

**GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA**

UNSTARRED QUESTION NO:2116
ANSWERED ON:22.07.2004
BUDGET FUNDS OF PANCHAYATS AUDITED BY C & AG
Modi Shri Sushil Kumar

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) whether the Government propose to have the budget/funds of Panchayats audited by Comptroller and Auditor General of India;
- (b) if so, the details thereof; and
- (c) if not, the reasons therefor?

Answer

MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (c) As per Article 243J of the Constitution `The Legislature of a State may, by law, make provisions with respect to the maintenance of accounts by the Panchayats and the auditing of such accounts`. Therefore, it is for State Governments to identify the agency to get the budget/funds of Panchayats audited. The Guidelines issued by the Ministry of Finance for the utilization of local bodies grants recommended by the Eleventh Finance Commission (2000-01 to 2004-05) provided that the C&AG shall be responsible for exercising control and supervision over the proper maintenance of accounts and their audit for all the three tiers/levels of PRIs and ULBs. State Governments should send a request under section 20(1) of the CAG (DPC) Act, for this purpose. As per the Guidelines, the format for preparation of budgets and for keeping of accounts for the local bodies shall be as prescribed by the C&AG. This subject will be discussed further in the Sixth Round Table of Ministers in charge of Panchayati Raj at Guwahati in November 2004.