (6 Municipal Corporations, 5 Municipal Councils and 20 Municipal Committees) were test checked during the year 2013-14.

(Chapter III)

Results of Audit of Urban Local Bodies

- Four municipalities suffered a loss of revenue of ₹ 20.04 lakh due to non-leasing of agricultural land. Non-recovery of lease rent of municipal shops/plots amounting to ₹ 7.20 crore was observed in 18 municipalities. Lease rent and sale price of shops of Mahanagar Palika Bazaar, Faridabad amounting to ₹ 1.03 crore was outstanding. Municipal Corporation, Ambala suffered a loss of ₹ 3.22 crore due to non-enhancement of rent.
- Municipal Committee, Nissing had not recovered the annuity for land compensation amounting to ₹ 42.34 lakh from the Market Committee.

- Three municipalities had not availed the benefit of exemption of service tax on the manpower deployed for sanitation purpose and paid service tax amounting to ₹ 1.41 crore to the manpower supplying agencies.
- Seven municipalities had not deducted labour cess of ₹ 1.84 crore from the bills of the contractors.
- Ten municipalities failed to levy Service Tax of ₹ 1.74 crore on receipt of rent of shops/booths.
- Six municipalities had not recovered regularization charges amounting to ₹ 57.12 crore from house owners of regularized colonies.
- In two municipalities, 35.38 acre of land valuing ₹ 154.30 crore was under encroachment.
- Municipal Committee, Nissing had not recovered Municipal Electricity Tax of ₹ 97.98 lakh from Uttar Haryana Bijli Vitran Nigam.
- Municipal Corporation, Karnal and Ambala had not shifted the milk dairies outside the city limits despite spending ₹ 1.17 crore and ₹ 2.80 crore respectively on purchase of land. MC Karnal had also spent ₹ 1.06 crore on development of land.
- Funds amounting to ₹ 80.19 lakh provided for solid waste management scheme were lying un-utilized with Municipal Committee, Pehowa.

(Chapter IV)

PART A: PANCHAYATI RAJ INSTITUTIONS

PART A: PANCHAYATI RAJ INSTITUTIONS

CHAPTER-I

PROFILE OF THE PANCHAYATI RAJ INSTITUTIONS

1.1 Introduction

The 73rd Constitutional amendment gave a constitutional status to the Panchayati Raj Institutions (PRIs) and established a system of uniform structure, regular elections and regular flow of funds through Finance Commissions, etc. As a follow up, the states were required to entrust these bodies with such powers, functions and responsibilities so as to enable them to function as institutions of local self government. In particular, the PRIs were required to prepare plans and implement schemes for economic development and social justice including those included in the eleventh schedule of the Constitution of India.

Post 73rd Constitutional amendment, the State Government enacted the Haryana Panchayati Raj Act, 1994 and framed the Haryana Panchayati Raj Rules, 1995 and the Haryana Panchayati Raj (Finance, Budget, Accounts, Audit, Taxation and Works) Rules, 1996 to enable these institutions to work as a third tier of the Government. Accounting structure as prescribed by the Comptroller and Auditor General (CAG) and Ministry of Panchayati Raj (MOPR), Government of India (GOI) has been adopted by the State Government and Annual Accounts (Receipts and Expenditure) are to be maintained by the PRIs accordingly.

1.2 Audit arrangement

The Director, Local Audit Department (LAD), Haryana is Statutory Auditor and responsible for conducting the audit of PRI units. After conducting audit, inspection reports (IRs) are issued to the concerned PRIs. After issuance of IRs, replies are to be given by the PRIs.

The Eleventh Finance Commission (EFC) recommended that CAG of India should be entrusted with the responsibility of exercising control and supervision over proper maintenance of accounts and their audit for all the three tiers/levels of PRIs. Thirteenth Finance Commission (TFC) further recommended that the State Government must make arrangement for placement of Annual Technical Inspection Reports of CAG before the State Legislature. Based on the recommendations of TFC, the State Government entrusted (August 2008) the test audit of PRIs to CAG under Section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The State Government further notified (December 2011) that Annual Technical Inspection Report (ATIR) of CAG as well as Annual Report of the Local Audit Department (LAD) would be placed before the State Legislature.

The State Government has complied with conditions of the ibid notification by placing ATIR for the year 2009-11 before the State Legislature on 6 September 2013. But the Local Audit Department had not prepared its Annual Report for placing before the State Legislature as of December 2014. A separate Committee on Local Bodies and Panchayati Raj Institutions had also been constituted by Haryana Vidhan Sabha for discussion of ATIRs.

The CAG may provide suitable Technical Guidance and Support (TGS) to primary external auditors of PRIs viz; the Local Audit Department (Statutory Auditor) for the purpose of strengthening Public Finance Management and Accountability in Panchayati Raj Institutions. The parameters of such TGS are given in Section 152 to 154 of the Regulations on Audit and Accounts, 2007, issued by the CAG of India under section 23 of CAG's (DPC) Act, 1971.

In pursuit of the task of providing Technical Guidance and Support to Local Audit Department (LAD), this office has undertaken the following:-

- Issued an advisory (March 2014) to the State Government to conduct audit of schemes by the primary auditor because although the Local Audit Department is conducting routine audit of funds generated by the Local bodies (own revenue), the audit of various schemes (State and Centre) of PRIs/ULBs was not being done.
- Five¹ Audit and Inspection Notes of LAD were selected to suggest improvement required in reporting system. It was suggested to follow a structured reporting format containing preamble, facts of the case with evidence quoting correct and appropriate orders/rules, framing audit observations, including reply of audited entity and drawing conclusions and recommendations.
- Some of Inspection Reports issued by this office viz IRs of Municipal Corporation, Panipat for the period April 2012 to March 2014 and Municipal Corporation, Panchkula for the period April 2010 to March 2014 were sent to LAD as illustrative samples.
- Guidance was given for strengthening internal control of LAD by prescribing quarterly returns on serious irregularities, half yearly return on training programme, annual returns on audit plan, and progress report of IRs/paras for monitoring important performance parameters.

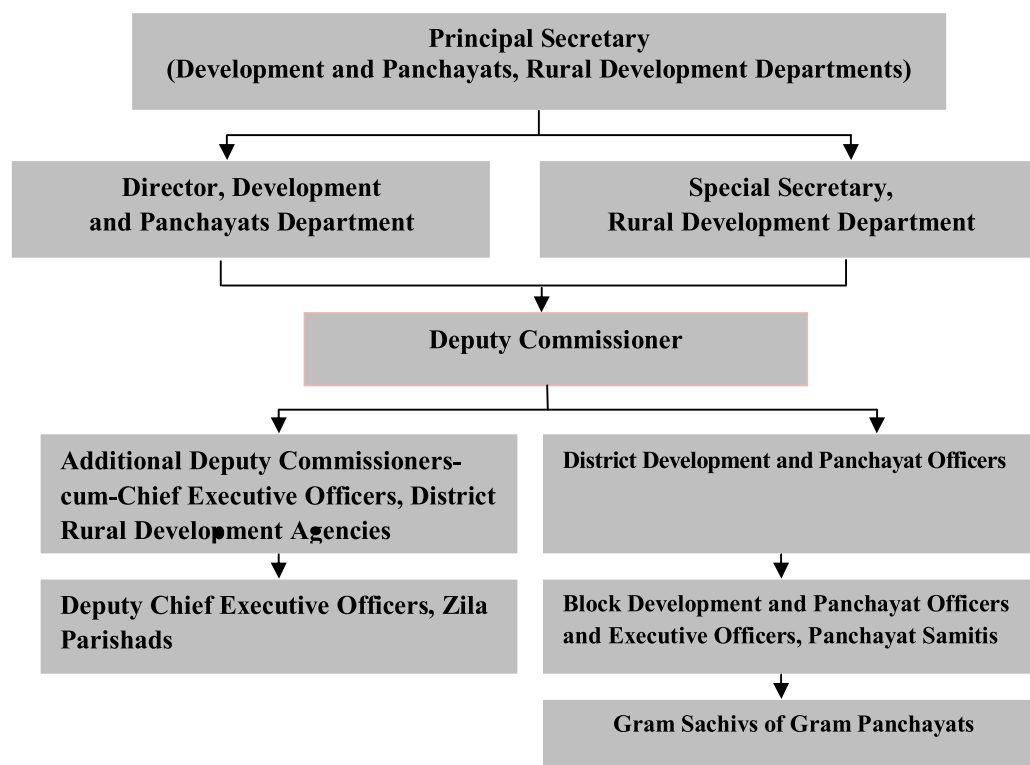
¹ (i) Executive Engineer, Panchayati Raj, Jind, (ii) Panchayat Samities, Mustafabad, (iii) Karnal and (iv) Block II, Ambala and (v) Zila Parishad, Yamuna Nagar.

- Training is an important ingredient of Technical Guidance and Support. In pursuance of the same, this office organised one training programme in May 2014 on the topics “Schemes of PRIs and Audit issues” and “Issues relating to working of ULBs, schemes implemented by ULBs and Audit issues”.

An important outcome of technical guidance and monitoring was that LAD prepared their Annual Reports for the first time for the years 2009-10 to 2012-13 which have been laid in the State Legislature in March 2015, which was an important steps towards enhancement of transparency and accountability.

1.3 Organisational structure of Panchayati Raj Institutions

There are 21 Zila Parishads, 126 Panchayati Samitis and 6083 Gram Panchayats in the State. The organisational structure of the State Government, Panchayati Raj Department and the Panchayati Raj Institutions at the Zila Parishad (ZP), Panchayati Samiti (PS) and Gram Panchayat (GP) level has been depicted below:-



The President of ZP, Chairman of PS and the Sarpanch of GP are the elected members and head the ZPs, PSs and GPs respectively.

1.3.1 Standing Committees

The PRIs constituted standing committees to perform assigned functions. The details of constitution of standing committee of PRI are given in **Table 1**.

Table 1: Roles and responsibilities of the Standing Committees

Level of PRIs	Standing Committee Headed by	Name of the Standing Committees	Role and responsibilities of the Standing Committee
Panchayat Samiti	Chairman	General Standing Committee	Looks after establishment matters, communication building, rural housing, village extension, relief, etc.
		Finance, Audit and Planning Committee	Looks after the finance of the Panchayat Samiti, framing of budgets and co-operation, small saving scheme and any other function relating to the development plan of the block.
		Social Justice Committee	Looks after promotion of education, economic, social, cultural and other interests of the Scheduled Castes and Backward Classes.
Gram Panchayat	Chairman	Production sub-committee	Looks after agriculture production, animal husbandry, rural industries and poverty alleviation programmes.
		Social justice sub-committee	Looks after promotion of education, economic, social, cultural, sports, games and other interests of the Scheduled Castes and Backward Classes and other weaker sections; and promotion of welfare of women and children.
		Amenities sub-committee	Looks after education, public health, public works and other functions of sub-committees of the Gram Panchayat.

1.3.2 Institutional arrangements for implementation of schemes

The Panchayati Raj Institutions (PRIs) have technical and non-technical staff. Against 4950 sanctioned posts, 1219 posts (Junior Engineers: 86; Clerk: 167, Driver: 35 *Gram Sachiv*: 250 and Others: 681) were lying vacant as of 31 March 2014 (**Appendix 1**) and in Zila Parishads (PRIs) against 271 sanctioned post, 212 posts were lying vacant (**Appendix 2**).

1.3.3 Devolution of functions

The 73rd Constitutional Amendment Act, 1992 envisaged devolution of funds, functions and functionaries to the PRIs to make them fiscally capable and autonomous. The State has entrusted 10 functions, out of 29 functions included in the Eleventh Schedule of the Constitution to PRI as shown in **Table 2**.

Table 2: Details of functions entrusted to PRIs

Sr. No.	Functions entrusted and transferred to PRIs
1.	Distribution of Essential Commodities (PDS)
2.	Health, Planning, Social monitoring
3.	Development of water supply system
4.	Welfare of the disabled, financial assistance to orphans, children suffering from destitution, welfare of the aged, widow pensioners, etc.
5.	Irrigation
6.	Development of live stocks, veterinary services, feeding and fodder including support during natural calamities
7.	Construction, repair, maintenance of school buildings
8.	Integrated Child Development Scheme, Immunisation, Nutrition Programme, Health Checkup Camps, Reference Service, Women Empowerment and other schemes
9.	Agriculture extension services
10.	Plantation

1.4 Financial profile

1.4.1 Fund flow to PRIs

Fund flow: Source and custody of fund in PRIs

The resource base of PRIs consists of Own Revenue, State Finance Commission (SFC) grants, Central Finance Commission (CFC) grants, State Government grants and Central Government grants. While Central and State grants are utilized by the PRIs for execution of Central and State sponsored schemes as per the guidelines issued by GOI and State Government in this regard, the own receipts of PRIs are utilized for execution of schemes/works formulated by the PRIs. The fund flow arrangements for major schemes are given in **Table 3**.

Table 3: Fund flow arrangements in major Centrally Sponsored Schemes

Sl. No.	Scheme	Fund flow arrangements
1	Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)	GOI and State Government transfer their respective shares of MGNREGA funds in a bank account, called State Employment Guarantee Fund (SEGF) which is set outside the State Accounts. Funds are released from State Rural Employment Guarantee Fund to District Rural Development Agencies (DRDAs), BDPOs and GPs.
2	Indira Awas Yojana (IAY)	The Indira Awas Yojna is a centrally sponsored scheme, funded on cost-sharing basis between the Government of India and the State Government in the ratio of 75:25. Funds are transferred directly to the beneficiaries' accounts in two installments through concerned DRDA. Second installment is released after construction reaches the lintel level.
3	Integrated Watershed Development Programme (IWDP)	Funds are released by DRDA to Watershed Committee which opens an account in the bank. Flow of funds under this scheme is from Department of Watershed Development (DoWD) to DRDA and DRDA to watershed committee for executing the works.
4	Swarnjayanti Gram Swarozgar Yojana (SGSY)	The total cost of the project is to be shared between Centre and State in the ratio of 75:25. The funds are released by the concerned DRDA through BDPOs directly to the beneficiaries.
5	Total Sanitation Campaign (TSC)	Under this scheme, funds are shared in the ratio of 60:30:10 among the Centre, State and community respectively. On receipt of funds from GOI, the same alongwith matching share is released to DRDA by the Rural Development Department (RDD). The concerned Gram Panchayat provides information about beneficiaries with necessary details to the BDPO, DRDA in turn releases the assistance to the beneficiaries' account.

1.4.2 Resources and utilisation of funds

The resources and utilization of funds of PRIs for the period from 2009-10 to 2013-14 are detailed in **Table 4**.

Table 4: Time series data on resources and utilisation of funds of PRIs

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14	
	R	E	R	E	R	E	R	E	R	E
Own Revenue	275.88	275.88	150.00	150.00	211.80	211.80	228.00	228.00	259.65	259.65
CFC transfers (Central Finance Commission devolutions)	77.60	77.60	101.16	101.16	170.48	170.48	246.39	246.39	291.24	291.24
SFC transfers (State Finance Commission devolutions)	124.32	124.32	76.66	76.66	143.00	143.00	171.86	171.86	213.39	213.39
Grants for CSS (Centre and State Share)	353.84	381.21	429.95	446.22	560.09	579.48	626.72	631.88	825.72	577.19
State Government grants for state schemes	69.76	69.76	208.04	208.04	304.56	304.56	351.47	351.47	367.92	306.44
Total	901.40	928.77	965.81	982.08	1389.93	1409.32	1624.44	1629.60	1957.92	1647.91

Source: Director, Panchayati Raj, Haryana

Note: R : Receipt and E: Expenditure

As is evident from above, utilisation of funds for the year 2013-14 was ₹ 1,647.91 crore, as against the resources of ₹ 1,957.92 crore. The savings were mainly under grants for Centrally Sponsored Schemes.

1.5 Accounting arrangement

The Deputy Chief Executive Officer is responsible for maintenance of accounts of the ZPs, BDPO-cum-Executive Officer with the assistance of Accountant maintains the accounts of Panchayat Samitis (PSs) while Gram Sachiv/Secretary maintains accounts of GPs.

State Government has adopted Model Accounting Structure 2009, developed by Ministry of Panchayati Raj (MOPR) in consultation with the Comptroller and Auditor General (CAG) w.e.f. April 2010, but this system is yet to be implemented in the State (October 2014).

The Director, Development and Panchayats Department stated (November 2013) that the model accounting structure was at the primary stage of implementation and training to field functionaries was required to be provided but no further development had taken place (October 2014).

However, in compliance of the conditions at Para 6.4.2 of the Thirteenth Finance Commission, the State Government, while requesting the Government of India for releasing the General Performance Grant for the year 2014-15, certified (June 2014) that an accounting system for maintenance of accounts by PRIs and codification pattern consistent with New Model Accounting System for Panchayats was introduced in all PRIs w.e.f. April 2011.

1.6 Audit coverage

The records of accounts of five² ZPs out of 21, 38 PSs out of 126 and 297 GPs out of 6083 for the period 2008-14 were test-checked during the year 2013-14 (**Appendix 3**). The important audit findings are discussed in Chapter-II.

1.7 Outstanding Inspection Reports

The PRIs are required to comply with the observations, contained in the Inspection Reports (IRs), issued by the Principal Accountant General (Audit) Haryana and rectify the defects/omissions and report their compliance to settle the observations.

² (i) Palwal, (ii) Panchkula, (iii) Rewari, (iv) Sonipat and (v) Yamuna Nagar

The details of inspection report and paras issued, settled and outstanding as of March 2014 are shown in **Table 5**.

Table 5: Outstanding Inspection Reports of PRI

Sr. No.	Year of issue of Inspection Reports	Opening balance of outstanding audit objection		Addition		Total		No. of IRs/ paras settled		No of IRs/Paras outstanding as of 31 March 2014	
		IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1.	2009-10	-	-	51	459	51	459	4	38	47	421
2.	2010-11	47	421	45	371	92	792	-	31	92	761
3.	2011-12	92	761	43	301	135	1062	-	7	135	1055
4.	2012-13	135	1055	36	241	171	1296	-	3	171	1293
5.	2013-14	171	1293	63	452	234	1745	-	-	234	1745
Total				238	1824			4	79		

CHAPTER -II**Results of Audit of Panchayati Raj Institutions****2.1 Implementation of Indira Awaas Yojana**

The Indira Awaas Yojana (IAY), a centrally sponsored flagship scheme, is being implemented as an independent scheme since 1 January 1996. It aims at helping rural people below poverty-line (BPL) belonging to Scheduled Castes (SCs)/ Scheduled Tribes (STs), freed bonded labourers and non-SC/ST BPL categories in construction of dwelling units and upgradation of existing unserviceable 'kutchha' houses by providing financial assistance.

2.1.1 Irregular payments

The paragraph 2.4 of scheme guidelines provides that dwelling units should be in the name of female members of the beneficiary household. Alternatively, it can be allotted in the name of both husband and wife. However, if there is no eligible female member in the family available/alive, house can also be allotted to the male member of a deserving BPL family.

Scrutiny of records of Block Development and Panchayat Officer (BDPO), Bawal showed that 179 dwelling units were allotted in the name of male beneficiaries during 2010-13. No such records have been maintained by the department from which it could be verified that no female members were available in the families in the cases where financial assistance were granted to the male members. Total payments in these cases worked out to ₹ 66.35 lakh.

BDPO, Bawal while admitting the facts stated (May 2014) that financial assistance under IAY would be given only to the female beneficiaries in future.

2.1.2 Non-completion of dwelling units under Indira Awaas Yojana

The objective of IAY is primarily to help construction of dwelling units by members of rural poor living below the poverty line. Assistance of ₹ 45, 000 are provided to each beneficiary under the scheme in two installments. After verification of construction work up to the lintel level, the second installment is released by the BDPOs. Further, as per provisions of the scheme, officers dealing with the IAY at the State headquarters, district, sub-division and block-levels should ascertain through field visits whether the programme was being implemented properly.

Scrutiny of the records showed that in 3 blocks, a sum of ₹ 1.79 crore (**Table 6**) was released to 804 beneficiaries as first installment during 2009-13 and these beneficiaries had not completed the construction of their dwelling units.

Table 6 Statement showing IAY beneficiaries to whom 1st instalment was released

Sl. No.	Name of the BDPO	Number of beneficiaries	Amount (₹ in crore)	Years in which 1 st instalment disbursed
1.	Bawal	89	0.25	2010-13
2.	Chahhrauli	607	1.20	2009-10 and 2011-13
3.	Nahar	108	0.34	2010-13
	Total	804	1.79	

As the second installment had not been disbursed to the beneficiaries, the houses had not been completed by them. This shows that monitoring of the scheme was not being done to ensure that these beneficiaries had completed the dwelling units up to lintel level for which the first installment was released.

The matter was referred (July 2014) to the Additional Chief Secretary to Government of Haryana, Development and Panchayats Department; the reply was awaited (October 2014).

2.2 Non-deduction of Labour Cess

With a view to regulate the employment and conditions of service of building and other construction workers and to provide for their safety, health and welfare and for other matters connected therewith or incidental thereto and to augment the resources for these purposes, the Building & Other Construction Workers (Regulation of Employment & Conditions of Service) Act, 1996 (the Main Act 1996) and the Building and Other Construction Workers' Welfare Cess Act, 1996, (the Cess Act 1996) were enacted by the Parliament. The Government of India (Ministry of Labour and Employment) vide notification issued in September, 1996 specified that cess at the rate of one per cent of the cost of construction would be levied by the employer. Rule 4 (3) of the Building and Other Construction Workers' Welfare Cess Rules, 1998 (the Rules 1998) provides that where the levy of cess pertains to building and other construction work of a Government or of a Public Sector Undertaking (PSU), such Government or PSU shall deduct or cause to be deducted the cess from the bills paid for such works.

Scrutiny of records (2009-13) of the Executive Engineer, Panchayati Raj, Yamuna Nagar revealed that cess amounting ₹ 5.53 lakh had not been deducted from the bills of contractors.

Non-deduction of the cess while passing the bills of construction works was in violation of provisions contained in the Act, 1996 and the Rules 1998 which had affected augmenting of the resources for the welfare measures of building and other construction workers. On this being pointed out by Audit, the Additional Chief Secretary, Development and Panchayats Department stated (November 2014) that an amount of ₹ 1.57 lakh had been deposited with Haryana

Building and Other Construction Workers Welfare Board and notices had been issued to contractors for recovery of the balance amount of ₹ 3.96 lakh.

2.3 Non-recovery of balances from Ex-Sarpanches and Panches

As per Section 18 (1) of the Haryana Panchayati Raj Act, 1994, the Sarpanch or Panch shall be responsible for the custody and charge of movable or immovable property of the Gram Panchayat (GP). Section 18 (2) of the Act provides that the Block Development and Panchayat Officer (BDPO) may, within a period of seven days prior to the publication of election programme of the GP or in the event of suspension or removal of Sarpanch or Panch, order to handover the records, register and other property to the person authorized for the custody of the record and property. Further, if any person fails to hand over the record or property to a person authorized by the BDPO under section 18 (1) or section 18(2) of the Act, as the case may be, the BDPO shall apply to an Executive Magistrate for securing such records and property from the person so that it can be handed over to authorized person.

Scrutiny of the records of seven BDPOs revealed that cash balances amounting to ₹ 6.03 lakh had not been handed over by 26 Ex-Sarpanches/Panches (**Appendix 4**) to the authorized person i.e. Sarpanch or Panch, Social Education Panchayat Officer or Gram Sachiv. The amount had been lying with them for the period from 1995-96 to 2010-11. Appropriate action as provided for in the Haryana Panchayati Raj Act, 1994 had not been taken against the defaulting Ex-Sarpanches/Panches to recover the amount.

The matter was referred (August 2014) to the Additional Chief Secretary to Government of Haryana, Development and Panchayat Department; the reply was awaited (October 2014).

2.4 Non-utilization of funds received under Excise Policy

As per Excise Policy of the Excise and Taxation Department, Haryana, the Panchayati Raj Institutions (PRIs) in whose jurisdiction liquor is sold would be paid a proportionate amount per bottle of liquor sold. The amount so collected would be deposited into the account of District Developments and Panchayat Officer (DDPO) concerned; who would disburse the amount to the Gram Panchayats (GPs), the Panchayat Samitis (PSs) and the Zila Parishad (ZP) in the ratio of 75:15:10. The amount was to be utilised on developmental activities.

Scrutiny of records showed that ZP, Yamuna Nagar received an amount of ₹ 1.32 crore during 2007-13 from DDPO on this account. Similarly, PS, Jagadhari received an amount of ₹ 23.99 lakh for this purpose during 2012-14. The amounts received by the ZP and the PS were lying unutilised (October 2014). The Government had not prescribed any time limit within which the amount should be utilised.

The Deputy Chief Executive Officer, ZP, Yamuna Nagar stated (June 2014) that the amount was kept in the bank in the form of Fixed Deposit Receipts (FDR) for construction of Zila Parishad Bhawan. It was further stated that as the land was not available for construction of Zila Parishad Bhawan, the amount would be disbursed for development works on receipt of list of development works from its chairpersons and members. Further developments were awaited (October 2014). The fact remains that the fund meant for development works remained unutilised. Audit is of the opinion that the Government should prescribe time limit for carrying out development activities and utilising the funds.

The matter was referred (September 2014) to the Additional Chief Secretary to Government of Haryana, Development and Panchayats Department; the reply was awaited (October 2014).

2.5 Loss due to non-leasing of cultivable land

Section 5 (1) of the Punjab Village Common Lands (Regulation) Act, 1961 as applicable to Haryana provides that land vested or deemed to have been vested in a Panchayat shall be utilized or disposed of by the Panchayat for the benefit of inhabitants of the village concerned in the manner prescribed by the Government. Further, Rule 3 of the Punjab Village Common Lands (Regulation) Rules, 1964 provides that the Panchayat shall prepare a land utilization plan of the land in Shamilat deh vested in it. The Act and the Rules also provide for leasing of lands by the Panchayats which is one of the main sources of revenue for the Panchayats.

Scrutiny of the records of the District Development and Panchayats Officer (DDPO), Panchkula and two¹ Block Development and Panchayats Officers (BDPOs) revealed that entire cultivable available land was not leased out during 2010-13. Non-leasing out of cultivable land resulted in loss of revenue of ₹ 5.40 crore (**Appendix 5**) to the Panchayats.

The matter was referred (September 2014) to the Additional Chief Secretary to Government of Haryana, Development and Panchayats Department; the reply was awaited (October 2014).

2.6 Improper maintenance of Muster Rolls

To ensure that person employed as daily wages is to be paid rightly, the Rule 136 of the Haryana Panchayati Raj Finance, Budget, Accounts, Audit, Taxation and Works Rules, 1996 provides that in the case of work carried out by daily labourer, the person in charge of the work shall maintain a muster roll and acknowledgement of the payee shall be obtained on the muster roll.

¹ BDPOs Palwal and Hathin

Test check of the records of the Gram Panchayats (GPs), Bohatwas Ahir and Jajal in Khol (Rewari) and Rai (Sonipat) blocks respectively showed that 29² labourers were engaged (September 2011 to July 2012) on muster rolls and an amount of ₹ 1.04 lakh was shown as paid to them. Signatures/thumbs impressions of labourers were not found marked on the muster rolls against their names. The Sarpanches, who were responsible for exercising control before making payment, passed the bills for payment without obtaining signatures/thumb impressions. Payments without signatures/thumb impressions of labourers is fraught with the risk of misappropriation of funds.

The matter was referred (September 2013 and April 2014) to the Additional Chief Secretary to Government of Haryana, Development and Panchayats Department; the reply was awaited (October 2014).

² 14 labourers by Bohatwas Ahir (GP) and 15 labourers by Jajal (GP)

PART B: URBAN LOCAL BODIES

PART B: URBAN LOCAL BODIES

CHAPTER-III

PROFILE OF THE URBAN LOCAL BODIES

3 Introduction

3.1 Background of Urban Local Bodies

The 74th Constitutional amendment paved the way for decentralization of powers and transfer of 18 functions, listed in the twelfth schedule of the Constitution along with funds and functionaries to the Urban Local Bodies. The Government of Haryana enacted the Haryana Municipal Corporation Act, 1994 and the Haryana Municipal Act, 1973 for transferring the powers and responsibilities to Urban Local Bodies (ULBs).

3.2 Audit arrangement

Director, Local Audit Department (LAD), Haryana is the Statutory Auditor and conducts audit of all Municipal Corporations, Municipal Councils and Municipal Committees.

The Eleventh Finance Commission (EFC) recommended that CAG of India should be entrusted with the responsibility of exercising control and supervision over proper maintenance of accounts and their audit for all the three tiers/levels of ULBs. Thirteenth Finance Commission further recommended that the State Government must make arrangement for placement of Annual Technical Inspection Reports of CAG before the State Legislature. The State Government entrusted (August 2008) test audit of ULBs to the CAG under Section 20 (1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and also for allowing C&AG for providing Technical Guidance (TG) to the Director, Local Audit Department, Haryana with regard to ULBs. The State Government further notified (December 2011) that Annual Technical Inspection Report (ATIR) of CAG as well the Annual Report of LAD would be placed before the State Legislature.

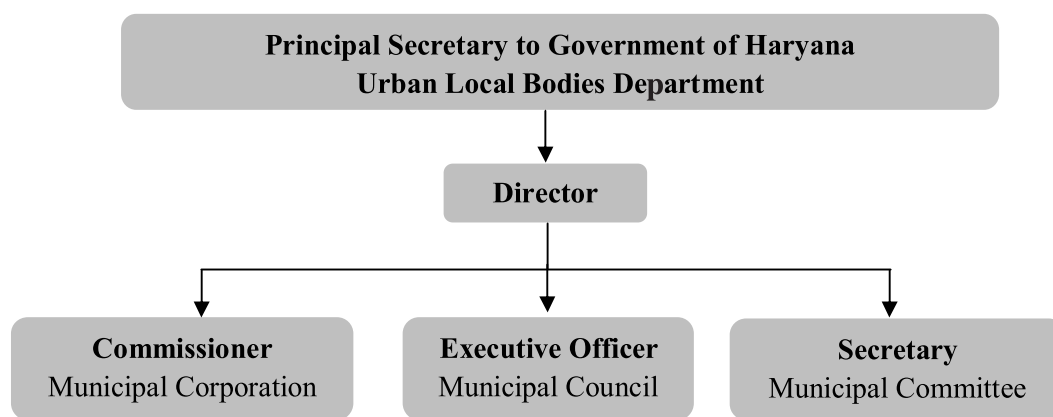
The State Government has complied with conditions of the ibid notification by placing ATIR for the year 2009-11 before the State Legislature on 6 September 2013. But the Local Audit Department had not prepared its Annual Report for placing before the State Legislature as of December 2014. A separate Committee on Local Bodies and Panchayati Raj Institutions had also been constituted by Haryana Vidhan Sabha for discussion of ATIRs.

The CAG may provide suitable Technical Guidance and Support (TGS) to primary external auditors of ULBs viz; the Local Audit Department (Statutory Auditor) for the purpose of strengthening Public Finance Management and Accountability in ULBs. The parameters of such TGS are as given in Section 152 to 154 of the Regulations on Audit and Accounts, 2007 issued by the CAG of India under Section 23 of the CAG's (DPC) Act, 1971.

3.3 Organisational structure of Urban Local Bodies

There are 9 Municipal Corporations, 19 Municipal Councils and 50 Municipal Committees in the State. Urban Local Bodies consist of elected members from each ward. The Mayor in Municipal Corporation and President in Municipal Council and Municipal Committees are elected by majority of elected members from different wards. Chairpersons preside over the meetings. The overall control of ULBs rests with the Principal Secretary (ULBs) to the Government of Haryana though the Director, Urban Local Bodies Department. The organizational setup of ULBs is detailed in **Chart 1** below:

Chart 1: Organisational set-up of ULBs



3.3.1 Standing Committees

The ULBs shall constitute standing committees to perform assigned functions. Details of constitution of the standing committee of ULB are detailed in **Table 7**.

Table 7 Roles and responsibilities of the Standing Committees

Level of ULBs	Standing Committee Headed by	Name of the Standing Committees	Roles and responsibilities of the Standing Committee
Urban Local Bodies (ULBs)	Chairman	Finance Sub-Committee	Looks after the functions related to the finance of municipality, framing of budget, scrutinizing prospects of increase of revenue, examination of receipts and expenditure statements, etc.
		Public Works and Building Sub-committee	Looks after the functions relating to municipal works, maintenance and verification of municipal properties and buildings under the control the ULBs. It also deals with all cases of encroachments and projections.
		Sanitation and water Supply Sub-committee.	Looks after matters relating sanitation, health, sewerage and water supply.

3.3.2 Devolution of functions

The 74th amendment of the Constitution was enacted to decentralize the powers and functions to ULBs for ensuring proper and planned growth of cities and towns with adequate infrastructure and basic amenities. The Government of Haryana has entrusted 18 functions to ULBs as per details given in **Table 8** below. All the 18 functions have been transferred to ULBs.

Table 8: Details of functions entrusted to ULBs

Sr. No.	Functions entrusted and transferred to ULBs
1.	Regulation of land use and construction of buildings
2.	Roads and bridges
3.	Water supply-domestic, industrial and commercial
4.	Public health sanitation, conservancy and sewerage water maintenance
5.	Fire services
6.	Slum improvement and upgradation
7.	Provision of urban amenities and facilities-parks, gardens and play grounds
8.	Burials and burial grounds, cremations, cremation grounds and electric crematoriums
9.	Cattle Ponds, prevention of cruelty to animals
10.	Vital statistics including registration of births and deaths
11.	Public amenities including street lighting, parking lots, bus stops and public conveniences
12.	Regulation of slaughter houses and tannery
13.	Urban planning including town planning
14.	Planning for economic and social development
15.	Urban forestry, protection of environment and ecology
16.	Safeguarding the interest of weaker sections of the society including the handicapped and mentally retarded
17.	Urban poverty alleviation
18.	Promotion of cultural, educational and aesthetic aspects

3.4 Financial profile

3.4.1. Fund flow to ULBs

For execution of various developmental works, the ULBs receive funds mainly from GOI and the State Government in the form of grants. GOI grants include grants assigned under the recommendations of the Central Finance Commission and grants for implementation of schemes. The State Government grants are received through devolution of net proceeds of the total tax revenue on the recommendations of the State Finance Commission (SFC) and grants for implementation of State sponsored schemes. Besides, revenue is also mobilized by the ULBs in the form of taxes, rent, fees, issue of licenses, etc.

While Central and State grants are utilized by the ULBs for execution of Central and State sponsored schemes as per the guidelines issued by GOI and State Government in this regard, own receipts of ULBs are utilized for administrative expenses and execution of schemes/works formulated by the ULBs. The fund flow arrangements in major schemes are given in **Table 9**:

Table 9: Fund flow arrangements in major Centrally sponsored schemes

Sl. No.	Scheme	Fund flow Arrangements
1	Swaran Jayanti Shahari Rojgar Yojana (SJSRY)	Funding under SJSRY is shared between the Centre and the State in the ratio of 75:25. The Central share is released in the form of demand draft and State share is apportioned through State budget.
2	Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT)	Grant-in-aid is to be shared by Central and State Government in the ratio of 80:10 and balance 10 <i>per cent</i> to be arranged by the ULBs from their own sources.
3	Integrated Housing & Slum Development Programme (IHSDP)	Eighty per cent of the cost of the scheme flows from the Centre in the form of grants in aid. The remaining 20 <i>per cent</i> is shared by the State Government, ULBs and parastatal agencies. The ULBs raise their contribution from their own resources or from beneficiary contribution.
4	Urban Infrastructure and Governance (UIG)	Funding under UIG is shared between the Centre, State and ULBs in the ratio of 80:10:10. The ULBs raise their contribution from financial institutions. For Basic Services to Urban Poor a sub-mission under JNNRUM, 80 <i>per cent</i> Central Grant, 20 <i>per cent</i> State/ULB/Parastatal share including Beneficiary contribution.

3.4.2 Resources and utilisation of funds

The trend of resources and utilization of funds of ULBs for the period from 2009-10 to 2013-14 are detailed in **Table 10**.

Table 10: Time series data on resources and utilisation of funds of ULBs

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14	
	R	E	R	E	R	E	R	E	R	E
Central Finance Commission	22.92	22.92	26.74	27.11	38.13	22.30	60.81	48.52	165.76	165.76
State Finance Commission	217.48	202.81	40.69	12.93	54.42	34.37	147.15	113.45	118.12	118.12
Loans	1.05	1.05	77.37	85.11	42.97	11.75	41.59	25.30	-	-
Own Sources (Taxes and Non Taxes)	573.62	290.91	764.96	369.41	675.56	1018.51	471.00	327.12	1275.21	892.43
Other grants	0	--	173.53	30.58	380.62	279.38	1184.59	907.26	1082.13	1082.13
Grand Total	815.07	517.69	1083.29	525.14	1191.70	1366.31	1905.14	1421.65	2641.22	2258.44

Source: Figures provided by Director, Urban Local Bodies, Haryana

Note: R : Receipt and E: Expenditure

3.5 Accounting arrangement

Senior Accounts Officers are responsible for maintenance of accounts in Municipal Corporations, while the Executive Officers in the case of Municipal Councils and Secretaries in the case of Municipal Committees maintain the account with the assistance of Accountants.

The maintenance of accounts of Municipal Committees, Municipal Councils and Municipal Corporations is governed by the Municipal Account Code, 1930. Draft notification of the Haryana Municipal Account Code, 2012 consistent with accounting format and codification pattern suggested by National Municipal Accounts Manual was issued in March 2012. The Director, Urban Local Bodies Department stated (November 2014) that modification in the Account Code was required to be made and after modification, a copy of the same would be sent to Audit. Further, developments were awaited (March 2015)

3.5.1 Audit coverage

A test check of the records of 31 ULBs (6¹ Municipal Corporations, 5² Municipal councils and 20³ Municipal Committees) was conducted during the year 2013-14. Apart from this, records relating to leasing of municipal land/properties of 11⁴ municipalities were also test-checked. Important audit findings are summarized in Chapter IV.

3.6 Financial reporting and accounting framework of ULBs (Internal Control System)

A sound internal control system significantly contributes to efficient and effective governance of the ULBs by the State Government. Compliance with financial rules, procedures and directives as well as the timeliness and quality of reporting on the status of such compliance is, thus, one of the attributes of good governance. The reports on compliance and controls, if effective and operational, assist the ULBs and the State Government in meeting its basic stewardship responsibilities including strategic planning, decision making and accountability of the stakeholders. The following was observed:

3.6.1 Non-preparation of Annual Accounts

As per provision contained in Para III-7 of the Municipal Account code 1930, a financial statement for every year in respect of Municipality is to be prepared in form G-5. But it was observed during audit that annual accounts in the shape of balance sheet were not being prepared in the test-checked Municipalities since their inception. Due to non-preparation of balance sheets, true and fair view of the state of affairs of ULBs could not be ascertained. With no specific provision in the State Act/Rules, certification of accounts by an independent agency is non-existent in ULBs.

3.6.2 Outstanding IRs/Paragraphs

The Commissioner/ Executive Officer/ Secretary of the Municipal Corporation, Municipal Council and Municipal Committee respectively are required to comply with the observations, contained in the Inspection Reports (IRs), issued by the Principal Accountant General (Audit) Haryana and rectify the defects/omissions

¹ (1) Ambala, (2) Faridabad (3) Gurgaon, (4) Hisar, (5) Yamuna Nagar, (6) Karnal

² (1) Hansi, (2) Kaithal, (3) Narnaul, (4) Tohana, (5) Bahadurgarh,

³ (1) Assandh (2) Ateli, (3) Barwala, (4) Beri, (5) FarukhNagar, (6) Gharaunda, (7) Haily Mandi, (8) Jhajjar, (9) Narnaund, (10) Nilokheri, (11) Nissing, (12) Pataudi, (13) Uklana, (14) Indri, (15) Mohindergarh, (16) Sohna, (17) Kanina, (18) Ratia, (19) Pundri, (20) Pehowa

⁴ (1) Municipal Corporation, Panipat, Municipal Council (2) Jind, (3) Narwana, Municipal Committee, (4) Samalkha, (5) Taraori, (6) Pundri, (7) Cheeka, (8) Kalayat, (9) Julana, (10) Safidon and (11) Uchana

and report their compliance to settle the observations. The details of IRs and paragraphs issued, settled and outstanding as on 31 March 2014 are shown in Table 11.

Table 11: Position of pending IRs/Paragraphs

Year of issue of Inspection Reports	Opening balance of outstanding IR/Paras		Addition		Total		No. of IRs/ paras settled		No of outstanding IR/Paras as on 31 March 2014	
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
2009-10	-	-	27	257	27	257	-	3	27	254
2010-11	27	254	27	259	54	513	-	12	54	501
2011-12	54	501	21	260	75	761	-	07	75	754
2012-13	75	754	36	264	111	1018	-	-	111	1018
2013-14	111	1018	32	453	143	1471	-	-	143	1471
Total			143	1493				22		

CHAPTER-IV

Results of audit of Urban Local Bodies

4.1 Leasing of municipal land/properties by Urban Local Bodies

One of the means by which Urban Local Bodies (ULBs) increase their revenues is leasing of land. The 13th Central Finance Commission has also stressed the potential for the use of land (land lease/sale) as a financing option by the Municipalities. Scrutiny of records relating to leasing of land/properties showed the following :

(i) *Loss of revenue due to non-leasing of Municipal Agricultural Land*

Scrutiny of records of four¹ municipalities showed that municipalities were leasing out their land. However, these municipalities failed to lease out 100 Acre, 1 Kanal, 10 Marla agricultural land during different periods as detailed in table below which resulted in loss of revenue to the Municipalities amounting to ₹ 20.04 lakh.

Name of MC	Agricultural land			Period during which land was not leased out	Loss of revenue ² (₹ in lakh)
	Acre	Kanal	Marla		
Karnal	15	3	15	2010-11 to 2013-14	6.04
Nissing	66	5	13	2010-11	3.24
Cheeka	9	4	16	2012-13 to 2013-14	1.49
Taraori	8	3	6	2011-12 to 2012-13	9.27
Total	100	1	10		20.04

Municipalities of Karnal, Cheeka and Taraori stated (July/August 2014) that the land would be leased out timely in future. Municipal Committee, Nissing stated (July 2014) that the State Government of Haryana declared (March 2008) the Gram Panchayat, Nissing as Municipal Committee, therefore, agricultural land was not given on lease during 2010-11 as the title (*Intkal*) of the said land was not on its name. Reply is not tenable as the land was leased out in 2010-11 and efforts should have been made to get the title transferred.

¹ (i) Karnal, (ii) Nissing, (iii) Cheeka and (iv) Taraori

² Loss of revenue calculated on the basis of rent realized in respect of balance land already leased out by the concerned municipalities.

(ii) *Non resumption of leased land by Municipal Corporation, Karnal*

Municipal Corporation (MC), Karnal leased land situated at Kunjpura Road, Karnal for five years in *nine* cases for construction of shops. The lease period in all the nine cases expired in 1991-92. As per Resolution No 16 dated October 2005, the MC, approved that the lease period may be extended with the sanction of State Government.

Test check of Demand & Collection Registers of MC showed that neither the lease period was extended nor lease money was being recovered since 1992-93. Municipal Corporation, Karnal stated (August 2014) that demand would be assessed and notices would be issued to all the concerned.

(iii) *Irregular construction of shops on first floor by the tenants*

Lease agreement between the tenants and Municipal Council, Jind provided that lessees were not make any addition/alteration or to construct any structure on the roof of the shops taken on lease.

Test check of records of Municipal Council, Jind showed that the Council leased its 138 single storey shops in Palika Bazar, Jind from time to time through open auction. Later the Council passed a resolution (1 July 1999) which allowed the tenants to construct first floor at their own cost. Deputy Commissioner cancelled the resolution (November 1999). However, tenants constructed first floor on these shops in 75 cases and were using first floor without payment of lease money. No action was taken by the MC either to demolish the unauthorised construction or to recover the lease rent from the tenants.

(iv) *Non recovery of lease rent of Municipal shops/plots*

State Government issued instructions (March 2009) that in case of delay in deposit of rent, interest at the rate of 12 *per cent* per annum should be recovered from the defaulters. Test check of Demand and Collection Registers of 18 municipalities showed that out of 4297 shops/plots, in 1338 cases rent/lease amounting to ₹ 7.20 crore was outstanding as on 31 March 2014 against the allottees/persons who had taken shops/plots on lease.

Nine³ Municipalities stated (July/August 2014) that notices have been issued to tenants for deposit of outstanding lease rent and efforts were being made to recover outstanding dues.

³ (i) Karnal, (ii) Nillokheri, (iii) Gharaunda, (iv) Assandh, (v) Indri, (vi) Taraori, (vii) Pundri, (viii) Cheeka and (ix) Kaithal

(v) *Non receipt of sale price of Mahanagar Palika Bazar sites*

The terms and conditions of open auction of commercial sites by the Municipal Corporation, Faridabad (MCF) provided that the successful allottees of shop sites had to pay a ground rent at the rate of 2.5 *per cent* of total lease amount yearly from the date of offer of possession. 25 *per cent* of the sale price was to be deposited at the fall of the hammer and the remaining 75 *per cent* in 12 equal half yearly instalments with 18 *per cent* interest on 13 sites auctioned in September 2002. Further, 19 sites were auctioned in April 2008 on similar terms and conditions, however, interest on these sites was reduced to 15 *per cent* from 18 *per cent*. Penal interest at the rate of 3 *per cent* in addition to normal rate was payable in case of delay in payment of instalments of balance amount of bid money. In case of delay in payment of instalments over one year, the allotment was to be treated as cancelled.

It was observed that in 25 cases, lease rent and sale price amounting to ₹ 1.03 crore was still outstanding. The MCF had not initiated any action to recover the outstanding amount or to cancel the allotment. MCF stated (August 2014) that notices were being issued to the defaulters. Fact, however, remains that no recovery has been made so far (August 2014).

(vi) *Loss due to non-enhancement of rent*

Scrutiny of records of the Municipal Corporation, Ambala showed that the Corporation leased out shops on monthly rent basis during April 1990 to January 2007. As per the instructions of the State Government (January 1994) and the agreement executed between municipality and tenants, rent of the shops was to be enhanced 20 *per cent* after every 5 years of the agreement, if the renting of shops arrangement continue. However, in all the 729 cases rent was not enhanced which resulted in loss of ₹ 3.22 crore (**Appendix 6**) to the Municipality.

On being pointed out, the Corporation replied (February 2013) that the matter of enhancement of rent of shops after every five years was being brought to the notice of higher authorities and notices for enhancement of rent to all tenants would be issued.

The matter was referred (July/August 2014) to the Additional Chief Secretary to Government of Haryana, Urban Local Bodies Department; the reply was awaited (March 2015).

4.2 Non-recovery of annuity for land compensation

State Government formulated (December 2007) a policy for rehabilitation and resettlement of land owners. The policy was applicable in respect of all those cases in which awards of compensation were announced on or after 5 March 2005. Under the policy, in addition to land compensation, annuity was to be paid at the rate of ₹ 15,000 per acre for a period of 33 years which was to be increased by a fixed sum of ₹ 500 per acre per year. The scheme was further revised (November 2010) and annuity was fixed at the rate of ₹ 21,000 per acre per year for a period of 33 years which was to be increased by a fixed sum of ₹ 750 per acre per year.

Scrutiny of records of Municipal Committee, Nissing showed that the land measuring 77 acre 4 kanal 19 marla was acquired (November 2005) for the Market Committee, Nissing for the extension of Grain/Vegetable Market. Market Committee paid annuity for the period from November 2005 to March 2011 to the Municipal Committee, but had not paid annuity amounting to ₹ 42.34 lakh for the period from April 2011 to March 2014. The Municipal Committee had not approached the Market Committee for payment of annuity.

On being pointed out by Audit, the Additional Chief Secretary to Government of Haryana, ULBs Department directed (August 2014) the Municipal Committee to take up the matter with the Haryana State Agricultural Marketing Board for recovery of annuity.

4.3 Non-availment of exemption from Service Tax

The Government of India, Ministry of Finance (Department of Revenue) vide their Notification dated 20 June 2012 exempted the services provided to a local authority by the manpower supplying agencies from Services Tax, where manpower was supplied to municipalities for sanitation purpose. As per this notification, the municipalities were not required to pay Service Tax to the manpower supplying agencies on the bills of manpower supplied for sanitation purpose from July 2012 onwards.

Scrutiny of records showed that despite exemption from Service Tax as stated above, three⁴ municipalities had not availed of the exemption and paid Service Tax amounting to ₹ 1.41 crore to the manpower supplying agencies for supply of manpower for sanitation purposes during July 2012 to December 2013 resulting in avoidable financial burden on the municipalities.

⁴ (i) Municipal Corporation, Gurgaon: ₹ 135.85 lakh (July 2012 to December 2013),
(ii) Municipal Committee, Farukh Nagar: ₹ 1.54 lakh (July 2012 to February 2013) and
(iii) Municipal Committee, Pataudi: ₹ 3.74 lakh (July 2012 to February 2013)

In a meeting held with Audit in August 2014, the Additional Chief Secretary to Government of Haryana, ULBs Department directed the concerned municipality to take immediate steps for recovery of service tax from the contractors/contractual agencies.

4.4 Non-recovery of labour cess before approval of building plans

As per Building and other Construction Workers Welfare Cess Act, 1996, Labour Cess at the rate of one *per cent* of the total cost of construction was to be levied. The State Government issued (February 2007) instructions to levy Cess at the rate of one *per cent* in accordance with the requirement of the Cess Act. The Director, ULBs issued (July 2007) instructions that the municipalities should collect Labour Cess at the rate of one *per cent* of the estimated cost of construction before granting approval of building Plans. These provisions were not applicable to individual residential houses whose total cost of construction did not exceed ₹ 10 lakh.

Scrutiny of record (2010-13) showed that seven⁵ Urban Local Bodies had not collected cess at the rate of one *per cent* of the estimated cost of buildings amounting to ₹ 1.84 crore in respect of 346 houses/building owners before granting approval of building plans for construction although the estimated cost of construction of each house/building was more than ₹ 10 lakh.

In a meeting held with Audit in August 2014, the Additional Chief Secretary to Government of Haryana, ULBs Department directed the concerned municipality to recover the money at the earliest and deposit the amount with the concerned authority.

4.5 Non-recovery of Service Tax on rental receipts

As per Section 65(105) (zzzz) of the Finance Act 1994, the term taxable service for renting of immovable property service means any service provided or to be provided to any person, by any other person in relation to renting of immovable property for use in the course of furtherance of business or commerce. Immovable property includes renting, letting, leasing, licensing or other similar arrangements of immovable property. With the introduction of negative list from 1 July 2007, Section 66B prescribes levy of Service Tax at prescribed rates⁶ on the value of services provided other than those specified in the negative list.

⁵ (i) Municipal Corporation, Faridabad: 295 Houses/Buildings ₹ 176.41 lakh, (ii) Municipal Council, Kaithal: 9 Houses/Buildings ₹ 1.51 lakh, (iii) Municipal Committee, Nissing: 5 Houses/Buildings ₹ 0.70 lakh, (iv) Municipal Committee, Indri: 12 Houses/Buildings ₹ 1.55 lakh, (v) Municipal Committee, Pundri: 6 Houses/Buildings ₹ 0.63 lakh, (vi) Municipal Committee, Sohna: 15 Houses/Buildings ₹ 2.58 lakh and (vii) Municipal Committee, Pataudi: 4 Houses/Buildings ₹ 0.67 lakh

⁶ 11 May 2007 to 23 February 2009: 12.36 *per cent*, 24 February 2009 to 31 March 2012: 10.30 *per cent* and w.e.f from 1.4.2012: 12.36 *per cent*.

Scrutiny of records of municipalities showed that shops/booths of the municipalities had been rented out on monthly rental basis. The municipalities were liable to pay Service Tax on the rent after collecting the same from tenants. It was noticed that ten municipalities had not collected Service Tax amounting to ₹ 1.74 crore from tenants (**Appendix 7**). It was also noticed that four⁷ municipalities had deposited the Service Tax amounting to ₹ 23.15 lakh from their own resources without recovery of the same from tenants (**Appendix 7**). This had resulted in loss to the municipalities.

In a meeting held with Audit in August 2014, the Additional Chief Secretary to Government of Haryana, ULBs Department directed the concerned municipality to do the needful within a period of one month; but the response of the municipality had not been received (October 2014).

4.6 Non-recovery of regularization charges

In terms of Section 203A of the Haryana Municipal Act 1973, the State Government regularized (December 2004) unauthorized colonies falling within the jurisdiction of Municipal Corporation/Council/Committee in the State. While regularizing these unauthorized colonies, the Government issued instructions that regularization charges at the rate ₹ 120 per square yard in the case of Municipal Councils and at the rate of ₹ 80 per square yard in the case of Municipal Committees would be recovered from the residents who had already constructed their houses in these colonies.

Test check of records of six⁸ municipalities showed that recovery of regularization charges had not been made from the concerned residents as of March 2014. Demand notices had not been issued to the owners for making payment of these charges even after lapse of a period of more than nine years. Further, no action has been initiated to recover the amount as arrears of land revenue as provided under Section 98 of the Haryana Municipal Act 1973. As a result of this, revenue of ₹ 57.12 crore remained unrecovered from house owners of 92 regularized colonies since December 2004 (**Table 12**).

Table-12: Detail of non-recovery of regularization charges of the colonies

Sl. No.	Name of municipality	Number of colonies regularised	Constructed area (Sq. yards)	Rate of regularization charges (₹ per Sq. yard)	Amount (in ₹)
1.	Municipal Council (now Corporation) Karnal	24	15,65,971	120	18,79,16,520
2.	Municipal Committee Indri	6	92,511	80	74,00,880
3	Municipal Committee Gharaunda	17	5,01,599	80	4,01,27,920
4.	Municipal Committee Assandh	10	7,00,090	80	5,60,07,200
5.	Municipal Committee Nilokheri	4	43,093.94	80	34,47,515
6.	Municipal Council Kaithal	31	23,02,475	120	27,62,97,000
Total:		92	52,05,739.94		57,11,97,035

⁷ Municipal Committee, (i) Assandh: ₹ 7.45 lakh, (ii) Gharaunda: ₹ 5.18 lakh, (iii) Pundri: ₹ 3.01 lakh and (iv) Samalkha: ₹ 7.51 lakh

⁸ (i) Municipal Corporation, Karnal, (ii) Municipal Council, Kaithal, Municipal Committee (iii) Indri, (iv) Gharaunda, (v) Assandh and (vi) Nilokheri

Three⁹ MC stated (August 2014) that there was no directions to charge regularisation charges from the owners of already constructed houses in the regularisation order (December 2004). The reply is not tenable as the section 203A (3) of the Haryana Municipal Act, 1973 provides that every house owner/plot shall be liable to pay regularization fee on demand to the municipality.

4.7 Encroachment of land

The land under the ownership of MCs should be free from all encroachments. In case of any encroachments or un-authorized occupation by any person/bodies, the committee should take timely action for getting the same freed from encroachment under Section 408-A of Haryana Municipal Corporation Act 1994 and Section 181 of Haryana Municipal Act 1973. Municipal Corporations were empowered to take possession of the premises/land or building/structure constructed on the land or demolish unauthorised construction or restore to its original state. Scrutiny of records of two municipalities showed that 35.38 Acre of land valuing ₹ 154.30 crore was under encroachment as of March 2014 as per detail given below:

Sl. No	Name of municipality	Land under encroachment (In acres)	Value of land (₹ in crore)
1.	Municipal Corporation, Faridabad	28.72	131.75
2.	Municipal Committee, Haily Mandi	6.66	22.55
	Total	35.38	154.30

In a meeting held with Audit in August 2014, the Additional Chief Secretary to Government of Haryana, ULBs Department directed the concerned municipality to take prompt action against the encroachers as per law and special efforts be made to get the land free from the encroachers.

4.8 Non-recovery of Municipal Electricity Tax

As per provisions under Section 70 of the Haryana Municipal Act, 1973, a tax on the consumption of electricity at the rate five paise for every unit of electricity consumed by any person within the limits of the municipality is leviable. Municipal Committee (MC), Nissing (District Karnal) was formed in June 2008. The tax is collected by the Uttar Haryana Bijli Vitran Nigam (UHBVN) in Karnal district.

Scrutiny of records of MC, Nissing revealed that it had not maintained any record regarding Municipal Electricity Tax recoverable from UHBVN. However, as per details available with the MC, Nissing, an amount of ₹ 15.60 lakh was recoverable from UHBVN on account of Municipal Electricity Tax for the period January 2010 to November 2010. The average Municipal Electricity Tax per month works out to ₹ 1.42 lakh. Thus, Municipal Electricity Tax for the period

⁹ (i) Municipal Committee, Indri, (ii) Gharaunda and (iii) Assandh.

from July 2008 to March 2014 amounting to ₹ 97.98 lakh was recoverable from UHBVN.

In a meeting held with Audit in August 2014, the Additional Chief Secretary to Government of Haryana, ULBs Department directed the concerned municipality to make serious efforts for recovery of electricity tax from UHBVN.

4.9 Non-implementation of scheme for shifting of milk dairies outside the city limits

The Housing and Urban Development Corporation Limited's (HUDCO) approved a scheme for shifting of milk dairies outside the city limits. Under the scheme, HUDCO provided loan up to 75 per cent and balance 25 per cent funds were to be arranged by the Municipal Corporation (MC) from its own resources.

Scrutiny of records of MC, Karnal showed that MC purchased (December 2005) 131 Bigah and 18 Biswa land at village Pingli at a cost of ₹ 1.17 crore and also incurred (October 2010 to February 2011) an expenditure of ₹ 1.06 crore on development and laying electricity lines. The MC had not allotted the plots to the owners of milk dairies.

Similarly, Municipal Corporation, Ambala purchased land at villages Ugara and Bara at a cost of ₹ 2.80 crore for allotment of plots to the dairy owners as per details given below:

Name of villages	Area of land	Dates of payment	Cost of land (₹ in crore)
Ugara	11 acre, 6 kanal, 11 marla	26 March 2003	0.36
Bara	9 acre, 6 kanal, 4 marla	17 March 2003	0.29
Bara	94 kanal, 8 marla	20 September 2012 and 22 October 2012	2.15
Total			2.80

The land was lying unused and scheme of shifting of milk dairies out of the city limits had not been implemented. The MC had not prepared any plan for development of land as of July 2014.

The Executive Officer, MC, Karnal stated (June 2014) that the Commissioner, MC, Karnal approved (April 2012) to allot the plots to dairy owners on lease basis but the dairy owners did not agree to take the plots on lease hold basis and thereafter, the case was sent (December 2012) to the Government for according approval for allotment of plots on 'no profit no loss basis' but the approval of the Government was still awaited (June 2014).

During the meeting with Audit held in October 2014, the Additional Chief Secretary to Government of Haryana, ULBs Department directed the concerned municipality to take the matter with Directorate so that the matter could be resolved. Further, development was awaited.

Thus, the objective of the scheme of shifting milk dairies outside the city limits has not been achieved despite spending ₹ 5.03 crore on purchase of land and its development.

4.10 Diversion of funds

As per guidelines for utilization of grant under share of surcharge on VAT for Rajiv Gandhi Urban Development Mission Haryana (RGUMH), the grant was to be utilized for urban infrastructure such as sanitation, cleanliness, solid waste management and other civic infrastructure. The council/committees shall be able to make payment on account of salary, retirement and pensionary benefits to its employees on priority only in the legal matter from the funds distributed to various ULBs as per the infrastructure gap index. In case payment is to be made for any purpose other than legal matter, then permission of Government shall be sought with proper justification. Similarly, sanctions issued by the Government while releasing funds as grant-in-aid on the recommendations of Central Finance Commission (CFC) and State Finance Commission (SFC) clearly specified that the funds would be utilised for developmental works only.

Scrutiny of records (April 2010 to March 2014) five¹⁰ municipalities showed that funds amounting to ₹ 3.86 crore were diverted towards payment of salaries, arrear, allowances of the staff, wages, audit fees etc. out of grants released under share of surcharge on VAT for RGUMH and under recommendation of CFC and SFC (**Appendix 8**). Further, permission from the Government for spending the amount on salary, wages, etc. out of RGUMH funds was not obtained. This resulted in non-execution of development works in municipal areas to that extent.

The matter was referred (September 2014) to the Additional Chief Secretary to Government of Haryana, Urban Local Bodies Department; but the reply was awaited (October 2014).

¹⁰ Municipal Committee, (i) Gharaunda, (ii) Indri, (iii) Assandh, (iv) Nilokheri and (v) Municipal Council, Kaithal

4.11 Non-utilisation of funds

Rule 8.14 of the Punjab Financial Rules as applicable to Haryana requires that authority sanctioning grant-in-aid should specify clearly the object for which it is given and condition, if any, attached to the grant. The grant will be spent upon the object within a reasonable time, if no time limit has been fixed by the sanctioning authority and any portion of the amount which is not ultimately required for expenditure upon that object, should be duly surrendered to Government.

Scrutiny of records of the Municipal Committee, Pehowa showed that it received funds of ₹ 66.84 lakh as grant-in-aid on the recommendation of Central Finance Commission for Solid Waste Management from March 2006 to September 2006. Further, the Municipal Committee, Pehowa earned an interest of ₹ 18 lakh (November 2014). Only an amount of ₹ 4.65 lakh had been utilised on initial activities and balance amount of ₹ 80.19 lakh was lying in bank accounts. Non-utilization of funds resulted in non-execution of developmental works and blocking of funds which deprived the beneficiaries of intended benefits/ amenities. If the fund was not required it should have been returned to the Government.

The matter was referred (July 2014) to the Additional Chief Secretary to Government of Haryana, Urban Local Bodies Department; the reply was awaited (October 2014).

4.12 Loss due to under-fixation of sale rate of land

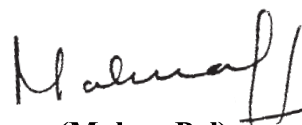
As per provision of the Sub-rule (1) and (3) Rule 4 of Haryana Management of Municipal Properties and State Properties Rules, 2007 framed under clause (n) of sub-section of Section 257 of the Haryana Municipal Act, 1973, in the case of sale of any site/building, the sale price/premium shall be the market price to be determined by the State Government, on the recommendation of the Deputy Commissioner. Development charges as fixed by the State Government from time to time shall also be levied with the sale price/premium.

Surplus land measuring 1500 square yards was transferred (August 2009) by the Municipal Council (Now Municipal Corporation), Karnal to Uttar Haryana Bijli Vitran Nigam (UHBVN) for construction of 33 KVA sub-station at Karnal. The State Government accorded (July 2009) approval for sale of 1500 square yards land at the rate of ₹ 9000 per square yard on the collector rates) plus development charges of ₹ 120 per sq. yard. A sum of ₹ 1.35 crore (9000x1500) payable for cost of land was adjusted (October 2011 to June 2013) by UHBVN out of electricity dues payable of MC to UHBVN.

Scrutiny of records showed that proposed collector rates for the year 2009-10 were circulated in March 2009 by the Sub-Registrar, Karnal and the applicable collector rate for that particular land was ₹ 11000 per square yard instead of

₹ 9000 fixed by the State Government. It was further noticed that the State Government adopted the collector rate of 2008-09 as conveyed (June 2009) to the Department by the Deputy Commissioner, Karnal. It was also reported that the collector rates for the year 2009-10 had not been finalised. Since the transaction took place in the year 2009-10, the department should have ascertained and insisted for the collector rate of 2009-10 before finalising the rate of land. Under-fixation of sale rate of land resulted in loss of ₹ 30 lakh to the municipality.

The matter was referred (July 2014) to the Additional Chief Secretary to Government of Haryana, Urban Local Bodies Department; the reply was awaited (October 2014).



(Mahua Pal)

**Principal Accountant General (Audit),
Haryana**

Chandigarh

Dated:

Appendices

Appendix 1

(Reference: Paragraph 1.3.2; Page 4)

Staff position (Technical and non-Technical) engaged in PRIs in State

Sr. No	Name of the Post	Post Sanctioned	Men in position	Vacant
1	Planning Officer	1	0	1
2.	Officer on Special Duty (Haryana Rural Development Fund Administration Board)	1	0	1
3.	Legal Officer	25	19	6
4	Superintendent	10	6	4
5.	Deputy Superintendent	50	30	20
6.	Social Education and Panchayat Officer	124	52	72
7.	Junior Engineer	522	436	86
8.	Assistant	278	221	57
9.	Accountant	159	138	21
10.	Accounts Clerk	154	32	122
11.	Clerk	356	189	167
12.	Senior Scale Stenographer	3	0	3
13.	Junior Scale Stenographer	3	2	1
14.	Steno Typist	171	36	135
15.	Driver	170	135	35
16.	Gram <i>Sachiv</i>	2237	1987	250
17.	Peon	504	354	150
18.	Chowkidar-cum-mali	143	60	83
19.	Dafti	1	1	0
20.	Machineman	1	1	0
21.	Jamadar	2	2	0
22	Sweeper – cum – chowkidar	31	26	5
23.	Cook	4	4	0
Total		4950	3731	1219

Appendix 2

(Reference: Paragraph 1.3.2; Page 4)

Staff position (Technical and non-Technical) engaged in Zila Parishads in the State

Sr. No	Name of the Post	Post Sanctioned	Men in position	Vacant
1.	Superintendent	21	0	21
2.	Accountant	21	8	13
3.	Assistant	42	12	30
4.	Sr. Scale Stenographer	21	1	20
5.	Steno Typist	21	4	17
6.	Clerk	21	3	18
7.	Accounts Clerk	21	8	13
8.	Driver	21	6	15
9.	Chokidar-cum-mali	21	3	18
10.	Peon	40	12	28
11.	Sweeper	21	2	19
Total		271	59	212

Appendix 3

(Reference: Paragraph 1.6; Page 7)

List of Panchayat Samities and Gram Panchayats test-checked

Sr. No	Name of Panchayat Samities	Name of Gram Panchayat
1.	Ambala 1	(1) Khanna Majra, (2) Kot Kachwa Khurd, (3) Tharwa, (4) Nurpur, (5) Konkpur, (6) Barola, (7) Chhota Baroula
2.	Ambala-2	(1) Liharsa, (2) Lohgarh, (3) Dhan Kour, (4) Tundli, (5) Barnala, (6) Kaulan
3.	Badhra (Bhiwani)	(1) Badari, (2) Mandhi Hariya, (3) Dohka Dina, (4) Dohka Mouji, (5) Rambass, (6) Kakpola Hatti, (7) Dalawas, (8) Chandwas
4.	Bahadurgarh (Jhajjar)	(1) Asaoda Sewan, (2) Balor, (3) Dariyapur, (4) Gubhana, (5) Jakhoda
5.	Barwala (Panchkula)	(1) Manaktabra, (2) Rehore, (3) Bhagwan Pur, (4) Barwala, (5) Kazampur, (6) Khet Purali, (7) Battor, (8) Shahpur, (9) Taprian
6.	Bawal (Rewari)	(1) Anandpur, (2) Banipur, (3) Bolni, (4) Deodai, (5) Jaliawas, (6) Kamalpur, (7) Kasoli, (8) Lalpur, (9) Oddi, (10) Raghunath pura
7.	Bilaspur (Yamuna Nagar)	(1) Bilaspur, (2) Ramgarh Majra, (3) Malik Rai Pur, (4) Kakdoni, (5) Pansel, (6) Mugalwali, (7) Parbhauri, (8) Hartol
8.	Chhachhroli (Yamuna Nagar)	(1) Bhud Kalan, (2) Bahadur Pur, (3) Chabutron, (4) Bhulkheri, (5) Jaidhar, (6) Kot Mustarka, (7) Dar Pur, (8) Ganoli, (9) Ledi, (10) Begam Pur, (11) Chahron
9.	Dadri-I (Bhiwani)	(1) Ranila, (2) Mirch, (3) Kamod, (4) Baund Khurd, (5) Kasni, (6) Kohlwas
10.	Dadri-II (Bhiwani)	(1) Barsana, (2) Mankawas, (3) Pandwan, (4) Chiriyia, (5) Paintawas Khurd, (6) Mandoli
11.	Ganaur (Sonipat)	(1) Bari, (2) Ghasauli, (3) Kailana, (4) Atail, (5) Bhuri
12.	Gohana (Sonipat)	(1) Giwana, (2) Nagar, (3) Gamri, (4) Tihar Malik, (5) Rabhra, (6) Moi Hooda, (7) Khanpur Kalan, (8) Barota, (9) Bhaniswal Kalan Bawla, (10) Katwal, (11) Lath, (12) Rukhi,
13.	Hathin (Palwal)	(1) Jalalpur Hathin, (2) Kot, (3) Gohpur, (4) Meerka, (5) Dhakalpur
14.	Hodal (Palwal)	(1) Sevli, (2) Bamni Khera, (3) Khatela Sarai, (4) Gadota, (5) Banswa,
15.	Indri (Karnal)	(1) Panjokhra, (2) Sher Gharh Khalsa, (3) Nagla Roran, (4) Kadrabad
16.	Jagadhri (Yamuna Nagar)	(1) Haripur Jattan, (2) Hirya Bans, (3) Amadal Pur, (4) Bibipur, (5) Bhog Pur, (6) Panjupur, (7) Tapu Majri, (8) Mandi
17.	Jatusana (Rewari)	(1) Dehlawas, (2) Masit, (3) Choki No 1 Malraki, (4) Shadi Pur Rajawas Nur Pur, (5) Mohdin Pur, (6) Motla Kalan, (7) Masta Pur, (8) Muse Pur, (9) Rasuli, (10) Nangalia Ranmohk, (11) Kanhora
18.	Jhajjar	(1) Bamnola, (2) Jahadpur, (3) Mehrana, (4) Khatiwas, (5) Kulana
19.	Kairu (Bhiwani)	(1) Dewrula, (2) Lalahna, (3) Sungarpur, (4) Leghan Bhanan, (5) Dhab Dhani, (6) Jui Khurd
20.	Kathura (Sonipat)	(1) Thaska, (2) Kahelpa, (3) Bhanderi, (4) Nizampur, (5) Madina, (6) Mirzapur Kheri, (7) Gharwal, (8) Rindhana

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Sr. No	Name of Panchayat Samities	Name of Gram Panchayat
21.	Kharkhoda (Sonipat)	(1) Rohna, (2) Rampur, (3) Kundal, (4) Anandpur, (5) Rohat, (6) Gopalpur, (7) Nizampur Majra, (8) Kheridahya, (9) Sisana-li, (10) Farmana, (11) Bidhlan, (12) Mandori, (13) Pipli
22.	Khol (At Rewari)	(1) Ludhana, (2) Bhatera, (3) Gopalpururf Pranpura, (4) Manethi, (5) Jainabad, (6) Roliawas, (7) Bohka, (8) Khaleta, (9) Mamaria Asampur, (10) Bohatwas Ahir
23.	Loharu (Bhiwani)	(1) Mohamad Nagar, (2) Singhani, (3) Dhani Laxman, (4) Pahari, (5) Jhumpa Kalan, (6) Jhumpa Khurd,
24.	Morni (Panchkula)	(1) Thapli, (2) Thandog, (3) Dabsu, (4) Bhoj Naita, (5) Bhoj Dharti, (6) Bhoj Kothi, (7) Bhoj Tipra
25.	Mundlana (Sonipat)	(1) Khandrai, (2) Rana Kheri, (3) Bichpari, (4) Jagsi Sehwat, (5) Jagsi Sehra, (6) Nurankhera, (7) Baroda Mor, (8) Mundlana, (9) Jawahra, (10) Butana Kundu, (11) Dhurana, (12) Chhathera, (13) Ahmadpur Majra
26.	Mustafabad (Yamuna Nagar)	(1) Hangoli, (2) Garhi Shikendra, (3) Sultan Pur, (4) Bhambol, (5) Nagla Jagir, (6) Kabul Pur, (7) Jagdholi, (8) Landora, (9) Gadhauli
27.	Naraingarh (Ambala)	(1) Nandu Wali, (2) Andheri, (3) Ganauli, (4) Ajampur, (5) Ujjal Majri, (6) Nagla Rajputan, (7) Lotton
28.	Nilokheri (Karnal)	(1) Samana Bahu, (2) Abla Jagir, (3) Bakipur
29.	Palwal	(1) Karna, (2) Hassapur, (3) Rajupur Khaddar, (4) Rasulpur, (5) Kakrali, (6) Kishorpur
30.	Pinjore (Panchkula)	(1) Magniwala, (2) Mallah, (3) Kona, (4) Ganeshpur Bhorla, (5) Fatehpur Diwanwala, (6) Thane Ki Sair, (7) Karanpur
31.	Radaur (Yamuna Nagar)	(1) Madhu Bans, (2) Hartaan, (3) Mansurpur, (4) Gumthala, (5) Mohri, (6) Silli Kalan, (7) Chhari, (8) Sandhali, (9) Potli, (10) Ghespur
32.	Rai (Sonipat)	(1) Nahra, (2) Nahari, (3) Palri Khurd, (4) Jajal, (5) Bahalgarh, (6) Janti Khurd, (7) Dahisera, (8) Sersa, (9) Palri Kalan, (10) Jhundpur, (11) Rasoi, (12) Jhinhali, (13) Joshi Jat, (14) Kundli, (15) Janti Kalan
33.	Raipurrani (Panchkula)	(1) Gobinpur, (2) Kheri, (3) Bhowli, (4) Natwal, (5) Mandlai
34.	Rewari	(1) Kalaka, (2) Gokal Garh, (3) Bamber, (4) Aakera, (5) Tatappur Khalsa, (6) Kishangarh, (7) Hansaka
35.	Sadaura (Yamuna Nagar)	(1) Galori, (2) Mirjapur, (3) Sabha Pur, (4) Rattu Wala, (5) Bholiwala, (6) Kotla, (7) Sadhaura, (8) Ratouli, (9) Ismail Pur, (10) Jhanda, (11) Pando
36.	Saha (Ambala)	(1) Thakarpur, (2) Panjail, (3) Bajidpur, (4) Pasiala, (5) Khan Pur, (6) Saha, (7) Dakaula, (8) Taprian, (9) Mehmood Pur, (10) Kesari
37.	Shahzadpur (Ambala)	(1) Rasidpur, (2) Racheri, (3) Behloli, (4) Korwa Khurd, (5) Gazipur, (6) Shahzadpur, (7) Sherpur
38.	Sonipat	(1) Badhana, (2) Chitana, (3) Fazilpur, (4) Guhna, (5) Mukimpur, (6) Raipur

Appendix 4

(Reference: Paragraph 2.3; Page 11)

Detail of fund recoverable from Ex-Sarpanches/Panches

Sr. No	Name of BDPO	Name of GP	Numbers of Ex-Sarpanch / Panches	Period	Amount (in ₹)
1.	Hodal (Palwal)	Bamni Khera	1	2001-05	25709
		Gadota	1	2005-10	2621
		Banswa	1	2005-10	25007
		Sevli	1	2005-10	5786
2.	Rewari	Bamber	1	2010-11	2702
		Tatappur Khalsa	1	2010-11	1875
3.	Chhachhrauli (Yamuna Nagar)	Chahron	1	1996-2000	54265
		Bhulkheri	1	2000-05	13180
		Begampur	1	1990-95	4282
4.	Radour (Yamuna Nagar)	Chhari	1	1995-2000	8445
		Ghespur	1	2005-10	20829
		Mohri	1	2005-10	39729
		Silli Kalan	1	2005-10	155176
		Mansurpur	5	2005-10	98910
5.	Kharkhoda (Sonepat)	Kheridahiya	1	2005-10	80324
6.	Mundlana (Sonepat)	Jagsi Sehra	1	2003-04	5172
		Baroda Mor	1	2005-10	3994
7.	Gohana (Sonepat)	Giwana	1	2005-10	11160
		Nagar	1	2005-10	6550
		Gamri	1	2005-10	31314
		Tihar Malik	1	2005-09	3995
		Rabhara	1	1995-2000	2448
			26	Total	603473

Appendix 5

(Reference: Paragraph 2.5; Page 12)

Statement of cultivable *Shamilat* land not leased out

Year	Name of Block	Total Cultivable <i>Shamilat</i> land			Land not leased (in Acre)	Average Rate (₹ per Acre)	Amount (₹ in lakh)
		A	K	M			
2011-12	Pinjore (under DDPO Panchkula)	579	2	12	562.35	2400	13.50
2012-13		579	2	12	563.95	2400	13.53
2011-12	Barwala (under DDPO Panchkula)	719	4	13	481.77	6320	30.45
2012-13		719	4	13	626.03	8800	55.09
2011-12	Palwal	1646	7	1	402.00	16957	68.17
2012-13		1646	7	1	79.00	18012	14.23
2010-11	Hathin	1620	0	0	695.00	23320	162.08
2011-12		1620	0	0	806.00	11209	90.34
2012-13		1620	0	0	806.00	11519	92.84
Total							540.23

Appendix 6

(Reference: Paragraph 4.1 (vi); Page 25)

Detail of loss due to non-enhancement of rent of shops

Sl. No.	Locality where Shop/land is located or situated	No. of Shops/land plots	Year since rent not enhanced	Original rent (in ₹)	Loss due to non enhancement of rent (₹ in lakh)
1.	Nahan House	36	April 1990	3578	3.95
2.	Police Post No.4	3	April 1990	334	0.37
3.	Kaith Majri Behind Police Post No.4	4	April 1990	1511	1.67
4.	Kaith Majri Jogiwara (land)	7	April 1990	1858	2.05
5.	Jagdhari Gate	76	April 1990	50910	56.20
6.	Booth Near Sohan Lal School	40	April 1990	6450	7.12
7.	Shop opposite Civil Hospital	16	April 1990	2750	2.99
8.	Shop adjoining Civil Hospital	26	April 1990	14657	16.18
9.	Ram Bagh Road	9	April 1990	2601	2.87
10.	Near Vetnaeray Hospital	7	April 1990	3472	3.83
11.	Haziwar Pulli	15	April 1990	913	1.10
12.	Patel Road	9	April 1990	770	0.85
13.	New Patel Road	24	April 1990	8926	9.85
14.	Anaj Mandi	20	April 1990	5491	6.06
15.	Anaj Mandi, Ambedkar Market	10	April 1990	808	0.89
16.	Anaj Mandi near Shed	5	April 1990	686	0.75
17.	Shed Anaj Mandi	16	April 1990	1091	1.20
18.	Loha Mandi	5	April 1990	3228	3.56
19.	Gurdwara Road	16	April 1990	3380	3.73
20.	Spattu Road	2	April 1990	210	0.23
21.	Tarvini Road	5	April 1990	610	0.67
22.	Circular Road	5	April 1990	448	0.50
23.	Kotwali Sarai	1	April 1990	60	0.07
24.	Near Guru Gobind Sigh Library Road	9	April 1990	2594	2.86
25.	Land at Railway Road	14	April 1990	980	1.08
26.	Takki Road	4	April 1990	964	1.06
27.	Palika Vihar	2	April 1990	240	0.26
28.	Anaj Mandi (land)	6	April 1990	566	0.62
29.	Baldev Nagar Camp	28	April 1990	3019	3.33
30.	Model town	8	April 1990	1737	1.91

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Sl. No.	Locality where Shop/land is located or situated	No. of Shops/ land plots	Year since rent not enhanced	Original rent (in ₹)	Loss due to non enhancement of rent (₹ in lakh)
31.	Palika Bazar Model Town	19	April 1990	7890	8.71
32.	Post No.8, Model Town	1	April 1990	60	0.07
33.	Prem Nagar	17	April 1990	6300	6.95
34.	Opposite Polytechnic	28	April 1990	19303	21.31
35.	Police Line	41	April 1990	21619	23.87
36.	Land opposite of Bus Stand	4	April 1990	963	1.06
37.	44, Bus Stand	1	September 1997	2750	7.23
38.	5, 6, 8, 9, 42, 43 45 & 46, Bus Stand	8	March 1998	24400	10.54
39.	41, Bus Stand	1	May 1998	2050	0.86
40.	B, Bi, C, Ci, 1, 39 & 40, Bus Stand	7	June 1998	7788	3.22
41.	47 to 49 & 51 to 53, New Cloth Market	6	August 1998	28560	11.48
42.	7, Bus Stand	1	February 1999	2200	0.79
43.	50 & 54, New Cloth Market	2	May 1999	16675	0.77
44.	7 to 16, Pashu Hospital	10	June 2000	25938	7.78
45.	1 to 22, Dev Samaj College Road	22	July 2000	24400	7.22
46.	55, New Cloth Market	1	August 2000	9700	2.83
47.	17 to 19, Pashu Hospital	3	October 2000	6988	1.94
48.	48, Bus Stand	1	November 2000	10300	2.88
49.	28 to 32 & 34, Polytechnic Chowk	6	January 2001	9093	2.47
50.	33& 35 to 37, Polytechnic Chowk	4	March 2001	5966	1.57
51.	45 Police Line	1	June 2002	1200	0.15
52.	42 to 44 & 46 to 48, Police Line	6	September 2002	9765	1.60
53.	47, 49 to 52, 55, 57, 58, 60, 62, 63, 71 to 74 & 82, Bus Stand	16	November 2002	98125	14.33
54.	53, 54, 61, 64, 65, 83 & 84 , Bus Stand	7	February 2003	37300	6.27
55.	66, 67, 70, 75 to 81, 85 to 89, Bus Stand	15	March 2003	68525	11.51
56.	56, Bus Stand	1	April 2003	4700	0.77

Sl. No.	Locality where Shop/land is located or situated	No. of Shops/land plots	Year since rent not enhanced	Original rent (in ₹)	Loss due to non enhancement of rent (₹ in lakh)
57.	90 & 91, Bus Stand	2	July 2003	6450	0.98
58.	68 & 69 Bus Stand	2	August 2003	5900	0.87
59.	59, Bus Stand	1	September 2003	5900	0.85
60.	1 to 5, Kaith Majri near Vishvkarma Mandir	5	June 2004	4000	0.46
61.	57, New Cloth Market. 10 to 13, 35 to 38, 80A, 82A to 84A, Bus Stand	12	November 2004	68950	7.17
62.	48A to 50A, 60A, 64A to 66A, 70A, 72A, 74A, 75A & 81A, Bus Stand	12	December 2005	43250	4.41
63.	51A, 52A, 61A to 63A, 71A, 73A, 77A & 78A, Bus Stand	9	January 2006	29050	2.27
64.	2, Purani Chungi, Jagadhari Gate	1	February 2006	9000	0.68
65.	67A, 76A, 79A & 85A to 91A, Bus Stand	10	March 2006	30650	2.27
	56, New Cloth Market & 4, Bus Stand	2	May 2006	12700	0.89
66.	23A & 53 Bus Stand	2	June 2006	7875	0.53
67.	56A, 57A, 58A & 68A, Bus Stand	4	September 2006	12700	0.79
68.	1, 4 & 5 Purani Chungi, Jagadhari Gate	3	December 2006	31960	1.79
69.	1 to 7 Devi Mandir	7	January 2007	36700	1.98
		729	Total		321.93

Appendix 7

(Reference: Paragraph 4.5; Page 28)

Details of Service Tax not collected

Name of Unit	Period	Amount of Rent collected (₹ in lakh)	Service Tax not collected (₹ in lakh)	Service Tax deposited out of MC fund (₹ in lakh)
Municipal Council, Jind	April 2008 to March 2012	273.09	28.13	-
Municipal Committee, Sohna	April 2010 to March 2013	34.23	3.79	-
Municipal Corporation, Gurgaon	April 2011 to March 2013	106.16	19.96	-
Municipal Committee, Gharaunda	June 2007 to September 2009	43.81	5.18	5.18
Municipal Committee, Assandh	June 2007 to March 2013	61.90	7.45	7.45
Municipal Committee, Cheeka	June 2007 to December 2013	454.84	52.05	-
Municipal Committee, Pundri	June 2007 to March 2012	85.03	9.35	3.01
Municipal Council, Narwana	October 2007 to December 2012	200.71	22.65	-
Municipal Committee, Safidon	June 2007 to March 2014	152.56	15.71	-
Municipal Committee, Samalkha	June 2007 to March 2014	90.26	9.30	7.51
Total		1502.59	173.57	23.15

Appendix 8
(Reference: Paragraph 4.10; Page 31)
Statement showing details of diversion of funds

Municipality	Name of scheme	Item of expenditure	Amount of diversion (₹ in lakh)
Gharaunda	Surcharge on VAT	Salaries, Leave encashment, Arrears of staff, Gratuity, GPF	44.82
Indri	Central Finance Commission	Salaries, Arrears and Audit fee	12.34
Indri	State Finance Commission	Salaries	7.84
Indri	Surcharge on VAT	Salaries	51.78
Assandh	Central Finance Commission	Salaries, Wages, Audit fee and Insurance of fire tender	5.94
Nilokheri	Central Finance Commission	Wages, Salaries and Audit fee	14.55
Kaithal	Central Finance Commission	Salaries, Arrears, GPF and Wheat advance.	152.19
Kaithal	State Finance Commission	Salaries	58.24
Kaithal	Surcharge on VAT	Salaries	38.61
Total:			386.31

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