

OVERVIEW

This Report includes two parts:

Part-A represents Panchayati Raj Institutions. This part includes two Chapters. Chapter-I represents an ‘Overview of the Functioning, Accountability Mechanism and Financial Reporting Issues of Panchayati Raj Institutions’ and Chapter-II comprises of a Performance Audit and six Compliance Audit Paragraphs.

Part-B represents Urban Local Bodies. This part includes two Chapters. Chapter-III represents an ‘Overview of the Functioning, Accountability Mechanism and Financial Reporting Issues of Urban Local Bodies’ and Chapter-IV includes eleven Compliance Audit Paragraphs.

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

PART-A

Panchayati Raj Institutions

1. Overview of Functioning, Accountability Mechanism and Financial Reporting Issues of Panchayati Raj Institutions

The accountability mechanism and financial reporting issues of the Panchayati Raj Institutions in the State continues to be weak. The accounts of the Panchayati Raj Institutions were incomplete and improper and this led to partial certification of accounts by the Local Fund Audit Department. The Panchayati Raj Institutions continue to maintain their accounts in conventional formats. Though the Panchayati Raj Institutions at Panchayat Samiti and Zila Parishad level were maintaining records and returns in the prescribed formats of the Rules, but in Gram Panchayats no such records were maintained. There was lack of fiscal autonomy in Panchayati Raj Institutions as they were totally dependent on grants-in-aid received from the Government.

(Paragraph 1.1 to 1.12)

2. Audit Findings on Panchayati Raj Institutions

Member of Legislative Assembly Local Area Development Scheme

The Member of Legislative Assembly Local Area Development Scheme was introduced by Government of Rajasthan in 1999-2000 to carry out works of developmental nature for public use based on locally felt needs so as to promote balanced regional development. The Performance Audit of the Scheme was conducted in two out of seven zones in the State viz, Bikaner and Udaipur. An amount of ₹ 25 lakh per Member of Legislative Assembly per annum was allotted which was subsequently raised to ₹ two crore in 2012-13.

The utilisation of funds under the Scheme was very low and ranged between 17.60 *per cent* and 23.73 *per cent* of the available funds. Huge unspent funds of ₹ 1,093.11 crore (60.73 *per cent* of amount allotted during 2011-16) were accumulated in the Personal Deposit Accounts of the Zila Parishads at the end of March 2016.

Many works were sanctioned/executed in violation of the Member of Legislative Assembly Local Area Development Scheme guidelines. Roads were constructed in violation of Gramin Karya Nirdeshika provisions resulting in damage of these roads. In numerous cases payments were fictitiously made for works which were either not executed or executed without adhering specifications of Gramin Karya Nirdeshika. The monitoring mechanism was not adequate as the State Government did not form District/State level monitoring committees for effective monitoring of Member of Legislative Assembly Local Area Development Scheme.

(Paragraph 2.1)

Dang Area Development Scheme

Dang Area Development Scheme was introduced in December 2005 for development of the Dang Area which is characterised by ravines, gorges and infested with dacoits. The scheme was being implemented in eight districts of two zones in Rajasthan and included 371 Gram Panchayats of 22 Panchayat Samitis of these districts. The compliance Audit of Scheme was conducted in three districts, six Blocks and 51 Gram Panchayats which were selected for Audit.

The objectives of the Dang Area Development Scheme were socio-economic and basic infrastructural development which included provision of facilities like drinking water, road connectivity, buildings for educational institutions, dispensaries, veterinary hospitals, libraries, public toilets, harvesting structures and other projects for livelihood activities. Audit revealed that in test checked districts 94.20 *per cent* works sanctioned only for construction of rural internal roads. The main objectives of the scheme to achieve development in socio-economic and basic infrastructural areas could not be achieved owing to lack of planning as the scheme did not cover other areas.

Cases of work with lower specifications, fictitious payments, work not executed as per specifications, damaged roads, non-recovery from the executing agencies were noticed. Lack of adequate monitoring, evaluation and Social Audit led to the deficiencies not being identified.

(Paragraph 2.2)

Non-utilisation of financial assistance of ₹ 7.78 crore released for construction of dwelling units under Chief Minister Rural BPL Awaas Yojana.

(Paragraph 2.3)

In Panchayat Samiti, Nokha, 51 tube wells constructed at a cost of ₹ 2.10 crore could not be put to use due to non-installation of submersible pump and no provision for electric connection, defeating the objective of supply of drinking water in rural areas.

(Paragraph 2.4)

Imprudent decision of engaging contractor for work of construction of meeting hall in Panchayat Samiti, Degana led to the work being incomplete, thereby rendering expenditure of ₹ 26.09 lakh unfruitful.

(Paragraph 2.5)

Irregular expenditure of ₹ 1.66 crore on execution of inadmissible works in Panchayati Raj Institutions, out of grants under State Finance Commission.

(Paragraph 2.6)

Irregular expenditure of ₹ 79.16 lakh on execution of inadmissible works, out of grants under Central/State Finance Commissions' recommendations in Zila Parishads, Barmer and Kota.

(Paragraph 2.7)

PART-B

Urban Local Bodies

3. Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Urban Local Bodies

Own resources of Urban Local Bodies were not adequate and the Urban Local Bodies were largely dependent on grants and loan from the Central and State Governments. Absence of timely finalisation of accounts in the prescribed formats and lackadaisical approach in certification of accounts resulted in denial of correct accounting information to the stakeholders. From 2009-15, as against accounts of 188 Urban Local Bodies required to be certified every year, certification of accounts of only 114 Urban Local Bodies (61 *per cent*) had been done by the Local Fund Audit Department. Annual accounts of Urban Local Bodies were still being maintained in the conventional formats on cash basis instead of on accrual basis except in four Urban Local Bodies. There were huge delays in attending to Audit observations and in their settlement. Failure to timely respond to Audit observations is fraught with the risk of continuance of irregularities/ deficiencies.

(Paragraph 3.1 to 3.13)

4. Audit Findings on Urban Local Bodies

Revenue Collection System in Municipal Boards

Rajasthan Municipal Act, 2009 empowers the Municipality to levy taxes to generate their own revenues and prescribes the manner for their realisation.

Municipalities are generating revenues by levy tax, user charges, fines and fees etc.

Audit of Revenue Collection System in Municipal Boards conducted in 17 MBs revealed that during the years 2013-16, there was an average shortfall of 42.69 *per cent* at State level and 51.35 *per cent* in test checked Municipal Boards in collection of non-tax revenues. There was no justification available for fixation of target in the MBs.

In many cases Municipal Boards did not frame/amend the requisite Bye-laws and did not recover fees/charges/rent from defaulters for erecting mobile towers, running marriage places, shops, hotels, restaurants, buildings and land user/bidders. No action was taken against non/short recovery of betterment levy, fire cess and building permission charges, premium charges, urban assessment etc.,.

During the years 2013-16, there was an average shortfall of 48.69 *per cent* at State level and 46.57 *per cent* in test checked Municipal Boards in collection of tax revenues. In many cases Municipal Boards did not take timely action to recover outstanding house tax, urban development tax from land/building owners and passenger/vehicle tax from tourists/vehicle owners. Further, survey for identification of assesses for levy of urban development tax was not conducted.

There was an average gap of 70.68 *per cent* between total expenditure of Municipal Boards and their own revenue collection and an average gap of 42.53 *per cent* in the test checked Municipal Boards thereby increasing the dependence of Municipal Boards on grants and loans from State/Central Government.

The shortage of manpower ranged from 36.11 *per cent* to 50.30 *per cent* adversely affected the collection of tax/non-tax revenue. Further, the internal control and monitoring mechanism in test checked Municipal Boards was inadequate.

(Paragraph 4.1)

Implementation of Rajasthan Guaranteed Delivery of Public Services Act 2011 in Local Self Government Department

Rajasthan Guaranteed Delivery of Public Services (RGDPS) Act 2011 was implemented with the objectives of providing responsible, accountable, transparent and corruption free administration. The Act enjoins upon the Designated Officer to provide the service within the prescribed time. If a service is delayed or denied, the Appellate Authority may impose penalty upon the Designated Officer while deciding the appeal. Currently, 153 services covering 18 departments, including 11 services of Local Self Government Department are covered under the Act.

Audit of Implementation of Rajasthan Guaranteed Delivery of Public Services conducted in four districts (Alwar, Barmer, Jaipur and Udaipur) revealed that

there were delays in 13.03 *per cent* cases and the delays ranged from five to 1,628 days in the eleven notified services being administered by the ULBs. If the common services of issue of Birth/Death and Marriage Certificates were excluded, the average delays would go up further i.e. in 19.78 *per cent* cases.

Delays in services like ‘Sanction of layout plans of buildings’ and issue of ‘No objection certificates for firefighting’ (inspection stage) were abnormally high at 25.43 *per cent* and 19.34 *per cent* respectively. Directorate Local Bodies and Administrative Reforms and Coordination Department was unable to capture the exact position of delays which points to weaknesses in monitoring and impacts on the effective implementation of the Act.

There were only 70 cases registered for first appeal and two for second appeal which clearly brings out that adequate effort was not made to create awareness among citizens. Impact study on implementation of the Rajasthan Guaranteed Delivery of Public Services Act in the State reported that the awareness levels of citizens and service providers with respect to the provisions of the Act were quite low. Online monitoring system has been discontinued since June 2014. Presently no effective monitoring system/mechanism is in existence to ensure effective implementation of services.

(Paragraph 4.2)

Municipalities could not fulfill their statutory obligations resulting in unrecovered Urban Development Tax of ₹ 202.47 crore.

(Paragraph 4.3)

Due to slackness of Municipal Council, Baran in taking timely action for conversion of agricultural land into non-agricultural land there was loss of revenue of ₹ 41.12 lakh on account of conversion charges, urban assessment and shelter fund.

(Paragraph 4.4)

Municipal Corporation, Jaipur credited interest at rates lower than the rates prescribed by the State Government resulting in short credit of interest of ₹ 1.32 crore in General Provident Fund account of employees.

(Paragraph 4.5)

Municipal Corporation, Jaipur irregularly retained the income earned by transfer of land through sale/auction worth ₹ 2.89 crore.

(Paragraph 4.6)

Procurement of Chassis for ₹ 1.16 crore without conversion to fire brigade vehicles resulted in unfruitful expenditure.

(Paragraph 4.7)

Short recovery of revenue of ₹ 1.20 crore by Municipal Council, Kishangarh due to incorrect issue of demand.

(Paragraph 4.8)

Due to slackness of Municipal Corporation, Jaipur, an amount of ₹ 96.44 crore was pending recovery from 69,547 lease holders on account of ground rent.

(Paragraph 4.9)

Irregular retention of entire ground rent by Municipal Corporation, Ajmer and Municipal Council, Balotra resulted in revenue of ₹ 5.72 crore not being credited into the Consolidated Fund of the State.

(Paragraph 4.10)

Lack of proper planning of Municipal Corporation, Jaipur led to unfruitful expenditure of ₹ 10.93 crore on development of a sanitary landfill without erection of the 'Waste to Energy plant'.

(Paragraph 4.11)