सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
on
Performance Audit on the Efficacy of Implementation of the 74th Constitutional Amendment Act, 1992

SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Government of West Bengal

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Preface

PREFACE

This Report on audit of Urban Local Bodies (ULBs), under the West Bengal Municipal Act, 1993; Kolkata Municipal Corporation Act, 1980; Howrah Municipal Corporation Act, 1980 and West Bengal Municipal Corporation Act, 2006, has been prepared for submission to the Government of West Bengal.

The Report, covering the period 2015-16 to 2020-21, contains the results of Performance Audit of the 'Efficacy of Implementation of the 74th Constitutional Amendment Act' in West Bengal.

The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Executive Summary

EXECUTIVE SUMMARY

The 74th Constitutional Amendment, which came into effect on 1 June 1993, provided a clear mandate for democratic decentralisation and sought to create an institutional framework for ushering in democracy at the grassroots level, through self-governing local bodies, in the urban areas of the country. It empowered Urban Local Bodies to perform 18 functions listed in the 12th Schedule of the Constitution.

As per Census 2011, West Bengal had a population of 9.13 crore, out of which 2.91 crore (31.87 *per cent*) were residing in urban areas and 1.66 crore in areas covered under the 125 ULBs in the State. Urban areas in West Bengal face multiple challenges in regard to waste management, sanitation, public health issues and poverty alleviation. In this scenario, ULBs have an important role to play, as most of these issues can be handled best at the local level. In West Bengal, the three tiers of Urban Local Bodies are categorised on the basis of the population in their jurisdiction, population density and occupational pattern.

The objective of this Audit was to assess whether the State Government had adequately empowered the Urban Local Bodies, by creating a robust institutional framework, supported by transfer of functions, funds and functionaries; whether the ULBs were able to deliver the services devolved to them in a satisfactory manner and whether they had attained self-reliance for financing their activities through taxation and other sources of revenue.

Out of the 18 functions to be devolved, one function, relating to fire services, had not been devolved to ULBs. Out of the remaining 17 functions devolved to ULBs, in case of 15 functions, ULBs had an overlapping role with parastatals/ departments; in case of one function, ULBs had minimal role and, in case of one function, were ULBs solely responsible.

Holding regular elections and participation of elected representatives in citizen-centric development activities is crucial to democratic decentralisation. There was delay in holding elections in 109 ULBs, which ranged from six months to 32 months. Thus, non/delayed holding of elections may result in the ULBs being rendered ineligible for the Central Finance Commission (CFC) grants.

Preparing long-term and short-term development plans and formation of different committees with earmarked objectives, to ensure integrated development in all spheres, are crucial for the effective functioning of the ULBs. Audit, however, noticed non-preparation of draft development plans, in all the 27 test-checked ULBs, with only six ULBs having prepared annual development plans.

Pendency in the preparation and submission of Annual Financial Statements was noticed in 119 ULBs, raising concerns about the proper management and utilisation of financial resources. Delays in constitution of State Finance Commissions (SFC) and delayed release of State Finance Commission and Central Finance Commission Grants, adversely affected the financial position of the Urban Local Bodies.

It was noticed that the revenues raised by ULBs from their own sources were low and they were dependent upon grants for their functioning. Significant amounts, pertaining to Property Tax, were due to the Urban Local Bodies. The test-checked ULBs had not explored all the possible areas mandated in the Acts, to augment their own source revenue.

Sufficient and suitably trained Human Resources are critical for the effective functioning of any institution. However, Audit observed that the last staff assessment for ULBs had been conducted in 1995, although the ambit of service delivery and the urban population had increased manifold over the past 27 years. Recruitment to all categories of staff of ULBs, through the Municipal Service Commission, was made mandatory with effect from January 2019, yet a large number of vacancies were existing in the ULBs.

The 12th Schedule, added by the 74th Constitutional Amendment, envisaged supply of water and public health and sanitation, including solid waste management, among the 18 functions to be devolved to the ULBs. The Acts governing the ULBs also incorporated devolution of these functions to the ULBs.

Audit noticed that, out of the 27 test-checked ULBs, 17 were fully/partially dependent on parastatals for supply of water; five ULBs had no role in water supply; four of them were dependent on parastatals; and, in case of one ULB, citizens were dependent only on tube-wells for supply of water. Only one ULB had achieved the benchmark of 135 litres *per capita* per day water supply and none of the test-checked ULBs had achieved the benchmark of providing 100 *per cent* house connections and 24 hours of water supply.

In the area of solid waste management, delays were noticed in the preparation of plans for implementation of the solid waste management function, by agencies engaged by SUDA. Further, these plans were not distributed among the ULBs. Segregation at source, as well as collection and disposal of solid waste in a segregated manner, are essential for effective solid waste management. Audit noticed that, out of 27 ULBs, 14 ULBs had not implemented segregation at source and four ULBs had not implemented door-to-door collections. Six ULBs did not have their own dumping sites or sanitary landfill sites and only four out of 27 ULBs had functional processing facilities for solid waste.

In the area of sewerage and drainage, among four ULBs having underground sewerage systems, only *Kolkata* MC had a functional underground sewerage system, while the remaining ULBs were dependent on networks of drains. In 20 ULBs, the sewerage and drainage network/drains discharged into rivers or canals, and only seven of these ULBs had STPs in their municipal areas.

Based on the above observations, Audit recommends that:

- *Government may ensure that the 17 functions that have been either partially devolved or not devolved at all, may be handed over to the ULBs, to the maximum extent possible on priority*
- *Government may ensure that elections for the ULBs are held in a timely manner, in consultation with the State Election Commission*
- *Ward Committees may be constituted, as per the Acts, so that the ground level priorities of citizens are factored into the decisions of the ULBs*
- *Government may ensure constitution and effective functioning of the District Planning Committees, for integrated planning and development*

- *ULBs may prepare Draft Development Plans and Annual Development Plans, for strategic and holistic development of their jurisdictional areas*
- *Government may constitute the SFCs and implement their recommendations in a timely manner*
- *Government may stipulate a uniform timeframe for preparation of the Annual Financial Statements of all ULBs, as also for timely submission of Annual Financial Statements, for audit by the statutory auditor (ELA)*
- *Government may ensure that ULBs conduct internal audit regularly and take remedial action to strengthen their internal control system*
- *Government may ensure that MACs are constituted every year and meetings held regularly, to discuss the audit reports (including internal audit reports) of the concerned ULBs*
- *SFC and CFC grants may be released in a timely manner*
- *Recommendations of the SFCs, relating to devolution, may be implemented, to the maximum extent possible*
- *ULBs may take all possible measures to increase revenue from property tax*
- *Government may ensure that valuation of properties in the ULBs is conducted in a timely manner and, while determining the value of land, the guidance values fixed by the State Government are taken into consideration, to avoid undervaluation of properties*
- *ULBs may be advised to initiate discussion with the Departments of the Government, to decide the quantum of services which would be delivered to them and the resultant service charges to be levied and collected*
- *ULBs are to ensure that Rates/Fees levied by them may be revised, time to time*
- *ULBs may prepare their budgets within the stipulated timeframe, considering their actual requirements of funds*
- *The BSUP fund should be mandatorily created by all ULBs and regular contributions should be made therein, to ensure delivery of basic services to the urban poor, as well as to the inhabitants of slum areas*
- *ULBs may explore all possible areas to augment their own revenue and strengthen their collection efficiency. They may also arrange special drives, from time to time, to collect arrears, in order to meet their revenue expenses*
- *A professional assessment of the staff requirements for the ULBs, to enable them to cater to the growing urban population, may be taken up*
- *Government may take immediate steps for filling the existing vacancies in the ULBs, through the West Bengal Municipal Service Commission*
- *Government may provide adequate funds and functionaries to ULBs, to enable them to construct and maintain water supply projects and also to take possession of water supply projects from parastatals/other departments*

- *Government may introduce regular monitoring, for achieving the Service Level Benchmarks, to ensure supply of quality water to citizens*
- *ULBs may levy and collect fees for supply of water from both domestic and non-domestic consumers, as per extant rules. Metering of water may also be taken up, to charge fees based on consumption and increase the own sources of revenue*
- *ULBs may take steps to reduce waste generation and achieve 100 per cent segregation of waste at source, as well as collection, processing and disposal of segregated waste*
- *ULBs may implement 100 per cent door-to-door collection of solid waste and involve waste pickers/Self Help Groups in this endeavour*
- *ULBs may prepare and adopt bye-laws and implement levy and collection of user fees from waste generators*
- *ULBs may be equipped with adequate manpower and funds, for effective implementation of the Solid Waste Management Rules*
- *Government may take immediate steps to construct STPs, with the active involvement of the ULBs*
- *ULBs may take up construction of the sewerage and drainage infrastructure, wherever necessary, on priority basis, and ensure 100 per cent house sewer connections, as per Service Level Benchmarks*
- *Government may ensure that all UPHCs in the ULBs are functioning properly, with laboratory facilities. They may also ensure placement of requisite human resources, to implement the NUHM, aiming at the urban poor population's health needs.*