

## CHAPTER - II

### AUDIT FINDINGS

#### 2.1 Implementation of Municipal Solid Waste (Management and Handling) Rules, 2000

As per the Municipal Solid Waste (Management and Handling) Rules, 2000 of Government of India, every Municipal Authority is responsible for collection, segregation, storage, transportation, processing and disposal of Municipal Solid Wastes (MSW).

The implementation schedule envisaged in the said Rules was as follows:

Compliance Criteria	Schedule
Setting up of waste processing and disposal facilities	By 31.12.2003 or earlier
Monitoring the performance of waste processing and disposal facilities	Once in six months
Improvement of existing landfill sites as per provisions of these rules	By 31.12.2001 or earlier
Identification of landfill sites for future use and making sites ready for operation	By 31.12.2002 or earlier

The implementation status of the MSW Rules at CCP and 13 MCs, furnished (March 2011) by DMA, was as follows:

- The CCP had identified three sites and obtained (December 2005) NOC from Town & Country Planning Department and authorization by the Goa State Pollution Control Board (GSPCB). The CCP, with Government grants of ` 4.11 crore, acquired (January 2009) land at Bainguinim. The Corporation has also acquired land (bearing Pt. Sheet No.188 chalta No1 (P)) at Dona Paula Marvel. As per the court order (Writ Petition No.569 of 2010) and in terms of agreement with La Marvel Residence Welfare Association, the said land admeasuring 3000 m2 will be provided to the CCP without any cost and the said land would be handed back after its use. The same has been considered by the CCP and the process of establishing sanitary land fill facility is under progress. Regarding the third site bearing Chalta No.6 of Pt. Sheet No.56 for setting up of dry recyclable material sorting centre, Government has notified (18 November 2009) the site under section 4 of Land Acquisition Act, 1894.

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- All the 13 MCs have identified sites for disposal of solid wastes. Mormugao, Bicholim, Sanquelim and Cuncolim MCs have set up garbage treatment plants and the same are under operation. The process of setting up MSW treatment plants in five MCs<sup>1</sup> is in progress. Valpoi MC had acquired land and preparation of estimates is in progress, whereas Ponda MC has referred the estimates to PWD. The proposal for acquiring the land by Curchorem-Cacora MC and Mapusa MC was in progress (April 2011).

Thus, non-implementation of the MSW Rules, 2000 would lead to accumulation of municipal waste due to non-disposal and thereby emission of green house gases in to the atmosphere. This posed immense risks to public health as well as causing contamination of the environment.

### **2.2 Audit Paragraphs**

#### **2.2.1 Loss of revenue due to non-collection of Sanitation Fee**

**The Mhapsa Municipal Council could not collect the sanitation fee of ` 2.10 crore from the householders and commercial establishments during the period from August 2008 to March 2009 due to the absence of data base and improper internal control system.**

The Mhapsa Municipal Council decided to commence collection of segregated solid waste/garbage within the jurisdiction of the Council with effect from 15 August 2008 and made awareness to public through an appeal to the citizens. The sanitation/garbage collection fee fixed was ` one per day for each household and ` five- to 100/- per day for each commercial establishments depending on the quantum of garbage.

There are 13,204 numbers of household and 5184 numbers of commercial units within the jurisdiction of the Mhapsa MC. Thus, the total sanitation fee collectable for a year was ` 1.43 crore<sup>2</sup>.

The total collectable fee from household and commercial units for 182 days from 01 October 2008 to 31 March 2009, after allowing the preparatory period of one and half months, was to the tune of ` 71.21 lakh (` 24.03 lakh from household and ` 47.18 lakh from commercial units). As against this, the amount collected was only ` 3.11 lakh. Similarly, total collection during 2009-10 was only ` 1.03 lakh as against collectable amount of `

<sup>1</sup> Margao, Canacona, Quepem, Sanguem and Pernem.

<sup>2</sup> Household- = ` 48.19 lakh (13204x1x365) and Commercial - ` 94.61 lakh (5184x5x365) reckoned at the minimum rate of ` 5/- per day.

1.43 crore. Thus, total uncollected amount for the above periods worked out to ` 2.10 crore.

The audit was informed that during the year 2008-09 and 2009-10 the Mhapsa MC engaged its own supervisors to collect the sanitation fee for door-to-door garbage collection from each household and commercial units. However, it was observed that the concerned supervisors did not submit any written statements for non-payment of Sanitation fee by any household/commercial unit. It was also noticed that organized system was not evolved to enforce effective collection of the said fee.

On being pointed out in audit it was replied (August 2010) that initially collection was started in two Wards only in August 2008 and due to absence of data base, demand and subsequent collection was not made. It was further stated that from the year 2010-11 onwards the Mhapsa MC adopted a policy to collect the said sanitation fee along with House Tax payment or Trade License renewal. Reply is not acceptable as the solid waste/garbage is being collected from every households and commercials establishment, the charges should also have been collected from these units. Further, there were huge arrears of House tax/Trade License fee too. This would only lead to deferment of collection of garbage fee from the beneficiaries. Fair and transparent methodology for collection of sanitation fee is yet to be evolved.

As collection of Sanitation fee along with House tax and Trade Fee was effected only from 2010-11, the amount due to the extent of ` 2.10 crore (upto the period 2009-10) remained uncollected.

The matter was reported (Feb 2011) to the DMA. Reply is awaited.

### **2.2.2 Non recovery of lease rent**

**The failure of the Mormugao Municipal Council to adopt the revised lease rent with effect from the date of amendment to Section 88 of the Goa Municipalities Act, 1968 and the lack of proper oversight role by the Director of Municipal Administration rendered the claim for arrears of rent from two oil companies under dispute and consequent accumulation of rent to the extent of ` 3.59 crore.**

As per section 88 (3) of the Goa Municipalities (Amendment) Act, 1996, a Council can lease out its immovable properties for a period not exceeding three years with appropriate annual rate of increase in rent. Such lease may be renewed beyond the period of three years with the permission of the

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Director who shall decide the reasonability of annual increase in rentals before issuing permission for extending the lease period.

Mormugao Municipal Council (MMC) leased land measuring 9070.70 sq. metre and 8038 sq. metre respectively to M/s Hindustan Petroleum Corporation Limited (HPCL) and Indian Oil Corporation (IOC). The original lease agreements for 25 years expired on 2 March 1984. There was no renewal of lease and the land remained in the occupation of the above two companies without any agreement. Subsequently, the MMC executed a lease agreement with HPCL in January 1993 for seven years from 3 March 1987 to 2 March 1994.

The MMC decided (September 1999) to fix the lease rent at ` 25 sq. metre per month for commercial premises and rupees eight per sq. metre per month for residential buildings with effect from 1 January 2000. The matter was referred (June 2000) to the Director of Municipal Administration (DMA) for approval. DMA, however, insisted (July 2000) for adoption of the new rate from 5 May 1997 onwards. In a negotiation meeting held between the MMC and the two oil companies, the rent was fixed at ` 20 per sq. metre per month for three years from 1 January 2000 and ` 25 per sq. metre per month with effect from 1 January 2003 onwards with an annual increase of five *per cent*. An agreement was also executed with IOC in January 2009. Accordingly, the MMC raised demand for arrear rent on IOC for ` 48.27 lakh for the period from January 2003 to December 2008 and the same was collected in January 2009.

Subsequently, the MMC revised its earlier demand of ` 48.27 lakh on IOC and claimed (October 2010) ` 1.38 crore by reckoning the rent at ` 25 per sq. metre per month from 5 May 1997 with annual increase of five *per cent*. However, IOC did not pay the arrears on the plea (November 2010) that the demand of the MMC was not as per the terms and conditions of the agreement entered into in January 2009.

In respect of HPCL no agreement was executed since 3 March 1994. The MMC raised a demand of ` 62.21 lakh by reckoning ` 20 per sq. metre per month for the period from January 2003 to June 2009 of which the company paid ` 18 lakh in September 2009. Subsequently, the MMC revised its earlier demand of ` 62.21 lakh and preferred (November 2010) a fresh claim of ` 2.21 crore at the revised rate of ` 25 per sq. metre per month for the period from 5 May 1997 to September 2010.

Audit scrutiny revealed the following:

- As per the amended Act, the lease of municipal immovable properties shall be made with appropriate annual rate of increase in rent. However, no such annual increase in rent for two years from 1 January 2001 to 31 December 2002 was made in the agreement with IOC.
- There was no renewal of lease agreement with M/s HPCL from 3 March 1994 and as such the claim of ` 2.21 crore was not protected by any agreement.
- The non-adoption of the rate with annual increase approved by the DMA from the date of amendment to the Act has got recurring effect on the future revenue of the MMC.
- As the claims of the MMC were against the contractual obligations, initiation of actions to recover the dues led to the case under litigation.

The matter was referred to the MMC in November 2010 and the Director of Municipal Administration in February 2011 and their replies were awaited (May 2011).

### **2.2.3 Loss of revenue due to lease of land below the approved rate**

**Due to leasing of land for 10 years at a lower rate of rent than approved by the Council coupled with lack of internal check resulted in revenue loss to the tune of ` 42.83 lakh to Mhapsa Municipal Council.**

The Mhapsa Municipal Council had leased out two stretches of land admeasuring 124.20 sq. metres and 595 sq. metres to Bharat Petroleum Corporation Ltd (BPCL) for the purpose of setting up of Petrol Pumps in the year November 1963. The lease agreements were renewed from time to time. The audit observed (August 2010) that the Mhapsa MC in its meeting held in March 2007 resolved to revise rate of the rent from the existing rate of ` 35/- per sq. metre per month to ` 70/- per sq. metre per month and accordingly the Mhapsa MC sought the approval of the Director of Municipal Administration (DMA). The DMA conveyed (September 2008) approval for revised rate of ` 70/- per sq. metre per month with an annual increase of rent at the rate of 10 *per cent* for three years from 26 March 2007 to 25 March 2010. However, the then Chief Officer, Mhapsa MC had concluded two separate agreements with BPCL on 18 May 2010 for leasing of 124.20 sq. metres and 595 sq. metres of land for a period of 10 years

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from 26 March 2007 to 25 March 2017 at the rate of ` 55/- per sq. metre per month and with an increase of 10 *per cent* in every three years. Due to adoption of a lower rate with 10 *per cent* increase in every three years, instead of the rate resolved by the Council and approved by the DMA, the Mhapsa MC suffered a revenue loss to the extent of ` 42.83 lakh<sup>3</sup> on leasing 719.20 sq. metres of land.

Further, Section 88 (3) of the Municipalities (Amendment) Act, 1996 stipulates that the Council may lease its immovable property for a period not exceeding three years with annual increase of 10 *per cent* in rent. However, as per the Agreement executed by the then Chief Officer the period of lease was 10 years with increase in rent after every three years which resulted in violation of relevant provisions of the Act.

Thus, due to fixation of a lower rate of rent and the lapse in observing proper internal check resulted in revenue loss to the tune of ` 42.83 lakh and thereby extending undue benefits to the Lessee.

The matter was reported (February 2011) to the DMA and reply is awaited.

### **2.2.4 Unfruitful expenditure on construction of Fish Market complex**

**Due to poor quality of construction Mhapsa Municipal Council demolished a market complex prematurely rendering the expenditure of ` 20.66 lakh unfruitful**

The Mhapsa Municipal Council resolved (November 1988) to construct an RCC framed structure for Fish Market in the extended Municipal Market area in two phases to accommodate about 300 fish vendors. The technical sanction was accorded (February 1989) by the Superintending Engineer PWD for ` 19.73 lakh for a built up area of 1893.70 sq. metres in Phase I. The work was awarded to M/s Dilip Dessai and Associates and the construction was completed in June 1994

In May 2004 the Mhapsa MC engaged a Project Consultant & Engineers firm to inspect the building. The Consultant in his Inspection Report stated (May 2004) that the slabs and beams of the building were showing distress in several places, cover of slab had fallen off, slabs were leaking and cracks were found on beams, exposed reinforcement was heavily corroded and the building was highly dangerous for human activities.

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<sup>3</sup> ` 5.76 lakh from March 2007 to March 2010 and ` 37.07 lakh from April 2010 to March 2017

It was noticed in audit that the Mhapsa MC resolved (August 2004) to reconstruct the fish market through a Government Agency due to dilapidated condition of the building based on the report of the Consultant. The Mhapsa MC also resolved (August 2007) to demolish the existing structure immediately and to shift the fish vendors on the advice of the Consultant and suggestions of the Engineering Section of the Mhapsa MC.

As per Section 2.5.1 (d) of the CPWD Works Manual 2007, the competent authority who accord sanction should ensure that the design and specification adopted in detailed estimate are adequate enough for the building to last till its desired life. Further, as per Section 2.5.1 (e) of the CPWD Works Manual 2007, economic life of RCC framed structure is 75 years and whereas the fish market building outlived in less than 10 years. In August 2007 Mhapsa MC resolved to recommend the Government of Goa to conduct an enquiry into the matter of poor quality of construction of the fish market and to fix responsibility thereof. However, no such enquiry seems to have been conducted and no responsibility was fixed. The Mhapsa MC had further incurred an expenditure of ` 0.93 lakh in March 2009 towards demolition of roof slabs of the market building.

Thus, the Fish Market complex constructed at an estimated cost of ` 19.73 lakh (the actual expenditure was stated to be untraceable) was demolished prematurely incurring an additional expenditure of ` 0.93 lakh.

### **2.2.5 Non-claiming of annual reimbursement of property tax on the exempted class of property**

**The Municipal Councils in Goa were not claiming the reimbursement of property tax on the exempted properties from the Government.**

Section 101 of the Goa Municipalities Act, 1968, empowers every Municipal Council to impose consolidated taxes<sup>4</sup> on lands and buildings or both situated in the municipal area, other than those belonging to the Governments or duly registered freedom fighters, based on their rateable value<sup>5</sup>. If under any special or general order, the Government grants exemption in respect of any class of property or person from levy of taxes, the Government, under section 102 of the Act, may annually reimburse to the Council an amount equal to the loss appropriately incurred by the Council.

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<sup>4</sup> Consisting of a General tax, a general water tax, a lighting tax and a general sanitary tax.

<sup>5</sup> Rateable value is the 90 *per cent* of the amount of rent for which the land or buildings might reasonably be expected to let, or for which it is actually let from year to year whichever is greater.

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Audit noticed that though the eight Municipal Councils<sup>6</sup> were entitled to get the reimbursement of the loss on account of the exemption of certain class of property, the same was not assessed and claimed from the Government.

The Chief Officers of the Council stated that action would be taken to submit the proposal with the Government for getting the eligible reimbursement.

### **2.3 Recommendations**

- ❖ **Steps need to be taken to ensure that the accounts are maintained on accrual basis.**
- ❖ **The Municipal Solid Waste (Management & Handling) Rules, 2000 need to be complied with to avoid damages to the environment.**
- ❖ **A mechanism needs to be evolved to ensure that the UCs in respect of grants received from Central and State Governments are furnished promptly so that the loss to of grants can be eliminated.**
- ❖ **Provisions of the Act need to be invoked for collection of outstanding revenue so as to improve the financial position of the Municipal Councils.**
- ❖ **DMA should ensure that the directions regarding rent revision are implemented without any change or DMA should fix the responsibility for not implementing its direction.**

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<sup>6</sup> Pernem, Margao, Mormugao, Canacona, Ponda, Mhapsa, Sanquelim and Bicholim