



Annual Technical Inspection Report
on
Panchayat Raj Institutions
for the year ended 31 March 2012



GOVERNMENT OF SIKKIM

Office of the Principal Accountant General (Audit), Sikkim

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PREFACE

This Report for the year 2011-12 deals with the results of audit of the accounts of Panchayat Raj Institutions in the State of Sikkim.

This report has been prepared for submission to the Government of Sikkim in accordance with the terms and conditions of the Technical Guidance and Support (TGS) on audit of the accounts of Panchayat Raj Institutions as entrusted by the State Government to the Comptroller and Auditor General of India under Section 20(1) of CAG's DPC Act 1971.

The cases mentioned in the report are among those which came to notice mainly in course of audit of accounts of Zilla Panchayats and Gram Panchayats for the years 2011-12.

The purpose of this report is to give overviews of the functioning of PRIs in the State of Sikkim and to draw the attention of the executive Department and PRIs for remedial actions and improvement wherever necessary.

This is the fifth Technical Inspection Report for the PRIs of the State of Sikkim, suggestions for improvement of the same is welcome from the Government of Sikkim and PRIs.

OVERVIEW

OVERVIEW

This report contains two Chapters. Chapter I has two sections, Section 'A' gives an overview of the Panchayat Raj Institution in the State and Section 'B' contains audit comments on Financial Reporting. Chapter II contains Transaction Audit Paragraphs.

1. An overview of Panchayat Raj Institutions

Despite the provision for collection of taxes under Section 39(1) and 40(1) of Sikkim Panchayat Act, 1993, the GPs had neither initiated any steps to identify the areas for levying taxes nor collected any revenue except for 28 GPs.

(Paragraph 1.6.1)

In the absence of sound basis for transfer of funds to the PRIs by the departments, the PRIs could not formulate any plan with certainty. Thus, the planning at the PRI level was on ad-hoc basis.

(Paragraph 1.8)

Although the State Government was to delineate the role and responsibilities of the each tier of PRIs by transferring 29 subjects for devolution of all the functions listed in the XIth schedule of the Constitution, the same was not implemented completely and only 15 subjects were transferred to PRIs.

(Paragraph 1.9.1)

Scrutiny of records of 59 GPs revealed that basic records and registers were not maintained properly as required under Sikkim Gram Panchayat (Financial) Rules, 2004.

(Paragraph 1.13)

Despite provision under Sikkim Panchayat Act, 1993, none of the PRIs had maintained assets registers to indicate the assets possessed by the GPs/ZPs, cost of assets, maintenance cost, etc. Requirement of Annual Physical Verification of assets as required under the Financial Rules were also not carried out in any of the GPs/ZPs.

(Paragraph 1.14.4)

2. Transaction Audit Paragraphs

District Planning Committee (East) irregularly incurred an expenditure of ₹ 36.48 lakh on distribution of poly pipe/tank and chaff-cutter to individual beneficiaries instead of undertaking community benefit activities envisaged in Backward Region Grant Fund guidelines for gap filling in local infrastructure relating to rural electrification, drinking water supply, etc.

(Paragraph 2.1)

Inaction on the part of Zilla Panchayat (East) for not initiating adequate steps to negotiate with the lowest tenderer led to extra expenditure of ₹ 19.04 lakh. Inadequate action to ensure completion of Community Centre within the stipulated date of completion led to non-accrual of intended benefits besides blocking of Government fund of ₹ 70.81 lakh.

(Paragraph 2.2)

Even after spending ₹ 47.08 lakh of TFC grants towards LAN connectivity, the project was not operationalised as of September 2012 and the intended benefit of providing LAN connectivity to the panchayats in Sikkim were not achieved.

(Paragraph 2.3)

Execution of 'Rural Water Supply Scheme at Meynam Cultural Heritage Centre' at Yangyang by Rural Management & Development Department instead of ZP (South) led to an additional expenditure of ₹ 37.06 lakh towards higher tender premium cost (₹ 30.76 lakh) and unwarranted payment towards cost of sockets (₹ 6.30 lakh).

(Paragraph 2.4)

CHAPTER - I

AN OVERVIEW OF PANCHAYAT RAJ INSTITUTIONS

CHAPTER - I

SECTION 'A'

AN OVERVIEW OF PANCHAYAT RAJ INSTITUTIONS

1.1 Introduction

The 73rd Constitutional Amendment gave the constitutional status to Panchayat Raj Institutions (PRIs) and established a system of uniform structure; holding of regular elections; devolution of 29 functions listed in the Eleventh Schedule of the Constitution; regular flow of funds through Finance Commissions, etc. As a follow up, the States are required to entrust these bodies with such powers, functions and responsibilities so as to enable them to function as institutions of self-government. In particular, the PRIs are required to prepare plans and implement schemes for economic development and social justice including those enumerated in the Eleventh Schedule of the Constitution.

The Sikkim Panchayat Act, 1993 was enacted to establish a two tier Panchayat Raj Institutions (PRIs) system at village and district levels in the State following the 73rd Constitutional Amendment. The system envisaged elected bodies at village (Gram Panchayats) and district level (Zilla Panchayats). The Act extended to whole of Sikkim except 12 small towns. As of March 2012, there were 4 ZPs¹ and 165 GPs in the state.

1.2 State profile

As per 2011 Census, the total population of the State is 6.08 lakh of which male population is 3.22 lakh (53 *per cent*) and female population is 2.86 (47 *per cent*). The rural population in the State is 4.56 lakh (75.03*per cent*). Sikkim has a total literacy rate of 82.20 *per cent* compared to 74.04 *per cent* of the nation. The service sectors along with the agricultural sector dominate the State's economy. The vital statistical information of the State is given in Table no.1.1 below:

¹North, East, South and West.

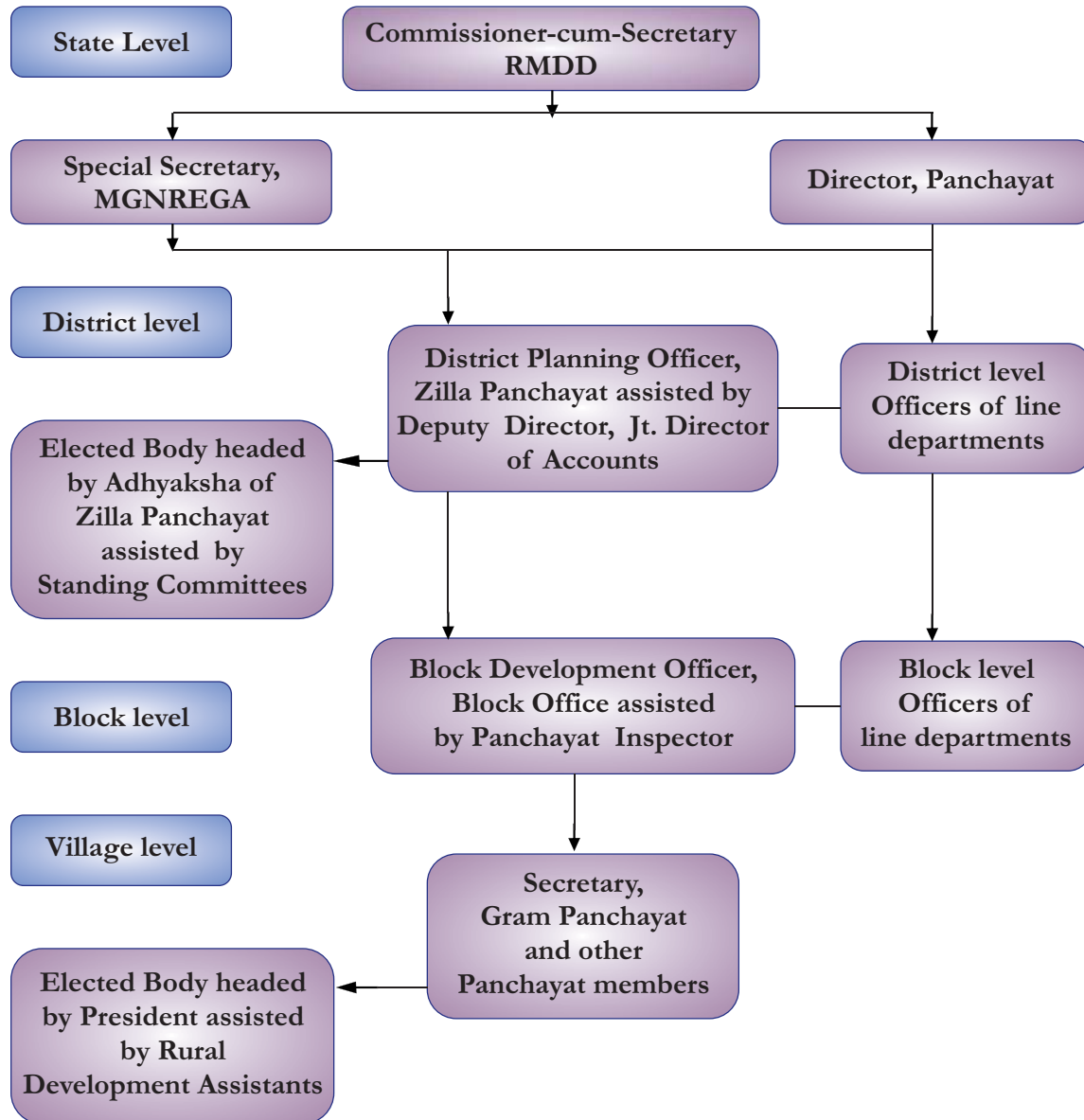
Table 1.1
Important statistics of the State

Indicator	Year	Unit	State value	National value
Area	2011	Sq.km.	7,096	32,87,263
Rural area	2011	Per cent	88.90	72.20
District	2011	Numbers	4	640
Village	2001	Numbers	453	6,38,588
Population	2011	In lakh	6.08	12,101.93
PRIs	2011	Numbers	176	2,40,000(approx)
Gender Ratio	2011	1000 male	889	940
Poverty	2011	Per cent	19.33	26.10
Literacy	2011	Per cent	82.20	74.04
Crude Birth Rate	2011	Per 1000	17.8	22.10
Crude Death Rate	2011	Per 1000	5.6	7.2
Infant Mortality Rate (IMR)	2011	Per 1000	30	47
Per capita expenditure on Education	2009-10	₹	6,667	1,337
Total Households	2011	Numbers	1,28,131	19,35,79,954

Source: Census report 2011(provisional) and State Government

1.3 Organisational structure of PRIs

Commissioner-cum-Secretary, Rural Management & Development Department (RMDD) is the overall in-charge for effective functioning of the PRIs in the State. The organogram given below depicts the organisational structure of the Department and the PRIs.



1.3.1 Standing Committees

The State Government constituted a number of committees such as Social Audit cum Vigilance Committee; Disaster Management Committee; Block Development Committee; Village Health & Sanitation Committee; District Technical Support Committee; Water Supply & Sanitation Committee for smooth functioning of the Gram Panchayat, Block, etc. The position of various committees alongwith their assignments in respect of 59 test checked GPs are given below:

Sl. No.	Committee	Assignment	Audit Comment
1	Social Audit cum Vigilance Committee	To ensure that the works are executed at Panchayat level as per estimate and also to monitor the quality of works. The Committee consisted of wide spectrum of stake holders, users, marginalized and vulnerable sections of society including women and senior citizens of the Gram Panchayat.	The Committee certifies the works executed by Gram Panchayat. However, day to day monitoring to ensure the quality of work was not done by the Committee.
2	Disaster Management Committee	To prepare disaster mitigation and preparedness plan, conduct mock drills twice a year, generate awareness amongst the residents on disaster preparedness, management and facilitate training of Disaster Management Team.	Disaster mitigation and preparedness plans were not prepared by GPs. Preparatory exercises such as conducting mock drills twice a year, generating awareness amongst the residents on disaster preparedness, management and facilitate training of Disaster Management Team were not carried out.
3	Block Development Committee	Identifying schemes and scrutinizing them for overall development of the Gram Panchayat and Block, taking up schemes for implementation by ensuring proper monitoring and their maintenance as well as projecting them to the District Planning Committee (DPC) so that the development/benefits generated at the lowest level (Gram Panchayat) is in overall interest of the Block through participation of the beneficiaries.	Proper monitoring and their maintenance of schemes were not done.
4	Village Health Sanitation Committee (VHSC)	Responsible for the overall sanitation facilities in the village and health condition of the villagers, develop village level health plan, analyse every issue for health, conduct household survey and submit reports.	VHSC was not adequately functional as it did not carry out household survey before implementation of sanitation programme.
5	District Technical Support Committee	Preparation of district perspective plan for each sector; support and coordinate with the Gram Panchayat functionaries and its working groups to provide technical inputs for preparation of GP plan; assist in formulation of ZP Plan and make projects in collaboration with the Zilla Panchayat and scrutinize for technical aspects of the GP / ZP plan and submit the observations to the DPC.	Estimates prepared by GPs were not technically vetted by District Technical Support Committee. This resulted in defective preparation of estimate and execution of a number of works without framing of estimates.
6	Water Supply & Sanitation Committee	Preparation of Village Action Plan (VAP); preparation of the Water Safety Plan; community mapping to describe the system; Walk the system "source to Mouth"; preparation and operationalisation of Water Safety Plan; preparation of proposal for submission to the District for financing.	The Committee remained largely ineffective as action for preparation of the Water Safety Plan; community mapping to describe the system; Walk the system "source to Mouth"; preparation and operationalisation of the Water Safety Plan; preparation of proposal for submission to District for financing had not been initiated.

1.4 Decentralised Planning

According to the Sikkim Panchayat (SP) Act 1993 (u/s 127) the DPC consisted of the Members of the Legislative Assembly Constituencies comprised in the district, three members of the Zilla Panchayat besides the Adhakshya which shall include one from Nagar Panchayat, an economist / Sr. Administrative Officer appointed by the State Government, District Collector, and the District Development Officer. The Adhyaksha will be the Chairman; Mayor/ President of Municipal Corporation/Council, the Vice-Chairman; and Additional District Collector (Development), the Member Secretary.

In pursuance of Article 243 ZD of the Constitution of India and Section 127 of the SP Act 1993, the State Government constituted (July 2008) District Planning Committee (DPC). While the Adhyaksha of the ZP is the Chairman, the Mayor / President of the Municipal Corporation/ Municipal Council having jurisdiction over the headquarters of the district is the Vice-Chairman and the District Planning Officer is the Member Secretary of the Committee. The other members of the Committee consisted of Member of Parliament of both Lok Sabha and Rajya Sabha, MLAs having constituency within the district, Zilla Panchayat members and District Collector. The Committee was assigned the role and responsibility of consolidating the plans prepared by the ZPs, GPs, Town Panchayats and the Municipal Corporation in the district and prepare a draft development plan for the district as a whole.

Audit observed that the DPCs finalised the Annual District Development Plans (ADDPs) by merely consolidating the plan proposals received from the various line departments without taking any inputs from the grass root level for overall district development plan. It also did not forward the same to the State Government for integration with the State plan. The DPCs had also not adequately engaged technical experts in different fields during the preparation of the development plans.

1.5 Financial profile

The PRIs are solely funded by the Government through Grants-in-aid from Central and State Governments for general administration as well as development activities. Funds are initially reflected in the State budget against the outlay of various administrative departments under grants-in-aid. Individual departments thereafter transfer the funds to Sachiva, Zilla Panchayats for Zilla Panchayat and Additional District Collector (Development) for GPs as grants-in-aid. The ZPs and GPs, in turn, deposit their funds in the savings account maintained with the nationalized banks.

1.5.1 Inadequate release of fund to PRIs

As per Cabinet decision (March 2007) various departments of the State Government were required to transfer 10 *per cent* of the plan funds to the PRIs. Third State Finance Commission

Recommendation's (March 2010), accepted by the State Government (November 2010) also stipulated for transfer of funds ranging between 2 to 35 *per cent* by various departments for the period 2010-11 to 2014-15. It was however, noticed that the funds allocation to the PRIs ranged between 0.76 to 2.84 *per cent* of total expenditure of the State Government during 2007-08 and 2009-10. Similarly, during 2010-11 and 2011-12, the fund allocations to PRIs ranged between 0.61 to 1.78 *per cent* of the total expenditure of the State Government as shown in the table below:

Table 1.2

(*₹ in crore*)

Year	Total plan expenditure of State (Revenue & Capital)	Fund required to be allocated to PRIs	Fund actually allocated to PRIs	Percentage
2007-08	1,562.34	156.23	44.32	2.84
2008-09	1,992.34	199.23	38.90	1.95
2009-10	2,514.53	251.45	19.24	0.76
2010-11	754.48*	75.44	13.42	1.78
2011-12	927.64*	92.76	5.66	0.61
Total	7,751.33	775.11	121.54	

(Source: Finance Accounts of Government of Sikkim)

* *Plan expenditure of only 15 Departments has been taken as per recommendation of Third State Finance Commission.*

Thus, despite the Cabinet decision and State Finance Commission's recommendations for transfer of funds ranging from 2 to 35 *per cent* by various departments, the State Government departments did not release the adequate funds to the PRIs resulting in non-implementation of various welfare activities planned.

1.5.2 Non-adherence to State Finance Commission recommendation

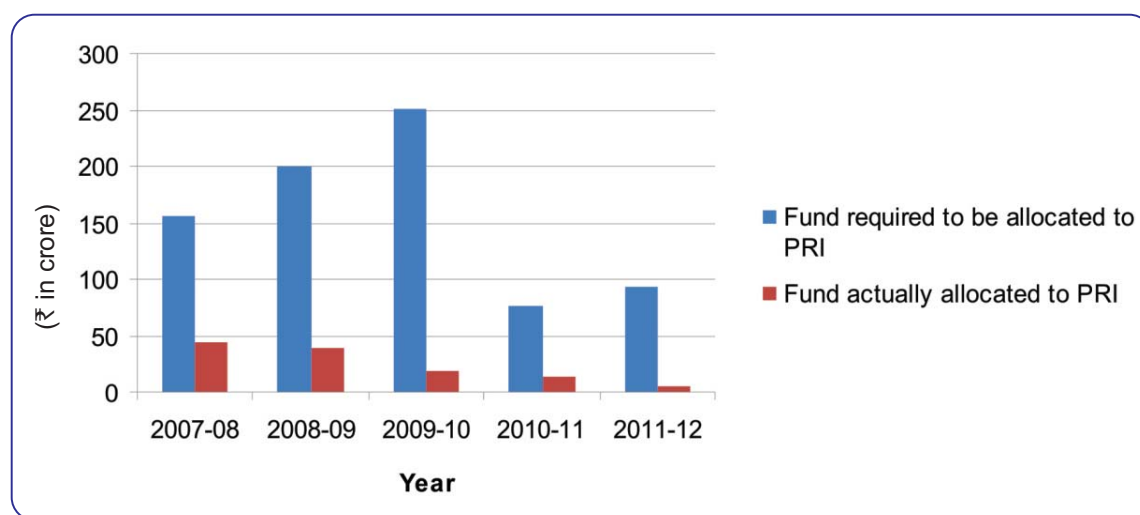
State Finance Commission (SFCs) is set up to recommend:

- Arrangements for distribution between the State and Panchayats as well as the Municipalities of net proceeds of the taxes, duties and fees leviable by the State.
- The determination of taxes, duties and tolls which may be assigned to or appropriated by the Panchayats as well as the Municipal bodies,
- Grants-in-aid to the Panchayats as well as the Municipal bodies from Consolidated Fund of the State.

Accordingly, the Third State Finance Commission (TSFC) recommended (February 2010) certain measures for improving fiscal health of the Panchayat and Municipalities, which

although accepted (November 2010) by the State Government, was not adhered to by the departments as detailed below:

- It was noticed that the gap between allocations to PRIs and stipulation by the Cabinet i.e. transfer of 10 *per cent* of the plan funds to PRIs, had widened. While the State budget allocation increased from ₹ 1,562.34 crore in 2007-08 to ₹ 2,514.53 crore in 2009-10 and from ₹ 754.48 crore in 2010-11 (only 15 departments recommended by the TSFC) to ₹ 927.64 crore in 2011-12, the PRI allocations decreased from ₹ 44.32 crore in 2007-08 to ₹ 5.66 crore in 2011-12 indicating a decrease of ₹ 38.66 crore (82.23 *per cent*) as against the enhancement of State budget by 60.94 *per cent* from 2007-08 to 2009-10 and 22.95 *per cent* (only 15 departments recommended by the TSFC) from 2010-11 to 2011-12. Further, during 2011-12 only 0.61 *per cent* (₹ 5.66 crore) of plan expenditure (₹ 927.64 crore) relating to 15 departments was transferred to PRIs against the due share of ₹ 117.29 crore as mentioned at para no. 1.8.
- The allocation to PRI vis-à-vis fund required to be allocated to PRIs are depicted in the graph below:



The Third State Finance Commission (TSFC) worked out gap between administrative expenditure and own revenue of the PRIs (had the PRI levied all taxes as recommended by TSFC) and recommended for transfer of fund of ₹3.04 crore for 165 GPs (to be met from 2 *per cent* of revenue collected by 8 departments²) for administrative expenses which was accepted by the State Government. However, only ₹ 2 crore was transferred to GPs towards administrative expenditure (salary, TA/DA, Honorarium and office expenses) during 2011-12. Absence of transfer of full amount for administrative expenses constrained the PRIs to

²i. Land revenue, ii. Stamps and registration, iii. Tax on Sale, Trade etc. iv. Animal Husbandry, v. Forestry and Wild life, vi. Minor Irrigation, vii. Village and small industries, viii. Tourism

spend developmental fund for defraying establishment cost to that extent.

TSFC also recommended (February 2010) for transferring of (i) 2 to 35 per cent plan fund aggregating to ₹ 84.47 crore from 15 sectors³ towards 'Specific purpose grant'; (ii) 20 per cent of State Plan budget under RMDD towards General Purpose Grant to PRIs. This, however, was not followed during the year 2011-12. The total allocation under specific purpose grant was excluding teachers' salary. The quantum of grant fixed as General purpose grant of 20 per cent of the State Plan budget under RMDD was also recommended by TSFC as untied grant in addition to Specific Purpose Grant.

1.6 Source of Receipts

The broad source of receipts of PRIs for the period from 2007-08 to 2011-12 are given below:

Table 1.3

(₹ in crore)

Year	Central Grant		State Grants (Development Fund)		Direction & Administration		Total Fund transferred from other Departments		Grand Total	
	ZP	GP	ZP	GP	ZP	GP	ZP	GP	ZP	GP
2007-08	13.01	18.94	4.72	25.15	1.64	0.30	7.35	5.15	26.72	49.54
2008-09	0	13.15	2.29	4.97	3.00	1.05	9.56	18.03	14.85	37.20
2009-10	33.95	107.17	2.70	2.71	2.07	1.45	5.78	13.46	44.50	124.79
2010-11	7.85	64.91	0.12	0.07	4.47	2.00	4.59	2.17	17.03	69.15
2011-12	9.14	122.12	0	0	3.67	2.00	0	0	12.81	124.12
Total	63.95	326.29	9.83	32.90	14.85	6.80	27.28	38.81	115.91	404.80

(Source: Figures furnished by Rural Management & Development Department, Government of Sikkim)

The broad source of receipts from Central Grants during the year 2007-08 to 2011-12 was from Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Backward Region Grant Fund (BRGF), Twelfth / Thirteenth Finance Commission and Swarna Jayanti Gram Rojgar Yojana as shown in the table below:

³(I) Agriculture, (ii) Horticulture, (iii) Animal Husbandry, (iv) HRDD, (v) Health, (vi) Forest, (vii) Commerce and Industries, (viii) Disaster Management, (ix) Irrigation, (x) Culture, (xi) RMDD, (xii) Co-operative, (xiii) Social welfare, (xiv) Tourism, and (xv) Power

Table 1.4A

(*₹ in crore*)

Year		2007-08	2008-09	2009-10	2010-11	2011-12	Total
MGNREGA	ZP	0	0	0	0	0	0
	GP	11.85	12.02	103.68	44.48	100.80	272.83
BRGF	ZP	10.45	0	11.59	6.41	1.12	29.57
	GP	0	0	0	7.55	2.61	10.16
Twelfth FC	ZP	0.78	0	1.49	0	0	2.27
	GP	1.82	1.13	3.49	0	0	6.44
Thirteenth FC	ZP	0	0	0	1.44	8.02	9.46
	GP	0	0	0	7.14	18.71	25.85
SGRY	ZP	1.78	0	20.87	0	0	22.65
	GP	5.27	0	0	5.74	0	11.01
Total		31.95	13.15	141.12	72.76	131.26	390.24

(Source: Figures furnished by Rural Management & Development Department, Government of Sikkim)

During 2009-10 and 2011-12 considerable increase of central grant was due to implementation of MGNREGS in all the four districts of the State.

Share of receipts of PRIs from various sources during the period from 2007-08 to 2011-12 is shown in table below:

Table-1.4B

(*₹ in crore*)

Name of Scheme	ZP	GP	Total	Percentage contribution of total receipts
MGNREGA	0	272.83	272.83	60
BRGF	29.57	10.16	39.73	9
Central Finance Commission (CFC)	11.73	32.29	44.02	10
Swarna Jayanti Gram Rojgar Yojana (SGRY)	22.65	11.01	33.66	7
State Grants (Development Fund)	9.83	32.90	42.73	9
Direction & Administration (D&A)	14.85	6.80	21.65	5
Fund transferred from other Departments	0	0	0	0
Total Receipt	88.63	365.99	454.62	

(Source: Figures furnished by Rural Management & Development Department, Government of Sikkim)

1.6.1 Non-levy of taxes

Sections 39 (1) and 40 (1) of Sikkim Panchayat Act, 1993 envisaged constitution of Gram Panchayat Fund and levy of taxes, rates, and fees on the subjects mentioned at clause (a) to (i) of Rule 40(1) by the GPs subject to the rates fixed by the State Government. Similarly, ZP may also levy taxes, rates and fees with the approval of the State Government on the subjects mentioned at clause (a) to (k) of section 77(1) of Sikkim Panchayat Act, 1993.

Based on TSFC recommendations (February 2010), the State Government notified (September 2010) for levying of Household Tax (₹ 5 to ₹ 15); Water & Sanitation Tax (₹ 1 per month for each household); Village Road & Environment Tax (₹ 1 per month per household); Panchayat Recommendation/Clearance/Certificate Fees @ ₹ 20 per case/application; Sale of Tender forms at the rate prescribed by SPWD / RMDD/ other Government departments; Building Construction Fees @ ₹ 2 for pucca and ₹ 1 for kutcha per square feet of plinth area and Other miscellaneous receipts by the Gram Panchayat.

It was, however, noticed that despite the above enabling provisions, the GPs had neither initiated any steps to identify the areas for levying taxes nor collected any revenue except by 28 GPs. It was also noticed that control mechanism for levy of taxes/fees and its collection by the PRIs were not prescribed to facilitate timely initiation of the levy and collection procedure despite notification issued by State Government (September 2010) based on the recommendations of the TSFC.

1.7 Allocation of Funds as per recommendation of State Finance Commission (SFC)

The 73rd Constitutional amendment provides for appointment of a Finance Commission by the State Government to review the financial position of the Panchayats and recommend the:

- (i) sharing pattern of the net proceeds of taxes, duties, tolls and fees leviable by the State between the State and the Panchayats;
- (ii) assignment of taxes, duties, tolls and fees to the Panchayats; and
- (iii) grants-in-aid to the Panchayats.

The report of the Commission together with a memorandum of action on it is to be laid before the State Legislature.

In pursuance of Article 243(I) of the Constitution of India, the State Government constituted the First State Finance Commission in 1998, Second State Finance Commission (SSFC) in 2003 and TSFC in March 2009. The TSFC submitted its recommendations to Government during February 2010. Among accepted recommendations, the following were not complied:

- User charges were not levied by most of the PRIs to augment their resources as pointed

out in para 1.6.1.

- Against mandated recommendation of TSFC for transfer of two *per cent* tax to PRIs, no amount was transferred to PRIs against the due share of ₹ 3.04 crore during 2011-12 as shown below:

Table-1.5

(₹ in crore)

Head	Tax receipt	2% of Tax receipt	Tax Transferred
Land Revenue	4.61	0.09	Nil
Stamp & Registration	8.27	0.16	Nil
Taxes on sales, trades etc.	124.19	2.48	Nil
Animal Husbandry	0.48	0.01	Nil
Forestry & Wild Life	12.53	0.25	Nil
Minor Irrigation	0.28	0.01	Nil
Village & Small Industries	0.10	0	Nil
Tourism	1.84	0.04	Nil
Total	152.30	3.04	Nil

(Source: Finance Accounts, Government of Sikkim)

Thus, the PRIs had not only levied user charges as recommended by the TSFC, further, the Government had also not mandatory transferred two *per cent* tax to PRIs.

1.8 Sectoral Analysis

Mention was made in the previous Annual Technical Inspection Reports, the last being 2010-11 (para 1.8) regarding inadequate data on budget provisions, release of fund and expenditure incurred under Plan and Non-Plan head under important sectors like education, health, nutrition, social forestry, solid waste management, sanitation, water and housing etc., by Rural Management & Development Department. The above position still persisted restricting audit in analyzing the progress of work done in these important sectors.

Audit, however, attempted to consolidate information based on available data and noticed that release of funds by various departments to the PRIs were not based on any sound rationale but as per the discretion of the departments as would be noticed from the figures reflected in the table below:

Table-1.6

Sector-wise total expenditure vis-à-vis allocation to PRIs during 2011-12
(₹ in crore)

Name of Department	Total Plan Expenditure (Revenue and Capital)	Percentage to be transferred to PRI as recommended by Third Finance Commission (In per cent)	Amount to be transferred to PRI	Actual fund released to PRIs
Health & Family Welfare	150.87	20	30.17	---
Social Welfare	46.83	15	7.02	---
Tourism	61.99	15	9.30	---
Commerce & Industries	40.34	15	6.05	---
Energy	72.86	15	10.92	---
Irrigation & Flood Control	40.80	15	6.12	---
Co-operation	3.71	10	0.37	---
Agriculture & Allied Services	78.44	20	15.69	---
Animal Husbandry	25.16	25	6.29	---
Human Resource Development	216.62	2	4.33	---
Forest	36.78	15	5.52	---
Rural Management & Development	129.96	10	13.00	5.66
Land Revenue	3.69	15	0.55	---
Culture	19.53	10	1.95	---
Total			117.29	5.66

(Source: Finance Accounts, Government of Sikkim)

Non transfer of adequate funds to the PRIs by the departments put constraints on the PRIs in formulating any plan with certainty. Thus, the planning at the PRI level was on ad-hoc basis.

1.9 Devolution of Funds, Functions and Functionaries

1.9.1 Activity Mapping

Co-existence of various tiers of PRIs pre-supposes balanced distribution of powers and functions among them. The basic criteria for such distribution are that a function should be performed by a tier to which it belongs and a mechanism for inter-tier co-ordination exists in case of overlapping functions. In order to operationalise administrative decentralisation of funds, functions and functionaries among PRIs; the Ministry of Rural Development, GOI

constituted (July 2001) the Central Task Force (CTF) for suggesting the manner of transfer to each tier of PRIs so that devolution of all the 29 functions enlisted in the XIth Schedule of the Constitution can be completed by March 2002. The Sikkim Panchayat Act has enabling provision for transfer of these functions to different tiers of PRIs. Accordingly, the State Government through executive orders transferred (April 2008) functions to PRIs as detailed in **Appendix 1.1**. However, for effective functioning of both State Government and PRIs, it is necessary to delineate the role and responsibilities of the State Government and each tier of PRIs for each of the transferred subject. This exercise was done through activity mapping in April 2010.

➤ ***Functions not transferred as per 73rd Constitutional Amendment***

Although the State Government delineated the role and responsibilities of the each tier of PRIs by transferring 29 subjects for devolution of all the functions listed in the XIth schedule of the Constitution to the PRIs, the same was not implemented completely and only 15 subjects were transferred to PRIs. The department-wise position of schemes transferred to PRIs by State Government as of March 2012 under the 15 functions is detailed in **Appendix 1.2**.

1.10 Accountability framework

As per Sikkim Panchayat Act, 1993 and Rules made there under, the State Government exercises its powers in relation to PRIs as detailed in **Appendix 1.3**. Besides, the Sikkim Panchayat Act (SPA) also entrusts the State Government with the following powers to enable the State Government to exercise control over functioning of the PRIs:

- call for any record, register, plan, estimate, information, etc., from the PRIs;
- inspect any office or any record or any document of the PRIs;
- inspect the works and development schemes implemented by PRIs;
- to remove Adhyaksha and Upadhyaksha of ZP/GP after following the appropriate procedure; and
- take action for default of a Panchayat President, Secretary/District Planning Officer.

Despite the above empowerment of the State Government for the enhancement of quality of public service and governance, a number of defects in implementation of schemes, matters relating to finance, etc. were noticed.

1.10.1 Social Audit

The State Government introduced (February 2008) social audit to enable people to have access to the works of their GP. The Social audits for MNREGS works are functional in the State.

1.10.2 Audit Mandate

As per Section 48(2) of the Sikkim Panchayat Act, 1993 the State Government is required to appoint Auditor for audit of the accounts of GP. Section 48 (3) of the Act also provides for audit of accounts of Gram Panchayat by Comptroller & Auditor General of India (C&AG). As per Section 86 of the Act, the accounts of the funds of the Gram Panchayat or Zilla Panchayat shall be examined and audited by the Auditor appointed under Sections 48(2) and (3) in such manner as may be prescribed. The State Government has not yet appointed any Auditor under Section 48(2) of Sikkim Panchayat Act, 1993.

In keeping with the recommendations of Eleventh Finance Commission and guidelines issued by Ministry of Finance, Government of India; the Government of Sikkim has entrusted (August 2001) audit of accounts of Panchayat Raj Institutions to C&AG under Section 20(1) of CAG's DPC Act 1971. Further, the State Government had again entrusted audit of PRIs under Technical Guidance and Support (TG&S) model as per standard terms and conditions under Section 20(1) of CAG's (DPC) Act to the C&AG (June 2011) as recommended by the Thirteenth Finance Commission.

Accordingly, audit of the GP is being conducted biennially and ZP annually by the office of the Principal Accountant General, Sikkim since May 2003 as per the methodology and procedure enshrined in Auditing Standards and the Guidelines issued by C&AG from time to time. The State Government, however, has not carried out internal audit of PRIs during the year 2009-12.

1.10.3 Response to Audit

The compliance report on the observations issued by Audit is to be sent within three months. Details of inspection reports issued by Principal Accountant General (Audit), as on 31 March 2012 and awaiting settlement are given in Table No.1.7.

Table-1.7

Position of settlement of outstanding audit paragraphs during 2003-04 to 2011-12

Year	IR issued	Paragraph issued	Paragraph settled	Paragraph outstanding
Upto 2007-08	269	1,458	493	965
2008-09	56	234	102	132
2009-10	50	362	24	338
2010-11	33	192	0	192
2011-12	70	104	0	104
Total	478	2,350	619	1,731

1.10.4 Vigilance mechanism

To ensure that the schemes/projects are implemented properly, tenders are invited and finalized appropriately at the Panchayat level and above all projects are carried out on qualitative manner; Social Audit cum Vigilance Committee has been formed (February 2008). The Committee consisted of wide spectrum of stake holders, users, marginalized and vulnerable sections of society including women and senior citizens of the Gram Panchayats. The Committees certified the completed works, but day to day monitoring to ensure the quality and timeliness aspects were not accorded due importance by the Committee.

1.11 Conclusion

The State Government could transfer only 15 functions to PRIs out of 29 functions as envisaged in the 73rd Constitutional amendments through activity mapping exercise (April 2008). The State Government also constituted a number of committees such as Social Audit cum Vigilance Committee, Disaster Management Committee, Block Development Committee; Village Health Sanitation Committee; District Technical Support Committee; Water Supply & Sanitation Committee; etc., for smooth functioning of the Gram Panchayat, Block etc. 28 GPs (out of 165) from whom information received revealed that the GPs (28) had initiated adequate steps to levy taxes and collected some revenue.

However, Audit observed that the District Planning Committee (DPC) constituted (July 2008) in each district to ensure decentralized planning was not adequately effective. The DPC finalised the Annual District Development Plans (ADDPs) by merely consolidating the plan proposals received from the various line departments without taking any inputs from the grass root level for overall district development plan. The line departments did not transfer the fund to the PRIs as envisaged during the period 2007-08 to 2011-12. As a result fund allocation to the PRIs ranged between 0.61 to 2.84 *per cent* of total expenditure of the State Government during the period from 2007-08 to 2011-12. Against the recommendation of TSFC to transfer of ₹ 3.04 crore for 165 GPs, only ₹ 2 crore was transferred during 2011-12 for Administrative expenses. Similarly, TSFC recommendation for transfer of ₹ 84.47 crore from 15 departments towards 'Specific purpose grant'; 20 *per cent* of State Plan budget under RMDD towards General Purpose Grant; was not followed during the year 2011-12.

SECTION 'B'

FINANCIAL REPORTING

1.12 Framework

Financial reporting in the PRIs is a key element of accountability. The best practices in matters relating to drawal of funds, form of bills, incurring of expenditure, maintenance of accounts, rendering of accounts by the ZPs and GPs are governed by the provisions of the Sikkim Panchayat (SP) Act, 1993; Sikkim Zilla Panchayat (Financial) Rules, 2001; Sikkim Zilla Panchayat (Financial) Amendment Rules, 2004; Sikkim Gram Panchayat (Financial) Rules, 2003; Sikkim Gram Panchayat (Financial) Amendment Rules, 2005; Sikkim Financial Rules; Sikkim Public Works Accounts Code; Sikkim Public Works Manual; and Standing Orders and Instructions.

1.13 Accounting system in Gram Panchayats

The Sikkim Gram Panchayat (Financial) Rules, 2004 [Rule 7(1) & (2)] stipulated maintenance of various records such as (i) Cash Book, (ii) Monthly Receipt and Payment Register, (iii) Annual Receipts and Payment Accounts, (iv) Monthly Reconciliation Statement, (v) Inventory Register for Moveable Assets, (vi) Inventory Register for Immoveable Assets, and (vii) Balance Sheet for proper depiction of accounts of the Gram Panchayat Funds.

Scrutiny of records in 59 GPs revealed that basic records and registers as indicated above were not maintained properly as evidenced from following:

- Maintenance of Cash Books in 59 GPs disclosed that (i) Cash Book balances were not certified in any of the GPs by the President of the GPs; (ii) none of the GPs had reconciled the Cash Book balances with the balances maintained by the Banks;
- Monthly Receipt and Payment Registers were not maintained;
- Annual Receipts and Payments Accounts were not maintained;
- Registers for Moveable and Immoveable Assets were not maintained; and
- Balance Sheets not prepared.

Besides, Advance Registers to indicate the position of outstanding advances, adjustment thereof was not maintained. Data base formats as suggested by C&AG were also not initiated by any of the GPs and the ZPs. Model Accounting Structure for PRI prescribed by Ministry of Panchayat Raj, Government of India in 2009 in consultation with C&AG were also not adopted by any of the GPs and ZPs. None of the GPs had formed committees to arrive at the

value of assets held by the GPs as required under the Rules.

1.14 Financial Reporting issues

1.14.1 Arrears in Accounts

The Sikkim Panchayat Act, 1993 stipulated that annual accounts were to be passed by General Body of PRIs within three months from the closure of the financial year and to be forwarded to the Principal Accountant General for auditing. The General Body meetings were not convened by PRIs in time due to administrative constraints. Reasons for non-preparation of annual accounts within the stipulated time were attributed to delay in passing the annual accounts. The delay in submission of annual accounts persisted despite being pointed out in earlier Annual Technical Inspection Report (ATIR). Four ZP⁴s and 165 GPs did not forward annual accounts 2009-10 to 2011-12.

1.14.2 Placement of ATIR before the State Legislature

The ATIRs of the year 2007-09, 2009-10 and 2010-11 were placed in the State Legislature. However, State Government has not amended the Sikkim Panchayat Act or issued any order for placement of ATIR and modus operandi to discuss the Report.

1.14.3 Budget

Budget is the most important tool for financial planning, accountability and control. Sikkim Panchayat Act, 1993 read with Sikkim Gram Panchayat (Financial) Rules, 2003 (*Para 8*) envisaged preparation of budget by the GPs indicating estimated receipts and expenditure for the next financial year by August each year for submission to the Secretary, Rural Management and Development Department of the State Government. It was noticed that no budget proposals were prepared by the GPs. Similarly, the ZPs also failed to prepare its budget for submission to State Government. This was despite stipulation in para 8(1) of Sikkim Gram Panchayat (Financial) Rules, 2003 requiring District Planning Committee to consolidate the PRI budget into respective ZPs for integrating into State Budget. In the absence of Budget, the machinery to watch excess/savings in expenditure over Budget provision in respect of ZPs/GPs was also non-existent.

1.14.4 Maintenance of community assets and Asset register

The Sikkim Panchayat Act provides the responsibility of maintenance of community assets to PRIs. All PRIs should maintain an asset register in prescribed form containing particulars of assets owned by them. The particulars should include description of asset, year of acquisition and amount incurred towards acquisition. The scheme guidelines in respect of TFC, BRGF,

⁴East, North, West, South

MGNREGS, etc., also stipulate recording of assets created under such schemes.

Despite this provision, none of the PRIs had maintained asset registers to indicate the assets possessed by the GPs/ZPs, cost of assets, maintenance cost, etc. Annual Physical Verification of assets as required under the Financial Rules were also not carried out in any of the GPs/ZPs. Asset Registers were not maintained by any of the PRIs and hence the sufficiency of funds for maintenance of community assets could not be ascertained by Audit. The State Government also did not call for any return detailing the nature of assets, year of creation and monetary value of the assets held by the GPs / ZPs.

1.15 Conclusion

The best practices in matters relating to drawal of funds, incurring expenditure, maintenance of accounts and records, rendering of accounts, etc. are governed by the provision of Sikkim Panchayat Act, 1993 and other Rules etc. However, audit noticed that basic records like Receipt and Payment Register, Balance Sheet, Assets Register, Advance Register, etc. were not maintained properly in PRIs. None of the PRIs adopted the Modal Accounting System for PRIs prescribed by Ministry of Panchayat Raj in 2009 for maintenance of accounts. No budget proposal was prepared by PRIs as required under the provisions of the respective Acts / Rules.

CHAPTER - II

AUDIT OF TRANSACTIONS

CHAPTER - II

AUDIT OF TRANSACTIONS

2.1 Irregular expenditure of ₹ 36.48 lakh from BRG Fund towards purchase of water tank and chaff cutters

District Planning Committee (East) irregularly incurred an expenditure of ₹ 36.48 lakh on distribution of poly pipe/tank and chaff-cutter to individual beneficiaries instead of undertaking community benefit activities envisaged in BRG Fund guidelines for gap filling in local infrastructure relating to rural electrification, drinking water supply, etc.

In order to supplement the efforts of State Governments for development of areas with special problems, the Central Government provides Additional Central Assistance under Backward Regions Grant Fund (BRGF).

The district component of the BRGF has two funding windows i.e. the Capability Building Fund (CBF) and a substantial Untied Grant. While the CBF is used to facilitate participatory planning, decision making, implementation and monitoring to reflect local felt needs; the Untied Grant fund is required to be used for gap filling in local infrastructure such as rural electrification, drinking water supply in hilly and tribal areas, augmenting Indira Awaas Yojana (IAY), etc.

Scrutiny of records of Zilla Panchayat (East) revealed (July 2012) that an amount of ₹ 36.48 lakh was utilized towards distribution of 356 poly tank and pipe (₹ 24.16 lakh) and 152 chaff cutters (₹ 12.32 lakh) from Untied Grant Fund. Priority to gap filling in local infrastructure relating to rural electrification; drinking water supply



in hilly and tribal areas; and augmenting IAY as required under the BRGF guidelines were not accorded due priority by the District Planning Committee (DPC), East which was in contravention to the BRGF guidelines.

Thus, the DPC, ignoring the basic objective of BRGF scheme, incurred an expenditure of ₹ 36.48 lakh towards distribution of poly pipe/ tank and chaff cutter to provide benefits to individual beneficiaries instead of undertaking community benefit activities in East district.

As a result, gap filling in important areas in local infrastructure linked to flagship programmes, Rural Electrification, adoption of appropriate technology options by Panchayats for drinking water supply, etc. were ignored.

2.2 Incomplete construction of Community Centre resulting in blocking of ₹ 70.81 lakh

Inaction in the part of the Zilla Panchayat (East) for not initiating adequate steps to negotiate with the lowest tenderer led to extra expenditure of ₹ 19.04 lakh. Inadequate action to ensure completion of Community Centre within the stipulated date of completion led to non-accrual of intended benefits besides blocking of Government fund of ₹ 70.81 lakh.

Zilla Panchayat (East) took up construction of Community Centre at Jitlang under Duga Block for ₹ 70.81 lakh for safeguarding the culture, traditions and customs of the Schedule Caste community and also to facilitate better exposure to younger generation in the field of cultural activities. The fund was met from the grant provided by Social Justice, Empowerment & Welfare Department, Government of Sikkim under Tribal Sub-Plan. The administrative approval for construction of the Centre was accorded by the State Government and technical sanction was given by the Divisional Engineer, ZP (East). The Zilla Panchayat (East) assigned the task of soil testing and preparation of estimate to M/s Building, Space & Design, Tadong, Gangtok. The civil work (₹ 48.26 lakh) was put to tender (July 2009) and the 2nd lowest

tenderer (out of three participants) was awarded the work at 12 *per cent* above the estimated cost with the stipulation to commence the work by September 2009 and complete within 12 months (by August 2010). The Contractor commenced the work belatedly in January 2010 against the stipulated date of commencement of September 2009 and date of completion was re-scheduled to December 2010. Even the



re-scheduled date of completion was not adhered to and the project remained incomplete as of May 2012; the progress of completion was 40 *per cent*. Meanwhile, the Contractor has been paid ₹ 27.21 lakh as of March 2012.

Scrutiny of records revealed that:

- The tender selection committee rejected the lowest tenderer who quoted 40 *per cent* below the estimated cost on the frivolous ground that the contractor had not initialed/authenticated the overwriting as 40 *per cent* below the estimated cost. Had the

Zilla Panchayat accepted lowest bidder, it could have saved ₹ 19.04 lakh.

- Notwithstanding the allotment of work order at higher rate, the Zilla Panchayat did not take adequate action to ensure completion of work within stipulated time (December 2010) even after re-scheduling the completion time from September 2009 to December 2010. There was no progress of work after March 2011. The Contractor had neither resumed the work nor sought time extension for completion of work.
- The term of agreement (clause 2) required levy of penalty @ one per cent on unfinished value of project beyond the stipulated date of completion. The above penalty clause was not invoked by the Zilla Panchayat, leading to undue favour to the Contractor to the tune of ₹ 0.48 lakh.

Despite recording a delay of 18 months from the schedule date of completion (December 2010), the work of construction of Community Centre remained incomplete as of May 2012 after making payment of ₹ 27.12 lakh to the Contractor. Not only the intended benefit envisaged from the Community Centre was not forthcoming in absence of completion of building but Government fund of ₹ 70.81 lakh also remained blocked.

Thus, failure of the Zilla Panchayat (East) to negotiate with the lowest tenderer led to extra expenditure of ₹ 19.04 lakh. Inadequate action to ensure completion of Community Centre within the stipulated date of completion led to non-accrual of intended benefits besides blocking of Government fund of ₹ 70.81 lakh and undue favour to contractor (₹ 0.48 lakh) on non-invoking of penalty on delayed completion.

2.3 Blocking of Twelfth Finance Commission (TFC) grants of ₹ 47.08 lakh on creation of data base

Even after spending ₹ 47.08 lakh of TFC grants towards LAN connectivity, the project was not operationalised as of September 2012 and the intended benefit of providing LAN connectivity to the panchayats in Sikkim were not achieved.

High Power Committee constituted by Government of Sikkim for utilization of Twelfth Finance Commission Grant earmarked ₹ 1.00 crore for creation of data base in the PRIs in Sikkim. The Rural Management & Development Department (RMDD) took up (January 2009) the pilot project at a cost of ₹ 78.46 lakh for providing Local Area Network (LAN) and connectivity for South District covering 45 GPUs on Radio Frequency (RF) connectivity linking with Head Office (RMDD) through M/s. Instrumentation Limited, Kolkata, a Government of India Enterprise. Memorandum of Understanding (MOU) was signed (28 February 2009) between the Enterprise and Government of Sikkim (RMDD) which inter-alia included the following:

- To develop and expand a “Local Area Network” (LAN) Connectivity across

Panchayats in Sikkim and facilitate a two way communication and efficient data transfer between the different tiers of governance.

- To successfully cover all the “Gram Panchayats Units” and the “Block Administrative Centres” of the South District.
- To complete the project within ninety (90) days of signing of the MOU.
- To submit physical and financial progress report periodically and convene review meeting from time to time by the Secretary, RMDD with the vendor's representatives.



Scrutiny of records revealed (September 2012) that the M/s Instrumentation Ltd. supplied and installed (February 2010) material in 40 GPUs (against 45). Payment of ₹ 47.08 lakh was released (July 2010) to the enterprise towards mobilisation advance (₹ 23.54 lakh) and cost of material (₹ 23.54 lakh).

It was, however, observed that the enterprise had not completed the entire installation within 90 days (i.e. 28 May 2009). Out of total equipment worth ₹ 56.30 lakh, 86 per cent equipment were supplied and installed in 40 GPUs (out of 45 GPUs envisaged in MOU). Even the installations were not provided with Radio Frequency (RF) connectivity as of September 2012 to facilitate LAN connectivity.

The Zilla Panchayat (ZP), South and the RMDD did not insist upon the enterprise for periodical submission of progress reports as envisaged in the MOU. The review meetings with the representatives of the enterprise was convened only once by the Secretary, RMDD to expedite completion of the project objectives for providing LAN connectivity to panchayats in Sikkim.

Thus, inadequate monitoring and follow up by the ZP (South) and also RMDD to ensure completion of the project within the scheduled date of completion (May 2009), coupled with the failure of the enterprise to take appropriate steps to deliver and install materials in all the 45 GPUs and providing of RF connectivity, led to non completion of project for more than three years after the scheduled date of completion besides blockage of TFC grants of ₹ 47.08 lakh.

As of September 2012 the project which was envisaged to be completed within 90 days i.e. by 28 May 2009 was still incomplete (November 2012). Nodal Department (RMDD) accepted the audit observation and assured to do needful action.

2.4 Additional expenditure of ₹ 37.06 lakh on construction of Rural Water Supply Scheme at Meynam Cultural Centre, Yangyang

Execution of 'Rural Water Supply Scheme at Meynam Cultural Heritage Centre' at Yangyang by Rural Management & Development Department instead of ZP (South) led to an additional expenditure of ₹ 37.06 lakh towards higher tender premium cost (₹ 30.76 lakh) and unwarranted payment towards cost of sockets (₹ 6.30 lakh).

The Construction of Rural Water Supply Scheme at Meynam Cultural Centre, Yangyang was taken up (February 2009) by Zilla Panchayat, South at an estimated cost of ₹ 2.59 crore with stipulation to complete by March 2010. The scheme would provide safe drinking water to inhabitants of Meynam Heritage Centre and village of Rangang block of Yangang Rangang Gram Panchayat of South District. The project was envisaged to provide safe drinking water, avoid incidence of water borne diseases arising out of harmful effect of excessive chemical in water and increased cattle produce and better health for their cattle.

The project commenced from February 2009 and was completed in March 2012. Payment of ₹ 2.14 crore was released to the Contractor between February 2009 and March 2012.

The project was funded from Backward Region Grant Fund (BRGF), the guideline, of which, inter-alia stipulated implementation of projects by the Panchayats / Municipalities at the appropriate level. Further, State Government circular envisaged execution of all works upto ₹ 2 crore in ZPs *at par* the estimated cost.

Scrutiny of records revealed (September 2012) that as against the requirement of BRGF guidelines to execute work through ZPs, the project was tendered at Department (RMDD) level and higher premium cost of ₹ 30.76 lakh allowed to the Contractor, which should not have arisen, had the project been taken up at ZP level.

Audit also noticed that ₹ 6.30 lakh was released to the Contractor towards cost of sockets, although the pipes came fitted with sockets.

Thus, execution of 'Rural Water Supply Scheme at Meynam Cultural Heritage Centre' at Yangyang by Rural Management & Development Department instead of ZP (South) led to an additional expenditure of ₹ 37.06 lakh towards higher tender premium cost (₹ 30.76 lakh) and unwarranted payment towards cost of sockets (₹ 6.30 lakh) to the contractor.

Angam Chand

L. A. C. Singh
Principal Accountant General (Audit)
Sikkim

Gangtok
The

APPENDICES

Appendix-1.1

Statement showing transfer of 29 subjects to PRIs

(Reference: Paragraph 1.9.1 : Activity Mapping : Page 12)

Name of Sector/ Department	Activities under Zilla Panchayat	Activities under Gram Panchayat
1. Agriculture & Food Security	Identification of areas for all programmes. National Agricultural Insurance Scheme. Extension and demonstration on organic farming. Conducting crop competition demonstration. Deconstruction programme. Compensation for crop loss due to natural calamities. Establishment of storage facilities. Generate crop statistics.	Selection of beneficiaries for demonstration and organic manure production. Assist in organizing crop competition & exhibition. Selection of beneficiaries for special program of organic farming. Generating yield data. Reporting of crop loss. Maintenance of infrastructures. Organizing & motivation for agriculture production.
2. Horticulture & Cash Crop	Extension & demonstration on organic farming related to horticulture. Conducting crop competition & exhibition. Training & demonstration of horticulture crops including fruits, vegetables, potato, ginger & cardamom. Create awareness in floriculture as commercial venture. Assessment, verification and compensation of horticulture crop losses due to natural calamities. Establishment of storage facilities. Generate horticulture crop statistics. Motivation and implementation of crop insurance.	Extension & demonstration on organic farming related to horticulture and development of local entrepreneurs for production of organic manures. Assist in organizing crop competitions & exhibitions. Training & demonstration of horticulture crops through selection of right beneficiaries and areas. Assessment and reporting of horticulture crop losses. Maintenance of storage facilities. Generate horticulture crop statistics. Motivation of crop insurance programme.
3. Animal Husbandry, Livestock, Veterinary Services	Rabies control, vaccination & elimination of affected animals. Distribution of preventive materials for control of animal diseases preventive measures. Compilation of reports & dissemination of information. Identification of areas for different types of animal development programme. Quality	Monitoring & regulation of wastes. Identification of beneficiaries. Distribution of fodder. Collection of products for large markets. Assessment of production collection centres. Supervision of delivery of government services. Identification of training needs of farmers. Requisition of training programme. Distribution of high bred varieties of farm animals. Execution of works up to ₹2 lakh. Supervision of implementation.

Name of Sector/ Department	Activities under Zilla Panchayat	Activities under Gram Panchayat
	<p>monitoring. Meat inspection & certification. Programmes for fodder production. Management of marketing of animal product. Processing centres. Training & awareness of animal husbandry related programmes. Organizing district level training workshops & programmes. Cross breeding management of artificial insemination programmes. Execution of works between ₹ 2 to ₹5 lakh. Identifying areas for various types of fisheries.</p>	
4. Education.	<p>Overall supervision of JHS except appointment and transfer of teachers. All repairs & maintenance of JHS. Supporting state authorities in survey & related projects. Literacy programmes. Monitoring the programmes.</p>	<p>Overall supervision of functioning of PS and LPS except appointment and transfer of teachers. All repairs & maintenance work up to ₹10 lakhs. Identification of learners; assisting in Literacy Supervision of programmes.</p>
5. Health & Family welfare.	<p>To facilitate the formation of village health and sanitation committees at the Gram Panchayat level. To ensure and help district health mission under NRHM to prepare a need based demand driven socio- demographic plans at the district level. To oversee effective implementation of health and family welfare programmes as the district level by monitoring and supervising the functions and functionaries, by training, equipping and empowering Panchayat members suitably to manage and supervise the functioning of health care infrastructure and manpower and further co-ordinate works of different departments such as Health</p>	<p>Form village health and sanitation committee comprising of ANM/MPHW(M), AWW, ASHA, MSS, NGOs and village representatives with adequate representation for women members (Existing village sanitation campaign may be redesignated as Village Health and Sanitation Committees). To ensure and help village level health committees under NRHM to prepare an area specific, need based, demand driven, socio- demographic plans at the village/ sub-centre level. To grant approval and ensure proper utilization of funds earmarked as untied funds under NRHM. To ensure selection of sincere and dedicated ASHA in village. To promote success to improved health care at the household level through female health activist (ASHA). To demonstrate exemplary performance in compulsory registration of births, deaths, marriage and pregnancies. Ensuring safe deliveries to bring a reduction in Infant Mortality Rate (IMR) and Maternal Mortality Rate (MMR). Identification of people in need</p>

Name of Sector/ Department	Activities under Zilla Panchayat	Activities under Gram Panchayat
	<p>&Family Welfare, Social Welfare, Public Health Engineering, Rural Development, etc. at the district level. To ensure un-based selection of ASHA.</p>	<p>of service and facilitate providing service in collaboration with village level health workers in respect of National programmes like Reproductive and Child Health, Blindness, TB Control, STD/HIV/AIDS, etc. Keeping provision of fund for maternal and child health activities (referral of high risk cases, etc) in the PRI budget. Awareness generation regarding all health and family welfare related issues and to generate demand from the community for services under different National and State health programmes. Each village by Panchayat members and to devise mechanism at the district level for monitoring of ASHA. Awareness generation regarding all health and family welfare related issues and generate demand from the community regarding available services provision under different National Health programmes and State Service provision. To increase service utilization at different levels through different effective locally acceptable approaches.</p>
6. Forests, Environment and Wildlife	<p>Facilitation for marketing of saplings for government & private plantation. Providing marketing facilities for medicinal plants & other forestry products. Training for cultivation. Protection support to Smriti Van. Support for control of forest fire. Prevention & control. Awareness on grazing-regulated grazing. Promotion of NTFP-bamboo plantations. Promotion of timber substitutes-marketing. Identification of gram panchayats for the programme. Monitoring of the programme. Identification of Gram panchayats for the programme. Harvesting & distribution of fuel wood.</p>	<p>Establishment of community nurseries. Establishment of medical plants gardens for commercial purpose. Establishment of Smriti vans. Control of forest fires. Co-ordination with JFMC. Control of grazing in forest land. Implementation of regulated grazing. Plantation of NTFP- production. Micro-planning & implementation of soil conservation works. Planning & implementation of Green mission works. Planning & implementation of fuel wood plantation in community lands. Identification of sites. Upkeep of parks & gardens.</p>
7. Commerce & Industries.	<p>Providing assistance to trained beneficiaries to start their own units including credit support. Organizing</p>	<p>Identification of beneficiaries for training. Distribution of raw materials. Promotion of cottage industries based on locally available materials.</p>

Name of Sector/ Department	Activities under Zilla Panchayat	Activities under Gram Panchayat
	entrepreneurial development programmes. Providing marketing facilities for cottage and village products. Identifying locations for specific industrial & commercial activity.	
8. Disaster management	Assisting in assessment of damages during natural calamity. Providing training on rescue and relief operation. Co-coordinating with District Relief Committee. And Village Relief committee. Investment in preventive measures and also preparedness. Maintenance & minor repairs between ₹ 10 to ₹ 20 lakhs.	Establishment of community nurseries. Establishment of medical plants gardens for commercial purpose. Establishment of Smriti vans. Control of forest fires. Co-ordination with JFMC. Control of grazing in forest land. Implementation of regulated grazing. Plantation of NTFP_ production. Micro-planning & implementation of soil conservation works.
9. Irrigation	Creation of minor irrigation channels.	Identification of locations for minor irrigation channels. All repairs of minor irrigation channels.
10. Cultural activities	Identification and preservation of heritage sites.	Promotion of folk art. Preservation of traditional culture and customs. Rural (village) Libraries.
11. Rural water Supply	All maintenance and new schemes between ₹ 10 to ₹ 20 lakhs.	Minor repairs and new schemes up to ₹ 10 lakhs.
12. Rural bridges	All maintenance and new schemes between ₹ 10 to ₹ 20 lakhs.	Minor repairs and new schemes up to ₹ 10 lakhs.
13. Rural sanitation	Promoting environment friendly means of disposal of solid and liquid waste. Maintenance of environmental hygiene. Construction and maintenance of institutional and community latrines and bathing places. Promotion of cooperative movement.	Conducting environment friendly waste management through Gram Panchayat level Water and Sanitation Committees. Construction and maintenance of Individual Sanitary latrines and bathing cubicles.
14. Cooperatives	Regulating building construction. Rural street lighting and its maintenance.	Generating awareness of cooperatives.

Name of Sector/ Department	Activities under Zilla Panchayat	Activities under Gram Panchayat
15. Miscellaneous	Establishment & Maintenance of crematoriums and burial places. Regulating disposal of carcasses. Construction of ICDS Centres. Disbursement of OAP & SA. Small Family benefits Scheme. National Family Benefit Scheme. Promotion of eco-tourism. Maintaining tourist's infrastructure and amenities at the district level. Identification of potential places for development of tourism. Promotion of use of renewable energy sources. Maintaining haat sheds at the Sub-divisional level markets not falling under the jurisdiction of ULBs. Assisting the State Govt. in collection of data / survey / maintenance of law & order and IEC activities.	Enforcing regulation for building construction. Establishing facilities for generation of renewable energy sources. Reporting on presence of bead carcasses. Supervision and maintenance of ICDS Centres. Maintaining tourist infrastructure and amenities at the village level. Regulating the use of haat sheds at the Sub- Divisional level markets not falling under the jurisdiction of ULBs. Collection of data for the State Govt. and reporting to the District Administration of the law & order situation including potential dangers and disturbances.
All centrally sponsored schemes	As per guidelines given by the GOI.	As per guidelines given by the GOI.

Appendix-1.2

Statement showing actual transfer of functions to PRIs

(Reference: Paragraph 1.9.1 : Activity Mapping : Page 12)

Name of Sector/ Department	Activities under Zilla Panchayat	Activities under Gram Panchayat
1. Animal Husbandry, Livestock, Veterinary Services	Training & awareness of animal husbandry related programmes. Organizing district level training workshops & programmes. Cross breeding management of artificial insemination programmes. Execution of works between ₹2 to ₹5 lakh. Identifying areas for various types of fisheries.	Distribution of fodder. Distribution of high bred varieties of farm animals. Execution of works up to ₹2 lakh. Supervision of implementation.
2. Education.	Overall supervision of JHS except appointment and transfer of teachers. All repairs & maintenance of JHS. Supporting state authorities in survey & related projects. Literacy programmes. Monitoring the programmes.	Overall supervision of functioning of PS and LPS except appointment and transfer of teachers. All repairs & maintenance work up to ₹10 lakhs. Identification of learners; assisting in Literacy Supervision of programmes.
3. Health & Family welfare.	To facilitate the formation of Village Health and Sanitation Committees at the Gram Panchayat level. To ensure and help district health mission under NRHM to prepare a need based demand driven socio-demographic plans at the district level. To oversee effective implementation of health and family welfare programmes as the district level by monitoring and supervising the functions and functionaries, by training, equipping and empowering Panchayat members suitably to manage and supervise the functioning of health care infrastructure and manpower and further co-ordinate works of different departments such as Health and Family Welfare, Social Welfare, Public Health Engineering, Rural Development, etc. at the district level. To ensure un-biased selection of	Form Village Health and Sanitation Committee comprising of ANM/MPHW(M), AWW, ASHA, MSS, NGOs and village representatives with adequate representation for women members (Existing village sanitation campaign maybe redesignated as village Health and Sanitation Committees). Awareness generation regarding all health and family welfare related issues and to generate demand from the community for services under different National and State health programmes to each village by Panchayat members and to devise mechanism at the district level for monitoring of ASHA. Awareness generation regarding all health and family welfare related issues and generate demand from the community regarding available services provision under different National Health programmes and State Service provision. To increase service utilization at different levels through different

Name of Sector/ Department	Activities under Zilla Panchayat	Activities under Gram Panchayat
	<p>ASHA in each village by Panchayat members and to device mechanism at the district level for monitoring of ASHA.</p> <p>Awareness generation regarding all health and family welfare related issues and generate demand from the community regarding available services provision under different National Programmes and State Service Provision. To increase service utilization at different levels through different effective locally acceptable approaches.</p>	<p>effective locally acceptable approaches.</p>
4. Forests, Environment and Wildlife	<p>Facilitation for marketing of saplings for government and private plantation.</p> <p>Promotion of NTFP-bamboo plantations.</p>	<p>Co-ordination with JFMC. Control of grazing in forest land. Implementation of regulated grazing. Plantation of NTFP- production.</p>
5. Commerce & Industries.	<p>Providing assistance to trained beneficiaries to start their own units including credit support. Organizing entrepreneurial development programmes.</p>	<p>Identification of beneficiaries for training. Distribution of raw materials.</p>
6. Disaster management	<p>Assisting in assessment of damages during natural calamity. Providing training on rescue and relief operation. Co-ordinating with District Relief Committee. And Village Relief committee.</p>	<p>Rescue and relief operation.</p>
7. Irrigation	<p>Creation of minor irrigation channels.</p>	<p>Identification of locations for minor irrigation channels. All repairs of minor irrigation channels.</p>
8. Cultural activities		<p>Rural (village) Libraries.</p>
9. Rural water Supply	<p>All maintenance and new schemes between ₹ 10to ₹20 lakhs.</p>	<p>Minor repairs and new schemes up to ₹ 10 lakhs.</p>
10. Rural bridges	<p>All maintenance and new schemes between ₹ 10 to ₹20 lakhs.</p>	<p>Minor repairs and new schemes up to ₹ 10 lakhs</p>

Name of Sector/ Department	Activities under Zilla Panchayat	Activities under Gram Panchayat
11. Rural sanitation	Promoting environment friendly means of disposal of solid and liquid waste. Maintenance of environmental hygiene. Construction and maintenance of institutional and community latrines and bathing places.	Construction and maintenance of Individual Sanitary latrines and bathing cubicles.
12. Cooperatives	Regulating building construction. Rural street lighting and its maintenance.	Generating awareness of cooperatives.
13. Miscellaneous	Establishment & Maintenance of crematoriums and burial places. Regulating disposal of carcasses. Construction of ICDS Centres. Disbursement of OAP & SA. Small Family benefits Scheme. National Family Benefit Scheme. Promotion of eco- tourism. Maintaining tourist's infrastructure and amenities at the district level. Identification of potential places for development of tourism. Promotion of use of renewable energy sources. Maintaining haat sheds at the Sub-divisional level markets not falling under the jurisdiction of ULBs. Assisting the State Govt. in collection of data / survey / maintenance of law & order and IEC activities.	Supervision and maintenance of ICDS Centres. Maintaining tourist infrastructure and amenities at the village level. Regulating the use of haat sheds at the Sub- Divisional level markets not falling under the jurisdiction of ULBs.
All centrally sponsored schemes	As per guidelines given by the GOI.	As per guidelines given by the GOI.

Appendix-1.3

Statement of powers exercised by State Government in relation to PRIs

(Reference: Paragraph 1.10 : Accountability framework : Page 13)

Sl. No.	Function / Scheme	Power of State Government
AGRICULTURE		
01.	Farmers field seed Production	Selection and procurement of seeds & technological supervision.
02.	Manure & fertilizers	Procurement of fertilizer.
03.	Plant protection	Procurement of pesticides and overall technical supervision.
04.	(A) Commercial crops (B) Other minor Commercial Crops (C) Spices (D) Tuber crops	Procurement of seeds having Inter districts ramification.
05.	Extension & Training	Providing curriculum teaching aids and Other materials, Organization of more Sophisticated training and training of trainers.
06.	(A) Oil seed production programme (B) Pulses production	As in item 4. As in item4.
07.	Rejuvenation of old orchards	Technological support, supervision and annual physical verification.
08.	Planting new Orchards, Integrated development of fruit, vegetable development, floriculture, etc.	Procurement of planting materials in case of Inter District Procurement.
09.	Subsidy of bank finance scheme	Formulation of scheme and allocation.
ANIMAL HUSBANDRY		
1	Prevention and control of animal diseases	Formulation of strategy for prevention & control, procurement of technology, medicine & providing to Zilla Panchayats to assess requirement of vaccine and medicine for the district.
2	Hero improvement through (A) Natural Service (B) A. I.	Formulation of programme and policy allocation of fund to Zilla Panchayats.

Sl. No.	Function / Scheme	Power of State Government
3	Integrated Piggery Development Programme	Programme introduction guidelines and allocation of funds.
4	Extension & training	Providing curriculum teaching aids and other materials, organization of more sophisticated training and training of trainers.
5	Minor works/ supervision/ maintenance	Allocation to district.
MEDICAL AND PUBLIC HEALTH		
1	Mass education	Allocation of funds to district.
2	Rural family welfare services	Allocation of funds to district.
3	Maintenance of PHSC	Allocation of funds to district.
5	I.C.D.S.	Women & Child Welfare department to provide funds from the sources.
RURAL DEVELOPMENT DEPARTMENT		
1	Maintenance of Panchayat Ghar	Fund allocation of district & monitoring.
4	Sanitation	Formulation of programme.
5	NRSE national programme on Bio- gas development	Fund allocation to district and overall control.
EDUCATION DEPARTMENT		
1	Non-formal education	Planning, Co-ordination and management of programmes as per GOI guidelines.
2	Adult education	Planning, co-ordination & management of programmes as per GOI guidelines.
3	Mid Day Meals	Co- ordination & Monitoring.