

**REPORT**  
**OF**  
**THE STUDY GROUP**  
**ON**  
**BUDGETING & ACCOUNTING**  
**PROCEDURE**  
**OF**  
**PANCHAYATI RAJ INSTITUTIONS**



**DEPARTMENT OF COMMUNITY DEVELOPMENT &  
COOPERATION**  
**GOVERNMENT OF INDIA**  
**NEW DELHI**

## CONTENTS

CHAPTER	SUBJECT	PAGE
<b>PART I</b>		
I	Introductory .. .. .	1
II	Existing Panchayati Raj System .. .. .	5
III	Resources of Panchayati Raj Institutions .. .. .	7
IV	Basic Considerations .. .. .	9
V	Budgetary Procedure .. .. .	21
VI	Flow of Funds—Taxes .. .. .	24
VII	Flow of Funds—Grants .. .. .	27
VIII	Accounting Procedure .. .. .	30
IX	Audit .. .. .	32
	Summary of Main Conclusions and Recommendations .. .. .	37
<b>APPENDICES</b>		
I	Questionnaires issued by the Study Group .. .. .	47
II	List of types of schemes undertaken by (A) Panchayat Samitis/ Block Agencies and (B) Gram Panchayats, in various States	49
III	A Note on the formulation of Panchayat Development Schematic Budget in Madras State .. .. .	53
IV	Form of Quarterly Expenditure Reports by Samitis/Blocks ..	57
V	Form of Budget Estimates: (A) for Panchayats, (B) for Samitis, (C) for Parishads .. .. .	58
VI	List and Forms of Basic Accounts Registers .. .. .	64
VII	A Note on the maintenance of some Basic Accounts Registers ..	80
VIII	Form of Monthly Account .. .. .	83
IX	Form of Annual Account .. .. .	84
<b>PART II</b>		
	Summary of replies to the Questionnaires received from the States	
	(A) In respect of Panchayat Samitis/Blocks .. .. .	85
	(B) In respect of Gram Panchayats .. .. .	117

---

# **PART I**

---

## CHAPTER I

### INTRODUCTORY

#### *Constitution and Terms of Reference of the Study Group*

With the introduction of Panchayati Raj in a number of States certain problems relating to the accounting and budgetary procedure in respect of the community development programme and other development schemes executed through the Panchayati Raj institutions came to the forefront. The Ministry of Community Development and Co-operation decided that a Group of Officers should be constituted to go into the question. A preliminary discussion was accordingly arranged at Hyderabad from the 27th to 30th August, 1962. Representatives of some State Governments, Audit Department and Ministries of Finance and Community Development & Co-operation participated. They availed of this opportunity to visit Patancheru Panchayat Samiti. After considering the conclusions arrived at this meeting the Ministry of Community Development & Co-operation constituted the present Study Group. Although the formal order constituting the Study Group was issued by the Ministry in their letter No. 9/1/62-Bud, dated the 10th October, 1962, we held our first meeting at Bhubaneswar in September 1962.

The composition of the Study Group is as follows :—

1. Shri M. Ramakrishnayya, Additional Development Commissioner, and Secretary, Planning & Co-ordination Department, Government of Orissa. Chairman

#### *Planning Commission*

2. Shri K. Subrahmanyam, Deputy Secretary, Planning Commission. Member  
(On his transfer, Shri K. S. Chandrasekharan, Deputy Secretary, Planning Commission, was nominated a member in his place.)

#### *Audit Department*

3. \*Kumari S. Padma, Deputy Accountant General, Andhra Pradesh. Member

#### *State Representatives*

4. Shri K. Venkataraman, Director of Panchayat Finance & *ex-officio* Deputy Secretary to the Government of Madras. Member
5. Shri M. L. Jain, Examiner, Local Fund Accounts, Government of Rajasthan. Member
6. Shri B. Thapar, Accounts Officer, Development and Panchayat Department, Government of Punjab. Member

---

\*Now Srimati Padama Chandrasekhar is Deputy Chief Controller of Imports and Exports, Ministry of Commerce and Industry.

- |  |        |
|--|--------|
| 7. Shri G. Yazdani, Deputy Secretary, Planning Deptt., Govt. of Uttar Pradesh.   | Member |
| 8. Shri B. Rajagopal, Accounts Officer, Planning and Local Admn. Deptt., Govt. of Andhra Pradesh.  | Member |
| 9. Shri B. V. Subramanyam, Examiner, Local Fund Accounts, Finance Department, Government of Andhra Pradesh.                                | Member |
| 10. Shri S. S. Mohanty, Financial Adviser-cum-Dy. Secretary, Community Development and Panchayati Raj (C.D.) Deptt., Government of Orissa. | Member |

*Ministry of Finance*

- |  |        |
|--|--------|
| 11. Shri V. S. Gupta, Assistant Financial Adviser, Department of Expenditure (C.D. & C. Branch). | Member |
|--|--------|

*Ministry of Community Development and Co-operation*

- |  |                  |
|--|------------------|
| 12. Shri A. Prakash, Commissioner, Panchayati Raj          | Member           |
| 13. Shri V. R. Rao, Director, Administrative Intelligence. | Member           |
| 14. Shri B. N. Chadha, Accounts Officer (Budget).          | Member           |
| 15. Shri A. Das, Deputy Secretary.                         | Member-Secretary |

The terms of reference are as follows :—

- (1) To study the working of the budgeting and accounting system at present followed in respect of the financial transactions of Panchayati Raj bodies at various levels and to suggest a model system, for adoption with necessary modifications to suit local conditions;
- (2) To recommend, in particular, measures for
  - (a) simplifying the existing accounting system and procedures which have tended to grow complex due, among others, to Panchayati Raj bodies receiving funds from a variety of sources for identical or similar schemes;
  - (b) rationalising the budgeting procedure, with a view to ensure that allocations of funds are indicated to Panchayati Raj bodies in the beginning of each year, to help them plan their annual programme in time and to facilitate the prompt and regular flow of funds for the the speedy execution of the development schemes entrusted to them;
- (3) To make such other recommendations as the Study Group may consider necessary for ensuring an effective and efficient organisation for budgeting and accounting, as well as for auditing of the financial transactions of these bodies.

### *Questionnaires issued by the Study Group*

2. We addressed questionnaires to all States and Union Territories requesting for detailed information about the existing budgetary and accounting procedure followed by Panchayati Raj institutions. This may be seen in Appendix I.

### *Visits of the Study Group*

3. We visited Orissa, Madras and Rajasthan and had discussions with the Chairmen and members of Panchayat Samitis, Block Officials and officers at State Headquarters including the Development Commissioners, Secretaries to Government in charge of Community Development, Panchayati Raj and Finance Departments. The Panchayat Samitis visited and the meetings held by us are indicated below :—

State visited with dates	Names of Panchayat Samitis visited
Orissa 27-9-62 to 29-9-62	Pipli Panchayat Samiti.
Madras 15-10-62 to 18-10-62	Ikkadu Panchayat Union, Tirupparankundram Panchayat Union.
Rajasthan 18-4-63 to 19-4-63	Govindgarh Panchayat Samiti, Sanganer Panchayat Samiti.

Besides, we met at New Delhi on the 21st to 23rd April, 1963, where an opportunity was taken to ascertain the views of Shri S. Chakravarti, Addl. Secretary, Ministry of Community Development and Co-operation, Shri A. R. Shirali, Additional Budget Officer of the Ministry of Finance and Shri R. Saran, Secretary of the Study Team on Panchayati Raj Finances. We held our final meeting at Bhubaneswar from 25-6-63 to 29-6-63 and finalised our Report. Three members who could not attend this meeting signed the Report subsequently.

### *Scheme of the Report*

4. Our Report is divided into two parts. Part I is the main Report consisting of our conclusions and recommendations. Part II contains the replies received to our Questionnaire. Part I is divided into nine chapters. In Chapters II and III, we have given a brief account of the existing Panchayati Raj system and the resources of Panchayati Raj institutions, to provide the necessary background for the study. In Chapter IV we have postulated the basic considerations that should be taken into account for the simplification and streamlining of the existing procedures. In fact, most of our recommendations in the succeeding chapters follow from the considerations set out in this Chapter. Chapter V is concerned with budget. Chapters VI and VII deal with the procedures to be adopted for prompt and regular flow of funds, taxes as well as grants. Chapter VIII gives the details of the accounts and registers to be maintained. In Chapter IX we have reviewed the arrangements for audit. At the end of the Report we have given a summary of our main conclusions and recommendations.

*Acknowledgments*

5. We have tried to maintain liaison with the Study Team on Panchayati Raj Finances headed by Shri K. Santhanam. Our Chairman and Secretary discussed some common problems with them. We are thankful to Shri Santhanam and Shri R. Saran, for having given us valuable suggestions from time to time. We wish to place on record our thanks to various officials and non-officials who have extended cooperation to us by readily supplying information and by joining in our deliberations despite their other pre-occupations. We would also express our gratitude to the State Govts. for making excellent arrangements for our stay and providing us all facilities for studying the systems obtaining in their States. The experience gathered by us in these States has been of great value in formulating our recommendations.

## CHAPTER II

### EXISTING PANCHAYATI RAJ SYSTEM

#### *Introductory*

Before we proceed to consider the main subject of our study, it will be useful to take note of the salient features of the existing Panchayati Raj system in various States and the resources available to the Panchayati Raj institutions.

#### *Recommendations of Balwant Ray Mehta Study Team*

2. The Panchayati Raj system, as it exists today, came into being as a result of the Report of the Study Team for Community Development and National Extension Service headed by Sri Balwant Ray Mehta which was set up by the Committee on Plan Projects, Planning Commission, in January 1957. The main recommendation of the Team was as follows:—

“Development cannot progress without responsibility and power. Community development can be real only when the community understands its problems, realises its responsibilities, exercises the necessary powers through its chosen representatives and maintains a constant and intelligent vigilance on local administration. With this objective, we recommend an early establishment of statutory elective local bodies and devolution to them of the necessary resource, power and authority.”

#### *Different Patterns of Panchayati Raj in the States*

3. This recommendation was approved by the National Development Council in January 1958. Subsequently, the Central Council of Local Self-government, in its fifth meeting held at Hyderabad in 1959, took stock of the position in the States in regard to the implementation of the national decision on democratic decentralisation. They recommended certain fundamental principles for Panchayati Raj and emphasised that there was no need to insist that the States follow one prescribed pattern. The principles laid down were:—

- (a) It should be a three-tier structure of local self-governing bodies from the village to the district, the bodies being organically linked up;
- (b) There should be genuine transfer of power and responsibility to them;
- (c) Adequate resources should be transferred to the new bodies to enable them to discharge these responsibilities;
- (d) All developmental programmes at these levels should be channelled through these bodies;
- (e) The system evolved should be such as will facilitate further devolution and dispersal of power and responsibilities in future.



### *Progress of Panchayati Raj*

4. The States have accordingly evolved such systems as are suitable to their local conditions. Panchayati Raj has so far been established in ten States, viz., Rajasthan, Andhra Pradesh, Assam, Madras, Mysore, Orissa, Punjab, Uttar Pradesh, Maharashtra and Gujarat. In the remaining States the matter is under various stages of consideration. In respect of Union Territories tentative proposals have been recently formulated in consultation with the Ministry of Home Affairs. It is presumed these will be considered further by the respective Legislatures when constituted.

#### *Relationship between Zila Parishads and Panchayat Samitis in different States.*

5. Broadly speaking, the Panchayati Raj now in vogue in different States, may be divided into the following two categories:—

- (i) Where the Panchayati Raj bodies at the district level have supervisory, coordinating and advisory functions only;
- (ii) Where the Panchayati Raj bodies at the district level have executive functions as well.

Broadly speaking, according to the powers and functions assigned, the district level bodies in the States of Assam, Madras, Mysore, Orissa and Rajasthan come under the first category, and those in the States of Andhra Pradesh, Maharashtra, Gujarat, Uttar Pradesh and Punjab come under the second category. In the States like Maharashtra and Gujarat, there is a larger concentration of executive powers at the level of the districts. We have not mentioned here the States of Bihar, Madhya Pradesh, Kerala, West Bengal and Jammu and Kashmir, as the higher tier institutions in these States are yet to be constituted.

#### *Functions and Powers of Panchayati Raj Bodies in different States*

6. Here we may refer to two publications of the Ministry of Community Development and Cooperation entitled "Panchayati Raj" and "Digest on Panchayati Raj" which provide useful information about the powers, functions and responsibilities of the Panchayati Raj bodies in different States. From a study of these publications as well as the information obtained by us from the State Governments, we have found that the functions and powers of the Panchayati Raj institutions differ from State to State. The main trend has, however, even to hand over progressively development schemes to democratic institutions at the Block level, while concentrating municipal functions with the Panchayats. A list of the types of schemes undertaken by Panchayat Samitis, Block agencies and Gram Panchayats in various States as reported in reply to our questionnaire will be found in Appendix II.

#### *Use of abbreviations*

7. Although the Panchayati Raj bodies are known by different names in different States, for purpose of convenience we will hereafter refer to the body at the district level as "Parishad", the body at the Block level as "Samiti" and the body at the village level as "Panchayat".

## CHAPTER III

### RESOURCES OF PANCHAYATI RAJ INSTITUTIONS

#### *Introductory*

We now propose to describe briefly the resources available to Panchayati Raj institutions. These may be broadly classified into four categories *viz.*, (i) own resources; (ii) assigned revenues; (iii) grants-in-aid; and (iv) loans. Own resources can be sub-divided into four parts: (a) obligatory taxes; (b) optional taxes; (c) fees; and (d) other income *e.g.* receipts from remunerative enterprises etc. The existing position about the availability of resources with the three-tier institutions is briefly indicated below.

#### *Resources of Panchayats*

2. In most of the States the Panchayats are entitled to a share either of land revenue and/or a cess on land revenue. The Panchayats are also vested with the power of levying a variety of obligatory and optional taxes. Taxes on property and profession tax are the most common of obligatory taxes. Tax on vehicles is usually optional. Other sources of revenue for the Panchayats are fees realised from regulatory and remunerative enterprises such as cattle pounds, markets, slaughter houses etc. Government waste lands, pisciculture etc. are other potential sources of income to the Panchayats. Income is also obtained from licenses issued under the provisions of the law. In some States certain other additional sources have been placed at the disposal of Panchayats, for example, in Madras and Andhra Pradesh, a surcharge on the duty on transfer of property is made over to the Panchayats. An interesting feature in Madras is a house-tax matching grant. In some cases a share of the entertainment tax is also given to Panchayats. State Governments also give grants-in-aid not only for development schemes, but also as incentives for better performance and good behaviour. Rajasthan and Punjab give special grants where all or most members of Panchayats are elected unanimously. Maharashtra is the example of additional grants for better collections of land revenue.

#### *Resources of Panchayat Samitis*

3. Except in U.P. and Orissa, the Samitis have powers to levy taxes and fees, although the number of variety of such taxes and fees do not bear comparison with those of Panchayats. They usually get a share of the cess as well as land revenue. In Rajasthan and Andhra Pradesh a portion of the surcharge on stamp duty on transfer of immovable property is also passed on to the Samitis. However, we would not be far wrong in stating that the Samitis depend largely on the grants given by State Governments. The functions and responsibilities of the Block organisation have now devolved on the Samitis and so the funds earmarked for the Community Development Programme are placed at their disposal. Similarly, with the transfer of other development schemes, the funds meant for them are also

passed on to the Samitis. The progress in this respect is not uniform and we hope that the process will be accelerated in conformity with the accepted policy.

*Resources of Zila Parishads*

4. Except in U.P., Gujarat and Maharashtra, the Parishads have no power to levy taxes and fees. In Andhra Pradesh and Punjab, where the Parishads are entrusted with executive functions, they have to depend entirely on the grants and a share of the land cess made available. In the rest of the States grants and loans from the State Governments form the mainstay of the Parishads.

*Existing procedure for flow of funds*

5. We shall now briefly advert to the existing procedure for release of grants and their utilisation in various States. From our enquiries we find that land cess and/or portion of land revenue are adjusted by the Revenue Deptt., though the periodicity of adjustment varies from State to State. As regards grants, however, a variety of procedures exist. In Madras, we find a good part of the development grants are released on post-execution basis, a procedure which we shall be discussing in detail in Chapter IV. This apart, the general picture presented is that the periodicity of grants, annual, half-yearly, quarterly or monthly, varies not only from State to State but among grants within a State also. We are making our recommendations in this regard in Chapter VII. As regards the utilisation of grants and the question of lapse, we find that in most States the grants lapse at the end of the year and the relevant amounts are required to be refunded. This is another basic consideration which we shall be discussing in Chapter IV.

## CHAPTER IV

### BASIC CONSIDERATIONS

*Diverse patterns of Panchayati Raj—difficulty in recommending a uniform detailed system for all*

We have noted in the two preceding chapters that more than one pattern of Panchayati Raj is in vogue. While in some States the Parishad has only advisory and supervisory functions, it has a more active role in some others. In some States, Samitis have resources of their own or at least powers to raise resources on their own. There is also great diversity in the case of Gram Panchayats, the primary body at the village level, as regards its role in the execution of schemes and the nature of its financial relations with the Samiti, the next higher body. It is no easy task to recommend a uniform budgetary and accounting procedure for groups of institutions of such diverse types. Even if it were easy it might not be useful. For, budgetary and accounting systems are but handmaids of policy. They are only the means for attaining the objectives set out by the Governments concerned. So they can hardly stand alone and must be suitably adapted to the requirements of policy. This is not, of course, to say that the process of democratic decentralisation and the very idea of devolution of functions and funds to which almost all the State Governments are already committed, do not lend themselves to the enunciation of certain basic principles which must be incorporated in any budgetary and accounting system that may be chosen by a State Government. It is to these principles that we shall address ourselves in this Chapter.

#### *Need for a Comprehensive 5-year Schematic Budget*

2. We believe that in accordance with the national decision to treat the block as a unit for planning and development, each block should have a schematic budget corresponding, as far as possible, to the period of the Five Year Plans. Such a budget will be something bigger and more comprehensive than the schematic budget of the C. D. programme. It will include not only the Community Development funds, but also the provisions relating to the rest of the Five Year Plan and the share of the block in the non-plan or committed allocations. The Planning Commission and the Union Ministry of Community Development have, in fact, been advising the States for some time to communicate to the Blocks the break-up of the plan provision under Agricultural Production and related heads of development as well as non-plan grants they are entitled to. Some States have acted on this advice while others are still carrying out the exercise. In Madras, the Government have pooled most of the available provisions, C. D., Plan and non-Plan, and have evolved a separate schematic budget in which the different items have been integrated, although a few items like loans are left to be administered separately by a Government agency. A brief note on the Madras system is given in Appendix III. We refer in particular to

the village works grants in which the C.D. schematic budget, Local Development Works scheme of the Planning Commission, National Water Supply scheme of the Health Ministry and the State's own schemes of rural roads and village schools, have been merged. Although this procedure makes it difficult to identify accurately expenditure that can be allocated to each scheme, it has three distinct advantages. First, it has simplified the accounts at the Block level; secondly, it has brought about effective coordination between schemes of similar import but different origin; and thirdly, it has enabled the Block Samitis and Gram Panchayats to plan ahead and to maximise their total expenditure without being worried unduly by reappropriations and sanctions of diversions from one scheme to another. Apart from the various procedural details which can always be improved upon or modified in the light of circumstances and policies, we are convinced that the idea of a comprehensive schematic budget is itself sound and deserves to be adopted widely.

3. We may set out a few important considerations that have made the evolution of a comprehensive schematic budget for the Panchayati Raj bodies urgent and necessary. First, the present schematic budget of Community Development which was evolved prior to the introduction of Panchayati Raj and the acceptance of the idea of the Block as a unit for planning and development, has become somewhat anomalous in view of the later developments. Further continuance of the C.D. schematic budget as a strictly separate entity at the Block level tends to hamper rather than help in the process of effective development of the Block as a unit for planning. The time has come for taking an overall view of all the funds available to the Blocks, in other words, for evolving a new and comprehensive schematic budget. Secondly, an increasing number of Blocks will be passing out of Stage II in the years to come and unless a schematic budget is evolved for them on a permanent pattern in consonance with the general planning policy, we will have failed to create the conditions for continued progress and balanced development. In our view, the simple exhortation to allot at least Rs. 1 lakh for development works for the post-Stage II blocks will not produce the desired result in practice. Thirdly, it is necessary to know clearly the implications of the Panchayati Raj system in the field of devolution of resources on the Plan side as well as on the committed side for a whole five-year period. If comprehensive schematic budgets are drawn up for the Panchayati Raj bodies, the financial burden that the States have come to carry as a result of the Panchayati Raj system will be brought out clearly. The Planning Commission and the Finance Commission who are required to review the country's resources at intervals of five years and advise on the best scheme of devolution will find their tasks easier if the financial roles of the Panchayati Raj bodies are clearly spelt out in the form of schematic budgets. Such budgets are also necessary for achieving our objectives of planning from below. We, therefore, recommend that the States may draw up comprehensive budgets immediately, for the rest of the Third Plan and later for every five-year period, with effect from the Fourth Plan. This exercise will naturally have to be initiated first at the State level and carried down to the District, Block and village levels as soon as possible.

### *Annual Budget Form*

4. We have carefully examined the budget forms now used by Panchayati Raj bodies in different States. We feel that despite variations in functions, powers etc., it is desirable to follow a uniform pro forma for the annual budget. This is necessary because all the State Governments use a uniform pro forma for their own budgets and the budgets of Panchayati Raj bodies are closely linked with the State Budgets. Major and minor heads must be the same throughout the country although variations may be made in detailed heads to suit the local conditions. It is obvious that without such uniform pro forma and classification of heads it will be extremely difficult to compare the financial progress of the Panchayati Raj bodies in different States and one Panchayati Raj body with another in the same State. The budget pro forma and the classification we recommend in accordance with these principles are discussed in detail in Chapter V.

### *Simplification of State Budget*

5. Here, we would like to stress that the simplification of the budget of the Panchayati Raj institutions will not by itself result in the simplification of accounts unless the provisions in the State budget itself are simplified. If the State Budget as approved by the Assembly contains separate allocations for every scheme, the final accounts of the State Government will have to be drawn up in detail against all the allocations. Even the limited power granted to the Panchayati Raj bodies to divert from one scheme to another will be nullified in practice, as every reappropriation and every diversion will have to be accounted for and reported to the State Government. This will compel the State Government to reconcile from time to time a large set of figures and for this purpose insist on very detailed reports and returns from the Panchayati Raj bodies. Our objective of simplifying the accounts at the level of Panchayati Raj bodies will thus be defeated. We, therefore, recommend that the provisions in the State Budget must first be simplified. We are of the view that the entire amount due to Panchayati Raj may be provided under each major head against one or two simple entries, *viz.* "Grants-in-aid to Panchayati Raj Institutions". This is, in fact, the first and essential step towards simplification. Some may consider this suggestion far too radical and argue that it will stand in the way of ensuring that the programme at the Block level will be a balanced one, that funds are actually spent on essential and priority programmes like agricultural production and rural arts, crafts and industries and that the policy restrictions regarding reappropriation from one head of the C. D. schematic budget to the other are not violated. We have carefully considered this matter and have come to the conclusion that separate provisions in the State Budget under several minor and detailed heads are not essential for ensuring the above aspects. The policy restrictions can be enforced through executive orders and other methods. It is well-known that the State Government has a right to attach conditions to any grant it makes. The order sanctioning funds can easily divide the grant into several parts and lay down that each part shall be spent in a particular manner or on a particular type of schemes. The policy restrictions

L4CD&C/63—2

attached to the C. D. schematic budget can be incorporated in those sanction orders. To ensure compliance with these conditions returns can be prescribed and a careful watch kept on the behaviour of each Samiti through inspections and audit. In stubborn cases, directives can be issued under the relevant statutory powers. It is useful to remember at this stage that even when detailed provisions are made in the State Budget, these are in fact the only methods available for enforcement in practice. However, it may be asked what real gain is there in terms of simplification if separate returns are anyhow required to be prescribed. The answer is clear: under the system suggested by us, it will not be necessary to reconcile all the drawals and expenditures for incorporation in the A. G.'s books and there will be no need for issuing reappropriation orders at the State level to tally with the actual expenditure incurred by the Panchayati Raj institutions under various minor and detailed heads. A large amount of unnecessary work in the State Secretariat and the A. G.'s office will be eliminated without at the same time sacrificing the main aspects of financial control. However, should this suggestion appear too radical in the present context, attempts must be made at least to reduce the number of entries in the State Budget to the minimum possible. In our view, 4 minor heads should do under the major head "37—Community Development". They are (a) Block Headquarters, (b) Agricultural Development, (c) Rural Arts, Crafts and Industries and (d) Other Items. The above minor heads, it will be seen, are in full accord with the existing restrictions regarding reappropriation. As regards other major heads under the control of other Departments, there should be no difficulty in accepting the earlier suggestion, i.e. to make a simple entry with the description "Grants-in-aid to Panchayati Raj Institutions" under the appropriate minor heads. In fact, this practice is already being followed in some States. It may be appreciated that in several important particulars the State Governments are fast assuming *vis-a-vis* the Panchayati Raj institutions the role that the Central Government has been playing in relation to themselves and the future clearly lies in the direction of the States adopting the financial and budgetary techniques of the Centre with suitable modifications. The suggestion we have made in this para is fully in accordance with this trend.

#### *Simplification of Reports and Returns to the Centre*

6. We wish to add that simplification of the State Budget has to be followed up by a simplification of the reports and returns demanded by the Centre. Otherwise, the entire purpose will be defeated. If, for example, the blocks are required to supply in their quarterly progress reports information as to the amount spent on such minor details as agricultural demonstrations, poultry centres, wells, village roads, etc. they will have to maintain detailed accounts, separate the expenditure relatable to C.D. programme, and carry out a number of reconciliations and adjustments. In our view, such amount of financial detail is not necessary for appreciating the progress which is the main purpose of the quarterly reports. Greater emphasis should be laid on the physical achievements and in doing so the entire gamut of the block activity, including the items financed from other sources, has to be taken into account. Sometimes the

amount spent from grants received from other sources or their own resources cannot be booked exactly against the items listed in the Report pro forma. Then the block staff has to go through a number of arithmetical and analytical exercises to arrive at an accurate amount. More often such meticulous attention is not paid and the result is a jumble of figures that cannot be intelligently interpreted as relating to the physical achievement cited. Such haphazard and doubtful juxtaposition of rupees and numbers often renders the Report meaningless and difficult to understand. We, therefore, recommend that the pro forma for expenditure report should be simplified. This needs contain certain broad headings only. The form we favour is at Appendix IV.

### *Budget Year*

7. Having agreed on a uniform pro forma for the annual budget, we now turn to the question what the budget year should be. Should it be the same for all the Panchayati Raj institutions throughout the country and must it correspond to the period of the State Budgets? There have been arguments for and against uniformity. It has been said that the financial year of the State Governments is not suitable for adoption by Panchayati Raj bodies as it often cuts short the working season and that the Panchayati Raj bodies, which are mostly concerned with implementation of schemes, should have a year more suitable for smooth execution of schemes. Some have favoured 1st September as the beginning of the financial year for Gram Panchayats. In fact, the Study Group on Panchayati Raj Administration recommended in 1961 in its tentative Report that at least three to six months interval should exist between the budget years of the State and the Panchayati Raj bodies. We feel that the relevant considerations for determining the financial year are: (a) the facility it offers for execution of schemes; (b) easy transmission of funds from the State Governments; (c) suitability of the season for completing the processes of consideration and sanction; and (d) the period required for obtaining the approval of the next higher body, which is a peculiar feature of the three-tier system of Panchayati Raj. It is sometimes argued that, if the financial year of the Panchayati Raj bodies begins later than that of the State Government there will be greater facility for the latter to indicate the grants and loans and this may make for the preparation of more realistic budgets by the former. It has also been said that, if the date is fixed later than 1st April the Panchayati Raj bodies will have the full working season at their disposal. We have carefully considered all these arguments but we are not convinced that fixing a different financial year for the Panchayati Raj bodies have any overwhelming advantages. In our view, the balance of convenience is in favour of a uniform period for all Governmental institutions throughout the country. So long as the Central and State Governments commence their financial year on 1st April the Panchayati Raj bodies too who are closely linked to the State Governments, should follow the same financial year. Some of the inconveniences inherent in the present financial year can certainly be solved by other methods. For example, it is not necessary for the State Governments to wait till their budgets are voted by the Assembly for communicating to the Panchayati Raj bodies the grants



that are likely to be made available. Approximate amounts can be intimated in advance of the finalisation of the State Budget in the same manner as the Central Government now sends advance intimations to the State Governments. After all, budget which is a forecast at the beginning of the year, is not expected to contain all that is likely to be received and spent during the year. It is a recognised practice to make mid-year adjustments. Whatever care is devoted to the calculation of grants at the beginning of the year, they cannot be final and instances are bound to arise in which the State Governments will have to make available to the Panchayati Raj bodies additional grants not only for new schemes but also for old schemes. Further, it is doubtful if a date later than the 1st April will not lead to difficulties or inconveniences in completing the different processes of consideration and sanction of budgets at the village, block and district levels. If as suggested in some quarters the budget of the Gram Panchayat should be considered and approved by the Gram Sabha, we will have to find a suitable time for convening the Gram Sabha. It will indeed be impossible to hold such meetings if the rains set in and if everybody in the village is busy with agricultural operations. In large parts of the country even the block headquarters become inaccessible as soon as the monsoon breaks. It may not be easy to ensure quorum in such circumstances. For all these reasons, we are not in favour of adopting any financial year other than April to March. We would, however, emphasise the need for a firm schedule of dates for the various processes including advance intimation of grants likely to be made available by the State Governments. We have attempted to lay down, for general guidance, such a schedule in Chapter V.

*Budgets of higher bodies to show the consolidated budgets of lower bodies*

8. We recognise that with the progress of decentralisation and simplification of the provisions in the State budget to a minimum of minor heads, it will soon become difficult to know the total magnitude of Governmental effort in different fields. The full picture of development and the resources employed thereon will not be readily available. This in itself may stand in the way of planning for balanced regional development. We, therefore, propose that the budgets of higher bodies should show the total provisions of budgets of the lower bodies in a separate annexure. A consolidated statement of the budgets of Gram Panchayats situated in the Block may be attached to the budget of the Panchayat Samiti. Similarly the budget of the parishad may have an annexure showing the total provisions of the budgets of the Panchayat Samitis within its jurisdiction. At the State level the budgets of all the parishads will be similarly consolidated and published in the Annual Administration Report. If this practice is adopted over a period of time, useful data of estimates and actuals will be built up. They will facilitate comparison and evaluation and will have great value for statistical purposes. The State will find this helpful in taking follow up action on the 5-year schematic budget it has drawn up for Panchayati Raj bodies. We have examined whether this suggestion will throw any undue burden on the Panchayati Raj bodies at different levels. In

most States the power to approve the budget of the lower body has been vested in the body immediately above, i.e. Panchayat Samiti in the case of Gram Panchayats and Zila Parishad in the case of Panchayat Samitis. Under this system the budgets automatically come up to the higher bodies. It should not be difficult for the higher body, while according approval, to make a consolidated statement and attach it to its own budget. In States where approval by the higher bodies is not provided in the law, some suitable procedure of reporting will have to be evolved for making it possible for the higher bodies to prepare consolidated statements.

*Limited nature of the power of approval of budgets by higher bodies*

9. We feel that the financial relations between the three-tiers should be defined more precisely than is the case now. Otherwise, the higher bodies are sometimes apt to utilise their power of approval of the budget for purposes which are contrary to the assumptions of the three-tier system. It should be clearly understood that the power of approval of the budget does not mean that the lower body is completely subordinate and that the higher body is free to make modifications as it likes. We believe that the budget approval is in the nature of an agency function, the main purpose being watching compliance with statutory and other instructions. Grants are usually given subject to certain conditions. There are also rules in some States that lay down a minimum expenditure on certain items. It is to enforce these conditions that the higher body is usually given the power to approve, with such modifications as are necessary. It will be useful if the limited nature of the power of approval is spelt out clearly in the relevant rules, so that no conflict may unnecessarily arise between the Panchayati Raj bodies at different levels.

*Routing of funds*

10. A question has been raised whether in view of the power to approve the budget, it is necessary to route all funds through the higher body. In answering this question we have to bear two aspects in mind, firstly whether the transmission of funds through the higher body is at all necessary for exercising the budget scrutiny required of it and secondly whether such a process will make for better or worse work. We have no doubt that it is not necessary that the funds must physically pass through a body for carrying out proper scrutiny and ensuring compliance with the conditions laid down. Timely information, in our opinion, should be sufficient for this purpose. Therefore, the question of method of routing all funds should be decided on considerations of convenience. We feel that funds should be transmitted direct to the body concerned when its entitlement is clear and can be determined without reference to the local factors relating to each such body or where the sanction is based on the prescribed scale, such as in the case of the schematic budget of Community Development. Funds may be routed through the body immediately above in the hierarchy whenever the allocation to the Panchayati Raj bodies within its jurisdiction has to be made after ascertaining the local needs, fixing priorities and weighing their relative merits. The higher body may sometimes be made the

channel of transmission of funds even when the shares of lower bodies are clear or have already been determined, provided administrative convenience indicates such a course. For example, it may be cumbersome and inconvenient to transmit funds separately to each individual Gram Panchayat. It might be easier and more convenient for the Gram Panchayats themselves to obtain their funds from the Panchayat Samiti within which they are situated than from Government directly.

#### *Lapse of funds*

11. According to the theory and law of budgets the funds in the budget lapse on the expiry of the financial year. Panchayati Raj bodies can be no exception to this rule. Annual lapse of funds is essential to financial discipline as it provides an opportunity for the institution concerned to take stock of its achievements and shortcomings and improve its capacity for estimating, expending and husbanding resources. But there is another kind of lapse of funds that needs attention in the case of Panchayati Raj bodies, i.e. lapse of grants-in-aid as a result of the expiry of the budget year of the higher body that has given the grants-in-aid. This can create serious difficulties for a Panchayati Raj body, particularly when the entire revenue of the body or a large part thereof consists of grants-in-aid. If the higher body takes a strict view and insists on the lapsed amount being refunded before the new year's grants are released, all development work of Panchayati Raj institutions will come to a standstill. It is possible that the grants-in-aid might have been received by the Panchayati Raj body concerned late in the year. It is very likely that the procedures of technical sanction, administrative approval, release of land, procurement of materials and other prerequisites for execution, some of which are under the control of the administrative machinery of Government, may have taken too long to be completed and may have left very little time for the Panchayati Raj body to start actual execution. For all these reasons, we feel that a procedure should be evolved to give the Panchayati Raj bodies sufficient time for carrying out the schemes entrusted to them. It is, of course, necessary to see that while allowing time the sense of urgency is not lost and the Panchayati Raj body does not become complacent and slow. We have to steer a middle course. We, therefore, suggest that grants-in-aid relating to works may alone be given a special treatment and time may be allowed to Panchayati Raj bodies up to 30th September of the following year. Any amount not spent by the 30th September of the following year may be deemed to have lapsed and adjusted in the next-year's grants-in-aid. There is no need for a physical refund of the amounts. The same procedure will be followed in respect of unspent balances of specific purpose grants other than works which lapse on 31st March.

#### *Feasibility of a single authority at State level*

12. Most of the persons and institutions with whom we have held discussions have emphasised that the success of the Panchayati Raj bodies depends on timely sanction and transmission of funds. Some of them have suggested a single agency at the State level for giving grants-in-aid, guiding expenditure policies as well as for settling

accounts. The Development Commissioner or the Department responsible at the Secretariat for Panchayati Raj has been mentioned as the most suitable agency for this purpose. According to this suggestion, all grants-in-aid meant to be given to the Panchayati Raj institutions should either become part of the major head controlled by the Development Commissioner or the Panchayati Raj Department or should be passed on to him by the different departments controlling the different major heads. Some such system is prevalent in Rajasthan, where every Department of Government works out the entitlement of the Samitis and places the money at the disposal of the Joint Development Commissioner, who in turn moves the Budget Officer of the Finance Department. The sanction is issued by the Budget Officer. It is only after the issue of the sanction order by the Budget Officer of the Finance Department that money is passed on to the Samitis. As regards accounts, the Samitis submit a detailed monthly statement to the Joint Development Commissioner, who in turn takes extracts and sends them to the Departments concerned for information and compilation. We discussed this system thoroughly with the Joint Development Commissioner, the officers of the Finance Department as well as the Block personnel during our visit to Rajasthan. We found that this system of routing of funds does not certainly make for speed and delays of two to three months between the first sanction and the actual receipt of funds in the block are not uncommon. The intervention of the Finance Department in the process of issue of sanctions appears to have been introduced for other reasons and even if this aspect is ignored it is difficult to feel assured that this procedure is in the best interests of Panchayati Raj institutions. We think that there are several strong reasons against creating a single agency for the routing of funds. Firstly, it is too unwieldy for one agency to collect funds from all departments, allocate them between different bodies and ensure timely distribution. Allocation of funds between different bodies is not a mere arithmetical operation. It involves assessment of needs and judgment as to adequacy and these functions cannot be performed well without active association with the field problems. It is too much to expect a single agency to possess all the required knowledge. Even in Rajasthan the function of fixing up shares of the bodies has been left to the departments concerned. But, in that case, the agency envisaged functions more or less like a Post Office and will have nothing to contribute except delay. Secondly, having been denied the usual channels of contact and knowledge different departments tend to lose interest. One of the basic problems of the Community Development programme has been how to actively associate different Departments and their subject-matter specialists right down the line. Unless the Departments feel that they are closely linked with the Panchayati Raj institutions, they have something to give and take and that it is their duty to make those bodies work, it will become increasingly difficult to sustain the interest of different Departments in Panchayati Raj. Indeed, close association of Ministers and Departments other than Panchayati Raj is essential for integration of Panchayati Raj activities with the overall State policies and programmes. It is also necessary to remember that control of funds cannot be separated from the

answerability of different Departments headed by different Ministers to the Legislature. It is too much to expect the Minister in-charge of the Panchayati Raj Department to take over the responsibility for all Panchayati Raj activities. Thirdly, we feel that the convenience that a single agency will confer on Panchayati Raj institutions has been exaggerated. They necessarily have to deal with all Departments on the technical details, programmes, etc. It will not be of much help if funds alone are pooled in one Department. Fourthly, the advantage sometimes claimed for a single agency in terms of facility of coordination is also not very real. It is well-known that coordination at the policy level can be brought about without handling funds and coordination at the execution level is best done by the Block which handles funds. Thus, while agreeing that timely sanction of funds is of paramount importance, it is neither necessary nor desirable to create a single agency. Other methods should be employed for ensuring timely issue of sanctions. The Panchayati Raj Department or the Development Commissioner must keep a close watch in this matter. To enable them to discharge this important responsibility, it should be laid down that all copies of sanctions must be sent to them and there should be a review soon after the passing of the budget and later at periodical intervals.

*Post-execution basis vs. Pre-execution basis*

13. Considering that the Panchayati Raj bodies by and large depend on State Government's grants for their activities it is obvious that funds must physically pass into their hands before any scheme can be started or substantial progress made. The practice has, however, been adopted in Madras to give some grants-in-aid after the execution of schemes. We have examined the origin and implications of this practice with a view to ascertain its suitability for wider adoption. We have found that this practice is limited to about 28 per cent of the total expenditure grants made available to the Panchayat Samitis. Most of the development schemes have been brought under this procedure. However, the Madras Government has not conceived this system as a complete alternative method of placing funds. They had taken care to provide the Samitis with sufficient resources through assignment of revenues, general purposes grant and ways and means advances. It is with the help of these amounts that the Samitis have been able to incur expenditure and await reimbursement. It appears, the main purpose is to give a certain freedom of action to the Samitis in planning and executing their programmes with an eye on the total amount that will be available to them during the Plan period. This will, besides, relate the allocation of grants to actual performance and ensure that the amount booked as expenditure in Government accounts is actually incurred on the field. In the few instances we have studied, we have found that this had a salutary effect. But the control over appropriations at the State level is rendered more difficult especially if the Samitis happen to spend more than their normal annual allocations. From the point of view of Panchayati Raj bodies it is all to the good. The essential point we wish to make is that the post-execution basis is possible only when the Panchayati Raj bodies have adequate funds at their dis-

posal and can wait for reimbursement. This method cannot, therefore, be of universal application. Considering the condition of most Panchayati Raj bodies, the best method in our view is to give the money in advance, in suitable instalments, if necessary, and make adjustments at the end of the year or the prescribed period against actual expenditure. Our detailed recommendations on this matter are given in Chapters VI and VII which deal with flow of funds, taxes and grants.

#### *Need for trained accounting personnel*

14. Lastly, we wish to emphasise that a good accounting system will be of no avail unless the personnel working it understand it fully and work it faithfully. It is finally the calibre of the personnel and the degree of supervision exercised that will determine the quality of work done. There is, therefore, an urgent need for strengthening the accounts staff of all Panchayati Raj bodies and giving them adequate training. To attract competent persons to the job and retain them, it will be necessary to organise a proper cadre with adequate prospects for promotion. In this context, we would commend the practice in vogue in Rajasthan to depute to the Panchayat Samitis accountants drawn from a cadre under the control of the Examiner of Local Fund Accounts. This appears to be based on the pattern of P.W.D. Divisional Accountants who are drawn from the cadre under the control of the Accountant General. While no doubt certain administrative aspects of this arrangement may have to be considered further by the States, the balance of advantage clearly lies in an integrated cadre of accounts and audit personnel, which will provide satisfactory service prospects for its members, besides making accounts staff more audit-minded and audit staff more accounts-minded.

#### *Administrative Supervision*

15. We have no reservation in stating that the success of the newly formed P. R. institutions and the extent of further enlargement of their functions will depend ultimately on the manner in which financial and accounting arrangements are carried out in the field. At the risk of stressing the obvious, we would insist that day-to-day administration should function with a constant awareness of this basic fact. Frequent transfers of accountants and keeping such posts unfilled for long are no doubt mere administrative details, but they frequently hamper the satisfactory maintenance of accounts to a substantial degree in individual cases. We would also emphasise the need for systematic administrative supervision and guidance on budgetary and accounting matters. A regular check-up in departmental meetings will go a long way in the maintenance of standards. We would particularly underline the need for the recognition by the B.D.O. and his administrative superiors of the unqualified responsibility of the B.D.O. for the satisfactory upkeep of budgetary and accounting matters in his charge. Accounts often appear as humdrum and inferior work to officials who have executive work to do and a change in such attitude, wherever it exists, will be worth more than a score of administrative arrangements. It is often the inability to appreciate the need for individual forms and registers and their

significance in the set-up as a whole that considerably hampers the B.D.O.'s attitude and method of supervision. We suggest that the training programmes of the B.D.O.'s should have reference to the considerations set forth above.

## CHAPTER V

### BUDGETARY PROCEDURE

#### *General*

We have stated in Chapter IV that despite the diversity in functions and powers of Panchayati Raj institutions uniformity in the presentation of budget is desirable. It is in fact essential for an effective comparison of financial estimates of the Panchayati Raj bodies in different States. Here we shall examine in detail the pro forma to be adopted and the classification of receipts and charges.

#### *Uniform Budget Programme*

2. It is well known that the Budget is an estimation of revenue and expenditure during a given period and reflects, in terms of money, the planned programme, while the accounts indicate likewise the extent of execution of such plans. Keeping these requirements in view, we have drawn up standard forms of budget estimates for Panchayati Raj institutions at different levels (*vide* Appendix V). We recommend that these may be uniformly adopted with such minor modifications as may be necessary to suit special requirements. Some changes would be particularly called for in the case of parishads and panchayats, which vary, from State to State, in their financial responsibilities.

#### *Formulation of Samitis Budget*

3. In formulating a standard form of budget for the Samitis in particular, we have encountered certain practical problems. With the transformation of the Block into a unit of Panchayati Raj, the budget of the Samitis has to present an integrated picture of the following activities: (1) Community Development Programme, which is meant to assure a minimum rate of overall development of the area; (2) development schemes, hitherto looked after by different Departments of the State Government; (3) new schemes to be initiated on their own; and (4) maintenance of services which may have been transferred to them. Our enquiries have revealed that such an integration does not obtain to the extent desired. It is only in Madras State that an attempt has been made in this direction. In most States, we have witnessed innumerable classifications according to sources of revenue, types of expenditure, and the departments transferring the different functions. Much of the difficulty has stemmed from an attempt to keep the Community Development Programme as a separate entity from other similar development activities for the purpose of exhibition in budget and accounts. This is said to be necessary as the Ministry of Community Development desires to know distinctly the fact of utilisation of funds and achievement of targets, relating to their programme. But the Community Development Programme being a comprehensive plan for the overall development of the Block, there is bound to be some overlapping



between this programme and the activities of other development Departments of Government, who are no less keen on having separate accounts for their respective programmes. This has resulted in complexity of the budgetary and accounting structure.

4. We feel that the budget should be simple and capable of being understood by the persons who are called upon to pass it. While distinction by sources on the receipt side may not be difficult to understand, such distinctions on the expenditure side are likely to create difficulties in drawing up a realistic and co-ordinated programme. No simplification is possible if such a distinction is not done away with. We, therefore, consider that the Community Development funds need not be separately shown on the expenditure side, but integrated with other similar provisions in the budget of the Samitis, leaving the apportionment of the expenditure between the different Ministries and Departments to be done at State Headquarters on a reasonable basis, as indicated by us in Chapter VII. We have no doubt that by this arrangement the elements of the C.D. programme, the nucleus around which the institution of Panchayati Raj has been conceived and built, will be properly and adequately exhibited in the budget of the Samiti. In a sense, our suggestion means an enlargement of the C.D., budget to accommodate the expending activities of the Block. This is but the logical consequence of the conversion of the block into the Samiti.

#### *Main Feature of the standard budget*

5. While drawing up a pro forma for the budget, for the Samitis and Parishads in particular, we have classified the revenues according to their sources and the expenditure according to the functions. *Prima facie* this may appear to be a departure from the usual practice, but we have found this procedure necessary because revenue flow from different sources for the same function and to rearrange them by functions will lead to unnecessary complications. Moreover, as we have accepted pooling of funds for implementation of programmes of similar kind, a functional distinction on the revenue side is not really necessary.

#### *Division into Revenue and Capital*

6. We have generally adhered in principle to the customary division of receipts and expenditure into revenue and capital. We have however departed from the accepted tradition of classifying an item of expenditure as capital according as it is for acquisition of an asset or liquidation of a liability. Considering the nascent stage of the Panchayati Raj institutions and the limited nature of their activities, we are of the opinion that a rigid adherence to the conservative principles of segregation into revenue and capital, would make the accounts cumbersome and complicated, without yielding any corresponding advantages. Hence we have considered it necessary to classify only such of those items of expenditure as of a capital nature, which have a revenue-yielding prospect. Such of these transactions in respect of which the institution merely acts as

banker or has the status of loanee have been distinctly shown in the capital section of the estimates.

#### *How to frame a Realistic Budget*

7. The statutes enacted by the different States provide for procedural rules for voting of the budget, processing it and getting it approved by the local bodies etc. While we would not like to touch upon the procedure for voting of the budget etc. we would like to draw attention to the fact that in a number of States, the final approval of the budget and release of grants are considerably delayed. To obviate this delay and to enable the local bodies to have a fairly accurate idea of their probable resources and to draw up a realistic budget on that basis, we would suggest that the respective State Governments may give to these institutions, a tentative indication of the grants likely to be made available to them during the subsequent financial year, not later than the end of December.

8. On hearing from the State Government about the money likely to be made available during the subsequent financial year, the local bodies should cast their budget estimates sufficiently early, say, by the end of January, and have it circulated to the members for their information and sent to a Committee of the local body, constituted for the purpose, for scrutiny to ensure that the estimates are in accordance with the programmes already formulated and the minimum requirements of each programme have been provided for. The scrutiny by the Committee should be completed and the budget placed before the Samitis for its final approval by the 15th of February. Where the enactment of a particular State provides for approval of the budget by a higher body, such approval should be secured in time, that is, before 31st March.

#### *Post-budgetary Appropriations*

9. As the law generally provides that no expenditure can be incurred without a provision in the budget, it will ordinarily be necessary for the Panchayati Raj bodies to frame supplementary estimates, if fresh or additional appropriations are required during the course of the year. But we feel that the elaborate procedure of preparing supplementary estimates is not necessary in the case of these bodies. In our view, it should be sufficient, if authorisation is taken from the body in the form of a resolution. All such authorisations may be incorporated in the revised estimates, which will be prepared along with the budget of the next year. If at the close of the year it is found that the actuals exceed the provision, the excesses should be formally regularised by a special resolution of the local body.

## CHAPTER VI

### FLOW OF FUNDS—TAXES

#### *Flow of Funds and Planning*

We may now consider the procedure for flow of funds. It is well known that while the quantum of resources that a local body gets determines the sizes of its activities, it is the timely flow of such resources to the local body that often governs its ability to plan ahead and implement such activities smoothly and in time. Planning is an essential discipline which the local bodies have to bring to bear on themselves for the rational and orderly implementation of programmes and utilisation of resources: This they can do in reality only when they are able to know with certainty how much their resources are and when they will get them. Adequate and timely flow of funds is, therefore, one of the main determinants of the actual performance of local bodies.

#### *Nature of Devolution*

2. In this chapter we will consider the flow of taxes while in the next we will deal with the flow of grants. The important consideration which governs the flow of taxes is that they are statutorily allocable to the local bodies and the State Govt. performs only treasury functions once a levy comes into operation. Unlike the case of grants, devolution is unconditional in the case of taxes and the local body is entitled to get its money at the earliest possible time. The channelling of funds has, therefore, to be organised against this background with a view to ensure the objective mentioned in the previous paragraph.

#### *Kinds of Taxes*

3. Taxes are of different kinds and to suggest appropriate procedures we will have to analyse them in detail with reference to the points of their levy and collection and whether their receipts are fluctuating or steady or at least capable of reasonable estimation. All the taxes can be fitted into the following well known categories:—

1. Taxes levied by the local body and collected by it;
2. Taxes levied by the local body and collected by the State Govt.;
3. Taxes levied by the State Govt. and collected by the local body; and
4. Taxes levied and collected by the State Government and (a) devolved fully to the local body; or (b) shared with the local body.

The question of flow of funds from the State Government will not arise in the case of categories (1) and (3). In the other cases the objective should be to pass on the entitlements at the earliest possible time.

### *Procedure of Adjustment*

4. In practice the actual time taken will depend on whether the receipts are steady over years and capable of reasonable estimation. If the anticipated proceeds could be ascertained with reasonable accuracy even at the beginning of the year they could be made over then and there without any apprehension of overpayment. Generally the land cesses and the portions of land revenue which are the main items transferred usually by States to the Panchayati Raj institutions are capable of reasonable estimation with reference to the collections for the past three of five years. If there is any scope for variation a suitable margin of safety could be evolved, a reasonable amount withheld and the entire balance made over in one lump sum in April itself. After all, adjustment on the basis of final figures is inescapable whatever be the procedure. There are, however, other types of proceeds like the surcharge on stamp duty or entertainment tax which are likely to vary from year to year. In such cases payment will necessarily have to be related to current collection. Here we would suggest that the transfer should be made at least every quarter. Even monthly adjustments could be attempted provided there are not too many practical difficulties. In short such procedure should be adopted as will keep the adjustments in accounts to the minimum consistent with the needs of safety on the one hand and implementation on the other.

### *Calculation and Indication of Entitlements*

5. It is hardly necessary to stress that in such cases the procedure for calculation of entitlements should be simple and well-understood, and should be made clear to the Panchayati Raj institutions also. For, any wide disparity between the amounts they hope to get from time to time and what they actually get will turn their budgetary calculations unrealistic and is likely to affect their programmes adversely. It would, therefore, be useful to give suitable indications to the Panchayati Raj bodies even when they frame their budgets.

### *Ways and Means position of States*

6. We are aware that the question of transfer of funds to Panchayati Raj bodies has repercussions on the ways and means position of the State and the periodicity and phasing of actual transfer will have to be decided by each State Government with reference to its general financial position from time to time. We would, however, emphasise that the Panchayati Raj bodies are nascent institutions and lack of funds or uncertainty of funds is likely to constrict their orderly growth. Admittedly this will not be a very desirable result especially when the State Governments are implementing more and more of their plan and non-plan schemes through those institutions. Banking institutions are not developed in rural areas and in many States the Panchayati Raj institutions have to lodge their funds in the Public Account of the State Government. The transfer of resources in the beginning of the financial year is not likely to affect the ways and means position in such cases, since the transfer is within the Govt. account only. To be fair, the State should also take note, in this connection, of the increasing contribution to the State ways and means position made

by local bodies since the set up of the Panchayati Raj by the imposition of fresh levies and enhancement of existing ones.

7. In States where the accounts of the Panchayati Raj institutions are kept with outside bodies like cooperative institutions the question of ways and means position of the State Government will naturally have greater relevance. But even in such cases it would be desirable to adjust the amounts as far as possible at the outset of a financial year. The upset if any caused initially in the ways and means position will get assimilated in due course in the regular pattern of ways and means of the State Government. The commitments of the State Government to cooperative institutions by way of short-term accommodation etc. may be reduced *pro tanto* and this may act as a balancing factor in the total ways and means position.

*Minimisation of points and levels of flow*

8. The next important factor governing effective flow of funds is the number of levels, Governmental as well as Panchayati Raj, through which a particular tax has to flow. In cases like the land cess where the proceeds could be reasonably estimated and full figures are more easily available with the Collector rather than the Government, the adjustment should be left to the Collector. The Collector could in due course send necessary figures to Government for purposes of its budget and so on. But there is no necessity for more than one level of authority for the adjustment of such taxes. A similar assertion can be made in respect of other taxes like surcharge on stamp duty and entertainment tax. Reference among Departments either at Government level or at lower levels could be minimised or even dispensed with after standardising the procedure in consultation with all concerned. Similarly where a particular tax revenue has to go statutorily to a particular tier of Panchayati Raj institution, it seems unnecessary to channel it through the higher tiers also. This results not only in avoidable delay and additional work, but may also tend to inflate the accounts of the intermediary institutions. In all such cases, level jumping is indicated.

## CHAPTER VII

### FLOW OF FUNDS—GRANTS

#### *General*

Having examined the subject of flow of taxes, we now turn to the equally important question of the flow of grants. A substantial portion of the resources of Panchayati Raj bodies is derived from Government grants. The grants are not restricted to the C.D. budget alone but are channelled from different sources and for different purposes. It is clear that the day-to-day administration of the Panchayati Raj bodies as well as their implementation of specific developmental functions will be considerably facilitated by an effective and timely flow of grants. Some of the grants are, in fact, provided in the statutes and these grants have to be made over as early as possible in the financial year consistent with the provisions of the statutes.

#### *Classification of Grants*

2. For the purpose of our analysis we would classify these grants into two categories :—

1. General purpose grant; and
2. Specific purpose grant.

As the name suggests, the first type of grant can be utilised by the local bodies in any manner they desire. Usually such grants are used for meeting the establishment expenses and for discharging other functions for which they have no separate grants-in-aid. The amounts available from these grants can also serve as a revolving fund to be utilised for schemes for which allotments from Government have been delayed. In view of the nature of the grant and the uses to which it is put, we consider that it can be appropriately made over in one lump sum every year in the month of April itself.

#### *Pooling of Specific Purposes Grants*

3. Specific purpose grants can be utilised only for the implementation of these schemes for which they are meant. In discussing these grants we have to refer to their many sided nature with reference to their sources, the conditions attached to them and the persons they ultimately benefit. As long as grants from different sources are meant for different schemes, no difficulty is experienced in their utilisation and accounting. But quite often grants are also received by the local bodies, particularly Block Samitis, from more than one source for the same purpose. And what is more, the quantum and pattern of Central assistance sometimes vary because two different departments allot funds for schemes of exactly similar nature. To give an example, if the scheme of rural drinking water supply is financed from the funds of the Health Department or Local Development Works Grant, Central assistance will be admissible

at 50% of the expenditure incurred, whereas if the expenditure in the scheme is incurred from the C.D. budget, the assistance admissible will be to the extent of 75%. Such examples can be multiplied. It is obvious that if accounts were to be maintained separately for grants bearing different patterns of central assistance, though meant for exactly similar purposes, it will result in a multiplicity of accounts which will be unnecessary at the Samiti level. After all, the Samiti cannot offer to its people two different patterns of assistance. We are of the view, therefore, that such grants have necessarily to be pooled at the Samiti level and accounted preferably under a single head. In any event the first charge of expenditure will have to be against the head of account offering a more liberal pattern of central assistance since the percentage of assistance for any given scheme should legitimately be taken as a clear indication of the priority the planners attach to its implementation. Where the pattern of central assistance is the same, allocation of actual expenditure to different heads will be on *pro rata* basis.

4. We now come to another variation in the nature of the grants. Grants for similar schemes are sometimes made available with different percentages of people's contribution. A significant case is the assistance offered for drinking water supply schemes. As we have said above, the Samiti cannot offer to the same people two different percentages of contribution. To us it appears that there is no alternative to the offering of similar assistance to the people and the pooling of such funds at the Samiti and State levels. Yet another case of rationalisation is one where the same section of people, e.g. Harijans, are offered different rates of assistance. The pooling of funds will, *inter alia*, remove artificial constrictions in the flow of funds which are apt to occur when any type of grant is exhausted or not yet made available.

#### *Indications and release of entitlements*

5. There are other important aspects to which we must now devote our attention. It is imperative that the quantum of these grants should be indicated to the local bodies in the month of December every year to enable them to prepare their budgets in time. This alone will ensure realistic budgeting and early implementation. We have referred to the need for advance intimation of entitlements in Chapter V. As regards the release of grants we have recommended in para 2 above that the general purpose grant should be released to the local bodies in the month of April every year. The sanctions for such grants may be issued for the entire year and the funds released in one instalment. We have already indicated in Chapter IV that in the present context the system of post-execution grant is not capable of universal application. Having regard to the conclusion reached therein, we recommend that grants for specific scheme can either be released in one instalment at the beginning of the year or the release of funds can be regulated. If the quantum of grants is small it will be advantageous to release them in one instalment. But where heavy amounts are involved like the C.D. budget or grants for Primary education etc., it may be desirable to regulate the release keeping in view the ways and means position of

the State and the position of balance in the Personal Ledger accounts of the Samitis. But even in such cases, the sanction of the grants to the local bodies may be issued in the beginning of the year with a proviso that actual release of funds will be quarterly. The quantum of each instalment need not be equal and may be fixed in the beginning of the year keeping in view the capacity for expenditure in each quarter. The release of funds in the first three quarters should be automatic on the basis of this order. For the last quarter, however, the release will be ordered separately, after reviewing reports of actual expenditure in the first three quarters and the anticipated expenditure of the 4th quarter to be submitted by Panchayati Raj bodies. This process must be completed by the end of January. This will provide an opportunity to the State Governments to ensure speedy implementation of plans, maximize the utilisation and avoid accumulation of idle funds.

#### *Authority Slip by the Accountant General*

6. We have noticed that one of the causes contributing to delay in the funds reaching the Panchayati Raj bodies is the necessity for issue of authority slips by the A.G. in each individual case where the sanctions emanate from Government. The difficulty can be overcome if, in accordance with the existing rules, Government place the grants at the disposal of the Heads of Departments or other suitable subordinate authorities and authorise them to issue payment sanctions. We commend this procedure to the States. We wish to add that the time has now come for reconsidering the need for A.G.'s authority slips even when Government issues the sanction. No doubt complementary arrangements may have to be made to record actual payment and thus guard against double drawals and facilitate quicker detection of over-payments, if any.

#### *Conclusion*

7. We may in this connection emphasise that the subject of grants-in-aid with all its ramifications is one with which the States will have to increasingly come to grips in the years to come. The quantum of grants-in-aid being a substantial portion of the resources of local bodies, the need for a simple, sound and effective financial and accounting procedure is obvious. There are other important considerations in this regard, viz., the period of utilisation and the final adjustments of unspent balances after the close of the year and the feasibility of a single authority routing the grants. On these points we would invite attention to the conclusions reached in Chapter IV.



## CHAPTER VIII

### ACCOUNTING PROCEDURE

#### *Introductory*

We have discussed in Chapter V the form of the budget estimates. The accounting system should closely follow the major, minor and detailed heads of account which we have recommended for adoption by the P.R. institutions in their budget estimates. The functions assigned to the three tiers vary from one another and from one State to another. It would, therefore, be extremely difficult to lay down a uniform system of accounting which would be applicable to all the tiers and in all States. We would, therefore, confine our attention to the system of accounting at the block level.

#### *Registers*

2. We have examined the Registers maintained in different States. These naturally vary from State to State according to the functions assigned to the bodies. But it is obvious that certain minimum number of basic Registers are essential for any accounting system irrespective of the variety of functions and the magnitude of transactions. While on the one hand it is necessary to avoid multiplications of Registers, on the other, sufficient number have to be brought into use to show accurately, the receipts and charges under different heads of accounts. Keeping this in view we have drawn up forms of basic accounts registers, along with a brief note on their maintenance, which may be seen in Appendices VI and VII respectively.

#### *Monthly account*

3. In order to watch the collection of receipts and the progress of expenditure a monthly account showing receipts from each source of revenue and the expenditure on different heads of account should be prepared and sent to the supervisory authorities by the 15th of the month following the one to which the accounts relate. The term supervisory authority includes not only the official hierarchy but also the next higher Panchayati Raj body. In some States the practice is to send a copy to the Examiner, Local Fund Accounts. There is no doubt some advantage in this procedure, provided the returns are made use of. Form of monthly account will be found in Appendix VIII. It provides columns for showing the receipts and charges up to the end of the previous month as well as for the current month and the total receipts and expenditure. Budget provisions for receipts and charges are also shown in this form to compare the progress of collection of receipts and expenditure from month to month. The practice in some States is to insist on a quarterly statement instead of a monthly statement. We feel that a quarter is too long an interval for watching the progress of these infant institutions. It is possible that if a monthly account is not insisted upon no such account may come to be drawn up, thereby

leading to serious irregularities. We therefore, recommend that to put the Panchayati Raj institutions through the proper accounting discipline, the authorities entrusted with supervision must insist on getting monthly account regularly. It is advisable to lay down that the monthly accounts are placed before the Panchayati Raj bodies for discussion and review; for, after all, it is they who are responsible for the expenditure and performance.

#### *Annual account*

4. Annual account showing the receipts and expenditure should be prepared by the Panchayati Raj bodies and submitted to the supervisory authorities and the auditors not later than the 15th May of the year following the one to which the accounts relate. Unlike the monthly account the annual account will show the receipts and charges under each detailed head under the major head. The form of the annual account is given in Appendix IX. Budget provisions for the receipts and charges for the current year as well as the actuals of the preceding year are shown. The variations as well as the reasons for the variations should be indicated in the remarks column. The data available from the annual account will enable the administration to compare the current year's receipts and charges against the year's budget provisions as also against the actuals of the preceding year.

5. We have recommended in Chapter IV the desirability of consolidating the budgets of lower bodies by the higher bodies and appending the statements to their own budgets in order to ascertain the total effort on development schemes. Where there is no provision for the budgets of the lower bodies to be submitted to the higher bodies, annual accounts may provide the material for preparing the consolidated statement that are required for the purpose in view.

#### *Accounts of pooled funds*

6. We have earlier recommended pooling of funds for the purpose of expenditure and indicated a procedure for allocating actual expenditure against grants-in-aid from different sources for the purpose of claiming assistance etc. This should be borne in mind in interpreting the notes given against the accounts registers and in making necessary entries.

## CHAPTER IX

### AUDIT

#### *Need for Audit*

The officials and non-officials in the Panchayati Raj bodies who handle public money will have to satisfy the tax payer about the proper utilisation of the amounts at their disposal. This necessitates the audit of accounts of all such bodies by an agency not subordinate to the expending authorities. It is with this object in view that an independent Auditor is appointed as a watch-dog on behalf of the tax payer. The Auditor has to certify, *inter alia*, that the amounts advanced to the Panchayati Raj bodies as grants-in-aid have been utilised by them for the purpose for which they are advanced. He has also to ensure regularity and propriety of expenditure of public money and its proper accounting. Further, the account is an instrument for detecting cases of wastage, mis-application, mis-appropriation of funds and leakage of revenues. As proper maintenance of accounts makes the task of audit easier, the Auditor must do all he can to see that the accounts are properly maintained. To this end we recommend that the Auditor should play a more positive and effective role by giving guidance and providing advice to the personnel responsible for the maintenance of accounts, more or less like an internal auditor. In making this recommendation we have taken note of the fact that few States can afford to maintain a separate and parallel organisation merely for the purpose of internal audit.

#### *Audit Organisation*

2. We have found that in most States the responsibility for the audit of the accounts of Samitis and Parishads has been entrusted to an officer of the State Government designated Examiner, Local Fund Accounts. In the case of Gram Panchayats, however, this responsibility normally vests in the Director of Panchayats or the Administrative Department concerned. It is necessary that the Examiner should have adequate number of audit parties as well as officers at suitable levels to supervise the work of these parties closely. We attach great importance to the maintenance of a sufficient number of supervisory persons, as on them will depend the quality of audit and timely issue of reports. In our view it will be a mistake to concentrate the audit parties and the supervisory officers at State Headquarters. In accordance with needs of decentralisation they should be located as close to their charge as possible. The organisation of the Examiner is under the administrative control of the Finance Department in almost all States. In Orissa the Additional Development Commissioner functions as Examiner, Local Fund Accounts, in respect of the Samitis and Parishads. We understand that this is a temporary arrangement and that the organisation may be placed under the Finance Department when a whole-time Examiner is appointed. We consider these arrangements in the States generally satisfactory.

*Position of the Comptroller and Auditor-General vis-a-vis Examiner,  
Local Fund Accounts*

3. An increasingly large amount of funds placed at the disposal of the Panchayati Raj bodies go out of the purview of the statutory audit of the Comptroller and Auditor-General. The Government of India, in consultation with the Auditor General have accordingly suggested, for the consideration of the State Governments, that while sanctioning grants-in-aid to these bodies a stipulation may be made for test audit by Auditor General at his discretion of the accounts of grants exceeding a certain amounts. The operative limits are to be laid down by the State Governments in the same manner as the Centre has laid down the limits of Rs. 1 lakh per annum recurring and Rs. 5 lakhs non-recurring in the case of Panchayati Raj bodies in Union Territories. This audit will be in addition to the audit of the Examiner, Local Fund Accounts. This suggestion appears to be advantageous from the point of view of toning up quality of audit. We think that it will be to the advantage of the State Governments to draw upon the knowledge and experience of the Audit Department and make suitable arrangements with the State Accountants General for the test check of the accounts of these bodies at periodical intervals. In that event, they will have to make stipulation to that effect either in the sanctioning orders concerned or in the statute itself.

*Extent and scope of Audit*

4. After considering the practices prevalent in various States and the need for closer guidance to these institutions in their infancy, we recommend that the States should aim at cent per cent audit of accounts of all these bodies. We consider that the cost involved in such arrangements will be more than compensated. The only valid consideration which may justify the lowering of the percentage of audit could be the non-availability of experienced and trained staff. Even in cases where there are some difficulties in finding adequate number of trained persons the States should endeavour to ensure that sufficient staff is made available for this work, if necessary from other Departments, so that audit can be carried out at least up to 50 per cent. Care should be taken to see that the months selected for detailed audit under such a reduced percentage are evenly distributed over the entire year. If in the process of 50 per cent audit serious irregularities are detected, the Examiner, Local Fund Accounts should arrange for a detailed audit of the accounts for all the months in the year. In our view it is desirable that, whatever may be the quantum laid down, audit should be conducted at shorter intervals, quarterly or half yearly rather than yearly. These observations apply uniformly to all the three tiers of the Panchayati Raj bodies. In the case of Panchayats we would emphasise that those with an annual income above a certain amount, as may be prescribed by the State Governments, should be audited by the Examiner, Local Fund Accounts, whereas others with an annual income below that limit may be audited by the Departmental officials. In the case of Parishads which have only advisory functions there is no harm in relaxing the quantum and periodicity of audit.

### *Results of Audit*

5. The Auditor should, in the course of audit, issue half margin memos to the Chief Executive Officer of the body concerned, showing therein all the defects or objections noticed by him. It is the duty of the Chief Executive Officer to return these memos with his replies promptly. The Auditor should consider these replies and if necessary discuss them with the Chief Executive Officer before drawing up the audit report. It is hoped that most of the minor objections can be settled and several defects rectified on the spot as a result of this procedure. This will also reduce the bulk of the audit report and help in concentrating on really important points. It will thus include all important and serious objections which may be procedural or otherwise.

Copies of these reports should be forwarded :

(i) In the case of Panchayats :

To the Samitis concerned and the Deputy Commissioner/Collector, or such other Officer in the District who is responsible for the supervisory work of the Panchayats.

In case the Parishads in a State have some statutory function to perform over the work of Panchayats, a copy of the report should be sent to the Parishads also.

(ii) In the case of Samitis :

To the Samitis, the Parishads concerned, and the department concerned with Panchayati Raj bodies.

(iii) In case of Parishads :

To the Parishads and the Department concerned.

Any serious irregularities, embezzlement, fraud or misappropriation detected as a result of audit of accounts of these bodies, should, however, be brought to the notice of the State Governments immediately through a special report.

Besides, Examiner and other supervisory officers under him should make it a point to inspect the accounts of those bodies periodically. This will help them in knowing at first hand the difficulties of these bodies and also the efficiency of the audit parties. The reports issued in pursuance of this practice may be known as Inspection Reports. The Panchayati Raj bodies should consider replies to the Audit/Inspection Reports either in the Standing Committee on Finance or in the meeting of the body as a whole. Replies should, however, be approved by the Chief Executive Officer and should clearly indicate that they have had the prior approval of these bodies.

### *Power of Surcharge*

6. We have seen that there is no uniformity in the States regarding the provision of surcharge. We, however, feel that the Examiner, Local Fund Accounts, will not be effective unless he is given this power. We, therefore, recommend that in States where such power does not vest in the Examiner, Local Fund Accounts, a suitable provision may be made in the relevant Act. An appeal against surcharge made by the Examiner should lie with the State Govt. whose orders in this respect should be final. The Finance Department which is the Administrative Department for the Examiner, Local Fund

Accounts, in most of the States and the Panchayati Raj Department which is the Administrative Department for these bodies should both be associated in the disposal of the appeal. We have come across provisions in certain State Acts (for example Rajasthan and Andhra Pradesh) giving option to the persons surcharged to appeal to the Civil Courts. In our opinion this provision is apt to render the power of surcharge ineffective in practice, and may also involve the Examiner in unnecessary and protracted litigation. We do not favour this.

#### *Annual Audit Report*

7. Examiner, Local Fund Accounts, will prepare an Annual Audit Report incorporating therein the results of audit and append it to the annual accounts of the Panchayati Raj bodies. The report will bring out, besides other things, the true and correct financial picture of the Panchayati Raj bodies as on the last working day of the financial year to which it pertains. The manner in which the Audit Report and annual accounts of the Panchayati Raj bodies are to be further dealt with, may, however, be left to the States for final decision.

#### *Arrangements in Punjab*

8. We would like to make a mention of the arrangements which the State of Punjab has made for the consideration and compliance of the Audit Report. It is, however, too early to comment upon these arrangements at this stage. The experiment is apparently interesting and may be watched by the States. The arrangement is explained below :—

- (i) A District Public Accounts Committee has been constituted in each district with the following membership :

##### *Chairman*

1. One M.L.A./M.L.C. from amongst the associate members of the Zila Parishad of the district to be elected by the members of the Zila Parishad.

##### *Members*

2. Chairman of the Zila Parishad;
3. Vice-Chairman of the Zila Parishad;
4. Deputy Commissioner of the District;
5. Examiner, Local Fund Accounts.

Secretary of the Committee will be Secretary of the Zila Parishad.

The Committee will examine and discuss the Annual Accounts of all the Panchayat Samitis in the district along with the Audit Reports thereon, in the same manner as the Public Accounts Committee of the State examines various Departments of the State Government.

- (ii) A Divisional Public Accounts Committee has been constituted in each Division with the following membership :

1. Its Chairman will be the Commissioner of the Division.

2. All the Chairmen of the District Public Accounts Committees in the Division will be its members.
3. Examiner, Local Fund Accounts.

Secretary of the Committee will be the Accounts Officer of the Development and Panchayat Department.

This Committee will examine and consider the Audit Reports and Annual Accounts of the Zila Parishads in the Division in the same manner as the District Public Accounts Committee will do for the Panchayat Samitis in the district.

The recommendations of these Committees will be binding on the Panchayat Samitis/Zila Parishads. Government will, however, exercise overall supervision on the work of both the Committees.

*Audit fee*

9. It is usual for the Examiner, Local Fund Accounts, to charge Audit fee from the local bodies whose accounts he audits. This practice can be justified only in those cases where the local bodies are in a position to pay such fees out of their own resources. In the case of Panchayati Raj bodies we know that most of them thrive only on the grants given to them by the State Governments. It is, therefore, redundant to charge audit fees from these bodies, on the one hand, and give grants to these bodies to cover these fees, on the other. We, therefore, recommend that the State Governments may consider the desirability of exempting the Panchayati Raj bodies from the payment of audit fees to the Examiner, Local Fund Accounts.

*Dated, Bhubaneswar, the 29th June, 1963.*

(Sd.) P. Chandrasekhar  
29-6-63

(Sd.) G. Yazdani  
29-6-63

(Sd.) B. Rajagopal  
29-6-63

(Sd.) K. Venkataraman  
29-6-63

(Sd.) B. N. Chadha  
29-6-63

(Sd.) A. Das  
29-6-63

(Sd.) M. Ramakrishnayya  
29-6-63

(Sd.) K. S. Chandrashekhara  
17-7-63

(Sd.) B. Thapar  
29-5-63

(Sd.) Manoharlal Jain  
29-6-63

(Sd.) B. V. Subrahmanyam  
29-6-63

(Sd.) V. S. Gupta  
29-6-63

(Sd.) S. S. Mohanty  
29-6-63

(Sd.) A. Prakash  
10-7-63

(Sd.) V. R. Rao  
17-7-63

## SUMMARY OF MAIN CONCLUSIONS AND RECOMMENDATIONS

Chapter	Paragraph	Short title	Main Conclusions/Recommendations
IV	1	Diverse pattern of Panchayati Raj—Difficulty in recommending a uniform budgetary and accounting system.	Diverse pattern of Panchayati Raj are in vogue in different States, and it is therefore, difficult to recommend a uniform budgetary and accounting procedure for groups of institutions of such diverse types. Since almost all the State Govts. are, however, committed to the process of democratic decentralisation and the idea of devolution of functions and funds to the P.R. Bodies, certain common basic principles can surely be found out, which may be incorporated in the budgetary and accounting system of all the state.
	2 & 3	Need for a comprehensive five-year Schematic budget—Important considerations for its adoption.	In order to give effect to the national decision to treat the block as a unit of planning and development, it is necessary that each block should have comprehensive schematic budget corresponding to period of the Five Year Plans incorporating not only the C.D. funds but also plan and non-plan funds from other Departments, besides resources raised by the Samitis on the lines of Madras system. The idea of such a comprehensive schematic budget deserves to be adopted widely in view of the following important considerations:— (a) The existing schematic budget of C.D. was evolved prior to the introduction of Panchayati Raj and the acceptance of the idea of block as a unit of planning and development. (b) In the absence of a permanent schematic budget in consonance with the general planning policy, the continuous progress and development in Post-Stage II Blocks will not be possible. (c) Comprehensive schematic budget for the Panchayati Raj bodies will bring out clearly the financial burden that the States have to carry. It is recommended that the States may draw a comprehensive budget immediately for the rest of the Third Plan and later for every five-year period with effect from the Fourth Plan, the exercise being initiated first at the State level and then carried down to the district, block and village levels.
	4	Annual budget form	Despite variations in functions and powers etc. of Panchayati Raj bodies in different States, it is desirable to adopt a uniform pro forma for the annual budget for purposes of comparing the financial progress of these bodies in different States as well as within the same State. Major and minor heads to be used by P.R. Bodies must be the same throughout the country, although variations may be made in detailed heads to suit local conditions.
	5	Simplification of State budget	The simplification in the budgetary system of the P.R. Bodies will depend on the simplification which can be made in the State budget in respect of provisions for grants to these bodies. The entire amount due to P.R. Bodies should be provided under one major head viz. "grants-in-aid to P.R. institutions" under each respective grant.



(1)	(2)	(3)	(4)
			<p>The important criteria of the C.D. programme, like uniform development in various fields, and the adherence to national priorities etc. can be ensured and the policy restrictions imposed in respect of the C.D. schematic budget can be enforced by executive orders attaching suitable conditions to the various grants and prescribing appropriate returns. Under this system, it will not be necessary to reconcile Scheme-wise the departmental expenditure with that booked in the A.G.'s books and there will be no need for issuing reappropriation orders at the State level. However, should this suggestion appear to radical in the present context, attempts must be made at least to reduce the number of entries in the State budget to the minimum possible. The following four minor heads should serve the purpose under the major head '37-Community Development, N.E.S. and L.D. Works' so far as the C.D. Programme is concerned:—</p> <p>(a) Block Headquarters  (b) Agricultural Development;  (c) Rural craft and industries; and  (d) Other items. These minor heads correspond to the four Groups in the Schematic budget of a C.D. block.</p>
6	Simplification of Reports and Returns to be submitted to centre.		The form of quarterly progress report of expenditure to be prepared by Panchayat Samitis Blocks should be simplified, with greater emphasis on physical achievements, without insisting on separate figures of expenditure under individual schemes or in the case of C.D. programme under individual Schematic heads.
7	Budget year .. ..		Divergent views have been expressed in the past about the budget year to be followed by P.R. institutions throughout the country. After considering all aspects of the question, the Study Group is not in favour of adopting a financial year different from that adopted by the Central and State Governments, viz April to March. The need for a firm schedule of dates for the various processes of consideration and sanctioning of budgets at the village, block and district levels including advance intimation of grants likely to be made available by the State Governments to P.R. institutions, is, however, emphasised.
8	Budgets of higher bodies to show the consolidated budgets of lower bodies.		With a view to know the total magnitude of Governmental effort in different fields, it is recommended that the budgets of higher bodies should show the total provisions in the budget of the lower bodies in a separate annexure, right from the budget of the Samiti to the State budget. If this practice is adopted over a period of time, useful data of estimates and actuals will be built up. They will facilitate comparison and evolution and will have great value for statistical and planning purposes. In States where approval of the higher body is not provided in the law, some suitable procedure will have to be adopted to enable the higher bodies to prepare such consolidated statements.

- 9 Limited nature of the power of approval of budgets by higher bodies. The power of approval by higher bodies of the budget of lower bodies is in the nature of agency function, the main purpose being to watch compliance with statutory and other instructions and also to enforce conditions, if any, attached to the grants given to the lower bodies. It will be desirable if the limited nature of the power of approval is clearly defined in the relevant rules.
- 10 Routing of funds .. .. Funds should be released direct to the P.R. Bodies responsible for spending them, when its entitlement is clear and can be determined without reference to the local factors or where the sanction is based on a prescribed scale as in the case of C.D. Schematic budget. Funds may be routed through the body immediately above in the hierarchy whenever the allocation of P.R. Bodies has to be made after ascertaining entitlements, local needs, fixing priorities and weighing their relative merits, or where administrative convenience indicates such a course.
- 11 Lapse of funds .. .. A procedure should be evolved to give the P.R. Bodies sufficient time for carrying out the schemes entrusted to them. It is recommended that time up to the 30th September of the following year may be allowed to P.R. Bodies for utilising the grants-in-aid relating to works. Any amount not spent by the 30th September of the following year may be deemed to have lapsed and adjusted in the next year's grant-in-aid. There is no need for a physical refund of the amount. The same procedure may be followed in respect of unspent balances of grants for specific purposes other than works which normally lapse on the 31st March.
- 12 Feasibility of sanction and release of funds to P.R. Bodies through a single authority at State level. While timely sanction and release of funds to P.R. Bodies is of paramount importance, it is neither necessary nor desirable to create a single agency for this purpose. Indeed close association of different departments with the schemes sponsored by them is essential for integration of P.R. activities with the overall State Policies and Programmes, other methods should be employed for ensuring timely issue of sanctions. The P.R. Deptt. or the Development Commissioner must keep a close watch in the matter. To enable them to discharge this important responsibility, it should be laid down that all copies of sanctions must be sent to them, and these should be reviewed soon after the passing of the budget and later at periodical intervals.
- 13 Post-execution basis Vs. Pre-execution basis .. The system of giving grants to P.R. Bodies on post-execution basis in the State of Madras has the advantage of giving a certain freedom of action to the Samiti in planning and execution of their programmes with an eye on the total amount that may be available to them during the plan period.  
This is possible because the P.R. Bodies in Madras have adequate funds at their disposal and can wait for the reimbursement. This method cannot, therefore, be recommended for universal application. Considering the financial position of most P.R. Bodies, the best method is to give the money in advance in suitable instalments and make adjustments at the end of the year or the prescribed period against actual expenditure.

(1)	(2)	(3)	(4)
	14	Need for trained accounting personnel.	There is an urgent need for strengthening the accounts staff of all P.R. Bodies and giving them adequate training. To attract competent persons to this job, it is necessary to organise an integrated cadre of accounts and audit personnel which will provide satisfactory service prospects. The practice followed in Rajasthan of sending on deputation Accountants belonging to the cadre of the Examiner, Local Funds Accounts, to the Block Samitis is recommended for adoption.
	15	Administrative Supervision	The success of the P.R. institutions and further enlargement of their functions will depend ultimately on systematic administrative supervision and guidance on budgetary and accounting matters. Satisfactory up-keep of budgetary and accounting matters should be the responsibility of the B.D.O. The training programmes of the B.D.O. should take into consideration this basic requirement. Frequent transfers of Accountants and keeping such posts unfilled for a long time hampers the satisfactory maintenance of accounts and should be avoided.
V—Budgetary Procedure	5-1	Introductory	Uniformity in the presentation of Budget in all States is desirable, despite diversity in functions and powers of the Panchayati Raj institutions.
	5-2	Uniform pattern of Budget	Budget forms as given in Appendix V may be uniformly adopted, with local modifications, where necessary.
	5-3 } 5-4 }	Formation of Samiti Budget	With the conversion of a C.D. Block into a Samiti, it has become necessary to integrate the C.D. funds with other funds and draw up what is, in effect, an enlarged C.D. Budget.
	5-5	Features of the Standard Budget forms.	Receipts of the Institutions have been classified according to the sources from which these come, whereas expenditure has been classified according to the functions.
	5-6	Distinction between Revenue and capital.	Customary division of receipts and expenditure into revenue and capital has been generally adhered to. Taking into consideration the nascent stage of these bodies, only such items of expenditure have been classified as capital, which have a revenue-yielding prospect. Transactions where the institution acts as a banker or as a loanee have also been shown under capital.
	5-7	Realistic Budget	State Governments may give to these institutions, a tentative indication of the likely amounts (grants and loans) which the institutions will get during the financial year, not later than the end of December prior to the commencement of the financial year.
	5-8	Calendar of Budget preparation by P.R. Bodies.	(i) Bodies may cast their Budget Estimates by end of January before the commencement of the financial year. (ii) Standing Committee may discuss the estimates and place them before the Body for final approval by 15th February. (iii) Approval of the Budget estimates of the Samitis by the higher body, if required under the law, should be secured in time, before 31st March.

	5.9	Post Budgetary Appropriations.	It is not necessary for these bodies to prepare supplementary Estimates. All authorisations for extra provisions in excess of appropriations in the budget may be had in the form of resolutions.
VI—Flow of Funds (Taxes)	6.1	Flow of funds and Planning	Quantum of resources determines the size of activities of a local body and timely flow of such resources governs its ability to plan ahead.
	6.2	Nature of Devolution ..	Unlike grants, devolution of taxes is unconditional, and local body is entitled to get them at the earliest. Channelising of funds is to be organised against this background.
	6.3	Kinds of Taxes .. ..	The categories of Taxes are :— (i) Taxes by the local body and collected by it; (ii) Taxes levied by the local body collected by the State Government; (iii) Taxes levied by the State Government and collected by the State Govt. (iv) Taxes levied and collected by the State Government and (a) devolved fully to the local body; or (b) shared with the local body. Objective should be to pass on the entitlement at the earliest in cases (ii) to (iv).
	6.4	Procedure of adjustment ..	Items which are capable of reasonable estimation, should be transferred in one lump sum in April. Items which are likely to vary from year to year, transfer should be made at least every quarter, if not monthly.
	6.5	Calculation and indication of entitlement.	It would be useful to give suitable and correct indications about the method of calculation of entitlement to the P.R. Bodies, when they frame their budgets.
	6.6 } 6.7 }	Ways and Means Position of States.	Phasing of actual transfer will have to be decided by each State with reference to its general financial position. The transfer of resources in the beginning of the financial year is not likely to affect the ways & means positions of the State Govt. in cases where the bodies lodge their funds in the Public account of the State. But in States where the accounts of P.R. Bodies are kept with outside bodies like co-operative institutions, the ways & means position will have a greater relevance. Even in such cases it would be desirable to adjust the amount, at the outset of the financial year, because any upset caused initially in the ways and means position will get assimilated in due course in regular pattern.
	6.8	Minimisation of points and levels of flow.	There should be no necessity for more than one level of authority for the adjustment of taxes. Reference among Departments either at Government level or at lower level could be minimised or even dispensed with after standardising the procedure in consultation with all concerned.
VII—Flow of Funds (Grants)	7.1	General .. ..	Day to day administration of the P.R. Bodies and the implementations of specific development functions will be facilitated by an effective and timely flow of grants.
	7.2 } 7.3 }	Classification of grants	The grants have been classified into following two categories:— (i) General purpose grant; and (ii) Specific purpose grant

(1)	(2)	(3)	(4)
			The amounts available under (i) can also serve as a revolving fund to be utilised for schemes for which allotments from Government have been delayed. Specific purpose grants can be utilised only on the schemes for which they are meant. If grants are received by these bodies from various sources, but for the same purpose these grants may be pooled, and accounted preferably under a single head. The first charge of expenditure will have to be against the 'head' offering a more liberal pattern of central assistance and so on but where the pattern of central assistance is the same, allocation of actual expenditure to different heads will be on <i>pro rata</i> basis.
7.4	Pooling of grants .. ..		Grants for similar schemes are sometimes available with different percentages of people's contributions. There appear to be no alternative to the offering of similar assistance to the people and the pooling of such funds at the Samiti and state levels. The pooling of funds will remove artificial restrictions in the flow of funds.
7.5	Indications and release of entitlements.		Quantum of grants may be indicated to the local bodies in the month of December every year. General purpose grant may be released in the month of April. The sanction may be issued for the entire year and funds released in one instalment, if small, and quarterly if the amounts involved are large. The quantum of each quarter may not be equal. The release from the first three quarters should be automatic. The release for the last quarter will be made after reviewing reports of actual expenditure in the first three quarter and the anticipated expenditure of the 4th. The process should be completed by end of January.
7.6	Authority slip by the Accountant General.		Delays occur due to the necessity of an authority slip to be issued by the Accountant General. This can be overcome if the sanctions are issued by the Heads of Departments at whose disposal the amounts should be placed by Administrative Department, instead of issuing sanctions directly to P.R. Bodies.
7.7	Conclusion .. ..		Need for a simple, sound & effective financial and accounting procedure for these grants-in-aid is obvious because of their large quantum.
8.1	Introductory .. ..		The accounting system should closely follow the major, minor and detailed heads of account recommended for adoptions by the P.R. institutions in this Budget Estimates.
8.2	Registers .. ..		Forms of basic accounts registers, along with brief notes on their maintenance, are given in Appendices VI & VII respectively. These are considered to be the minimum registers required in the accounting system prescribed for these P.R. Bodies.
8.3	Monthly Account .. ..		A monthly account showing receipts from each source and expenditure on different heads of account should be prepared and sent to the supervisory authorities (official hierarchy and the right P.R. Body) by the 15th of the following month to which it relates. Form of the monthly account is given in Appendix VIII.

VIII—Accounting

IX—Audit

- Monthly account should also be placed before the Bodies concerned for discussion and review.
- 8·4 } Annual Account .. .. Annual account of receipts & expenditure should be prepared by the local bodies and  
 8·5 } submitted to the supervisory authorities and the auditors not later than 15th May of the year following the year to which the accounts relate. The form of annual account is given in Appendix IX.
- 8·6 Accounts of pooled functions The procedure for allocating actual expenditure against grants-in-aid from different sources may be borne in mind in interpreting the rates given against the accounts registers.
- 9·1 Need for audit .. .. The officials & non-officials in the P.R. Bodies have to satisfy the tax payer about the proper utilisation of the amounts at their disposal. Auditor is to be independent of the expending authorities, and has to furnish the utilisation certificates in respect of the grants-in-aid given to the P.R. Bodies. The Auditor should give guidance and provide advice to those who are to maintain accounts more or less like an internal auditor.
- 9·2 Audit organisation .. .. Audit of Samitis & Parishads in most states is entrusted to the Examiner Local Fund Accounts, who is under the administrative control of Finance Department of the State Government. These arrangements are satisfactory.
- 9·3 Position of comptroller and Auditor General *vis-a-vis* Examiner Local Fund Accounts. State Governments should draw upon the knowledge and experience of the Audit Department, with a view to tone up the quality of audit, and make suitable arrangements with State Accountant General for the test check of the accounts of their bodies at periodical intervals. Stipulation will, in that case, have to be made to that effect either in sanctioning orders or in the statutes concerned.
- 9·4 Extent and scope of audit .. States should aim at cent per cent audit of the accounts of these bodies. Due to non-availability of experienced ad trained staff, the percentage may be lowered, but not less than 50% in any case, in such a way that selected months are evenly distributed over the entire year. In case of Panchayats, those with annual income above a certain amount, as may be prescribed by the State Governments, should be audited by the Examiners and other to be left to be audited by the Departmental officials.
- 9·5 Results of audit .. .. Minor objections should be settled at the spot. The serious and important objections should be included in the audit report. The audit report should be sent to the bodies concerned and the supervisory authorities. Examiners and his supervisory officers should inspect the accounts of these bodies periodically and issue inspection reports. The replies to audit/inspection reports should be considered either in the Finance Standing Committee or the Body as a whole before the Chief Executive Officer issues these replies.

(1)	(2)	(3)	(4)
9-6	Power of Surcharge	..	Examiner, Local Fund Accounts, can be effective only if he is given the power to surcharge. In States where such a provision does not exist, it may be introduced. Persons surcharged may appeal to Government, but their appealing to courts of law as provided in certain States is not favoured by the Study Group.
9-7	Annual Audit Report	..	Examiner will prepare an annual audit report incorporating therein the results of audit and append it to the annual accounts. How the annual audit report will be dealt with may be decided by each State Govt.
9-8	Arrangements in Punjab	..	Mention is made of the arrangements made in Punjab to consider the annual audit reports of P.R. Bodies. A district P.A.C. will discuss the reports of the Samitis and a divisional P.A.C. through the parishads. The constitution of these two P.A.Cs. are quite broad based. It is too early to comment on this system.
9-9	Audit fees	.. ..	State Governments may consider the desirability of exempting these P.R. bodies from the payment of audit fees to the Local Fund Accounts.

---

---

## **APPENDICES**

---

---



## APPENDIX I

### Questionnaires Issued by the Study Group

#### (A) Questionnaire in respect of Panchayat Samitis/Blocks

1. What are the sources of income of the Panchayat Samiti Block in a year:
  - (a) As Grants for Community Development & Tribal Development;
  - (b) Other Grants-in-aid from State Government;
  - (c) Revenue, other than Grant-in-aid, made over by the State Government;
  - (d) Taxes, Cesses, etc.;
  - (e) Contributions raised by the Samiti; and
  - (f) Any other sources.
2. Give a full list of the types of schemes undertaken by Panchayat Samiti/Block agency.
3. (a) Are dates, statutory or otherwise, fixed for the framing and passing of Panchayat Samiti budgets?
  - (b) By what date does Government indicate to the Samiti the funds for which they can take credit in the budget ?
  - (c) By what date to Heads of Departments or Government specify the new development schemes likely to be entrusted to Panchayat Samitis in the budget year and funds earmarked for them?
4. (a) How are funds (Cesses, Loans, and Grants) channelled to the Panchayat Samiti?
  - (b) At what intervals are these funds released *i.e.* quarterly, half-yearly or annually, and on what basis ?
  - (c) Are Panchayat Samitis required to submit periodical expenditure statements before the next instalment of grant is released ? If not, how are grants finally adjusted ?
5. Is the progress of expenditure to be reported periodically and to whom? (Enclose specimen forms of the return prescribed for this purpose).
6. Are unspent balances refunded at the close of the year or can they be carried over to the next year ?
7. Are Panchayat Samitis permitted to reappropriate grants sanctioned from one head to another ? If not, whose orders are necessary ?
8. Are separate accounts of expenditure maintained by the Panchayat Samiti for the various grants received from different sources for the same purpose or is such expenditure accounted for in a pooled manner.
9. If the expenditure from out of grants received for the same purpose is incurred in a pooled manner, how are expenditure statements prepared according to the sources of grants and how is expenditure finally accounted for under each grant ?
10. What are the heads of accounts under which record of expenditure under Community Development Programme and other schemes has to be maintained at the block level ?
11. What are the heads of accounts under which revenue receipts are booked by the Panchayat Samiti ?
12. How many allotment and expenditure registers for Community Development programme and other programmes in the Block are maintained ? Name the registers.
13. How are payments made by the Panchayat Samiti by cheques, or cash or money order ? Is the procedure satisfactory ? If not, what improvements are necessary ?
14. What are the difficulties now experienced in following the present accounting procedure at the Block level ? In your opinion what steps should be taken to overcome them ?

#### (B) Questionnaire in respect of Gram Panchayats

1. What are the various sources of income of the Gram Panchayats in a year ?
2. Give a full list of the types of schemes undertaken by the Gram panchayats (a) on their own initiative (b) as agency of Panchayat Samitis.

3. Are dates fixed, by statutory orders or otherwise, for framing and passing of Gram Panchayat budget?
4. Is the progress of expenditure required to be reported periodically by the Gram Panchayats? If so, to whom?
5. Are unspent balances refunded at the close of the year by the Gram Panchayats or can they be carried over to the next year?
6. In what manner do the Gram Panchayats maintain the accounts of their receipts and expenditure incurred by them on various schemes?
7. How are payments made by the Gram Panchayats by cheque or cash or money order? Is the procedure satisfactory? If not, what improvement is necessary?
8. Please give details of difficulties, if any, in following the present accounting procedure in respect of Gram Panchayats in your State.
9. Do facilities exist for depositing the money received by the Panchayat Samitis and Panchayats by way of grants-in-aid from Government and other sources, in personal ledger account with some Treasury or Sub-Treasury? If not, what alternative arrangements are available for the purpose by way of Post Office Savings Bank Account etc.? What are the difficulties, if any, that are experienced in obtaining funds for disbursement from the Sub-Treasury or the Post Office Savings Bank (e.g., in respect of distance to be traversed etc.)?
10. What are the arrangements that exist for the audit of the financial transactions of Zila Parishads, Panchayat Samitis and Gram Panchayats and what is the quantum and periodicity of such audit? Is the audit organisation of the State Government under the control of the Finance Department or the Administrative Department concerned?
11. Is there any arrangement for placing the Report of the Auditor of these Local bodies before the State Legislature or any of its Committees? If so, please state the details.
12. Have the State Government laid down any limit, corresponding to the limits of Rupee one lakh recurring per annum and Rs. 5 lakhs non-recurring laid down by the Central Government in respect of grants-in-aid to Panchayati Raj bodies for purposes of test audit by the Comptroller and Auditor General of India? Do the State Government lay down any condition in their orders sanctioning grants-in-aid to Panchayati Raj bodies that the accounts thereof would be open to test audit by the Comptroller and Auditor General?

What is the arrangement for recruitment and training of Accounts and Audit staff of the Panchayati Raj bodies in the State?

## APPENDIX II

### (A) List of types of schemes undertaken by Panchayat Samitis/Block Agencies in various States

<i>Names of States</i>	<i>Types of schemes</i>
Andhra Pradesh .. .. .	Schemes connected with Agriculture, Animal Husbandry, Rural Health and Sanitation, Education, Social Welfare, Cooperation, Rural Industries.
Assam .. .. .	Construction of roads, bridges, wells, tanks, setting up of Model Farms, Minor Irrigation, Fisheries, Village Industries schemes, Poultry, Goat Farm, improvement of market etc., construction of rural latrines etc.
Maharashtra .. .. .	Schemes connected with Agriculture, Animal Husbandry, Forestry, Social Welfare, Education, Social Education, Medical and Public Health, Communications, cottage Industries, Cooperation, Rural Housing.
Madras .. .. .	Construction and maintenance of Panchayat Union Roads, dispensaries and Family Planning Centres and Primary schools, control of Fairs and Festivals. Promotion and encouragement of cottage industries. Improvement of Agriculture and Animal Husbandry.
Orissa .. .. .	Besides execution of Block Programme, the following types of schemes are also executed through Panchayat Samitis:— Maintenance of roads, rural water supply, Construction of schools, Hostels, Maternity Centres and grain gollas in Adibasi areas, Management of primary and basic schools and Primary Health Centres.
Punjab .. .. .	Schemes connected with Agriculture, Animal Husbandry, Fisheries, Health Services, Irrigation Housing, Cooperation, Communications, Social Education.
Rajasthan .. .. .	Schemes connected with Minor Irrigation, Agriculture and Animal Husbandry, Education, Forests, Small Scale Industries, Maintenance of Panchayat roads and rural water supply, Social Welfare and Cooperative Farming, Vaccination and Family Planning.
Uttar Pradesh .. .. .	Schemes connected with Agriculture, Animal Husbandry, Health and Sanitation, Education, Social Education, Communication and Rural Arts, Crafts and Industries.
Mysore .. .. .	(i) Construction, repair and maintenance of public roads. (ii) Construction, repair and maintenance of Government Primary School buildings. (iii) Construction, repair and maintenance of minor irrigation works. (iv) Planting and preservation of trees on the sides of roads.

- Mysore—*contd.* .. .. .
- (v) Establishment, management, maintenance and inspection of hospitals, dispensaries, maternity hospitals, markets etc.
  - (vi) Construction and repair of public wells, tanks and water works which serve more than one Panchayat.
  - (vii) Control of public health and sanitation including vaccination and anti-epidemic measures.
  - (viii) Management of public ferries entrusted to the charge of the Taluk Board.
  - (ix) Establishment and control of shandies.
  - (x) Management of High Schools and Primary Schools.
  - (xi) Organisation of Conferences, Seminars, Training Centres etc.
  - (xii) Schemes for development of agriculture and cottage industries, fisheries, poultry and cattle wealth.
  - (xiii) Encouragement of local arts.
  - (xiv) Organisation of relief in times of famine or scarcity.
  - (xv) Community Development Programme.

**(B) List of the types of schemes undertaken by the Gram Panchayats in various States**

**MADRAS**

**(a) Schemes undertaken on their own initiative of Gram Panchayats**

- (1) Maintenance of Streets and roads, bridges, Culverts, road dams and cause ways on such roads.
- (2) Lighting of Public Roads and Public Places in built up areas.
- (3) Construction of drain and disposal of drainage water and sullage.
- (4) Cleaning of streets etc. and improving sanitary condition of the Village.
- (5) Provision of Public latrines and cleaning of latrines whether public or private.
- (6) Opening and maintenance of burial and burning grounds.
- (7) Supply of water for washing and bathing purposes and protected water supply for drinking.
- (8) Planting and preservation of trees on the side of roads.
- (9) Opening of public markets.
- (10) Control of fairs and festivals.
- (11) Opening and maintenance of Bus Stands, Cart Stands etc.
- (12) Opening and maintenance of slaughter Houses.
- (13) Opening and maintenance of Reading Rooms.
- (14) Establishment of Radio, Playgrounds, Parks, Clubs and Centres of Physical Culture.
- (15) Opening and maintenance of literary centres & Centres for imparting social education.

**(b) Schemes undertaken as agents of Panchayat Unions**

- (1) Village Link roads and water supply works under village works programme.
- (2) Minor irrigation sources entrusted to the Panchayat Union.
- (3) Tree Planting, compost making, maintenance of pedigree bull etc. under the agricultural programme.
- (4) Enrolment of children of school going age.

## MYSORE

*(a) Schemes undertaken on the own initiative of Gram Panchayats*

- (1) Construction, repair and maintenance of village roads, drains, lands and bridges.
- (2) Construction, repair and maintenance of public wells, ponds and tanks and supply of water for domestic use and for cattle.
- (3) Cleaning of the public roads, drains, bunds, tanks and wells (other than tanks and wells used in irrigation) and other public places or works.
- (4) The lighting of the village.
- (5) Construction of cattle pounds.
- (6) Building of places for storing manure.
- (7) Planting and preservation of trees.
- (8) Construction of markets and slaughter houses.
- (9) Laying out extensions.
- (10) Construction of Public latrines.
- (11) Construction of warehouses and granaries.
- (12) Construction of public buildings such as for libraries, reading rooms etc.
- (13) Layout of play grounds and gardens.
- (14) Construction of Dharamsalas.
- (15) Construction of house for conservancy staff.

*(b) Schemes undertaken as agents of Samitis*

- (1) Construction of school buildings and dispensary buildings.
- (2) Maintenance and repairs of minor irrigation works.
- (3) Repairs and maintenance works of roads.

## MADHYA PRADESH

*(a) Schemes undertaken on the own initiative of Gram Panchayats*

- (1) The promotion of cottage industries.
- (2) Sanitary and conservancy functions.
- (3) Construction, repairs and maintenance of public wells, ponds, and dams and supply of water for domestic use.
- (4) Construction and maintenance of source of water for bathing etc.
- (5) Development of Agriculture.
- (6) Construction and maintenance of public streets, latrines, drains Gram Panchayat roads, culverts, Projects etc.
- (7) Lighting of village streets and public places.
- (8) Management of cattle pounds and maintenance of records relating to cattle.
- (9) Preparation of compost manure.
- (10) Construction and maintenance of minor irrigation works.
- (11) Help in the census operation.
- (12) Prevention of contagious diseases.
- (13) Enforcement of preventive measures to help inoculation and vaccination.
- (14) Promotion of Social Education.
- (15) Promotion of Co-operation.
- (16) Improvement of cattle and their breeding.
- (17) Maintenance of Maternity Homes.
- (18) Prevention and removal of encroachment on public streets, public places etc.
- (19) Destruction of stray and mad dogs.
- (20) Watch and Ward of the village.
- (21) Organising Village Voluntary Forces.
- (22) Collection and maintenance of statistics.
- (23) Regulation of sale and preservation of meat.
- (24) Organising Voluntary Labour for Community Work.

- (25) Making arrangements for cooperative management of lands and other resources in the village and organization of Collective Farming Credit Societies & Multipurpose Co-operative Societies.
- (26) Assistance in the implementation of land reforms schemes.

#### KERALA

(a) *Schemes undertaken at the own initiative of Panchayats*

- (1) Construction and maintenance of roads, bridges, culverts etc.
- (2) Lighting of public roads and public places.
- (3) Provision of sanitation facilities and cleaning of streets etc.
- (4) Sinking of wells, ponds, tanks etc. for drinking water supply and for bathing purposes.
- (5) Construction of petty irrigation works.
- (6) Control of dangerous and offensive trades.
- (7) Opening and maintenance of cattle pounds.
- (8) Agricultural facilities such as maintenance of manure depots, soil conservation, maintenance of nurseries of improved seeds and assistance in all forms of agricultural production.
- (9) Establishment and maintenance of educational institutions especially of Primary Education.
- (10) Social Welfare Schemes such as Maternity and Child Welfare, assistance to the public of the locality when natural calamities occur etc.
- (11) Planting of trees along roadsides and public places and preservation of the same, construction of bathing ghats etc., construction of Choultries and Rest Houses and opening and maintenance of markets, slaughter Houses, bus stands, cart stands, landing places etc.

#### ORISSA

(a) *Schemes undertaken on the own initiative of Gram Panchayats*

(Information not furnished by the State Government.)

(b) *Schemes undertaken as agents of Panchayat Samitis*

- (1) Pisciculture scheme.
- (2) Remunerative schemes such as street lighting, poultry, dairy farming and construction of market sheds etc.
- (3) Constructions and repairs of grain golas.
- (4) Construction and maintenance of roads.
- (5) Maintenance of national water supply projects including piped water supply.
- (6) Maintenance of drainage scheme.
- (7) Other development programmes entrusted to them either by Government or by Zilla Parishads and Panchayat Samitis.

## APPENDIX III

### A Note on the formulation of Panchayat Development Schematic Budget in Madras State

This note is a summary of the relevant portions of the Madras Government Order No. 664 RD and L.A. dated 16-8-1960 which spells out the formulation of the Panchayat Development Schematic Budget.

2. In pursuance of its settled policy that the village people should be enabled to participate in the process by which successive Five-Year Plans of the State are framed and implemented, the Government of Madras arranged to set up *ad-hoc* committees for the preparation of "Village Plans" and "Area Plans", as part of the provision of formulation of the Second Five-Year Plan during the year 1955. Though these committees functioned for a time and formulated proposals which were taken into consideration before the Second Five-Year Plan was finalised and though this process did serve a useful purpose in familiarising the village people with the concept of Five-Year Planning, the principal objective of the Government was not fully realised; for the plans prepared by these Committees did not become operational. The main reason was that the plans then prepared for every village and every area assumed the availability of funds to be provided by the State Government to an extent which, though not in excess of the actual requirements in each case, added up for the State, as a whole, to an amount which was far in excess of the financial resources available to the Government. Besides there was no durable organisation representative of the village people to which responsibility for executing the plans could have been entrusted.

3. This latter deficiency was removed by the passing of the Madras Panchayats Act, 1958. This Act also set out in detail the resources by way of taxes and grants to be placed at the disposal of Panchayat Unions and Panchayats. The extent to which these provisions could be utilised was surveyed by a Local Finance Sub-Committee appointed by the All-Party Committee of the Legislature on Local Administration. The Sub-Committee formulated a 'Perspective Budget of Panchayat Administration' setting a target of 6 rupees per head of population as the realisable annual revenue of Panchayat Unions and Panchayats. The financial provisions of the new Panchayats Act together with the guidance given by the Sub-Committee thus created conditions in which it was possible to provide a firm financial basis for Block level-planning and thus remove the first of the two defects referred to in paragraph 2 above.

4. The 'Perspective Budget' framed by the Local Finance Sub-Committee was designed to provide the normal revenue needed for maintenance of Rural Welfare Services and Works at a higher level than hitherto; and it was exclusive of special provision required for Capital Outlay on Rural Welfare Works; it was also exclusive of financial resources required for development of production (agriculture, animal husbandry and village industries). In so far as responsibility for such development was entrusted to Panchayat Unions or Panchayats, it was necessary to make available to them additional funds which but for such entrustment—would be utilized directly by the State Government as part of the Five-Year Plan of the State. Provision of a firm financial basis necessary for Block—level-planning was incomplete unless every Panchayat Union (or the Panchayat as the case may be) was enabled to know the amount of funds it could expect to get from the State Government as non-statutory Government grants during the Third Plan period, and the conditions (especially in regard with the raising of matching local resources) which should be fulfilled in order to earn such grants.

5. The formulation of the Third Five-Year Plan of the State enabled the ascertainment of the order of magnitude of the funds which would be available in the Third Five-Year Plan of the State, in part in the schematic Budget of the National Extension Service Scheme of Community Development and in part in certain other related departmental development schemes included in the Third Five-Year Plan of the State. It therefore became possible to frame an estimate of the aggregate of all financial resources which became available as local funds to be administered by Panchayat Unions and Panchayats thereby providing firm basis for the settlement of a Block Plan Budget for every Panchayat Development Block separately for the five years of the Third Plan period.

6. The conception of preparing Block Plan Budgets for the Third Plan period within the framework of an overall estimate of resources available for all Panchayat Development Blocks of the State as a whole was discussed by the Development Commissioner with Collectors as well as elected representatives of the village people. The idea was well received, and was seen to be the key to successful implementation of the new Panchayats Act. The Government thereupon drew up the Panchayat Development Schematic Budget of the State

which constituted not only an estimate of financial resources available for block-level-planning but also an integrated pattern of financial assistance to be made available by the Government to Panchayats and Panchayat Unions. This contained 20 items of resources as detailed in the Annexure. The break-up of this Budget under different categories of local funds is as below:—

	Total amount (Rs. in crores)
Panchayat Union (Education) Funds .. .. .	65
Panchayat Union (General) Funds .. .. .	23
Panchayat Union (Production) Funds .. .. .	12
Total Panchayat Union Funds ..	100
Village Panchayat Funds .. .. .	37
Town Panchayat Funds .. .. .	5
Grand Total—All Funds in Panchayat Development Block ..	142

NOTE.—The estimate of rupees 142 crores includes not only the resources available for development, that is, for new works and new services but also the resources necessary for continued maintenance of existing works and services at the level reached at the end of the Second Plan Period.

7. The foregoing estimate implies the availability of approximately Rs. 38 lakhs, on an average, in each Block. This amount is exclusive of the cost of National Extension Service establishments. This cost will continue to be borne by the State Government, even after the services of the staff are placed at the disposal of the Panchayat Unions free of charge to Panchayat Union Funds. Similarly, the estimate at Rs. 142 crores is also exclusive of all expenditure on loans.

8. The Panchayat Development Schematic Budget was thus framed generally on the basis of integration of (i) the "perspective Budget" of Panchayat Administration recommended by the Local Finance Sub-Committee of the All-party Committee of the Legislature on Local Administration, (ii) the Schematic Budget of the National Extension Service Scheme of Community Development as settled by the Government of India and (iii) certain other closely related departmental schemes of rural development.

9. The Madras Government have directed that it should be a condition of entrustment (under Section 66 of the new Panchayats Act) of the execution of the National Extension Service Scheme of Community Development to the Panchayat Union constituted for any Panchayat Development Block, that the Panchayat Union should in association with all the Panchayats of the Block, prepare a Five-Year Budget, which may be referred to as the Block Plan Budget for the Third Plan period (*viz.* 1961-62 to 1965-66). This budget furnishes estimates of financial resources to be made available to all the funds maintained by the Panchayat Union and the Panchayats, with details for all the items specified in the Panchayat Development schematic Budget and is framed in accordance with the procedure prescribed. The budget is discussed and adopted by the panchayat union and the panchayats concerned in respect of the parts relating to them. The District Collector scrutinises the Block Plan Budget with reference to its conformity to the Panchayat Development Schematic Budget of the State and accords his approval in token of his verification of such conformity. (All the Panchayat Development Blocks have drawn their Budgets on these lines).

10. The purpose of the Block Plan Budget is as in the case of the Plan Budget of the State Government (at State level) to serve as a guide to planning at block level. It is the financial framework within which individual development schemes are framed and implemented during the Third Plan period. It furnishes the basis for the settlement of annual budgets required by law. However the settlement of a Block Plan Budget for any Block in conformity with the Panchayat Development Scheme Budget of the State area does not, in itself, operate as financial sanction for payment of any Government grant. The issue of such sanction continues to be based on provision made therefor in the Annual Budget of the State Government and the vote of the State Legislature.



**ANNEXURE TO APPENDIX III**  
*Panchayat Development Schematic Budget*  
**FINANCIAL STATEMENT**

Panchayat Union Funds						
Heads—Main Heads and sub-heads of income	Village Panchayat Funds	General Education	Production	Total of columns (3) to (5)	Total of Village Panchayat Funds and Panchayat Union Funds	
1	2	3	4	5	6	7
(Rupees in lakhs)						
<b>I. Local Revenues (Ordinary)—</b>						
1. Local Cess .. ..	250	375	500	—	875	1,125
2. Local Cess Surcharge ..	500	500	—	—	500	500
3. Stamp Duty Surcharge	500	—	—	—	—	500
4. Village House Tax ..	400	—	—	—	—	400
5. Minor Local Revenue ..	160	240	—	—	240	400
<b>TOTAL I ..</b>	<b>1,310</b>	<b>1,115</b>	<b>500</b>	<b>—</b>	<b>1,615</b>	<b>2,925</b>
<b>II. Government Grants (Statutory)—</b>						
6. Land Revenue Assignment (Statutory) ..	—	—	1,500	—	1,500	1,500
7. Local Education Grant	—	—	1,800	—	1,800	1,800
8. Local Cess Surcharge (Matching Grant) ..	—	500	—	—	500	500
9. Local Roads Grant ..	—	600	—	—	600	600
10. Village House Tax (Matching Grant) ..	400	—	—	—	—	400
<b>TOTAL II ..</b>	<b>400</b>	<b>1,100</b>	<b>3,300</b>	<b>—</b>	<b>4,400</b>	<b>4,800</b>
<b>III. Government Grants (Non-statutory)—</b>						
11. Supplementary Education Grant (Non-statutory) .. ..	—	—	1,200	—	1,200	1,200
12. School Meals Grant ..	—	—	600	—	600	600
13. Social Education Grant	—	—	150	—	150	150
14. Women & Children's Welfare Grant ..	—	100	—	—	100	100
15. Village Works Grant ..	1,500	—	200	—	200	1,700
16. Local Irrigation Grant	—	—	—	200	200	200
17. Agricultural Grant ..	—	—	—	750	750	750
<b>TOTAL III ..</b>	<b>1,500</b>	<b>100</b>	<b>2,150</b>	<b>950</b>	<b>3,200</b>	<b>4,700</b>

IV. Local Revenue (Special)—							
18. Local Irrigation fees	}	500	—	600	200	800	1,300
19. Village Development Rates.							
20. Voluntary Development contribution.							
<b>GRAND TOTAL I TO IV</b> ..		<b>3,710</b>	<b>2,315</b>	<b>6,550</b>	<b>1,150</b>	<b>10,015</b>	<b>13,725</b>
							(Rupees in crores)
Panchayat Unions .. .. .	..	..	..	..	..	..	100
Panchayats .. .. .	..	..	..	..	..	..	37
Town Panchayats .. .. .	..	..	..	..	..	..	5
				<b>TOTAL</b>	..		<b>142</b>

**APPENDIX IV**  
**Form of Quarterly Expenditure Reports by Samitis/Blocks**  
**EXPENDITURE (in Rs.)**

Sl. No.	Block Headquarters			Agricultural Development			Rural Arts, Crafts and Industries			Other items			Total		
	A			B			C			D			E		
	During the quarter (i)	Pro- gressive total (ii)	Budget (iii)	During ing qr. (i)	Prog. total (ii)	Budget (iii)	During qr. (i)	Prog. total (ii)	Budget (iii)	During qr. (i)	Prog. total (ii)	Budget (iii)	During qr. (i)	Prog. total (ii)	Budget (iii)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)

- I. *C.D. Schematic funds.*  
 (i) Grant  
 (ii) Loan
- II. *Other Depts.*  
 (i) Grant  
 (ii) Loan
- III. *Own Funds.*
- IV. *Public Contribution*
- GRAND TOTAL**

APPENDIX V

Form of Budget Estimates : (A) for Panchayats

Head of Account	Actuals for		Budget estimates		Revised estimates		Budget estimates	
	19	—19	for 19	—19	for 19	—19	for 19	—19
(1)	(2)		(3)		(4)		(5)	
Total—Opening balance.								
<i>Receipts</i>								
I. <i>Revenue</i>								
A. Taxes								
B. Assigned Revenue								
C. Fees and fines								
D. Grants								
E. Donations and contributions								
F. Other Sources								
deduct—refunds.								
deduct—amount transferred to Capital								
Total. Revenue								
II. <i>Capital</i>								
A. Loans.								
B. Deposits.								
C. Miscellaneous.								
Add amount transferred from Revenue								
Total Capital								
Total Revenue and Capital								
Grand total including opening balance.								
<i>Expenditure</i>								
I. <i>Revenue</i>								
A. Administration								
B. Education								
C. Communications								
D. Sanitation and Public Health								
E. Amenities								
F. Water Supply								
G. Miscellaneous								
Total Revenue								

II. Capital

- A. Loans
- B. Deposits
- C. Remunerative enterprises
- D. Miscellaneous
- Total Capital
- TOTAL—Revenue and Capital
- TOTAL Closing Balance
- GRAND TOTAL

- NOTES :—
1. Recurring and non-recurring expenditure is to be shown distinctly.
  2. The list of functions on the expenditure side is illustrative and not exhaustive.
  3. Ordinary receipts and maintenance expenses on account of remunerative enterprises are to be exhibited in the Revenue Section of the accounts.

*Form of Budget Estimates : (B) for Samitis*

Head of Account	Actuals for 19 —19	Budget estimates for 19 —19	Revised estimates for 19 —19	Budget estimates for 19 —19
Total Opening Balance				
I. Receipts—Revenue				
A. Taxes and Fees				
B. Assigned Revenues				
C. Grants from State Governments				
(i) Grants for Community Development				
(ii) Grants from other Departments (names of Departments to be indicated here)				

*Form of Budget Estimates : (B) for Samitis—Contd.*

	(1)	(2)	(3)	(4)	(5)
D.	Grants from other bodies				
	Miscellaneous				
Y	(i) Receipts from Remunerative enterprises				
Y	(ii) Donations and Contributions				
	(iii) Interest				
	(iv) Miscellaneous				
	Deduct Refunds				
	Deduct—Amount transferred to capital				
	TOTAL—Revenue.				
	II. Capital				
A.	Loans and Advances				
	(i) Loans received from Govt.				
	(ii) Loans from other sources				
	(iii) Recoveries				
B.	Deposits				
	(i) Provident Fund				
	(ii) Other deposits				
C.	Miscellaneous				
	Add amount transferred from Revenue				
	TOTAL—RECEIPTS—CAPITAL				
	TOTAL—Revenue and Capital				
	Grand total including opening balance				
	<i>Expenditure</i>				
	I. Revenue				
	A. Administration				
	(i) Salaries				
	(ii) Allowances and Honoraria				
	(iii) Contingencies				
	B. Agriculture, Animal Husbandry and Fisheries				
	C. Education				
	D. Health and Sanitation				
	E. Communications				

- F. Housing
- G. Minor Irrigation
- H. Rural Water Supply
- I. Rural Arts, crafts and industries
- J. Social Welfare
- K. Tribal and Rural Welfare
- L. Miscellaneous
- TOTAL—Revenue
- II. *Capital*
- A. Loans and Advances
  - (i) Loans
  - (ii) Repayment of loans
- B. Deposits and Advances
  - (i) Provident Fund
  - (ii) Other Deposits
- C. Expenditure on Remunerative enterprises
- D. Miscellaneous.
- TOTAL—Capital
- TOTAL—Revenue and Capital
- Closing Balance
- GRAND TOTAL

- 
1. This form only indicates broad divisions into major and minor heads. Sub-divisions may be opened according to the requirements of each State.
  2. Recurring and non-recurring expenditure is to be shown distinctly on the revenue side.
  3. Grants in respect of which the local body acts as an agency for passing on to other bodies, may be provided for under the head 'Miscellaneous, on the receipt side and payments shown as deduct entries thereunder.
  4. Ordinary receipts from remunerative enterprises and running expenses on account of the same may be shown under 'Miscellaneous in the receipts and expenditure' side of the revenue section of the accounts.

*Form of Budget Estimates : (C) for Parishads*

Head of Account	Actuals for 19   —19	Budget estimates for 19   —19	Revised estimates for 19   —19	Budget estimates for 19   —19
<b>Total—Opening Balance,</b>				
<i>Receipts</i>				
<b>I. Revenue</b>				
A. Taxes				
B. Assigned Revenues				
C. Grants				
D. Other sources				
Deduct refunds				
Deduct amount transferred to capital				
<b>Total—Revenue</b>				
<b>II. Capital</b>				
A. Loans				
B. Deposits				
C. Remunerative enterprises				
D. Miscellaneous				
Add amount transferred from revenue				
<b>Total Capital</b>				
<b>Total—Revenue and Capital</b>				
<b>Grand total including opening balance</b>				
<i>Expenditure</i>				
<b>I. Revenue</b>				
A. Administration				
(i) Salaries				
(ii) Allowances and Honoraria				
(iii) Contingencies				
B. Education				
C. Communications				
D. Sanitation and Public Health				



E. Miscellaneous  
 TOTAL—Revenue  
 II. Capital  
 A. Loans  
 B. Deposits  
 C. Remunerative enterprises  
 D. Miscellaneous  
 TOTAL—Capital  
 Total Revenue and Capital  
 Closing balance  
 GRAND TOTAL including closing balance

- 
- NOTES:—(i) This form only indicates broad divisions into major heads. Minor and sub-heads may be opened according to the requirements of each state.
- (ii) The list of functions on expenditure side is only illustrative and not exhaustive.
- (iii) Recurring and non-recurring expenditure is to be shown distinctly.
- (iv) Ordinary receipts and maintenance expenses in respect of remunerative enterprises are to be exhibited in the revenue section of the accounts.
- (v) Where the local body acts as an agent for receiving grants for passing on to other bodies such items should be provided for in the Revenue Section of the account and the payments thereof shown as a deduct entry thereunder.

## APPENDIX VI

### List and Forms of Basic Accounts Registers

1. Cash Book .. .. .	65
2. Register of Contingent Charges .. .. .	65
3. Petty Cash Book .. .. .	65
4. Collection Book .. .. .	66
<i>Receipts</i>	
5. Demand Collection & Balance Register .. .. .	66
6. Register of Grants .. .. .	66
<i>Expenditure</i>	
7. Establishment Audit Register .. .. .	67
8. Register of Permanent Advances .. .. .	67
9. Register of Investments .. .. .	68
10. Register of Expenditure Against Grants .. .. .	68
<i>Works</i>	
11. Register of Works (showing suspense accounts & contractors' transactions)	69
12. Register of Buildings .. .. .	70
13. Register showing contributions in kind .. .. .	70
14. Measurement Book .. .. .	70
15. Contractors' Ledger .. .. .	71
16. Register of Estimates and Allotments .. .. .	71
<i>Accounts</i>	
17. Transfer Entry Register .. .. .	72
18. Abstract Register of Receipts and Charges—	72
19. Ledger .. .. .	73
20. Register of Deposits .. .. .	74
21. Register of Lapsed Deposits .. .. .	74
22. Register of advances recoverable .. .. .	75
23. Register of Loans .. .. .	75
<i>Miscellaneous</i>	
24. Register of Endowments .. .. .	76
25. Provident Fund Cash Book .. .. .	76
26. Provident Fund Ledger .. .. .	76
27. Stock Register of Receipt Books .. .. .	77
28. Daily Stamp Account .. .. .	78
29. Stock Register of Properties, Tools & Plant & Livestocks etc. .. .. .	79
30. Register of Miscellaneous demands. .. .. .	79

*Cash Book*

(At the close of each month a reconciliation should be effected between the closing balance shown in this book and that appearing in the Treasury or Bank Pass-Book. The head of the office should sign the cash book monthly after this has been done.)

Date of receipt	RECEIPTS				PAYMENTS						
	Particulars	Cash Rs. nP.	Bank or Treasury Rs. nP.	Head of account	Date of payment	Vr. No.	Particulars	Cash Rs. nP.	Bank or Treasury		Head of account
									Amount Rs. nP.	No. of cheques	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

*Register of Contingent Charges*

Date	Sub-Voucher No.	Sub-heads of charges												Balance of cash	Date of submission of detailed bill	Remarks	
			Budget grant for each head														
(1)	(2)	(3)	Rs.nP.	Rs.nP.	Rs.nP.	Rs.nP.	Rs.nP.	Rs.nP.	Rs.nP.	Rs.nP.	Rs.nP.	Rs.nP.	Rs.nP.	(15)	(16)	(17)	(18)

*Petty Cash Book*

Date of Receipt	Particulars of Receipts	Amount Rs. nP.	Date of payment	Voucher No.	Particulars of payments	Amount Rs. nP.	Head of account
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

*Collection Book*

Date	Particulars	Receipt No.	Grants	Taxes	Fees	Other Receipts	Loans & Investments realised	Deposits	Advances recovered	Capital receipts	Total	Total amount remitted	Initials of the Executive Authority	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
			Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	

*Demand Collection and Balance Register*

Type of tax \_\_\_\_\_

Village \_\_\_\_\_ for the year (19 \_\_19\_\_)

Sl. No.	Name & address of the persons from whom tax is due	Ref. Sl. No. in the register of assesseees	Current demand Rs.	Remissions and suspension, if any Rs.	Total amount due col. (5-6) Rs.	Total amount collected with date and receipt No. Rs.	Balance at the end of the year Rs.	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

NOTE :—This register is to be maintained for a period of 5 years.

*Register of Grants*

Sl. No.	Particulars	From whom received	Ref. No. and date	Amount sanctioned Rs.	Amount received Rs.	Date of credit	Total amount received Rs.	Balance due Rs.
---------	-------------	--------------------	-------------------	--------------------------	------------------------	----------------	------------------------------	--------------------

*Establishment Audit Register*

Name of Gram Panchayat/Panchayat Samiti/Zilla Parishad		Name of post.....							
Month	Orders sanctioning the post			Name of incumbent with date of appointment	Date of increment	Gross emoluments paid		Remarks (Here explanation for excess, if any, over the sanctioned strength may also be given)	
	No. and date	Period for which sanctioned	Scale of pay			No. & date of Vr.	Amount		
							Pay Rs.		Other emoluments Rs.
March									
April									
May									
June									
July									
August									
September									
October									
November									
December									
January									
February									

*Register of Permanent Advances*

Sanctioning order	Officer for whom sanctioned	Amount	Date of drawal	Date of refund	Amount outstanding on the 31st March with date of receipt of acknowledgement								Remarks				
					19		—19		19		—19			19		—19	
					Amount	Date of receipt of acknowledgement	Amount	Date of receipt of acknowledgement	Amount	Date of receipt of acknowledgement	Amount	Date of receipt of acknowledgement		Amount	Date of receipt of acknowledgement	Amount	Date of receipt of acknowledgement
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)		

*Register of Investments for the Year 19 —19*

Sl. No.	Particulars of Investment			Interest on Investment				Date of credit	Withdrawals			Initials of Secretary/B.D.O.	Remarks
	No. & dt. of Vr. No. of interest	No. & dt. of each Pronote, Bank receipt and date of maturity	Amount of each pronote Rs.	Balance due at the beginning of the year Rs.	Amount due in the year Rs.	Total amount due Rs.	Amount received Rs.		Balance due at the close of the year Rs.	Amount of each pronote etc. Rs.	Balance of Investment Rs.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)

*Register of Expenditure against Grants*

Sl. No.	Purpose of Grant	G.O. Nos. in which sanctioned	Amount sanctioned	Expenditure during the month	Progressive Expenditure	Apportionment of Expenditure against different sources of revenue	
			Rs.	Rs.	Rs.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

*Register of Work*

Name of work and authority

Estimate

Appropriations for the year

Month, etc.	Expenditure during the month			Dated initials of B.D.O./Engineer to transactions of the month	Progressive expenditure			Dated initials of B.D.O./Engineer to transactions of the month
	Total value of work done	Suspense accounts	Total charges		Total value of work done	Suspense accounts	Total Charges	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Rs. nP.	Rs. nP.	Rs. nP.		Rs. nP.	Rs. nP.	Rs. nP.	
Expenditure of previous years brought forward (if any)								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
April	19	..	Total					
May	19	..	Total					
June	19	..	Total					
July	19	..	Total					
August	19	..	Total					
September	19	..	Total					
October	19	..	Total					
November	19	..	Total					
December	19	..	Total					
January	19	..	Total					
February	19	..	Total					
March	19	..	Total					
			Total					
Carried over to page			of next year's register		carried over to page		of next year's register	

*Register of Buildings*

Sl. No.	Details of lands		Purpose for which it is used	Recorded value of the buildings, etc.	Whether rented or not (if former state rent & authority for the same)	Whether build (B). purchased by Local Board (P), made over to Local Board (T) with year and authority	Nature of Buildings	Nature of subsequent repairs and cost and authority for repairing etc.	Remarks
	Survey Number	Extent & assessment if any, payable each year							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

*Register showing contributions in kind*

Serial No. & No. of receipts issued	Date of receipt	Particulars of contributions	Value of the contribution	Percentage of contribution agreed upon	Voucher No. in which the value of contribution is deducted	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)

*Measurement Book*

Name of Work _____						Taluk _____ Ward _____					
						Name of Contractor or _____					
						Agency by which executed _____					
Date of measurement	Description etc. of work	Measurements up to date				Rate Rs. nP.	Total value to date Rs. nP.	Deduct previous measurements		Since last measurements	
		No.	L.	B.	D. Contents			Page	Quantity	Quantity	Value Rs. nP.



*Contractors Ledger*

Name of Contractor \_\_\_\_\_  
Dr.

Cr.

Date	Payments to contractor	Amount	Date	Work done by contractor	Amount
------	------------------------	--------	------	-------------------------	--------

*Register of Estimates and Allotments*

- NOTE :—1. Separate pages should be set apart for works falling under different Budget Heads.  
 2. Space should be left after each work to note particulars of Revised or Supplemental Estimates, as well as expenditure incurred from time to time in the case of Minor Works costing Rs. 500 and under.

Serial No.	Nature of Work	Estimate				Previous year's expenditure, if any	Current Years' Allotment		Current years' expenditure		Total Expenditure to the end of the year	Whether Completed or not	Remarks
		Date of Receipt	Date of sanction or return	Amount	Authority		Authority	Amount	Vr. No.	Amount			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
				Rs. nP.				Rs. nP.		Rs. nP.			

*Transfer Entry Register*

Voucher Number	Particulars of each transactions	Debited		Credited		Reasons for transfer entry	Month of account in which adjustment is made	Transfer entry number	Initials of Accountant	Remarks
		Head	Amount Rs. nP.	Head	Amount Rs. nP.					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

*Abstract Register of Receipts and Charges*

Month	Heads of Account																								
	Vr. No.	Rs. nP.	Vr. No.	Rs. nP.	Vr. No.	Rs. nP.	Vr. No.	Rs. nP.	Vr. No.	Rs. nP.	Vr. No.	Rs. nP.	Vr. No.	Rs. nP.	Vr. No.	Rs. nP.	Vr. No.	Rs. nP.	Vr. No.	Rs. nP.	Vr. No.	Rs. nP.	Vr. No.	Rs. nP.	

*Ledger*

1. Index

2. Head of Account

3. Budgetted Income  
Expenditure Rs.

Receipts			Expenditure		
Date	Serial No. in abstract	Amount Rs. nP.	Date.	Serial No. in Abstract	Amount Rs. nP.
(1)	(2)	(3)	(4)	(5)	(6)

*Register of deposits of the.....Office for the year 19 —19*

Separate pages should be set apart for each class of deposit and for each kind of deposits under each separate class. An abstract should be worked out for deposits in cash for each month at the end of the entries relating to that month. The abstract should be certified to by the President/District Board Engineer/Executive authority.

Sl. No.	Month and date of deposit	Name of depositor	Designation and address of depositor	Particulars of deposit	Amount	Initials of head of office	Amount deposits refunded or adjusted	Voucher No. & date of repayment or adjustment	Initials of Head of office	Amount credited to local fund as lapsed deposits	Balance carried forward to next year	Initials of Head of office	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
					Rs. nP.		Rs. nP.			Rs. nP.		Rs. nP.	

*Register of Lapsed Deposits*

Sl. No.	Date of original deposit	Particulars of item No. in the register of deposits for the year in which item was lapsed	Name of depositor	Designation and address of depositor	Particulars of deposits	Initials of Head of office	Month in which repaid	Voucher number	Initials of Head of office	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

*Register of Advances Recoverable*

Month and Date of advance	Name of Party	Nature of Advance	Voucher No.	Amount	Monthly total of Advance	Recoveries in cash or Adjustments in												Total Credit	Date of credit or voucher of adjustment	Balance remaining unadjusted at the end of year
						April	May	June	July	August	September	October	November	December	January	February	March			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)

*Register of Loans*

Account of loan of Rs.....received from.....under G.O. No.....dated.....

**CONDITIONS OF LOAN**

To bear interest at.....per cent to be paid half-yearly on.....and.....  
and to be repaid.....

Date	Amount of Principal				Account of Interest						Remarks
	Receipts payments			Balance after each transaction	Calculation of amount due					Balance due	
	Amount	Payments	No. of voucher		Period	Interest due	Total interest due	Interest paid			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	Amount	Voucher No.	(11)	(12)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

*Register of Endowments*

(1) Name of Endowment.....

(2) Purpose for which Endowment is created.

(3) Investments relating to the endowment purpose for which.

(4) Estimated annual Income.....

Date of Receipt	Particulars of Receipt	Amount Rs. nP.	Date of payment	Vr. No.	Particulars of payments	Amount Rs. nP.
-----------------	------------------------	-------------------	--------------------	---------	----------------------------	-------------------

*Provident Fund Cash Book*

Date of Receipt	Particulars of Receipt	Amount Rs. nP.	Date of payment	Voucher No.	Particulars of payment	Amount Rs. nP.	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

*Provident Fund Ledger*

Year	Subscription account					Bonus account		Remarks
	Deposits	Total of each month	Withdrawals	Monthly balance on which interest is calculated	Interest on monthly balance	Bonus of Local Body's Contribution	Interest on Bonus or local Body's Contribution	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<i>Opening balance</i>	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	Rs. nP.	
April								
May								
June								
July								

August  
 September  
 October  
 November  
 December  
 January  
 February  
 March (fin

*Stock Register of Receipt Books*

NOTE :—Separate pages should be set apart for different receipt book  
 Bill Book Pages

Date of receipt	No. of Books received with numbers	No. of Books Issued with numbers	To whom issued	Signature of receiver	Date of return of used bill books	Balance of Books	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(Voucher No. in which cost of books is paid to be noted).							

*Daily Stamp Account*

Value of Stamps					
Received		Spent		In hand	
Rs.	nP.	Rs.	nP.	Rs.	nP.



*Stock Register of Properties, Tools and Plant and Livestocks etc.*

Name of the Office or Institution.....

Sl. No.	Date of transaction	Name of property	Opening balance on 1st April		Purchase or supplies during the year		Voucher No. if any and month	Sale or write off.		Closing Balance on 31st March 19		Remarks
			No.	Value Rs. nP.	No.	Value Rs. nP.		No.	Value Rs. nP.	No.	Value Rs. nP.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)

*Register of Miscellaneous demands for the year 196 —196 .*

Sl. No.	Name of Renter	Amount deposited		Amount of each instalment	Due Dates of payment	Total Amount due in the Year			Realisations		Penal Interest		Balance		RE-MARKS
		Date	Amount Rs. nP.			Arrears Rs. nP.	Current Rs. nP.	Total Rs. nP.	Date	Amount Rs. nP.	Total due Rs. nP.	Total collections Rs. nP.	Instalment	Total interest Rs. nP.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)

## APPENDIX VII

### A Note on the maintenance of some Basic Accounts Registers

#### 1. Cash Book

The Panchayati Raj institutions are permitted under the State Acts to keep their funds in Government treasuries under Personal Deposit Accounts or in any of the banks approved by Government. In both the cases a current account is maintained with the bank or the treasury and this is operated upon by the Executive Officer of the institution. The Cash Book prescribed for these institutions provides a column for transactions with the treasuries or the banks, in addition to cash held in office chest. The cash in the office chest may represent revenue or other moneys received by the institution pending remittance into the bank or treasury. If a petty cash book is maintained all cash payments other than those from the office imprest will be recorded in the petty cash book, while the main cash book will be confined to record payments made by cheque or remittances of cash to the treasuries or banks.

#### 2. Petty Cash Book

If petty payments are very large it becomes necessary to maintain the petty cash book so that the main cash book need not get unwieldy by numerous petty cash transactions. Payments on account of salaries and allowances, petty advances for Travelling Allowance and other payments towards purchase of stationery etc., should be recorded in the petty cash book. When cash is withdrawn from the treasury by a self cheque, the amount withdrawn from the treasury should appear in the petty cash book, while the self cheque should be posted on the payment side of the main cash book. As in the case of main cash book an abstract of expenditure will have to be prepared at the end of the month and posted into the general ledger under the relevant heads of account. When a self cheque is drawn, the amount of the cheque should be posted as receipt in the petty cash book although the cheque has not been cashed. Cheques payable on demand and drafts will be treated as cash and will be included in the cash balances. Revenue collections and other cash receipts should not be taken in the petty cash book.

#### 3. Register of Contingent Charges

This register will record the expenditure incurred on various items of contingent expenditure such as postage, repairs of furniture, purchase of stationery and other items. This register will also show the permanent advance sanctioned for the office, the expenditure incurred therefrom and the balance of the permanent advance. Expenditure incurred from the imprest is periodically recouped so that the sanctioned amount of permanent advance is available to meet petty contingent expenditure. The amount of the advance is shown in red ink and the expenditure incurred therefrom is deducted from the advance and the balance shown in red ink.

#### 4. Ledger

The ledger is an important register to be maintained by the local body. A separate folio is allotted for each main head of account as well as for the detailed head under the main head. The totals of receipts and charges as arrived at the monthly abstracts of receipts and charges under different heads of account are posted into the general ledger from month to month. After the close of the year all the accounts in the general ledger will be closed and the balances transferred to the annual account which the institution has to prepare under the rules for submission to higher authorities as well as to the auditors.

#### 5. Collection Book

This is a subsidiary to the main cash book. Day-to-day collection of taxes, fees and other miscellaneous revenue of the institution are first entered in this register. The Heads of account under which the revenue is collected are provided. The Register is closed on each day and the total collections for the day are posted in the main cash book.

#### 6. Demand Collection & Balance Register

The register will show the names of the assesseees, particulars of their address and the tax or fees levied upon them. This register is maintained to show the demand collection and the balance for the year.

#### 7. Register of Grants

A few pages of this register should be set apart for grant under each head of account received from Central and State Governments. The institution may receive grants from

State Governments under different heads of account viz. management, education, agriculture, irrigation etc. The register provides for furnishing details of the number and date of Government orders sanctioning grants-in-aid, the amount of the grant and the releases, if the grant is released in instalments. This register will enable the institution to ascertain the grants they have received and to address Government in cases where the grants are not credited to their accounts.

#### 8. *Establishment Audit Register*

This register will record the expenditure on account of pay and allowances of the staff of each sanction of the office and subordinate offices of the institution. Reference numbers to dates of orders sanctioning the establishments as well as the strength of the establishment should be noted. The pay and allowances of the entire section paid for each month is entered in the relevant page. The fly-leaf will show the employees borne in the establishment of office, their scale of pay and the date of increment. A correct posting of this register will prevent double payments. Arrear claims should be examined by a reference to the establishment audit register as well as the office copy of the pay bill.

#### 9. *Register of Permanent Advances*

The local bodies may under their rules make permanent advances to different sections of their office and to the subordinates in the institution. These advances are recorded in this register and certificate of the permanent advance held by each officer to whom an advance is given is obtained at the close of the financial year and is held in office in support of the advance.

#### 10. *Register of Expenditure against Grants*

In the case of specific purposes grants, it is necessary to ascertain the expenditure incurred against each grant and the balance available. In order to watch the progress of expenditure against grants for identical purposes, the grants may be split up and reclassified purpose-wise and the expenditure recorded against the total allotments for each purpose.

#### 11. *Register showing Contributions in Kind*

All the works executed under the Community Development Programme require a contribution from the people either in cash or in kind. Cash contributions made by private individuals and institutions are recorded in the cash book itself. This register is intended to show the value of contributions in kind obtained from the public. Under the rules regulating expenditure under the Community Development Programme the contractor is required to collect from the people their contributions. The amount of the contribution agreed to is deducted from the bills of the contractors and the net amount paid to him. The purpose of the register is to see that the contractor does not get any undue advantage on account of the people's contribution in kind. If people have agreed to make a contribution of 25% of the estimated value of the work and their actual contribution works out on valuation to say 50% then the amount to be deducted from the contractor's bill would be 50% of the actual value of the work done, but not 25% of the estimated value of the work as originally agreed.

#### 12. *Register of Loans*

This register is intended to record the loans borrowed from Government and from public, the amount of interest paid on such loans together with the repayments. Due dates of payments of interest and the repayment of the loan are provided. The register will enable the local body to arrange for the payment of interest as well as the repayment of the loan on the due dates and thus prevent payment of penal interest in cases of failure to repay the loan or interest on the due dates.

#### 13. *Register of Advances*

Advances are made by the local bodies to their employees towards purchase of conveyances festivals etc. Advances are also permissible in connection with the purchase of medicines from Central Medical Depots, stationery from the Government Stationery Departments. Advance payments towards the cost of material specially in respect of the controlled commodities are also necessary. All advances will be recorded in this register in order to dates of payments in different sections and recoveries or adjustments against the advances are watched through this register.

#### 14. *Register of Deposits*

Amounts are received by the local bodies towards deposits on several accounts namely security deposits required from employees, earnest money deposits, deposits from contractors etc. The deposits are entered in the register in order of date of receipt. The form provides for refund of deposits.

**15. *Lapsed Deposits Register***

The rules regulating the lapse of deposits after the expiry of a fixed period in force in Government departments are introduced in Panchayati Raj institutions also. Under these rules deposits remaining unclaimed for more than three accounting years will lapse. All such lapsed deposits will be entered in a separate register known as the lapsed Deposits Register. This register may be brought into use when the deposits are too many. The purpose of this register is to remove from the deposit register all old items of deposits the refund of which has not been applied for.

**16. *Investment Register***

The Local body guarantees a definite rate of interest on provident fund balances of the employees. Recoveries of subscriptions are required to be invested in Government securities so that the interest earned by such investment is available for crediting to the provident fund accounts of the employees. A register of investments should therefore be necessary to keep a record of investments made from the provident fund in different securities. In addition to these investments the local bodies may invest many of their surplus balances which are not required for immediate disbursement. The investment register will show the investments made on provident fund account as well as the investments made by institutions from their general revenues. Separate folios may be allotted to distinguish investments on different accounts.

**17. *Provident Fund Cash Book***

A separate cash book should be maintained for the recovery of provident fund subscriptions from the employees from month to month. The total amount of provident fund subscriptions recovered from the subscribers is posted in the cash book and expenditure incurred from the fund either by investment or by advances of loans or by final refund of provident funds is posted as payments in the cash book. The balance in this book will show provident fund recoveries held in cash awaiting investment.

**18. *Provident Fund Ledger***

For each subscriber to Provident fund a ledger account is maintained in this register. The ledger account will show the name of the employee, the scale of his pay and the amount of his contribution. Separate columns are provided to record to the recovery of provident fund contribution fund from month to month as well as the contribution by the institution, the interest allowed on such balances and the closing balance standing to the credit of the account at the end of the year.

**APPENDIX VIII**  
**Form of Monthly Account**

RECEIPTS					CHARGES				
*Heads of account	Receipts up to the end of previous month	Receipts during the month	Total Receipts	Budget provision	*Heads of account	Expenditure up to the end of previous month	Expendi- ture during the month	Total Expenditure	Budget provision

\*NOTE :—Budget heads (only Major Heads) to be adopted.

**APPENDIX IX**  
**Form of Annual Account**

RECEIPTS					CHARGES				Remarks
*Head of account	Actuals for previous year	Actuals for the year	Final budget appropria- tion for the year	Remarks	*Head of account	Actuals for the previous year	Actuals for the year	Final budget appropria- tion for the year	
(1)	(2)	(3)	(4)	(5)	(1)	(2)	(3)	(4)	(5)
*NOTE :—Budget Heads Major, Minor and Detailed heads to be adopted.									

---

---

# **PART II**

---

---

LACD&C/63

**Summary of replies to the questionnaires received from the States  
(A) In respect of Panchayat Samitis Blocks**

Item of the questionnaire	Replies of the State Government
1. What are the sources of income of Panchayat Samiti/Block in a year :	<i>Item 1 (a)</i>
(a) As Grants for Community Development & Tribal Development;	<b>ANDHRA PRADESH</b>
(b) Other Grants-in-aid from State Government;	Grants for Community Development are Rs. 8 lakhs out of Stage I budget and Rs. 3.95 lakhs out of Stage II budget and those for Tribal Development are Rs. 19 lakhs out of Stage I budget and Rs. 8.95 lakhs out of Stage II budget for a five-year period of operation in each stage.
(c) Revenue, other than Grant-in-aid made over by the State Government;	<b>ASSAM</b>
(d) Taxes, Cesses, etc.;	Provisions for 'Local Works' and 'Minor Irrigation' in the schematic budgets are proposed to be transferred to the Anchalik Panchayats as grants.
(e) Contributions raised by the Samiti; and	<b>PUNJAB</b>
(f) Any other sources.	Entire Community Development budget except provision under 'Block Headquarters'.
*Note :—In Maharashtra, Panchayati Act has come into force recently and the accounting procedure has been adopted at present as an interim arrangement and is likely to undergo some changes in the near future.	<b>UTTAR PRADESH</b>
	Funds are allotted to the District Planning Officers according to the Schematic budgets of Community Development blocks by whom they are allotted to the blocks.
	<b>MADRAS</b>
	Funds are allowed out of the Panchayat Development Schematic budget as grants to Panchayat Unions, which is a consolidated five-year budget for the Third Plan and includes funds available under the Community Development Programme.
	<b>MAHARASHTRA*, MYSORE, ORISSA and RAJASTHAN</b>
	Funds as per schematic budget are given as to Panchayat Samitis.
	<i>Item 1 (b)</i>
	<b>ANDHRA PRADESH</b>
	(i) Annual grants at 25 nP. per capita for general purposes and for communications at 30 nP. per capita.
	(ii) Annual allotment of about Rs. 3,000 per annum on account of honorarium of President & Travelling allowance of non-official members.
	(iii) Funds relating to institutions and Schemes transferred to the Panchayat Samitis by Government or Heads of Department.
	<b>ASSAM</b>
	Self-help grants and grants for the following items :
	(i) Pay of Upper Division Assistants.
	(ii) Gaon Panchayat Buildings.
	(iii) Creating remunerative assets.
	(iv) Water supply.
	(v) Makhuma Parishads.
	(vi) Public exhibitions and fairs.



## Item of the questionnaire

## Replies of the State Government

## MADRAS

- (i) Grants to Panchayat Unions for execution of schemes pertaining to Education, Communication and Irrigation.
- (ii) Local cess matching grant.

## MAHARASHTRA

Local cess matching grant.

## MYSORE

- (i) 20% of the land revenue collected for the Taluk
- (ii) Grants from 5% of the land revenue of the State for specific purposes.
- (iii) Entire provision made in the State budget in respect of 30 Plan Schemes transferred to Taluk Board for implementation.

## ORISSA, PUNJAB, UTTAR PRADESH AND RAJASTHAN

Grants for execution of certain schemes of other departments of

## Item 1 (c)

## ANDHRA PRADESH

Fishery rents, Ferries etc.

## ASSAM

25% of the net collection of land revenue and 100% of net local rates.

## MADRAS

Land Revenue assignment at Re. 1 per capita. This will vary from block to block and is meant to finance expenditure on elementary education.

## MAHARASHTRA, MYSORE AND UTTAR PRADESH

Nil.

## ORISSA

- (i) A Samiti shall receive such share of land revenue as may be prescribed.
- (ii) 50% of the net profit derived out of the Kendu leaves trade shall be paid to the Samitis and Gram Panchayats.

## PUNJAB

- (i) Entire amount of the local rate realised in the area of the Samiti.
- (ii) 10% of land revenue is proposed to be allocated to the Panchayat Samitis/Zila Parishads.

## RAJASTHAN

Share of land revenue at 25 nP. per capita.

## Item 1 (d)

## ANDHRA PRADESH

- (i) Proceeds from taxes and surcharge on fees which the Panchayat Samiti is empowered to levy under the Act.

**ANDHRA PRADESH**

(ii) Education cess collected in Andhra areas for elementary education.

(iii) Land and local cess.

(iv) Surcharge on stamp duty.

**ASSAM**

Tax on fisheries, cess on water rate, fee for major hats, license fee in respect of transport and conveyances and tax on cultivable land lying fallow as well as on brick or concrete buildings etc. leviable under Assam Panchayat Act.

**MADRAS**

Local cess, Local cess surcharge Tax on entertainments and show tax on cinematographic exhibitions.

**MAHARASHTRA AND UTTAR PRADESH**

*Nil.*

**MYSORE**

Local cess on land revenue and water rates, surcharge on stamp duty and taxes on animals brought for sale in the market.

**ORISSA**

A Samiti cannot levy any tax but shall receive such share of State taxes and fees as may be prescribed. Besides, the Samiti will receive share of the cess amount prescribed under the Orissa Cess Act, 1962.

**PUNJAB**

All taxes previously levied by the District Board have been deemed to have been imposed by the Panchayat Samiti of that District Board. Levy of similar taxes by the Panchayat Samitis of non-District Board areas, in their own areas has also been permitted by Government.

**RAJASTHAN**

Panchayat Samitis can levy following taxes :

(i) Cess on land revenue

(ii) Profession tax.

(iii) Primary Education Cess.

(iv) Tax on fairs and festivals.

(v) Surcharge on stamp duty.

**Item 1 (e)****ANDHRA PRADESH**

Cash contributions raised by Samatis for development purposes.

**ASSAM**

Public contributions raised for specific works, Self-help schemes, irrigation schemes etc. often in kind.

**MADRAS**

Local contribution is to be raised for water supply works, road works and school buildings against the village works grant as well as for the school meals programme and against the shareable portion of the Agricultural grant.

**MAHARASHTRA**

Popular contribution is raised.

**MYSORE**

Public and Private contributions are raised.

**ORISSA**

Contributions will be realised in cash, kind or labour for works under Block Programme and some other development works of other departments which envisaged people's contribution.

**PUNJAB**

Contributions are raised for the Community Development Programme and other departmental schemes.

**UTTAR PRADESH**

*Nil.*

**RAJASTHAN**

People's participation through voluntary agencies in cash, kind or labour according to the terms and conditions attaching to the particular scheme.

*Item 1 (f)***ANDHRA PRADESH**

Endowments—Plan funds.

**ASSAM**

Productive schemes like Soap Units, Weaving centres etc.

**MADRAS**

As experience is gained, other categories to schemes at present excluded from the Panchayat Development Schematic budget may come in for inclusion.

**MAHARASHTRA**

Reimbursement by the Zila Parishads to the Panchayat Samitis for agency functions under the Act (The Government grant-in-aid is payable to the Panchayat Samiti through the Zila Parishad concerned).

**MYSORE**

- (i) Fines and penalties for offences against the Village Panchayats and Local Boards Act.
- (ii) Fees levied for licenses and permissions issued by the Taluk Development Board.
- (iii) Rents from lands or other properties of the Taluk Board.

## Item of the questionnaire

## Replies of the State Government

MYSORE—*contd.*

- (iv) Interest on investments.
- (v) Gifts and assignments made by Government or private individuals in favour of the Board.
- (vi) Proceeds from lands and other properties held by Taluk Development Boards.

## ORISSA

- (i) Funds relating to institutions and schemes transferred by Government of Panchayat, Samiti.
- (ii) Aid received from all India bodies and institutions for development of Cottage and Village Industries, Khadi, Silk, Coir industries and the like.
- (iii) Income from endowments, Trusts and other institutions administered by the Samitis.

## PUNJAB

None at present

## UTTAR PRADESH

Zilla Parishad grants

## RAJASTHAN

Income through entertainment tax, donations fees, on documents, income arising out of appeals etc.

2. Give a full list of the types of schemes undertaken by Panchayat Samiti/Block Agency.

2. Please see Part I—Appendix II of this Report.

*Item 3 (a)*

3. (a) Are dates, statutory or otherwise fixed for the framing and passing of Panchayat Samiti budgets?

ANDHRA PRADESH, ASSAM, MADRAS, MYSORE, ORISSA, PUNJAB AND RAJASTHAN

Reply is in the affirmative.

(b) By what date does Govt. indicate to the Samiti the funds for which they can take credit in the budgets?

## MAHARASHTRA

Rules are required to be framed under the Act to provide for this matter.

(c) By what date do Heads of Departments or Govt. specify the new development schemes likely to be entrusted to Panchayat Samitis in the budget year and funds earmarked for them?

## UTTAR PRADESH

This is not yet done.

*Item 3 (b)*

## ANDHRA PRADESH

As soon as the State budget is voted by legislature early in April. The budget is prepared on the basis of revised estimate figures in the first instance.

## ASSAM

In the beginning of the year but the Panchayats have been directed to prepare the budget on the basis of last year's figures.

## MADRAS

Each Panchayat Union has a Panchayat Development Block Schematic budget to guide it in the execution of various schemes. No allotment of funds union-wise is, therefore, indicated as is normally the practice but each Union has

**MADRAS—contd.**

been informed that it would depend upon receiving  $\frac{1}{5}$ th of the total allotment for 5 years in the first year of the Third Plan or  $\frac{1}{4}$ th of the total unexpected portion of five-year grant during the second year of the Third Plan and so on.

**MAHARASHTRA**

Rules are required to be framed under the Act to provide for this matter.

**MYSORE**

Incomes from land revenue and from Cesses are fixed sums known to the Boards at budget time. Information regarding grants for plan schemes is given only after the framing of the budget. It is proposed to give advance information thereafter.

**ORISSA**

Different Departments of Government and Heads of Dep'tts. other than the Community Development Department indicate the funds for the coming financial year for the various schemes with details thereof by 31st January of the preceding year. As regards funds for the Community Development Programme, the Samiti has to frame its budget on the basis of the five-year programme approved for the block and the Schematic budget.

**PUNJAB**

By end of January each year at the latest.

**UTTAR PRADESH**

This is not yet done.

**RAJASTHAN**

By January tentative allocations of funds for the ensuing year are indicated by different Departments. Final allocations are indicated in April soon after the budget is passed by the State Legislature.

**Item 3 (c)****ANDHRA PRADESH**

As soon as budget allotment are received from Government *i.e.* in the month of April.

**ASSAM**

No fixed dates. Only a few such schemes have so far been handed over.

**MADRAS**

Execution of the Community Development Programme has already been entrusted to the Panchayat Unions under the provisions of the Act. Schemes under Rural Arts, Crafts and Village Industries forming part of the Programme of the State Khadi and Village Industries Board, which are outside the financial framework of the Panchayat Development Schematic budget, have also been entrusted.

As experience is gained, other categories of schemes at present excluded from the Panchayat

Development schematic budget may come in for inclusion.

**MAHARASHTRA**

Rules are required to be framed under the Act to provide for this matter.

**MYSORE**

This is now done after the budget is framed. It is proposed to give advance information of this hereafter.

**ORISSA**

By 31st January.

**PUNJAB**

Funds for schemes entrusted to Zilla Parishads/ Panchayat Samitis are communicated by all the Departments concerned to the Development and Panchayat Department in the first week of November. The latter Department communicates the same to each Zilla Parishad by the end of November for its further allocation Samiti-wise and Allocation of funds to each Panchayat Samiti is communicated to it by that Department on the basis of recommendations of the Zilla Parishad not later than the end of January.

**UTTAR PRADESH**

Beginning of the financial year.

**RAJASTHAN**

As soon as new schemes are decided by Government, funds are released during the course of the year. No specific date has been fixed for taking up new schemes.

4. (a) How are funds (cesses, loans, and Grants) channelled to the Panchayat Samiti ?

*Item 4.(a)*

**ANDHRA PRADESH**

The cesses are adjusted at the treasury on the advice of the Revenue Department by credit to the accounts of the Panchayat Samitis. Grants and loans are sanctioned direct to the Panchayat Samitis.

- (b) At what intervals are these funds released *i.e.* quarterly, half-yearly or annually, and on what basis ?
- (c) Are Panchayat Samitis required to submit periodical expenditure statements before the next instalment of grant is released? If not, how are grants finally adjusted ?

**ASSAM**

(i) *Loans*—Government sanctions the amount in the name of Anchalik Panchayat which draws it from the treasury.

(ii) *Grants*—Grants including 25% of land revenue are sanctioned in the name of Deputy Commissioner and Sub-Divisional Officer as the case may be, who draws the amount and credits to the S.D.R.D. Fund and disburses to the Panchayat Samiti.

(iii) *Cesses*—There is only one cess *i.e.* local rate which is collected by the State Governments. Government sanctions the net receipt of this cess sub-division-wise. Deputy Commissioner draws it and credits it in the S.D.R.D. Fund and disburses it to the Gram Panchayat.

**MADRAS**

The Panchayat Union has two statutory Funds viz. the Panchayat Union General Fund and the Panchayat Union Education Fund and a non-statutory Production Fund. It maintains a local fund Deposit Account with the nearest sub-treasury in which all its funds are lodged. The cesses and Grants are accordingly credited to this Deposit Account. The loan provision in the C.D. Programme is however, not entrusted to the Panchayat Union for disbursement. This is done by the Panchayat Union Commissioner in his capacity as Block Development Officer. Release of certain grants to Panchayat Unions is made by Revenue Divisional Officer (e.g. Village Works Grant, Social Education Grant, Women & Children Welfare Grant and Agricultural Grant) and by Collector (e.g. Local Irrigation Grant, Local Cess Surcharge Matching Grant, Village House Tax Matching Grant and Local Roads Grant). Besides, Government are releasing certain grants direct to the Panchayat Unions e.g. Supplementary Education Grant, Local Education Grant, and School Meals Grant. In addition, cesses like Local Cess and Local Cess Surcharge are adjusted to the credit of the Panchayat Unions by the Collectors every month.

**MAHARASHTRA**

Grants for Community Development as well as other Grants-in-aid are required to be channelled through the Zilla Parishads under the provisions of the Act.

**MYSORE**

The Taluk Board shall frame and finalise its budget and forward the same to the District Development Council before the first day of February for its approval.

**ORISSA**

(i) All Community Development funds except funds relating to 'Block Head Quarters Personnel' and third party loans are placed at the disposal of the Panchayat Samitis as grants-in-aid at the beginning of the financial year. Funds for third party loans are placed at the disposal of the Block Development Officers.

(ii) Funds of other Departments (except Health Department) are placed as grants-in-aid at the disposal of Zilla Parishads for distribution to Panchayat Samitis.

(iii) The procedure for release of funds from the Health Department has not yet been decided.

**PUNJAB**

Amounts of grants and loans sanctioned by the Financial Commissioner, Development are credited to the Samiti. Fund by the Treasury Officers on the payment authority issued by the State Accountant General or receipt of the bill from the Samiti concerned.

**UTTAR PRADESH**

Funds are allotted to the blocks through the District Planning Officers.

**RAJASTHAN**

Funds are transferred to the Personnel Deposit Accounts of the Panchayat Samitis which are maintained at each treasury in their name.

*Item 4 (b)***ANDHRA PRADESH**

Community Development funds are released twice a year and other funds like 25 nP., 30 nP., and T.A. & D.A. are adjusted by credit to the accounts of Panchayat Samitis quarterly.

**ASSAM**

Contributions and grants are made over annually on the basis of actual or estimated requirements or dues.

**MADRAS**

- (i) Local Cess and Local Cess Surcharge are released monthly and adjusted every month in advance.
- (ii) Local Education Grant and Supplementary Education Grant are released monthly in advance.
- (iii) Land Revenue Assignment, Local Cess Surcharge Matching grant and School Meals Grant are released quarterly in advance.
- (iv) Local Roads Grant, Village House Tax Matching Grant and Local Irrigation are released half-yearly in advance.
- (v) Social Education Grant and Women & Children Welfare Grant are released monthly on post-execution basis.
- (vi) Village Works Grant is released monthly or at more frequent intervals on post-execution basis.
- (vii) Agricultural Grant is released quarterly on post-execution basis.

**MAHARASHTRA**

This is under consideration of Government.

**MYSORE**

(The requisite information has not been given.)

**ORISSA**

Funds in respect of sanctions issued by the Director, Community Projects are released quarterly. Funds of other Departments are released as *ad hoc* grants in one instalment on the basis of the requirements of the schemes for one year. Training and Rural Welfare Departments allow 75 to 80% of the funds in one instalment at the beginning of the financial year, the balance being released on the basis of progress of expenditure in the last quarter of the year.

**PUNJAB**

Funds are released quarterly on the basis of the estimates as provided in the State budget.

**UTTAR PRADESH**

Funds for Community Development Schemes are released annually on the basis of the schematic



UTTAR PRADESH—*contd.*

budgets of the various categories of blocks. Funds for other schemes are also released annually.

## RAJASTHAN

Funds are released in monthly instalments at the rate of 1/12th of the total sanctioned for the year. As regards loans, short-term loans are released in one instalment whereas other loans are released quarterly on the basis of actual requirements.

## Item 4 (c)

## ANDHRA PRADESH

In the case of per capita grants periodical expenditure statements are not necessary but in the case of other grants final releases are generally made keeping in view their demands and the amounts already given.

## ASSAM

The Panchayat Samitis are required to submit utilisation certificates in respect of specific purposes grants. They are also required to submit annual statement of accounts.

## MADRAS

In the case of grants released on post-execution basis, the question of submission of periodical expenditure statements does not arise. In the case of grants released in advance at prescribed intervals marginal adjustments, where necessary, are effected at the close of the year.

## MAHARASHTRA

Rule 62 of the Draft Maharashtra Zilla Parishads and Panchayat Samitis Account-Code requires the Panchayat Samitis to furnish the figures of expenditure called for by the State Government at any time.

## MYSORE

For fixed sums such as income from 20% land revenue and from cesses no periodical expenditure statements are necessary. In regard to plan schemes amounts are drawn from the treasury as and when expenditure is incurred.

## ORISSA

Panchayat Samitis are required to submit monthly expenditure statements. In the case of Community Development funds first 3 instalments are released by the treasury officer on the basis of sanction orders and the fourth instalment is released on the basis of actual expenditure during the first 6 months and anticipated expenditure for the next 6 months of the year. As regards funds of other Departments which are released in one instalment, marginal adjustment is made on the basis of the progress of expenditure in the last quarter of the year.

## PUNJAB

Panchayat Samitis are required to submit a monthly statement of expenditure. The grant for the 4th quarter of the year is released only on receipt of Excesses and surrenders from the Samitis concerned.

5. Is the progress of expenditure to be reported periodically and to whom? (Enclose specimen forms of the return prescribed for this purpose.\*

\*Note :—Specimen forms sent by the State Govts. are not enclosed to this summary.

#### UTTAR PRADESH

Monthly statements of expenditure are furnished by the Blocks to the District Planning Officers by whom the statements are consolidated category-wise at the district level and furnished to the Headquarters.

#### RAJASTHAN

Panchayat Samitis submit monthly expenditure statements. The progress of expenditure is watched and if funds accumulate in any Panchayat Samitis, further release is stopped. Balances remaining unspent at the close of the year are also adjusted against the next year's allotment.

#### Item 5

#### ANDHRA PRADESH

Yes, monthly, quarterly and yearly.

#### ASSAM

The Panchayat Samitis are required to submit utilisation certificates in respect of specific purposes grants. They are also required to submit an annual statement of accounts.

#### MADRAS

At present the Union sends a monthly account of its transactions to the Auditor. It has been proposed that a monthly reporting from the Panchayat to the Union, the Union to the Division, the Division to the Development District and the Development District to the State Headquarters should be done.

#### MAHARASHTRA

Yes, the Panchayat Samiti is required to maintain a Progress Register in the prescribed form an abstract to which forms an accompaniment to the annual account of the Panchayat Samiti. Similarly, the Panchayat Samiti is required to forward to the Zilla Parishad monthly a copy of the entries in the consolidated abstract of Revenue and Expenditure in the prescribed form for the previous month as well as progressive figures of receipts and expenditure in the prescribed form.

#### MYSORE

Progress of expenditure is reported monthly in the prescribed form.

#### ORISSA

Progress of expenditure met from the Community Development grants is reported monthly to the Financial Adviser in the prescribed form. For the funds allotted by the Planning Department monthly expenditure statements are to be furnished to Zilla Parishads for compilation and submission to Planning Department. Quarterly Progress reports in the prescribed form are also required to be submitted.

#### PUNJAB

The Samiti is required to furnish monthly statement of expenditure to the Development Department as well as to the Zilla Parishads concerned.

## Item of the questionnaire

## Replies of the State Governments

**PUNJAB—contd.**

The Zilla Parishad is required to review the expenditure incurred by the Samiti quarterly and to forward the accounts for the months of June, September, December and March with its observations to the Development Department.

**UTTAR PRADESH**

The progress of expenditure is reported monthly by the Block Development Officers and District Planning Officers and after the closing of the year a final statement for the whole year is supplied in the prescribed form.

**RAJASTHAN**

Progress of expenditure is to be reported monthly to the State Government (Joint Development Commissioner) and District Level Officers by the Panchayat Samitis in the prescribed form.

6. Are unspent balances refunded at the close of the year or can they be carried over to the next year ?

*Item 6***ANDHRA PRADESH**

At present unspent balances are required to be refunded. The State Government are considering the question of allowing these bodies a year's time from the date of sanction for utilisation.

**ASSAM**

The unspent balances of conditional specific grants are to be refunded. In special cases, however, these balances may be permitted to be carried over by the sanctioning authority.

**MADRAS**

In the case of grants released on post-execution basis such as Agriculture Grant, Village Works Grant, Social Education Grant etc. expenditure on the schemes is incurred initially from the Panchayat Union funds and later got reimbursed by Government. The question of refunding or carrying over the unspent balances in the case of such grants does not therefore, arise.

In the case of grants released in advance to ease the ways and means position of the Panchayat Unions such as assigned revenues like local cess, local cess surcharge, local cess surcharge matching grant and some of the grants for Education, Irrigation etc. marginal adjustments are made where necessary on the basis of actual amount due for the year.

In the case of statutory grants like local Roads Grants unspent balance is carried over as the opening balance for the next year.

**MAHARASHTRA**

This will be considered by Government.

**MYSORE**

No question of spent balances.

## ORISSA

Where the sanction order provides for full utilisation of the grant sanctioned, before the close of the financial year as in the case of Community Development Funds, the unspent balance is adjusted against the grant for the following year. Where, however, no such conditions are laid down, the grants can be spent within one year from the date of sanction and unspent balance left if any at the end of that period is similarly adjusted against the grant for the next year.

## PUNJAB

At present the unspent amounts are not refunded at the close of the financial year but are allowed to be utilised in the next financial year within a reasonable period.

## UTTAR PRADESH

Unspent balances, if any, are carried over to the next year.

## RAJASTHAN

It has been decided now that unspent balances would be adjusted against next year's allotment.

7. Are Panchayat Samitis permitted to reappropriate grants sanctioned from one head to another? If not, whose orders are necessary?

## Item 7

## ANDHRA PRADESH

No. The orders of Commissioner of Panchayati Raj are necessary.

## ASSAM

Specific purposes grants cannot be reappropriated for any other purpose without Government orders. Grants in lieu of local rates at 25% land revenue are treated as the Panchayat's revenue and can be spent by them in any manner they like.

## MADRAS

The grants are released for specific purposes and are intended to be utilised for those purposes. Reappropriation among different activities within the major heads is possible e.g. from link roads to school buildings or from link roads to wells. Diversion of earmarked funds for other purposes requires Government's approval. The Panchayat Union has, however, the discretion to transfer amount from ordinary to capital account and also to provide for contributions from General Account to Education Account, Production Fund Account etc. The extent and scope of reappropriation is indicated in each progress order.

## MAHARASHTRA

The Panchayat Samitis are competent to reappropriate funds from one head to another in so far as provisions in respect of block grants are concerned.

Item of the questionnaire	Replies of the State Governments
	<p><b>MYSORE</b> No.</p>
	<p><b>ORISSA</b> Provision under any head in the budget passed by the Panchayat Samiti or Zilla Parishad may be transferred by reappropriation to any other head except in the case of (i) Funds allocated by the Community Development Department and (ii) Funds to which special conditions are attached, subject further to the condition that due provision is ensured under each head for schemes, institutions, services or liabilities which are obligatory for the Samiti/Parishad to execute, maintain or pay for under the act or the Rules made thereunder or under the conditions of any grant made by Government. In respect of the Community Development Programme reappropriations are sanctioned with the concurrence of the Community Development Department on the basis of recommendations of the Panchayat Samitis.</p>
	<p><b>PUNJAB</b> Yes.</p>
	<p><b>UTTAR PRADESH</b> The District Planning Officers have been authorised to transfer funds from one head to the other at the request of the Block Committee.</p>
	<p><b>RAJASTHAN</b> Panchayat Samitis have been permitted to reappropriate funds from one productive scheme to another productive and from one non-productive scheme to another non-productive scheme in the case of Community Development Programme. In the case of other schemes approval of the concerned departments to reappropriation from one head to another is necessary.</p>
<p>8. Are separate accounts of expenditure maintained by the Panchayat Samiti for the various grants received from the different sources for the same purpose or is such expenditure accounted for in a pooled manner ?</p>	<p><i>Item 8</i> <b>ANDHRA PRADESH</b> Separate accounts are maintained for Community Development, Education grants etc.</p>
	<p><b>ASSAM</b> Though the cash account is maintained in a pooled manner, detailed expenditure accounts are kept separately in the control ledger and general ledger with the help of classification charges in the cash account.</p>
	<p><b>MADRAS</b> The Panchayat Development Schematic budget envisages pooling of funds received by the Panchayat Union from different sources for the same purpose and the expenditure in the Panchayat Union is accounted for only with reference to the various grants contemplated in the Panchayat</p>

Item of the questionnaire	Replies of the State Governments
	<p><b>MADRAS—<i>contd.</i></b> Development Schematic budget irrespective of the sources which go to make up those grants</p> <p><b>MAHARASHTRA</b> This is under consideration of Government.</p> <p><b>MYSORE</b> Separate accounts are maintained.</p> <p><b>ORISSA</b> Separate accounts in respect of expenditure met from grants received from different sources are maintained by the Panchayat Samitis where same type of works are taken up from different grants like (i) Grain Golas from Community Development Funds and T. &amp; R. W. funds and (ii) Wells and Tanks from the funds of the Community Development Department, T. &amp; R. W. Department and Revenue Department.</p> <p><b>PUNJAB</b> The Panchayat Samitis are required to keep a separate account of the various grants received by them from different sources for the same purpose. For this purpose they have to maintain separate accounts in the general ledger.</p> <p><b>UTTAR PRADESH</b> Separate accounts of expenditure are maintained by the Blocks for the grants received for the Community Development Schemes and from other sources such as Harijan Sahayak, Education, Agriculture etc.</p> <p><b>RAJASTHAN</b> Separate accounts are being maintained for different schemes under different sectors and no such pooling has been allowed.</p>
<p>9. If the expenditure from out of grants received for the same purpose is incurred in a pooled manner, how are expenditure statements prepared according to the sources of grants and how is expenditure finally accounted for under each grant?</p>	<p><i>Item 9</i></p> <p><b>ANDHRA PRADESH, MYSORE, PUNJAB, UTTAR PRADESH AND RAJASTHAN</b> Question does not arise in view of reply to Item 8 above.</p> <p><b>ASSAM</b> Separate folio for grant from each source is maintained in the control ledger from which statement of expenditure is compiled and furnished.</p> <p><b>MADRAS</b> Expenditure statements are to be prepared with reference to the various grants contemplated in the Panchayat Development Schematic budget. The sources of grant have no bearing at Panchayat Union Level.</p> <p><b>MAHARASHTRA</b> This is under consideration of Government.</p>

## ORISSA

Where same types of work are taken up from different grants, expenditure up to a particular limit can be booked against a particular department and when this limit is reached, the rest of the expenditure can be booked against the other department associated with the execution of the work. Definite proportions can also be laid down as in the case of Primary Health Centres where funds from the Community Development budget and Health Department budget are pooled, and expenditure is allocated in the accounts according to that proportion.

10. What are the heads of accounts under which expenditure under Community Development Programme and other schemes have to be maintained at the block level ?

10. Please see Annexure A.

11. What are the heads of accounts under which revenue receipts are booked by the Panchayat Samitis,

11. Please see Annexure B.

12. How many allotment and expenditure registers for Community Development Programme and other programmes in the Block are maintained ? Name the registers.

12. Please see Annexure C.

13. (a) How are payments made by the Panchayat Samiti—by cheques, or cash or money order ?

## Item 13

## ANDHRA PRADESH

(a) By cheques only.

(b) Is the procedure satisfactory ? If not, what improvements are necessary ?

(b) No difficulty.

## ASSAM

(a) By cheque, cash or money order according to exigencies.

(b) Payment in cash should be confined to Goan Panchayat level only. At the Anchalik Panchayat level this should not be resorted to except for very outlying stations.

## MADRAS

(a) All payments out of the Panchayat Union Funds exceeding Rs. 20 are made by cheques. In addition an imprest of Rs. 300 has been authorised to each Panchayat Union for making petty payments.

(b) The procedure is satisfactory and no difficulty in its working has so far been felt.

## MAHARASHTRA

(a) The payments are required to be made by cheques for amounts exceeding Rs. 200. Payments in cash or by money order are also permissible for amounts less than Rs. 200

(b) No difficulties in this behalf are envisaged.

## Item of the questionnaire

## Replies of the State Governments

## MYSORE

- (a) By cheques and by bills preferred for work done etc. in regard to plan schemes.
- (b) The procedure adopted is satisfactory.

## ORISSA

- (a) Payments to suppliers, contractors and other executants are made by cheques. Payments of wages are made in cash by drawal of self-cheque on the treasury.
- (b) The procedure adopted has been found so far to be satisfactory.

## PUNJAB

- (a) Payments up to Rs. 20 are made in cash and those in excess of that limit are made by cheques. Payments are also made by money order where the circumstances may justify it or terms of contract etc. may so require.
- (b) No defect in the procedure adopted has so far been found.

## UTTAR PRADESH

- (a) Payments are made by cheques.
- (b) The procedure is satisfactory.

## RAJASTHAN

- (a) By cheques and cash also.
- (b) No reply.

14. What are the difficulties now experienced in following the present accounting procedure at the Block level ? In your opinion, what steps should be taken to overcome them ?

## Item 14

## ANDHRA PRADESH

It is taking appreciable time for the Panchayat Samitis to obtain orders of the Commissioner, Panchayati Raj for reappropriation of funds from one head to another. It will be convenient if Panchayat Samitis are permitted to reappropriate funds sanctioned as grants from one schematic head to another. This will be possible only when detailed heads are not there and grants are given in lump sum.

## ASSAM

The difficulties experienced are multiplicity of accounts heads and delay on the part of certain Panchayats in having a grasp of the procedure. The difficulties can be overcome by regular training of the staff institutional as well as through seminars etc.

## MADRAS

In the new set up the Panchayat Unions are executing various schemes with reference to a Panchayat Development block schematic budget which takes into account resources other than those for Community Development schemes also. The need for maintaining separate accounts



MADRAS—*contd.*

for Community Development Schemes and claiming central assistance on that basis has lost its significance in the new set-up as the block will be spending much more than what they were doing under the Community Development pattern. It, therefore, appears desirable to evolve a simplified accounting procedure in relation to release of central assistance for Community Development schemes having regard to the vast changes the block set-up has assumed consequent on the establishment of Panchayati Raj.

## MAHARASHTRA

As the Panchayat Samitis administration has just started functioning, it is premature to offer any remarks at this stage.

## MYSORE

No difficulties have been noticed yet.

## ORISSA

The present accounting procedure has been framed on the basis of Public Works and Local Fund Organisations with which the block staff is not acquainted. Further, the staff drawn from district establishment is not well trained in works accounts. It is, therefore, considered necessary that a separate cadre of trained Accountants be formed for appointment in the blocks and arrangement for the training of these Accountants may be made.

## PUNJAB

No difficulty has so far been expressed by the Panchayat Samiti in following the accounting procedure. Moreover the Directorate of Guidance and Supervision comprising the Assistant Director, Guidance and Supervision and a Senior Auditor at the District Headquarters has also been created to help the Panchayat Samiti in the proper maintenance of accounts.

## UTTAR PRADESH

At present the number of heads operated for recording expenditure on the Community Development Programme is very large. In the revised schematic budget for a Community Development stage I Block recommended by the Srinagar Conference there are only 4 groups but in Group IV there are as many as 5 sub-heads namely (1) Health and Rural Sanitation, (2) Education, (3) Social Education, (4) Communications, and (5) Housing for Project staff and Rural Housing and expenditure is required to be booked separately under these sub-heads. Thus there is no reduction in the accounting work due to revision of the schematic budget. The accounting work can be very much simplified if all the sub-heads under Group IV are combined together so as to make it one compact head. If this proposal is accepted, it will reduce the accounts work. It is not at all necessary to make separate allocations for various amenities under Group IV as the Panchayat

Item of the questionnaire	Replies of the State Governments
	<p><b>UTTAR PRADESH—contd.</b></p> <p>Samitis/Block Development Committees can be relied upon to fix amounts for each of the amenities under this group after taking into consideration the actual needs and circumstances of each block and maintaining the multi-purpose character of the programme.</p>
	<p><b>RAJASTHAN</b></p>
	<p>The following difficulties are being experienced:</p>
	<p>(i) Shortage of qualified Accounts Clerks.</p>
	<p>(ii) The present system of maintenance of accounts is cumbersome and the number of registers prescribed for the maintenance of accounts is large.</p>
	<p>(iii) There is delay in recovery of loans as they are at present recovered through the revenue agency on the demand of Panchayat Samitis.</p>
	<p>The following steps are suggested to overcome these difficulties:—</p>
	<p>(i) Direct recruitment and training of B. Com. Graduates.</p>
	<p>(ii) There is scope for reduction in the number of registers maintained and simplification of accounts.</p>
	<p>(iii) It is felt that Panchayat Samitis do not send the demand in time and the revenue authorities are also not prompt. There is also no single authority to watch the recovery of loans as the loans are being advanced by a number of departments. It is, therefore, necessary that the Development Department should watch the recovery of loans.</p>

**ANNEXURE 'A'**

*List of Heads of Account under which Record of Expenditure relating to Community Development and other schemes is maintained at the block level  
(Item 10 of the Questionnaire)*

Name of State	Heads of Account
Maharashtra .. .. .	1. Honoraria and Allowance to President, Chairman of Committees and Members. 2. General Administration. 3. Interest. 4. Education. 5. Medical. 6. Public Health. 7. Ayurved. 8. Agriculture. 9. Animal Husbandry. 10. Forests. 11. Social Welfare. 12. Cooperation. 13. Industries. 14. Community Development. 15. Miscellaneous. 16. Buildings and Communications. 17. Public Health Engineering. 18. Irrigation. 19. Pension and other Retirement Benefits.
Andhra Pradesh .. .. .	I. Management. II. Communications. III. Social Education. IV. Public Health. V. Remunerative Enterprises. VI. Investments made. VII. Agriculture. VIII. Animal Husbandry. IX. Irrigation and Reclamation. X. Rural Arts and Crafts. XI. Staff Quarters. XII. Social Welfare. XIII. Women Welfare.
Punjab .. .. .	A. Establishment : (1) C.D./N.E.S. (only against Govt. grant). (2) (i) Other Departments. B. (a) Agricultural Extension. (b) Animal Husbandry. C. & D. Irrigation Reclamation (other than loan). E. Health & Rural Sanitation. F. Education. G. Social Education. H. Communications. I. Rural Arts, Crafts and Industries.

ANNEXURE 'A'—*contd.*

Name of State	Heads of Account
Punjab— <i>contd.</i>	J. Housing. K. Cooperation. .. L. Social Welfare. M. Maintenance of Buildings. N. Forests. O. Other Expenditure.
Orissa .. .. .	1. General Establishment at Headquarters other than that under Community Development Programme. 2. Supervision. 3. Donations and Contributions. 4. Other Donations. 5. Interest. 6. Pension. 7. Law Charges. 8. Miscellaneous. 9. Public Works. 10. Social Education and Libraries. 11. Primary Education. 12. Health. 13. Pisciculture. 14. Agriculture. 15. Animal Husbandry. 16. Irrigation. 17. Reclamation. 18. Rural Arts, Crafts and Industries. 19. Cooperation. 20. Tribal and Rural Welfare.
	<b>B. Community Development Account :</b> 1. Block Headquarters. 2. Agriculture and Animal Husbandry. 3. Irrigation. 4. Reclamation. 5. Health and Rural Sanitation. 6. Education. 7. Social Education. 8. Communication. 9. Rural Arts, Crafts and Industries. 10. Housing for Project staff and Rural Housing. 11. Bulk purchase of materials for works.
Assam .. .. .	Expenditure under C.D. Programme is recorded under the Head 37-I—C.D. N.E.S. & L.D. Works which has the following Minor heads, Block Hqrs., Animal Husbandry & Agricultural Extension, Irrigation, Reclamation, Health and Rural Sanitation, Education, Social Education, Communications, Rural Arts, Crafts & Industries, Housing & Rural Housing and other heads depending on the schemes entrusted to Anchalik Panchayats, Expenditure under other schemes is recorded under respective service Heads such as 30—Public Health—Miscellaneous etc. 37—II.L. Development Works.

ANNEXURE 'A'—*concl'd.*

Name of State	Heads of Account
Madras .. .. .	The Community Development budget has been merged in the Panchayat Development Schematic budget which is larger and wider in scope. Record of expenditure has, therefore to be maintained with reference to the grants mentioned in the Panchayat Development Schematic budget irrespective of the nature of the schemes covered by those grants.
Mysore .. .. .	Expenditure on the Community Development Programme except that on account of loans to third parties is booked under the major head '37—C.D. N.E.S. and L.D. Works' and the minor heads prescribed thereunder. Expenditure on account of third party loans is booked under the debt head 'Q—Loans and Advances by the State Government'.
Rajasthan .. .. .	Minor heads of schematic budget of a block have been adopted as major heads of account for each Panchayat Samiti to depict expenditure relating to Community Development and other schemes separately. Each such major head has further been sub-divided under 'A—CDP' and 'B—Others'.
Uttar Pradesh .. .. .	Accounts of Community Development Schemes at the block level are maintained under the ten heads appearing in the approved schematic budget. Primary Units viz. Pay, Allowances, Contingencies, Recurring, Non-recurring and Grants-in-aid are also provided under each head and primary unit-wise accounts are also kept at the block level. As regards the other schemes, accounts are maintained scheme-wise and primary unit-wise.

**ANNEXURE 'B'**

*List of Heads of Account under which Revenue Receipts are booked by Panchayat Samitis referred to in Item (11) of the Questionnaire*

Name of State (1)	Heads of Account .. (2)
Andhra Pradesh .. ..	I. General Taxation and Miscellaneous Revenues : (a) Taxation. (b) Miscellaneous Revenue. II. Management. III. Communications. IV. Social Education. V. Medical and Public Health. VI. Remunerative Enterprises : 1. Markets. 2. Other remunerative enterprises. VII. Investments realised. VIII. Agriculture. IX. Animal Husbandry. X. Irrigation and Reclamation. XI. Rural Arts, Crafts and Industries. XII. Women Welfare.
Assam .. ..	Grants from S.D.R.D. fund, Other Government grants, Proceeds of taxes levied under Section 76 of the Act, Proceeds of other Receipts, Loans raised by the Panchayat Samitis, Other loans and advances, sale-proceeds, other grants and receipts as laid down in the Financial Rules.
Maharashtra .. ..	I. Local Cess. II. Local Rates. III. Other taxes and Fees. IV. Interest. V. Police. VI. Education. VII. Medical. VIII. Public Health. IX. Agriculture. X. Animal Husbandry. XI. Industries and Cottage Industries. XII. Public Works. XIII. Pensions. XIV. Miscellaneous. XV. Grants from Government under Maharashtra Zilla Parishad and Panchayat Samitis Act, 1951.
Mysore .. ..	The following Revenue receipts heads are operated :— (i) A. Revenue assigned by Government. (ii) B. Rates and Taxes. (iii) C. Revenue derived from Taluk Boards property and other sources apart from the levy and collection of taxes.

ANNEXURE 'B'—*contd.*

(1)	(2)
Orissa	(iv) D. Miscellaneous.
	(v) E. Education.
	(vi) F. Grants and contributions.
	(vii) G. Debt Heads.
	(i) Rates and taxes.
	(ii) Share of land revenue, State taxes and fees—receipts from State Government.
	(iii) Donations and contributions from Panchayats.
	(iv) Donations and contributions from public.
	(v) Miscellaneous Central or State Government grants.
	(vi) Interest.
	(vii) Lapsed deposits.
	(viii) Law charges—Costs recovered.
	(ix) Sundry Receipts.
	(x) Public Works :
	(a) Roads.
	(b) Land and buildings.
	(xi) Social Education and Libraries.
	(xii) Primary Education.
	(xiii) Health :
	(a) Medical and Public Health.
	(b) Rural Water-supply.
	(c) Fairs and Festivals and Exhibitions.
(xiv) Pisciculture.	
(xv) Agriculture.	
(xvi) Animal Husbandry.	
(xvii) Irrigation.	
(xviii) Reclamation.	
(xix) Soil Conservation.	
(xx) Rural Arts, Crafts and Industries.	
(xxi) Co-operation.	
(xxii) Tribal and Rural Welfare :	
(a) Scheduled Tribes.	
(b) Scheduled Castes.	
(c) Denotified Tribes.	
(d) Other Backward Classes.	
<b>B. Community Development Account</b>	
	(i) Block Headquarters.
	(ii) Agriculture and Animal Husbandry.
	(iii) Irrigation.
	(iv) Reclamation.
	(v) Health and Rural Sanitation.
	(vi) Education.
	(vii) Social Education.
	(viii) Communications.
	(ix) Rural Arts, Crafts and Industries.
	(x) Housing for Project staff and Rural Housing.
	(xi) Bulk purchase of materials for works.

ANNEXURE 'B'—*contd.*

(1)	(2)
	<i>C. Loans</i>
	(i) Agricultural Loans.
	(ii) Industrial Loans.
	(iii) Housing Loans.
	(iv) Pisciculture Loans.
	(v) Remunerative Scheme Loans.
	(vi) Others.
Punjab .. .. .	(1) Grants for liabilities transferred by the State Govt. to Panchayat Samiti/Zilla Parishad :
	A. Establishment.
	B. Agricultural Extension.
	C. Animal Husbandry.
	D. Irrigation and Reclamation.
	E. Health and Rural Sanitation.
	F. Education.
	G. Social Education.
	H. Communications.
	I. Rural Arts, Crafts and Industries.
	J. Housing.
	K. Cooperation.
	L. Social Welfare.
	M. Maintenance of Buildings.
	N. Forests.
	O. Others.
	(2) <i>Ad hoc</i> grants from.
	(3) Grants for new schemes transferred by the State Govt. and Local Bodies.
	(4) Donations and Contributions from.
	(5) Share of Land Revenue.
	(6) Proceeds from Taxes, Fees and Fines imposed.
	(7) Income from immovable and movable properties.
	(8) Sale-proceeds of immovable and movable properties.
	(9) Income from Endowments or Trusts administered by the Zilla Parishad.
	(10) Interests on loans advanced by the Panchayat Samiti/Zilla Parishad.
	(11) Interest on Investments/Deposits.
	(12) Other Receipts.
	<i>Receipts—Ordinary</i>
Madras .. .. .	A. General Account :
	I. General Taxation and Miscellaneous Revenue.



ANNEXURE 'B'—*contd.*

(1)	(2)
	II. Management. III. Communications. IV. Health and Welfare. V. Remunerative Enterprises. VI. Investments. B. Education Account. C. School Meals Account. D. Production Account. E. Endowments Account.
	<i>Receipts—Capital</i>
	A. General Account : I. Management. II. Communications. III. Health and Rural Welfare. IV. Remunerative Enterprises. V. Investments realised. VI. Add amount transferred from ordinary. B. Education Account. C. School Meals Account. D. Production Account. E. Deposits and Advances Account. F. Endowments Account.
	<i>Principal Heads of Revenue</i>
Rajasthan .. .. .	1. Grants for liabilities transferred by the State Government to Panchayat Samitis: A. Establishment. B. Animal Husbandry. C. Agriculture Extension. D. Irrigation. E. Health and Rural Sanitation. F. Education. G. Social Education. H. Communications. I. Rural Arts, Crafts and Industry. J. Housing. K. Co-operation. L. Social Welfare. M. Maintenance of Buildings. N. Forests. O. Others. 2. <i>Ad hoc</i> grant. 3. Grants for new schemes transferred by the State Government and Local Bodies. 4. A. Contribution for schemes intimated by the Government. B. Grant of schemes transferred by other Local Bodies. 5. Donations and contributions received from Local authorities or from the public. 6. Share of Land Revenue.

ANNEXURE 'B'—*concl.*

(1)	(2)
	7. Proceeds from taxes and fees imposed by the Panchayat Samitis.
	8. Sale-proceeds of immovable and movable properties.
	9. Income from bone-contracts.
	10. Income arising in consequence of hearing of appeals.
	11. Income arising from the collection of entertainment tax.
	12. Other income/receipts.
Uttar Pradesh .. .. .	The revenue receipts relating to Community Development Programme are booked by the Panchayat Samitis under the head XXXI—Community Development Projects, National Extension Service and Local Development Works.

## ANNEXURE 'C'

*List of Registers maintained for Community Development Programme and other programmes in the Blocks referred to in Item 12 of the Questionnaire*

Name of State (1)	Name of Register (2)
Assam .. ..	Only one register each for allotment and expenditure is being maintained in which separate folios are earmarked for each of the head of account under which expenditure on C.D. Programme and other development schemes is recorded.
Madras .. ..	The several registers maintained at block level prior to introduction of Panchayati Raj will continue to be maintained till revised instructions are issued. The question of making suitable modifications in these registers consequent on the introduction of Panchayati Raj and formulation of Panchayat Development Schematic budget is now engaging the attention of the Government.
Maharashtra .. ..	The following registers are maintained :— Form 9—Register of Expenditure. Form 10—Consolidated Abstract of Receipts/Expenditure. Form 11—Monthly/Annual Account. Form 12—Progress Register. Form 13—Abstract of Progress Register. Register of Expenditure of the Community Development/Stage I/Stage II block.
Andhra Pradesh .. ..	(1) Miscellaneous Demand Register. (2) Miscellaneous Sales Register. (3) Registers of subscriptions and donations. (4) Demand registers for taxes and fees. (5) Arrear demand registers for taxes and fees. (6) Register of Miscellaneous Licences. (7) Register of Endowments. (8) Account of fees managed departmentally. (9) Miscellaneous receipts register. (10) Miscellaneous bill book. (11) Bill Books for Taxes and Fees and Warrants and Distraints. (12) Appeals register for taxes. (13) Register of Writes-off and Remissions. (14) Prosecution register. (15) Register of encroachment fees. (16) Register of fruit-bearing avenue trees (Panchayat Samitis). (17) Register of Grants from Central and State Governments.
	<i>Expenditure</i>
	<i>I. General</i>
	(18) Cash Book. (19) Cheque Book. (20) Treasury pass book.

ANNEXURE 'C'—*contd.*

(1)

(2)

*II. Establishment*

- (21) Establishment audit register.
- (22) Register of probationers.
- (23) Register of increment certificates.
- (24) Register of Service Registers.
- (25) Acquittance register.
- (26) Last Pay certificate.
- (27) Service Registers.

*III. Contingencies*

- (28) Register of contingency charges.
- (29) Register of investments.
- (30) Register of permanent advance.
- (31) Register of advances on tour and on transfer.

*IV. Provident Fund/Bonus Fund*

(If Provident Fund or Bonus Fund is maintained for its employees):

- (32) Provident Fund/Bonus Fund Cash Book.
- (33) Provident Fund Ledger.
- (34) Abstract Register of Provident Fund/Bonus Fund.
- (35) Register of subscribers to the Provident Fund/Bonus Fund and their nominees.
- (36) Provident Fund/Bonus Fund Register of temporary withdrawals and their recoveries.
- (37) Register of insurance policies.  
Register of Premia.

*V. Works*

- (39) Register of Works.
- (40) Render Register.
- (41) Register of contractors.
- (42) Register of estimates and allotments.
- (43) Register of Buildings.
- (44) Measurement Book.
- (45) Register showing labour contribution.

*VI. Accounts*

- (46) Budget.
- (47) Posting registers of receipts and charges for general fund and secondary education/elementary education fund.
- (48) Transfer entry register.
- (49) Register of receipts and expenditure on account of endowment.
- (50) Detailed monthly account.
- (51) Abstract register of receipts and expenditure.
- (52) Register of cheques received.
- (53) Register of Money orders received.
- (54) Register of lapsed deposits.
- (55) Register of loans.
- (56) Annual account.
- (57) Detailed book of receipts and expenditure.
- (58) Licences for industries and factories.

ANNEXURE 'C'—*contd.*

(1)	(2)
	<i>VII. Miscellaneous</i>
	(59) Stock register of tools and plants.
	(60) Stock register of measurement books.
	(61) Stock account of forms.
	(62) Register of revenue yielding properties.
	(63) Register of immovable properties.
	(64) Stamp account book.
	(65) Register of security deposits.
	(66) Cash book to be used by Pleaders.
	(67) Ledger to be used by Pleaders.
	(68) Log book for motor vehicles.
	(69) Register of suits.
	(70) Register of encroachments.
	(71) Attendance register of members.
	(72) Catalogue of books.
	(73) Stock account of stationery.
	(74) Stock register of furniture.
	(75) Pay bill register.
	(76) Travelling allowance bill register.
	(77) Register of undisbursed pay.
	(78) Register of bills passed for payment.
	<i>VIII. Registers special to subsidiary institutions (Panchayat Samitis), Hostels, Craft Centres and Women Welfare Centres.</i>
	(79) Stock account of raw materials.
	(80) Stock account of finished products.
	(81) Production register or preparation register.
Uttar Pradesh .. .. .	Four registers, one for pay and allowances etc. Two for contingencies, one Recurring and (ii) Non-Recurring and one Grants-in-aid separately for each scheme are maintained at the Block level. One register for loans is also maintained.
Mysore .. .. .	1. Loan Ledger. 2. Non-loan register. 3. T. A. Register. 4. Contingency register. 5. Cash book. 6. Remittance register. 7. Contractor's ledger. 8. Construction operation Ledger. 9. Register for Tools and Plants. 10. Annual register for receipts and issue of balances of materials at site. 11. Register for Measurement Books. 12. Register for Agreements. 13. Register of sanction of fixed charges. 14. Register of Bills. 15. Register of nominal rolls. 16. Register of receipt books. 17. Register for sanctioned estimates. 18. Register for reappropriation.

ANNEXURE 'C'—*contd.*

(1)	(2)
	19. Check register for watching the people's contributions. 20. Register showing the year-wise allotments, expenditure and unspent amount thereon in relation to the extensions and reversions of the block life.
Orissa .. .. .	1. Cash Books. 2. Abstract Register of Receipts and Payments. 3. Classified Abstract of Receipts and payments. 4. Adjustment Register. 5. Advance Ledger. 6. Deposit Ledger. 7. Annual Account of receipt and expenditure. 8. Fixed charges Audit Register. 9. Investment Register. 10. Loan Register. 11. Allotment Register. 12. Works Register. 13. Store and Stock Register.
Punjab .. .. .	(i) Register for progressive expenditure. (ii) Register for watching adjustment of advance payments of the nature of grants-in-aid made by the Govt. to Panchayat Samitis/ Zila Parishads for execution of schemes works. (iii) Register for watching adjustment of advance payments of the nature of grants-in-aid to the Panchayats by Panchayat Samiti for the execution of works. (iv) Register for watching the receipt of loans from the State Govt. to Panchayat Samitis/ Zila Parishads, and their repayment by the Panchayat Samitis/Zila Parishads to Govt. (v) A register to watch the advancement of loan to each individual loanees and recovery thereof. (vi) Classified abstract. (vii) General Ledger.
Rajasthan .. .. .	1. Cash Book (Form No. 9). 2. Classified abstract of receipts and expenditure (Form Nos. 17 & 17-A). 3. General Ledger (Form No. 18). 4. Demand Collection Register (Form No. 5). 5. Register of loans received from State Govt. (Form 19). 6. Register of repayments (Form No. 19-A). 7. Register of works (Form No. 20). 8. Imprest Cash Book (Form No. 21). 9. Register of Grant-in-aid (Form No. 22). 10. Investment register (Form No. 23). 11. Register of securities (Form No. 24). 12. Bill Register. 13. Attendance Register. 14. Casual Register.

ANNEXURE 'C'—*concl.*

(1)	(2)
	15. Register of Court Fee recovery.
	16. Register of Talbana fee.
	17. Register of copying fee.
	18. Register of Challans.
	19. Advance Register.
	20. Petrol Register.
	21. Prize Bond Register.
	22. Register of deduction, from pay.

**Summary of the Replies to the Questionnaire received from the States**  
**(B) In respect of Gram Panchayats**

Item of the questionnaire (1)	Summary of Replies of the State Governments (2)
1. What are the various sources of income of the Gram panchayats in a year?	<p align="center"><i>Item 1</i></p> <p><b>MADRAS</b></p> <p>(1) <i>Local Cess</i> : Each Panchayat receives every year local cess at a rate not below 20 nP. per capita out of the local cess of 45 nP. per rupee of Land Revenue levied and collected by the State Government along with Land Revenue.</p> <p>(2) <i>House Tax.</i></p> <p>(3) <i>Profession Tax.</i></p> <p>(4) <i>Vehicle Tax.</i></p> <p>(5) <i>Duty on Transfer of property.</i></p> <p>(6) <i>Entertainment Tax.</i></p> <p>(7) <i>House Tax Matching Grant.</i></p> <p>(8) <i>Development rates levied under Section 119 of Madras Panchayat Act, 1958.</i></p> <p>(9) <i>License fees in respect of dangerous and offensive trades.</i></p> <p>(10) <i>Licence fees payable on encroachments.</i></p> <p>(11) <i>Miscellaneous income from markets, Fishery rentals, Ferries, Avenue Produce income, Fines and Penalties.</i></p> <p><b>MYSORE</b></p> <p>(1) <i>Grants</i></p> <p>(a) An annual grant from Govt. to every Panchayat equal to 30% of land revenue collection of the village and a grant equal to 5% of land revenue collections of the State to such Panchayats as are in need of special assistance for specific purposes.</p> <p>(b) Grants which the Taluk Development Boards may make.</p> <p>(2) <i>Obligatory Taxes</i></p> <p>(a) Taxes upon buildings and upon lands which are not subject to payment of agricultural assessment, within the limits of the village.</p> <p>(b) Taxes on professions, trades, callings and employments.</p> <p>(c) Taxes on places where trade is carried on for purposes of profit.</p> <p>(3) <i>Optional Taxes</i></p> <p>(a) Taxes on fairs, festivals and entertainments.</p> <p>(b) Taxes on vehicles other than motor vehicles.</p> <p>(c) A fee on markets.</p>



(1)

(2)

- (d) A fee on bus stands.
  - (e) A fee on cart stands.
  - (f) A fee for supply of water from works vesting in the Panchayat.
  - (g) Octroi levied (for Town Panchayats only) in addition to the above sources of income.
- (4) *Other sources of income*
- (a) All sums ordered by a court to be paid to the credit of the Panchayat Fund.
  - (b) The sale-proceeds except in so far as any person is entitled to the whole or a portion thereof, of all dust, dirt, dung or refuse (including the dead bodies of animals) collected by the servants of the Panchayat.
  - (c) Income from the proceeds of any property vesting in the Panchayat.
  - (d) Income from licences and permissions.

## UTTAR PRADESH

- (1) The main source of the income of the Gram Panchayat is from collection of taxes levied under Section 37 (1) of the Panchayati Raj Act subject to the conditions mentioned therein, as indicated below :—
- (a) A tax on land not exceeding one anna in a rupee on the amount of land revenue payable therefor.
  - (b) In areas other than those referred to in clause (a) above, a tax on rent not exceeding one anna in a rupee on the amount of rent payable by a tenant.
  - (c) A fee subject to a maximum of six rupees per annum on persons carrying on any trade, calling or profession within the jurisdiction of the Gaon Sabha.
  - (d) A tax payable by the owner thereof on animals and vehicles other than mechanically propelled vehicles kept within the Gaon Sabha and plied for hire.
  - (e) Fees on persons not being persons assessed to fees under clause (c) above, exposing goods for sale in markets, hats or melas belonging to or under the control of Gaon Sabha concerned.
  - (f) Fees on the registration of animals sold in any market or place belonging to or under the control of the Gaon Sabha concerned.
  - (g) Fees for the use of slaughter houses and encamping grounds.
  - (h) A water rate where water is supplied by the Gaon Sabha.
  - (i) A tax for cleaning private latrines and drains payable by the owners or occupiers of the houses to which the private latrines or drains are attached, where such cleaning is done through the agency of the Gaon Sabha.

(1)	-	(2)
-----	---	-----

(f) A tax on buildings owned by persons who do not pay any of the aforesaid taxes and whose annual income exceeds Rs. 300.

- (2) Income from Gaon Samaj property e.g. tanks, fisheries, bazar, mela etc.
- (3) Amounts creditable to the Gaon Fund under Section 32 of the Panchayati Raj Act.
- (4) Grants-in-aid from the State Government.

#### ASSAM

- (1) Grants for Community Development and Tribal Development.
- (2) Other Grants-in-aid from the State Government.
- (3) Revenues other than grants-in-aid made over by the State Government such as those mentioned below :—
  - (a) Proceeds of any tax, cess or fine imposed under the Panchayat Act or under rates or bye-laws framed thereunder.
  - (b) Fees for issue of the permits.
  - (c) All other sums ordered by any authority or any court to be placed to the credit of Gaon Panchayat Fund.
  - (d) Contribution from Government including a share of Land revenue amounting to Rs. 23% of the net collections within the area bounded by the Gaon Panchayat.
  - (e) All other sums which may be assigned to Gaon Panchayats.
  - (f) Such allotment as the Deputy Commissioner or the S.D.O. may make out of the Sub-divisional Rural Development Fund.
  - (g) Sale-proceeds of all ponds, dust, dirt, dung or refuse collected by the employees of the Gram Panchayats.
  - (h) Sums received by way of loans or gifts.
  - (i) All receipts relating to minor hats and buildings, institutions or works constructed by or vested in the Gaon Panchayats.
  - (j) Share, if any, of receipts from a major hat.
- (4) Contributions raised by the Gram Panchayat.

#### ANDHRA PRADESH

The main sources of income of Gram Panchayats are as follows :—

- (1) House tax, profession tax, vehicle tax and any other tax or cess or fee levied under the Panchayat Act.

(1)	(2)
	(2) Proceeds of duty on transfer of property levied under the village panchayats Act.
	(3) Share of land cess collected on every rupee of land revenue collected in the village.
	(4) Terminal Tax.
	(5) Contributions paid by the District Boards in respect of markets in the village classified as District Markets.
	(6) Fees for the temporary occupation of village sites, roads and other similar Public places.
	(7) Contributions paid by Zilla Parishads for opening and maintenance of elementary schools in the village.
	(8) Income from endowments, Trusts and Ferries under the management of Panchayats.
	(9) Income derived from village Fisheries.
	(10) Income from cesses of Government property obtained by the Panchayats.
	(11) Unclaimed deposits and other forfeitures.
	(12) Anarry fees.
	(13) Grant received from the Government.
	(14) Such share of the entertainment tax as is allocated by the Government.
	(15) Taxes and tolls levied in the village under the Andhra Pradesh (A.A.) Public Health Act, 1939.
	(16) A sum equivalent to 9/10th of the gross income derived by Government every year from fines imposed by Magistrates in respect of offences committed in the village under the Panchayat Act or any Rule or Byelaw made there-under.

#### MADHYA PRADESH

- (1) Local cess or Land cess.
- (2) Share of Land Revenue.
- (3) Tax on buildings.
- (4) Tax for cleaning private latrines.
- (5) Professional tax.
- (6) Toll tax on vehicles and park animals.
- (7) Sale-proceeds of dust, dirt, dung etc.
- (8) Tax payable by owners of animals.
- (9) Lighting tax.
- (10) Tax on carts, bicycles etc.
- (11) Fee on cart stands and Tonga Stands.

(1)	(2)
	(12) Fee for grazing cattle.
	(13) Fee for temporary structures over or temporary occupations of any public street or place.
	(14) Registration fee.
	(15) Proceeds of compounding offences.
	(16) Fees for use of Sarais, Dharamsala etc.
	(17) Drainage fee.
	(18) Water rate.
	(19) Temporary tax for special works of public utility.
	(20) General Sanitary cess.
	(21) Amounts which may be allotted to the Gram Panchayats by the State Government.
	<b>ORISSA</b>
	(1) Grants and loans given by Government for specific purpose.
	(2) 3rd of the net proceeds of local cess, land cess and additional cess assigned to Gram Panchayats on population basis.
	(3) Taxes, tolls, fees or rates which the Panchayats are authorised to impose under the Orissa Gram Panchayats Act e.g. Panchayat tax, professional tax, Vehicle tax, conservancy tax and other taxes, markets fees and rates including cattle registration fees, drainage fees and fees on private market etc.
	(4) Income from fairs, cattle ponds, fisheries tanks, orchards, waste lands etc., vested in the Panchayats.
	(5) Income from pisciculture, poultry and dairy farming and hiring charges of irrigation pumps.
	<b>RAJASTHAN</b>
	(1) Grants-in-aid from State Government @ 20 nP. per head with a ceiling of Rs. 400 and floor of Rs. 250.
	(2) Vehicles tax.
	(3) Pilgrim tax.
	(4) Tax on buildings.
	(5) Tax on Commercial crops.
	(6) Octroi.
	(7) Fees and Fines including court fees, fines and process fees payable to Nyaya Panchayats.
	(8) Grazing charges.
	(9) Irrigation rates for water given from Panchayat tanks.
	(10) Fisheries.

(1)	(2)
	(11) Income from sale of abadi lands.
	(12) Additional grant of 25 nP. per head of population in case of Panchayats whose Sarpanch and 80% of Panchas are elected unanimously.

## PUNJAB

- (1) All grants from Government and other Local Bodies.
- (2) All donations.
- (3) All taxes, duties, cesses and fees imposed and realised under the Panchayat Act.
- (4) Sale-proceeds of all dust, dirt, dung or refuse collected by the servants of the Panchayats and dead bodies of animals not claimed by any person, trees and other produce of the land vested in the Sabha.
- (5) Income derived from common lands vested in the Panchayats.
- (6) Income derived from village Fisheries under the management of Panchayats.
- (7) 10% of the land revenue realised within the limits of the Panchayat Area.

## MAHARASHTRA

- (1) Amounts allotted to the Village Fund under the Municipal Acts of the State.
- (2) Proceeds of any tax or fee imposed by the village Panchayat.
- (3) Taxes on Professions, trades, calling etc.
- (4) All sums ordered to be paid as compensation (ferries etc.) by a Nyaya Panchayat.
- (5) All sums ordered by the court to be placed to the credit of the Village Fund.
- (6) Sale-proceeds of all dust, dirt, dung-refuse or carcasses of animals.
- (7) Sums contributed to the Village Panchayat Fund by the State Government (e.g., 30% of the ordinary land revenue realised in the village and cess at the rate of 20 nP. per rupee of land revenue) or a Zilla Parishad or Panchayat Samiti.
- (8) All sums received by way of loans from the State Government or Zilla Parishad or out of the District Development Fund.
- (9) All sums received by way of gifts or contributions by the Panchayat.
- (10) The income or proceeds of property vesting in the Panchayat.
- (11) Net proceeds of cess.
- (12) Fees levied for the institution of suits and cases before a Nyaya Panchayat.

(1)

(2)

- (13) All sums received by way of rents, penalties and ponds fees.

## KERALA

- (1) All taxes, duties, cesses, surcharge and fees levied under the Kerala Panchayat Act.
- (2) Basic tax grants.
- (3) Income from Porambokes the use of which is vested in the Panchayat.
- (4) Income from cattle ponds.
- (5) Fees for the temporary occupation of village sites, roads and other similar public places or parts thereof in the Panchayat area.
- (6) Income from village fisheries and ferries under the management of the Panchayat.
- (7) Unclaimed deposits and other forfeitures.
- (8) Income from endowments and trusts under the management of the Panchayat.
- (9) Income from leases of Government property obtained by the Panchayat.
- (10) Grants from Government and contributions from Government local authority or private bodies.
- (11) Fines imposed by Magistrates in respect of offences committed in the Panchayat area under the Panchayat Act or any rules or bye-laws made thereunder.
- (12) Receipts from remunerative enterprises.
- (13) Other receipts authorised by the provisions of the Panchayat Act or any other law.

## WEST BENGAL

All sums credited to the Gram Panchayat Fund under Section 56 of the Panchayat Act, 1957 namely :—

- (a) The sum or sums assigned to the Gram Panchayat Fund annually by the Anchal Panchayat out of the Anchal Panchayat Fund under clause (d) of sub-section (2) of Section 55 of the Act.
- (b) Any gifts or contributions received.
- (c) Income from endowments and trusts made in favour or enterprises under the management of the Gram Panchayat.
- (d) All sums received by or on behalf of the Gram Sabha or Gram Panchayat under the Act or otherwise.

## GUJARAT

As laid down in Chapters VIII, IX and X of the Gujarat Panchayats Act, 1961 the sources of income are as follows :—

- (1) Taxation

(1)	(2)
	<p>(2) Land Revenue Grants</p> <p>(3) Grants from the State Equalisation Grant, the District Equalisation Fund, the District Gram Encouragement Fund and the District Development Fund.</p>
<p>2. Give a full list of the types of schemes undertaken by the Gram Panchayats.</p>	<p>MADRAS, MYSORE, MADHYA PRADESH, KERALA AND ORISSA</p> <p>As detailed in Annexure A.</p>
<p>(a) On their own initiative</p> <p>(b) as agency of Panchayati Samitis.</p>	<p>UTTAR PRADESH</p> <p>The schemes are generally undertaken under section 15 of the U.P., 1947* Panchayat Raj Act* as listed in the said section. (The Schemes have not been classified under categories (a) and (b) by the State Government).</p>
	<p>ASSAM</p> <p>Construction of roads, bridges, wells, tanks, setting up of model farms, minor irrigation, fishery, village industry schemes, poultry, goat farm, improvement of market, construction of rural latrines etc. (The schemes have not been classified under categories A &amp; B by the State Government).</p>
	<p>ANDHRA PRADESH</p> <p>Works of local importance such as formation of roads, digging of wells etc. (The schemes have not been classified under categories (a) and (b) by the State Government).</p>
	<p>RAJASTHAN</p> <p>(a) <i>On their own initiative</i> :—The functions of a Panchayat are municipal, administrative and developmental. It plans for the increased production of individual families and organizes the Community for promotion of health, safety, education, comfort convenience, social, economic and cultural well being of the inhabitants within the Panchayat Circle.</p> <p>(b) <i>As agency of Panchayat Samitis</i> :—The C.D. Programme in this State is executed and implemented by the Panchayat Samitis through the Panchayats. Under the C.D. Programme the following works are undertaken:—</p> <p>(i) Construction of wells, tanks and ponds for drinking water supply and for bathing and washing purposes.</p> <p>(ii) Construction of public streets.</p> <p>(iii) Construction of public latrines.</p> <p>(iv) Construction of new buildings like schools, information centres etc.</p>

(1)

(2)

For all these amenities matching grant-in-aid is sanctioned by the Panchayat Samiti and the Panchayat executes the work as an agency of the Panchayat Samiti.

#### PUNJAB

- (a) *On their own initiative* :—The schemes undertaken by a Gram Panchayat within the limits of funds at its disposal for carrying out the requirements of the Sabha area have been enumerated in Section 19 of the Punjab Gram Panchayat Act, 1952.
- (b) *As agency of Panchayat Samitis* :— Gram Panchayats take up the following schemes as agency of Panchayat Samitis subject to such terms as may be agreed upon :—
- (1) Any matter under the direct administrative control of the Panchayat Samitis.
  - (2) The constructions, maintenance of improvement of any property under the control or management of the Panchayat Samiti.

#### WEST BENGAL

*Vide* sections 31, 32, and 33 of the Panchayat Act, 1957.

#### MAHARASHTRA

- (a) *On their own initiative* :—Village Panchayats can undertake any scheme within the sphere of their duties at their discretion. The State Government have not prescribed any specific schemes.
- (b) *As agency of Panchayat Samitis* :— Under the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961, any works or development schemes which a Panchayat Samiti decides to execute or maintain, may, and those which the State Government prescribe, shall be executed or maintained through the agency of a Panchayat. Government has not so far prescribed any such works or development scheme but it is at the discretion of the Panchayat Samiti to get any work or schemes executed through the Agency of the Panchayat. No list of such works or schemes is available with Government.

#### GUJARAT

As Panchayati Raj has not so far been introduced in the State, Taluka Panchayats have not yet come into existence. Pending introduction of the Panchayati Raj, Village Panchayats existing in the State are governed, by the Bombay Village Panchayats Act, 1958 and the lists of types of schemes undertaken by them under that Act are given in Section 45 of that Act.



(1)	(2)
3. Are dates fixed, by statutory orders or otherwise, for framing and passing of Gram Panchayat budget.	<p data-bbox="756 262 831 287" style="text-align: center;"><i>Item 3</i></p> <p data-bbox="577 298 667 323"><b>MADRAS</b></p> <p data-bbox="577 331 1093 396">Yes, dates have been fixed by statutory orders for framing and passing of Gram Panchayat budget.</p> <p data-bbox="577 407 665 433"><b>MYSORE</b></p> <p data-bbox="577 440 1093 578">Not later than first of February every year for the Panchayat to approve the budget. The Chief Executive Officer of the Taluk Development Board to whom the budget is forwarded shall approve of the same within 2 months from the date of receipt of the budget from the Panchayat.</p> <p data-bbox="577 589 756 615"><b>UTTAR PRADESH</b></p> <p data-bbox="577 622 1093 713">Yes, the budget is prepared and placed before the Kharif meeting of the Gaon Sabha. The Gaon Panchayat shall pass it by 30th November and Gaon Sabha by 31st December.</p> <p data-bbox="577 724 652 749"><b>ASSAM</b></p> <p data-bbox="577 757 1093 888">Yes, under Rules 12 &amp; 52 of the Assam Panchayat Financial Rules budget is to be prepared and submitted before 15th February. One month's time-limit is prescribed for the approval of the budget, <i>vide</i> sections 73 &amp; 38 of the Assam Panchayat Act.</p> <p data-bbox="577 899 778 924"><b>ANDHRA PRADESH</b></p> <p data-bbox="577 931 1093 997">Every Panchayat shall pass the budget for the following year before 30th November of each year.</p> <p data-bbox="577 1008 783 1033"><b>MADHYA PRADESH</b></p> <p data-bbox="577 1041 1093 1332">Under the provisions of the Madhya Pradesh Panchayat Act, Secretary or the Sarpanch of the Gram Panchayat shall on or before the first day of January each year, prepare and lay before the Gram Panchayat an estimate of the income and expenditure for the next financial year. The Gram Panchayat shall then submit the same to the Gram Sabha not less than 75 days in advance of the commencement of the financial year to which it relates. The Gram Sabha shall consider the estimate and refer it back to Gram Panchayat with recommendations, if any, within 30 days of its receipt.</p> <p data-bbox="577 1343 665 1368"><b>ORISSA</b></p> <p data-bbox="577 1375 1093 1550">No dates have been prescribed for framing and passing of Gram Panchayat budget. In the Orrisa Panchayat Samiti and Zilla Parishad Act, however, dates have been prescribed for furnishing budgets by the Gram Panchayats to the Panchayat Samitis for approval and for approval of the budgets by the Samitis and their return to the Gram Panchayats.</p> <p data-bbox="577 1561 715 1587"><b>RAJASTHAN</b></p> <p data-bbox="577 1594 1093 1641">The following calendar for preparation of budget by a Panchayat has been fixed in the Act :—</p> <p data-bbox="627 1648 1093 1674">(a) By 20th January each Panchayat has to</p>

(1)

(2)

send the budget for the financial year April to March to Panchayat Samiti for approval.

- (b) By 15th March the Panchayat Samiti has to return the budget with its comments.

#### PUNJAB

Gram Panchayats are required to prepare and lay an estimate of its income and expenditure before the Sawani meeting of the Gram Sabha which will approve the same after due consideration. No specific dates have, however, been fixed.

#### KERALA

Dates are fixed for passing the budgets by the Panchayats as per notes framed under the Panchayat Act.

#### MAHARASHTRA

It is laid down in the Panchayat Act and the Rules framed thereunder that on or before the 31st December in each year a Panchayat shall submit to the Panchayat Samiti a statement showing the opening balance, the estimated income and expenditure proposed for the following year.

#### GUJARAT

Under Section 104 of the Gujarat Panchayat Act, 1961, the Gram Panchayat is required to prepare its budget and submit it to the Taluka Panchayat for scrutiny, on such dates as may be prescribed in this behalf. These dates have been fixed in the draft Accounts Budget Rules which are under consideration of the State Government at present. Further, the Taluka Panchayat is required to return, the budget to the Gram Panchayat after scrutiny, within 2 months of its receipt with their observations and recommendations and the Panchayat Samiti shall thereupon approve the budget estimate with such modifications as it may deem fit, in the light of the observations and recommendations of the Panchayat Taluka.

#### WEST BENGAL

Yes, dates have been prescribed for framing and passing of Gram Panchayat budget under Rules 134-140 of the West Bengal Panchayat Rules 1958 made under the West Bengal Panchayat Act, 1957.

#### Item 4

4. Is the progress of expenditure required to be reported periodically by the Gram Panchayat. If so, to whom ?

#### MADRAS

A classified abstract of receipts and charges of the Panchayat is compiled each month and sent to the Auditor i.e. the Extension Officer (Panchayat). Besides, a statement of expenditure on Development schemes has also to be sent to the respective Panchayat Unions at prescribed intervals for re-imbusement of grants due to them.

(1)

(2)

**MYSORE**

Yes, to the Assistant Controller of the Local Audit Circle.

**UTTAR PRADESH**

Yes. The Gaon Panchayats submit an annual income and expenditure report of the previous financial year before the 15th of April each year to the District Panchayat Officer.

**ASSAM**

The Panchayat Samitis are required to submit utilisation certificates in respect of specific purpose grant. They are also required to submit annual statement of accounts to Government as per Rule 61(2) of the Assam Panchayat Financial Rules.

**ANDHRA PRADESH**

The monthly statements of expenditure are placed before the Panchayat at its first meeting held in the succeeding month. The expenditure is not required to be reported to any outside authority.

**MADHYA PRADESH**

The progress of expenditure is not required to be reported periodically by the Gram Panchayat to any authority so far as expenditure from their own resources is concerned. They have, however, to report expenditure in respect of schemes, if any, transferred to them for execution and for which funds are given to them, to the authority which gave the funds and transferred the scheme to them for execution.

**ORISSA**

The Gram Panchayats are required to report periodical progress of expenditure to the Block Development Officer.

**RAJASTHAN**

The Panchayat has to place before its ordinary meeting in the first fortnight of every month a statement of expenditure for the previous month for approval. This statement has to be adopted by a resolution.

**PUNJAB**

Gram Panchayat will report the expenditure incurred by it in the Sawani meeting of the Gram Sabha.

**KERALA**

Classified abstracts of expenditure for every month are required to be submitted to the Deputy Director of Panchayats by the Panchayat.

**WEST BENGAL**

After the close of each month an account of the Gram Panchayat Fund for the month is

(1)

(2)

prepared in duplicate in the prescribed pro forma for submission to the Inspector of Panchayats by the 10th day of the succeeding month. Besides, an abstract of annual expenditure of the Gram Panchayat is prepared in the prescribed pro forma and published not later than one month after the close of the year.

**MAHARASHTRA**

The accounts of the Panchayat are required to be sent annually on or before the 1st of June each year by the Panchayat to the Panchayat Samiti in the prescribed pro forma.

**GUJARAT**

No. However, the annual statement of accounts is required to be submitted to the District Panchayat through the Taluka Panchayat on a prescribed date.

*Item 5*

5. Are unspent balances refunded at the close of the year by the Gram Panchayats or can they be carried over to next year ?

**MADRAS**

The question of unspent balances does not arise as the grants due to Panchayats are released only on post execution basis through the Panchayat Unions concerned. Advances are sanctioned to Panchayats by Panchayat Unions which are subject to adjustment through detailed bills to be submitted to Panchayat Union at prescribed intervals and the Panchayat Union. Commissioners ensure the adjustments and recoveries of excess, if any, in any particular case.

**MYSORE, PUNJAB, KERALA, UTTAR PRADESH, GUJARAT AND WEST BENGAL**

Unspent funds are carried over to the next year.

**ASSAM**

The unspent balances of the conditional specific grants are to be refunded in special cases, however, these may be permitted to be carried over by the sanctioning authority.

**ANDHRA PRADESH**

The unspent balances are not refunded but utilised in the subsequent year and shown as opening balance of the budget for the next year. The provisions made in the budget lapse at the close of the year.

**MADHYA PRADESH**

The State Government have not yet framed any rules in this respect but they are of the view that unspent funds need not be refunded at the close of the year by the Gram Panchayat and may be carried over to the next year.

**ORISSA**

Generally, in all grant-in-aid orders the Panchayats are asked to utilise the amount before the

(1)

(2)

close of the financial year, but the State Government do not insist on the refund of the unspent balance at the close of the year and allow it to be spent in the subsequent year, where no time-limit is prescribed for the utilisation of the grant-in-aid, the amount is required to be spent within one year from the date of the sanction.

**RAJASTHAN**

Panchayat has its own Fund and amount transferred to the Panchayat Fund does not lapse but is carried over to the next year.

**MAHARASHTRA**

Unspent balances from the "Village Fund" are not refundable.

**MADRAS**

6. In what manner do the Gram Panchayats maintain the accounts of their receipts and expenditure incurred by them on various schemes ?

Panchayats have been instructed to maintain the following accounts and registers to exhibit the receipts and payments :—

- (1) Cash Book.
- (2) Collection Register of tax on vehicles.
- (3) Register of Licences and permissions.
- (4) Miscellaneous Demand Register.
- (5) Register of revenue yielding properties.
- (6) Collection Book.
- (7) Register of Bills passed for payment.
- (8) Register of Miscellaneous sales.
- (9) Miscellaneous Bill Register.
- (10) Register of Endowments and Trust.
- (11) Chitta.
- (12) Acquittance Register.
- (13) Miscellaneous Receipts.
- (14) Audit Register.

**MYSORE**

The accounts are maintained in the prescribed pro forma.

NOTE.—Specimen of the pro forma has not been furnished by the State Government.

**UTTAR PRADESH**

The Gaon Panchayats maintain Cash Book, Receipt Book Ledgers and Works Registers etc., for all income and expenditure.

**ASSAM**

The accounts of receipts and expenditure incurred by the Gaon Panchayats are maintained as per instructions contained in the Financial rules framed under the Assam Panchayat Act.

(1)

(2)

**ANDHRA PRADESH**

For each scheme separate accounts are maintained showing the receipts and expenditure on the work.

**MADHYA PRADESH**

According to the Act, the Gram Panchayats are required to maintain accounts of receipts and expenditure in the forms and registers prescribed by Government.

**ORISSA**

The main accounting register is the cash book in which transactions of all receipts and expenditure are entered daily with detailed classification. A monthly abstract of transactions of receipts and disbursements as recorded in the cash book is kept under each head in a register called the "Abstract Register". The progress of expenditure against the budget allotment is watched through this Register. To watch the advances paid in connection with the execution of works an advance register is also maintained. Besides, subsidiary Registers are maintained for posting receipts and expenditure of each scheme separately.

**RAJASTHAN**

The following sets of books are required to be maintained by Gram Panchayats :—

- (1) Cash Book for recording daily transactions of receipts and expenditure.
- (2) Ledger for posting under different heads the cash transactions recorded in the Cash Book.
- (3) Register of Revenue for recording all receipts realised on account of taxes etc., or from other sources.
- (4) Stock Register for recording stock and current stores.

**PUNJAB**

A separate account of expenditure incurred by Gram Panchayat is maintained in the prescribed form. The receipts are recorded in a separate register kept for the purpose.

**KERALA**

The Panchayats are maintaining cash books showing the accounts of their daily receipts and expenditure and certain other registers to show the scheme-wise receipts and expenditure for some of the scheme undertaken by them.

**WEST BENGAL**

Following accounts and registers are maintained :—

- (1) Cash Book.
- (2) Register of Immovable Properties.

(1)

(2)

- (3) Register of Advances.  
 (4) Tax Registers of various kinds.  
 (5) Register of Pond and Ferry Rents.

**MAHARASHTRA**

The accounts of the Panchayats are maintained by the Secretary of the Panchayat in the forms prescribed under the Bombay Village Panchayat Budget and Account Rules, 1959.

**GUJARAT**

Rules regarding maintenance of the accounts of revenue and expenditure transactions of Gram Panchayats are being framed under the Gujarat Panchayats Act, 1961.

**MADRAS**

7. How are payments made by the Gram Panchayats—by cheque or cash or money order? Is the procedure satisfactory? If not, what improvement is necessary?

Moneys are withdrawn from the Panchayat Union cash chest by the President of the Panchayats by presenting a pay order in the prescribed form at the Panchayat Union Office when payments are made to third parties for sums larger than Rs. 30 the pay order is drawn in the name of the third party concerned. Even in cases where Panchayats located at a distance exceeding 5 miles from the Panchayat Union Council, are permitted to keep Savings Bank Accounts, Actual withdrawals from the said Accounts can be made only in respect of expenditure on items limited to Rs. 30 in each case. In cases where moneys are to be remitted to third parties by money order or bank draft, the pay order (including the bank charges or money order commission) will be drawn in favour of Panchayat Union Commissioner and he will be responsible for sending the amount to the parties concerned either by money order or by bank draft as the case may be. This procedure is satisfactory.

**MYSORE**

Payments are made by cheques. The procedure is working satisfactorily.

**UTTAR PRADESH**

Payments are made in cash. Cheques are not used by the Gaon Panchayats. The procedure is satisfactory.

**ASSAM**

Payments are made by cheque, cash or money order according to exigencies. This procedure seems to be satisfactory.

**ANDHRA PRADESH**

Payments are made by the Panchayats to the parties by cheques and not in cash. Self cheques are drawn by the executive authority of a Panchayat only for payments to be made to himself and to the establishment. This procedure is satisfactory.

(1)

(2)

**IADHYA PRADESH**

Payments can be made by Gram Panchayat by cheque or by money order according as the Gram Panchayat Fund is lodged into a treasury Sub-treasury/bank/banker or post office. Petty payments are made in cash. As Panchayati Raj has not been introduced in the State so far, it cannot be stated whether this existing procedure will be satisfactory or not.

**ORISSA**

Practically all the Gram Panchayats in the State are making payment in cash and so far no complaints have been received against this procedure. In certain circumstances, however, payment by cheque is also permissible.

**RAJASTHAN**

Payments are made by the Panchayats generally in cash. Panchayats which handle large funds and have banking accounts make payments by cheques. Outstation payments are made by money orders or demand drafts. The procedure is satisfactory.

**PUNJAB**

Ordinarily payments are made in cash but they can also be made by cheque or money order. The procedure is quite satisfactory.

**KERALA**

Payments up to Rs. 10 are made in cash and those above Rs. 10 are made by cheque. This system is working satisfactorily and no change seems necessary.

**WEST BENGAL**

Payments are made in cash only. (Reply to the latter part of the question has not been furnished by the State Government).

**MAHARASHTRA**

Government has not specified any particular mode of payment by Panchayats. Hence they are free to make payment either by cash, cheque or money order. Under Section 38(2)(i)(e) of the Bombay Village Panchayat Act Sarpanches are empowered to operate on the village Fund and to authorise payment, issue cheques and make refunds. The procedure is satisfactory.

**GUJARAT**

Under the Financial Accounts and Budget Rules framed under the Gujarat Panchayats Act, 1961, which are under consideration of the State Government payments can be made by Gram Panchayats in cash and no specific provision regarding payment by cheque or money order has been made therein.



(1)

(2)

8. Please give details of difficulties, if any, in following the present accounting procedure in respect of Gram Panchayats in your State.

**MADRAS.**

No difficulty has been brought to notice in following the present accounting procedure in respect of Gram Panchayats in this State.

**MYSORE, ANDHRA PRADESH, ORISSA, PUNJAB, KERALA, WEST BENGAL AND MAHARASHTRA**

No difficulties have so far been experienced in following the present accounting procedure.

**UTTAR PRADESH**

There is no technical difficulty except that Panchayat Staff needs proper training.

**ASSAM**

There is no difficulty in following the present accounting procedure provided the Panchayats can grasp the rules. Accounting staff is being strengthened to train the Panchayat Staff.

**MADHYA PRADESH**

As Panchayat Raj has not yet been introduced in the State, the question of giving details of difficulties does not arise.

**RAJASTHAN**

The procedure prescribed for keeping accounts is simple and there is no difficulty in maintaining the accounts provided suitable hands are made available as Panchayat Secretaries. The present finances of the Panchayats in this State handicap appointment of able Secretaries by them.

**GUJARAT**

This question will arise only when the Panchayats start functioning.

9. Do facilities exist for depositing the money received by the Panchayat Samitis and Panchayats by way of grants-in-aid from Government and other sources, in the Personal Ledger account with some Treasury or Sub-Treasury ? If not, what alternative arrangements are available for the purpose by way of Post Office Savings Bank Account etc. ? What are the difficulties, if any, that are experienced in obtaining funds for disbursement from the Sub-Treasury or the Post Office Savings Bank (*i.e.* in respect of distance to be traversed etc.) ?

**MADRAS**

Panchayats do not maintain separate ledger account with the Treasury. Panchayat Unions maintain village Panchayat Consolidated Fund in which the amounts due to Panchayats are deposited. They also maintain ledger account with the Treasury. Money received by the Unions by way of grants-in-aid from Government and other sources are adjusted against the above ledger account by the Treasuries.

**MYSORE**

All funds and sums that accrue to a Panchayat are kept in Government Treasury. In cases where the Government Treasury is more than 3 miles away from the Panchayat, the funds may be deposited in a Postal Savings Bank, a Scheduled Bank or a Cooperative Bank approved by the Deputy Commissioner. The funds of Taluk Boardes are deposited in the Government treasuries of the Taluks. No difficulties are experienced in this behalf.

(1)

(2)

**UTTAR PRADESH**

Yes. Gaon Panchayats have got their Post Office Savings Bank Accounts also. The number of Post Offices having Savings Bank facilities being very small the Pradhans have to cover long distances for deposits and withdrawals.

**ASSAM**

As the Panchayat Samitis and Panchayats deposit their money received from Government, in branches of Appex Bank, Scheduled Banks, Postal Banks, according to convenience, no difficulty is experienced.

**ANDHRA PRADESH**

All moneys received by a Panchayat are deposited either in the nearest Government Treasury or in the nearest Post Office Savings Bank or in both in the name of the Panchayat. Money lodged in the Post Office Savings Bank Account is generally used to meet emergent expenditure and for small transactions. (Reply to the concluding part of the question has not been furnished by the State Government).

**MADHYA PRADESH**

Facilities exist for depositing the money into the Personal Deposit Account of Janpada Panchayats and Gram Panchayats with the Treasury or Sub-Treasury where they are situated at the headquarters of or near the Treasury/Sub-Treasury. Where they are not, the fund will be lodged in a Cooperative Bank or Post Office or with a Banker as may be prescribed by Government. Difficulties are not likely to arise in obtaining funds for disbursement.

**ORISSA**

(1) All grants-in-aid received by the Gram Panchayats are deposited in Gram Fund and this Fund is further required to be kept in the Savings Bank Account in the nearest Post Office or in the Treasury or Sub-Treasury by opening a Personal Ledger Account if it is nearer to the Gram Panchayat.

The following difficulties are experienced in depositing and withdrawing money from the Savings Bank Account :—

- (a) Due to non-availability of Postal Savings Bank facilities at the headquarters of each Gram Panchayat, the Sarpanches have to cover a long distance of 10 to 20 miles to deposit and withdraw money from the Savings Bank Account.
- (b) Due to restriction in withdrawal of money from the Post Office Savings Bank more than once a week under the Postal Rules, the Gram Panchayat is unable to draw money from the said Bank till the expiry of the week in case of need if it has already drawn money once in the same week.

(1)

(2)

(c) The rural post offices are not in a position to allow withdrawal of money to the extent required to meet the heavy expenditure on execution of Development Schemes, as the limit for drawal of funds from the Postal Savings Bank Account which is fixed at Rs. 200 at one time is too low even when due notice is given to the Postal Authorities.

(2) Funds released to Panchayat Samitis and Zilla Parishads as grants-in-aid and Bills endorsed in favour of BDOs by drawing and disbursing officers of Departments other than Community Development Department are credited to the Deposit Account of the Samiti or Zilla Parishad, as the case may be, with the Treasury or Sub-Treasury concerned. According to the Rules cash up to a limit of Rs. 1,000 or 2,000 can be held in the Samiti/Parishad Chest according as there is or is not a Treasury or Sub-Treasury at the Headquarters of the Samiti/Parishad.

#### RAJASTHAN

According to the Rules, Gram Panchayats are expected to lodge their funds either in the Sub-Treasury or Bank or Post Office Saving Bank. Most of the Panchayats do not have Banking facilities at their headquarters with the result that Sarpanches are left with large balances which they are not expected to keep under the rules. The Sarpanches also experience difficulty in withdrawal of funds from Postal Savings Bank Account. The Postal Savings Bank Account Rules prescribe a limit beyond which withdrawal cannot be made. This limit is rather low. The rules of Postal Savings Bank should also be relaxed to meet the needs of Panchayat for heavy withdrawals.

#### PUNJAB

All moneys received on behalf of Panchayat are deposited either with a Cooperative Union or with a Cooperative Credit Society or Cooperative Bank or in the nearest Post Office Savings Bank or in a Central Cooperative Bank or in any other Bank approved by Government. (Reply to the concluding part of the question has not been furnished by the State Government).

#### KERALA

Necessary facilities exist for depositing the money received by Panchayats, in Treasuries under the Village Panchayat Fund Accounts maintained with the Treasuries and the Panchayats are also allowed to have the alternative arrangement of depositing the same in Post Office Savings Bank Account wherever difficulty is felt on account of distant location of the Treasury. (Reply to the concluding part of the question has not been furnished by the State Government).

(1)

(2)

## WEST BENGAL

The Gram Panchayat or the Anchal Panchayat shall deposit all receipts of the Gram Panchayat Fund or the Anchal Panchayat Fund, as the case may be, in the Savings Bank of the nearest Post Office. The Adhyaksha of a Gram Panchayat or the Pradhan of an Anchal Panchayat, as the case may be, shall not keep in his personal custody at any time an amount in excess of Rs. 50 belonging to the Gram Panchayat Fund or Rs. 100 belonging to the Anchal Panchayat Fund.

## MAHARASHTRA

The Panchayats are allowed to deposit their funds in (a) a Bank to which Government treasury work is entrusted, (b) a Cooperative Bank approved by Government, (c) any Scheduled Bank or with the sanction of the Government in any other bank in the State of Maharashtra or (d) Post Office Savings Bank.

No difficulties are, therefore, experienced.

## GUJARAT

Framing of Rules under the Gujarat Panchayats Act, 1961, in the matter are under consideration of the State Government. It is likely that the Taluka Panchayats will be able to open Personal Ledger-Accounts with the nearest Treasury or Sub-Treasury.

## MADRAS

Zilla Parishads which correspond to the District Councils in Madras State is only an advisory body and no grant-in-aid is sanctioned to it. Hence no question of audit of accounts of Zilla Parishads arises in Madras.

The audit of accounts of Panchayat Union is done by the Examiner Local Funds Accounts which is under the control of the State Finance Department. The audit of the accounts of Panchayat Union includes cent per cent audit of vouchers and is done quarterly. The audit of Panchayat Accounts is conducted by the Extension Officer (Panchayat) who is under the control of Rural Development and Local Administration Department.

## MYSORE

The Zilla Parishads do not have financial transactions as they are only coordinating and supervisory bodies. The transactions of the Panchayats as well as the Taluk Development Boards are audited once in a year and the audit is under the control of administrative department i.e. the State Accounts Department.

## UTTAR PRADESH

The Accounts of the Gaon Panchayat's are audited by the staff of the Chief Audit Officer

10. What are the arrangements that exist for the credit of the financial transactions of Zilla Parishads, Panchayat Samitis and Gram Panchayats and what is the quantum and periodicity of such audit? Is the audit organization of the State Government under the control of the Finance Department or the Administrative Department concerned?

(1)

(2)

Cooperative and Panchayats who is under the control of the Finance Department. At present accounts of about 48,000 Panchayats out of more than 80,000 are being audited every year but the target is to inspect each Panchayat every year.

**ASSAM**

The grants-in-aid to Panchayati Raj institutions are audited by the departmental auditors who are under the control of the State Government. Such institutions are open to test-check by the Accountant General, Assam under Rules 60(5) and 14(2) of the Assam Panchayat (Financial) Rules, 1960. The Examiner of Local Accounts is required to conduct audit of the Panchayat Funds at least once a year under Rules 9, 14 & 60 *ibid*. The audit organization is under the control of Director of Panchayats, and Deputy Development Commissioner of the State. As all the accounts are open to test-check by the Accountant General, there is no necessity of monetary limit.

**ANDHRA PRADESH**

There is a separate organization called "Local Fund Audit Department". This Department takes up the audit of the accounts of the Panchayat once in a year. The accounts of the Panchayat Samitis and Zilla Parishads are audited by the Additional Examiner of Local Fund Accounts. The audit organization is under the control of the Finance Department of the State Government.

**MADHYA PRADESH**

The accounts of Zilla Panchayats and Janapada Panchayats are audited by the Examiner, Local Fund Accounts while those of Gram Panchayats by the Panchayat Inspectors of the Directorate of Panchayats. The quantum and periodicity of audit has not been fixed as yet. In the case of Janapada Panchayat/Zilla Panchayats, it will be fixed by the Examiner, Local Fund Accounts while in the case of Gram Panchayat it will be fixed by the Director of Panchayats. The Examiner, Local Fund Accounts is under the administrative control of the State Finance Department while the Panchayat Inspectors are under the control of the Director of Panchayats. In addition to the audit staff mentioned above, there would be an internal audit organization under the administrative control of the Planning and Development Department of the State. The function of this organization would be to supervise and to give proper guidance to the staff entrusted with the maintenance of accounts.

**ORISSA**

The accounts of Gram Panchayats are generally audited once in a year. Cent per cent audit of receipts and expenditure is done by the Auditors. The Director of Gram Panchayats is the

(1)

(2)

Examiner of Local Fund Accounts of the State Government for the audit of accounts of Gram Panchayats. He is empowered under the Local Fund Audit Act to conduct audit oftener than once a year and also to order a detailed examination of accounts. As regards audit of accounts of Panchayat Samitis and Zilla Parishads, cent per cent audit is conducted twice a year by the Auditors of Local Fund Audit (Panchayat Samiti and Zilla Parishad) Organisation. The Audit Organisation is under the control of Additional Development Commissioner who is the Examiner of Local Fund Accounts (Panchayat Samitis and Zilla Parishads). It is not under the control of the Finance Department or the C.D. & Panchayati Raj (CD) Department.

#### RAJASTHAN

The accounts of Gram Panchayats, Panchayat Samitis and Zilla Parishads are audited once a year. The audit organisation is under the control of Finance Department of the State Government.

#### PUNJAB

As regards audit of accounts of Panchayat Samitis and Zilla Parishads, the accounts of Gram Panchayats having an annual income ranging between Rs. 250 to 500 are audited once in 3 years. The State Government have not furnished any information regarding periodicity of audit applicable to other Gram Panchayats. The Junior Auditor is borne on the cadre of the Local Fund Accounts Department which is under the control of the Finance Department of the State Government.

#### KERALA

A separate independent Local Fund Audit Department functions in this State directly under the Govt. and they audit the accounts of the Panchayats periodically. The Panchayat Departmental Officers, especially the Panchayat Inspectors audit the accounts whenever they visit the Panchayat for inspection.

#### WEST BENGAL

Zilla Parishads and Panchayat Samitis have not yet been constituted in the State. A complete audit of the accounts of the Gram Panchayat and the Anchal Panchayat is conducted by the Supervisor of Panchayats. The audit organisation is under the control of the Administrative Department.

#### MAHARASHTRA

It is proposed to bring the Zilla Parishads and Panchayat Samitis under the audit control of the Chief Auditor, Local Fund Accounts (who is subordinate to the State Govt. and not to the Accountant General). The question of issuing a notification to this effect is at present engaging the attention of the State Government. The audit of the accounts of Village Panchayats is

(1)

(2)

entrusted to the Audit staff appointed by the Collectorates. The quantum and periodicity of audit has not been finally laid down as yet. The Chief Auditor, Local Fund Accounts is under the control of the State Finance Department.

#### GUJARAT

Under Section 109 of the Gujarat Panchayats Act, 1961, the audit of the accounts of Gram and Nagar Panchayats is until further orders to be carried out by the State Government. As for audit of the accounts of Taluka/District Panchayats, the Bombay Local Fund Audit Act, 1930 or any other corresponding law for the time being extending to any area shall apply.

#### MADRAS

11. Is there any arrangements for placing the Report of the Auditor of these Local bodies before the State Legislature or any of its Committees ? If so, please state the details.

The Examiner of Local Fund Accounts furnishes to Government every year a statement detailing instances of overdrawal of grants and other irregularities under grants noticed in audit. This statement is included in the Appropriation and Audit Report which is presented by the State Accountant General to the State Legislature.

#### MYSORE

No. A suggestion in this behalf is under examination.

#### UTTAR PRADESH, ANDHRA PRADESH AND WEST BENGAL

No.

#### ASSAM

The auditors submit the Audit Report to the Director of Panchayats and Deputy Development Commissioner but no arrangement has yet been made for placing the Report before the State Legislature.

#### MADHYA PRADESH

There is no provision in the Panchayat Act for placing the report of the auditors of these local bodies before the State Legislature or any of its Committees.

#### ORISSA

There is no arrangement for placing the Audit Reports on the accounts of Gram Panchayats before the State Legislature or any of its Committees.

#### RAJASTHAN

The question regarding accountability of Panchayati Raj Institutions to the Public Accounts Committee is under examination of the State Govt. and no final decision has so far been taken in the matter.

(1)

(2)

**PUNJAB**

(Requisite information has not been furnished by the State Government.)

**KERALA**

There is no arrangement for placing the Audit Report before the State Legislature. But the working of the Local Fund Audit Deptt. is reviewed by the Public Accounts Committee at their annual sittings.

**MAHARASHTRA**

The Audit Notes together with the replies received thereto are incorporated in the Administrative Report of the Zilla Parishads which is laid before the State Legislature as soon as it is published.

**GUJARAT**

The matter is under consideration of the State Government at present.

12. Have the State Govt. laid down any limit corresponding to the limits of rupees one lakh recurring per annum and Rs. 5 lakh non-recurring laid down by the Central Govt., in respect of Grants-in-aid to Panchayati Raj bodies for purposes of test-audit by the Comptroller and Auditor-General of India? Do the State Govts. lay down any conditions in their orders sanctioning grants-in-aid to Panchayati Raj bodies that the Accounts thereof would be open to test-audit by the Comptroller and Auditor-General of India?

**MADRAS**

At present no limit or condition has been laid down by the State Govt. in respect of Grants-in-aid to Panchayati Raj bodies for purposes of test-audit by the Comptroller and Auditor-General. However, the suggestion of the Govt. of India in the above matter is separately under examination of the State Government.

**MYSORE**

Yes, the same money limits are adopted. The test-audit is made a condition of grant.

**UTTAR PRADESH**

No such amounts are sanctioned to any one Gram Panchayat.

**ASSAM**

As all the accounts of Panchayati Raj institutions are open to test-check by the State A.G. under Rules 60 (5) and 14 (2) of the Assam Panchayat (Financial) Rules, 1960, there is no necessity of laying down a monetary limit for this purpose.

**ANDHRA PRADESH AND WEST BENGAL**

No.

**MADHYA PRADESH**

No such limits have been laid down so far. The matter is, however, under consideration of the State Government.



(1)

(2)

## ORISSA

No monetary limits are, at present, laid down for purposes of test-audit by the A.G. The question of prescribing a limit and insertion of such a condition in the grants-in-aid orders is under examination.

## RAJASTHAN

Section 38 of the Panchayat Samitis and Zilla Parishads Act, 1959, contains a specific provision which provides for test-audit by the Comptroller and Auditor-General of India, if he so decides, without any financial limits being fixed and in some Panchayat Samitis A.G., Rajasthan has carried out test-audit also.

## PUNJAB

So far as Panchayats are concerned, this question is not applicable.

## KERALA

No such condition is being imposed in respect of grants-in-aid to Panchayats, but the accounts thereof are open to test-audit by the Accountant General.

## MAHARASHTRA

Yes, State Government have issued orders that all grants which have been sanctioned to the Zilla Parishads/Panchayat Samitis/Village Panchayats in excess of Rs. 10,000 (recurring or non-recurring) in the past and those which will likewise be sanctioned in future as well as all grants of a Capital nature, are subject to the condition that if so required by the State A.G., the Accounts together with all relevant papers shall have to be produced for inspection by him. Copies of all Audit Reports of the Chief Auditor, Local Fund Accounts are also furnished to the State Accountant General.

## GUJARAT

Necessary provision to the effect that grants-in-aid received by Panchayats from the State Govt. are subject to test-audit by the A.G. at his discretion, has been made in Draft Rule 211 (VI) of the Gujarat Taluka and District Panchayats Financial and Budget Rules, 1962 which are under consideration of the State Government. The question of limit prescribing a monetary limit for purposes of such test-audit is also under consideration.

## MADRAS

The Audit and Accounts staff of the Panchayati Raj bodies is as follows :—

- |                       |                               |
|-----------------------|-------------------------------|
| (1) Manager           | } Accounts<br>Panchayat Audit |
| (2) Accountant        |                               |
| (3) Cashier           |                               |
| (4) Extension Officer |                               |

13. What is the arrangement for recruitment and training of accounts and audit staff of Panchayati Raj bodies in the State ?

(1)

(2)

Recruitment is made from the employees of local bodies and other Govt. Deptts. The above staff is trained properly. The Managers and Accountants are given study course training for 6 days in respect of various aspects of Madras Panchayats Act, 1958 and the accounting procedure etc. They are also given job training for 6 days in respect of actual accounting procedure. As regards the audit staff in regard to Panchayat Union Councils, the staff of the Local Fund Deptt. is under the Examiner of Local Fund Accounts.

#### MYSORE

There is no separate arrangement made. The audit staff is recruited by the State Accounts Deptt. and forms part of it.

#### UTTAR PRADESH

The Gram Panchayat have no separate accounts and audit staff. The accounts are maintained by the Pradhans assisted by the Panchayat Secretaries. The Panchayat Secretaries are selected by a Selection Committee and appointed by the District Panchayat Officers. Panchayat Secretaries are being given a three months' training in all subjects at training Centres.

#### ASSAM

The accounts staff are recruited by the Anchalik Panchayat or Gram Panchayat for their offices. But the audit staff is appointed and controlled by the State Government. Arrangements have been made by the State Governments to train the Panchayat accounts staff by organizing training camps where the experienced officials deliver lectures on accounting procedure etc.

#### ANDHRA PRADESH

According to the existing arrangement there is one post of Senior Accountant in each Zilla Parishad and two posts of Accountants in each Panchayat Samiti, one in the Lower Division Cadre and another in the Upper Division Cadre. The posts of Accountants in Zilla Parishads have been transferred to the Panchayati Raj bodies from the former District Boards and are held by persons appointed by the District Boards. The posts of Accountants in the Panchayat Samitis are held by the staff deputed from the Revenue Ministerial Service. According to the rules issued after the constitution of Panchayat Samitis and Zilla Parishads, selection for the posts of Accountants in the Lower Division Cadre in Panchayat Samitis is made by District Selection Committee, while posts of Senior Accountants in Zilla Parishads and Accountants in the Upper Division Cadre in Panchayat Samitis are to be filled up by promotions from Lower ranks. The candidates selected by the District Selection Committee are given training for a period of 2 months before their regular appointment. Apart from

(1)

(2)

the training, the Accountants in Panchayat Samitis are also given training in maintenance of accounts by holding training classes at different Centres.

#### MADHYA PRADESH

Arrangements have not been finalised so far but are under consideration.

#### ORISSA

Secretaries of Gram Panchayat who maintain their accounts are trained in the Gram Panchayat Secretaries Training Institute run by Gram Panchayat Deptt. They are appointed by the Gram Panchayats with the approval of the District Magistrate concerned. The staff for the audit of Gram Panchayats are employees of the State Govt. They are recruited by the State Govt. and are trained in the Accounts Training School at the State headquarters, which is under the control of the Finance Deptt.

The accounts staff of Panchayat Samitis and Zilla Parishads are borne on the District Collectorate Ministerial cadres and are recruited by the Distt. Magistrate concerned. The Upper Division Clerks and Head Clerks-cum-Accountants dealing with the Accounts Training of Samitis are sent to Accounts Training School for three months' training. They are also required to pass the preliminary and final accounts examination conducted by the Board of Revenue, Orissa. With a view to provide sufficiently trained personnel for the Panchayat Samitis a scheme for constituting a central cadre of Accountants under the control of Community Development and Panchayati Raj (CD) Deptt. is under examination. The Auditors are recruited by the Examiner of Local Fund Accounts.

#### RAJASTHAN

A cadre of Accounts Clerks has been created. This is controlled by the Examiner, Local Fund Audit who arranges their recruitment, training and deputation to the Panchayat Samitis. Arrangements are also being made to give regular training and refresher training to the Accounts Clerks of the Panchayat Samitis.

#### PUNJAB

(No information has been furnished by the State Government.)

#### KERALA

The Accounts and Audit staff in the Local Fund Audit Deptt. and the Panchayat Deptt. are recruited by the State Public Services Commission from among the candidates having prescribed qualifications. There is no separate arrangement for training such staff.

#### WEST BENGAL

No arrangement has yet been made. Extension officers for Panchayats does the audit of the Gram and Anchal Panchayats.

(1)

(2)

## MAHARASHTRA

Each Zilla Parishad has been provided with an independent Finance Deptt. with following posts at the Headquarters :—

- (i) Chief Accounts and Finance Officer—1 post (Class I) taken on deputation from A.G.'s office—some are re-employed personnel;
- (ii) Accounts Officer—1 post (Class II) (From treasury service);
- (iii) Head Accountants/Divl. Accountants—2 posts (Class III);
- (iv) Deputy Accountant—1 post (Class II);
- (v) Senior Assistants (Accounts)—6 to 9 posts (Class III).

Out of the above accounts staff two audit parties are also carved out one for internal audit and the other for external audit under the control of the Accounts Officer.

At the Panchayat Samiti level one Dy. Accountant and one Senior Assistant (Accounts) has been provided for each Panchayat Samiti, assisted by one or two Junior Assistants according to the volume of work.

The audit of accounts of Panchayat Samitis, Zilla Parishads and Village Panchayats is done by the Chief Auditor, who has adequate staff of Auditors, Sub-Auditors and Junior Clerks for this purpose.

Recruitment rules pertaining to Accounts Service are being framed. Arrangements for in-service training are being incorporated under these rules. It has been tentatively decided that direct recruitment will be at two levels of Class III in the District Service viz. in Grade III in pay scale of Rs. 90—170 and in Grade II (Dy. Accountant) in the pay scale of Rs. 140—270.

Immediately on recruitment in Grade III the candidate will be required to undergo a course of training to be conducted by the Director of Accounts and Treasuries for a period of three months and pass the prescribed examination. On passing that examination they will be eligible for promotion to Grade II and later to Grade I. On promotion to Grade I they will have to undergo a higher course of training and will be required to pass the prescribed Examination without which they will not be eligible for confirmation in Grade I. This training course will also be conducted by the Director of Accounts and Treasuries.

## GUJARAT

The question is under the consideration of the State Government.

---

---

PRINTED IN INDIA BY THE MANAGER, GOVERNMENT OF INDIA PRESS,  
FARIDABAD, 1963.

---

---