



सत्यमेव जयते

**ANNUAL TECHNICAL INSPECTION REPORT ON
PANCHAYATI RAJ INSTITUTIONS &
URBAN LOCAL BODIES
FOR THE YEAR 2011-12 & 2012-13**



GOVERNMENT OF HARYANA

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



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PREFACE

The Annual Technical Inspection Report (ATIR) has been prepared for submission to the Principal Secretary to Government of Haryana, Development and Panchayats Department, Rural Development Departments and Principal Secretary to Government of Haryana, Urban Local Bodies Department in accordance with the terms and conditions of Technical Guidance and Support (TGS) of audit of accounts of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) under Section 20(1) of the Comptroller and Auditor General's Duties, Powers and Conditions of Service Act, 1971. This is the second Report prepared on PRIs and ULBs in Haryana.

The report provides an overview of the functioning of PRIs and ULBs in the State and draws the attention of the concerned Executive Departments, to major findings of audit conducted during 2011-13, for taking appropriate remedial action wherever necessary.

The Report contains four chapters. Chapter I and Chapter III contain an overview and financial reporting of PRIs and ULBs respectively. Chapter II and Chapter IV contain findings emerging from transaction audit of PRIs and ULBs respectively.

The cases mentioned in this Report are consolidation of major audit findings arising out of audit of accounts of 726 PRIs {(nine Zilla Parishads {ZP}, 54 Panchayat Samitis {PS}, 663 Gram Panchayats {GPs})} and 55 ULBs {(eight Municipal Corporations, 12 Municipal Councils and 35 Municipal Committees)} conducted during the period 2011-13 as well as those which had come to notice in earlier years but could not be dealt in previous Report.

OVERVIEW

This Report is in two parts and consists of four chapters. Chapters 1 and 2 deal with Panchayati Raj Institutions and chapters 3 and 4 deal with Urban Local Bodies. A synopsis of audit findings is presented below.

Profile of Panchayati Raj Institutions

There are 21 Zila Parishads (ZPs), 124 Panchayat Samities (PSs) and 6,083 Gram Panchayats (GPs) in the State. Overall control of PRIs rests with Principal Secretary to Government of Haryana, Development and Panchayats through the Director, Development and Panchayat Department. The 73rd Constitutional amendment gave a Constitutional status to PRIs, the State Government enacted the Haryana Panchayati Raj Act, 1994 and framed the Haryana Panchayati Raj Rules, 1995 and Haryana Panchayati Raj (Finance Budget, Accounts, Audit, Taxation and Works) Rules, 1996 to enable these institutions to work as a third tier of the Government. The records of accounts of 9 ZPs, 54 PSs and 663 GPs for the period 2008-12 were test-checked during year 2011-13.

(Chapter -1)

Results of audit of Panchayati Raj Institutions

- An inadmissible expenditure of ₹ 51.83 lakh was incurred on construction of Bharat Nirman Rajiv Gandhi Seva Kendra under MGNREGS in Mohindergarh, Kanina and Ateli blocks.
- An inadmissible expenditure of ₹ 25 lakh was incurred on construction of tehsil office building under Backward Region Grant Fund Scheme by Ateli block.
- In 74 cases, there was delay ranging between 17 and 210 days in payment of wages under MGNREGS and under Indira Awas Yojna (IAY) in 15 blocks, 371 beneficiaries had not completed their dwelling units and in eight blocks, 913 male beneficiaries were assisted whereas the benefit was required to be provided to female members.
- Funds of ₹ 21 lakh were lying blocked since last eight years due to non-construction of DRDAs buildings. An amount of ₹ 68.78 lakh was not

recovered from 118 ex-sarpanches. In two GPs, excess payment of ₹ 0.15 lakh on muster rolls was made.

- Utilization certificates for ₹ 8.75 crore released under Central Finance Commission were awaited from DDPO Ambala. Blocking of funds of ₹ 3.18 crore was noticed in three PRIs.

(Chapter -2)

Profile of Urban Local Bodies (ULBs)

There are 9 Municipal Corporations, 14 Municipal Councils and 53 Municipal Committee in the State. Overall control of the ULBs rests with Principal Secretary to Government of Haryana, Urban Development through Director, Urban Local Bodies. The 74th Constitutional amendment gave a constitutional status to the ULBs. To implement the provisions of the 74th Constitutional amendment, the Government of Haryana enacted the Haryana Municipal Corporation Act, 1994 and the Haryana Municipal Act, 1973 for transferring the powers and responsibilities to ULBs. The records of 55 ULBs (eight Municipal Corporations, 12 Municipal councils and 35 Municipal Committees) were test checked during the years 2011-13.

(Chapter -3)

Results of Audit of Urban Local Bodies

- Rent amounting to ₹ 42.11 lakh was not realised by four ULBs.
- Two ULBs had not recovered fire charges amounting to ₹ 4.64 lakh.
- Six ULBs failed to levy Service Tax of ₹ 1.68 crore on rent and advertisement charges received by them.
- Labour cess of ₹ 41.93 lakh was not deducted from contractors by ULBs.
- Funds amounting to ₹ 5.61 crore provided under Solid Waste Management were lying unutilised.
- Funds of ₹ 4.43 lakh provided for development works were diverted towards payment of electricity bills and purchase of chairs.
- Idle machinery of ₹ 19.14 lakh was noticed in Municipal Corporation, Panchkula.

- In two ULBs, 97.15 acre of land valuing ₹ 106.82 crore was under encroachment.
- In three Municipalities, temporary advances of ₹ 6.25 crore were lying outstanding for long periods.

(Chapter -4)

PANCHAYATI RAJ INSTITUTIONS

PART A: PANCHAYATI RAJ INSTITUTIONS

CHAPTER-I

PROFILE OF THE PANCHAYATI RAJ INSTITUTIONS

1.1 Introduction

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

Post 73rd Constitutional amendment, the State Government enacted the Haryana Panchayati Raj Act, 1994 and framed the Haryana Panchayati Raj Rules 1995 and 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

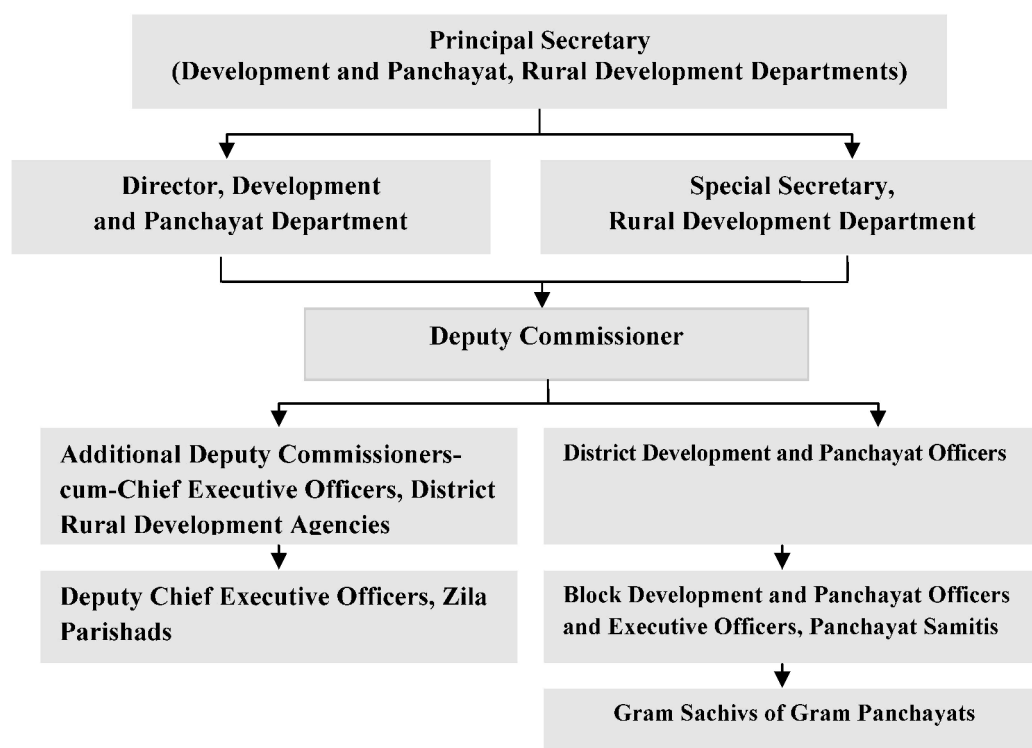
The Director, Local Audit Departments, Government of Haryana is responsible for conducting the audit of PRI units. After conducting audit, inspection reports (IRs) are issued to the concerned PRIs. After issuance of IRs, replies are to be given by the PRIs.

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 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 the 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) would be placed before the State Legislature and CAG or his representative would have the right to report the results of audit at his discretion.

1.3 Organisational structure of Panchayati Raj Institutions

The organisational structure of the State Government, Panchayati Raj Department and the Panchayati Raj Institutions at the Zila Parishad (ZP), Panchayati Samiti (PS) and Gram Panchayat (GP) level has been depicted below:-



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

1.3.1 Standing Committees

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

Table 1: Roles and responsibilities of the Standing Committees

Level of PRIs	Standing Committee Headed by	Name of the Standing Committees	Role and responsibilities of the Standing Committee
Zila Parishad	Chairman	*	Zila Parishad constitutes such Committees as it may deem necessary for executing its functions.
Panchayat Samiti	Chairman	General 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.

***Note:-** The names of the Standing Committees in Zila Parishad have not been mentioned in the Act.

1.3.2 Institutional arrangements for implementation of schemes

The Panchayati Raj Institutions (PRIs) have technical and non-technical staff. Against 4500 sanctioned posts, 954 posts (Junior Engineers: 80; Clerk: 167,

Driver: 33 Gram *Sachiv*: 177 and Others: 497) were lying vacant as of 31 March 2012 (**Appendix 1**).

1.3.3 Devolution of functions

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

Table 2: Details of functions entrusted to PRIs

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

1.4 Financial profile

1.4.1 Fund flow to PRIs

Fund flow: Source and custody of fund in PRIs

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

Table3: Fund flow arrangements in major Centrally Sponsored Schemes

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

1.4.2 Resources: Trends and composition

The resources of PRIs for the period from 2008-09 to 2012-13 are detailed in

Table 4.**Table 4: Time series data on resources of PRIs**

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Own Revenue	191.89	275.88	150.00	211.80	228.00
CFC transfers (Central Finance Commission devolutions)	77.60	77.60	101.16	170.48	246.39
SFC transfers (State Finance Commission devolutions)	229.22	124.32	76.66	143.00	171.86
Grants for CSS (Centre and State Share)	334.05	353.84	429.95	560.09	626.72
State Government grants for state schemes	175.75	69.76	208.04	304.56	351.47
Total	1008.51	901.40	965.81	1389.93	1624.44

1.4.3 Utilization of funds: Trends and composition

The utilization of funds of PRIs for the period from 2008-09 to 2012-13 are detailed in **Table 5**.

Table 5: Utilisation of funds of PRIs**(₹ in crore)**

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Expenditure from own revenue	191.89	275.88	150.00	211.80	228.00
Expenditure from CFC transfers (Central Finance Commission devolutions)	77.60	77.60	101.16	170.48	246.39
Expenditure from SFC transfers (State Finance Commission devolutions)	229.22	124.32	76.66	143.00	171.86
Expenditure on CSS	292.00	381.21	446.22	579.48	631.88
Expenditure on State Schemes	175.75	69.76	208.04	304.56	351.47
Total	966.46	928.77	982.08	1409.32	1629.60

Source: Director, Panchayati Raj, Haryana

Note: The expenditure under CSS was more than receipts due to unspent balances amounting to ₹ 122.73 crore as on 01 April 2008.

1.5 Accounting arrangement

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

State Government has adopted Model Accounting Structure 2009, developed by Ministry of Panchayati Raj (MOPR) in consultation with the Comptroller and Auditor General (CAG) w.e.f. April 2010, but this system is yet to be implemented in the State (October 2013).

The Director, Development and Panchayats Department stated (November 2013) that the model accounting structure was at the primary stage of implementation and training to field functionaries was required to be provided. It was further stated that work was expected to pick up very soon.

1.6 Audit coverage

The records of accounts of nine ZPs out of 21, 54 PSs out of 119 and 663 GPs out of 6083 for the period 2008-13 were test-checked during the years 2011-13. The important audit findings are discussed in the chapter-II.

1.7 Outstanding Inspection Reports

The details of inspection report and paras issued, settled and outstanding as of March 2013 are shown in **Table 6**.

Table 6: 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 2013	
		IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras
1.	2008-09	-	-		-	-	-	-	-	-	-
2.	2009-10	-	-	51	459	51	459	-	7	51	452
3.	2010-11	51	452	45	371	96	823	-	12	96	811
4.	2011-12	96	811	43	301	139	1112	-	3	139	1109
5.	2012-13	139	1109	36	241	175	1350	-	-	175	1350

CHAPTER -II

Results of Audit of Panchayati Raj Institutions

2.1 Inadmissible expenditure on construction of Bharat Nirman Rajiv Gandhi Seva Kendra under MGNREGS

Ministry of Rural Development, Government of India had expanded (November 2009) the scope of works under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) for construction of Bharat Nirman Rajiv Gandhi Seva Kendra (BNRGSK). Further, as per scheme guidelines, in backward districts, labour component on construction of BNRGSK was to be met from MGNREGS and material cost was to be met from Backward Region Grant Fund (BRGF). Mahendergarh district was categorised as a backward region district.

Scrutiny of records of three BDPOs of Mahendergarh district showed that construction of BNRGSKs at Mahendergarh, Kanina and Ateli was undertaken departmentally during 2010-11 and an expenditure of ₹ 56.26¹ lakh was incurred out of MGNREGS funds. Audit observed that out of this, an amount of ₹ 51.83² lakh was incurred on material component which was required to be met from the BRGF. Although sufficient funds to the extent of ₹ 12.13 crore were available in the district under the BRGF during this period, yet the expenditure was not met from BRGF. The BDPOs Kanina and Ateli stated (November 2012) that the expenditure on construction of BNRGSKs was taken up with the approval of DRDA, Narnaul while BDPO, Mahendergarh admitted the facts and stated (July 2013) that DRDA, Narnaul had been requested to transfer the amount from Backward Region Grants Fund (BRGF) to MGNREGS. Replies of the BDPOs Kanina and Ateli indicated that approval accorded by DRDA for construction of BNRGSK was not in consonance with the MGNREGS guidelines.

2.2 Inadmissible expenditure on construction of Tehsil office building at Ateli

Development funds released under BRGF were to be utilised for filling critical gap vital for development. PRIs and ULBs were authorised to use these funds

¹ Mahendergarh: ₹ 18.99 lakh, Kanina: ₹ 21.38 lakh and Ateli: ₹ 15.89 lakh

² Mahendergarh: ₹ 17.87 lakh, Kanina: ₹ 20.15 lakh and Ateli: ₹ 13.81 lakh

for any purpose listed in the Eleventh Schedule (Article 243W) and Twelfth Schedule (Article 243G) of the Constitution respectively.

Scrutiny of records of Executive Engineer, Panchayati Raj, Narnaul disclosed that the construction of Tehsil office building at Ateli was taken up in August 2009 and completed in January 2012 out of BRGF at a cost of ₹ 25 lakh at the end of March 2011. This item of expenditure, however, was not covered under Eleventh schedule and Twelfth schedule. Thus, the expenditure from BRGF for construction of Tehsil building was irregular. The Executive Engineer, Panchayati Raj, Narnaul stated (July 2013) that the building was constructed in the Panchayat Samiti, Ateli office premises. The Tehsil office was shifted as stop gap arrangement and the building would be utilised by Panchayat Samiti at a later stage. The reply was not tenable as the estimate of the building was approved for the Tehsil office building by High Power Committee on the recommendation of District Planning Committee. Further, construction of building for Panchayat Samiti was not covered for the purpose listed in Eleventh and Twelfth Schedule.

2.3 Delay in payment of wages

MGNREGS provides disbursement of wages on weekly basis or in any case not later than a fortnight after the date on which such work was done. In the event of any delay in wage payments, workers are entitled to compensation as per provisions of the Payment of Wages Act, 1936. Scrutiny of the records of BDPOs showed that in six³ blocks, there was delay in making payment of wages ranging between 17 and 210 days in 74 muster rolls in test-checked GPs during 2008-12 (**Appendix 2**). Further, the workers were not paid compensation for delayed payment of wages as per scheme guidelines.

2.4 Unfruitful expenditure under SGSY

As per provision contained in para 1.1 of the SGSY guidelines, the objective of SGSY was to bring every assisted family (Swarozgari) above the poverty line within three years by providing them income generating assets through a mix of bank credit and Government subsidy. Further, as per para 10 of the guidelines, for ensuring that Swarozgari crosses the poverty line, it would not

³ (i) Jagadhari, (ii) Radour, (iii) Sadhora, (iv) Chachroli, (v) Mustfabaad and (vi) Guhla

be sufficient to provide him assistance through subsidy and loan, the progress of management of his assets for generation of incremental income has to be continuously followed up, monitored and evaluated.

Scrutiny of records of DRDA, Bhiwani relating to SGSY for the period 2006-12 showed that only 19 Swarozgaris crossed the poverty line up to March 2012 (**Appendix 3**) although subsidy amounting to ₹ 11.86 crore were paid to 12,143 SHGs/Swarozgaris, besides loan amounting to ₹ 34.48 crore paid by the banks.

Thus, the objective of the scheme to bring the assisted poor families above the poverty line was not achieved though an entire expenditure of ₹ 11.86 crore on account of the payment of subsidy to the Swarozgaris were made. The Government should review the scheme so that it gets adequately revised to enable them to cross the poverty line.

2.5 Implementation of Indira Awas Yojna

The Indira Awas Yojna (IAY) 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.

2.5.1 Non-completion of dwelling units under Indira Awas Yojna

The objective of IAY is primarily to help construction of dwelling units by members of rural poor living below the poverty line. Assistance of ₹ 45,000 is provided to each beneficiary under the scheme in two installments.

Scrutiny of the records showed that in 15 blocks⁴, ₹ 90 lakh (**Appendix 4**) were released to 371 beneficiaries as first installment during the period between April 2008 and March 2012 and these beneficiaries had not completed the construction of their dwelling units as of July 2013. This shows that there was no control mechanism in place to ensure that these beneficiaries had completed the milestones for which the first instalment was released and reasons for not releasing second instalment if they had asked for the same.

⁴ (i) Ateli, (ii) Kaithal, (iii) Israna, (iv) Narnaul, (v) Matloda, (vi) Nangal Chaudhary, (vii) Kanina, (viii) Narnaund, (ix) Bada Gurha, (x) Odha, (xi) Sirsa, (xii) Badhara, (xiii) Kairu, (xiv) Firozpur Jhirka and (xv) Nagina

The BDPOs concerned stated (July 2013) that necessary action would be taken against the defaulting beneficiaries.

2.5.2 Non allotment of dwelling units to female beneficiaries.

Scheme guidelines provide that allotment of the dwelling units should be in the name of female member of the beneficiary household. Alternatively, it can be allotted in the name of both husband and wife. However, if there is no female member alive in the family, benefit can be given to a male member. Audit scrutiny of selected blocks showed that in eight blocks, 913 dwelling units were allotted in the name of male beneficiaries despite having female member in contravention of scheme guidelines as per details given in (**Appendix 5**).

Thus, the objective of the scheme of upliftment of women remained unachieved. While admitting the facts, BDPOs, Ateli and Panipat stated (November 2012) that the amounts were released to beneficiaries on the basis of lists provided by their ADCs. Reply indicated that the ADCs had selected the male beneficiaries in violation of provisions of the scheme guidelines.

The BDPO, Israna while admitting the facts stated (November 2012) that guidelines regarding providing of benefit to female households would be kept in view in future.

2.6 Non-construction of DRDA buildings for eight years

Government of India and State Government released (March-May 2004) an amount of ₹ 21 lakh (₹ 10.50 lakh each) to the DRDAs, Panipat and Narnaul for construction of buildings for DRDAs. Scrutiny of the records of concerned DRDAs showed that despite a lapse of more than eight years construction work of the buildings had not yet (November 2013) been taken up. The amount was lying unutilized in savings bank accounts. The delay in construction had led to non-utilization of the grant which resulted in blockade of funds of ₹ 21 lakh.

The DRDA, Narnaul stated (November 2013) that the work of building could not be started due to non-availability of land for construction of the buildings while DRDA Panipat stated (November 2013) that the building could not be constructed due to non-availability of land and that action was being taken to refund the amount to the Government as DRDA office had been shifted in

Mini Secretariat. This indicated that works were being sanctioned and funds were released to the DRDAs without ensuring availability of land.

2.7 Non-recovery of balances from Ex-Sarpanches

As per Section 18 (2) of the Haryana Panchayati Raj Act, 1994, the BDPO may order 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 a Sarpanch by a general or special order to handover the records, registers and other property to the person authorized for the custody of the record and property.

Scrutiny of records of sampled BDPOs showed that in 21 blocks, 118 Ex-Sarpanches/Panches, one EO (PS) and one DDPO had not handed over the cash balances amounting to ₹ 68.78 lakh (**Appendix 6**) to the Block Development and Panchayat Officer or Gram Sachiv and the amount was lying with them since 1987-2011. Appropriate action as provided for in the Haryana Panchayati Raj Act had not been taken against the defaulting Ex-Sarpanches to recover the amount. Twelve⁵ BDPOs while admitting the facts stated (July 2013) that necessary action would be taken against the defaulting Ex-Sarpanches.

2.8 Excess payment on bogus muster rolls

Scrutiny of records relating to payment to labourers on muster rolls (MR) showed the following irregularities:

- GP, Kohli under BDPO, Adampur made payment (July 2009) of ₹ 33,120 to labourers on muster roll for execution of work under Total Sanitation Campaign. Audit scrutiny showed that the amount payable was only ₹ 21,920 resulting in excess payment of ₹ 11,200. It was noticed that the Sarpanch or Gram Sachiv had not tallied the amount entered in the cash book with reference to the amount of voucher/muster rolls. Due to non-exercising of this control, the excess payment could not be detected. The BDPO, Adampur stated (July

⁵ (i) Adampur, (ii) Ambala-I, (iii) Barara, (iv) Gulha-Cheeka, (v) Hansi-II, (vi) Kalayat, (vii) Kanina, (viii) Naraingarh, (ix) Pundri, (x) Rajond, (xi) Siwan and (xii) Samalkha.

2013) that necessary action would be taken to recover the excess amount paid.

- GP, Kapro under BDPO, Narnaund employed 16 labourers for earth filling of path from Kanya school to Gaushala from 10 December 2009 to 29 December 2009. But three⁶ labourers, out of these 16 labourers were found to be employed on construction of boundary wall of dispensary during 10 December 2009 to 18 December 2009 and payment amounting to ₹ 4,077 was also made to them. Thus, these labourers were shown as deployed on works for nine days on two works which was a fraudulent payment. On this being pointed out by audit (December 2011), the BDPO, Narnaund stated (July 2013) that an amount of ₹ 4,077 had been recovered from the concerned GP.

2.9 Improper maintenance of muster rolls

As per procedure, to ensure payment to the right persons, it is required that each casual labourer should mark his signature or thumb impression on muster roll in token of receipt of payment in the presence of competent authority.

Test check of records of GP, Singhwa Khas under BDPO, Hansi II showed that 17 labourers were engaged in August-September 2008 on muster rolls for earth filling works under SGSY and payment of ₹ 1.46 lakh was shown as paid to them. Audit noticed that the signatures/thumb impressions of labourers were not found marked in muster rolls against their names. In the absence of signatures/thumb impressions of labourers, the chances of mis-appropriation of funds could not be ruled out. On this being pointed out, the BDPO, Hansi II stated (July 2013) that notice had been issued to the Sarpanch to recover the amount.

2.10 Non-receipt of utilization certificates

As per sanctions of CFC grants, utilisation certificates (UCs) were required to be submitted by the District Development and Panchayat Officer (DDPO) within three months of the release of grant to the Director, Panchayat and Development. During scrutiny of records of the DDPO, Ambala, it was

⁶ Rajinder S/o Pala, Raj Kumar S/o Pala Ram and Krishan S/o Mange Ram

noticed that the UCs for ₹ 8.75⁷ crore, out of total of ₹ 15.90⁸ crore released during 2007-12 were not submitted to the Department as of February 2013.

2.11 Diversion of funds

As per orders (1999-2000) of Excise and Taxation Department, the PRIs in whose jurisdiction liquor is sold would be paid at the rate of ₹ one per bottle of liquor and at the rate of ₹ 0.75 per bottle of the beer. The amount so collected would be deposited into the account of DDPO concerned, who would disburse the amount in the ratio of 75, 15 and 10 *per cent* to GPs, PS and ZPs respectively within seven days of receipt. The amount was not to be utilised in the office of DDPO for any purpose.

Scrutiny of record of DDPO, Ambala revealed that an amount of ₹ 3.16 lakh was utilised for office contingency in contravention to orders of the Excise and Taxation Department. On being pointed out, the DDPO replied (September 2013) that the amount was spent on office contingencies between April 2008 and March 2012 due to non-receipt of the funds from the department for this purpose and as and when the said funds would be received, the amount would be recouped.

2.12 Funds lying in Personal Ledger Account

Zilla Parishad maintains Personal Ledger Account (PLA) for crediting the funds received from Government to meet out the expenses of pay and allowances of the employees and payment of honorarium to elected members of ZPs, PSs and GPs. As per the practice prevailing upto 2009-10, funds were being drawn by DDPO and deposited in the PLA of concerned ZP. The Deputy Chief Executive Officer of each ZP was declared DDO from 2010-11 by the State Government and the system of drawal of funds by DDPO and crediting the same in PLA was discontinued. Further, Rule 12.7 of the Account Code Volume-I provides that if a Personal Deposit Account is not operated upon for a considerable period and there is reason to believe that need for the Deposit Account has ceased, the same should be closed in

⁷ 2007-08: ₹ 0.03 crore, 2009-10: ₹ 0.39 crore, 2010-11: ₹ 0.46 crore and 2011-12: ₹ 7.87 crore

⁸ 2007-08: ₹ 0.34 crore, 2008-09: ₹ 3.70 crore, 2009-10: ₹ 3.53 crore, 2010-11: ₹ 0.46 crore and 2011-12: ₹ 7.87 crore

consultation with the officer in whose favour the Deposit Account has been opened.

Scrutiny of the records of ZP, Bhiwani showed that out of ₹ 20.88 lakh received in April 2009 for disbursement of salary of the employees and payment of honorarium to elected members of ZP, PSs and GPs, an amount of ₹ 20.22 lakh was lying in PLA as of November 2012. As the amount was lying unspent for considerable period (for more than three years), the PLA should have been closed and amount deposited under the same Head of Account under which the amount was drawn but the PLA had not been closed. Had the PLA been closed and the balances lying therein refunded to Government, the amount could have been utilised by the Government on other activities of the Government. The ZP, Bhiwani while admitting the facts stated (July 2013) that necessary guidelines were being sought from their Head Office regarding the head of accounts in which the amount was to be deposited.

2.13 Blockade of funds

The grants received under SGSY (Haats), Mahatma Gandhi Gramin Basti Yojna, Annuity in lieu of land utilised for allotment of plots, etc. to the PRIs are to be utilized for specific purposes within stipulated period and utilisation certificates are to be submitted to the concerned authority.

During checking of record of three⁹ PRIs, it was noticed that these PRIs received an amount of ₹ 3.22 crore between September 2010 and March 2011 under various schemes. Out of this, an amount of ₹ 3.18 crore was lying unspent despite lapse of period from 28 to 34 months of the release of grants . Non-utilisation of grants resulted in non-achievement of objectives for which the grants were released.

The Executive Engineer (PRI) Ambala stated (July 2013) that construction of *Haats* could not be started timely due to non-availability of land and that construction of *Haats* was in progress in some other villages where the land was made available. The Executive Engineer (PRI), Mewat stated (July 2013) that ₹10 lakh had since been distributed to BDPOs for the work. The DDPO,

⁹ Executive Engineers, PRIs, Ambala and DDPOs, Bhiwani and Mewat

Mewat stated (July 2013) that three members committee was formed to select the land for development of residential sector in the villages and annuity would also be disbursed after getting the detail from the BDPOs. This indicated that works were being sanctioned and funds were released to the Executive Engineer without ensuring availability of land for construction of *Haats*.

2.14 Loss of interest due to not/late receipt of Lease money from HVPNL

The Government approved (July 2008) the transfer of Panchayat Land measuring 88 kanal (11 acres) in village Assanda of Bahadurgarh block of Jhajjar district on lease hold basis to HVPNL for setting up 220 KV sub-station. The lease money was payable in advance with effect from 1 June 2008 at the rate of 10 *per cent* of the collector rates per acre per year with progressive increase of 10 *per cent* after 5 years.

The test check of records showed that the HVPNL paid the lease money after the completion of the year and not in advance to the Gram Panchayat which caused loss of interest amounting to ₹ 4.34 lakh. PS while admitting the facts intimated (September 2013) that the HVPNL had been requested to pay the interest on account of late payment of lease money to the GP. The DC, Jhajjar had also been requested to ensure the timely payment of lease money to the GP.

2.15 Unfruitful Construction of Rural Haats

The GOI, launched (February 2009) a scheme for setting up of *Rural Haats* under Swarnjyanti Gram Swarojgar Yojna (SGSY), to promote the marketing facilities of rural products. The land for these *Haats* was to be provided by the Panchayats. Executive Engineer (EE), PR, Ambala prepared estimate for ₹ 15 lakh for each *Haat*.

It was noticed that in five districts, funds amounting to ₹ 97.80 lakh were released during 2009-11 for construction of 13¹⁰ *Rural Haats* against which an expenditure of ₹ 65.43 lakh was incurred upto March 2013 as detailed in **Table –7**.

¹⁰ Ambala: Maggarpura, Ugala, Amipur; Faridabad: Mohna; Jhajjar: Dujana, Salhawas, Jahajgarh; Karnal: Sangoha, Nighohi, Sounkra; Sonipat: Bari, Badh Malik, Mandora.

Table – 7

(₹ ' in lakh)

Sr. No.	Name of District	Proposed Haats	Estimated Cost	Funds released	Haats constructed	Expenditure	Remarks
1.	Ambala	3	45.00	22.50	Nil	3.35	Work In progress
2.	Faridabad	1	15.00	7.50	Nil	7.50	Incomplete due to non-release of further funds.
3.	Jhajjar	3	45.00	22.50	2	30.00	Excess expenditure was met by EE, PR out of other schemes. Two Haats at Jahajgarh and Dujjana completed. One at Sahlawas not taken up due to paucity of funds.
4.	Karnal	3	45.00	22.80*	Nil	0.00	Work not taken up due to change of site from Nigdhu and Sonkra to Jalmana and Kachwa and the work at Sangoha has been started.
5.	Sonipat	3	45.00	22.50	Nil	24.58	Work started but not completed due to paucity of funds.
Total				97.80		65.43	

*With interest

The scrutiny of records and visit of site by Audit party revealed that these rural haats were not put to use. The Rural *Haat* at Jahajgarh was being used for keeping the animals by some unknown person and that at Dujjana was unauthorisedly occupied by some trader. The Sarpanch of Grampanchayat, Dujjana intimated that these were situated far from the village, as such could not be put into proper use.

The above details showed that the construction of *Rural Haats* was not planned properly as proposed sites were changed in some cases and the funds were not released for their timely completion. Therefore, the purpose for which these were constructed could not be achieved.

2.16 Irregularities in leasing of ponds on Panchayat land

Ponds in common land not only provide drinking water to rural animals but are also used for fish farming and production of Singharas, etc. which is a source of income to the Panchayats. Thus, the construction and revival of ponds is an important development works in rural areas. The EE, PR and Panchayats executed these works out of the funds provided under Mahatma Gandhi National Rural Employment Guarantee Scheme [MGNREGS].

It was noticed in audit that:

- Rules provide for auction of the ponds for fish farming up to five years but the ponds were auctioned for more than five years in contravention to the provisions. The GPs intimated that the ponds were auctioned up to 10

years period with periodical increase on the basis of Directorate's letters. Instructions issued without amending the Rules were not in order.

- The GP, Balak in Barwala block of Hisar district auctioned the two village ponds for ten years in November 2003 at the rate of ₹ 1.50 lakh per year with 25 *per cent* increase after three years. The lease money of ₹ 8.25 lakh was deposited in installments upto March 2008. Thereafter, the balance lease money of ₹ 6.38 lakh was not deposited and the DDPO, Hisar cancelled the lease in February 2011 but neither any action was taken for late receipt of installments nor the balance amount was recovered.
- In village Kurk Jagir (Nilokheri Block of the Karnal district), the Sarpanch of the village auctioned the ponds for 7 years to his near relative at a very low price in contravention of the Rules. But the BDPO had not taken any action against the irregular action of the Sarpanch thus causing loss to Panchayat. DG intimated (September 2013) that the DC, Karnal had been requested to take disciplinary action against the irregularity committed by the Sarpanch.
- In 15 Panchyats, it was observed that lease money amounting to ₹ 38.24 lakh was not deposited/ or deposited late by the lessee. The lease in such cases was required to be cancelled and fresh auction was to be carried out but no action to cancel the lease and to re-auction the ponds was taken. This also resulted into loss of interest amounting to ₹ 0.80 lakh to the Panchayat funds.

2.17 Non-maintenance of records by Gram Panchayats

- The GPs were required to maintain records in the forms prescribed in the Rules, 1964. Cash Book of the panchayat funds was required to be maintained by the GPs to record all the funds received (sale proceeds, lease money, rent, etc.) and all expenditure incurred therefrom were required to be entered in the cash book.
- During test checks of records in seven cases, it was noticed that the panchayats had not maintained proper cash books. The ex-Sarpanches were either not handing over the records or cash in hand to the new Sarpanches or the records relating to their period were incomplete. In four

test checked districts, fourteen GPs¹¹ did not submit their records for verification.

- The matter was brought to the notice of Director General and Deputy Commissioner concerned but no action was taken (June 2013).

¹¹ Faridabad (Ballabhgarh): Chainsa, Fatehpur Billoch, Munjeri, Sikri; Hisar (Hisar II): Chaudharywas, Kalwas; Jhajjar (Bahadurgarh): Badli, Kharar, Kharman, Mandothi, Noona Majra; Kaithal (Kaithal) : Kakot, Sismore.

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 mandate

Director, Local Audit, Haryana is a statutory Auditor and conducts audit of all Municipal Corporations, Municipal Councils and Municipal Committees.

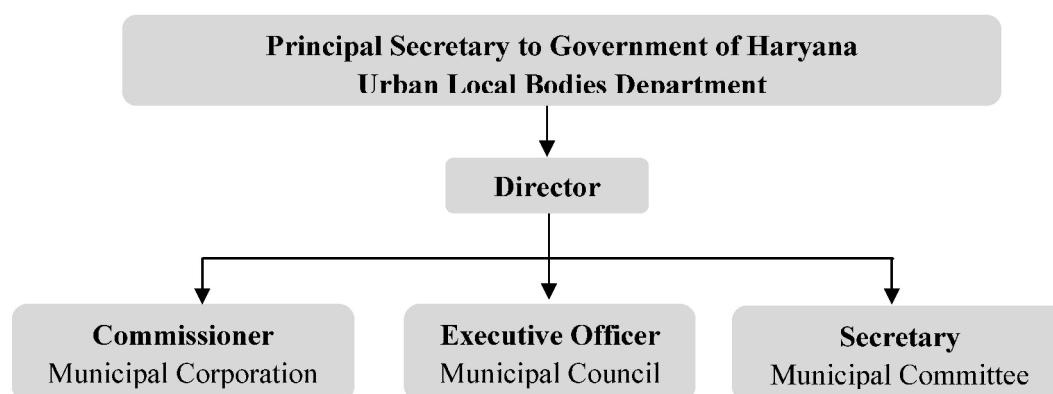
The Eleventh Finance Commission (EFC) recommended that CAG of India should be entrusted with the responsibility of exercising control and supervision over proper maintenance of accounts and their audit for all the three tiers/levels of ULBs. Thirteenth Finance Commission further recommended that the State Government must make arrangement for placement of Annual Technical Inspection Reports of CAG before the State Legislature. Based on the recommendations of TFC, the State Government entrusted (August 2008) the 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 with a view to provide Technical Guidance and Support (TGS). The State Government further notified (December 2011) that Annual Technical Inspection Report (ATIR) would be placed before the State Legislature and CAG or his representative would have the right to report the results of audit at his discretion.

3.3 Organizational structure of Urban Local Bodies

There are 9 Municipal Corporations, 14 Municipal Councils and 53 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 through the Director, Urban Local Bodies Department. The organizational setup of ULBs is detailed in **Chart 1** below:

Chart 1: The organizational 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 8**.

Table 8 Roles and responsibilities of the Standing Committees

Level of ULBs	Standing Committee Headed by	Name of the Standing Committees	Roles and responsibilities of the Standing Committee
Urban Local Bodies (ULBs)	Chairman	Finance Sub-Committee	Looks after the functions related to the finance of municipality, framing of budget, scrutinizing prospects of increase of revenue, examination of receipts and expenditure statements, etc.
		Public Works and Building Sub-committee	Looks after the functions relating to municipal works, maintenance and verification of municipal properties and buildings under the control the ULBs. It also deals with all cases of encroachments and projections.
		Sanitation and Water Supply Sub-committee.	Looks after matters relating to 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 9** below. All the 18 functions have been transferred to ULBs.

Table 9: Details of functions entrusted to ULBs

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

3.4 Financial Profile

3.4.1. Fund flow to ULBs

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

While Central and State grants are utilized by the ULBs for execution of Central and State sponsored schemes as per the guidelines issued by GOI and State

Government in this regard. The 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 10**:

Table 10: 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 BSUP: 80 <i>per cent</i> Central Grant, 20 <i>per cent</i> State/ ULB/Parastatal share including Beneficiary contribution.

3.4.2 Resources: Trends and Composition

The trend of resources of ULBs for the period from 2008-13 are detailed in **Table 11**.

Table 11: Time series data on resources of ULBs

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Central Finance Commission	7.47	22.92	26.74	38.13	60.81
State Finance Commission	44.51	217.48	40.69	54.42	147.15
Loans	1.80	1.05	77.37	42.97	41.59
Own Sources (Taxes and Non Taxes)	343.88	573.62	764.96	675.56	471.00
Other grants	156.49	0	173.53	380.62	1184.59
Grand Total	554.15	815.07	1083.29	1191.70	1905.14

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

3.4.3 Utilization of funds: Trends and composition

The utilization of funds of ULBs for the period from 2008-09 to 2012-13 is detailed in **Table 12**.

Table 12: Utilisation of funds of ULBs

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Central Finance Commission	15.76	22.92	27.11	22.30	48.52
State Finance Commission	29.82	202.81	12.93	34.37	113.45
Loans	5.51	1.05	85.11	11.75	25.30
Own Sources (Taxes and Non Taxes)	285.45	290.91	369.41	1018.51	327.12
Other grants	56.52	--	30.58	279.38	907.26
Grand Total	393.06	517.69	525.14	1366.31	1421.55

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

3.5 Accounting arrangement

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

The maintenance of accounts of Municipal Committees, Municipal Councils and Municipal Corporations is governed by the Municipal Account Code, 1930. Draft notification of the Haryana Municipal Account Code, 2012 consistent with accounting format and codification pattern suggested by National Municipal Accounts Manual was issued in March 2012. The Director, Urban Local Bodies Department stated (May 2013) that the announcement for levying Property Tax was under consideration of the Government and the new Municipal Account Code would be sent to all ULBs for implementation after the amendment. It was observed that the Property Tax has been imposed by Haryana Government vide notification issued in October 2013 but the notification of the Haryana Municipal Account Code, 2012 had not yet been finalized (March 2014).

3.5.1 Audit coverage

A test check of the records of 55 ULBs (eight¹² Municipal Corporations, 12¹³ Municipal Councils and 35¹⁴ Municipal Committees) was conducted during the year 2011-13. Important audit findings are summarized in Chapter IV.

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

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

3.6.1 Non-preparation of Annual Accounts

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

3.6.2 Outstanding IRs/Paragraphs

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

¹² (1) Gurgaon, (2) Rohtak, (3) Ambala, (4) Faridabad, (5) Karnal, (6) Yamunanagar, (7) Panchkula and (8) Panipat

¹³ (1) Fatehabad, (2) Kurukshetra, (3) Narnaul, (4) Palwal, (5) Rewari, (6) Sirsa, (7) Tohana, (8) Sonapat, (9) Bahadurgarh, (10) Jind, (11) Narwana, and (12) Bhiwani

¹⁴ (1) Shahabad, (2) Meham, (3) Pinjor, (4) Kalanaur, (5) Sampla, (6) Ladwa, (7) Pehowa, (8) Mohendergarh, (9) Kanina, (10) Ateli, (11) Hodal, (12) Hathin, (13) Bawal, (14) Dharuhera, (15) Ratia, (16) Rania, (17) Kalanwali, (18) Ellenabad, (19) Naraingarh, (20) Gohana, (21) Ganaur, (22) Kharkhoda, (23) Safidon, (24) Uchana, (25) Julana, (26) Smalkha, (27) Firozpur Jhirka, (28) Nuh, (29) Tauru, (30) Punhana, (31) Charkhi Dadri, (32) Siwani, (33) Bawani Khera, (34) Ratia and (35) Loharu

defects/omissions and report their compliance to settle the observations. The details of IRs and paragraphs issued, settled and outstanding as on 31 March 2013 are included in **Table 13**.

Table 13: 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 2013	
	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	-	8	54	505
2011-12	54	505	21	260	75	765	-	0	75	765
2012-13	75	765	36	264	111	1029	-	-	111	1029
Total			111	1040				11		

CHAPTER-IV

Results of audit of Urban Local Bodies

4.1 Loss of revenue

4.1.1 Non-realization of rent ₹ 42.11 lakh

Any amount which is due to Municipalities and remains outstanding, the Executive Officer/Secretary may serve the notice of demand upon concerned persons. Any sum due for recovery, shall without prejudice to other mode of collection, be recovered as arrear of land revenue as provided under section 98 of Municipal Act, 1973.

During audit it was noticed that an amount, ₹ 42.11¹⁵ lakh was pending on account of rent from shopkeepers pertaining to the period from April 2010 to March 2012 as on July 2013 in Municipal Council, Jind and Municipal Corporations, Karnal and Yamunanagar. The municipalities stated (July 2013) that efforts were being made to recover the balance amounts by issuing notices to the shopkeepers.

4.1.2 Non-realization of fire charges - ₹ 4.64 lakh

As per provisions of Municipal Act 1973, in case of extinguishing of fire outside the jurisdiction of municipal area, charges are to be recovered from the persons, institutions, villages to whom fire service was provided. If the person, to whom these services were rendered, had not paid the amount, action should be taken to recover the amount as arrear of land revenue under Section 98 of Municipal Act, 1973.

Scrutiny of record of MC, Narwana and Municipal Corporation, Yamunanagar showed that an amount of ₹ 4.64 lakh¹⁶ on account of fire charges was lying outstanding against the GPs and institutions upto March 2012. MC, Narwana stated (July 2013) that efforts were being made to recover the outstanding fire charges while Municipal Corporations, Yamunanagar stated (July 2013) that ₹ 0.55 lakh had been recovered and efforts were being made to recover the balance amount.

4.2 Non-recovery of Service Tax

4.2.1 Non- recovery of Service Tax

As per notification number 24/2007 dated 22 May 2007 of Ministry of Finance, GOI, Service Tax was to be charged on rent received from

¹⁵ Municipal Council, Jind (₹ 30.85 lakh) and Municipal Corporations, Karnal (₹ 1.42 lakh) and Yamunanagar (₹ 9.84 lakh)

¹⁶ MC, Narwana (₹ 0.81 lakh for the period from March 2011 to December 2012) and Municipal Corporation, Yamuna Nagar (₹ 3.83 lakh for the period from April 2010 to March 2012)

commercial immovable property with effect from June 2007 at the rate specified by GOI from time to time and deposited in the relevant revenue head of GOI.

Scrutiny of records of six¹⁷ municipalities for the period from 2008-09 to 2011-12 showed that Service Tax amounting to ₹ 1.46 crore (**Appendix 7**) at the specified rates were not charged on the amount of rent of shops received.

In reply, three¹⁸ municipalities stated (July 2013) that efforts were being made to recover the amount of Service Tax. While admitting the fact, Municipal Council, Sonapat stated (July 2013) that ₹ 4.50 lakh had been recovered and efforts were being made to recover the balance amount.

4.2.2 Non-levy of Service Tax on advertisement income

Section 65 (3) and 65 (105) (e) of Finance Act, 1994, define the taxable service for advertisement service. Under this, any person engaged in providing any service connected with the making, preparation, display or exhibition of advertisement and includes an advertising consultant and service provider to a client by an advertising agency in any manner shall be charged to the client. Renting of immovable property for use in the course of or for furtherance of business or commerce is also covered under Service Tax.

Scrutiny of records of Municipal Councils, Jind and Sonapat and Municipal Corporation, Ambala during the period 2009-10 to 2011-12 showed that service tax of ₹ 21.96 lakh at the specified rate was not charged on the amount recovered on account of advertisement sites which were let out by the Municipalities. Thus, non-collection of Service Tax from service receivers resulted in loss of ₹ 21.96 lakh to the Government.

Municipal Council, Jind stated (July 2013) that the service receiver had not deposited the Service Tax despite issuing repeated reminders. Municipal Corporation, Ambala replied (July 2013) that the Service Tax would be deposited by the contractor. The reply was not acceptable as the Service Tax was to be deposited by the Service Provider (Municipal Corporation, Ambala) after collecting the same from service receiver.

4.3 Non-deduction of labour cess

The GOI, Ministry of Labour vide notification issued in September, 1996 specified that cess at the rate of one per cent of total cost of construction would be levied on the employer for the welfare of building and other construction workers. The State Government made (February 2007) rules to

¹⁷ MCs, Mohindergarh, Kanina and Municipal Council, Narnaul, Narwana, Sonapat and Municipal Corporation, Ambala

¹⁸ Municipal Corporation, Ambala, Municipal Council, Narnaul and MC, Mohindergarh

levy cess at the rate of one *per cent* in accordance with the requirement of the Cess Act. The State Government in Labour Department further ordered (December 2009) the local authorities that cess at the rate of one *per cent* of estimated cost of construction was required to be collected upfront before granting approval of the construction of individual residential houses by them, if construction cost of a house exceeds ₹ 10 lakh.

Scrutiny of records showed that seven ULBs had not deducted cess amounting to ₹ 41.93 lakh from the bills of contractors (**Appendix 8**). Further, 13 ULBs had not collected one per cent cess amounting to ₹ 1.58 crore on the estimated cost of construction of 830 residential houses before granting of approval of construction (**Appendix 9**).

On this being pointed out by Audit, concerned ULBs (except Municipal Councils, Kurukshetra, Narnaul and Municipal Corporation, Karnal) while admitting the facts stated (July 2013) that they were not aware of deduction/collection of cess and they had, now, started deduction/ collection of cess. The replies of ULBs were not convincing as the orders of the Government were circulated to all the ULBs. No action had been taken to recover the cess from the contractors and landowners who had constructed the houses with the approval of ULBs.

4.4 Non-utilisation of funds under Solid Waste Management

The State Government released grants-in-aid for ‘Solid Waste Management’ (SWM) on the recommendation of Central Finance Commission. As per terms and conditions of the grant, the amount was to be kept in a separate bank account and it was mandatory to incur the expenditure within one year of the receipt of grants/drawal of amount from the treasuries. After the expiry of the utilisation period, the unspent grant was to be deposited in the treasury. Scrutiny of the records of Municipalities showed that grants of ₹ 5.66 crore were released by the Government between January 2006 and March 2011, out of which an unspent amount of ₹ 5.61 crore were lying with 11¹⁹ Municipalities. The unspent amount along with interest was neither utilised for the specified purpose nor refunded to the Government.

MCs, Dharuhera and Bawal stated (July 2013) that the process of setting of joint Solid Waste Treatment Plant was under process while MCs, Ratia and Shahabad stated (October 2012) that the amount could not be spent due to non-availability of a suitable site. MC, Kalanwali informed that the amount could not be utilized due to non availability of a Junior Engineer for execution

¹⁹ Municipal Committee, Dharuhera, Bawal, Kalannaur, Ratia, Tohana, Hathin, Shahabad, Kalanwali, Narwana and Municipal Council, Mohindergarh, Sonapat

of works. The replies of MCs were not convincing as the amounts were to be spent within one year of the release of grants. MC, Sonapat stated (July 2013) that an amount of ₹ two crore had been deposited with NBCC, Faridabad for setting up of Solid Waste Plant at village Sandal Kalan.

4.5 Unspent grants lying with ULBs

A test check of records lying of 7 MCs during the year 2011-13 showed that grants of ₹ 4.21 crore were received for execution of various schemes. Out of this an amount of ₹ 3.88 crore were lying unspent with these MCs for the last two years. The position of unspent grants as of March 2012 is given in **Table 14**.

Table 14: Details of unspent grants

Sr. No.	Name of grant	ULB	Grant released (₹ in crore)	Unspent Grant (₹ in crore)	Year since unutilized
1	Local Area Development Tax (LADT)	MC, Kalanwali	0.25	0.25	2010-11
2	Discretionary Grants	Municipal Corporation, Gurgaon	0.70	0.37	2010-11
3	Central Finance Commission	MC Rania	0.03	0.03	2009-10
		MC Kanina	0.21	0.21	2008-09
			0.03	0.03	2009-10
4	State Finance Commission	MC Kanina	0.10	0.10	2009-10
5	Scheduled Caste <i>Basties</i> Other than 50 per cent SC population	Municipal, Corporation Gurgaon	0.72	0.72	2010-11
		MC, Ellenabad	0.12	0.12	2010-11
		Municipal Corporation, Ambala	1.13	1.13	2010-11
6	Development of wards with more than 50 per cent SC population	MC, Kanina	0.15	0.15	2008-09
			0.39	0.39	2009-10
		Municipal Council, Narnaul	0.19	0.19	2009-10
			0.19	0.19	2010-11
		Total	4.21	3.88	

Non-utilization of grants resulted in non-execution of development works in municipal areas.

MC, Rania while admitting the facts stated (October 2012) that the extension for spending the amount of grants from Central Finance Commission had been sought for from Director, Urban Local Bodies. MC, Ellenabad attributed (October 2012) non-execution of work under Scheduled Caste *Basties* Other than 50 per cent SC population to non-availability of material for community toilets.

MC, Ambala stated (August 2012) that an amount of ₹ 1.13 crore was received for construction of community centres and toilets which had already been constructed under Individual Household Sanitation Development

Programme (IHSDP) scheme. Now, the Government had been requested to grant sanction to spend the amount for other development works in SC Basties. Thus, the funds were released without assessing requirement properly.

4.6 Diversion of funds

The Director, Urban Local Bodies released (March 2010) grant of ₹ 60 lakh under the scheme for development of Municipal wards with more than fifty *per cent* scheduled caste population to Secretary MC, Kalanwali. Out of this grant, ₹ 4.43 lakh was diverted for payment of electricity bills (₹ 4 lakh) and purchase of chairs (₹ 0.43 lakh). As a result, development works of wards having more than 50 *per cent* Scheduled Caste population had suffered.

The Secretary, MC Kalanwali stated (October 2012) that due to non-availability of Municipal fund; payments were made for purposes other than the ones mentioned in the grant. The reply was not acceptable as it amounted to diversion of funds.

4.7 Idle machinery

The Director, Urban Local Bodies released ₹ 4.50 lakh to Municipal Corporation, Panchkula under Urban Solid Waste Management Scheme (September 2006) for purchase of vehicles and equipments. Another grant of ₹ 25.06 lakh was released (February 2007) on the recommendation of Central Finance Commission for the same purpose i.e. for the purchase of vehicles and plant equipments. Municipal Committee purchased (November 2010) chassis mounded Refuse Compactor at a cost of ₹ 19.14 lakh out of these funds. Test check of the record of MC showed that the compactor could never be put to use since it was without the dust bins. MC Panchkula stated in reply (November 2012) that the purchase of dustbins was under process and after purchase of dust bins, the Refuse Compactor would be put to use. But the fact remains that the machine had been lying idle since its purchase in November 2010.

4.8 Improper maintenance of muster rolls

- As per procedure, to ensure payment to the right person, it is required that each casual labour should mark his signature or thumb impression on Muster Roll in token of receipt of payment in the presence of competent authority. Scrutiny of records of municipal councils/committees showed that the payment of ₹ 18.72 lakh (**Appendix 10**) was made by four²⁰ Municipalities for execution of development works on muster rolls without getting signatures/ thumb impressions of the labourers. The payment was passed by the Secretary and the President of concerned MCs and was shown as paid in the cash book. Entry of payment to labourers without their signature

²⁰

Municipal Council, Narnaul and MCs, Ellenabad, Mohindergarh and Kalanwali

or thumb impression was irregular. Municipal Council, Narnaul and MC, Ellenabad stated (February-August 2012) that due to rush of work, signatures/thumb impressions of labourers could not be obtained and that the compliance would be made and shown to Audit. Further developments were awaited (December 2012).

- Test check of records of MC, Kalanaur, showed that four *Mistries* and eight labourers were employed on two separate muster rolls on the same dates (10 May 2010 to 13 May 2010) which resulting into double payment of ₹ 7,774 to these persons (Vr. No. 212 dated 26 August 2011 and Vr. No. 213 dated 26 August 2011). The Secretary of MC passed the payment without exercising proper control.

MC, Kalanaur while admitting the facts stated (October 2012) that recovery of the amount would be made from the officials at fault.

4.9 Encroachment of land

The land under the ownership of MCs should be free from all encroachments. In case of any encroachments or un-authorized occupation by any person/bodies, the committee should take timely action for getting the same freed from encroachment under Section 408-A of Haryana Municipal Corporation Act, 1994 and Section 181 of Haryana Municipal Act 1973. Scrutiny of records of two ULBs showed that 97.15 Acre of land costing ₹ 106.82 crore was under encroachment as of March 2012 as per detail given in **Table 15:**

Table 15: Land under encroachment:

Sr. No	Name of ULB	Land under encroachment (In acres)	Value of land (₹ in crore)
1.	Municipal Corporation, Gurgaon	77.65	101.16
2.	Municipal Committee, Rania	19.50	5.66
	Total	97.15	106.82

On this being pointed out by Audit, the MC, Gurgaon stated (October 2012) that suitable action regarding vacation of land from encroachment has been initiated against encroachers. The MC, Rania stated (November 2013) that the land had been under encroachment before the constitution of the MC. The fact, however, remains that the municipalities failed in getting the land freed from encroachment.

4.10 Non-adjustment of Temporary Advances

As per Rule XVII.14(5)(ii) of Municipal Account Code, 1930, advances of any sort should be adjusted regularly and promptly. It was the duty of the head of the Municipal committee/ Council/ Corporation to ensure that accounts

were rendered as early as possible and unspent balances refunded immediately after the finalization of occasions or purchases.

Scrutiny of record of three Municipalities showed that temporary advances aggregating to ₹ 6.25 crore given to various officials/officers of the Municipalities remained unadjusted as of March 2013 as detailed in **Table 16**. Inadequate control over temporary advances is fraught with risk of misappropriation of funds.

Table 16: Details of unadjusted temporary advance

Period	MC Narwana	Municipal Corporation Yamunanagar- Jagadhri	Municipal Corporation Karnal	Total
	(₹ in lakh)			
Upto March 2000	0.98	Nil	371.19	372.17
2000 -08	0.10	Nil	48.94	49.04
2008 -09	0.15	Nil	Nil	0.15
2009-10	Nil	Nil	2.50	2.50
2010-11	0.08	124.00	28.78	152.86
2011-12	0.10	48.21	Nil	48.31
Total	1.41	172.21	451.41	625.03

Rules regarding adjustment of advances within the time limit laid down need compliance.



(Onkar Nath)

Principal Accountant General

(Audit), Haryana

Chandigarh

Dated:

APPENDICES

APPENDICES

Appendix 1

(Reference: Paragraph 1.3.2; Page 4)

Staff position (Technical & non Technical) engaged in PRI in State

Sr. No	Name of the Post	Post Sanctioned	Men in position	Vacant
1.	Planning Officer	1	0	1
2.	OSD (H)	1	0	1
3.	Legal Officer	25	19	6
4.	Dy. Superintendent	50	24	26
5.	SEPO	124	62	62
6.	Junior Engineer	522	442	80
7.	Assistant	278	235	43
8.	Accountant	159	139	20
9.	Accounts Clerk	154	33	121
10.	Clerk	356	189	167
11.	Sr. Scale Stenographer	3	2	1
12.	Junior Scale Stenographer	2	1	1
13.	Steno	168	33	135
14.	Driver	164	131	33
15.	Demonstrator	1	1	0
16.	Gram <i>Sachiv</i>	2237	2060	177
17.	Peon	250	170	80
18.	Daftri	1	1	0
19.	Machineman	1	1	0
20.	Jamadar	1	1	0
21.	Sweeper	1	1	0
22.	Chokidar	1	1	0
Total		4500	3546	954

Appendix 2*(Reference: Paragraph 2.3; Page 10)***Statement showing delay in payment of wages under MGNREGS**

Sr. No.	Name of Village	Name of Block	Duration of work done by labourers	Amount of payment	Actual date of Payment	Due date of payment	Delay in payment (days)
1.	Haripur Kamboj	Jagadhari	01 January 2011 to 16 January 2011	68,874	16 February 2011	23 January 2011	24 days
2.			13 February 2011 to 28 February 2011	8,046	25 March 2011	07 March 2011	18 days
3.	Gilohar	Radour	01 February 2011 to 16 February 2011	1,21,183	19 March 2011	23 February 2011	24 days
4.	Peer Bholi	Sadhoura	26 December 2010 to 31 December 2010	32,889	05 February 2011	07 January 2011	29 days
5.			16 January 2011 to 21 January 2011	37,411	28 February 2011	28 January 2011	31 days
6.	Thaska		01 January 2011 to 06 January 2011	2,11,668	05 February 2011	13 January 2011	23 days
7.	Choli	Chachhrouli	01 September 2008 to 15 September 2008	30,084	17 October 2008	22 September 2008	25 days
8.	Bhilpura		14 March 2011 to 19 March 2011	13,246	21 October 2011	26 March 2011	210 days
9.	Kansli	Chachhrouli	17 November 2010 to 30 November 2010	2,35,470	06 January 2011	07 December 2010	30 days
10.	Gundyana	Mustafabad	16 April 2010 to 30 April 2010	2,42,838	17 June 2010	07 May 2010	43 days
11.			01 May 2010 to 17 May 2010	60,588	30 July 2010	24 May 2010	67 days
12.	Koolpur		01 April 2009 to 16 April 2009	53,298	13 July 2009	23 April 2009	81 days
13.			01 May 2009 to 16 May 2009	58,938	28 November 2009	23 May 2009	189 days
14.	Sumajara	Guhla	09 June 2010 to 12 June 2010	8,424	12 July 2010	19 June 2010	23 days
15.	Bhagal	Guhla	01 June 2010 to 14 June 2010	10,8216	12 July 2010	21 June 2010	21 days
16.	Pidal		01 June 2010 to 11 June 2010	14,580	04 August 2010	18 June 2010	47 days
17.			29 June 2010 to 08 July 2010	10,530	04 August 2010	15 July 2010	19 days

Sr. No.	Name of Village	Name of Block	Duration of work done by labourers	Amount of payment	Actual date of Payment	Due date of payment	Delay in payment (days)
18.			08 June 2010 to 23 June 2010	78,084	04 August 2010	30 June 2010	35 days
19.	Bhuna		01 June 2010 to 16 June 2010	80,838	04 August 2010	23 June 2010	42 days
20.			05 July 2010 to 07 July 2010	5,346	04 August 2010	14 July 2010	21 days
21.			17 June 2010 to 26 June 2010	30,132	04 August 2010	03 July 2010	32 days
22.	Pidal		12 June 2010 to 27 June 2010	76,140	16 August 2010	04 July 2010	43 days
23.	Tatiana		24 June 2010 to 30 June 2010	35,778	16 August 2010	07 July 2010	40 days
24.			01 July 2010 to 05 July 2010	26,344	16 August 2010	12 July 2010	35 days
25.	Theh Banhera		01 July 2010 to 16 July 2010	58,968	18 August 2010	23 July 2010	26 days
26.			17 July 2010 to 22 July 2010	22,032	18 August 2010	29 July 2010	20 days
27.	Tatiana		01 August 2010 to 16 August 2010	48,238	13 September 2010	27 August 2010	17 days
28.	Bhagal		01 July 2010 to 16 July 2010	1,30,410	26 September 2010	23 July 2010	64 days
29.			17 July 2010 to 26 July 2010	82,134	26 September 2010	02 August 2010	55 days
30.			19 October 2010 to 31 October 2010	1,24,440	02 December 2010	07 November 2010	25 days
31.			07 November 2010 to 20 November 2010	2,43,024	28 December 2010	27 November 2010	31 days
32.	Theh Banhera	Guhla	16 November 2010 to 30 November 2010	2,43,573	31 December 2010	07 December 2010	24 days
33.	Channa Jatan		05 December 2010 to 20 December 2010	43,919	22 February 2011	27 December 2010	57 days
34.			21 December 2010 to 31 December 2010	34,235	22 February 2011	07 January 2011	46 days
35.			01 January 2010 to 06 January 2011	19,038	22 February 2011	13 January 2011	40 days
36.	Hansu Majra		16 November 2010 to 30 November 2010	26,720	22 February 2011	07 December 2010	77 days
37.			01 December 2010 to 15 December 2010	26,219	22 February 2011	22 December 2010	61 days
38.			16 December 2010 to 31 December 2010	45,925	22 February 2011	07 January 2011	46 days
39.	Bhuna		16 November	1,26,636	22 February	07 December	77 days

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Sr. No.	Name of Village	Name of Block	Duration of work done by labourers	Amount of payment	Actual date of Payment	Due date of payment	Delay in payment (days)
			2010 to 30 November 2010		2011	2010	
40.	Chanchak		01 December 2010 to 16 December 2010	32,899	22 February 2011	23 December 2010	61 days
41.			16 December 2010 to 31 December 2010	25,885	22 February 2011	07 January 2011	46 days
42.	Shumajra		01 January 2011 to 16 January 2011	50,768	14 March 2011	23 January 2011	50 days
43.			17 January 2011 to 31 January 2011	61,289	13 March 2011	07 February 2011	34 days
44.	Tatiana		17 December 2010 to 31 December 2010	75,985	14 March 2011	07 January 2011	66 days
45.	Riwad jagir		02 December 2010 to 16 December 2010	31,293	14 March 2011	23 December 2010	81 days
46.			17 December 2010 to 31 December 2010	17,568	14 March 2011	07 January 2011	66 days
47.	Theh Banhera	Guhla	01 December 2010 to 15 December 2010	1,47,498	15 March 2011	22 December 2010	82 days
48.			15 February 2011 to 27 February 2011	10,382	25 March 2011	06 March 2011	19 days
49.	Pidal		22 December 2010 to 31 December 2010	36,016	16 March 2011	07 January 2011	68 days
50.			01 January 2011 to 16 January 2011	1,00,701	16 March 2011	23 January 2011	52 days
51.			17 January 2011 to 24 January 2011	35,685	16 March 2011	31 January 2011	44 days
52.	Shu Majra		01 February 2011 to 16 February 2011	76,791	22 March 2011	23 February 2011	27 days
53.			17 February 2011 to 26 February 2011	42,960	22 March 2011	05 March 2011	17 days
54.	Bichhia		29 January 2011 to 15 February 2011	51,937	25 March 2011	22 February 2011	31 days
55.	Theh Banhera		16 December 2010 to 31 December 2010	2,32,959	25 March 2011	07 January 2011	77 days
56.	Agondh		17 December	42,251	25 March	07 January	77 days

Sr. No.	Name of Village	Name of Block	Duration of work done by labourers	Amount of payment	Actual date of Payment	Due date of payment	Delay in payment (days)
			2010 to 31 December 2010		2011	2011	
57.	Hansu		01 January 2011 to 20 January 2011	45,591	30 March 2011	27 January 2011	59 days
58.	Riwad Jagir		01 January 2011 to 16 January 2011	25,050	30 March 2011	23 January 2011	63 days
59.			17 January 2011 to 31 January 2011	27,054	30 March 2011	07 February 2011	51 days
60.			01 February 2011 to 16 February 2011	29,535	30 March 2011	23 February 2011	35 days
61.	Bhuna		06 December 2010 to 21 December 2010	60,287	05 April 2011	28 December 2010	98 days
62.			22 December 2010 to 26 December 2010	28,056	05 April 2011	02 January 2011	93 days
63.	Theh Banhera	Guhla	16 January 2011 to 31 January 2011	5,53,468	13 April 2011	07 February 2011	96 days
64.	Bhagal		21 November 2010 to 29 November 2010	1,69,839	22 March 2011	06 December 2010	106 days
65.			09 December 2010 to 24 December 2010	94,858	06 April 2011	31 December 2010	96 days
66.	Chan Chak		01 January 2011 to 16 January 2011	33,233	13 April 2011	23 January 2011	80 days
67.			17 January 2011 to 31 January 2011	15,030	13 April 2011	07 February 2011	66 days
68.			01 February 2011 to 16 February 2011	12,530	13 April 2011	23 February 2011	49 days
69.			17 February 2011 to 28 February 2011	42,096	13 April 2011	07 March 2011	37 days
70.	Theh Banhera		03 January 2011 to 15 February 2011	2,65,864	05 April 2011	22 February 2011	43 days
71.	Tatiana		01 January 2011 to 16 January 2011	1,18,904	04 April 2011	23 January 2011	102 days

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Sr. No.	Name of Village	Name of Block	Duration of work done by labourers	Amount of payment	Actual date of Payment	Due date of payment	Delay in payment (days)
72.			17 January 2011 to 31 January 2011	88,970	04 April 2011	07 February 2011	56 days
73.			19 February 2011 to 28 February 2011	44,325	04 April 2011	07 March 2011	28 days
74.			01 March 2011 to 04 March 2011	17,542	04 April 2011	11 March 2011	24 days

Appendix 3

(Reference: Paragraph 2.4; Page11)

Details of loans and subsidy disbursed under SGSY scheme by ADC, Bhiwani

Year	Loan disbursed (₹ in crore)	Subsidy disbursed (₹ in crore)	No. of assisted Swarozgaris		No. of assisted Swarozgaris who crossed BPL
			SHGs (No. of beneficiaries)	Individual	
2006-07	3.38	1.30	114 (1260)	164	0
2007-08	5.27	1.85	129 (1356)	552	0
2008-09	5.88	1.99	105 (1217)	831	0
2009-10	6.01	1.96	111 (1279)	702	19
2010-11	7.20	2.24	139 (1710)	829	0
2011-12	6.74	2.52	131 (1495)	748	0
Total	34.48	11.86	8,317	3,826	19

Appendix 4*(Reference: Paragraph 2.5.1; Page11)***Statement showing IAY beneficiaries to whom 1st instalment was released**

Sr. No.	Name of the BDPO	Number of beneficiaries	Amount (₹ in lakh)	Period of receipt of 1st instalment
1	Ateli	7	1.40	November 2008 to August 2009
2	Kaithal	31	6.90	August 2009 to July 2011
3	Israna	6	1.40	November 2009 to December 2010
4	Narnaul	17	2.92	April 2008 to November 2010
5	Matloda	4	1.00	July 2008 to July 2010
6	Nangal Chaudhry	7	1.35	April 2008 to July 2010
7	Kanina	14	3.25	April 2008 to March 2010
8	Narnaund	29	4.35	December 2008 to February 2010
9	Baragudha	9	2.43	April 2008 to March 2012
10	Odha	39	11.70	April 2011 to March 2012
11	Sirsa	40	11.20	April to March 2011
12	Badhra	31	7.75	March 2010 to March 2012
13	Kairu	7	1.85	October 2008 to March 2012
14	Firozpur Jhirka	67	16.75	April 2009 to March 2011
15	Nagina	63	15.75	April 2011 to March 2012
	Total	371	90.00	

Appendix 5

(Reference: Paragraph 2.5.2; Page 12)

Non allotment of dwelling units to female beneficiaries

Sr. No.	Name of BDPO	No. of beneficiaries	Amount paid (₹ in lakh)
1	Ateli	33	10.55
2	Badhra	46	10.30
3	Israna	32	14.40
4	Kairu	49	11.55
5	Kaithal	183	61.45
6	Nangal Chaudhary	58	17.75
7	Panipat	118	40.95
8	Sirsa	394	137.82
	Total	913	304.77

Appendix 6

(Reference: Paragraph 2.7; Page 13)

Details of Non- Recovery from Ex- Sarpanches

Sr. No.	Name of BDPO	Number of Ex-Sarpanch	Amount (₹ in lakh)	Period
1	Kaithal	7	3.05	2000-10
2	Sewan	9	0.79	2000-10
3	Israna	4	1.20	2000-10
4	Naraingarh	6	1.48	2000-10
5	Gulha-Cheeka (Kaithal)	37	3.93	2000-10
6	Hansi-II	2	2.76	2008-11
7	Pundri	10	1.42	1995-2010
8	Samalkha (Kaithal)	4	2.11	2005-10
9	Rajound(Kaithal)	8	15.73	2000-10
10	Matloda (Panipat)	9	28.01	1995-2010
11	Kalayath (Kaithal)	5	0.17	2000-10
12	Nangal Chaudhary	2	0.23	2005-10
13	Kanina	3	0.27	2005-10
14	Ambala-I	2	0.14	2005-10
15	Sahjadpur	1	0.15	2005-10
16	Barara	4	0.37	1987-2010
17	Ballabhgarh	1	2.50	2005-10
18	Hissar-1	1	0.17	2005-10
19	Barwala	1	1.92	2005-10
20	Sonepat	2	0.18	2005-10
21	Gannaur	2	2.20	2005-10
	Total	120	68.78	

Appendix 7

(Refer to paragraph 4.2.1; Page 30)

Non-deduction of Service Tax

Name of Municipal Corporation/ Council/ Committee	Year	Total Amount received on account of rent (₹ in lakh)	Rate of Service Tax (Percentage)	Service Tax (₹ in lakh)
Municipal Committee, Mohindergarh	2008-09	50.40	12.36	6.23
	2009-10	37.77	10.30	3.89
	2010-11	50.58	10.30	5.21
Municipal Council, Narnaul	2008-09	16.67	12.36	2.06
	2009-10	19.61	10.30	2.02
	2010-11	21.29	10.30	2.19
Municipal Committee, Kanina	2008-09 to 2010-11	112.08	10.30	11.56
Municipal Corporation, Ambala	2009-10	236.70	10.30	24.38
	2010-11	244.24	10.30	25.16
	2011-12	332.47	10.30	34.24
Municipal Council, Narwana	2008-09	42.41	12.36	5.24
	2009-10	40.32	10.30	4.15
	2010-11	35.30	10.30	3.64
	2011-12	37.96	10.30	3.91
Municipal Council, Sonapat	2008-09	26.54	12.36	3.28
	2009-10	26.73	10.30	2.75
	2010-11	26.99	10.30	2.78
	2011-12	28.67	10.30	2.95
Total		1386.71		145.64

Appendix 8

(Refer to paragraph 4.3; Page 31)

Statement showing the details of labour cess not deducted from the contractors

Sr. No.	Name of corporations/MCs	No. of contractors	Amount (₹ in lakh)
1	Municipal Council, Kurukshetra	55	10.01
2.	Municipal Council, Mohindergarh	84	2.38
3.	Municipal Committee, Ladwa	13	2.86
4.	Municipal Committee, Ateli	84	1.12
5.	Municipal Corporation Panchkula	30	22.02
6.	Municipal Committee, Kalanwali	133	1.13
7.	Municipal Council, Bhiwani	57	2.41
	Total	456	41.93

Appendix 9

(Refer to paragraph 4.3; Page 31)

Statement showing the details of cess not levied on construction works of houses

Sr. No.	Name of MC	No. of houses	Amount (₹ in lakh)
1	Municipal Council, Kurukshetra	51	10.11
2.	Municipal Committee, Ladwa	85	10.26
3.	Municipal Committee, Ratia	65	11.36
4.	Municipal Committee, Pehowa	99	22.49
5.	Municipal Committee, Ellenabad	55	7.44
6.	Municipal Council, Narnaul	37	5.90
7.	Municipal Committee, Dabwali	16	2.61
8.	Municipal Committee, Rania	30	7.89
9.	Municipal Committee, Kalka	85	22.09
10.	Municipal Council, Fatehabad	70	13.26
11.	Municipal Committee, Shahbad	43	6.75
12.	Municipal Committee, Tohana	135	28.22
13.	Municipal Corporation, Karnal	59	9.69
	Total	830	158.07

Appendix 10*(Refer to paragraph 4.8; Page 33)***Statement showing the suspected payment on Muster –Rolls**

Sr. No.	Vr .No.	Dated	Name of work	Amount of MC (₹ in lakh)
Municipal Council, Narnaul				
1.	37	17 November 2008	Construction of interlocking gali of ward No. 3	0.19
2.	12	01 March 2011	Construction of interlocking road Beej Bhandar Nalapur ward No. 5	0.50
3.	13	01 March 2011	Construction of road from H/o Rahesh Saini to Govind Saini Ward No. 9	0.46
4.	71	22 March 2011	E/works filling Shiv Mandir to Naresh Singh W.No. 22	2.50
5.	118	30 March 2011	E/filling to Amar Singh to Vinod Yadav W.No -1	0.60
6.	121	31 March 2011	E/filling from Tej Parkash to J.P. Yadav Near Bus Stand	1.61
7.	128	31 March 2011	Construction of interlocking road near Parbhat Takij Opp. Police line	0.50
8.	129	31 March 2011	Construction of drain from Ram Lal to Surinder House W.No. 13	0.01
9.	130	31 March 2011	Construction of CC road Num Karan to Mange Lal Chaudhary House	0.03
10.	131	31 March 2011	Name of work not recorded	0.31
11.	137	31 March 2011	Name of work not recorded	1.03
12.	150	31 March 2011	Name of work not readable	0.09
13.	151	31 March 2011	Construction of road Valu thall wale to Panchayat Bhawan W.No. 14	0.42
14.	163	31 March 2011	Construction of CC road from Ballu Yadav to H/o Bhop Yadav W.No. 18	0.56
15.	164	31 March 2011	Construction Of Nala near Aryavart Public School Moti Nagar W.No.1	0.34
16.	167	31 March 2011	Construction of Bath Room of Office in M.C. Narnaul	0.06
17.	168	31 March 2011	Construction of road from Balbir to Joginder via Satya Narayan Gali No. 2	0.41
18.	207	31 March 2011	Construction of CC road from Avtar to Anand pardit Moh-Nai Basti W.No. 14	0.24
19.	244	31 March 2011	Construction of WBM road Lal Ram Saini to Lili Ram Near W.No. 21	0.97
20.	245	31 March	Earth work in ward No. 21	4.08

Sr. No.	Vr .No.	Dated	Name of work	Amount of MC (₹ in lakh)
		2011		
21.	246	31 March 2011	Earth work in ward No. 10	0.40
22.	247	31 March 2011	Earth work in ward No. 10	0.43
23.	387	31 March 2011	Construction of CC road Ramdhan Madu to Hari Om Gupta Near Shopping Complex	0.03
24.	46	22 March 2011	Construction of Nallah Baba Kheta Nath Poyech road to Railway crossing	0.17
25.	73	22 January 2011	Construction of road Sohan Lal to Sujan Singh Ward No. 10	0.40
26.	84	02 March 2010	Construction of Interlocking H.N. Rajpal to Daya Nagar	0.32
27.	47	23 June 2009	Repair of road Dr. Nirmal to Jagdish Near peer	0.30
28.	51	23 June 2009	Construction of CC road Stadium to Bad KA Kua	0.52
29.	64	18 August 2009	Construction of road Panbhar Lal to Om Karnath	0.27
30.	36	10 July 2008	Construction of CC road Stadium to main road ward No. 18	0.31
31.	80	24 July 2008	Paving of interlocking tiles ward No. 10	0.22
Total				18.28
Municipal Committee, Ellanabad				
32.	25	12 October 2010	E/work in ward No.-13	0.06
Municipal Committee, Mahendergarh				
33.	55	09 August 2008	White washing and painting	0.06
34.	12	07 August 2008	Repair of road	0.20
35.	13	07 July 2008	Repair of road	0.09
Municipal Committee, Kalawali				
36.	15	26 March 2010	Construction and Repair CC gali	0.03
Grant Total				18.72

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