



सत्यमेव जयते

**ANNUAL TECHNICAL INSPECTION REPORT ON
PANCHAYATI RAJ INSTITUTIONS &
URBAN LOCAL BODIES
FOR THE YEAR 2014-15**



GOVERNMENT OF HARYANA

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



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PREFACE

This Report for the year ended March 2015 has been prepared for submission to the Government of Haryana in terms of Technical Guidance and Support to audit Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) under Section 20(1) of the Comptroller and Auditor General of India (Duties, Powers and Conditions of Service) Act, 1971.

The Report contains significant results of audit of Panchayati Raj Institutions and Urban Local Bodies in the State including the departments concerned.

The issues noticed in the course of test audit for the period 2014-15 as well as those issues which came to notice in earlier years, but could not be dealt with in the previous Reports have also been included, wherever necessary.

The audit has been conducted in conformity with auditing standards issued by the Comptroller and Auditor General of India.

OVERVIEW

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

Profile of Panchayati Raj Institutions (PRIs)

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 the Additional Chief Secretary to Government of Haryana, Development and Panchayats Department & Rural Development Department through the Directors, Development and Panchayats Department and Rural Development Department. The 73rd constitutional amendment accorded 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 Government. The records of accounts of 4 ZPs, 24 PSs and 150 GPs for the period 2007-14 were test-checked during the year 2014-15.

(Chapter I)

Results of audit of Panchayati Raj Institutions

- In four blocks, 347 beneficiaries to whom assistance of ₹ 85.90 crore was paid under Indira Awas Yojna (IAY) had not completed their dwelling units.

(Paragraph 2.1)

- There was delay ranging between 15 and more than 90 days in payment of wages amounting to ₹ 4.80 crore under MGNREGS in eight blocks.

(Paragraph 2.2)

- An amount of ₹ 19.40 lakh was not recovered from 15 ex-Sarpanches and Panches in four blocks.

(Paragraph 2.3)

- In 27 Gram Panchayats under five Block Development and Panchayat Officers (BDPOs), land measuring 379.04 acre valuing ₹ 50.30 crore was under unauthorised possession/encroachment.

(Paragraph 2.4)

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 the Principal Secretary to Government of Haryana, Urban Development through the Director, Urban Local Bodies Department. The 74th constitutional amendment accorded 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 25 ULBs (5 Municipal Corporations, 6 Municipal Councils and 14 Municipal Committees) were test checked during the year 2014-15. Besides, Performance Audit on Integrated Housing and Slum Development Programme was also conducted.

(Chapter III)

Results of Audit of Urban Local Bodies

- A performance audit of "Integrated Housing and Slum Development Programme" brought out, inter alia, the following:

- Though the projects were dropped in December 2013, assistance of ₹ 9.54 crore provided for construction of houses to HUDA was not recovered.

(Paragraph 4.1.6.3)

- Interest earned on scheme funds amounting to ₹ 6.31 crore were lying blocked due to lack of policy for its utilisation.

(Paragraph 4.1.6.4)

- As against the target of construction of 16,803 houses, only 9,597 houses (57 per cent) were constructed and construction of 6,476 houses was cancelled.

(Paragraph 4.1.7.1)

- Subsidy of ₹ 16 crore was provided to 2,064 persons in excess of the sanctioned number of 1,667 beneficiaries in eight projects.

(Paragraph 4.1.7.3)

- Social audit was not being conducted and monitoring at State Level was not effective.

(Paragraphs 4.1.9.1 and 4.1.9.2)

- Ten municipalities had not recovered development charges amounting to ₹ 108.40 crore from the building owners of 135 colonies declared as civic amenities and infrastructure deficient municipal areas.

(Paragraph 4.2)

- Sanitation Machinery costing ₹ 57.43 lakh and ₹ 37.59 lakh remained idle at Municipal Corporation, Panchkula and Municipal Committee, Kalayat respectively for five years.

(Paragraph 4.3)

- Six municipalities failed to levy Service Tax of ₹ 1.17 crore on receipt of rent of shops/booths.

(Paragraph 4.4)

- Funds of ₹ 2.67 crore provided for development works were diverted by four municipalities for payment of salaries, wages, audit fee, etc.

(Paragraph 4.5)

- Two municipalities made payments of ₹ 4.47 crore to three service providers without ensuring discharge of statutory liabilities by them.

(Paragraph 4.7)

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 accorded 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. 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.

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 the 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 Fourteenth Finance Commission (FFC) also recommended that the Technical Guidance and Support (TGS) arrangements by the C&AG should

be continued and States should take action to facilitate local bodies to compile accounts and have them audited in time.

The State Government has complied with conditions of the *ibid* notification by placing ATIRs for the years 2009-11, 2011-13 and 2013-14 before the State Legislature on 6 September 2013, 10 March 2015 and 4 September 2015 respectively. Annual Audit Report of the Local Audit Department Haryana for the year 2009-11 was placed before the State Legislature on 25 March 2015. A separate Committee on Local Bodies and Panchayati Raj Institutions has also been constituted (May 2014) by the Haryana Vidhan Sabha for discussion of ATIRs.

The CAG may provide 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 Regulations 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.

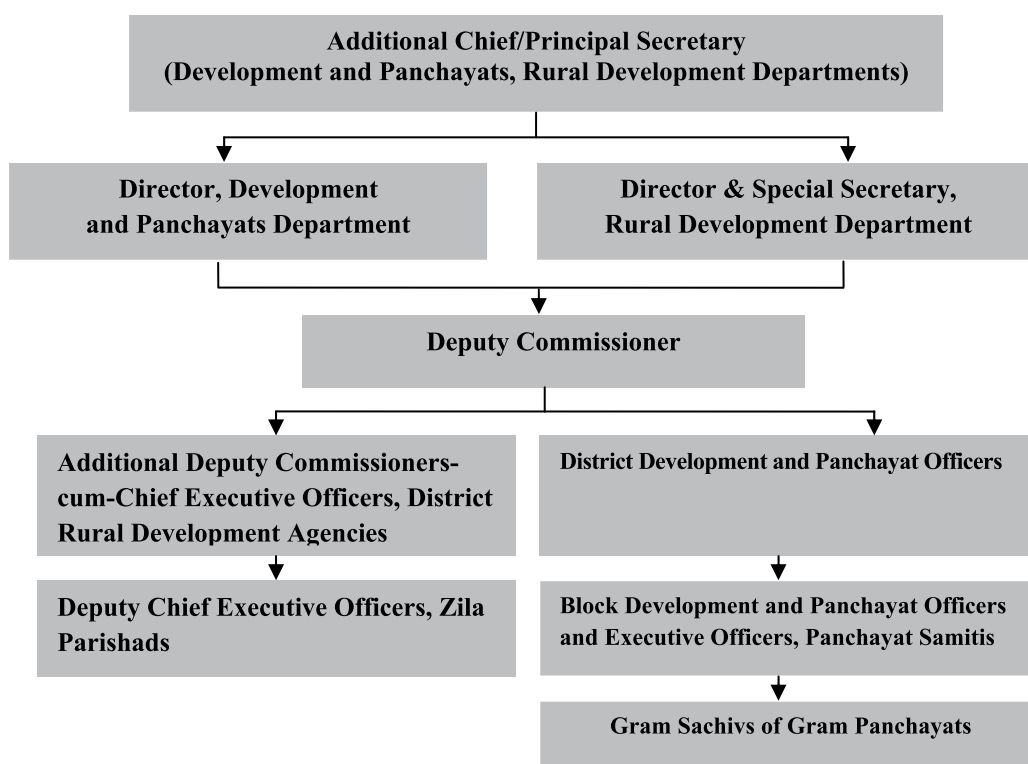
In pursuit of the task of providing Technical Guidance and Support to Local Audit Department (LAD), this office has undertaken the following:-

- 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. In response, LAD had started (April 2015) conducting of audit of the schemes of PRIs (State as well as Centrally sponsored).
- Ten¹ Audit and Inspection Notes of LAD were selected to suggest improvements required in reporting system. It was recommended 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.
- Training is an important ingredient of Technical Guidance and Support. In pursuance of the same, this office organised a training programme in August 2015 on "Issues relating to ULBs audit, PRIs audit" and "Issues relating to Fourteenth Central Finance Commission and TGS".
- Format of certificate to be given by the LAD on the Annual Accounts of local bodies, guidelines for certification audit of PRIs and Auditing Standards for PRIs to be adopted were suggested (November 2015) to LAD.

¹ (i) Panchayat Samitis Badhra (ii) Khol and (iii) Karnal (iv) Zila Parishad, Karnal and (v) Rohtak, (vi) Municipal Committees Pinjore (vii) Narnaund (viii) Ratia (ix) Uchana and (x) Ferojpur Zhirka.

1.3 Organisational structure of Panchayati Raj Institutions

There are 21 Zila Parishads, 126 Panchayati Samitis and 6,083 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 Standing Committees of PRIs 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 5,156 sanctioned posts, 1,560 posts (Junior Engineers: 107; Clerk: 167, Driver: 35 *Gram Sachiv*: 435 and Others: 816) were lying vacant as of 31 March 2015 (**Appendix 1**) and in Zila Parishads (PRIs) against 290 sanctioned post, 208 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 devolved 20 functions, out of 29 functions included in the Eleventh Schedule of the Constitution to PRIs as shown in **Table 2**.

Table 2: Details of functions entrusted to PRIs

Sl. No.	Functions entrusted and transferred to PRIs
1.	Agriculture, including agricultural extension.
2.	Land improvement, implementation of land reforms, land consolidation and soil conservation.
3.	Minor irrigation, water management and watershed development.
4.	Animal husbandry, dairying and poultry.
5.	Social forestry and farm forestry.
6.	Minor forest produce.
7.	Rural housing.
8.	Drinking water.
9.	Fuel and fodder.
10.	Poverty alleviation programme.
11.	Education, including primary and secondary schools.
12.	Libraries.
13.	Markets and fairs.
14.	Health and sanitation, including hospitals, primary health centers and dispensaries.
15.	Family welfare.
16.	Women and child development.
17.	Social welfare, including welfare of handicapped and mentally retarded.
18.	Welfare of weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
19.	Public distribution system.
20.	Maintenance of community assets.

1.4 Financial profile

1.4.1 Fund flow to PRIs

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 Government of India (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 SEGF 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	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.
4	Total Sanitation Campaign/Nirmal Bharat Abhiyan (TSC/NBA)	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 2010-11 to 2014-15 are detailed in **Table 4**.

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

(₹ in crore)

Particulars	2010-11		2011-12		2012-13		2013-14		2014-15	
	R	E	R	E	R	E	R	E	R	E
Own Revenue	150.00	150.00	211.80	211.80	228.00	228.00	259.65	259.65	258.00	258.00
CFC transfers (Central Finance Commission devolutions)	101.16	101.16	170.48	170.48	246.39	246.39	291.24	291.24	284.06	284.06
SFC transfers (State Finance Commission devolutions)	76.66	76.66	143.00	143.00	171.86	171.86	213.39	213.39	199.99	199.99
Grants for CSS (Centre and State Share)	429.95	446.22	560.09	579.48	626.72	631.88	825.72	577.19	508.03	421.69
State Government grants for state schemes	208.04	208.04	304.56	304.56	351.47	351.47	367.92	306.44	340.15	340.15
Total	965.81	982.08	1389.93	1409.32	1624.44	1629.60	1957.92	1647.91	1590.23	1503.89

Source: Director, Panchayati Raj, Haryana

Note: R: Receipt and E: Expenditure

As is evident from above, utilisation of funds for the year 2014-15 was ₹ 1,503.89 crore as against the resources of ₹ 1590.23 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 Zila Parishads, Block Development and Panchayat Officer-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 the Ministry of Panchayati Raj (MOPR) in consultation with the Comptroller and Auditor General (CAG) w.e.f. April 2010. The Director, Development and Panchayats Department stated (October 2015) that all the tiers of PRIs are maintaining their accounts in PRIAsoft. PRIAsoft is a software which is based on Model Accounting Structure, 2009.

1.6 Audit coverage

The records of accounts of four² ZPs out of 21, 24 PSs out of 126 and 150 GPs out of 6,083 for the period 2007-14 were test-checked during the years 2014-15 (**Appendix 3**). The important audit findings are discussed in Chapter-II.

1.7 Outstanding Inspection Reports and Paragraphs

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.

The details of inspection reports and paras issued, settled and outstanding as of March 2015 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 2015	
		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
6.	2014-15	234	1745	43	307	277	2052	09	149	268	1903
Total				281	2131			13	228		

The settlement of IRs/Paras was negligible. The large increase in the number of pending IRs/Paras is indicative of lack of due attention and effective action to address audit observations and this undermines accountability.

² (i) Panipat, (ii) Fatehabad, (iii) Hisar and (iv) Jhajjar

CHAPTER -II

Results of Audit of Panchayati Raj Institutions

2.1 Non-completion of dwelling units under Indira Awaas Yojana

Assistance of ₹ 45,000 is provided to each beneficiary in two installments to construct dwelling units. 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. Completion of a dwelling unit in no case should take more than two years.

Scrutiny of the records showed that in four blocks, a sum of ₹ 85.90 lakh (**Table below**) was released to 347 beneficiaries as first installment during 2007-13 and these beneficiaries had not completed the construction of their dwelling units.

Statement showing IAY beneficiaries to whom 1st installment was released

Sr. No.	Name of the BDPO	Number of beneficiaries	Amount (₹ in lakh)	Years in which 1 st installment disbursed
1.	Tohana	25	5.40	2007-11
2.	Fatehabad	87	21.75	2010-13
3.	Bhattu Kalan	67	16.75	2010-13
4.	Ratia	168	42.00	2010-13
	Total	347	85.90	

The BDPO, Tohana stated (September 2015) that the second installment could not be released as the beneficiaries had not applied for release for the same. The fact, however, remains that monitoring of the scheme was inadequate, due to which despite lapse of stipulated period of two years, the dwelling units had not been completed and objective of the scheme remained unachieved.

The matter was referred (June 2014 to January 2016) to the Additional Chief Secretary to Government of Haryana, Development and Panchayats Department; their reply was awaited (April 2016).

2.2 Delay in making payment of wages

Section 3(3) of the National Rural Employment Guarantee Act, 2005 provides that disbursement of wage {to worker under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)} shall be made on weekly basis or in any case not later than a fortnight after the date on which such work was done. Further, the MGNREGS guidelines provides that payment should be made no later than 15 days from when it becomes due or else the recipients shall be entitled to compensation as per provisions of the Payment of Wages Act, 1936.

Scrutiny of the records of three¹ BDPOs in Fatehabad district revealed that there was delay in making payment of wages amounting to ₹ 3.97 crore in 30,914 cases. The delay ranged between 15 and more than 90 days during 2012-14 (**Appendix 4**). Similarly, scrutiny of records of the District Rural Development Agency (DRDA), Jhajjar also revealed that there was delay in making payment of wages amounting to ₹ 83.30 lakh in 3,341 cases. The delay ranged between 15 and more than 90 days in respect of five² blocks during 2012-14 (**Appendix 4**).

The Additional Deputy Commissioner-cum-Additional District Programme Coordinator, MGNREGS, Fatehabad stated (July 2015) that payment of labour could not be made due to non-availability of funds. Similarly, Additional Deputy Commissioner-cum-Chief Executive Officer, DRDA Jhajjar stated (April 2016) that the wage compensation was not made to any labourer as the funds were not released to district for timely payment. The fact remains that guidelines were not adhered to and the implementing agency should have ensured funds for making payment to recipients or make payment of compensation for delay in making the payment of wages which was not paid.

The matter was referred (June 2014 to January 2016) to the Additional Chief Secretary to Government of Haryana, Development and Panchayats Department; their reply was awaited (April 2016).

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 {Section 18 (3)}.

Scrutiny of the records of four BDPOs in three districts revealed that cash balances amounting to ₹ 19.40 lakh had not been handed over by 15 Ex-Sarpanches/Panches (**Appendix 5**) 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 2000-01 to 2011-12. Appropriate action as

¹ Bhuna, Tohana & Fatehabad

² Bahadurgarh, Beri, Jhajjar, Matanhail & Salhawas

provided for in the Haryana Panchayati Raj Act, 1994 had not been taken to recover the amount.

The matter was referred (June 2014 to January 2016) to the Additional Chief Secretary (ACS) to Government of Haryana, Development and Panchayats Department; their reply was awaited (April 2016).

2.4 Un-authorised possession/encroachment of land

Section 24(1) of the Haryana Panchayati Raj Act, 1994 provides that a Gram Panchayat (GP) may make conditional order requiring, within a time to be fixed in the order, the owner or the occupier of any building of land to remove any encroachment on a public place. If encroachment is not removed within the time fixed, the GP may cause it to be removed and may recover the costs from such person. Section 7(1) of the Punjab Village Common Lands (Regulation) Act, 1961 (as applicable to Haryana) further provides that an Assistant Collector may eject any person who is in wrongful or unauthorised possession of the land or other immovable property and put the Panchayat in possession thereof and may exercise the powers of a revenue court in relation to execution of a decree for possession of land under the Punjab Tenancy Act 1887.

Scrutiny of records of five³ BDPOs in four districts showed that land measuring 379.05 acre valuing ₹ 50.30 crore was under unauthorised possession/encroachment in 27 GPs as of March 2014 (**Appendix 6**). No action has been initiated by the GPs/BDPOs against encroachers for getting the land freed from encroachment under *ibid* provisions.

The matter was referred (July 2014 to January 2016) to the Additional Secretary to Government of Haryana, Development and Panchayats Department; their reply was awaited (April 2016).

2.5 Non-submission of utilisation certificates

While releasing grants-in-aid received from GOI on the recommendations of Thirteenth Finance Commission (FC-XIII) to the Director, Development and Panchayats Department for further transfer the same to PRIs, the State Government stipulated that Utilisation Certificate (UC) shall be submitted by the concerned District Development and Panchayat Officer (DDPO) within three months to the Director, Development and Panchayats Department.

During 2010-15, GOI released ₹ 1,093.34 crore in installments as General Basic grants and Performance/forfeited grants on the recommendations of FC-XIII which were further released to PRIs. However, the Directorate received UCs for

³ Ratia (Fatehabad), Madlauda (Panipat), Hansi-II (Hisar), Matanhail & Salhawas (Jhajjar)

₹ 77.72 crore (7.10 per cent) only from the DDPOs (**Appendix 7**) and UCs for ₹ 1,015.62 crore (92.90 per cent) had not been submitted by PRIs (August 2015).

The ACS informed (January 2016) that utilisation certificates amounting to ₹ 92.97 crore (8.50 per cent) had been received as on November 2015. The fact, remains that UCs for ₹ 1,000.37 crore were awaited.

2.6 Arrear of house tax

As per rule 117 (1) of the Haryana Panchayati Raj Finance, Budget, Accounts, Audit, Taxation and Works Rules, 1996 (the Rule), a Gram Panchayat (GP) shall pass a resolution for the imposition of a house tax under clause (a) of sub-section (1) of Section 41 of the Haryana Panchayati Raj Act, 1994 within its jurisdiction at such rates as it may deem proper but not exceeding ₹ 30 per annum. Further, Rule 118 provides that after the close of each year, the GP shall prepare a list of defaulters showing the amount due from them and forward a separate case of each defaulter to Collector who shall recover the same as arrears of land revenue under Section 201 of the Act. The amount, thus recovered, shall be handed over to the GP.

Scrutiny of the records of five BDPOs in two districts revealed that house tax amounting to ₹ 39.77 lakh was in arrears as of March 2014 (table).

Sl. No.	Name of BDPOs	Outstanding house tax (₹ in lakh)
1.	Matanhail (Jhajjar)	8.51
2.	Adampur (Hisar)	13.68
3.	Barwala (Hisar)	12.00
4.	Uklana (Hisar)	0.64
5.	Agroha (Hisar)	4.94
Total		39.77

The GPs had not taken steps as envisaged in the Rules to recover the outstanding house tax from the defaulters.

The matter was referred (October 2014 to January 2016) to the Additional Chief Secretary to Government of Haryana, Development and Panchayats Department; their reply was awaited (April 2016).

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. The 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.

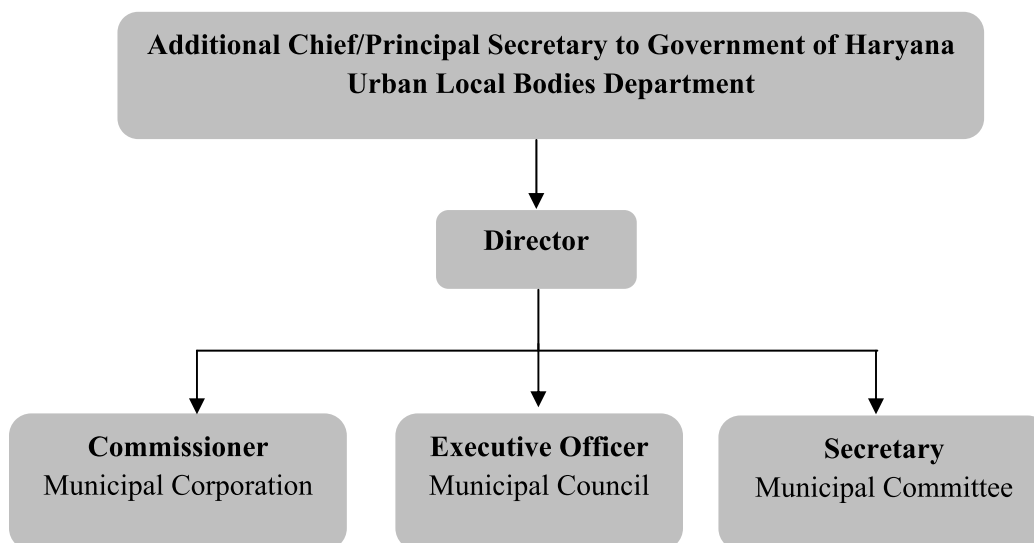
The State Government has complied with conditions of the *ibid* notification by placing ATIRs for the years 2009-11, 2011-13 and 2013-14 before the State Legislature on 6 September 2013, 10 March 2015 and 4 September 2015 respectively. Annual Audit Report of the Local Audit Department Haryana for the year 2009-11 was placed before the State Legislature on 25 March 2015. A separate Committee on Local Bodies and Panchayati Raj Institutions has also been constituted by the 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 Regulations 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 Organizational 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 of 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.	Urban planning including town planning
2.	Regulation of land use and construction of buildings
3.	Planning for economic and social development
4.	Roads and bridges
5.	Water supply-domestic, industrial and commercial
6.	Public health sanitation, conservancy and sewerage water maintenance
7.	Fire services
8.	Urban forestry, protection of environment and promotion of ecological aspects
9.	Safeguarding the interest of weaker sections of the society including the handicapped and mentally retarded
10.	Slum improvement and upgradation
11.	Urban poverty alleviation
12.	Provision of urban amenities and facilities-parks, gardens and play grounds
13.	Promotion of cultural, educational and aesthetic aspects
14.	Burials and burial grounds, cremations, cremation grounds and electric crematoriums
15.	Cattle Ponds, prevention of cruelty to animals
16.	Vital statistics including registration of births and deaths
17.	Public amenities including street lighting, parking lots, bus stops and public conveniences
18.	Regulation of slaughter houses and tannery

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 2010-11 to 2014-15 are detailed in **Table 10**.

Table 10: Time series data on resources and utilisation of funds of ULBs**(₹ in crore)**

Particulars	2010-11		2011-12		2012-13		2013-14		2014-15	
	R	E	R	E	R	E	R	E	R	E
Central Finance Commission	26.74	27.11	38.13	22.30	60.81	48.52	165.76	165.76	204.24	122.74
State Finance Commission	40.69	12.93	54.42	34.37	147.15	113.45	118.12	118.12	152.53	152.53
Loans	77.37	85.11	42.97	11.75	41.59	25.30	-	-	-	-
Own Sources (Taxes and Non Taxes)	764.96	369.41	675.56	1018.51	471.00	327.12	1275.21	892.43	570.55	555.95
Other grants	173.53	30.58	380.62	279.38	1184.59	907.26	1082.13	1082.13	1471.08	1394.52
Grand Total	1083.29	525.14	1191.70	1366.31	1905.14	1421.65	2641.22	2258.44	2398.40	2225.74

Source: Figures provided by Director, Urban Local Bodies, Haryana**Note: R : Receipt and E: Expenditure**

As is evident from above, ₹ 2225.74 crore were spent in 2014-15 as against the receipts of ₹ 2398.40 crore. The savings were mainly under grants received from Central Finance Commission and other grants. The savings under grants received from Central Finance Commission was due to release of funds by GOI at the fag end of the year, while savings under other grants was due to less demand of funds by municipalities for State Government Schemes.

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 stipulated in the National Municipal Accounts Manual was issued in March 2012. The Director, Urban Local Bodies Department stated (January 2016) that Municipal Account Code based on the National Municipal Accounts Manual to introduce double entry system accounting in municipalities was under finalisation.

3.6 Audit coverage

A test check of the records of 25 ULBs (5¹ Municipal Corporations, 6² Municipal Councils and 14³ Municipal Committees) was conducted during the year 2014-15.

¹ (1) Panchkula, (2) Faridabad (3) Gurgaon, (4) Panipat, (5) Rohtak

² (1) Rewari, (2) Thanesar, (3) Palwal, (4) Sirsa, (5) Narwana, (6) Dabwali

³ (1) Dharuhera (2) Bawal, (3) Shahbad, (4) Ladwa, (5) Pehowa, (6) Tarori, (7) Rania, (8) Meham, (9) Kalanaur, (10) Sampla, (11) Kalanwali, (12) Ellanabad, (13) Kalayat, (14) Cheeka

Apart from this, Performance Audit on Integrated Housing and Slum Development Programme was also conducted. Important audit findings are summarised in Chapter IV.

3.7 Outstanding Inspection Reports and 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 and report their compliance to settle the observations. The details of IRs and paragraphs issued, settled and outstanding as on 31 March 2015 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 2015	
	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
2014-15	143	1471	32	271	175	1742	-	21	175	1721
Total			175	1764				43		

The above table indicates that the municipalities were not prompt in rectifying the defects/omissions pointed out by Audit. The number of outstanding IRs and paragraphs are increasing year by year.

CHAPTER-IV

Results of audit of Urban Local Bodies

Urban Local Bodies Department

4.1 Performance Audit on Integrated Housing and Slum Development Programme

Integrated Housing and Slum Development Programme was launched in December 2005 by Government of India (GOI) which aims at an integrated approach in ameliorating the conditions of the urban slum dwellers who do not possess adequate shelter and reside in dilapidated conditions. Performance audit of the scheme brought out the following significant deficiencies:

Though the projects were dropped in December 2013, assistance of ₹ 9.54 crore provided for construction of houses to HUDA was not recovered.

(Paragraph 4.1.6.3)

Interest earned on scheme funds amounting to ₹ 6.31 crore were lying blocked due to lack of policy for its utilisation.

(Paragraph 4.1.6.4)

As against the target of construction of 16,803 houses, only 9,597 houses (57 per cent) were constructed and construction of 6,476 houses was cancelled.

(Paragraph 4.1.7. 1)

Subsidy of ₹ 16 crore was provided to 2,064 persons in excess of the sanctioned number of 1,667 beneficiaries in eight projects.

(Paragraph 4.1.7.3)

The implementation of activities of infrastructure development was very slow as only ₹ 62.26 crore were spent as against release of ₹ 88.15 crore during 2007-15.

(Paragraph 4.1.8.1)

Social audit was not being conducted and monitoring at State Level was not effective.

(Paragraphs 4.1.9.1 and 4.1.9.2)

4.1.1 Introduction

Integrated Housing and Slum Development Programme (IHSDP), a sub-mission under Jawaharlal Nehru National Urban Renewal Mission (JNNURM), was launched in December 2005 by Government of India (GOI) by combining the existing Valmiki Ambedkar Awas Yojna (VAMBAY) and National Slum Development Programme (NSDP). It aims at an integrated approach in ameliorating the conditions of the urban slum dwellers who do not possess adequate shelter and reside in dilapidated conditions. The scheme included all

slum improvement/upgradation/relocation projects including upgradation/new construction of houses and infrastructural facilities, like water supply and sewerage. The programme is applicable to all cities and towns as per Census 2001 except cities/towns covered under JNNURM. The mission period was from December 2005 to March 2012 which was extended upto March 2017.

4.1.2 Organisational set-up

A State Level Coordination Committee (SLCC) was constituted for monitoring the programme at State Level. The Principal Secretary to Government of Haryana (PS), Urban Local Bodies Department (ULB) is the administrative head at Government level. State Urban Development Authority Haryana (SUDAH), earlier (prior to March 2014) State Urban Development Society Haryana, is State Level Nodal Agency (SLNA), for monitoring of the scheme. At district level, District Urban Development Agencies (DUDAs) are responsible for implementation of the scheme. Additional Deputy Commissioners (ADCs) are functioning as Chief Executive Officers (CEOs) of DUDAs. In Hisar and Panchkula districts, the projects are being implemented by respective Municipal Corporations (MCs) from April 2014.

4.1.3 Audit objectives

The main objectives of audit were to assess whether:

- financial management was efficient;
- projects were being implemented economically and efficiently as per the Detailed Project Reports (DPRs); and
- monitoring mechanism to oversee the implementation of projects was effective.

4.1.4 Scope of audit and methodology

The Performance audit was conducted between January 2015 and July 2015 covering the period 2006-15. Records of the SUDAH and DUDAs of five¹ districts and its implementing agencies were test-checked. Out of 23 sanctioned projects, nine² projects in six cities/towns were selected for field study by adopting Probability Proportional to Size with Replacement (PPSWR) method. Besides, Dadri project was covered under pilot study. Physical verification of 679 dwelling units of selected projects was also conducted by joint inspection teams comprising members of the audit team and staff of concerned municipalities. The records of selected projects were scrutinized since the period of their inception.

¹ (i) Bhiwani, (ii) Hisar, (iii) Jind, (iv) Yamunanagar and (v) Panchkula.

² (i) Bhiwani, (ii) Hisar-I (iii) Hisar-II, (iv) Jind, (v) Jagadhari-I, (vi) Jagadhari-II, (vii) Yamunagar-I, (viii) Yamunanagar-II and (ix) Panchkula-I.

4.1.5 Audit criteria

The audit criteria were derived from the following sources:

- Guidelines issued by GOI for implementation of programme;
- Minutes of meetings of Central Sanctioning and Monitoring Committee (CSMC), Central Sanctioning Committee (CSC) and SLCC;
- Detailed Project Reports (DPRs) of selected projects; and
- Instructions issued by SUDAH from time to time.

4.1.6 Financial management

4.1.6.1 Receipt and utilisation of funds

The position of funds received, released by SLNA and utilized by DUDAs during 2006-15 is given in table below:

(₹ in crore)				
Year	Received from GOI and State Government	Released by SLNA to DUDAs	Utilised by DUDAs	Closing balance with DUDAs
2006-07	10.47	0	0	0
2007-08	103.88	22.97	0	22.97
2008-09	0	90.02	30.28	82.71
2009-10	16.71	18.34	36.01	65.04
2010-11	21.90	0	20.41	44.63
2011-12	9.74	27.28	18.99	52.92
2012-13	24.99	21.16	27.42	46.66
2013-14	41.54	41.05	20.91	66.80
2014-15	0	11.22	23.93	54.09
Total	229.23	232.04*	177.95	

(Source: Information obtained from SUDAH)

Note* ₹ 2.81 crore excess released on account of interest earned from bank deposits

The above table shows that utilisation of available funds was slow by DUDAs with the result that the projects remained incomplete and benefits of the programme could not be fully derived.

The Department stated (October 2015) that due to some difficulties, three projects were cancelled and three projects were curtailed resulting in non-utilization of funds of such projects. Reply is not convincing as no efforts year to year had been made by the SUDAH with the result that only two projects (Bhiwani and Panchkula-I) have been completed out of 23 projects (October 2015).

4.1.6.2 Delay in release of funds

As per the decision taken (30 July 2008) in the 37th Meeting of CSC, Central share along with State share should be released to ULBs within 2-3 days from the date of receipt of Additional Central Assistance (ACA).

Audit noticed that the funds of ₹ 114.87 crore were released by the State Government to SUDAH (nodal agency) during 2009-14 with a delay of 25 to 255 days of the receipt of funds from GOI.

The ACS, ULBs stated (July 2015) that delays in release of funds were mainly due to delay in receipt of release orders from GOI, time taken in obtaining approval from Finance Department, rejections of bills due to budgetary limitations, imposition of code of conduct, etc. The reply was not convincing as these were routine procedural features and code of conduct was enforced only in one year. Release of funds should have been managed within the prescribed time limit to avoid delay in implementation of projects.

Similarly, there were substantial delays in release of funds by SUDAH to DUDAs/ULBs. The delay ranged between 6 and 328 days for the release of ₹ 186.34 crore.

SUDAH stated (March 2015) that delay in release of funds to DUDAs/ULBs was due to slow progress in the field because of non-availability of suitable land, heavy resistance from slum dwellers, etc. The reply was not convincing as projects should have been planned after resolving these issues and funds should have been released as per scheme guidelines.

4.1.6.3 Non-recovery of excess subsidy released

As per para 4.4 of scheme guidelines, ceiling cost for dwelling units was ₹ 80,000 per unit upto 2007-08 and ₹ one lakh thereafter. A minimum of 12 *per cent* beneficiary contribution was stipulated which in the case of SC/ST/BC/OBC/ PH and other weaker sections was 10 *per cent*.

Scrutiny of the records of DUDA, Panchkula showed that 7,294 dwelling units (first phase: 2,388, second phase: 2,457 and third phase: 2,449) were sanctioned in September 2006 and DUDA, Panchkula released ₹ 24.46³ crore to Haryana Urban Development Authority (HUDA) for construction of dwelling units in Urban Estate Panchkula.

HUDA had constructed only 2,072 dwelling units as against the target of 2,388 dwelling units under phase-1. The Construction of dwelling units under phase-II and III was dropped by GOI in December 2013 due to non-availability of suitable land/sites with HUDA. Audit observed that HUDA had not refunded (October 2015) the financial assistance of ₹ 9.54⁴ crore received from DUDA for construction of these dwelling units. It was also observed that DUDA was responsible for ensuring the availability of land before getting the projects sanctioned from GOI, had not ensured the same.

Similarly, the scope of work of Kalka-I and Pinjore-I projects was curtailed (June 2014) by GOI on the request of State Government due to reluctance of beneficiaries and land issues. Audit observed that an amount of ₹ 3.38⁵ crore was released (July 2007 and May 2008) to concerned municipalities as against entitlement of ₹ 1.94⁶ crore. An amount of ₹ 1.44 crore, released in excess of

³ March 2008: ₹ 1.46 crore, May 2008: ₹ 12 crore and February 2013: ₹ 11 crore

⁴ ₹ 24.46 crore - (2072×72000=₹ 14.92 crore)

⁵ Kalka-I: ₹ 1.60 crore and Pinjore-I: ₹ 1.78 crore

⁶ Kalka-I: ₹ 1.12 crore and Pinjore-I: ₹ 0.82 crore

entitlement, had not yet been recovered from the Municipal Corporation, Panchkula⁷ (October 2015).

The Department while admitting the facts during the exit conference stated that earnest efforts would be made to recover the amount from HUDA.

4.1.6.4 Strategy for utilization of interest not evolved

Funds under the projects were kept in bank account by SUDAH and DUDAs. Interest was earned by these organizations on deposit of funds in banks. Audit observed that neither the guidelines of the scheme provide for utilisation of interest earned on these funds nor the nodal agency had evolved any strategy for its utilization or adjustment in future releases. SUDAH and test-checked DUDAs had earned interests of ₹ 11.38⁸ crore on bank deposits for the period 2006-2015. Out of this amount, ₹ 5.07⁹ crore was spent by SUDAH and DUDA, Bhiwani to cover more area under Dadri and Bhiwani projects. Balance funds of ₹ 6.31 crore were lying with SUDAH and DUDAs.

The Department stated during the exit conference that there were no specific guidelines about the utilisation of interest and assured that the issue would be considered and guidelines would be issued for utilisation of interest on the scheme activities at the State level to all ULBs.

Implementation of projects

There were two components in the scheme i.e. housing and infrastructure development. Under the housing component, mainly financial assistance was provided to beneficiaries and under infrastructure development facilities like, water supply, sewerage, roads, etc. were provided.

4.1.7 Housing component

4.1.7.1 Shortfall in achievement of physical targets

The position of projects sanctioned, number of houses planned and completed up to 31 March 2015 is given in table below:

⁷ Municipal Committee of Kalka and Pinjore merged into Municipal Corporation, Panchkula

⁸ DUDAs (i) Bhiwani: ₹ 1.34 crore, (ii) Dadri: ₹ 0.70 crore, (iii) Hisar-I: ₹ 0.84 crore, (iv) Hisar II: ₹ 0.09 crore, (v) Jagadhari-I: ₹ 1.22 crore, (vi) Jagadhari-II: ₹ 0.04 crore, (vii) Jind: ₹ 1.02 crore, (viii) Panchkula-I: ₹ 2.50 crore, (ix) Yamunanagar-I: ₹ 0.53 crore, (x) Yamunanagar-II: ₹ 0.04 crore and (xi) SUDAH: ₹ 3.06 crore

⁹ (i) SUDAH: ₹ 3.03 crore and DUDAs (ii) Bhiwani: ₹ 1.34 crore, (iii) Dadri: ₹ 0.70 crore

Year	Number of projects sanctioned	Number of houses			Houses completed as on 31 March 2015	Shortfall w.r.t to planned
		Planned	Cancelled/ curtailed	Balance		
2006-07	15	14823	5098 (3)* 1378(4)**	8347	7821	7002
2008-09	3	1785	-	10132	1695	90
2011-12	1	195	-	10327	81	114
2014-15	-	-	-	10327	-	-
Total	19	16803	6476	10327	9597	7206

(Source: Information obtained from SUDAH)

Note: *Total 5098 houses in three projects namely Bandhu Nagar (192) in 2011-12, Panchkula-II (2449) in 2013-14 and Panchkula-III (2457) in 2013-14 had been cancelled.

** Total 1378 houses in four projects namely Hisar-I (936) in 2013-14, Panchkula-I (316) in 2013-14, Kalka (47) in 2014-15 and Pinjore (79) in 2014-15 had been curtailed.

The above table indicates that during 2006-15, SLNA fixed initially physical targets of 16,803 houses, against which only 9,597 houses (57 per cent) were completed as on 31 March 2015.

SUDAH stated (March 2015) that non-availability of suitable land/site for the projects, heavy resistance from local slum dwellers, shifting of slum dwellers, etc. resulted in dropping/curtailment of projects. Audit observed that the projects were not prepared after proper survey and ascertaining the availability of land.

The Department assured during the exit conference that efforts would be made to complete the construction of houses.

4.1.7.2 Non-completion of houses by beneficiaries

As per instructions (December 2008) issued by the SUDAH, the dwelling units were to be constructed by the beneficiaries at their own level and subsidy was to be disbursed to them in four equal installments i.e. on the completion of plinth level, roof level, laying of roof and after completion of house in all respects.

Audit scrutiny revealed that 293 beneficiaries under six projects had not completed their dwelling units and subsidy of ₹ 1.52¹⁰ crore was released to them on account of first, second and third installments. Audit noticed that concerned DUDAs/MCs had not monitored the completion of dwelling units nor had taken action to call back subsidy already released.

The Department stated during the exit conference that efforts would be made to get the houses completed at the earliest and a decision would also be taken to take action against those beneficiaries who did not complete their houses after obtaining subsidy.

4.1.7.3 Financial assistance to beneficiaries in excess of the sanctioned number

As per instructions issued (December 2008) by SUDAH, the Executive Officers/Secretaries of concerned MCs and Assistant Project Officers of DUDAs

¹⁰ (i) Hisar-I: ₹ 0.25 crore, (ii) Hisar-II: ₹ 0.56 crore, (iii) Jind: ₹ 0.36 crore, (iv) Jagadhari-I: ₹ 0.13 crore, (v) Yamunanagar-I: ₹ 0.08 crore and (vi) Dadri: ₹ 0.14 crore

were required to prepare a final list of the beneficiaries duly verified by ADC of concerned district for inclusion in DPRs. These DPRs are got approved from Central Sanctioning Committee (CSC).

Audit observed that against the sanction of 1,667 beneficiaries in DPRs of 54 slum areas, 3,731 persons were provided financial assistance at the rate of ₹ 72,000/₹ 90,000 in eight¹¹ test-checked projects. Thus, 2,064 more persons were provided financial assistance than sanctioned in DPRs without the approval of CSC. The financial assistance in these cases works out to ₹ 16 crore (*Appendix 8*).

The Department stated during the exit conference that some beneficiaries were changed/replaced as some of the beneficiaries covered in the DPR had already constructed their house from their own sources and some of the beneficiaries could not produce the proper land title. The fact remains that 2,064 beneficiaries were provided financial assistance without approval of the CSC.

4.1.7.4 Double benefit of subsidy

A scheme for construction of houses for SCs was in operation in the State by Welfare of Scheduled Castes and Backward Classes (WSCBC) Department. As per the scheme, persons who receive similar benefits for the construction of houses under any other scheme are not eligible for benefits under the scheme.

It was observed that in DUDA Jind, seven beneficiaries had availed of the benefit of subsidy amounting to ₹ 6.08 lakh under IHSDP whereas the same beneficiaries had already availed of assistance under the Housing Scheme implemented by WSCBC.

The department had not evolved any mechanism to avoid payment of double benefit of subsidy to the beneficiaries.

The Department stated during the exit conference that amount would be recovered and care would be taken to avoid recurrence of cases of payment of assistance from two schemes for the same purpose.

4.1.7.5 Non-deduction of beneficiary share with first installment

As per sanction orders issued (October 2009) by SUDAH to the implementing agencies, the beneficiary share under housing component was to be adjusted in the first installment.

It was observed in Jind and Yamunanagar districts that the beneficiary share under housing component was adjusted in four installments instead of the first installment. Out of total 2,536 beneficiaries, 2,430 beneficiaries had since completed their dwelling units and balance 106 beneficiaries had not been completed so far (July 2015). Had the beneficiary share been adjusted in the first installment as per sanction orders of SUDAH, the beneficiaries who had not completed their houses would have been paid less subsidy amounting to ₹ 3.78 lakh. Thus, these beneficiaries had been paid excess subsidy to this extent.

¹¹ (i) Bhiwani, (ii) Hisar-I (iii) Hisar-II, (iv) Jind, (v) Jagadhari-I, (vi) Dadri, (vii) Yamunagar-I and (viii) Panchkula-I.

The department while admitting the facts during the exit conference stated that conditions of sanction orders would be adhered to in future.

4.1.7.6 Excess payment of subsidy

Under para 4.8 of the scheme guidelines, a minimum of 12 per cent beneficiary contribution is stipulated, which in the case of SC/ST/BC/OBC/PH and other weaker sections is 10 per cent.

It was observed that beneficiary share at the rate of 10 per cent was contributed by the 58 beneficiaries of general category (other than SC/ST/BC/OBC/PH and other weaker sections) of Hisar-II project instead of 12 per cent, which was in contravention of scheme guidelines and resulted in excess payment of subsidy amounting to ₹ 1.16 lakh.

The Department admitted the facts during the exit conference and stated that recovery would be made.

4.1.7.7 Sale of houses in violation of terms and conditions

As per decision taken (July 2008) by the CSC, each project should be accompanied by a list of beneficiaries based on a socio-economic survey and ULBs should go for bio-metric cards, wherever feasible, to avoid the possibility of sale/misuse of housing units allotted to targeted beneficiaries.

During physical verification (April-May 2015) of the dwelling units of selected slum areas, it was observed that eight¹² beneficiaries involving subsidy of ₹ 6.39 lakh had sold their houses, despite furnishing an affidavit to the effect that they would not rent out or sale the house. In these cases, the subsidy should have been recovered from beneficiaries.

The Department stated during the exit conference that the mechanism would be evolved to ensure that the beneficiaries do not sell their houses for at least for five years after obtaining subsidy under the scheme.

4.1.8 Infrastructure component

4.1.8.1 Slow implementation of projects

In the test checked projects, ₹ 88.15 crore was released for Infrastructure development during 2007-15, against which an expenditure of ₹ 62.26 crore was incurred (*Appendix 9*). Scrutiny of records relating to infrastructure development brought out the following deficiencies in implementation of the projects:

- Jind project was sanctioned in 2008-09 at an estimated cost of ₹ 18.67 crore (Housing: ₹ 9.33 crore and infrastructure: ₹ 9.34 crore) and was scheduled to be completed within two years. Funds of ₹ 9.34 crore for infrastructure

¹² Jind: 2, Jagadhari-I: 1, Yamunanagar-I: 2 and Dadri: 3

development were, however, released in March 2014. The works of drainage, roads and streets was started and an expenditure of ₹ 0.71 crore was incurred against an estimated cost of ₹ 6.56 crore as of March 2015. The works of water supply, sewerage and street lights had not yet been started (October 2015).

- Yamunanagar-I project was sanctioned in 2008-09 at an estimated cost of ₹ 11.20 crore (Housing: ₹ 6.52 crore and infrastructure: ₹ 4.68 crore) and was scheduled to be completed within two years. Funds of ₹ 4.68 crore for infrastructure development were, however, released in March 2014. The works of drainage, roads and streets was started and an expenditure of ₹ 1.82 crore was incurred against an estimated cost of ₹ 3.69 crore as of March 2015. The works of construction of street lights, community centre, livelihood centre, Informal market, animal pen and jogging track, rickshaw stand had not yet been started (October 2015).
- Yamunanagar-II project was sanctioned in 2011-12 and was scheduled to be completed within two years. Funds of ₹ 6.37¹³ crore for infrastructure development were, however, released in 2013-14 and 2014-15. The works of water supply, sewerage, roads and streets, street lights, community structure, etc. was started and an expenditure of ₹ 2.44 crore was incurred against an estimated cost of ₹ 5.80 crore as of March 2015. The works of drainage had not yet been started (October 2015).

From the above, it is evident that the implementation of the projects was very slow though the funds were available. As a result of this, the slum dwellers remained deprived of benefits envisaged in the projects for long.

The Department while admitting the facts during the exit conference stated that efforts would be made to complete the works at the earliest.

4.1.8.2 Selection of sites without obtaining clearance of land

Para 15.1.4 of PWD code provides that the land/site on which construction is to take place should be in the possession of the Department concerned or must have received permission of the department in charge of land.

Scrutiny of records of DUDA, Yamunanagar, revealed that Public Health Division, Yamunanagar started three¹⁴ works of installation of five tubewells and water supply lines at an estimated cost of ₹ 58.91 lakh in 2013-14. Audit observed that two tubewells were installed in Rajesh Colony and Atma Puri and expenditure of ₹ 26.31 lakh was incurred. However, remaining three tubewells could not be installed as sites were not provided by the Municipal Corporation. Further, an amount of ₹ 2.75 lakh was spent on purchase of machinery (upto April 2015) for the tubewell to be installed in Tilak Nagar. Thus, works were taken up without taking the possession of sites which was against the codal

¹³ 2013-14: ₹ 3.19 crore, 2014-15: ₹ 3.18 crore

¹⁴ Installation of tubewell and water supply lines in (i) Rajesh Colony and Sawanpuri, (ii) Atma Puri and Kartarpura and (iii) Tilak Nagar

provisions. As a result of this, ₹ 29.85 lakh remained blocked for two years (March 2016) with the Public Health Engineering Division. Besides, machinery worth ₹ 2.75 lakh was lying idle.

The Department stated during the exit conference that alternate sites had been identified and work would be completed shortly.

4.1.8.3 Diversion of funds

As against the provision of ₹ 9.33 crore, an amount of ₹ 8.28 crore was released to the Public Health Engineering Division (PHED) by DUDA, Yamunanagar for providing sewerage facilities in the slum areas under Jagadhari-I project and the balance amount of ₹ 1.05 crore was released (May 2013) to MC Yamunanagar for restoration of streets. An expenditure of ₹ 0.87 crore was incurred during 2014-15 on restoration of streets. As the funds were released for providing sewerage facilities, spending of funds on restoration of streets was against the provision of DPR leading to diversion of funds.

The Department admitted the facts during the exit conference and stated that deviation would be got regularised from CSMC.

4.1.8.4 Survey for outcome of the projects

To collect information regarding basic services to the urban poor, a survey was conducted by audit along with representatives of the concerned municipalities. In the survey, 679¹⁵ beneficiaries of this scheme were questioned about housing conditions, availability of water, sewerage coverage, convergence with other schemes (as envisaged in scheme guidelines), etc. Out of 137 slums, 76 were covered under survey. The results of the said survey are highlighted as under:

- Cent *per cent* beneficiaries of Hisar and Jagadhri-I projects stated that they had water logging problems in their areas. Although these projects had since been completed yet the problem of water logging had not been resolved.
- 12 *per cent* of the beneficiaries of Jagadhri I project stated that there was no proper sewerage network in their areas.
- Cent *per cent* of the beneficiaries of Jagadhri I project stated that their houses were located more than 200 metres away from source of piped water supply and water supply was not regular.
- Cent *per cent* of the beneficiaries of Bhiwani, Jagadhri-I and Dadri projects stated that pressure of water supply was not satisfactory.
- 344 (51 *per cent*) of 679 beneficiaries responded that there was no Primary Health Centre in their areas and

¹⁵ Bhiwani: 100, Hisar-I: 77, Hisar-II: 51, Jind: 101, Jagadhri-I: 101, Yamunanagar-I: 99, Dadri: 89 and Panchkula-I: 61

- 566 (83 per cent) beneficiaries responded that there was no maternity centre in their areas.

The departmental officers stated that these problems would be resolved with the PHED and that convergence with other State sectoral programmes in Health Department would be done in a better way to provide the facilities to beneficiaries in a co-ordinated manner. Audit noted that there is a need for better coordination among the various executing agencies to provide facilities to beneficiaries and derive the benefits of the scheme.

4.1.9 Social audit and monitoring

4.1.9.1 Social audit not done

GOI requested (May 2008) the State Government to take all necessary action for constituting beneficiary committees to supervise construction of houses taken up for the urban poor at various levels of construction- foundation, basement, lintel, roof, completion and occupation as well as undertake social audit of the projects during the process of construction and after completion. Social Audit Guidelines and Toolkit for BSUP and IHSDP Projects issued by GOI in December 2011 also provided for planned, scheduled regular social audit. It was, however, observed that neither the beneficiaries committees were constituted for the purpose nor social audit was conducted properly after holding meetings with stakeholders in any of the projects.

The departmental officers stated during exit conference that IHSDP monitoring committees were constituted at district level and social audit was done and inspection reports were prepared from time to time after conducting inspections and involving stakeholders. The reply was not convincing as social audit was not conducted in a proper manner after holding meetings with stakeholders and disclosing all the facts about the implementation of the scheme. Further, it was not clear from inspection reports submitted to audit that the stakeholders were involved in the process as required under social audit. As such, social audit was not done in true spirit.

4.1.9.2 Monitoring

As per para 10 of scheme guidelines, SLCC was required to periodically monitor the progress of sanctioned projects including funds mobilization from financial institutions and review the implementation of the programme. The SLCC was required to meet at least quarterly to monitor the progress of implementation of scheme.

The State Government appointed (October 2010) WAPCOS Limited for consultancy services as Third Party Inspection and Monitoring Agency (TPIMA). The agency was to undertake six visits of the projects sites during construction period, against which only two to four visits were undertaken. Further, SLCC held only eight meetings during 2006-15 as against the requirement of 36 meetings. SLCC failed in ensuring timely completion of projects as executing

agencies did not adhere the time schedule for completion of projects. Thus, the monitoring was not effective.

The Department stated (October 2015) that the progress of each IHSDP project was regularly reviewed by the then Additional Chief Secretary/PS, ULB and the District Vigilance and Monitoring Committees at regular intervals.

4.1.10 Conclusion

Though the projects of Panchkula II and III were dropped in December 2013, assistance provided for construction of houses to HUDA had not been recovered. Interest earned on scheme funds was lying blocked due to lack of policy for its utilisation. Only 57 *per cent* of the targeted number of houses were constructed and construction of 39 *per cent* houses was cancelled. Subsidy was provided to excess number of persons in 54 slum areas in eight projects. The cases of providing double benefit of subsidy, excess payment of subsidy and sale of houses in violation of terms were observed. The implementation of activities of infrastructure development was very slow. There was lack of convergence with other schemes of the Government. Social audit was not being conducted in a proper manner and monitoring at State Level was not effective.

4.1.11 Recommendations

The Government may consider:

- framing policy for utilisation of interest earned in consultation with GOI;
- ensuring availability of land/site before release of funds to implementing agencies to avoid cancellation of project at later stage;
- framing of policy for calling back subsidy in the event of non-completion of dwelling units as a measure of deterrent;
- gearing up of implementation of infrastructure development activities by making a time bound programme; and
- evolving proper system for social audit and effective monitoring.

4.2 Non-recovery of development charges

The Haryana Management of Civic Amenities and Infrastructure Deficient Area (Special Provision) Act 2013 came into force on 26 September 2013. The Act is to make special provisions for providing essential services in civic amenities and infrastructure deficient municipal areas in the State of Haryana and for matters connected therewith and incidental thereto.

The State Government formulated a policy (November 2013) (read with revised norms issued in December 2013) under the Act and fixed development charges which is to be levied on buildings/plots situated within the notified civic amenities and infrastructure deficient municipal areas at the rate of ₹150 per square yard, ₹100 per square yard, ₹50 per square yard and ₹30 per square yard for the

Municipal Corporation of Faridabad and Gurgaon, other Municipal Corporations, Municipal Council and Municipal Committees respectively.

The State Government declared (October 2013 and January 2014) areas under 135 colonies in ten¹⁶ municipalities to be civic amenities and infrastructure deficient municipal areas. However, the recovery of development charges had not been made from the concerned residents as of March 2015. Demand notices had not been issued to the owners for making payment of the charges even after lapse of a period of about two year. As a result, revenue of ₹ 108.41 crore remained unrecovered from residents of 135 colonies (**Appendix 10**).

The Secretary of Municipal Committee, Ladwa stated (January 2016) that ₹ 1.57 lakh as development charges had been recovered. Further action in this regard was being taken.

The matter was referred to the Principal Secretary to Government of Haryana, Urban Local Bodies Department in July 2014 to January 2016; their reply was awaited (April 2016).

4.3 Idle machinery

The Municipal Corporation (MC), Panchkula purchased (2010-11) three Refuse Compactor Vehicles of a cost of ₹ 57.43 lakh (including the cost of fabrication) for sanitation purpose. However, the vehicles were not put to use as of May 2015 because of non-registration of these vehicles with the registration authority. Similarly, Municipal Committee, Kalayat (Kaithal) purchased and fabricated (February to March 2010) one Refuse Compactor and 50 Garbage Containers for ₹ 37.60 lakh, but were not put to use as of April 2015.

The Municipal Committee, Kalayat stated (February 2016) that garbage containers had since been put to use and Refuse Compactor would also be put to use soon. The Municipal Corporation Panchkula stated (February 2016) that the vehicles had been registered (August 2015) with the registration authority after payment of penalty of ₹ 70,572 due delay in registrations and had been put to use. The fact, thus, remains that the Refuse Compactors remained idle for five years with MC, Panchkula and that of MC, Kalayat had been lying idle for six years.

The matter was referred (August 2014 to January 2016) to the Additional Chief/Principal Secretary to Government of Haryana, Urban Local Bodies Department; their reply was awaited (April 2016).

4.4 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

¹⁶ (i) Municipal Committee, Sampla, (ii) Meham, (iii) Kalanaur, (iv) Taraori, (v) Ladwa, (vi) Pehowa, (vii) Sahabad; (viii) Municipal Council Rewari; (ix) Municipal Corporation, Faridabad and (x) Panipat.

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 rates¹⁷ on the value of services provided other than those specified in the negative list.

Scrutiny of records of six municipalities revealed that shops/booths/lands of the municipalities had been rented out on monthly rental basis. The municipalities were liable to pay ₹ 1.17 crore as Service Tax on rental receipts of ₹ 10.02 crore during 2008 to 2014 after collecting the same from tenants. It was noticed that six municipalities had not collected Service Tax from tenants (**Appendix 11**).

It was also noticed that municipalities of Faridabad and Thanesar deposited ₹ 26.94 lakh & ₹ 15.98 lakh of the Service Tax in January and March 2014 respectively from their own resources without recovery of the same from tenants. This had resulted in loss to the municipalities.

The Municipal Corporation, Gurgaon stated (February 2016) that process to recover Service Tax with interest from concerned tenants was underway while the Executive Officer, Municipal council Thanesar stated (February 2016) that demand notices had been issued to tenants to deposit the Service Tax.

The matter was referred (August 2014 to January 2016) to the Principal Secretary to Government of Haryana, Urban Local Bodies Department; their reply was awaited (April 2016).

4.5 Diversion of funds

As per guidelines for utilization of grant under share of surcharge on VAT for Rajiv Gandhi Urban Development Mission Haryana (RGUDMH), the grant was to be utilized for urban infrastructure such as sanitation, cleanliness, solid waste management and other civic infrastructure. Similarly, sanctions issued by the Government releasing funds on the recommendations of Central Finance Commission (CFC) clearly specified that the funds would be utilised for developmental works only.

Scrutiny of records (April 2012 to March 2014) of Municipal Council, Narwana revealed that the State Government released (August 2013) funds amounting to ₹ 3 crore under RGUDMH to purchase land for setting up of solid waste management facility. Later, the Director, ULBs allowed (October 2013) ₹ 2 crore out of ₹ 3 crore as loan for developmental works to MC with the condition that that funds would be returned with interest to the account. However, the same has not been refunded by the MC so far (December 2015). Further, MC, Narwana, had diverted ₹ 0.95 crore towards payment for salaries of the staff in violation of the guidelines. Thus, out of ₹ 3 crore, ₹ 2.95 crore were diverted for other activities.

¹⁷ For the years 2008-09 & from 2012-13 to 2013-14 at 12.36 per cent and for the years 2009-10 to 2011-12 at 10.30 per cent

Similarly, three¹⁸ municipalities diverted funds amounting to ₹ 1.72 crore towards payment of salaries & arrears of the staff, wages, audit fees etc. out of grants released for RGUDMH and under the recommendations of CFC. This resulted in non-execution of developmental works in municipal areas to that extent.

The Executive Officer, Municipal Council, Thanesar stated (February 2016) salary and other allowances were paid out of CFC grant as sufficient amount was not available in the municipal fund. The reply is untenable as the funds were meant for development works.

The matter was referred (August 2014 to January 2016) to the Principal Secretary to Government of Haryana, Urban Local Bodies Department; their reply was awaited (April 2016).

4.6 Non-realisation of revenue due to dishonour of cheques

Scrutiny of records of Municipal Corporations Gurgaon and Faridabad revealed that these municipalities received ₹ 4.17 crore (**Appendix 12**) in 1,115 cases on accounts of house tax, fire tax, fee/charges, earnest money deposit of tenders etc. through cheques during July 2011 to March 2014. Audit observed that these amounts could not be realised as the cheques were dishonoured by the banks on account of being presented after the validity period.

The municipalities did not produce any record showing raising of claims against these payees for realization of the due amount. This had resulted in loss of revenue amounting to ₹ 4.17 crore (**Appendix 12**).

The Chief Account Officer, Municipal Corporation Gurgaon admitted the facts and stated (February 2016) that demand notices had been issued in respect of all the cases of bounced cheques involving amount of ₹ 1.31 crore and ₹ 2.03 lakh had been realized in 12 cases. It was also added that efforts were being made to recover the balance amount.

The matter was referred (August 2014 to January 2016) to the Principal Secretary to Government of Haryana, Urban Local Bodies Department; their reply was awaited (April 2016).

4.7 Payments without ensuring discharge of statutory liabilities by service providers

As per policy (February 2009) of Government of Haryana for outsourcing of services/activities and further direction given in January 2011, it shall be the responsibility of the Department (the principal employer), while engaging manpower under outsourcing through service provider/agency, to ensure that the engaged agency/service provider complies with the provisions of all the labour laws viz. Minimum Wages Act, Employees State Insurance Act, Employees

¹⁸ Municipal Council Thanesar: ₹ 121.46 lakh; Municipal Council Sirsa: ₹ 30.29 lakh & Municipal Council Palwal: ₹ 20.60 lakh.

Provident Fund & Miscellaneous Provisions Act, etc. The contractor should be asked to supply monthly dossier in the prescribed format (containing information of department, contractor, employees' ESI code, PF number, cheque wise payment made for wages, ESI, PF, etc.) of the Policy. In case the contractor defaults, the Department may consider termination of the contract.

Scrutiny of records (2011-2014) of Municipal Council, Rewari revealed that a sum of ₹ 1.67 crore was paid to a service provider by the respective municipality on account of wages, ESI and EPF for sanitation works done through contractual workers (**Appendix 13**). The whole payment of ₹1.67 crore was made without obtaining monthly dossiers as required in the policy.

Similarly, the Municipal Corporation, Gurgaon released (April 2013 to March 2014) that ₹ 2.80 crore to two firms (**Appendix 13**) on accounts of EPF, ESI and Service Tax for providing manpower to different wings of the Corporation. The firms had not submitted any records to the Corporation showing either opening of EPF and ESI accounts of the workers employed by the firms or any deposit in Government accounts. Further, the firms neither produced Service Tax Certificate and nor challans showing deposit of Service Tax paid by them.

Municipal Corporation, Gurgaon admitted the facts and replied (February 2016) that out of ₹ 2.80 crore, ₹ 1.86 crore had been deposited by the service providers with concerned authorities and remaining amount (₹ 0.94 crore) would also be deposited.

Thus, non-compliance of the policy requirements may not only affect interest of workers adversely but also result in misappropriation by the service providers.

The matter was referred (August 2014 to January 2016) to the Principal Secretary to Government of Haryana, Urban Local Bodies Department; their reply was awaited (April 2016).

4.8 Improper maintenance of muster rolls

Scrutiny of records of Municipal Council(MC) Rewari revealed that the amount of ₹ 28.74 lakh was shown as paid to 524 labourers during March 2013 to March 2014 for execution of development works on muster rolls. Signatures/ thumb impressions of the labourers were not found marked on the muster rolls against their names. The Executive Officer of the municipality, who was responsible for exercising control before making payment, passed the bills for payment without obtaining signatures/thumb impression. Such payments are fraught with the risk of misappropriation of funds.

The Executive Officer of the MC admitted (May 2014) the facts and stated that concerned official had been directed to get signature/thumb impressions on the muster rolls/ acquittance rolls from the labourers.

The matter was referred (July 2014 to November 2015) to the Principal Secretary to Government of Haryana, Urban Local Bodies Department; their reply was awaited (April 2016).

4.9 Undue benefit to contractors

(i) *Injudicious reimbursement for increase in rate of bitumen/emulsion*

The Municipal Corporation (MC) Faridabad invited tenders (October 2007) for “Construction of dual carriage way from Hardware Chowk to Sohna Road, NIT, W.No. 2, Faridabad” work. The work was allotted to a contractor in May 2008. As per the terms and conditions of the agreement, the work was to be completed by March 2009 and no cost escalation due to increase in rates of bitumen/emulsion was to be paid to the contractor beyond the original time period allowed for construction, irrespective of extension of time limit granted to the agency for any reason, whatsoever.

Scrutiny of records revealed that the work was not completed within the scheduled time of completion (March 2009). However, the contractor was paid ₹ 21.57 lakh (January 2014) on account of increase in cost of the bitumen after March 2009 in violation of the terms and conditions of the agreement. Thus, the MC extended undue benefit of ₹ 21.57 lakh to the contractor.

The MC stated (February 2016) that excess payment made to the contractor would be recovered before making final payment and that the final bill had not yet been received from the Municipal Engineering Branch.

(ii) *Non-allotment of sanitation work tender to lowest bidder*

MC Faridabad invited (June 2011) tenders for sanitation work in Old Faridabad Zone of the municipality on an estimated cost of ₹ 5 crore per year. The lowest tender was of ₹ 50.68 lakh per month. However, tender was allotted (September 2011) to another firm at the rate of ₹ 51.87 lakh per month for one month (5 November 2011 to 4 December 2011) initially, which was later extended upto October 2013. The reason assigned for rejecting the lowest bidder was that the agency already has been allotted work of sanitation of Ballabhgarh Zone.

The decision of the MC to reject lowest bidder led to extra expenditure of ₹ 28.56 lakh to the MC.

The matter was referred (April 2014 to December 2015) to the Principal Secretary to Government of Haryana, Urban Local Bodies Department; their reply was awaited (April 2016).

4.10 Undue benefit to a society

As per rule 9 of the Haryana Management of Municipal Properties and State Properties Rules, 2007(Rules), a municipality may allot a site/building on lease hold basis to an applicant for a period of 99 years with the prior approval of the State Government to a registered society for institutional purposes. This is subject to fulfillment of the condition mentioned in rules 9(1) to 9(2) of the Rules that the society was providing services without any profit to the people of the area; the price of land was 50 *per cent* of the prevailing market price in the vicinity as determined by the Collector. Further, the State Government may for reasons to be

recorded in writing relax all or any of the provision of these rules in public interest (Rule 22).

Scrutiny of records (2011-14) of three municipalities¹⁹ revealed that 17.69²⁰ acres land was allotted (October 2013 to January 2014) to the Model School Society, Rohtak (the Society) on lease hold basis for 99 years for institutional purpose at a price of ₹ 10,000 per year i.e. for ₹ 9.90 lakh in each case after taking relaxation under Rule 22 of *ibid* Rules. Audit observed that the State Government had not recorded any specific reasons for relaxing of rates for leasing of land at such low rates in public interest. Thus, undue favour was extended to the Society.

The matter was referred (February 2015 to January 2016) to the Principal Secretary to Government of Haryana, Urban Local Bodies Department; their reply was awaited (April 2016).

4.11 Non-adherence of guidelines of Thirteenth Finance Commission for utilisation of grants

(i) Interest liability due to delay in release of grants to municipalities

The Ministry of Finance, Government of India (GOI), while releasing funds as grant-in-aid on the recommendations of Thirteenth Finance Commission (FC-XIII) specified (September 2010) that the funds must be transferred to local bodies within five days of receipt from Central Government in case of States which have easily accessible banking infrastructure and ten days in case of State with inaccessible banking infrastructure. Any delay would require the State Government to release the installment with interest at the Bank rate of RBI.

The GOI released (3 October 2011) ₹ 25.37 crore as first installment of Basic grants on the recommendations of FC-XIII. The State Government transferred the grants to the municipalities with delay of 17 days (25 October 2011). Due to delay in transfer of the funds, interest of ₹ 7.09 lakh was payable to the municipalities. Similarly, GOI released (6 August 2013) ₹ 19.77 crore as Performance grants. Out of this, ₹ 12.10 crore was transferred (31 August 2013) to the municipalities with delay of 20 days while balance funds of ₹ 7.67 crore was transferred within the prescribed period. Due to delay in transfer of the funds to municipalities, interest of ₹ 6.80 lakh was payable by the State Government. Total interest liability worked out to ₹ 13.89 lakh (**Appendix 14**) which had not been paid (January 2016).

(ii) Non-submission of utilisation certificate (UC) by municipalities

While releasing the grants received on recommendations of *FC-XIII* to the Director, ULBs for transfer to the municipalities, the State Government stipulated that the amount shall be spent within one year from the date of drawal of the

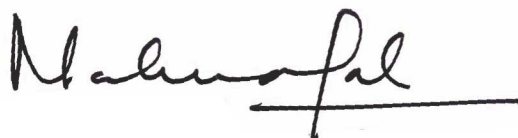
¹⁹ Municipal Committee (MC) Sampla, Kalanaur and Meham.

²⁰ 5.94 Acre of MC Sampla; 6.75 Acre of MC Kalanaur & 5.00 Acre of MC Meham.

amount from the treasury and UC shall be submitted by the concerned municipalities after the expiry of utilisation period to the Director, ULBs.

During 2010-11 to 2013-14, the GOI released a sum of ₹ 318.36 crore in installments as General Basic and Performance Grants on the recommendations of FC-XIII. The State Government further released the funds to the Director, ULBs for transfer to the municipalities. The Director, ULBs received UCs of ₹ 143.48 crore (45.07 *per cent*) (**Appendix 15**) from the municipalities and UCs for ₹ 234.30 crore (73.60 *per cent*) were not submitted by the municipalities (August 2015). Thus, the grants were transferred to the municipalities without receipts of UCs. This showed lack of monitoring by the Directorate over utilisation of funds by the municipalities.

The matter was referred (August 2015 to January 2016) to the Principal Secretary to Government of Haryana, Urban Local Bodies Department; the reply was awaited (April 2016).



(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 the State

Sl. No	Name of the Post	Post Sanctioned	Men in position	Vacant
1.	Assistant Director	2	2	0
2.	Legal Officer	25	17	8
3.	Superintendent	10	6	4
4.	Deputy Superintendent	50	34	16
5.	Social Education and Panchayat Officer	126	34	92
6.	Junior Engineer	522	415	107
7.	Assistant	317	218	99
8.	Accountant	159	138	21
9.	Accounts Clerk	154	32	122
10.	Clerk	356	189	167
11.	Senior Scale Stenographer	3	0	3
12.	Junior Scale Stenographer	3	2	1
13.	Steno Typist	171	36	135
14.	Driver	170	135	35
15.	Gram <i>Sachiv</i>	2237	1802	435
16.	Patwari	116	43	73
17.	Peon	504	354	150
18.	Chowkidar	143	60	83
19.	Sweeper	31	26	5
20.	Daftri	1	1	0
21.	Machineman	1	1	0
22.	Jamadar	2	1	1
23.	Cook	4	2	2
24.	Head Draftsman	23	22	1
25.	Draftsman	26	26	0
Total		5156	3596	1560

Appendix 2

(Reference: Paragraph 1.3.2; Page 4)

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

Sl. No	Name of the Post	Post Sanctioned	Men in position	Vacant
1.	Account Officer	21	10	11
2.	Superintendent	21	0	21
3.	Accountant	21	7	14
4.	Assistant	40	12	28
5.	Sr. Scale Stenographer	21	1	20
6.	Steno Typist	21	6	15
7.	Clerk	21	5	16
8.	Accounts Clerk	21	9	12
9.	Driver	21	9	12
10.	Chokidar-cum-mali	21	3	18
11.	Peon	40	16	24
12.	Sweeper	21	4	17
Total		290	82	208

Appendix 3

(Reference: Paragraph 1.6; Page 7)

List of Panchayat Samitis and Gram Panchayat test-checked

Sl. No	Name of Panchayat Samitis	Name of Gram Panchayat
1.	BDPO Panipat	(1) Babail, (2) Kutani, (3) Raja Kheri, (4) Jhatipur
2.	BDPO Israna	(1) Pathari, (2) Jhondhankalan, (3) Chamrara, (4) Pardhana
3.	BDPO Samalkha	(1) Dhindar, (2) Haldana, (3) Wajir Pur Titana, (4) Kiwana, (5) Karhans
4.	BDPO Bapoli	(1) Jalalpur-2, (2) Dadola, (3) Goela kalan, (4) Goela khurd, (5) Jalmana
5.	BDPO Matloda	(1) Kawi, (2) Kalkha, (3) Ahmedpur Majra, (4) Joshi, (5) Shera
6.	BDPO Fatehabad	(1) Bhrolanwali, (2) Bislui, (3) Dhangar, (4) Dhani Thoba, (5) Dharnia, (6) Gillan khera, (7) Haripura, (8) Nooraki Ahali, (9) Shahidanwali
7.	BDPO Ratia	(1) Bharpur, (2) Chando Khurd, (3) Dadupur, (4) Hanspur, (5) Kalotha, (6) Luthara, (7) Mehmdki, (8) Raipur, (9) Sukhman pur
8.	BDPO Jakhal	(1) Gularwala, (2) Mussa khera, (3) Ratta The, (4) Meyond Bongowa
9.	BDPO Bhattu Kalan	(1) Khabra kalan, (2) Pilimandori, (3) Thuiyan, (4) Mehuwala, (5) Bhattu mandi
10.	BDPO Tohana	(1) Badhie khera, (2) Chander khurd, (3) Dharsul khurd, (4) Hindalwala, (5) Khanora, (6) Ratha khera
11.	BDPO Bhuna	(1) Khasa pathana, (2) Buwan, (3) Dult, (4) Jandli khurd, (5) Nadhori
12.	BDPO Hisar I	(1) Mirjapur, (2) Ladwa, (3) Nalwa, (4) Gangwa, (5) Bhagana
13.	BDPO Hisar II	(1) Arya nagar, (2) Hindwan, (3) Ralwas khurd, (4) Patan, (5) Salemgarh
14.	BDPO Hansi I	(1) Bhatla, (2) Dayal singh colony, (3) Dhana kalan, (4) Dharampura, (5) Ghirai, (6) Gurana, (7) Majad, (8) Kulana, (9) Sainipura, (10) Umra
15.	BDPO Hansi II	(1) Badala, (2) Bad chapper, (3) Bass Badshapur, (4) Bhaklana, (5) Khanda kheri, (6) Khera Ragran, (7) Mohla, (8) Roshan Khera, (9) Sisar, (10) Thurana
16.	BDPO Narnaund	(1) Bhaini amirpur, (2) Dhani Brahman, (3) Lohari ragho, (4) Habetpur, (5) Milakpur
17.	BDPO Adampur	(1) Adampur, (2) Dhani Mohabatpur, (3) Mandi Adampur, (4) Mohabatpur, (5) Siswal
18.	BDPO Barwala	(1) Juglan, (2) Sotha, (3) Gabipur, (4) Dhani prem nagar, (5) Panghal
19.	BDPO Uklana	(1) Daulatpur, (2) Surewala, (3) Madanpura, (4) Litani, (5) Kandul
20.	BDPO Agroha	(1) Faransi, (2) Siwani bolan, (3) Durjanpura, (4) Kuleri, (5) Sham Sukh
21.	BDPO Beri	(1) Chhochhi, (2) Mangawas, (3) Paharipur, (4) Seria, (5) Berhana, (6) Godhri, (7) Palra
22.	BDPO Matanhel	(1) Gawalison, (2) Jhadli, (3) Kheri hosdarpur, (4) Nogaon, (5) Bahu, (6) Jhamri, (7) Marout
23.	BDPO Salhawass	(1) Chandul, (2) Chandpur, (3) Dadanpur, (4) Dhana, (5) Jaitpur, (6) Kanwah, (7) Bithla, (8) Dhakla
24.	BDPO Nahar	(1) Kheri, (2) Tumna, (3) Nangal, (4) Bass Rattanthal, (5) Lulaahir, (6) Bhurthala, (7) Jhal Bir Sarkar, (8) Jharoda, (9) Lukhi, (10) Kosli (11) Gujjar Was, (12) Shyamnagar

Total GPs: 150 GPs

Appendix 4
(Reference: Paragraph 2.2; Page 10)
Statement showing delay in payment of wages under MGNREGS

(Amount in lakh of ₹)

Sl. No.	Name of Block	Year	Delayed Payment between 15-30 days		Delayed Payment between 30-60 days		Delayed Payment between 60-90 days		Delayed Payment more than 90 days		Total delays	
			Transactions	Amount	Transactions	Amount	Transactions	Amount	Transactions	Amount	Transactions	Amount
1.	Bhuna	2013-14	3078	47.66	4646	67.07	958	7.61	589	5.63	9271	127.97
2.	Tohana	2012-13	2179	26.48	626	6.97	86	0.50	0	0.00	2891	33.95
		2013-14	5590	81.34	3434	36.85	519	7.03	182	3.18	9725	128.40
3	Fatehabad	2012-13	1686	18.89	0	0.00	0	0.00	0.00	0.00	1686	18.89
		2013-14	2505	26.54	3642	47.31	1083	12.91	111	0.56	7341	87.32
	Total		15038	200.91	12348	158.20	2646	28.05	882	9.37	30914	396.53
4.	Bahadurgarh	2012-13	217	4.94	0	0.00	0	0.00	0	0.00	217	4.94
		2013-14	95	2.65	0	0.00	2	0.06	0	0.00	97	2.71
5.	Beri	2012-13	16	0.15	24	0.36	0	0.00	0	0.00	40	0.51
		2013-14	212	5.58	21	0.44	14	0.32	10	0.26	257	6.60
6.	Jhajjar	2012-13	0	0.00	0	0.00	0	0.00	17	0.45	17	0.45
		2013-14	838	22.35	56	1.51	15	0.42	37	0.89	946	25.17
7.	Mathanhail	2012-13	141	3.26	60	1.48	0	0.00	0	0.00	201	4.74
		2013-14	620	14.04	243	6.88	0	0.00	0	0.00	863	20.92
8.	Salhawas	2012-13	99	2.06	8	0.08	40	0.99	24	0.59	171	3.72
		2013-14	388	9.81	28	0.61	110	2.98	6	0.14	532	13.54
	Total		2626	64.84	440	11.36	181	4.77	94	2.33	3341	83.30
	Grand Total		17664	265.75	12788	169.56	2827	32.82	976	11.70	34255	479.83

Appendix 5

(Reference: Paragraph 2.3; Page 10)

Details showing amounts recoverable from Ex-Sarpanches/Panches

Sl. No	Name of BDPO	Name of GP	Numbers of Ex-Sarpanch/ Panch	Period	Amount (₹ in lakh)
1.	Beri (Jhajjar)	Chhochhi	1	2005-10	13.98
		Palara	1	2005-10	0.75
		Seria	1	2005-10	0.62
		Mangawas	1	1995-2000	0.16
2.	Salhawas (Jhajjar)	Kanwah	1	2005-10	0.76
		Nilaheri	1	2005-10	0.36
		Sarola	1	2000-2005	0.12
3.	Fatehabad	Bighar	1	2000-2005	0.10
		Chinder	1	2000-2005	0.41
		Dhani Bijna Lamba	1	2005-10	0.35
		Dhani Thoba	1	2005-10	0.20
		Shahidanwali	1	2005-10	0.10
		Bharolanwali	1	2005-10	0.05
		Kajal Heri	1	2005-10	0.01
4.	Adampur (Hisar)	Mohabatpur	1	2008-11	1.43
Total			15		19.40

Appendix 6

(Reference: Paragraph 2.4; Page 11)

Statement showing unauthorised possession/encroachment of Panchayat land

Sl.No.	Name of BDPOs	Sl.No.	Name of GP/Village	Area (in Acre)	Average Rate (₹ lakh per acre)	Amount (₹ in lakh)
1.	Ratio	1.	Badalgarh	27.55	12.00	330.60
		2.	Kawalgarh	14.13	12.00	169.56
2.	Matanhail	3.	Bambulia	2.00	19.00	38.00
		4.	Humayupur	4.00	1.00	4.00
		5.	Reduwas	2.00	1.00	4.00
3.	Salhawas	6.	Babepur	1.02	10.54	10.75
		7.	Chandol	20.30	10.00	203.00
		8.	Chandpur	4.99	10.00	49.90
		9.	Dadanpur	8.80	10.00	88.00
		10.	Dhana	54.51	13.60	741.34
		11.	Jaitpur	3.79	10.00	379.00
		12.	Kanwah	1.05	10.00	10.50
		13.	Kasni	2.82	10.00	28.20
		14.	Mubarikpur	0.53	10.00	5.30
		15.	Sarola	15.23	10.00	152.30
		16.	Subana	30.99	10.00	309.90
		17.	Surheti	0.42	10.00	4.20
		18.	Tumbheri	13.68	10.00	13.68
4.	Hansi-II	19.	Singwa Khass	0.08	13.00	1.04
		20.	Sisar	0.07	13.00	0.91
		21.	Bhaglana	0.05	13.00	0.65
		22.	Putthi Samain	35.67	13.00	463.71
5.	Madlauda	23.	Bhalsi	72.20	15.50	1119.10
		24.	Bhandari	22.81	13.50	307.94
		25.	Madlauda	6.20	15.50	96.10
		26.	Sutana	18.41	15.50	285.36
		27.	Begumpur Bhapnoth	15.75	13.50	212.63
Total				379.05	Total	5029.67

Appendix 7

(Reference: Paragraph 2.5; Page 12)

Statement showing utilisation certificates received and pending in respect of
FC-XIII grants released to PRIs

General Basic Grant

Amount (in ₹ lakh)

Sl. No.	Year	Amount of Grant released to PRIs	Amount for which UCs received from PRIs	Amount for which UCs not received from PRIs
1.	2010-11	10116.00	4646.58	5469.42
2.	2011-12	12680.00	1389.76	11290.24
3.	2012-13	14404.66	665.06	13739.60
4.	2013-14	16617.82	125.81	16492.01
5.	2014-15	18163.51	0	18163.51
Total		71981.99	6827.21 (9.48 per cent)	65154.78 (90.52 per cent)

Performance/Forfeited Performance Grant

Amount (in ₹ lakh)

Sl. No.	Year	Amount of Grant released to PRIs	Amount for which UCs received from PRIs	Amount for which UCs not received from PRIs
1.	2011-12	4368.33	361.59	4006.74
2.	2012-13	10234.34	458.19	9776.15
3.	2013-14	12506.56	125.25	12381.31
4.	2014-15	10242.75	0	10242.75
*Total		37351.98	945.03 (2.53 per cent)	36406.95 (97.47 per cent)

Grand Total (Basic Grant & Performance/forfeited Grant) of amount of the grants
₹ 1093.34 crore

Grand Total (Basic Grant & Performance/forfeited Grant) of amount of UC received from
PRIs ₹ 77.72 crore (7.10 per cent)

* ₹ 9.02 lakh transferred to PRIs as interest in September 2013 is also included in
the amount.

Appendix 8

(Reference: Paragraph 4.1.7.3; Page 25)

Statement showing the details of financial assistance provided to those persons who were not sanctioned in DPRs

Sr. No	Name of slum area	No. of houses as per DPR	No. of houses as per final list	Addition	Amount (₹ in crore)
Project: Bhiwani		Maximum rate of subsidy ₹ 72,000 per dwelling unit			
1.	Balmiki Basti	70	329	259	1.86
2.	Basti Behind Guwar Factory-Sewa Nagar	26	137	111	0.80
3.	Durga Colony	100	102	02	0.01
4.	Khumaran Mohella	70	84	14	0.10
5.	P.S. Azad Mohella Hallu	0	66	66	0.48
6.	Sanjiv Colony & Brijwasi Colony	66	96	30	0.22
7.	Shiv Nagar Colony	30	110	80	0.58
8.	Telewara (Dhank Basti Bawari gate)	0	82	82	0.59
Total		362	1,006	644	4.64
Project: Dadri		Maximum rate of subsidy ₹ 72,000 per dwelling unit			
1	Champapuri/Vevik Nagar	28	49	21	0.15
2	Gandhi Nagar	09	15	06	0.04
3	Balmiki Basti	65	82	17	0.12
4	Dhanak Basti	165	244	79	0.57
Total		267	390	123	0.89
Project: Hisar-I		Maximum rate of subsidy ₹ 72,000 per dwelling unit			
1	Surya Nagar	66	103	37	0.27
2	Shiv Colony	15	20	05	0.04
3	Ram Nagar	06	07	01	0.01
4	Mahabir Colony	34	36	02	0.01
5	Durga Colony	31	32	01	0.01
6	Mohalla Rajputana	11	14	03	0.02
Total		163	212	49	0.35
Project: Hisar-II		Maximum rate of subsidy ₹ 90,000 per dwelling unit			
1	Dev Nagar/Chanderlok Colony	20	71	51	0.46
2	Shastri Nagar	23	76	53	0.48
3	Friends Colony	15	22	07	0.06
Total		58	169	111	1.00
Project: Jind		Maximum rate of subsidy ₹ 90,000 per dwelling unit			
1	Sharma Nagar	107	149	42	0.38
2	Joginder Nagar	45	69	24	0.22
3	Om Nagar	89	112	23	0.21
4	Vishavkarma Colony	96	117	21	0.19
5	Hanuman Nagar	60	67	7	0.06
Total		397	514	117	1.05
Project: Jagadhari-I		Maximum rate of subsidy ₹ 72,000 per dwelling unit			
1	Basant Nagar	04	06	02	0.01
2	Ganesh Nagar	02	05	03	0.02
3	Gulab Nagar	20	112	92	0.66
4	Harijan Majri	40	90	50	0.36
5	Kali Mandir	20	40	20	0.14
6	Manohar Colony	05	11	06	0.04
7	Mohan Nagar	10	11	01	0.01
8	Nala Ghar Ki Majri	20	77	57	0.41
9	Ram Nagar (Pabni Road)	06	11	05	0.04
10	Tapriya Hari Parsad	05	71	66	0.48

Sr. No	Name of slum area	No. of houses as per DPR	No. of houses as per final list	Addition	Amount (Rs in crore)
11	Tapriyan Mandkheri	20	81	61	0.44
12	Udham Ghar Ki Majri	25	71	46	0.33
	Total	177	586	409	2.94
	Project: Yamunanagar-I	Maximum rate of subsidy ₹ 90,000 per dwelling unit			
1	Azad Nagar& Goldern Colony	0	24	24	0.22
2	Khadda colony& Brahma Puri	13	122	109	0.98
3	Anand colony& Atma Puri	0	37	37	0.33
4	Shiv Nagar	0	27	27	0.24
5	Veena Nagar	10	25	15	0.14
6	Sasauli Majari	03	83	80	0.72
7	Joginder Nagar	24	38	14	0.13
8	Harbans Pura	18	24	06	0.05
9	Krishana Nagar Colony	14	17	03	0.03
10	Tagore Garden	09	13	04	0.04
11	Gandhi Nagar	15	21	06	0.05
12	Chandpur Harijan Majri	12	41	29	0.26
13	Ranjeet Colony	16	45	29	0.26
14	Lajpat Nagar	0	26	26	0.23
	Total	134	543	409	3.68
	Project: Panchkula-I	Maximum rate of subsidy ₹ 72,000 per dwelling unit			
1	Malkhan Colony/Nand Ram colony	109	134	25	0.18
2	Ram Lakhan Colony	0	177	177	1.27
	Total	109	311	202	1.45
	Grand Total	1,667	3,731	2,064	16.00

(Source: Information obtained from selected DUDAs/MCs)

Appendix 9

(Reference: Paragraph 4.1.8.1; Page 26)

Statement showing the details of funds received and expenditure incurred for infrastructure development

Sr. No	Items of work	Funds received	Expenditure incurred	Balance	Percentage
Project: Bhiwani		(₹ in lakh)			
1	Water supply	158.15	158.15	-	100
2	Sewerage	249.14	249.14	-	100
3	Drainage	172.93	221.00	-48.07	112
4	Roads & Streets	774.34	852.19	-77.85	100
5	Street Lights	30.65	30.65	-	110
6	Community Toilets	38.80	38.80	-	100
7	Community structure	124.80	124.80	-	100
	Total	1548.81	1674.73	-125.92	108
Project: Hisar-I					
1	Water supply	119.43	83.96	35.47	70
2	Sewerage	201.64	201.64	0	100
3	Drainage	75.63	75.63	0	100
4	Roads & Streets	377.81	377.81	0	100
5	Street Lights	76.25	76.25	0	100
6	Community structure	32.00	32.00	0	100
	Total	882.76	847.29	35.47	96
Project: Hisar-II					
1	Sewerage	694.17	347.08	347.09	50
2	Roads & Streets	311.07	155.54	155.53	50
3	Street Lights	213.20	79.09	134.11	37
4	Park	88.39	44.20	44.19	50
5	Community structure	107.64	107.64	0	100
	Total	1414.47	733.55	680.92	52
Project: Jind					
1	Water supply	104.28	0	104.28	0
2	Sewerage	158.64	0	158.64	0
3	Drainage	115.89	8.93	106.96	7
4	Roads & Streets	540.59	61.64	478.95	10
5	Street Lights	14.24	0	14.24	0
	Total	933.64	70.57	863.07	8
Project: Jagadhari-I					
1	Water supply	124.44	121.23	3.21	97
2	Sewerage	933.43	896.00	37.43	96
3	Drainage	148.52	65.30	83.22	44
4	Roads & Streets	346.42	303.00	43.42	87
5	Street Lights	41.51	36.20	5.31	87
6	Community structure	14.88	6.00	8.88	40
	Total	1609.20	1427.73	181.47	90

Sr. No	Items of work	Funds received	Expenditure incurred	Balance	Percentage
Project: Jagadhari-II					
1	Water supply	58.42	39.50	18.92	68
2	Sewerage	21.78	19.79	1.99	91
3	Drainage	188.27	75.56	112.71	40
4	Roads & Streets	313.01	105.70	207.31	34
5	Street Lights	12.93	11.68	1.25	90
	Total	594.41	252.23	342.18	42
Project: Yamunanagar-I					
1	Drainage	95.70	66.42	29.28	69
2	Roads & Streets	273.70	115.82	157.88	42
3	Street Lights	26.25	0	26.25	0
4	Community structure	22.56	0	22.56	0
5	Livelihood centre	18.05	0	18.05	0
6	Informal Market	4.80	0	4.80	0
7	Animal Pen	5.61	0	5.61	0
8	Jogging Track	12.00	0	12.00	0
9	Rickshaw Stand	9.00	0	9.00	0
	Total	467.67	182.24	285.43	39
Project: Yamunanagar-II					
1	Water supply	92.70	69.88	22.82	75
2	Sewerage	78.94	69.57	9.37	88
3	Drainage	57.02	0	57.02	0
4	Roads & Streets	322.63	45.20	277.43	14
5	Street Lights	30.64	29.92	0.72	98
6	Community structure	47.62	22.20	25.42	47
7	Improvement of Env.	7.90	7.00	0.90	89
	Total	637.45	243.77	393.68	38
Project: Dadri					
1	Water supply	153.86	153.86	0	100
2	Sewerage	201.87	201.87	0	100
3	Drainage	61.74	73.76	-12.02	119
4	Roads & Streets	274.23	329.30	-55.07	120
5	Street Lights	25.65	25.65	0	100
6	Community toilet	9.70	9.70	0	100
	Total	727.05	794.14	-67.09	109
	Grand Total	8815.46	6226.25	2589.21	71

(Source: Information obtained from selected DUDAs/MCs)

Appendix 10

(Reference: Paragraph 4.2; Page 31)

Detail of non-recovery of development charges

Sl. No.	Name of municipality	Number of declared colonies	Constructed area (Sq. yards)	Rate of development charges (₹ per Sq. yard)	Amount (₹ in crore)
1.	Municipal Committee, Sampla (Rohtak)	5	298821.60	30	0.90
2.	Municipal Committee, Meham (Rohtak)	8	446828.80	30	1.34
3	Municipal Committee, Kalanaur (Rohtak)	10	306130	30	0.92
4.	Municipal Committee, Taraori (Karnal)	7	150814.40	30	0.45
5.	Municipal Committee, Ladwa (Kurkshetra)	7	153960.40	30	0.46
6.	Municipal Committee, Pehowa (Kurkshetra)	15	400606.80	30	1.20
7.	Municipal Committee, Sahabad (Kurukshetra)	8	182661.60	30	0.55
8.	Municipal Council, Rewari	5	411400	50	2.06
9.	Municipal Corporation, Faridabad	66	6668842.40	150	100.03
10.	Municipal Corporation, Panipat	4	49610	100	0.50
Total		135	9069676		108.41

Say ₹ 108.41 crore

Appendix 11
(Reference: Paragraph 4.4; Page 32)

Details of Service Tax not collected

(Amount in ₹ lakh)

Sl. No.	Name of unit	Period	Amount of Rent collected	Applicable rate of ST (in %)	Service Tax not collected
1.	Municipal Corporation, Faridabad	2008-09	59.68	12.36	7.38
		2009-10	56.75	10.30	5.85
		2010-11	59.48	10.30	6.13
		2011-12	65.63	10.30	6.76
		2012-13	64.73	12.36	8.00
		2013-14	64.73	12.36	8.00
2.	Municipal Corporation, Gurgaon	2013-14	71.16	12.36	8.80
3.	Municipal Council, Narwana	2012-13	41.91	12.36	5.18
		2013-14	46.60	12.36	5.76
4.	Municipal Council, Palwal	2011-12	63.93	10.30	6.58
		2012-13	68.67	12.36	8.49
		2013-14	71.32	12.36	8.82
5.	Municipal Corporation, Panchkula	2011-12	16.48	10.30	1.70
		2012-13	17.33	12.36	2.14
		2013-14	20.96	12.36	2.59
6.	Municipal Council, Thanesar	2011-12	78.47	10.30	8.08
		2012-13	60.81	12.36	7.52
		2013-14	73.57	12.36	9.09
Total			1002.21	-	116.87

Appendix 12

(Reference: Paragraph 4.6; Page 33)

Statement showing municipality-wise cases of dishonored cheques and amount involved

Sl. No.	Name of municipality	Period	No. of cases	Amount (in ₹ lakh)
1.	Municipal Corporation, Gurgaon	July 2011 to June 2013	311	131.08
2.	Municipal Corporation, Faridabad	2011-12	308	112.88
		2012-13	240	94.98
		2013-14	256	78.29
Total			1115	417.23

Appendix 13

(Reference: Paragraph 4.7; Page 34)

Municipality-wise details of payments made to sanitation contractor

Sl. No.	Name of municipality	Name of Contractors	Period	Amount (in ₹ lakh)
1.	Municipal Council, Rewari	M/s Dinesh Kumar	April 2011 to February 2012	66.34
		M/s Dinesh Kumar	April 2013 to March 2014	100.66
Total (A)				167.00
2.	Municipal Corporation, Gurgaon	M/s D.S. Enterprises	April 2013 to March 2014	188.04
3.		M/s Adhar Group Limited	-do	91.94
Total (B)				279.98
Gross Total of A+B				446.98

Appendix 14

(Reference: Paragraph 4.11 (i); Page 36)

Statement showing interest payable due to delay transfer of FC-XIII grants to municipalities

Amount (in ₹ lakh)						
1 st installment of Basic Grant						
Sl.No.	Year	Amount (₹ in lakh)	Date of release of grants by GOI	Date of transfer to municipalities	Delay (in days)	Amount of interest payable
1.	2011-12	2537.00	03 October 2011	25 October 2011	17	7.09 (Calculated at the rate of 6 per cent)
2 nd installment of Performance Grant						
2.	2012-13	1209.95 766.82	06 August 2013	31 August 2013 08 August 2013	20	6.80 (Calculated at the rate of 10.25 per cent)
Total interest payable:						13.89

Appendix 15

(Reference: Paragraph 4.11(ii); Page 37)

Statement showing utilisation certificate received and pending in respect of
FC-XIII grants

General Basic Grants

Amount (in ₹ lakh)

1 st installment of Basic Grants				2 nd installment of Basic Grants	
Sl.No.	Year	Amount of Grants transferred to municipalities	Amount for which UC received from municipalities	Amount of Grants transferred to municipalities	Amount for which UC received from municipalities
1.	2010-11	2026.00	1649.64	2026.00	1634.09
2.	2011-12	2537.00	1866.98	2590.00	1526.99
3.	2012-13	2745.35	1694.43	3023.36	1733.89
4.	2013-14	3399.53	897.53	3255.51	811.84
Total:		10707.88	6108.58 (57.05 per cent)	10894.87	5706.81 (52.38 per cent)
Total amount of the Basic Grants = ₹ 21602.75 lakh					
Total UC received from municipalities ₹ 11815.39 lakh (54.69 per cent)					

Performance Grants

Amount (in ₹ lakh)

1 st installment of Performance Grants				2 nd installment of Performance Grants	
Sl.No.	Year	Amount of Grants transferred to municipalities	Amount for which UC received from municipalities	Amount of Grants transferred to municipalities	Amount for which UC received from municipalities
1.	2010-11	-	-	-	-
2.	2011-12	312.02	164.53	-	-
3.	2012-13	3399.56	881.06	1976.77	453.71
4.	2013-14	2320.22	567.83	2224.20	465.81
Total:		6031.8	1613.42 (26.75 per cent)	4200.97	919.52 (21.89 per cent)
Total amount of Performance Grants = ₹ 10232.77 lakh					
Total UC received from municipalities = ₹ 2532.94 lakh (24.75 per cent)					

Grand total of amount of the grants (Basic Grants & Performance Grants) = ₹ 31835.52 lakh

Grand total of grants (Basic Grants & Performance Grants) amount for which UCs received from municipalities = ₹ 14348.33 lakh (45.07 per cent)

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