

## CHAPTER 4

### An Overview of the Functioning, Accountability Mechanism and Financial Reporting issues of Urban Local Bodies

#### 4.1 Introduction

The 74<sup>th</sup> Constitutional Amendment Act (1992) paved the way for decentralisation of powers and transfer and devolution of more functions and funds to Urban Local Bodies (ULBs). Consequently, more diversified responsibilities were devolved through three tier structures namely, *Nagar Nigam*<sup>1</sup> (NN), *Nagar Palika Parishad*<sup>2</sup> (NPP) and *Nagar Panchayat*<sup>3</sup> (NP). To incorporate the provisions of the 74<sup>th</sup> Constitutional Amendment, the legislature of Uttar Pradesh enacted (1994) the Uttar Pradesh Urban Local Self Government Laws (Amendment) Act, 1994.

Subsequently, the existing Uttar Pradesh *Nagar Palika* Act, 1916 and Uttar Pradesh Municipal Corporation Act, 1959 were amended to enable the State Government to devolve funds, functions and functionaries down to the grass root level within the State. The objective was to make ULBs self-reliant and to provide for better civic facilities to the people of the areas under their jurisdictions.

##### 4.1.1 State Profile

Uttar Pradesh is the fifth largest State in the country in terms of size and spans with an area of 2.41 lakh square kilometer. There were 634 ULBs in the State, governed by elected members of the boards with normally five years tenure. The last election to these ULBs was held in 2012. The profile of ULBs as compared to national value is given in **Table 1**.

**Table 1: Important statistics of the State**

| Sl. No. | Indicator            | Unit                   | State Value | National Value |
|---------|----------------------|------------------------|-------------|----------------|
| 1       | Urban population     | <i>Per cent</i>        | 22.28       | 31.16          |
| 2       | Number of ULBs       | Number                 | 634         | 3,842          |
| 3       | Number of NNs        | Number                 | 14          | 139            |
| 4       | Number of NPPs       | Number                 | 194         | 1,595          |
| 5       | Number of NPs        | Number                 | 426         | 2,108          |
| 6       | Gender Ratio (Urban) | Females per 1000 Males | 894         | 929            |
| 7       | Literacy (Urban)     | <i>Per cent</i>        | 75.14       | 84.98          |

(Source: Census Report 2011 and Thirteenth Finance Commission Report)

#### 4.2 Organisational setup of Urban Local Bodies

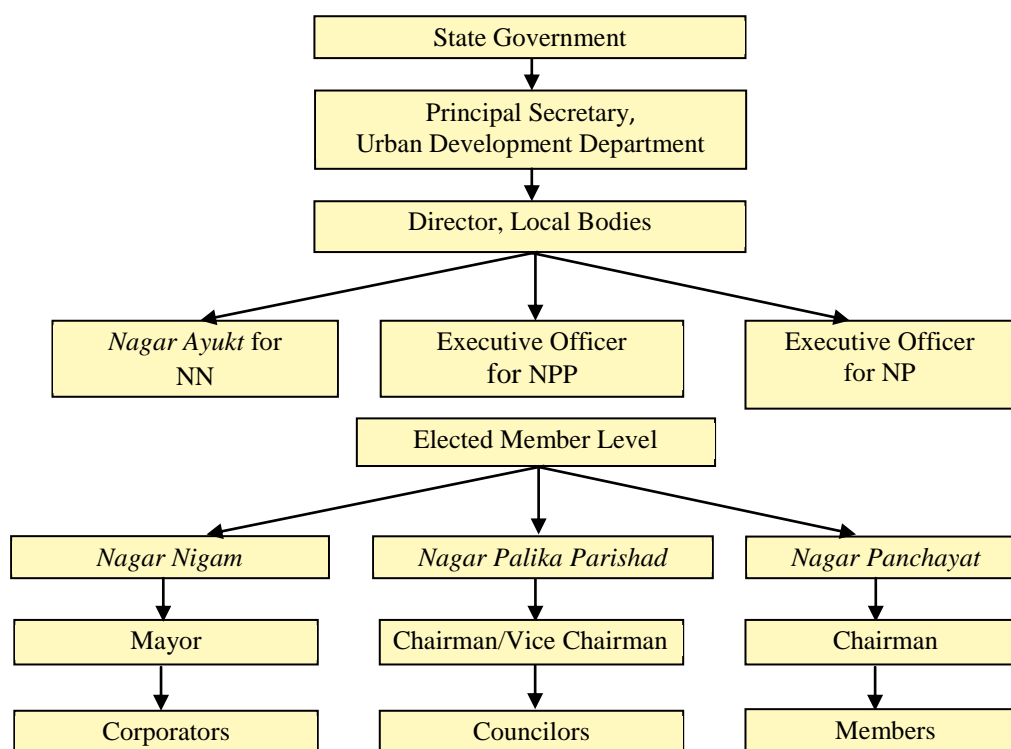
The organogram of the Urban Local Bodies at the Government and Elected representative level is given in **Chart 1** in the State.

<sup>1</sup> Represents larger urban area.

<sup>2</sup> Represents smaller urban area.

<sup>3</sup> Represents transitional area.

**Chart 1: Organisational structure of ULBs**



(Source: Director, Local Bodies, Lucknow)

While Mayor heads the NN, Chairman heads NPP and NP. The elected representatives exercise their powers and discharge duties through the committees of elected members. *Nagar Ayukt* in case of NN and Executive Officer in case of NPP and NP are the administrative heads, responsible for execution of works and utilisation of funds. At the Government level the Director, Local Bodies is the head of respective bodies under overall control of Principal Secretary, Urban Development Department (UDD).

### 4.3 Functioning of Urban Local Bodies

Article 243-W of the Constitution refers to the powers, authority and responsibilities that the legislature of a State may provide to municipal bodies for enabling them to function as institutions of self-governance. As a follow up to the 74<sup>th</sup> Constitutional Amendment Act, 1992, the State Legislature enacted (March 1996) laws for devolving 18 functions to ULBs as detailed in **Appendix 4.1**.

The State Government specified (March 1996) that the functions of ULBs would be performed by different agencies. The functions of ULBs, listed in the 74<sup>th</sup> amendment incorporated in Sections 7 and 114 of the UP Municipal Act, 1916 and the UP Municipal Corporation Act, 1959 respectively, were being performed by Development Authorities and Regional *Jal Sansthan*s, Regulated Area Authorities and concerned Government Departments.

According to the aforesaid Government orders, out of 18, eight functions were to be performed exclusively by ULBs (**Appendix 4.2**); five functions

will continue to be performed by Government departments/agencies (**Appendix 4.3**) and five functions were to be shared between ULBs and other Government agencies (**Appendix 4.4**). However, the Government did not devolve all the 18 functions to ULBs as envisaged in the Constitution.

Thus, partial devolution of funds, functions and functionaries restricted the activities of ULBs and also affected the active participation of these bodies in poverty alleviation and planning for economic and social development of the urban areas as envisaged in the Constitution.

#### **4.4 Formation of various Committees**

##### **4.4.1 Standing Committees in ULBs**

As per the provisions of Sections 88 to 105 of Uttar Pradesh *Nagar Nigam* Act, 1959 and Sections 104 to 112 of Uttar Pradesh *Nagar Palika* Act, 1916, a number of standing committees were required to be formed to carry out the business of ULBs. However, information regarding the number of committees formed and functional has not been furnished by the Director, Local Bodies though called for (December 2015).

##### **4.4.2 District Planning Committees**

Article 243 ZD of the Constitution of India (Constitution) inserted vide 74<sup>th</sup> Constitutional Amendment Act in 1993 states that “There shall be constituted in every State at the district level a District Planning Committee (DPC) to consolidate the plans prepared by the *Panchayats* and the Municipalities in the district and to prepare a draft development plan for the district as a whole”.

In pursuance with the above amendment, the Government of Uttar Pradesh enacted the Uttar Pradesh DPC Act, 1999 (July 1999). The Act provides that there shall be constituted a DPC in each district to prepare District Development Plan (DDP) for whole of the district integrating the plans prepared by ULBs and allocate funds to sectors and sub-sectors within outlines of the DDP.

Director, Local Bodies, Lucknow stated (November 2015) that DPCs were constituted and functional.

#### **4.5 Audit Arrangement**

##### **4.5.1 Primary auditor**

As per Uttar Pradesh Local Fund Audit Act, 1984, the Director, Local Fund Audit (DLFA) is the primary auditor of ULBs. The arrears of units remained unaudited by DLFA between 2010-11 to 2014-15, ranged between 13 and 20 *per cent*. The year-wise position of audited units in arrears by DLFA is given in **Table 2**.

**Table 2: Year-wise position of audit of units**

| Sl. No. | Year    | Number of units   |         | Units in arrear |             |
|---------|---------|-------------------|---------|-----------------|-------------|
|         |         | Planned for audit | Audited | In number       | In per cent |
| 1       | 2010-11 | 624               | 542     | 82              | 13          |
| 2       | 2011-12 | 625               | 529     | 96              | 15          |
| 3       | 2012-13 | 628               | 510     | 118             | 18          |
| 4       | 2013-14 | 628               | 500     | 128             | 20          |
| 5       | 2014-15 | 630               | 545     | 85              | 13          |

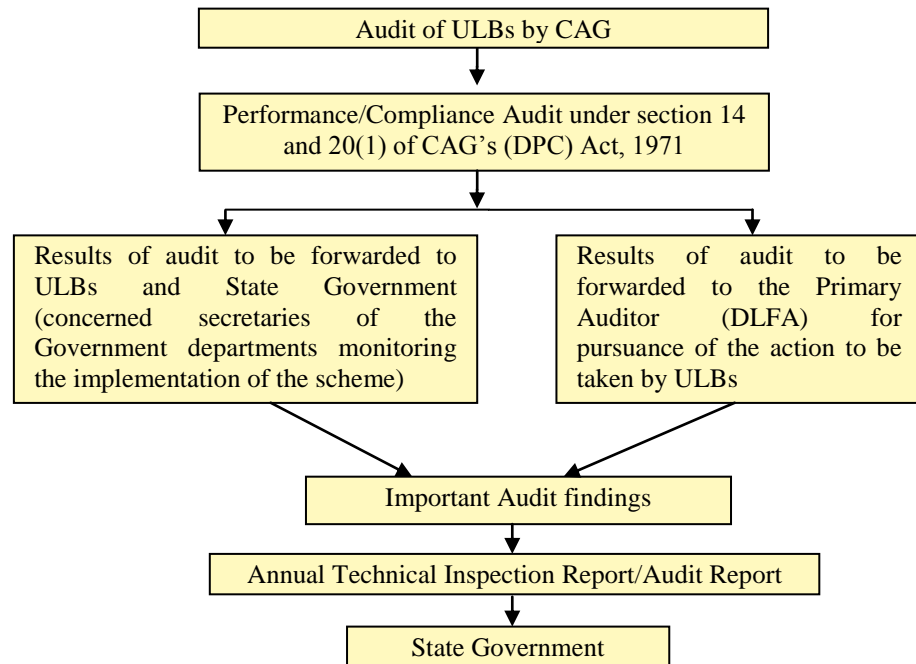
(Source: Director, Local Fund Audit, Lucknow)

As per section 8(3) of the Act, the DLFA is to prepare a consolidated audit report of accounts and forward to the State Government every year for laying it in each house of the State Legislature. However, such reports were placed, up to 2009-10 only. Reports of 2011-12 to 2014-15 have not yet been laid. In reply, DLFA stated that the State Government has constituted Local Fund Audit Compliance Committee to discuss and deliberate upon the audit observations made by him and reports from 1999-2000 to 2009-10 are being discussed. The reply, however, does not indicate the reasons for non-submission of Annual Audit Reports of DLFA for the years from 2011-12 to 2014-15 to the State Government for presentation to the State Legislature.

#### **4.5.2 Audit by the Comptroller and Auditor General of India**

The 11<sup>th</sup> Finance Commission recommended Technical Guidance and Support (TGS) arrangement for proper maintenance of accounts of Local Bodies and their audit by the CAG as well as laying the report before State Legislature and constitution of a committee on the same lines as Public Accounts Committee. Accordingly the State Government in October 2001 entrusted TGS to CAG. Later, 12<sup>th</sup> Finance Commission reiterated the same. Presently, as per 13<sup>th</sup> Finance Commission recommendations, the entrustment of TGS continues in the State. It provided for an additional component of Performance Grant which was linked to the condition of laying of the CAG's ATIR for Local bodies in the State Legislature. CAG's certificate was to demonstrate compliance to that condition. Though ATIRs of PRIs have been laid, ATIRs of ULBs have not been laid yet. As per the entrustment letter (2011), the CAG or his representative will have the right to report to State Legislature, the result of audit at his discretion. Also, the CAG is to decide the scope, manner and extent of conducting audit. The audit mandate of the CAG regarding audit of ULBs is as under:

- (i) The Audit of accounts of ULBs is conducted by the CAG of India under section 14 and 20(1) of CAG's (DPC) Act, 1971. TGS to the audit of ULBs to Local Fund Auditors/DLFA is given by the CAG under Section 20 (1) of CAG's (DPC) Act, 1971.
- (ii) The result of audit/audit reports was sent to State Government, Director, Local Bodies and DLFA for compliance and pursuance of action. Procedure of audit of ULBs is depicted in **Chart 2**:

**Chart 2: Procedure of audit in ULBs**

The ATIRs sent to the Government up to the year ending March 2014 were neither placed before the legislature nor a committee constituted to discuss the report despite repeated reminders<sup>4</sup> sent to the Government. It indicates that the Government was not responsive to audit.

#### 4.6 Response to Audit observations

Categories of ULB units planned and audited during the course of compliance audit by the CAG during 2013-15 are depicted in **Table 3**.

**Table 3: Audit of ULBs**

| Category of ULBs | 2013-14      |         | 2014-15      |         |
|------------------|--------------|---------|--------------|---------|
|                  | Unit planned | Audited | Unit planned | Audited |
| NNs              | 11           | 10      | 10           | 10      |
| NPPs             | 64           | 62      | 34           | 34      |
| NPs              | 60           | 56      | 70           | 80      |

(Source: Audit plan of office of the Principal Accountant General (G&SSA), UP, Allahabad)

It would be seen from the above, all the units have been audited as per audit plan. Seven hundred fifty six audit observations (value: ₹ 4,107.19 crore) relating to 2013-14 and 730 audit observations (value: ₹ 2,701.09 crore) related to 2014-15 were communicated to the heads of offices of the ULBs and the DLFA. However, no audit observations were settled up to March 2015.

<sup>4</sup> On dates 13.11.14, 28.11.14, 07.04.15, 05.05.15, 20.05.15, 16.07.15, 11.08.15, 04.09.15 and 16.11.15.

## **Accountability Mechanism and Financial Reporting issues**

### **Accountability Mechanism**

#### **4.7 Property Tax Board**

Property Tax Board (PTB) was to be constituted to see the various aspects relating to proper levy and realisation of property tax. Although PTB was constituted in March 2011 but it remained ineffective because the basic purpose of constituting PTB, viz. streamlining the process of levy and realisation of property tax, was not fulfilled as noticed in the test check of records of ULBs. The details of findings are given in paragraph 5.6.4 of Chapter 5 Performance Audit on “Utilisation of Thirteenth Finance Commission grants in ULBs”.

#### **4.8 Service Level Benchmark**

In accordance with para 6.4.10 of the FC-XIII guidelines, State Government was to notify, by end of the succeeding fiscal year that all Municipalities and Municipal Corporations in the State would provide a specified minimum level of the service for each of the indicators for four service sectors proposed to be achieved by them by the end of a fiscal year. However, scrutiny of records revealed that the State Government did not notify specified minimum level of the service for the *Nagar Panchayats*. The details of findings are given in paragraph 5.7.3 of Chapter 5 Performance Audit on “Utilisation of Thirteenth Finance Commission grants in ULBs”.

#### **4.9 Fire-hazard Response**

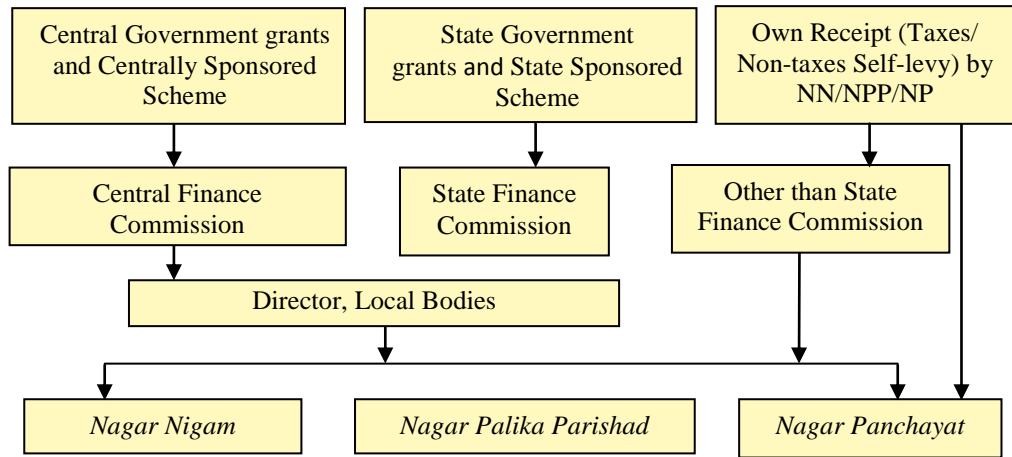
All municipal corporations having population more than one million (2001 census) were to set up a Fire-hazard Response and Mitigation plan for their respective jurisdictions. However, the above plan could not be made operational in test check *Nagar Nigam*, Lucknow even after its notification and availability of fund. The details are given in paragraph 5.6.4 of Chapter 5 Performance Audit on “Utilisation of Thirteenth Finance Commission grants in ULBs”.

### **4.10 Financial reporting issues**

#### **4.10.1 Source of funds**

The resource base of ULBs consists of own receipts, State Finance Commission (SFC) grants, Central Finance Commission (CFC) grants, State Government grants and Centrally Sponsored Scheme (CSS) for maintenance and development purposes. The fund-wise sources and its custody for each level are given in **Chart 3**.

Chart 3: Fund Flow of Local Bodies



(Source: Director, Local Bodies, Lucknow)

#### 4.10.2 Flow of revenue

With the constitution of Eleventh Finance Commission, ULBs were brought within purview of the Finance Commissions for the first time. The objective was to augment Consolidated Fund to enable the State to supplement resources of ULBs. Accordingly, the Twelfth and Thirteenth Finance Commission recommended release of grants to the State Government. State Government was also to release grants to ULBs as recommended by its own State Finance Commissions. In all, the sources of revenues for ULBs comprised:

- Grants assigned under Twelfth/Thirteenth FC;
- Funds from Centrally Sponsored Schemes;
- Devolution of 7.5 per cent of net proceeds of total Tax revenue of the State Government under recommendations of the Third SFC;
- Funds from departments for functions transferred to ULBs; and
- Revenue earned by ULBs out of their own resources *i.e.* taxes, rent, fee etc.

The position of receipt and expenditure of ULBs during 2010-15 is given in Table 4.

Table 4: Receipt and expenditure of ULBs during 2010-15

(₹ in crore)

| Sl. No. | Year     | Source of revenue      |             |                                     |                    |   |                             |                              | Total receipt | Expenditure |          |          |
|---------|----------|------------------------|-------------|-------------------------------------|--------------------|---|-----------------------------|------------------------------|---------------|-------------|----------|----------|
|         |          | Own Revenue            |             |                                     |                    | Transfers from 12 <sup>th</sup> CFC/ 13 <sup>th</sup> CFC | Assigned + Devolution (SFC) | JNNUR M+ Adarsh Nagar Yojana |               | Revenue     | Capital  | Total    |
|         |          | Tax Revenue            |             | Non-Tax (Inclusive of User Charges) | Total Own Receipts |   |                             |                              |               |             |          |          |
|         |          | Immovable Property Tax | Other Taxes |                                     |                    |   |                             |                              |               |             |          |          |
| 1.      | 2010-11  | 507.39                 | 78.67       | 350.34                              | 936.40             | 274.92  | 2,730.74                    | 962.98                       | 4,905.04      | 3,359.90    | 1,893.87 | 5,253.77 |
| 2.      | 2011-12  | 647.16                 | 68.88       | 373.15                              | 1,089.19           | 517.51  | 3,354.37                    | 1,539.28                     | 6,500.35      | 4,207.63    | 2,457.61 | 6,665.24 |
| 3.      | 2012-13* | 776.60                 | 82.66       | 447.76                              | 1,307.02           | 756.49  | 3,993.98                    | 1,355.34                     | 7,412.83      | 5,049.15    | 2,949.13 | 7,998.28 |
| 4.      | 2013-14  | NA                     | NA          | NA                                  | 1,269.11           | 760.01  | 6,160.69                    | 1,107.75                     | 9,297.56      | NA          | NA       | NA       |
| 5.      | 2014-15  | NA                     | NA          | NA                                  | NA                 | 821.98  | 6,948.17                    | 299.10                       | 8,069.25      | NA          | NA       | NA       |

(Source: Director, Local Bodies, Lucknow)

\* (Estimated + Actual)

Note: Figures of 2013-14 were partially made available by Director, Local Bodies, Lucknow.

(NA- Not made available by Director, Local Bodies, Lucknow).

**Table 4** indicates that expenditure during 2010-13 was in excess over the receipts. On this being pointed out, the Director, Local Bodies, Lucknow intimated that arrear funds of preceding years have been spent in following years. The reply is not acceptable as total expenditure in all the years (2010-13) was more than total receipt in those years and therefore there was no revenue surplus. It also did not provide details of actual funds utilised from previous years and the closing balance at the end of each year. It also did not explain reason for not furnishing receipt and expenditure figures for 2013-14 and 2014-15.

#### 4.10.3 Budget provision and releases to Urban Local Bodies

The position of budget provision *vis-a-vis* grant released by State Government to ULBs under State Finance Commission (SFC) is given in **Table 5**.

**Table 5: Budget provision of SFC funds from State budget**

(₹ in crore)

| Sl. No. | Financial Year | General          |          | Revised          |          | Total            |          | Less (-)/ More (+) |
|---------|----------------|------------------|----------|------------------|----------|------------------|----------|--------------------|
|         |                | Budget Provision | Released | Budget Provision | Released | Budget Provision | Released |                    |
| 1.      | 2010-11        | 2,565.68         | 2,514.37 | 45.15            | 45.15    | 2,610.83         | 2,559.52 | (-)51.31           |
| 2.      | 2011-12        | 2,790.00         | 2,758.76 | 326.13           | 326.13   | 3,116.13         | 3,084.89 | (-)31.24           |
| 3.      | 2012-13        | 3,373.65         | 3,303.91 | 393.66           | 393.66   | 3,767.31         | 3,697.57 | (-)69.74           |
| 4.      | 2013-14        | 4,875.00         | 4,808.61 | 1,001.04         | 1,001.04 | 5,876.04         | 5,809.65 | (-)66.39           |
| 5.      | 2014-15        | 5,775.00         | 5,677.87 | 873.17           | 873.17   | 6,648.17         | 6,554.04 | (-)97.13           |

(Source: Director, Local Bodies, Lucknow)

It would be seen from the **Table 5** that during 2010-15, SFC funds were short released against the budget provision, for the reasons that the general budget provision included the Incentive Fund of two *per cent* and Slum Fund one *per cent* which were to be released only to those ULBs which become eligible by augmenting their own resources and had slum population above 15 *per cent*.

#### 4.10.4 Recommendations of Central Finance Commission

The allocation and release of CFC fund to ULBs during the period 2010-15 is given in **Table 6**.

**Table 6: Allocations of CFC funds**

(₹ in crore)

| Sl. No. | Financial Year | General Basic Grant |          | General Performance Grant |          | Total      |          | Less (-)/ More (+) to total sanction |
|---------|----------------|---------------------|----------|---------------------------|----------|------------|----------|--------------------------------------|
|         |                | Sanctioned          | Released | Sanctioned                | Released | Sanctioned | Released |                                      |
| 1.      | 2010-11        | 274.92              | 274.92   | -                         | -        | 274.92     | 274.92   | -                                    |
| 2.      | 2011-12        | 318.83              | 344.60   | 109.02                    | 172.91   | 427.85     | 517.51   | (+) 89.66                            |
| 3.      | 2012-13        | 372.61              | 391.47   | 255.72                    | 365.01   | 628.33     | 756.48   | (+) 128.15                           |
| 4.      | 2013-14        | 441.50              | 451.62   | 301.63                    | 308.39   | 743.13     | 760.01   | (+) 16.88                            |
| 5.      | 2014-15        | 451.55              | 493.63   | 292.92                    | 328.35   | 744.47     | 821.98   | (+) 77.51                            |

(Source: Director, Local Bodies, Lucknow)

It would be seen from the **Table 6** that the CFC funds released to ULBs during 2011-15 were higher than the funds sanctioned due to receipt of additional



surplus grant. In this regard, the Director, Local Bodies stated that this was due to release of additional CFC grants of non-performing states given to performing states that fulfilled the nine conditions of the 13<sup>th</sup> Finance Commission. The details are given in relevant paragraphs of chapter 5 of Performance Audit on “Utilisation of Thirteenth Finance Commission Grants in ULBs” of this report.

#### 4.10.5 Expenditure under major Centrally Sponsored Scheme (CSS)

JNNURM was the major CSS being implemented in ULBs. The GoI launched (December 2005) JNNURM with the objective of encouraging the reforms and fast-tracking development of major cities with specific focus on efficiency in urban infrastructure and service delivery mechanisms, community participation and accountability of ULBs. The Director, Local Bodies/State Nodal Agency was responsible for the monitoring of the JNNURM Scheme. Expenditure under ULBs during 2010-15 under this scheme is given in **Table 7**.

**Table 7: Expenditure under JNNURM**

(₹ in crore)

| Sl. No.      | Year    | Allotment       | Expenditure     |
|--------------|---------|-----------------|-----------------|
| 1.           | 2010-11 | 866.50          | 866.50          |
| 2.           | 2011-12 | 1,512.43        | 1,512.43        |
| 3.           | 2012-13 | 1,279.38        | 1,279.38        |
| 4.           | 2013-14 | 1,107.75        | 1,107.75        |
| 5.           | 2014-15 | 299.10          | 299.10          |
| <b>Total</b> |         | <b>5,065.16</b> | <b>5,065.16</b> |

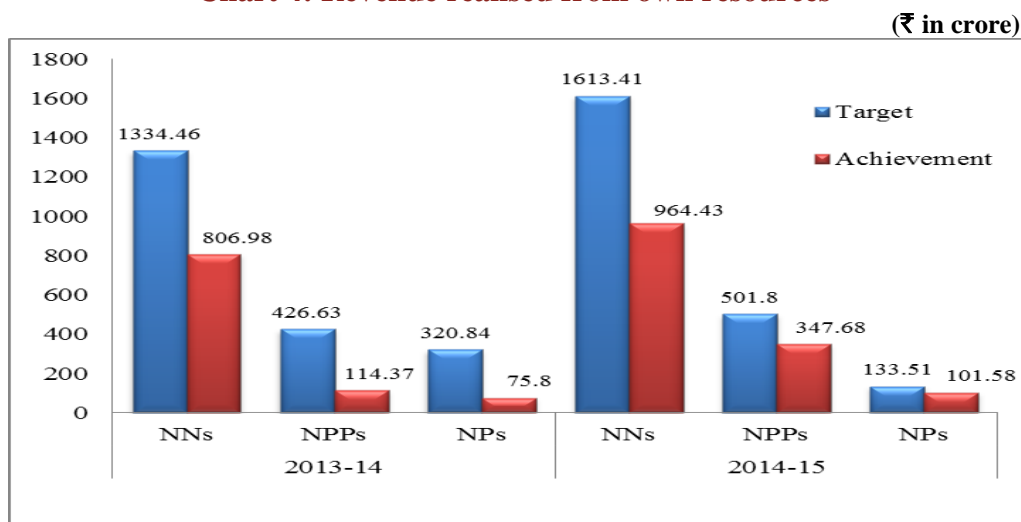
(Source: Director, Local Bodies, Lucknow)

It would be seen from the **Table 7** that the entire funds allotted were utilised by the ULBs during 2010-15. Director, Local Bodies, Lucknow intimated that the funds released to ULBs were treated as final expenditure. In the test-check of audit of six NNs and one NPP it was noticed that ₹ 1,059 crore for JNNURM were lying unutilised, as parked with concerned ULBs, shows wrong reporting and lax financial control by the State Government.

#### 4.10.6 Revenue realised from own resources

ULBs were required to generate revenues by collecting taxes, rent, fees etc., from the people of the area under their jurisdiction for establishment and recurring expenditure. Position of target fixed by the Government for revenue realisation and achievement there against during 2013-15 is given in **Chart 4** and **Appendix 4.5**.

**Chart 4: Revenue realised from own resources**



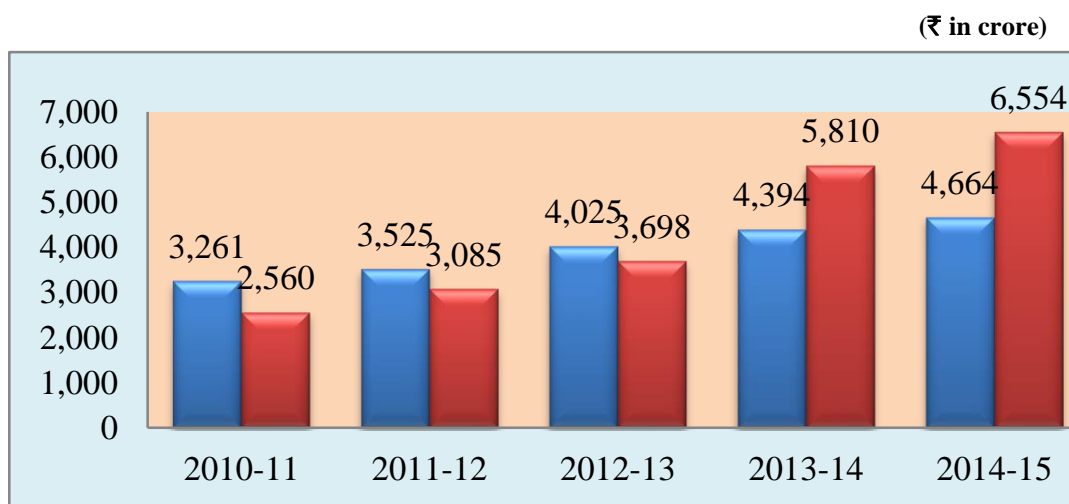
(Source: Director, Local Bodies, Lucknow)

It would be seen from the **Chart 4** that the targets fixed by the Government were not achieved by ULBs during 2013-15. The Director, Local Bodies replied (November 2015) that revenue could not be realised against the target fixed by the Government. Thus, the targets fixed by the Government for realisation of revenue were not achieved by the ULBs resulted in large dependency on Government grants.

#### 4.10.7 Devolution of State Finance Commission grant

Third SFC recommended that 7.5 per cent of net proceeds of the Tax Revenue of the State Government should be devolved to ULBs. The devolution of funds during 2010-15 is given in **Chart 5** and **Appendix 4.6**.

**Chart 5: Devolution of SFC grants vis-à-vis net proceed**



(Source: Director, Local Bodies, Lucknow)

As seen from **Chart 5**, during 2013-14 and 2014-15 the devolution of SFC grants was higher by 32 and 141 per cent as compared to funds required to be

devolved respectively. Devolution of SFC funds has increased considerably from ₹ 2,560 crore in 2010-11 to ₹ 6,554 crore in 2014-15 registering an increase of 156 per cent in five years.

In view of the increased devolution of funds to ULBs under State and Central plan, it is essential that State Government/ULBs to take immediate corrective measures to redress the above deficiencies to ensure that funds devolved to ULBs and their own funds are spent prudently as per rules and are properly accounted for.

#### 4.10.8 Maintenance of database and formats on finance of Urban Local Bodies

The CAG on the recommendation of the 11<sup>th</sup> Finance Commission prescribed the Budget and accounting formats for accrual based accounts for ULBs. The Ministry of Urban Development circulated (June 2003) it to the State Governments for their acceptance. The State Government issued an order (June 2008) for the implementation of the same in ULBs from the financial year 2009-10 onwards.

Director, Local Bodies, Lucknow stated (November 2015) that the Uttar Pradesh Municipal Account Manual 2012 has been prepared to implement the accrual based Double Entry Accounting System (DEAS) in ULB's. The Director further stated that 635 ULBs are in advance stages of operationalising accrual based DEAS. However, during Performance Audit of "Utilisation of Thirteenth Finance Commission (FC-XIII) grants in ULBs" conducted in 2015 it was seen that the 51 test-checked NPPs/ NPs were not maintaining the accounts in DEAS. Thus, the accrual based DEAS was not in practice in ULBs.

#### 4.11 Availability of human resources

Adequate human resource is key element required for preparation, implementation and monitoring of schemes, programmes and activities. The number of officials/staff sanctioned in ULBs *vis-a-vis* men-in-positions is given in **Table 8**.

**Table 8: Availability of human resources**

| Number of employees (As on 31-03-2014) <sup>5</sup> |                   |               |               |               |               |        |
|---|-------------------|---------------|---------------|---------------|---------------|--------|
| Category of ULBs                                    |                   | NNs           | NPPs          | NPs           | Total         |        |
| Centralised   | Sanctioned        | 1,949         | 1,140         | 427           | 3,516         |        |
|   | Working           | 1,404         | 619           | 204           | 2,227         |        |
| Non-centralised                                     | Sanctioned        | 17,198        | 12,400        | 3,143         | 32,741        |        |
|   | Working           | Regular       | 11,474        | 10,505        | 2,812         | 24,791 |
|   |                   | Non-regular   | 746           | 939           | 401           | 2,086  |
|   | <b>Total</b>      | <b>12,220</b> | <b>11,144</b> | <b>3,213</b>  | <b>26,877</b> |        |
| Safai Karmchhari                                    | Sanctioned        | 27,541        | 18,743        | 4,836         | 51,120        |        |
|   | Working           | Regular       | 18,616        | 14,646        | 4,080         | 37,342 |
|   |                   | Non-regular   | 10,896        | 13,883        | 7,446         | 32,225 |
|   | <b>Total</b>      | <b>29,512</b> | <b>28,529</b> | <b>11,526</b> | <b>69,567</b> |        |
| <b>Total employees</b>                              | <b>Sanctioned</b> | <b>46,688</b> | <b>32,283</b> | <b>8,406</b>  | <b>87,377</b> |        |
|   | <b>Working</b>    | <b>43,136</b> | <b>40,592</b> | <b>14,943</b> | <b>98,671</b> |        |

(Source: Director, Local Bodies, Lucknow)

<sup>5</sup> Category-wise position as on 31 March 2015 was not furnished by the Director, Local Bodies, Lucknow.

It would be seen from the **Table 8** that in centralised and non-centralised category employees, 2,227 against the sanctioned strength of 3,516 (shortage of 37 per cent) and 24,791 against the sanctioned strength of 32,741 (shortage of 23 per cent) were working. The shortages in non-centralised category were met to some extent by engaging 2,086 non-regular employees. In the category of *Safai Karmchari*, 37,342 employees were working as regular against the sanctioned strength of 51,120 with a shortage of 27 per cent. Against the shortage of 13,778 regular *Safai karmchari*, 32,225 non-regular *Safai Karmchari* were engaged i.e. 18,447 excess non-regular *Safai Karmchari* were engaged. The reasons for excess deployment of *Safai karmchari* were not furnished.

#### **4.11.1 Training**

One lakh nine thousand six hundred and twenty nine officers and employees were working in 630 ULBs and there were 630 Mayors/Chairman with 11,290 elected Corporators/Members in the boards of ULBs. In the spirit of 74<sup>th</sup> Constitutional Amendment empowerment of hub of urban development, there is an urgent need to design training module which is specific to the nature of duties and responsibilities of municipal functionaries. The Director, Local Bodies proposed (August 2013) to establish an academy to improve the skill of the employees. Further, Director of Local Bodies intimated (November 2015) that for management of ULBs and human resource development, UP lacks required infrastructure and institutional setup, but the same was not established as of November 2015. Thus, lack of efforts to improve the skill of employees adversely affected the functioning of the ULBs.

#### **4.12 Conclusion**

- Laying of the audit report in State Legislature and formation of a committee for its discussion was mandated in Thirteenth Finance Commission recommendation. These are yet to be followed by the State Government.

*(Paragraph 4.5.2)*

- Compliance to large number of audit observations pertaining to previous years was not sent by State Government resulting in non-settlement of audit observations.

*(Paragraph 4.6)*

- The targets fixed by the Government for realisation of revenue were not achieved by the ULBs resulted its large dependency on Government grants.

*(Paragraph 4.10.6)*

The matter was reported (December 2015) to the Government; the reply was awaited (December 2015).