

Procedure for expenditure
at Village Panchayat Level.

GOVERNMENT OF MAHARASHTRA,
Rural Development Department,
Circular No. VPS. 2466/48928-T,
Sachivalaya, Bombay-32. 29th March 1967.

CIRCULAR: It has been brought to the notice of Government by the Chief Executive Officer Zilla Parishad Satara that the procedure followed regarding expenditure at the Village Panchayat level is extremely unhappy and following are major difficulties resulting in heavy leakages of funds.

(i) Advances are given to Sarpanchas for execution of various works. These works are not completed for years and heavy advances are permitted to lie with the said Sarpanchas. No procedure has been laid down regarding payment of advances to Sarpanchas against works and the question of what action to be taken has to be decided.

(ii) Works are given to Village Panchayats at estimated rates by the Panchayat Samiti. Many of these works cannot be executed at estimated rates because of the rising prices. As a result expenditure over and above the estimated rates is incurred by the Village Panchayat and due to the failure of the Panchayat Samiti to be in a position to certify the excess expenditure the account is never closed.

(iii) No clear procedure has been laid down for fixing agencies by the Village Panchayat. It is presumed that the Village Panchayat will always execute works given to it departmentally. In practice this is never possible and the works are being given to third parties without following any procedure which would normally be followed such as invitation of tenders etc. It seems desirable instead to accept that the Village Panchayats will not execute works departmentally, and therefore, lay down the procedure to be followed for fixing agencies.

(iv) Materials are often required to be purchased by the Village Panchayat. No rules regarding drawing of advances, have, however, been laid down as a result of which under the excuse of advance large amounts are drawn and held by the Secretary or the Sarpanch. In the case of Sarpanch little action can be taken where he fails to credit money expeditiously as prosecution in practice becomes very difficult.

(v) While even the Zilla Parishad is not permitted to accept tenders above a certain percentage as given in rule 130 of the Maharashtra Zilla Parishads and Panchayat Samitis Account Code, there is no limit to the extent above the estimated rate on which the Village Panchayat may accept quotations and execute work.

To overcome these defects the Chief Executive Officer has issued a circular (copy enclosed) for the guidance of Village Panchayats in Satara District. He has further requested Government to prescribe a detailed Accounts Manual to put a stop to the heavy wastage of funds at the Panchayat level, for want of stricter control.

2/- Under the Bombay Village Panchayat Act, 1958 Village Panchayats are required to handle and spend money out of the following funds :-

- (i) Their own resources
(From the collection of taxes etc)
- (ii) District Village Development Fund.
(When loan is taken for the Development purpose)

(iii) Grants given by Panchayat Samiti for execution of certain works.

(iv) Land Revenue grant under section 513 loan if any, granted by Zilla Parishad under section 132, equalisation under section 132-1.

To put a check on wastage of funds by Village Panchayats following rules have also been framed under sub.section(2) of section 176 of the Bombay Village Panchayat Act, 1958, viz.

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| (i) Bombay Village Panchayat (Custody & Investment of Village Funds) Rules, 1959. | Under clause (xiii) |
| (ii) Bombay Village Panchayat (Budget & Accounts) Rules, 1959. | Under clause xvi |
| iii) The Maharashtra V.P. (Audit & Accounts) Rules, 1961. | under clause xli |

The Bombay Village Panchayat (Budget & Accounts) Rules 1959 prescribes inter alia 24 forms, out of which form 20 pertains to the Register of Advances/Deposits. Every advance paid has to be entered in the Register which is audited periodically under the Maharashtra Village Panchayat (Audit & Accounts) Rules, 1961. Whatever advances would be outstanding in the accounts of a Panchayat would be detected in audit. That no second advance for the same item is to be made unless the previous one has been properly accounted for, is a matter to be strictly observed by the authorities of the Village Panchayat/Panchayat Samitis. Government feels that if Rules referred to above & the various forms prescribed under the Budget & Accounts Rules, are properly adhered to and maintained respectively, there will not be a wastage of funds at Village Panchayat level. Rules prescribe sufficient safeguards against any misappropriation of village funds. Government is of the view that there is no need to prescribe any detailed Account Manual which would amount to duplication of work in that all the above rules framed under the Bombay Village Panchayats Act 1958 would have to find place in the Manual. Government as well as Zilla Parishad P&S. can issue suitable instruction/directions to Panchayats under Section 153-1 and under section 152 of the Bombay Village Panchayat Act respectively when occasion demands.

3/- Government have, however, no objection to adopting procedure detailed in circular No.P.T.I.-762 dated 28th November 1963 prescribed by the Zilla Parishad Satara by other Zilla Parishads with suitable modifications wherever necessary to suit the local conditions & facilities for technical assistance available.

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4. Village Panchayats may, however, be directed to follow the rules referred to in para 2 above rigidly to put a stop to the misappropriation of funds at Panchayat level. They should further be directed that the detailed accounts for advances taken by them, the amount spent therefrom & the recovery of the unspent advance taken by them should be completed by the 31st March, 1967.

By order and in the name of the Government of Maharashtra,

J. B. Bendalwar
29/3/67

Under Secretary to the Government of Maharashtra,
Rural Development Department.

To

- All Chief Executive Officers of Zilla Parishads
(except Chief Executive Officer Zilla Parishad Satara)
- All Commissioners of Division.
- All Collectors (except the Collector of Bombay).

OFFICE OF THE COLLECTOR,
RAINAGIRI.