

IMPLEMENTATION MANUAL FOR
GRAM PANCHAYAT DEVELOPMENT PLAN

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1. PURPOSE OF THE IMPLEMENTATION MANUAL

- 1.1 The purpose of this Implementation Manual (IM) is to provide detailed guidance for Gram Panchayats who are responsible for planning, implementation, supervision and monitoring of the Gram Panchayat Development Plan (GPDP). It highlights and streamlines procedures for execution of works/projects approved under Gram Panchayat Development Plan in line with the devolution of powers to the Panchayati Raj Institutions.
- 1.2 The Implementation Manual is intended to further enhance the skill and understanding of GPDP and its role in overall development of a Gram Panchayat Unit. It is also anticipated to provide guidance in improving the overall management information systems, bookkeeping and Monitoring & Evaluation processes thereby assisting the Gram Panchayats to qualify for Performance Grant and Improvement Grant under Fourteenth Finance Commission and State Finance Commission respectively.
- 1.3 The Gram Panchayats should ensure that the works/ projects are implemented according to the approved Implementation Manual. In case of specific problems or clarification, the Directorate of Panchayati Raj [DoPR], Rural Management & Development Department, Government of Sikkim, should be consulted.

2. INSTITUTIONAL FRAMEWORK

2.1 State Level Empowered Committee [Notification no. 10/RM&DD/P dt.01/10/2015]: -

Chairperson- Chief Secretary

Members- Additional Chief Secretary

- Pr. Secretary, Finance Revenue & Exp. Dept.
- Pr. Secretary, Social Justice, Empowerment & Welfare Dept.
- Pr. Secretary, Human Resource & Dev. Dept.
- Pr. Secretary, Forest, Environment & Wildlife Management Dept.

Member Secretary- Secretary, RMDD

2.2 Field Facilitating Team:-

- 1) Team Leader: Ward Panchayat Member
- 2) PRA Facilitator: 2-3 persons per Ward (Ward level Development Committee members as notified by RMDD, Panchayat Functionaries, Barefoot Engineers/ Mates/Volunteers)
- 3) Note Taker: 2 Persons (VAA/JE/TA/GRS/PDA/PAA)
- 4) Supervisor: 2 persons (Panchayat Inspector/Horticulture Inspector/APO [MGNREGA])
- 5) Support: Line Department Officials at the BAC & GP level (Village intellectuals, retired govt. officials, NGOs/ SHGs etc.)

2.3 Gram Planning Forum[Notification no.01/RMDD/P dated 19/5/2016]:-

- 1) Chairman: Panchayat President
- 2) Co-Chairman: Zilla Panchayat Member
- 3) Member Secretary: Village Administrative Assistant
- 4) Members:
 - i) All elected representatives of the GP/Ward
 - ii) Line Department Officials
 - iii) Assistant Engineer
 - iv) Accounts Officer/or his representative
 - v) Panchayat Inspector
 - vi) Ex-Panchayats & Retired Govt. servants who volunteer NGOs/CBOs/SHGs & individuals who have some knowledge & shows keen interest in the developmental activities of the GP.

2.4 Working Groups/Standing Committees/Sub-Committees

Sector specific Working Groups/Standing Committees/Sub-Committees should be constituted in conformity with “**Working Mechanism**” of Notification no.01/RMDD/P dated 19/5/2016, annexed at Annexure II.

2.5 Ward Development Committee:-[Notification no.23/RM&DD/P dt-26/02/2013]

- 1) Chairman: Zilla Panchayat/Panchayat President/Ward Panchayat
- 2) Member Secretary: Ex-officio member
- 3) Members:
 - i) VAA
 - ii) Retired Officials
 - iii) Member/s of local NGOs
 - iv) Local person interested in the development

3.PLANNING PROCESS

- 3.1 All Gram Panchayats have to follow the Gram Panchayat Development Plan Guideline and Planning Manual issued by the RM&DD, Govt. of Sikkim.
- 3.2 All GP Plan has to be prepared duly covering the available resources at the GPs and the resources devolved by the departments vide Notification No. 3/RM&DD/P dated 29/04/2008 [Activity Mapping] as well as schemes related to functions devolved as per 11th schedule of the 73rd Amendment of the Constitution.

- 3.3 All works, that are proposed to be executed, at the Gram Panchayat shall be discussed and passed in the Gram Sabha. The Gram Sabha shall approve and finalize such list of works/projects that would be within the budget provision of the Gram Panchayat for the concerned financial year. A resolution/proceeding of the Gram Sabha shall be kept in the Gram Prasashan Kendra for record and future reference. The VAA shall forward a copy of the resolution/proceedings of the Gram Sabha along with a list of works that are proposed to be taken up and their estimated cost to BDO for facilitating maintenance of record, monitoring and supervision.
- 3.4 Timelines for long-term projects shall be reflected with its financial estimates and likely source of funding. GPs should take up works, which can be completed within two financial years.
- 3.5 All Gram Panchayats shall ensure that the plan implementation shall follow only after completion of the requisite exercise laid down in the GPDP Guideline and Planning Manual.
- 3.6 The Gram Panchayat shall discuss and approve any expenditure during its meetings held in accordance with Section 20 and transact its business in accordance with Section 22 of the Sikkim Panchayat Act 1993. Sanction of expenditure, if required, shall be by a resolution passed by the majority of the members [**Notification no. 35(159) 93-94/RDD/P-III/33 Rule 9(2) Annexure-III**]. The Gram Panchayat shall strictly adhere to the broad instructions contained in the Notification no. 3/RMDD/P dated 29/04/2008 [Activity Mapping] while finalizing the activities/schemes under consideration.
- 3.7 All sanctions to expenditure shall indicate the details of provisions in the budget wherefrom the expenditure is to be met.
- 3.8 Every proposal for expenditure outside the delegated financial powers will, after due processing by the respective Gram Panchayat, be referred to Rural Management & Development Department or the concerned line department as per the rule of allocation of business of the state government department with the following information: -
- i) Budget Provision on account of the expenditure so far proposed
 - ii) Expenditure so far incurred
 - iii) Expenditure involved in the present proposal
 - iv) Balance fund provided in the budget
- 3.9 No Gram Panchayat shall sanction without previous consent of the Rural Management & Development Department any expenditure which involves the introduction of a new principal or practice likely to lead to increased or recurring expenditure in future.
- 3.10 All prevailing Government Schedule of Rates (SOR) & Analysis of Rates (AOR), the Sikkim Gram Panchayat (Financial) Rule, and Budget & Accounts Manual, February 2017, shall be strictly followed during the formulation and implementation stage of any work/project. Generally accepted financial principle shall be applied in absence of clear provisions in the Sikkim Gram Panchayat (Financial)

Rules and Budget & Accounts Manual in transaction of business relating to operation of Gram Panchayat Fund.

3.11 **Purchase of Stores:** The term "stores" applies generally to all articles and materials purchased or otherwise acquired for the use of Gram Panchayat including articles of dead stock of the nature of plant, machinery, instruments, furniture, equipment, fixtures, etc. All purchase of stores should be made in the most economical manner in accordance with the definite requirements of the public service. All contracts for purchase/supply should be with the registered and reputed firms only.

a) Local purchase of stores may normally be made -

- i) when the requirement is immediate and of such minor magnitude;
- ii) when the expenditure does not exceed Rs.2,500/- at a time.

b) Purchase should conform to the following procedure:-

- i) In case of purchases costing less than Rs.5,000/- at a time, after reasonable market enquiry.
- ii) For purchases costing Rs.5,000/- to Rs.10,000/- by direct invitation of rates from a reasonable number of reliable firms
- iii) For purchases costing Rs.10,000/- to Rs.50,000/- open competitive tender should, as far as possible, be adopted. In the case of all purchases of stores costing more than Rs.50,000/- only whether to be purchased through registered cooperative societies, STCS or direct, open tenders (through advertisement or NIT i.e Notice Inviting Tender where ever applicable) should be invited giving wide publicity for at least 15 days before the last date of submission of tenders. All such tenders should be opened at Gram Panchayat Unit by a Tender Selection Committee of five, which should have two members from Gram Panchayat, AE (BAC) and AO (BAC) or his/her representatives from the concerned BAC and such other members as the Gram Panchayat may decide.
- iv) For purchases of stores of value exceeding Rs.20,000/- tenderers should normally be required to furnish a security deposit.
- v) Comparative statements of tenders/quotations should be prepared in all cases where tenders/quotations are called for. The quotations or tenders should specify whether the rates are inclusive or exclusive of taxes and levies.
- vi) Procurement from a single source may be done in the following cases:-
 - It is to be confirmed by the Gram Panchayat that the only a particular firm is the Manufacturer / dealer of the goods required.
 - In case of emergency, the required goods may be purchased from a particular source duly recording reasons for such decision with the approval of competent authority.

- 3.12 **Acceptance of Tenders:** The tenders/quotations for direct purchases or bids shall be accepted by the appropriate designated authority at Gram Panchayat. The purchases should be made from the lowest bidder/tenderer unless there are any special reasons to the contrary which should be recorded in writing. Sanctions on the basis of acceptance of tenders/quotations will be accorded as prescribed at para 3.6 above. When the accepted terms of supply require the payments of any amount in advance of supply, specific mention to the effect shall be made in the sanctions. Otherwise, payments shall be made only after supplies have been received in accordance with the supply orders and goods have been accepted by the indenting authority.
- 3.13 All stores, which may be declared as obsolete, surplus or unserviceable, shall be disposed of under orders of appropriate authority. All obsolete and unserviceable material of assessed value above Rs.5,000/- shall be disposed of by obtaining bids through quotation or tenders by advertisement. If, however, any Gram Panchayat is unable to dispose of the obsolete items in spite of two attempts for disposal through advertisements, they may dispose the same at its scrap value with the approval of Gram Sabha.
- 3.14 Formal sanction of the competent authority shall be obtained for writing off all losses, deficiencies or depreciation in value of stores with the consent of the Gram Sabha.
- 3.15 **Communications of Sanctions:** Every Gram Panchayat shall see that all sanctions and orders relating to expenditure against which audit is to be conducted are communicated to the concerned BAC. The Accounts Section of the BAC shall compile such communication and forward to the Directorate of Local Fund Audit in the format as given in Table I.

TABLE I

Sl. No.	Name of GPU/Ward	Sector	Sanction Schedule No. & Date	Amount	Name of work	Remarks
1	2	3	4	5	6	7

4. DETAILED ESTIMATE & TECHNICAL SANCTION

- 4.1. The detailed estimate supported by complete details such as schedule of all items, quantities, rate, cost, drawings, specifications, rate analysis, measurement details needs to be prepared by the Junior Engineer for each work approved by the Gram Sabha and backed by provision in the GP budget. Technical sanction ensures that the proposal is structurally sound and estimate is an economical one. The rate should be adopted from the standard schedule of rates and for non-schedule items, rates should be based on proper analysis of rates.

- 4.2. The estimate along with a brief technical report, after vetting by the Assistant Engineer (BAC), shall be forwarded to the Gram Panchayat for approval and sanction of the scheme.
- 4.3. Gram Panchayat authorities empowered for Call of Tenders, Acceptance of Tenders, Power of Technical Sanction, Conclusion of Agreement, Passing of Bills subjected to availability of budget provision shall be as follows;

I. Eligibility of Contractors:

Sl. No.	Grade of Contractor	Tendering Limit	Jurisdiction of Tender
1	Class IV	Up to Rs.20.00 lakhs	All registered contractor of appropriate grade within the territorial jurisdiction of the Gram Panchayat where the work to be executed at Gram Panchayat through Gram Sabha.
2	Class III	Above Rs.20.00 lakhs up to Rs.50.00 lakhs	All registered contractor of appropriate grade within the territorial jurisdiction of the Assembly Constituency where the work to be executed at the Office of BDO/AE.

II. Call of Tender:

1	For Civil Works value up to Rs.50.00 lakhs	Gram Panchayat in presence of the concerned Assistant Engineer
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III. Opening of Tenders:

1	For Civil Works value up to Rs.50.00 lakhs	Gram Panchayat in presence of the concerned Assistant Engineer and Accounts Officer or his representative in the BAC
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IV. Acceptance of Tender:

Up to at Par on works value where no additional financial implication is involved.

1	Up to Rs.20.00 lakhs	Gram Panchayat
2	Above Rs.20.00 lakhs up to Rs.50.00 lakhs	Block Development Officer

Note : Where additional financial implication is involved for the works taken up out of Gram Panchayat Fund, Gram Panchayat shall obtain approval of Gram Sabha.

V. Technical Sanction:

1	For work value up to Rs.20.00 lakhs	Assistant Engineer (BAC)
2	Above Rs.20.00 lakh up to Rs.50.00 lakhs	Divisional Engineer (Zilla)

VI. Work Order:

1	For work value up to Rs.50.00 lakhs	Block Development Officer
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VII. Conclusion of Agreement:

1	For work value up to Rs.20.00 lakhs	Assistant Engineer (BAC)
2	Above Rs.20.00 lakhs up to Rs.50.00 lakhs	Divisional Engineer (Zilla)

VII. Passing of Bills:

1	For work value up to Rs.20.00 lakhs	Assistant Engineer (BAC)
2	Above Rs.20.00 lakhs up to Rs.50.00 lakhs	Divisional Engineer (Zilla)

Note: The exercise of these powers is subject to availability of Budget provision in Gram Panchayat.

- 4.4. For projects under the direct supervision of Line Departments the prevailing procedure for technical sanction of the respective state government department shall be followed.
- 4.5. In cases of works involving different technicalities like afforestation, social welfare schemes, ecotourism, village & cottage industries, etc the GP shall take assistance from the concerned line department officials located in the District / Sub-Division.
- 4.6. The Panchayat functionary in Gram Panchayat shall be responsible for compiling and maintaining project wise record as per the Table below:

Table II

Sl. No.	Name of work/ Details	Gram Sabha Approval, No	Technical Sanction,	Amount	GP Approval, No & Date	Source of Fund	Remarks
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	of expenditure	& Date	No & Date				

5.TENDERING PROCESS

- 5.1 All works proposed for execution by contract will be notified in a form of invitation of tender through NIT.
- 5.2 **Notice Inviting Tenders:** Notice Inviting Tender form, which in brief is known as NIT, is required to be issued in respect of works for which tenders are called. The salient feature of this NIT is that it includes the name of the work, estimated cost put to tender, period of completion, time and date of receipt and opening of tenders and other relevant conditions. The sample format has been appended as **PRI-25(Annexure-IV)**. The Gram Panchayat in consultation with the Assistant Engineer, BAC, shall issue the Notice Inviting Tender (NIT). The Village Administrative Assistant (VAA) shall be responsible for giving publicity and to furnish information on tenders. Tender form shall be available for issue with the concerned VAA of the Gram Panchayat.
- 5.3 The time limits between the date of NIT and the date of opening of tenders should be adhered to as specified below;
- Minimum one week in case of works costing between Rs.1.00 lakh to Rs.10.00 lakhs.
 - Minimum two weeks in case of works costing over Rs.10 lakhs.
- 5.4 The NIT should be displayed prominently in the BAC, GPK as well as the public places of the Wards. The BDO should ensure that the NIT is displayed in the BAC as specified in para 5.2 above.
- 5.5 A copy of the Notice Inviting Tender (NIT) should be endorsed to the concerned District Collector, Ward Panchayat and Block Administrative Centre.
- 5.6 **Sale of Tender Documents:**
- Tender documents comprising of (a) Tender form, (b) Contract Agreement form, (c) General Directions and Conditions Of Contract and (d) Schedule of Rates and Quantities. These documents should be prepared and kept ready for sale to the contractors before NIT is published and every contractor desiring to tender shall be asked to make a written request. Tender documents shall be sold to only registered and enlisted contractors who fulfill the eligibility criteria set out in the NIT.
 - Sale of Tender Documents shall be allowed in two stages. In the first stage Contract Agreement form, General Directions and Conditions of Contract and Schedule of Rates and Quantities only shall be issued on production of counter foil of Bank receipt, from the designated Bank, for the amount specified in the NIT. The tender form on which the contractor is to quote the rate/offer shall be issued to the intending tenderers at the second stage on production of Term Deposit

Receipt (TDR) or Fixed Deposit Receipt (FDR) from the designated Bank for the amount of Earnest Money and within the date as specified in the NIT.

(iii) **Tender Form** as per **Annexure-V** shall be issued by the VAA in respective Gram Panchayat.

- 5.7 In order to make the tender process more competitive and to properly evaluate the rate offered by the contractors, it is necessary that there must be at least three participants/tenderers in each tender. Tenders received in less than three valid tenders shall be summarily rejected and fresh tender shall be invited. However, in case of receipt of less than three tenders in the subsequent retender, the Gram Panchayat has the discretion to accept or reject the tenders. For fair and transparent system of tendering, the tender selection committee should open the tender at the prescribed time and place in presence of bidders/tenderers who chose to be present at that time, and will enter the amounts of the several tenders in a comparative statement in a suitable form.
- 5.8 The agreement form contains General Conditions of Contract for executing works and is applicable for Item Rate as well as Percentage Rate Tenders (**Annexure-VI: Contract Agreement Form**).
- 5.9 The Sabhapati of the Gram Panchayat Unit shall have the right to accept or reject the tender quoted at par or below the estimated cost. In case of higher tender percentage, the proposal shall be re-examined at the level of GP and option should be explored to negotiate with the lowest bidder.
- 5.10 The Work Order(**Annexure-VII**)for all works, under each Gram Panchayat Unit, shall be issued by the concerned BDO in consultation with the Assistant Engineer of the concerned BAC. A copy of the Work Order shall also be endorsed to the concerned area MLA, Zilla Panchayat, District Collector, ADC (Dev.),District Planning Officer, Director (Panchayat), DoPR, RM&DD and concerned Ward Panchayat &Chairman, Social Audit-cum-Vigilance Committee (SAVC).
- 5.11 For works estimated not more than Rs.1.00 lakh as per the prevailing schedule of rate, the Gram Panchayat shall get the work done througharegistered co-operative society within the ward of Gram Panchayat on rotation basis. The list of pre-qualified enlisted co-operative societies has to be maintained at the GPU.
- 5.12 **Earnest Money:** Earnest Money is paid by each tenderer to enable the Gram Panchayat to ensure that a tenderer may not refuse to execute the work after it has been awarded to him. In case where a tenderer fails to commence the work awarded to him, the earnest money is absolutely forfeited to the Gram Panchayat Fund. The registered cooperative societies shall be exempted from the payment of Earnest Money.
- a) The rate of earnest money, which a contractor should deposit, is 2.5% of the estimated cost put to tender.

- b) The earnest money pledged in favour of the tender inviting authority is accepted only in the form of Temporary Deposit Receipt or Fixed Deposit Receipts from any scheduled bank in Sikkim.
- c) Earnest Money received in the form of TDR/FDR along with the tender, except the lowest tenderer all the TDR/FDR should be refunded by making requisite endorsement within a week time from the date of receipt of Tenders.

- 5.13 **Security Deposit (SD):** The security deposit shall be collected by deductions from the running bills of the contractors at the rate of 5% of the gross amount of the bill. The SD shall be released after three months from the actual date of completion on production of no defect certificate from the concerned Assistant Engineer, BAC.
- 5.14 The Cost of Tender forms for works value up to Rs.5.00 lakhs is Rs.1,000/-, Rs.5.00 lakhs to Rs.10.00 lakhs is Rs.2,000/- and above Rs.10.00 lakhs is Rs.2,500/-
- 5.15 **Accounting of Tender Document:** All tender documents shall be kept in the office of the Gram Panchayat. The register should contain a chronological record of the issue of tender documents showing the name of the person to whom issued, the number of forms issued and the particulars of Bank Receipt note on account of cost of documents.
- 5.16 BDO shall ensure that the work tendered is executed strictly as per the plans captured in the Gram Panchayat Development Plan document.

6.SOCIAL SECTOR INITIATIVES

- 6.1 Projects undertaken under Social Sectors such as capacity building, IEC, counseling etc. shall be captured from its inception to the impact assessment through a fool proof recording and documentation system.
- 6.2 Implementation of such activities shall follow the process laid down for projects entailing civil works and creation of physical infrastructure wherever applicable.
- 6.3 The concept note of any given activity proposed to be implemented shall contain the objectives, basic procedural and operational information, target group, resource envelope and the expected outcome.
- 6.4 In case of projects outsourced to authorized/empanelled third party for implementation, a Memorandum of Agreement shall be drawn between the GP and the Agency.

7.BILL PROCESS & PAYMENT FOR WORKS

- 7.1 The payment to contractor and others for work done or services rendered are made on the basis of measurement recorded in **Measurement Books(Annexure-VIII)**. The measurement for the work done shall be taken by the Junior Engineer and entered in the Measurement Book. The bills shall be prepared as prescribed in **Work Bill form PRI-24 (Annexure-IX)**. The Assistant Engineer shall verify the entries in the Measurement Book relating to the description and quantities of work /supplies and calculations of "Contents or Area" should be checked arithmetically under his supervision. Any bill for work done must be supported by a **Deviation Statement** in form **PRI-44(Annexure-X)** indicating the reasons for such deviation if any from the technically sanctioned estimate. The Assistant Engineer can approve such deviation to the extent of 10% of the technically sanctioned estimate. Any deviation beyond the limit of 10% of the original cost, needs approval of majority of members of Gram Panchayat. The bill, after certifying, should then be forwarded to Gram Panchayat for processing payment.
- 7.2 Before payment of any work bills other than adhoc/advance payment is made, the contractor is required to produce, a clearance certificate from the Labour Department to the effect that the payment for all labourers engaged by him are made and no labourer remains unpaid, should be obtained by the contractor and produced to the concerned Assistant Engineer.
- 7.3 The measurement book is to be maintained carefully and correctly as they may have to be produced as evidence in the court of law, as and when required. All measurement books belonging to the Gram Panchayat should be numbered serially and register of measurement book should be maintained showing the serial no. of books received, issued, date of issue and date of return to Gram Panchayat. A similar register should be maintained by the Junior Engineer to watch issue and return of MBs.
- 7.4 When a bill has been passed for payment and cheque is issued, the authority signing the cheque should draw a diagonal line on the measurements, to prevent any fraudulent use of measurements for double payment.
- 7.5 **Hand Receipt Form (PRI-28):** This is a simple form of voucher intended to be used for other miscellaneous payments and advances for which no forms are applicable (**Annexure-XI**).
- 7.6 The Panchayat Account Assistant (PAA) after receipt of work bill shall process for examination by the Accounts Officer or his representative in BAC (either for work done or supplies made) through the Ward Panchayat for ensuring recoveries on account of materials, hire charges, security deposit, income tax, VAT, Env. Cess, etc. The bill shall invariably be supported by clearance certificate from Social Audit-cum-Vigilance Committee. The Accounts Officer or his representative shall obtain pass order of AE (BAC)/DE (Zilla) and forward to the Sabhapati of the Gram Panchayat Unit, through the BDO, for accord of approval to release payment. The PAA shall prepare cheque in favour of the contractor/agency and obtain signature of authorized signatory in Gram Panchayat.

7.7 **Register of Works (Form PRI-40):** The permanent and collective record of the expenditure incurred during a year on each work is the " Register of Works". This record is maintained in the Gram Panchayat and parallel records shall be maintained in BAC by the Accounts Officer also. The Register of Works are posted as and when any payment is made for the works. Separate folio or set of folios in the Register should be assigned to each major works. When the work is completed and the accounts of it have been settled and written up, a double red ink line should be drawn below the final entries and a note made in red ink "**Work Completed in**" and the accounts are balance indicating the total sanction, expenditure incurred and actual saving of each component of schemes(**Annexure-XII**).

7.8 The provision of Gram Panchayat Financial Rules, Budget & Accounts Manual, 2017, shall have to be strictly followed in recording transactions by the Gram Panchayat.

8.BUDGETING & BUDGETARY CONTROL

8.1 The section 46 of the Sikkim Panchayat Act and **para 8 of Notification No. 35(159)93/RDD/P-III/33 dated 10/07/2003** envisaged that every Gram Panchayat is required to prepare Annual Budget for the next financial year and place before the Gram Sabha after the Annual State Budget is passed by the State Legislative Assembly.

8.2 Budgets Reflect the Wish of the People:

The concept of Panchayati Raj is about transferring power to the people. It is based on Gandhiji's cherished vision of 'self-governing' villages. Villages have to be self-sufficient and be able to chalk out their own agenda for development depending on the local needs. However, villages have only limited resources and a prudent use of these scarce resources can be made only through an effective exercise of budgeting.

Acts of State Government governing the functions of Panchayats provide for a meeting of Gram Sabha where members are required to give suggestions regarding works to be undertaken in their areas. Gram Panchayats are responsible for identifying development works based on suggestions made by various members of the Gram Sabha. These works may be in various areas where the State has issued orders for devolution of power to the Panchayats. Identifying different works based on the need of the people and in the form of development projects in the area of jurisdiction of the Gram Panchayat and estimating the likely expenditure required to complete each of such works, identifying the beneficiaries, availability of fund and other critical factors are all elements of budgeting.

8.3 Budgets are about setting priorities

Budgeting would require estimating the resources. Codal provisions require a certain percentage of the annual receipts of the Panchayats to be left as balance at the end of the year. Certain activities, like administration of the Panchayat, are continuous and the panchayat has to find adequate funding for these

activities. These would form the first charge on the available resources of the Panchayats. There may be many other items of activities or works based on suggestions received from the people on which the expenditure is required to be incurred from the available funds of the Panchayats. As the resources are limited, this would require setting up a criteria for determining as to what all works/activities should be taken up for execution during the year under consideration for which budget is to be made.

8.4 Budget is Making Decisions on Revenue and Expenditure:

Budget is a financial estimate of possible revenue that can be generated and expenditure that needs to be incurred for a specific period generally within the financial year. It is the annual financial estimate of possible income and expenditure. Budget making initiates Panchayat/Gram Sabha to debate over various options of mobilizing more resources and finding out different development works and activities where expenditure is to be incurred based on people's needs. The budget making is all about making decisions on how to increase revenue and which works or schemes or activates or programmes the area of the Panchyat jurisdiction are to be considered and how much each of the competing proposals cost and how to rank them and finally include in the budget taking into account available spendable income and applicable rules.

8.5 What is Budget

The Budget is a document prepared annually indicating the estimated receipts under each source of revenue and estimated expenditure under each objects during the ensuing financial year. Besides, the actuals (or revised estimates) of total receipts under each source and actuals (or revised estimates) of total payments under each object during the current financial year are also taken into account, which can be one of the bases for projecting estimates of ensuing year.

The variation between actuals (or revised estimates) of the current year and the estimates of the ensuing year are also explained. The variations between budgeted (original) and actuals (or revised estimates) of receipts and expenditure of the current year are also explained.

A comparison of actuals and estimates during the last two years shall give a trend of receipts and expenditure and performance against the goals. This can be helpful in setting the projected goals for receipt and expenditure in the ensuing year/future. The estimates of receipts and expenditure shall be prepared in a realistic manner. Appropriate prioritization of allocation of funds on various objects of expenditure shall be made according to their durability and income generating capacity.

8.6 How to Make Budget: First Phase of Making Budget:

How is the Panchayat budget to be prepared? Top down traditional method under which budget can be prepared by the government agency based on certain policy. Bottom up grassroots level approach is to involve the people of Panchayat to make their budget.

Before getting into the expenditure decisions, people of the Panchayat must know how much money they have in Panchayat fund.

Then comes which are the development works and activities to be considered for spending.

What should be the norm for deciding the work to be included in the budget for spending?

Panchayat people must discuss different options and possibilities of increasing its resources, what are the different needs of the people living in the Panchayat area and how to prioritize them.

Discussions may focus on what are the possibilities of raising both tax and non tax revenues from items under Panchayat's mandate and how to prioritize the works to be included in the budget.

8.7 Second Phase: Approving Budget

Once the budgets are made, it needs approval from the competent authority. The budget proposals should give adequate justification for accepting or rejecting an item, activity or work proposal. The competent authority will evaluate the estimates of possible revenues and proposals of expenditures. There may be further questioning and intense debate on proposals for revenue and competing spending proposals. Approval process is not just signing or passing what is made by a Panchayat in a routine way. Each process is important.

Approval of the budget provides an opportunity for evaluation of competing claims before agreeing to the decisions and justifications by the authority.

8.8 Third Phase is Implementation of Budget

After approval of the budget, what is important is proper implementation of the budget. Execution of the budget is an effective method of expenditure control as well as monitoring the results periodically. When any expenditure is incurred from the public money, adherence to principles of economy, efficiency and effectiveness in spending as well as the applicable General Financial Rules and Delegation of Financial Rules.

8.9 Standards of Financial Propriety

The canons of financial propriety bring the prudential financial principles of public spending:

When public money is spent, one should exercise the same vigilance as a person of ordinary prudence in spending his or her own money.

The expenditure should not be more than the occasion demands.

No authority must sanction expenditure to benefit him or her directly or indirectly.

No expenditure from public moneys must be incurred to benefit a particular person or a section of the people, unless it can be enforced in a Court of Law, or 'the expenditure is in pursuance of a recognized policy or custom';

The amount of allowances granted to meet expenditure of a particular type should not be a source of profit to the recipients.

8.10 Budgetary Control of Expenditure

Budget contains the crystallized and documented needs of the people. It embodies the financial wisdom. No expenditure can be incurred without provision of the same in the budget. Without adequate

Budget provision, Panchayat shall not commit any expenditure by issuing Sanction Order/Work Order. The authority shall not issue any Sanction Order or Work Order without sufficient provision in the Budget.

In case Panchayat requires to incur additional expenditure not provided in the Budget, provision shall be obtained through a supplementary or revised budget. The prescribed procedure should be followed how to go for re-appropriation with the approval of the competent authority.

8.11 Supplementary or Revised Budget

In case expenditure is not provided for in the budget or there is a need to incur more funds than provided in the budget, a supplementary or a revised budget must be passed by the Panchayat and get it approved in the next immediate meeting of the Gram Sabha. The revised budget estimate is presented in the month of February - March or as per the need of Gram Panchayat, or as part of the budget proposals for the succeeding year.

8.12 Preparing budgets and maintaining accounts based on the activity/work.

It is imperative that the work programmes approved by the Gram Sabha within the framework provided by the Constitution of India and the Finance Commission should form the base of the budget and accounting system. The other administrative expenditure of the Panchayats can be captured as 'Activities'. An exhaustive list of these works and activities can be prepared and each of these can be mapped to their respective account codes through the available software. The sample illustrative Budget Format is appended at **Annexure-XIII**.

8.13 Categorization of Receipts and Expenditure: A categorization of Receipt and Expenditure shall be made into Revenue and Capital.

8.14 Contents of Budget: The budgets of PRIs must contain probable receipts as under:

i) Opening balances in Panchayats' funds

ii) Estimated receipts, *inter alia*, from

contribution of grants, if any, made by Central or the State Government including such part of the land revenue collected in the State as may be determined by the government,

contribution of grants made by the other local bodies,

loans granted by the Central/State Government, local Authorities or Commercial Scheduled Banks,

receipts from rates, taxes, fees or other sources,

iii) The estimated expenditure, *inter alia*, comprises

administrative cost such as payment of salaries and other allowances, wages, payment of pension and gratuities, office expenses, purchase of furniture and fixture, office equipment, stationery, electricity charges and other incidental charges, new item of expenditure along

with reasons thereof, etc. The above estimates must be based on expenditure incurred during previous year allowing increases due to annual increment, increases in dearness allowances and inflation.

expenditure on works for which estimates must be drawn with the help of Engineering Department or indicating approximate figures on the basis of existing prescribed Schedule of Rates.

9. MAINTENANCE OF ACCOUNTS

9.1 The provisions relating to Accounts and Audit and other related issues are contained in Sikkim Panchayat Act, 1993 in section 48 in respect of Gram Panchayat requiring maintenance of accounts of receipt and expenditure in such form and manner as may be prescribed.

9.2 Budgets convey approval for spending within the approved limit

Budgets convey approval of the Gram Panchayat for spending funds on the approved works/activities. Expenditure on the approved works/activities have to be contained within the estimated amount, and if not further approval is required. The Sabhapati and Gram Sachiva are authorized to sign cheques for withdrawing money from the banks for meeting an intended expenditure. However, this power can be exercised only if funds are available to be spent on that particular work/activity. This is achieved through accounting. While incurring expenditure a record of expenditure is kept what is called a 'Voucher'. Data contained on these vouchers are recorded in various books like cash book, Contingent Audit Register/Ledger Accounts, register of works, Demand and Collection Register, etc.

9.3 What is Accounting?

Accounting is a process of recognizing, measuring and generating of financial information to permit informed judgments and decisions by the users of accounts. Each Gram Panchayat is an entity which receives and pays money from and to a number of other entities or individuals. It is important that all these money received or spent should be recorded properly so that it should be possible at any future date to know what has been received from whom on what account or what has been paid to whom and why.

An entity should be seen differently from the individuals who run it. The money received by Gram Panchayat does not belong to any individual but to the Panchayat as a whole. No individual can spend the money the way he or she likes because the money does not belong to him or her.

9.4 Accounts of Gram Panchayats

Since the accounts of Gram Panchayats in many cases are maintained on cash basis and transactions are recognized and recorded only when cash is paid or received, concepts of cost, conservatism etc. are

automatically covered by cash system of accounts. With the increasing use of Information Technology in maintenance of accounts, some of these Books of Accounts may not be maintained at all as the computers can process the information and produce the desired reports by aggregating the information. For less complex accounts like that of a Gram Panchayat, documents like Ledger Books can be processed by computer. In other words, it should be possible that by entering the basic data which would constitute "journal entries", all other books of accounts would be prepared electronically.

9.5 Gram Panchayat Accounts (Rule 7)

The accounts of the Gram Panchayat shall be maintained in the manner specified in Sikkim Gram Panchayat (Financial) Rules, 2003 in the forms set out in the Schedules appended thereto. It shall be mandatory for each Gram Panchayat to prepare and maintain the following books of accounts and statements in the prescribed forms as specified in the schedules appended to the rules mentioned above:

- a. Cash book
- b. Monthly Receipt and Payment Register
- c. Annual Receipt and Payment Account
- d. Monthly Reconciliation Statement
- e. Inventory Register for Movable Assets
- f. Inventory Register for Immovable Assets
- g. Balance Sheet

The AO or his representative as may be appointed by the State Government in the BAC, shall supervise the VAA/PAA in preparation and maintenance of accounts in the prescribed forms. All books of accounts, statements, vouchers, registers etc. relating to the operation of the Gram Panchayat Fund shall be kept in the custody of the Village Administrative Assistant in the Gram Panchayat Office. The VAA shall ensure the safe custody of all books of accounts and records of the Gram Panchayat and shall produce them for inspection of the auditors and any other officer/agency authorized by the Secretary.

9.6 General Principles of accounting of Revenues and Expenditure

Every PRI shall bring to account without any reservation all cash transaction to which it is a party. PRI shall maintain transparency in maintenance of accounts.

9.6.1. INCOME:

I. Head of office of every Panchayat is responsible-

to watch proper maintenance of accounts of all receipts and expenditure,
to watch timely receipt and collection all revenues,
to watch dues correctly assessed, collected and promptly credited to the fund,
to watch proper maintenance of Demand and Collection Register by all responsible for assessment, collection and recording in this register. For this he shall obtain returns of revenues realised and its progress,

to watch that there is no leakage and that there are adequate checks to avoid leakage,
to arrange for test inspection of account of receipts
to watch that no due to PRI is left outstanding unless there is a sufficient reason to that. In such cases PRI shall take orders of competent authority for their adjustment, remission, reduction and write off only the sum which has actually been realized shall be credited as revenue.

II. Receipt of money: Take following steps for correct accounting of receipt:

Give a receipt to the Payer for the money received/collected.

The Gram Sachiva shall sign the receipt and write the amount both in figure and in words.

Head of office shall see that the amount received has been correctly entered in the cash book.

Keep blank receipts in safe custody and proper account of receipt books.

The Act and Rules have prescribed form No PRI 17 (Annexure IV) for maintenance of a Stock Register of Receipt Books at GPs showing details of Blank Receipts and those which have been issued for use. The Register shall also contain the name of officials and detail of receipt book given to him for use.

III. Register of Revenue Receipts

Every PRI shall maintain a Register of revenue receipts for recording details of each receipt on account of all taxes, fees other income. The Register shall contain separate pages for each head of income, tax, fee and entries in the Register shall be linked with postings in the cash book.

IV. PRI shall take following steps before allowing a Refund of Revenue

Trace the original credit in the cash book and related receipt,

Make an entry of refund distinctly in red ink (i.e. in the cash book against the original credit, on the related receipt and the entry of refund in the cash book) to avoid risk of second claim.

In case of refund of tax or cash also note the facts for cross reference in the Demand and collection Register.

9.6.2. EXPENDITURE:

There are certain general provisions regarding how expenditure from panchayat funds should be treated, which are explained below:

Only competent authority of the concerned PRI can order for withdrawal of money. Money shall not be drawn unless it is required for immediate disbursement on an item of expenditure.

Head of office of every PRI shall follow established standards of financial propriety. He must exercise the same vigilance as a person of ordinary prudence would exercise in respect of his own money.

Competent authority shall not sanction an expenditure unless there is a budget provision for it.

Head of office shall exercise the control over expenditure. For this he shall see that-

Total expenditure is within the authorized limits of appropriation/budgeted provisions,

The expenditure is in the interest of the concerned PRI,
The expenditure is on the objects, for which there is a provision in the budget,
There is proper control over progress of expenditure on commitments and liabilities incurred but not paid.

9.7 **Important Register/Documents required to be maintained**

Important points to be taken into consideration for maintenance/upkeep of important registers/
documents are detailed below:

I. Stock Account

A stock account of all the receipt books, license forms, cheque books, measurement books, printed stationary and such other forms, having money value, brought to stock by the panchayats shall be maintained in proper form.

The above mentioned books and forms shall be in the personal custody of the Secretary.

The Receipt Book shall not be issued to the collection staff unless it is immediately required for use. Fresh issues shall be made only after the completed books are returned.

The issue and return of receipt book shall be noted in the register and the same shall be attested by the accountant and by the Head of Office.

The books shall be issued in serial order and the number of receipts contained therein shall also be noted in the register.

On return of the completed books, the entries made therein shall be carefully scrutinized by the Secretary.

II. Receipts

As and when any amount is received in Panchayat Office, a receipt duly signed together with the date shall be issued in prescribed form from printed receipt book having duplicate receipt forms by using double sided carbon paper. The carbon copy shall be issued to the party concerned and original shall be kept in the office for record.

The amount shall be shown on credit side in the petty cash book maintained in proper form from the office copy of the receipt.

The amounts received by simple receipt in panchayat office shall be credited in Bank by preparing challan or slip as the case may be, before the third working day and shall not be used for any other purpose directly. The original copy of the challan shall be used for making entry of credit in the general cash book.

The amounts received in panchayat office and credited in the Panchayat Fund through the treasury shall be entered in the classified register and in general cash book on credit side.

Duplicate or a copy of the receipt for the money received shall be issued on the ground that original has been lost. If necessity arises, a certificate to this effect may be issued to the concerned.

III. Register of Fixed Assets

Particulars of all assets of movable and immovable assets shall be entered in the register.

Separate pages shall be opened for different types of assts. These assets could be community land, gifted assets, roads/streets, trees, ponds, machinery, furniture/fixtures, vehicles etc.

Every acquired/purchased asset shall have details of cost, date of acquisition, depreciation, expected life span of the asset and net value.

Particulars of disposal of the asset shall be recorded with appropriate authority.

All assets should be physically verified annually and a certificate to this effect.

All assets should be adequately safeguarded.

IV. Issue and Presentation of Cheques

The cheque books shall be kept in the personal custody of the Village Administrative Assistant.

No cheque shall be signed unless it is required for immediate delivery to the payee.

Cheque shall be current for more than three months.

On cancellation of a cheque, the fact of cancellation shall be recorded on the counterfoil, over the payment order on the bill or voucher. Cancelled cheque shall be preserved under lock and key in the custody of the secretary.

All cheques issued in favour of third party shall be crossed with mark of rubber stamp "Account Payee only".

No payment against any cheque issued by the panchayat shall be made by the bank/treasury unless an advice has been received from the respective panchayat.

If a cheque is lost or destroyed, the suitable intimation shall be given at once to the bank/treasury for stopping the payment.

Fresh cheque shall only be issued after ascertaining from the bank/treasury that payment in respect of lost cheque has not been made.

V. General Cash Book(PRI 1 Annexure-XIV)

All sums credited in the panchayat fund and amount of all cheques shall be noted in the relevant columns.

Every official of the panchayat will credit all the amounts received by him in the treasury or panchayat office. Such amount shall be credited in general cash book.

All entries in the cash book shall be initialed by the Gram Panchayat Sachiva for GP and Drawing & Disbursing Officer in case of ZP. The general cash book shall be balanced every day on which there is a transaction and should be signed by the Head of the Office.

At the end of each month the entries of receipt and payment side in the general cash book shall be compared item wise with treasury pass book and the balance agreed. The difference, if any, shall be explained in a footnote in the cash book.

VI. Demand and Collection Register

(i) Household Tax

The arrears of past years with the names of persons shall be carried forward to the new register every year.

The entry in the register shall be added at the end of the year and total recoveries shall be agreed with the classified register and a certificate to that effect shall be recorded by the accountant.

(ii) Other Taxes and Dues

All taxes and demands shall be noted in first part and the other part shall include all items of revenue other than tax and fixed demands.

Separate pages shall be opened for each kind of tax in the first part. Similarly, separate pages shall be opened for each kind of revenue and each item of demand in the second part.

At the beginning of the year, the outstanding arrears as well as the demand of the year shall be noted and initialed by the Secretary. As collections are made, the same shall be noted against the corresponding demand.

VII. Register of Deposits

Each item of deposit received shall at once be entered in the prescribed register indicating the name of the person from whom the same is received.

Deposits shall be noted in the general cash book and shall not remain outside the accounts.

Repayments/ adjustments shall be noted in the remarks column.

At the close of the year, the balances shall be worked out and carried over to next year's register.

The register shall be examined by the secretary at regular interval.

VIII. Register of Works

A register of works shall be maintained in prescribed form in the Gram Panchayat recording progress of expenditure on each work undertaken by the panchayat in a year against the sanctioned estimate and the budget allotment.

There shall be an index at the beginning of the register. At the commencement of the year, the incomplete works of the previous year first shall be entered with the amount of the estimate and the expenditure up to the end of the previous year. Thereafter, works sanctioned during the year shall be entered with the amount. Each entry shall be initialed by the Secretary.

Any change in the allotment subsequently as well as revised or supplementary estimates shall be noted.

The amounts of bills passed for payment shall be recorded against the respective work and progressive totals shall be taken in the respective column.

On completion of any work, receipt of completion certificate shall be recorded. Incomplete works at the close of the year shall be carried forward to the register of next year along with the progressive expenditure recorded there against.

All works of first construction shall be termed as Capital works. All original works up to Rs 20,000 or more shall be classified as major work. The remaining works shall be termed as minor works.

IX. Pay Bill Register of Employees

Pay and allowances of the members of the panchayat shall be drawn in the pay bill forms as in Government Departments.

Travel allowance bills of panchayat members, officers and servants shall be preferred in prescribed form.

Every claim for the cost of carriage of personal effects shall be supported by a certificate that the actual expenses incurred was not less than the sum claimed and also with the necessary voucher.

Claims for travel allowance shall be paid after the bill is countersigned by the Secretary or the head of office of the Panchayat.

All travel allowance bill shall be recorded in the Travel Allowance Register in prescribed form. One page shall be set apart for each person.

Claims shall not be admitted for payment unless it is entered in the Travel Allowance register.

X. Register of Loans

Each item of loans raised, received or given shall be at once in the Register of Loans in prescribed form with the name from whom it is received or given.

Recovery/payment shall be watched until the whole amount of the loan is received or paid. Recoveries and payments shall be shown in the columns provided for the purpose against the original entry of loan and the balance worked out at the end of the year.

No adjustment shall be made unless such bill has been accepted and passed.

At the beginning of each year, all outstanding loans (receipt/payment) etc. shall be brought forward in the register and initialed by the Secretary.

XI. Register of Advances

Each item of advance paid shall be entered at once in the Register of Advances in prescribed form indicating the name of the person to whom it is paid.

Recovery of the advance shall be watched until the whole amount is repaid. Recoveries shall be recorded in the relevant column against the original entry of advance and the balance is worked out at the end of the year.

At the beginning of each year, all outstanding advances shall be brought forward in the register and initialed by the Secretary.

No adjustment shall be made unless such bill is accepted and passed.

XII. Register of Investments

The moneys not required for immediate use shall be invested in Fixed Deposit Receipts or instrument specified in particular scheme.

The particulars of investment shall be recorded indicating the amount, date of investment, rate of interest, period of maturity etc.

At the time of maturity, the details of reinvestment or encashment shall be recorded in relevant columns.

The investment certificates shall be physically verified at the close of the year and a certificate to this effect shall be obtained from the concerned bank or treasury or post office as the case may be.

XIII. Similarly, other mandatory books of accounts to be maintained are Bill register (*PRI 4), Cheque/ draft receipt register (*PRI 5), Cheque Book register (*PRI 6), Register of advances (*PRI 7), Register of Stationary articles (*PRI 8), Acqittanace Register for Pay & Allowances (*PRI 9), Muster Roll Register (*PRI 11) and Register of Immovable Properties (*PRI 12).[*GPDP Guideline]

- 9.8 Periodic reconciliation with the Banks is required to be conducted by the Gram Panchayat as required under the rule 5 of the Gram Panchayat Financial Rules. The VAA shall submit Quarterly Progress Report, in the format as in table III, below, duly signed by him to the Office of the BDO/ADC (Dev.).

TABLE III

Opening Balance as on		Cheques issued during the quarter to			Closing Balance as on	
As per Cash Book	As per Bank Pass Book	No	Date	Amount	As per Cash Book	As per Bank Pass Book
1	2	3	4	5	6	7

9.9 Preparation of Financial Statements using PRIASoft

The Financial Statements can be easily generated through PRIASoft, if all financial transactions are entered in the relevant registers and data entries are made in the PRIASoft. When the basic data is captured through voucher entries in PRIASoft; it will make the work easier and all related registers as well as financial statements can be produced.

In support of above financial statements, Panchayats can also generate the following statements from the PRIASoft:-

- Statement of cash receipts during the financial Year from each source as against the estimates made in the budget along with the reasons for variations, if any.
- Statement of expenditure on each work and activities during the financial year as against the estimates in the budget along with the reasons for variations, if any.
- Statement of own receipts from taxes and non-taxes along with figures of last financial year.

- (iv) Statement of grants received from State Government and expenditure incurred there against during the financial year.
- (v) Statement of general grants received from Central Government and expenditure incurred there against during the financial year
- (vi) Statement of Funds received under each scheme from Central Government and State Government and expenditure incurred there against during the year.
- (vii) Statement of Assets of the Panchayat as on 31st March of the financial year
- (viii) Statement of liabilities/payable of the Panchayat as on 31st March of the financial year.
- (ix) Statement of receivable by the Panchayat as on 31st March of the financial year.
- (x) Statement of Investments as on 31st March of the financial year.
- (xi) Statement of Loans and Borrowings as on 31st March of the financial year.

Statements at Sl. No. (i) to (iii) can be easily generated through Software, if all entries are fed in the computer properly. Statements at Sl. No. (iv) and (v) can be generated through software if the Cash Book is maintained with additional columns of Central Grant and State Grants. If data relating to Schemes are fed in the computer, then Sl. No. (vi) can be generated. Proper maintenance of registers will make it easy to prepare the statements mentioned at Sl. No. (vii) to (xi).

NOTE:

1) When does accounting begin in case of PRIs?

After the completion of process of budgeting, approval and sanctioning of budget estimates, the process of implementation of budget estimates starts and with this the process of accounting begins as explained below.

The process of implementation of budget estimates will involve emergence of financial transactions affecting the flow of money into the funds of the concerned PRI from various sources of receipts as visualized in the budget estimates. Similarly, there will also be flow of money out of the funds on account of expenses on various activities as per the estimates anticipated in the budget estimates. Thus, funds of the concerned PRI will either increase or decrease with every financial transaction of receipt or payment respectively. Therefore, it is necessary that every such transaction as and when affects the flow of fund it is recorded in the books of accounts.

2) Why are the books of accounts and financial statements necessary/important to be maintained?

The books of accounts and a summary of it (*i.e.* financial statements prepared periodically or at the end of the financial year), are necessary as they will serve the following purpose:-

- a) A PRI can compare its performance with reference to the budget estimates of that year. It can also exercise control of expenditure against the sanctioned provision under each head of Receipt and Expenditure as per approved Budget Estimates.

- b) The stakeholders of PRI are interested to know -
 - i. What is the work/activity wise flow of fund coming in and going out *i.e.* money received and spent?
 - ii. Whether managers of PRI are properly and prudently managing the funds as per the prescribed Rules and regulation.
 - iii. Whether the results of financial transactions are as per their expectations as visualized by them in the approved budget estimates.
 - iv. Whether the books of accounts and financial statements represent the true and fair view of the financial matters of the concerned PRI.
- c) Stakeholders can also make plans for the future based on the results *i.e.* the financial statements.
- d) The persons responsible for managing the activities and financial affairs of the PRI, are accountable to the stakeholders, and the stakeholders are interested to know -
 - i. Whether the expenditure on each activity is as per provisions made in the budget estimates. The progressive total of expenditure on each activity has not exceeded the budget provision for it.
 - ii. That expenditure on an activity is not incurred if there is no budget provision.
 - iii. Whether they are in a position to answer their queries from the books of accounts and summary of it *i.e.* financial statements,
- e) They can also monitor amounts recoverable or payable from or to an entity or a person and
- f) Whether all the receipts and payments have been properly recorded.
- g) The concerned PRI can compare its financial performance with other PRIs of its level across the state
- h) The State Government can compare the performance its PRIs with other States.
- i) The State and Central Governments can see that PRI has spent Tied grants only for the purpose for which it was granted. Whether all the grants released by them have been accounted for in the books of accounts.

10. UTILIZATION CERTIFICATE&STATEMENT OFEXPENDITURE

The Gram Panchayat shall submit Utilization Certificate (UC) (**PRI 19 of GPDP Guidelines**) and Statement of Expenditure (SOE) (**PRI 20 of GPDP Guidelines**) for the grants received to the grantee institutions twice a year *i.e.* 30th September and 31stMarch or as per the instruction issued by the grantee institutions. The PRI will be eligible for receipt of 2ndinstallment grants only if signed UCs& SOEs are submitted within the stipulated time. The 4thState Finance Commission recommended vide para 12.28 of the recommendations that the Block Development Officer should take responsibility for GPs under their jurisdiction to satisfy the conditionality's for availing grants.**(Annexure XV & XVI respectively)**

11.AUDITING

The audit in Gram Panchayat generally covers the following:

11.1. Statutory Audit

This audit is conducted by the **Local Fund Audit** appointed by the State Government. The powers and duties of such an auditor, and its reporting requirements are described in the relevant statute and Rules. The statutory audit is primarily focused on verifying the propriety of transactions undertaken by the PRI and the manner in which its affairs are conducted. Irregularities if any, including non-compliance with relevant statutes etc. are to be reported by such an auditor. The Statutory auditor will include, in his report, a statement of:

- i) every payment which appears to him to be contrary to law;
- ii) the amount of any deficiency or loss which appears to have been caused by the
- iii) gross negligence or misconduct of any person;
- iv) the amount of any sum which ought to have been but is not brought into account by any person; and
- v) any material impropriety or irregularity which he may observe in the accounts other than those mentioned in clauses (i), (ii), and (iii).

The main points which the auditor has to cover in his report are:

- i) Whether grants are utilised for the purpose for which it was approved;
- ii) List of loans availed and whether necessary provisions have been made for repayment of principal and interest (wherever applicable);
- iii) Whether all advances and investments are fully secured;
- iv) Result of the verification of stock, and whether any losses have occurred, and whether the system of stores accounts requires to be improved etc.
- v) The statutory auditor shall verify the transactions, essentially with regard to their propriety, and give his opinion on the accounts and transactions of the PRI.

11.2. Financial Statements Audit

The Gram Panchayats will be required to prepare Annual Financial Statements consisting of Balance Sheet, Income & Expenditure Statement and Receipts & Payment Account, Statement of Assets and Liabilities and also the formats prescribed under Model Accounting System along with Notes to Accounts.

The audit of these financial statements shall be carried out primarily to establish whether they represent a 'true and fair' view of the affairs of the Gram Panchayat during the period. Such an audit is referred to as a 'Financial Statements Audit'.

The Financial Statements Audit shall be carried out by an auditor appointed by the State Government in consultation with the Office of the Accountant General, Sikkim, from an audit panel maintained for the purpose by the Finance Revenue and Expenditure Department. (These Auditors shall be subjected to regular rotation of audits)

11.3. Technical Guidance & Supervision Audit

The C&AG provide technical guidance and supervision over maintenance of accounts and audit of Gram Panchayat.

11.4. Social Audit

The primary and key objective of Social Audit is to bring the activities of PRIs under close surveillance of People to enable them to access to the records and documents of PRIs to generate transparency, accountability and creditability on the day to day functioning of PRIs.

The proposed system of keeping budgets and maintaining accounts will provide an easy tool for any aware citizen of the village to question the village authorities whether a particular item of work was completed or not or why expenditure was incurred on an item not budgeted. This will be possible as expenditure budgets for development purposes will be based on approved works and the accounting procedure will follow the budget.

Social Audit shall be conducted annually for the schemes/works/projects implemented as per Gram Panchayat Development Plan. This event shall be converged with the Social Audit of MGNREGA. The Junsunwai of the Social Audit will be chaired by the concerned Zilla Panchayat.

12.TRANSPARENCY & ACCOUNTABILITY

- 12.1 The AE/JE shall prepare social estimates & model estimates for all the works in consultation with the Gram Panchayat.
- 12.2 Field Engineers are also entrusted to assure the quality of materials and works. The "Responsibility for Quality Control" assigned to them have been placed at **Annexure-XVII**.
- 12.2 Payment for all the works shall be made through cheques and system of drawing cheques as advance in name of functionary and making expenditure in cash is irregular and hence needs to be discontinued.
- 12.3 Bills should not be passed or released without the clearance of Social Audit-cum-Vigilance Committee. The Committee shall inspect the works and convene a meeting before giving the clearance. The minutes of the meetings so held shall be documented properly as well as attached with the clearance certificate.

13.MONITORING & EVALUATION

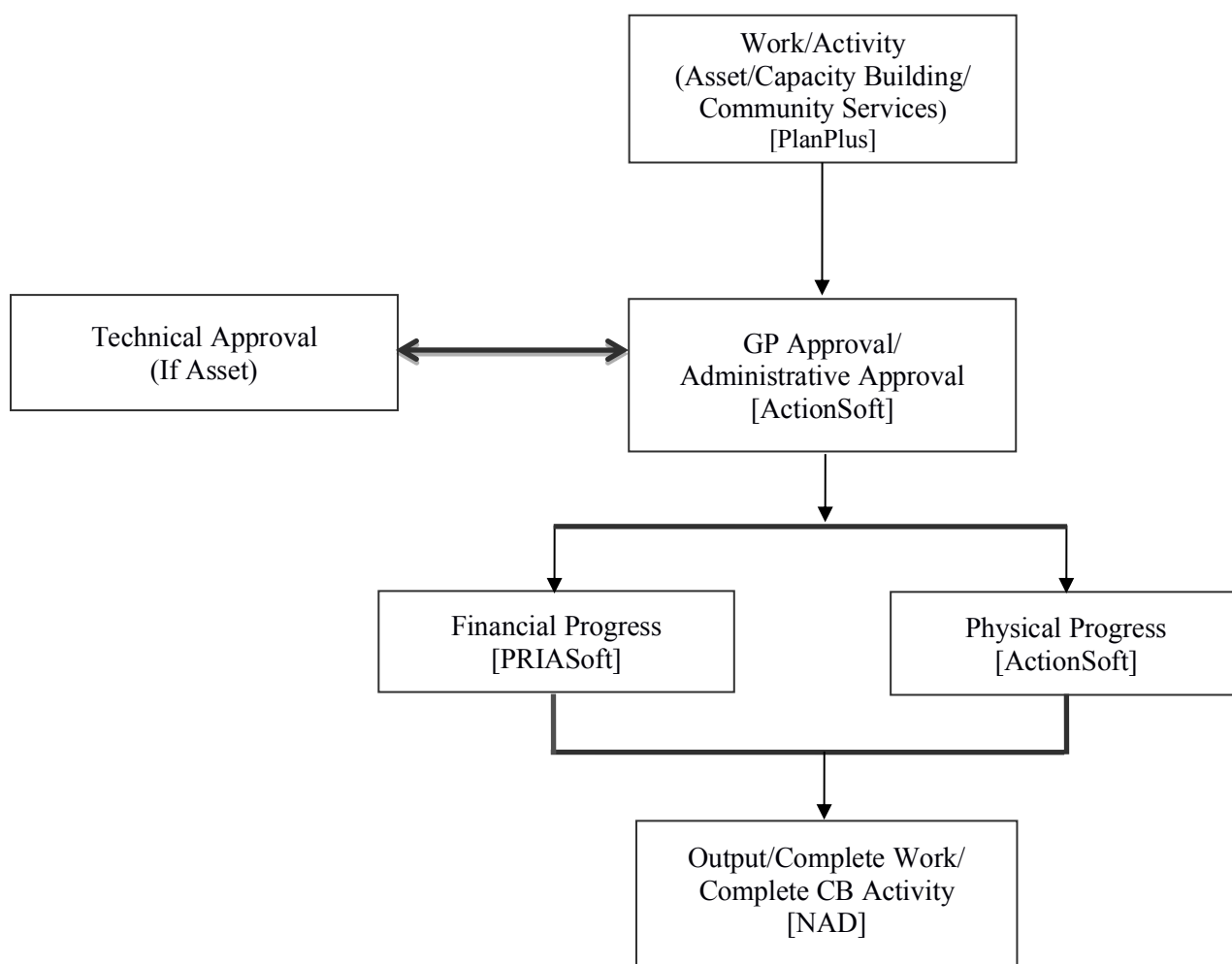
- 13.1 MIS data entry shall be done as per PES application.
- 13.2 Annual Social Audit will have to be conducted which should converge with the Social Audit of MGNREGA.

- 13.3 The Vigilance & Monitoring Committee (VMC), Standing Committee/Sectoral Working Group and Ward Development Committee shall also monitor the scheme on a regular basis. The VAA shall maintain the records of the visits conducted by the VMC, SC and WDC.
- 13.4 The respective Zilla Panchayat shall do the field visit once a month and the record of the visit should be maintained in a register at the GPK.

14. MANAGEMENT INFORMATION SYSTEM

14.1 The E-Panchayat Cell of DoPR shall ensure that all data and information are maintained in the PES applications.

14.2 Adequate training and handholding will have to be provided by the E-Panchayat Cell to the PRI support staff such as VAA, PAA, PDA, etc on all relevant PES applications as and when required.



FLOWCHART 1

15. RECORD KEEPING SYSTEMS

15.1 The record keeping registers shall be maintained at the GP level as prescribed in the Gram Panchayat Development Plan guideline.

15.2 Measurement Book, Agreement Copies, Sanction Schedules and other documents shall be kept at the Gram Panchayat Unit with proper record and shall be issued to the concerned JE /AE as and

when required. The Gram Panchayat shall maintain proper records of such receipts and issue. All such records are to be maintained by VAA and kept in his custody in the Gram Prasashan Kendra.

15.3 AE/JE shall be responsible for submitting the **Monthly Physical Progress Report** of any given work/project to the Charge Officer/BDO & Panchayat President.

15.4 Financial Progress shall be captured through Vouchers, Cash Book & PRIASoft as illustrated in Flowchart-1.

16.EXIT PROTOCOL

The ownership and sustainability of any asset created in the GPU shall lie with the Gram Panchayat and the capital gains, if any, will form the part of the Own Source Revenue (OSR) of the Gram Panchayat.

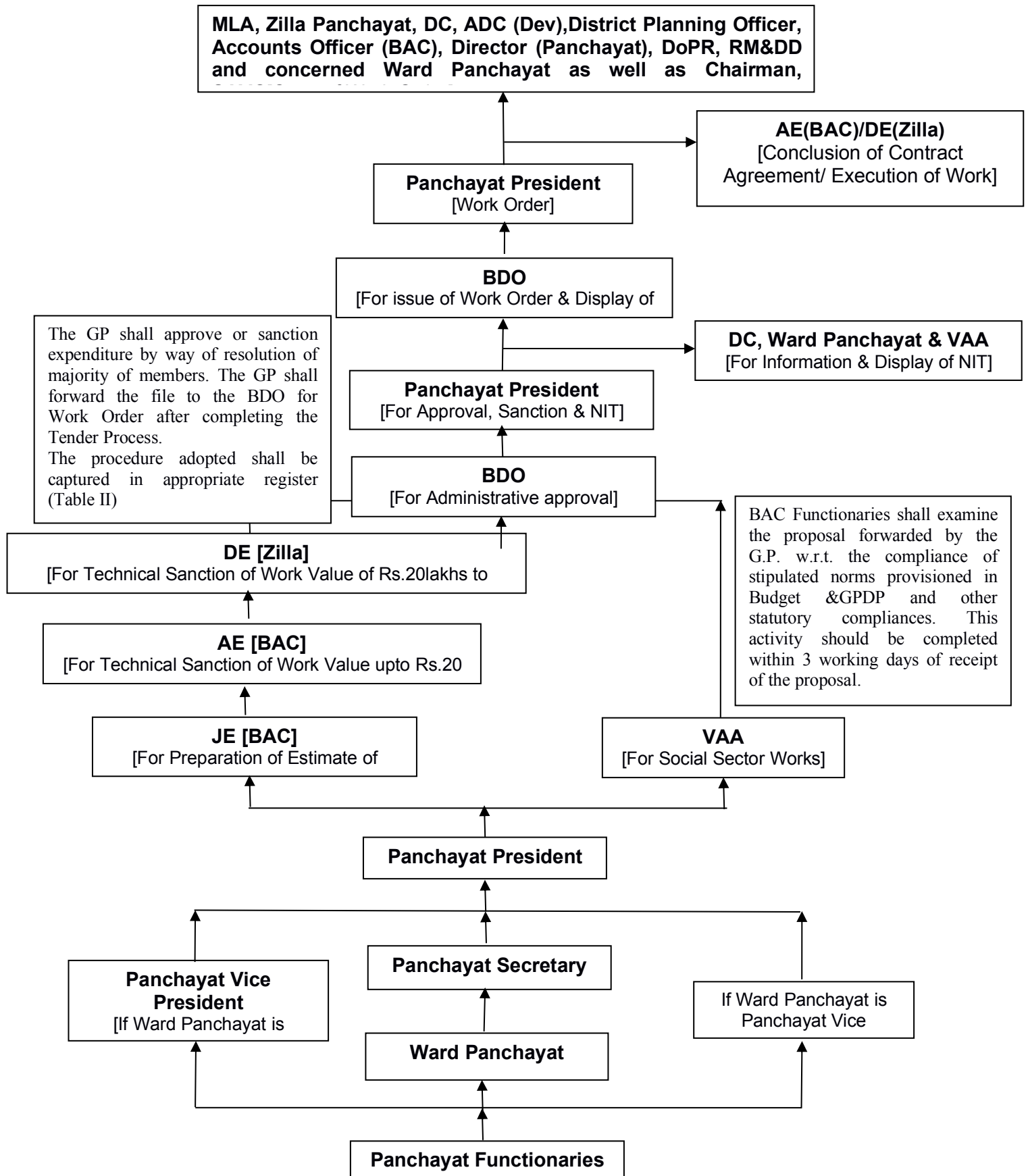
17.AMENDMENTS OF THE IMPLEMENTATION MANUAL

Any amendments of the Implementation Manual will be announced as well as uploaded in the RM&DD website. Simultaneously, State Level Empowered Committee, ADCs (Dev.) and BDOs will be informed through letters/e-mails. The changes will come into force from the date of issue of the amendment.

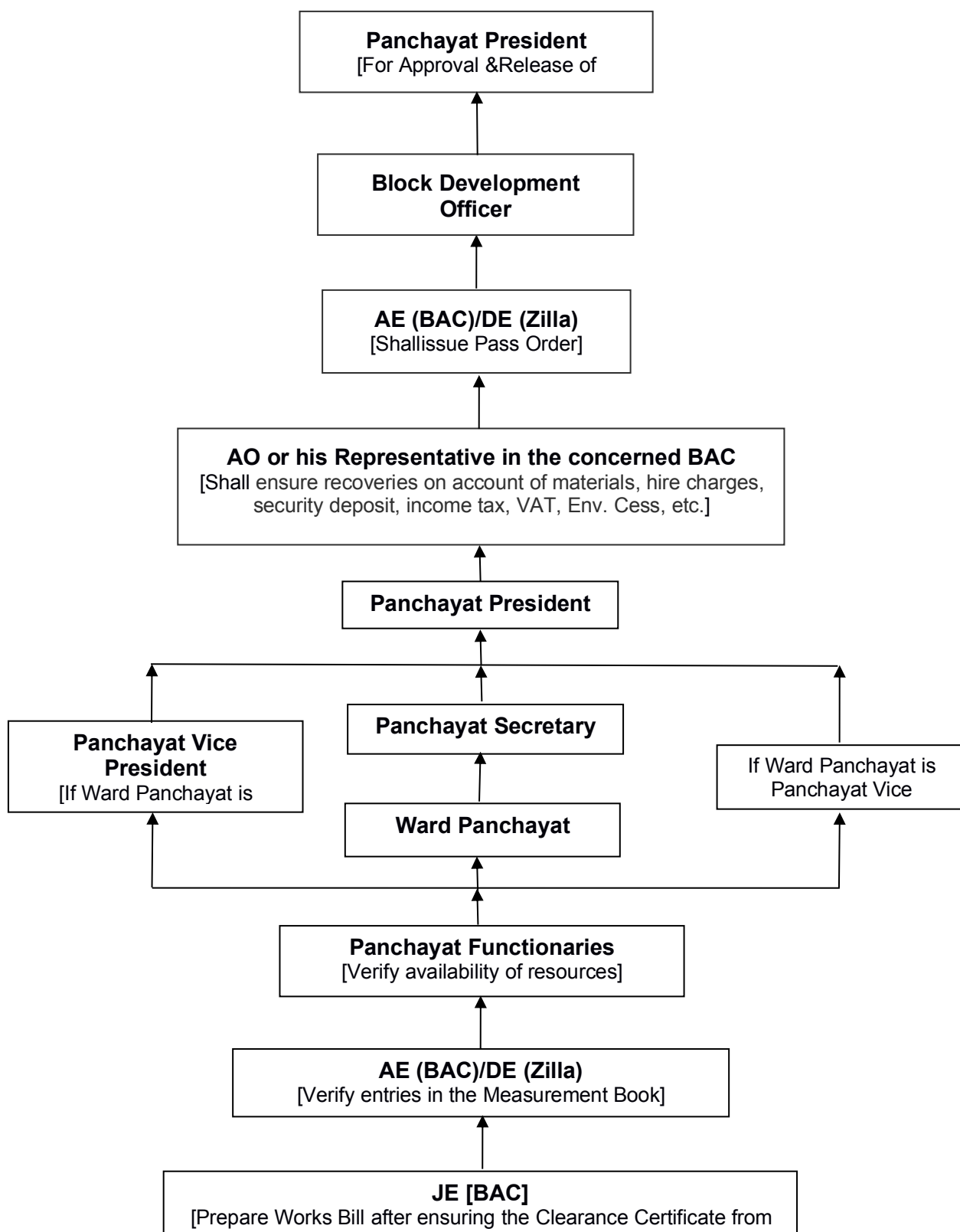
18.WORK FLOW

18.1 PROCEDURE FOR PROCESSING OFGRAM PANCHAYATPROPOSALS

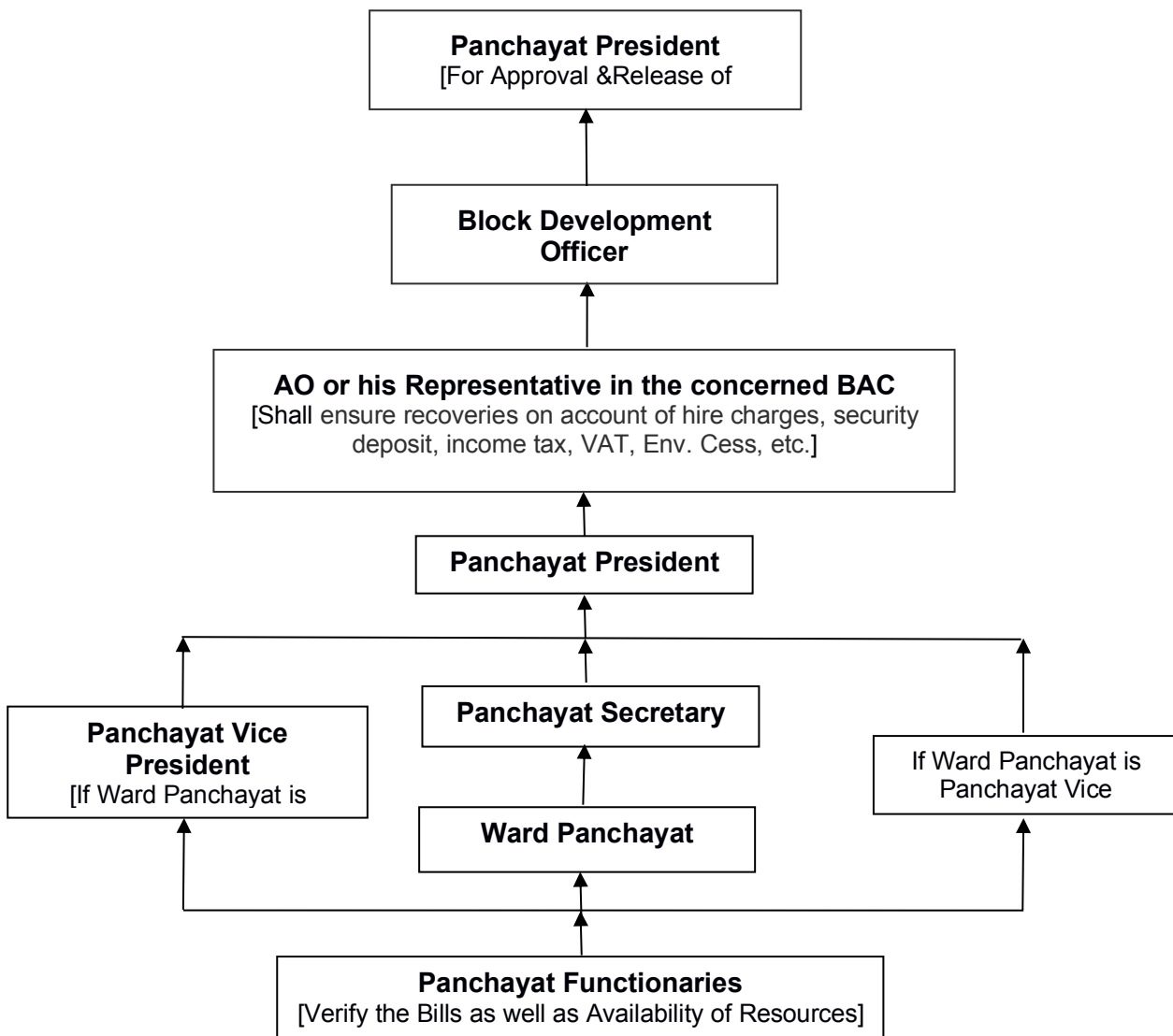
The life cycle of any proposal initiated at the Gram Panchayat Level shall follow the following route of process;



18.2 PROCEDURE FOR APPROVAL & SANCTION OF WORKSBILL



18.3PROCEDURE FOR APPROVAL & SANCTION OF SOCIAL SECTOR BILLS



Annexure I:	Notification no. 10/RM&DD/P dt.01/10/2015	[Para 2.1]
Annexure II:	Notification no.01/RMDD/P dated 19/5/2016	[Para 2.3]
Annexure III:	Notification no. 35(159) 93-94/RDD/P-III/33 Rule 9(2)	[Para 3.6]
Annexure IV:	PRI 25 - Notice Inviting Tender	[Para 5.1]
Annexure V:	Tender Form	[Para 5.6 (iii)]
Annexure VI:	Contract Agreement Form	[Para 5.8]
Annexure VII:	Work Order	[Para 5.10]
Annexure VIII:	PRI 23 - Measurement Book	[Para 7.1]
Annexure IX:	PRI 24 - Work Bill	[Para 7.1]
Annexure X:	PRI 44 - Deviation Statement	[Para 7.1]
Annexure XI:	PRI 28 - Hand Receipt	[Para 7.5]
Annexure XII:	PRI 40 - Register of Works	[Para 7.7]
Annexure XIII:	Budget Format	[Para 8.12]
Annexure XIV:	PRI 1 - Cash Book	[Para 9.7 (V)]
Annexure XV:	PRI 19 - Utilization Certificate (UC)	[Para 10]
Annexure XVI:	PRI 20 - Statement of Expenditure (SOE)	[Para 10]
Annexure XVII:	Responsibility for Quality Control	[Para 12.2]

GOVERNMENT SIKKIM

GAZETTE

EXTRAORDINARY
PUBLISHED BY AUTHORITY

Gangtok	No.
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GOVERNMENT OF SIKKIM
RURAL MANAGEMENT & DEVELOPMENT DEPARTMENT
GANGTOK

No: 10 /RM&DD/P

Dated: 01/10 /2015

NOTIFICATION

In pursuance of directives received from the Ministry of Panchayati Raj, Government of India, the State Government hereby constitutes a State Level Empowered Committee consisting of the following Members:-

- | | | |
|--|---|------------------|
| 1. Chief Secretary | - | Chairman |
| 2. Addl. Chief Secretary | - | Member |
| 3. Pr. Secretary, Finance,
Revenue & Expenditure Department | - | Member |
| 4. Pr. Secretary, Social Justice,
Empowerment & Welfare Department | - | Member |
| 5. Pr. Secretary, Human Resource &
Dev. Department | - | Member |
| 6. Pr. Secretary, Forest, Env. & Wildlife
Management Department | - | Member |
| 7. Secretary, Rural Management
& Development Department
and Panchayati Raj | - | Member Secretary |

Terms of reference:

1. To guide the process of local level planning and sort out operational problems thrust by the enforcement of 14th Finance Commission's Guidelines.
2. To co-ordinate, supervise & monitor work on Gram Panchayat Development Plans.

By order.

Sd/-
(A. K. Srivastava, IAS)
Chief Secretary

**GOVERNMENT OF SIKKIM
RURAL MANAGEMENT DEVELOPMENT PANCHAYATI RAJ DEPARTMENT
GANGTOK, SIKKIM**

No: 01/RMDD/P**Dated: 19/05/2016**

NOTIFICATION

The State Government hereby notifies that all the Gram Panchayat Units shall constitute (GPF) as described in this Notification in order to perform the duties and responsibilities assigned to the forum. The Gram Planning Forum is the most important formation in the decentralized planning system. It has the most creative role to play. The Gram Planning Forum is expected to add to the capacity of local governments to make good plans. It should assist the local government in developing a vision of what it should achieve – a vision based on experience, expertise and field reality as revealed from analysis of data.

The GPF shall comprise of the representatives from the following agencies:-

- 1 Chairman- Panchayat Sabhapati of the GPU
- 2 Co-Chairman- Zilla Panchayat Member
- 3 Member Secretary- Rural Development Assistant / Village Administrative Assistant
- 4 Members -
 - i. All elected representative of the GP/Ward
 - ii. Line Department Officials
 - iii. Assistant Engineer.
 - iv. Panchayat Inspectors
 - v. Ex-Panchayats & Retired Government Servants who volunteer.
 - vi. NGOs/CBOs/SHGs and individuals who have some knowledge and shows keen interest in the developmental activities of the GPU.

Chairman and Secretary of GPF

The Sabhapati (President) of the GPU will be the chairman of GPF. The secretary of the GPF will be Rural Development Assistant/ Village Administrative Assistant. The secretary will also be the plan coordinator, and will write the plan document and make the budget as per the decisions of the GPF.

The Duties and Responsibilities of GPF in the Preparation of Plans:

1. To prepare Periodical and Annual plan for the Gram Panchayat as directed by the state Government from time to time.
2. To perform duties mentioned in the various Government guidelines including the Hand Book for preparation of decentralized plans.
3. GPF shall collect data and information relevant for planning in the format prescribed and use it for the purpose of planning after careful analysis.
4. To perform duties, which are required for perspective planning, fixing developmental goals for the GPU and identifying the ways and means to achieving it.
5. Preparation of project proposals, prioritization of the schemes/projects and selection based on the fund availability, resources and capacity to do it, etc.,
6. To find out the technical feasibility, financial norms, viability of the plan, and Administrative arrangements related to the selected proposals with the help of SYSTEM SUPPORT FOR PLANNING AND IMPLEMENTATION.

7. Finalizing the proposals for the GP and making the Gram Panchayat Plans in the format prescribed by the Government with the approval of the Gram Saba and timely submission of the plan to District Planning Officer (DPO) for placing it in the District Planning Committee (DPC) for confirmation.
8. Any other duties assigned by the GPU, ZP or the state Government by an order or communication.

The Duties and Responsibilities of GPF in Implementation of the Plan:

1. The GPF shall have the powers to monitor the implementation of all works implemented under GPU as it is composed of elected members and the department officials.
2. The GPF has to inspect the works through concerned working group and base it on the report of the working group. The working group report has to be considered before clearing the bills by the Gram Panchayat.
3. GPF shall present all the executed/completed schemes in the Gram Sabha for information. GPF shall maintain year wise record of schemes (sector wise) executed under GPU in an Asset register. The information contained in this register has to be used for future planning.

Working Mechanism:

While the GPF will be responsible for the overall coordination of the planning process, as the GP makes strategies and projects, it will need to focus on and consult experts and officials in different sectors or areas. To enable sector specific, detailed deliberations on strategies and to formulate projects to be included in the GP plan, each GP should set up 5-7 Working Groups. It is up to the GP to decide which Working Groups it will form. The Working Groups should however, cover all the issues that the GP wants to address. An example of the different areas for the Working Groups would be:

1. Agriculture, animal husbandry and other allied activities.
2. Forestry and forest related activities.
3. Infrastructure development including drinking water, roads and other public utilities.
4. Non-farm employment generation including industry, tourism and other activities
5. Health and Education
6. Poverty alleviation and welfare of weaker sections including women, scheduled tribes, children and the elderly etc.
7. Sanitation.

This is just an example. The Working Groups should be set up as per the needs and goals of the GP and may change from year to year, depending on the priorities of the GP.

Composition of Working Groups:

All the GPF members will be part of some Working Group. Each Working group shall consist of a minimum of four members selected within the GPF. The Chairperson of the working group shall be an elected representative of the Panchayat. The senior most official from the concerned sector shall be the convener for the working group. The other members shall be selected among the members of the GPF based on their knowledge and interest towards the sector.

The functions of the Working Groups would be the following:

1. Analysis of the development sector(s)/area(s) assigned to it
2. Evaluation of the performance during the last five years in the sector.
3. Identification of existing problems, gaps, needs, possibilities.
4. Generation of a shared vision on the development of the sector(s)/area(s) through consultations with district level officials and of SYSTEM SUPPORT FOR PLANNING AND IMPLEMENTATION.
5. Suggesting an action plan to realize the vision with priorities and reasons for the priority.
6. To deal with any queries related to the sector when the plan is scrutinized at district level.
7. Preparation of draft projects to implement the action plan.

8. Monitoring of projects as directed by GPF.
9. Any other task assigned by the GPF and GPU.

The GPF shall consult the GPDP guidelines for preparation of decentralized plans and follow the steps prescribed therein.

Constitution of GPF and Working Groups:

Every GP in the state shall constitute GPF and the working groups in the beginning of every financial year by following the above directives. The member details of the GPF as well as the working group shall be communicated by the secretary of the GPF to the BDO's office for records and further communications.

Frequency of meeting:

The GPF shall convene a meeting every month to perform their duties and roles. The quorum for the meetings of GPF shall be 50% of the total members. The copy of the minutes of the meeting shall be sent to the ADC (Dev.) and BDO concerned for information. The Working Group should meet as frequently as possible and keep a brief record of its deliberations. The quorum for the meetings of working group shall be 3 members including the mandatory presence of the convener.

Role of Gram Sabha in relation to GPF:

As the GPF functions for facilitating the Gram Sabha, the Gram Sabha shall have all rights in accessing information from the GPF. Gram Sabha shall have all powers to give directions to perform according to the need of the people of the GPU. Gram Sabha shall have the final say in any proposal/scheme proposed by GPF. The plan has to be approved by the Gram panchayat before sending it to the DPC through DPO for confirmation.

Accountability:

The GPF shall work in line with DPC at District level and is accountable to the Gram Panchayat, Gram Sabha and DPC. GPF shall be responsible for timely submission of the Gram Panchayat plans as per the time schedule prescribed by the Government in the Guidelines and thus accountable to the state Government for timely submission.

This Notification will supersede the Notification No. 50/RMDD/P dated 19.08.2006.

Sd/-

(D. R. Nepal)

Secretary

Rural Management Development & Panchayati Raj Department

**RURAL DEVELOPMENT DEPARTMENT
GOVERNMENT OF SIKKIM
GANGTOK, SIKKIM.**

NOTIFICATION

No.35 (159)93-94/RDD/P-III/ 33.

Dated: 10.07.2003

In exercise of the powers conferred by Section 130 of the Sikkim Panchayat Act, 1993 (Act No.6 of 1993), the State Government hereby makes the following rules, namely: -

1. Short title and commencement.

- (1) These rules may be called the Sikkim Gram Panchayat (Financial) Rules, 2003.
- (2) They shall come into force at once.

2. Definition.

- (1) In these rules, unless the context otherwise requires:-
 - (a) "Act" means the Sikkim Panchayat Act, 1993.
 - (b) "Secretary" means the Secretary to the Govt. of Sikkim in the Rural Development Department or any other Officer designated as such by the State Government.
 - (c) "Schedule" means the schedule appended to these rules.
- (2) Words defined in the Sikkim Panchayat Act, 1993 but not defined in these rules shall have the same meaning as respectively assigned to them in the Sikkim Panchayat Act, 1993.

3. Establishment of Gram Panchayat Fund.

- (1) The Gram Panchayat Fund established under sub-section (1) of section 39 of the Act shall be held in the Saving Bank Account with the State Bank of Sikkim or any other Nationalized Bank having its branch at the respective District Headquarter and also at Gangtok.
- (2) All monies received by the Gram Panchayat from various sources as indicated at clause (a) to (g) of sub-section (1) of section 39 of the Act shall be deposited by the Sachiva in the Gram Panchayat Fund Account on the same day and entry made in the Cash Book as required under rule 4 of these rules.
Provided that where it is not possible to deposit the cash or cheque in the Gram Panchayat Fund account, the Sachiva shall keep the same under his safe custody and deposit the sums on the next working day in the Bank where such account is maintained.
Provided further that no sums in cash or cheque shall be kept without depositing the same in the account for more than three days without obtaining the approval of the Secretary, Rural Development Department.
- (3) The Account shall be maintained in the name and style of "Gram Panchayat Fund" duly prefixing the name of the Gram Panchayat and subject to the general control of the Sachiva and jointly operated by the Sabhapati and the Sachiva.
- (4) The Gram Panchayat may after passing a resolution and after taking into account the liquidity position invests part or whole of the Gram Panchayat Fund in Government approved securities and investments. Provided that the approval of the Secretary, Rural Development Department shall be obtained before such investment is made.

4. Maintenance of Cash Book.

- (1) It shall be the responsibility of the Sachiva to ensure maintenance of Cash Book in the Form as specified in Schedule-A and its safe custody.
- (2) All transactions shall be entered in the Cash Book as soon as they occur and in order of their occurrence. The pages of each book shall be numbered and the number of pages shall be certified by the Sachiva.
- (3) All receipts and payments shall be duly supported by vouchers which shall be numbered and their number shall be recorded in the Cash Book. All receipts and payments vouchers shall be kept separately in order of its number.

- (4) The Cash Book shall be closed.
- (5) Erasure or over-writing of any entry in the Cash Book shall not be allowed. All incorrect entries shall be cancelled by drawing the pen across the incorrect entry and inserting the correct entry with the initials of the concerned official.

5. Reconciliation of balance.

- (1) The Sachiva shall prepare the Bank Reconciliation Statement in the form given in Schedule-D on a monthly basis.
- (2) In the event of non-reconciliation of the balance, the Sachiva shall bring this fact to the notice of the Sabhapati and the Secretary, Rural Development Department.

6. Procedure for drawal of money from the account.

- (1) No money shall be drawn from the Bank unless it is required for immediate disbursement.
- (2) All expenses and payment for which the fund is proposed to be withdrawn should be duly approved and sanctioned by the Secretary, Rural Development Department or by any Officer to whom such power has been delegated.
- (3) All drawals shall be made through cheque only and after making the necessary entries in the Cash Book and recording the details of payment on the counterfoil of the cheque.
- (4) A sum not exceeding Rs.500.00 (Rupees Five Hundred) only shall be kept as Imprest Fund with the Sachiva of the Gram Panchayat duly authorized by the Sabhapati. The total expenditure out of the Imprest Fund shall be accounted for on the last working day of the month and sum equal of the expenditure shall be transferred to the Imprest Fund so as to make the closing balance equal to the opening balance of the month. However, the total expenditure on such petty accounts shall not exceed Rs.2000.00 annually. An Imprest register shall be maintained for such Imprest Fund.
- (5) For grants/funds released by the State/Central Government Utilization Certificate should invariably be submitted to the Department/agency releasing the grant with a copy to the Secretary, Rural Development Department. Failure shall result in withholding of further grants/funds.

7. Preparation and maintenance of accounts.

- (1) The accounts of the Gram Panchayat shall be maintained in the manner specified in these rules and in the forms set out in the Schedules appended herewith.
- (2) It shall be mandatory for each Gram Panchayat to prepare and maintain the following books of accounts and statements in the prescribed forms as specified in the schedules appended to these rules:-
 - (a) Cash Book.
 - (b) Monthly Receipt & Payment Register.
 - (c) Annual Receipt & Payment Account.
 - (d) Monthly Reconciliation Statement.
 - (e) Inventory Register for Moveable Assets.
 - (f) Inventory Register for Immoveable Assets.
 - (g) Balance Sheet.

8. Preparation of annual budget & estimates of receipts & payments.

- (1) Every Gram Panchayat shall prepare a budget of its estimated receipts and expenditure for the next financial year during the month of August each year in the form specified and appended to these rules and submit it to the Secretary, Rural Development Department, for its approval.

Provided that a copy of the estimate shall be submitted to the District Planning Committee, if the Committee has been constituted for the district.

- (2) The State Government shall approve the budget of the Gram Panchayat, with or without modification and such approval shall be communicated to the Gram Panchayat and the District Planning Committee, if constituted, before the commencement of the next financial year.
- (3) No expenditure shall be incurred unless the budget is approved by the State Government.
- (4) No re-appropriation shall be allowed without the approval of the State Government.

9. Authorities competent to sanction & incur expenditure & extent of their powers.

- (1) The power to incur expenditure out of the provision made in the approved budget and the extent of such power shall be in accordance with the delegation of financial powers specified in Schedule I.

- (2) The Gram Panchayat shall discuss and approve any expenditure during its meetings held in accordance with Section 20 and transact its business in accordance with Section 22 of the Sikkim Panchayat Act, 1993. Sanction of an expenditure, if required, shall be by a resolution passed by the majority of the members.
- (3) Notwithstanding anything contained in these rules, the State Government may confer on any authority specific power to incur expenditure on specific items and upon such conferment, the said authority shall exercise such power for specific purpose only.

10. Custody, preservation of books & records & procedures for destruction.

- (1) The Sachiva shall ensure the safe custody of all books of accounts and records of the Gram Panchayat and shall produce them for inspection the auditors and any other officer/agency authorized by the Secretary.
- (2) No books of accounts, vouchers or record shall be destroyed without the approval of the Secretary, Rural Development Department.

11. Audit of Accounts.

The Sabhapati shall produce or cause to be produced, to the auditor, all such accounts and related records of the funds of the Gram Panchayat concerned as may be required on behalf of the State Government and/or the Auditor General of India under section 20(1) of the Auditor General of India(Duties, Powers and Conditions of Service)Act,1971.

The Audit Report shall be placed before the Zilla Panchayat and the Gram Panchayat within 30 days, if necessary, by calling a special meeting

12. Removal of doubt.

When doubt arises as to the interpretation of any provision of these rules, the matter shall be referred to the Secretary, Rural Development Department.

Sd/-
R.Ongmu,
**Secretary to the Government of Sikkim,
Rural Development Department.**

PRI 25

..... Gram Panchayat Unit

NOTICE INVITING TENDER

[Reference Paragraph 5.1]

..... Gram Panchayat Unit, invites sealed tenders from the eligible contractors of appropriate class, of the Gram Panchayat Unit for the work (s) listed under:-

Sl. No.	Name of Work	Value put to Tender (Rs.)	Completion time (in months)	Cost of tender documents (Rs.)	Amount of Earnest Money @ 2.5% for issue of tender form (Rs.)
1	2	3	4	5	6

TIME SCHEDULE

- i) Date of submission of application with the cost of Rs..... upto 15:00 hrs. for issue of tender documents (excluding the tender form)
- ii) Date of issue of tender form: up to 15:00 hrs.
- iii) Date and time for submission of tender upto 12:00 hrs.
- iv) Date and time of opening of tender upto 13:00 hrs.

CONDITIONS OF CONTRACT

1. Tender is open only to the eligible Contractors/Firms of appropriate Class/Area.
2. The intending contractors should apply in writing for issue of tender documents on his or her signature with all required documents.
3. The applicants should enclose attested copies of the (a) Latest Value Added Tax Clearance Certificate, (b) Latest Income Tax Clearance Certificate as per the Indian Income Tax Act and (c) Validated / Updated Contractor Enlistment Certificate, and Professional Tax Clearance Certificates, along with the application. It is mandatory to produce the original validated / updated enlistment certificate during sale/issue of the Tender Document for verification.
4. The prescribed Non Transferable Tender Documents (excluding the Tender form) can be obtained during the period specified on production of requisite credit note deposited in the A/C No Gram Panchayat Fund with Bank towards the cost of tender document (non refundable).
5. Earnest Money Deposit @ 2.5% in the form of Fixed Deposit Receipt / Term Deposit Receipt of the schedule Bank in favour of Panchayat Sabhapati, Gram Panchayat. Tender form shall be

issued only on production of the deposit receipts to that contractors /firm who has obtained the tender documents.

6. The tender documents, including the tender form with quoted offer should be placed in a sealed cover with the name of the Tenderers and the name of the work superscripted on it. Supporting documents listed at Sl. No. 3 (a), (b) and (c) above should be enclosed with the offer.
7. Tenders will be opened by Tender Opening Committee in presence of the tenderers on the date and time indicated above.
8. The rate quoted should be both in figures and words and should be inclusive of Value Added Tax and all other taxes and levies.
9. The work value, scope and quantum of work are subject to change, the contractor shall execute the work as per the directives of the Gram Panchayat.
10. Avoidable damages due to negligence of the contractor shall be at his own risk and cost. The Gram Panchayat shall not be liable for payment of such damages (if any), including accidents to labour at site.
11. The offer shall remain valid for a period of 45 days. The work should commence within 15 days from the date of issue of work order.
12. All the conditions as mentioned in the NIT shall be deemed to be a part of the agreement to be entered with the contractor. Security deposit shall be collected by deductions from the running bills of the contractor @ 5% of the value of work done.
13. The Gram Panchayat reserves the right to accept or reject any or all tenders without assigning any reason thereof.
14. The contractors are required to register themselves under Rule 39 or 40 (as the case may be) of the Sikkim Value Added Tax Rules 2005 with the Income and Commercial tax Division of Finance Revenue and Expenditure Department and obtain the TIN Number before the settlement of bill, or they must be registered Companies/Firms registered under the Companies Act, 1956, having valid Pan Card and Tan. The contractors are also required to submit PAN No as per provision of Indian Income Tax Act, wherever applicable.
15. The recoveries of Income Tax, Value Added Tax and Royalties on Forest produces shall be as per the rates notified by the State Government from time to time and applicable on the date of payment. In no case, claim of any contractor for deduction as per rates incorporated on Analysis of Rates or Schedule of Rates on the date of tender shall be acceptable.
16. In case of carriage of Non Stock Materials, if these materials are available at site or are actually transported from a lesser distance than indicated in the schedules, the Gram Panchayat shall pay the carriage as per actual proof of carriage supported by permit issued by Forest Department indicating the quarries which is required to be submitted by contractor with bill, not exceeding the rates as incorporated in the schedules. The contractors are required to submit necessary documents to fulfill the claim of payment for carriage of Non Stock Materials.
17. Mobilization advance limited to a maximum of 15% of the estimated cost put to tender shall be allowed for selected works only and it should on a 10% simple interest.

18. Subletting of contract work shall not be allowed and if it comes to the notice, the original contract shall be cancelled.
19. The contractor shall also make arrangements to have photographs of the works taken at least three stages of construction period i.e beginning, middle and completion stage.
20. Damages to properties in and around the work site must be avoided at all cost. The contractor shall be held responsible for any acts of negligence and shall be made to make good the damages.
21. It is expected of the tenderer to have inspected the site before submitting his bid. There may be possible site difficulties for which the tenderer should have their own correct assessment before submitting the bid.
22. The cost of stock materials and bridge parts (if any) supplied from Gram Panchayat or designated agencies will be deducted from the contractors' bills.

Panchayat Sabhapati

..... Gram Panchayat Unit

Assistant Engineer

.....BAC

..... Gram Panchayat Unit

TENDER FORM

[Reference Paragraph 5.6 (iii)]

Name of Work : _____

Two Whom sold - Shri/Smt/Ms : _____

Estimate cost put to tender :Rs. _____

Tender Form Cost :Rs. _____

Earnest Money :Rs. _____

Bank Credit Note No. & date : _____

TDR / FDR No. & Date : _____

Date of sale of tender form : _____

Signature of issuing authority with seal

FOR USE BY THE CONTRACTOR

I have read, the General Directions and Conditions of Contract, Schedule of Rates and Quantities and my offer for the above mentioned work is % (Above/Below) (figure) (in words) the schedule of rates and quantities enclosed with the Tender Documents.

Signature of tenderer

Grade: _____

Regd. No: _____

CONTRACT AGREEMENT FORM

[Reference Paragraph 5.8]

Agreement No: _____

Date: _____

I/We hereby tender for execution of work specified in the underwritten memorandum within the specified rates, therein, and in accordance in all respect with the specification, designs and instruction in writing referred in the Conditions of Contract and with such materials as provided for, by and in all other respect in accordance with such conditions so far as applicable.

- a) Name of Work _____
- b) Amount put to Tender Rs. _____
- c) Earnest Money (TDR) @ _____ % Rs. _____
- d) Security Deposit (to be deducted from the bill @ _____ %)
Rs. _____
- e) Percentage if any to be added/deducted from the bill; _____ %(add/deduct) Rs. _____
- f) Total Rs. _____
(In words _____)
- g) Time for the completion of work from the Date of written order to commence: _____ months.
- h) Schedule of rates and quantity- (to be enclosed)
- i) Issue rate of stock materials – (to be enclosed).

Should this tender be accepted, I/We hereby agree to abide by and fulfill all the terms and provisions of the Conditions of Contract which has been read by me/read and explained to me so far as applicable or in default thereof to forfeit and pay to the Gram Panchayat, the sum of money mentioned in the said condition.

The sum of Rs. _____ is herewith forwarded in the Temporary Deposit Receipt currency note and earnest money (a) the full value of which is to be absolutely forfeit to the Gram Panchayat without prejudice to any other rights or remedies. Should I/We fail to comply with the provision of Conditions of Contract and the work specified in the above memorandum.

In the event of the award of the work, I/We expect to enter into the agreement as under;

This agreement, made the _____ day of _____ between _____

(name and address of the department) on and behalf of the Gram Panchayat (hereafter called "the Employer" and _____ (name and address of the contractor) hereafter called " the Contractor" of the other part.

Whereas, the Employer is desirous that the contractor execute the work: _____ (name of work) at the cost of Rs. _____ as detailed in memorandum.

The contractor, on the other part, has agree to abide by the condition of contract, and complete the work and remedy any defects therein conformity in all aspect with the provisional of the contract.

The following documents shall be deemed to form and be ready and construed has part of this agreement viz.

- i. Work Order and Letter of Transmittal.
- ii. Conditions of Contract.
- iii. Additional condition, if any.
- iv. Schedule of Quantities and Issue Rate of Materials.
- v. Drawings and Designs.
- vi. All condition stipulated in the Notice Inviting Tenders.
- vii. Any other document forming part of the contract.

In witness whereof the parties thereto have caused this agreement to be executed the day and year first before written.

Signature of the Contractor

Signature of the Employer

Witness:

Signature

1. Name : _____
Redg. No : _____
Address : _____

Signature

2. Name : _____
Redg. No : _____
Address : _____

..... Gram Panchayat Unit
under Block Administrative Centre
..... District

WORK ORDER
[Reference Paragraph 5.10]

Memo No:

Date:.....

To,

.....
.....
.....

Sub: Work Order

Madam/Sir,

This is to inform that Gram Panchayat has approved to award the work
“.....” to you at Rs..... (AT PAR)

BUDGET HEAD	Gram Panchayat Fund (GPF)
Total Work Value put to Tender	
Total Work Value for Award of Work	
Completion Time	

You are informed to attend the office of the concerned AE(BAC)/DE(Zilla) to draw the agreement within 15 (fifteen) days time from the issue of this work order.

Block Development Officer

.....BAC

Copy for information to:

1. Hon'ble MLA
2. Hon'ble Ahdyaksha, E/W/N/S District
3. Hon'ble Zilla Panchayat (concerned)
4. Hon'ble Panchayat President (concerned)
5. Hon'ble Ward Panchayat (concerned)
6. District Collector, E/W/N/S District
7. Additional District Collector (Dev.), E/W/N/S District
8. Distirct Planning Officer, E/W/N/S District
9. Accounts Officer (BAC)
10. Director (Panchayat), DoPR, RM&DD
11. Chairman, SAVC
12. Work Order File
13. Office Copy

PRI 23

..... Gram Panchayat Unit

..... Block Administrative Centre

..... District

MEASUREMENT BOOK

[Reference Paragraph 7.1]

Sl. No.	Details of Actual Measurement				
	Particulars	Length	Breadth	Height or Depth	Content or Areas
1	2	3	4	5	6

PRI 24

WORK BILL FORM

[Reference Paragraph 7.1]

.....GPU

..... BAC

Name of Contractor:

Name of Work:

Head of Account:

Serial No of the bill:

Reference to estimate and Agreement:

Date of Commencement :

Due date of Completion :

Actual Date of Completion :

SI No	Item of work	Quantity	Unit	Rate	Amount
1	2	3	4	5	6

Total Value of work done : Rs.

Deduct value shown in previous bill : Rs.

Net value of work since previous bill: Rs.

Measurement for the value shown in column 6 were made by me on _____ and recorded at page _____ to _____ measurement book No. _____. No advance payment has been made previously without detailed measurement.

Junior Engineer

1. Total Value of work done :	Rs	_____
2. Total Advance Payments and running A/C bill as per previous bill	Rs	_____
3. Balance (1-2) (since bill)	Rs	_____
4. Deduct cost of materials (creditable to work)	Rs	_____
5. Balance (3-4)	Rs	_____
6. Payment now to be made as per detailed below;	Rs	_____
a) Recovery towards cost of materials, if any	Rs	_____
b) Hire Charges of machineries	Rs	_____
c) Forest Royalty	Rs	_____
d) Income Tax	Rs	_____
e) VAT	Rs	_____
f) Env. CESS	Rs	_____
g) Swatcha CESS	Rs	_____
h) Storage Charge	Rs	_____
i) Recovery to revenue of Panchayat	Rs	_____
j) Recovery of interest against advance payment	Rs	_____
k) Other recoveries	Rs	_____
l) Net Payable (By Cheque)	Rs	_____
m) Gross (a to h)	Rs	_____

Signature of the Passing Authority [AE(BAC)/DE(Zilla)]

Signature of Paying Authority [Panchayat Sabhapati]

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..... Gram Panchayat Unit

DEVIATION STATEMENT

[Reference Paragraph 7.1]

Name of Work :**Estimate No:****Date:****Amount:**

Sl.No.	Items of Works	Sanctioned			Executed			Excess	Savings	Remarks
		Quantity	Rate	Amount	Quantity	Rate	Amount			
1	2	3	4	5	6	7	8	9	10	11

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HAND RECEIPTS

[Reference Paragraph 7.5]

(To be used as a simple form of voucher for all miscellaneous payment and advance for which the special forms are not available)

1. Name of Work: _____
2. Purpose for which payment is made _____
3. Passed for Rs. _____ (Rupees _____)
4. MB No.: _____

Signature of Assistant Engineer

Signature of Panchayat Sabhapati

5. Pay for Rs. _____ (Rupees _____)

Signature of Paying Authority

Vr. No: _____

Date : _____

Cheque No : _____

6. Received Rs. _____ (Rupees _____)

Date : _____

Signature of Receiving Authority

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REGISTER OF WORKS

[Reference Paragraph 7.7]

Details of Sanction

1. Name of work	_____	1. Civil Work	Rs. _____
2. Name of Contractor	_____	2. Bridge materials	Rs. _____
3. Technically sanctioned estimated cost Rs.	_____	3. Pipes	Rs. _____
4. Revised cost	Rs. _____	4. Fittings	Rs. _____
5. Original sanction amount	Rs. _____	5. Tanks	Rs. _____
6. Additional sanction	Rs. _____	6. Contingency, etc	Rs. _____
7. Date of Commencement	_____	7. M. B. No.	: _____
8. Due date of Completion	_____		
9. Date of Completion	_____		

(in Rs.)

Sl. No.	Date	Particulars	Net Amt.	Security Deposit	Stock Recoveries	Royalty	Env. Cess	IT	VAT	Other etc.	Total Payment	Progressive Total	Signature of GP authority

BUDGET FORMAT

[Reference Paragraph 8.12]

Estimated Receipt of _____ GPU

Financial Year

Sl. No.	Source of Receipts	Schedule	Actuals 2013-14	Actuals 2014-15	Revised Estimate 2015-16	Budget Estimate 2016-17
1.	Opening Balances in Panchayat Fund					
	Estimated Receipts					
2.	Grants from Central Government					
a)	13th Finance Commission Grants					
i)	General Basic Grant					
ii)	General Performance Grant					
	13th Finance Commission Grants (Total)					
b)	14th Finance Commission Grants					
i)	General Basic Grant					
ii)	General Performance Grant					
	14th Finance Commission Grants (Total)					
c)	MGNREGA					
i)	Labour Budget					
ii)	Material Budget					
iii)	Contingencies					
	MGNREGA (Total)					
d)	BRGF					
e)	NRDWP					
2.	Grants from Central Government (Total)					
3.	Grants from State Government					
i)	3rd State Finance Commission Grants					
ii)	4th State Finance Commission Grants					
A)	Share of Net Proceeds					
	Primary Grant					
B)	Grants in Aid					
	4th State Finance Commission Grants					
I	Primary Grant					
II	Improvement Grant					
	Total State Finance Commission Grants					
iii)	Other Grants from State Government					

A)	Grants from RM&DD/PR Deptt					
I	Discretionary Grants of Panchayat					
II	Grants for Panchayat Honorarium					
III	Grants for VAA's Salary					
IV	Other Development Grants					
A)	Grants from RM&DD/PR Deptt (Total)					
B)	Grants from Line Departments					
I	Grants from HRDD for Teachers Salary					
II	Grants from HC, HS & FW Department (NRHM) for honorarium of ASHA workers					
III	Grants from Agriculture Department					
B)	Grants from Line Departments (Total)					
3.	Grants from State Government (Total)					
4.	Grants from ZPs/other local Bodies					
5.	Loans (Borrowings)					
a)	State Government					
b)	Central Government					
c)	Local authorities					
d)	Commercial /Scheduled Bank					
5.	Loans (Total)					
6.	Own Source Receipts from Rates, Taxes, Fees or Other Sources					
i)	Household Tax					
ii)	Water Uses Charge					
iii)	Trade licence fee					
iv)	Garbage Management Fee					
v)	Recommendation Fee					
vi)	Other Receipts					
vii)	Interest Receipts					
6.	Own Source (Total)					
7.	Total Receipts (1+2+3+4+5+6)					

ESTIMATED EXPENDITURE OF _____ GPU

Financial Year (figures in rupees)

Sl. No.	Particulars of the Activities/Works	Schedule	Actuals 2013-14	Actuals 2014-15	Revised Estimate 2015-16	Budget Estimate 2016-17
1	REVENUE EXPENDITURE					
A	Activities					
	Administrative Cost					
i)	Salaries of Teachers					
ii)	Salaries of VAA					
iii)	Panchayat Honorarium					
iv)	Discretionary Grants to Panchayats					
v)	Consolidated Pay of Contractual Staff					
vi)	Wages Barefoot Engineer (Plumber)					
vii)	Travel expenses					
viii)	Sitting Allowances					
ix)	Office Expenses					
xi)	Contingencies					
a	Audit fees					
b	Fairs & Shows					
c	Interest Payments on loans					
d	Miscellaneous Expenses					
xii)	Purchase of furniture, fixture, office equipment					
xiii)	Gram Sabha expenses					
A	Total Revenue Expenditure (Activities)					
2	Works/ Schemes					
B	REVENUE EXPENDITURE					
i)	Maintenance of Water Supply lines					
ii)	Construction of IHHL					
iii)	Maintenance of Existing Assets (MGNREGA)					
a)	Labour Cost					
b)	Material Cost					
c)	Contingencies					
iv)	Construction/Reconstruction of Cowsheds					
v)	Repair/Renovation of GPKs					
vi)	Maintenance of roads					
vii)	Repair of rural foot bridges					
B	Total Revenue Expenditure Works/ Schemes					
	Total Revenue Expenditure (A+B)					
C	Capital Expenditure					

i)	Construction of School Playground					
ii)	Construction of Community Playground					
iii)	Construction of Village Foot Paths					
iv)	Construction of Crematorium Shed					
v)	Construction of Rural Foot Bridge (RCC)					
vi)	Construction of MIC					
vii)	Construction of Resource Recovery Centre					
C	Total Capital Expenditure					
	Total Outlay (A + B + C)					

PRI 1**SIMPLIFIED FORMAT OF CASH BOOK**

[Reference Paragraph 9.7 (V)]

The format of Cash Book and Bank Book shall be as such that it shows above transaction as shown below:-

Page No.....

CASH BOOK

Gram Panchayat.....

Zila Panchayat.....

For the Financial Year from 1st April 20.....to 31st Mar 20.....Volume.....**RECEIPT**

(Amounts in Rs.)

Sl. No.	Date	Receipt/ Cheque/ D.D. / Challan No.	Particulars (from whom received) with brief narration	No. of voucher & page No. of #W/D/S/ L	Funds		Own Income	Loans	Others
					CS S	SS S			
			Opening balance b/f (from previous page/year)						
			Grants from Central Government (CFC)						
			Grants from State Government						
			Own receipt						
			Loans						
			Others						
			Total						

Note: W stands for Register of works, D stands for Register of Demand & Collections, S stands for Register of Stock & Stores and L stands for Register of Loans & Advances,

CASH BOOK

Gram Panchayat.....

Zila Panchayat.....

For the Financial Year from 1st April 20.....to 31st Mar 20.....Volume.....**PAYMENTS**

(Amounts in Rs.)

Sl. No.	Date	Receipt / Cheque/ D.D. / Challan No.	Particulars (to whom paid) with brief narration of Works and activity and functional head	No. of voucher & page No. of #W/D/S/L	Funds		Own Income	Loans	Others
					CFC	SFC			
			SanitationConstruction of Drains:-						
			Wages						
			Material						
			Misc.						
			AdministrativeExpenses:-						
			Salary						
			TA						
			Stock and stores						
			Misc.						
			Work from loans:-						
			Wages						
			Material						
			Misc.						
			Refund of loan						
			Others						
			Work from Own Income:-						
			Wages						
			Material						
			Misc.						
			Closing balance c/f (to next page/year)						
			Total						

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UTILIZATION CERTIFICATE

[Reference Paragraph 10]

Utilization Certificate for Grant-in-Aid from the State/Central Government

..... Gram Panchayat

Certified that the following amounts were received as Grant-in-Aid during the quarter ending (name of month) of the year..... as detailed below:

Sl. No.	Letter No. & Date	Amount (in Rs.)
	Total	

1. Certified that out of Rs..... of grants-in-aid received during the year vide Letter No..... given in the margin and Rs..... on account of unspent balance of the previous year, a sum of Rs..... has been utilized for the purpose of for which it was sanctioned and that the balance of Rs..... remaining unutilized at the end of the year will be utilized in the subsequent month/ during the next year
2. Further certified that the conditions on which the grants-in-aid was sanctioned have been duly fulfilled / are being fulfilled and that exercised the following checks to see that the money was actually utilized for the purpose for which it was sanctioned.
3. *Kinds of checks exercised*
 - 1.
 - 2.
 - 3.

Signature of the VAA Signature of the Panchayat President

(with seal of the Gram Panchayat & date)

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..... Gram Panchayat

STATEMENT OF EXPENDITURE

[Reference Paragraph 10]

Sl. No.	Function	Head of accounts	Item of Expenditure	Amount	Balance as on.....	Remarks

Authorized Signatory

RESPONSIBILITY FOR QUALITY CONTROL

[Reference Paragraph 12.2]

Following responsibilities of Gram Panchayats are assigned to various field Engineers in respect of assurance of Quality Control of Materials and Works. Any item not listed below shall be deemed to be the responsibility of the concerned AE and JE.

PARTICULARS		WORK COSTING	
A. MATERIALS		Above 20 lakhs	Upto 20 lakhs
(a)	Sand, stone, metal and chips, bricks, rod, glass panes etc.	JE & AE	JE
(b)	Timber, paints, polish, door, shutters, windows, door/window fittings, sanitary and water special glass panes etc	JE & AE	JE
(c)	Marble, granite kota stone and similar items	AE	AE
(d)	Cement and steel	AE	JE & AE
(e)	Scaffolding/shuttering of bridges etc	AE	JE & AE
B. ITEMS OF WORKS		Above 20 lakhs	Upto 20 lakhs
(a)	Foundation upto plinth	AE	JE & AE
(b)	Base and Sub-Base works in Road work i/c carpeting/blacktopping	AE & DE	AE & JE
(c)	Brick masonry/stone masonry	JE & AE	JE
(d)	Scaffolding and shuttering of bridges etc including adequacy	AE	JE & AE
(e)	Reinforcement and RCC	AE	JE & AE
(f)	Structural steel work	AE	AE
(g)	Steel work	AE	JE & AE
(h)	Aluminium work	AE	JE & AE
(i)	Wood works/Wood substitutes i/c furnitures	AE	JE & AE
(j)	Flooring –CC, i/c footpath, irrigation works, mosaic glazed/ceramic tiles etc	AE	JE & AE
(k)	Flooring and cladding-marble, granite, kota, sandstone etc.	AE	JE
(l)	Plastering, painting and polishing	JE & AE	AE & JE
(m)	Joints in pipes i/c testing, stopes in flooring i/c verandah, balcony, toilets, terrace	AE	JE & AE
(n)	Bitumen painting of roofs	JE & AE	JE
(o)	Water proofing treatment	AE	JE & AE
(p)	Fittings of doors/windows	AE	JE & AE
(q)	False ceiling work	AE	AE
(r) i	Storage tanks	AE	JE & AE
ii	Sluice valves, fire hydrants	AE	JE & AE
iii	CI/Hume pipes and specials and their caulked joints	AE	JE & AE
(s) i	Sanitary installation i/c fittings	AE	JE & AE
ii	Manholes i/c covers and frames	JE & AE	JE
iii	CI inspection bends and chambers	JE & AE	JE
(t)	General quality of work with particular reference to lines and level/adherence to drawings and specifications and functionality	AE	AE & JE

1. Handbook on Gram Panchayat Governance, Ministry of Panchayati Raj, Gol
2. Gram Panchayat Development Plan Guideline, RM&DD, GoS
3. Planning Manual - Gram Panchayat Development Plan, RM&DD, GoS
4. Panchayati Raj in Sikkim, RM&DD, GoS
5. Sikkim Panchayat Act, 1993, RM&DD, GoS
6. The Sikkim Gram Panchayat (Financial) Rule, 2003, RM&DD, GoS
7. Sikkim Panchayat Manual: A compilation of notifications relating to Panchayats in Sikkim [1993-2006], RM&DD, GoS
8. Budget & Accounts Manual 2017, RM&DD, GoS
9. Sikkim Public Works Manual 2009, R&B Department, GoS
10. Sikkim Public Works Code 2009, R&B Department, GoS
11. Notification no.61/HOME/1998 dated 13/11/1998, Home Department, GoS
12. Notification no.66/HOME/2003 dated 14/10/2003, Home Department, GoS
13. Office memorandum no.628/R&B dated 07/10/2004, R&B Department, GoS
14. Notification No. 93/R&B/Secy dated 27.03.2015, R&B Department, GoS