

**CHAPTER-4**  
**RESULTS OF AUDIT OF URBAN**  
**LOCAL BODIES**



## CHAPTER-4

### RESULTS OF AUDIT OF URBAN LOCAL BODIES

The deficiencies noticed in audit of Urban Local Bodies during 2014-15 are discussed in the succeeding paragraphs.

#### 4.1 Revenue

##### 4.1.1 Outstanding house tax

**Due to ineffective monitoring, revenue of ₹ 4.04 crore on account of house tax in 11 ULBs remained outstanding.**

Audit noticed outstanding house tax of ₹ 4.34 crore as on April 2013 in 11 ULBs. Demand of ₹ 4.13 crore of house tax was raised during the period 2013-14 (**Appendix-13**). However, collection was only ₹ 4.43 crore during the above period, resulting in outstanding balance of ₹ 4.04 crore as of March 2014. The pace of recovery was slow and even the current demand was not recovered. Non-recovery of house tax resulted in non-realisation of ₹ 4.04 crore which could have been utilised for other developmental activities. The Executive Officers/ Secretaries of ULBs concerned stated (October 2014-February 2015) that notices have been issued to the defaulters and efforts for recovery would be made.

##### 4.1.2 Non-realisation of rent

**Thirteen ULBs failed to realise the rent of shops / booths/ stalls from allottees amounting to ₹ 1.86 crore.**

Section 258 (i)(b)(2) of the Himachal Pradesh Municipal Act, 1994 provides that where any amount which is due to the municipality remains unpaid for fifteen days after the same is due, the Executive Officer/ Secretary may serve notice of demand upon the persons concerned. The Act also provides that any sum due for recovery, shall without prejudice to any other mode of collection, be recovered as arrear of land revenue.

It was noticed that in 13 ULBs, rental charges amounting to ₹ 1.70 crore were pending for recovery as on April 2013 (**Appendix-14**) against the allottees of shops/ stalls, owned by these ULBs. Further, demand of ₹ 0.94 crore was raised against the tenants/ lessees of these shops/ stalls during 2013-14. Against the total demand of ₹ 2.64 crore, only ₹ 0.78 crore had been recovered leaving outstanding recovery of ₹ 1.86 crore as of March 2014. The ULBs stated (September 2014-February 2015) that notices had been issued to the defaulters and the amount would be recovered shortly.

#### **4.1.3 Non-recovery of installation/ renewal charges on mobile towers**

**Failure to realise the installation/ renewal charges of mobile towers by seven ULBs resulted in loss of revenue of ₹ 18.14 lakh.**

Himachal Pradesh Government authorised (August 2006) the ULBs to levy duty on installation of mobile communication towers at the rate of ₹ 10,000 per tower and annual renewal fee at the rate of ₹ 5,000.

In seven ULBs, mobile towers were installed in their jurisdiction during 2006-14 but the concerned ULBs had not recovered the charges of ₹ 18.14 lakh<sup>11</sup> as of March 2014 in respect of 106 towers. The ULBs concerned stated (September 2014 to February 2015) that action would be taken shortly to recover the dues.

#### **4.1.4 Non-recovery of Electricity Cess**

**MC Baddi failed to impose electricity tax amounting to ₹ 29.18 lakh.**

The State Government authorised (April 2002) the MCs to collect tax at the rate of one paisa per unit on electricity consumption by the consumers residing within the limits of MC area.

Scrutiny of records of MC Baddi showed that electricity consumption within the MC area of Baddi was 29,18,28,201 units during the period April 2012 to March 2014 and electricity tax on it worked out to ₹ 29.18 lakh. However, the MC had not realised the same from the HPSEBL which was to collect the tax from the consumers. While admitting the facts, the executive officer stated that efforts would be made to recover tax at the earliest.

### **4.2 Blocking of funds**

#### **4.2.1 Non-utilisation of available funds**

During audit it was noticed that in Municipal Corporation, Shimla, two MCs and three NPs funds amounting to ₹ 2.19 crore<sup>12</sup> were available during 2001-14 for 48 development works. However, no expenditure was incurred out of these funds on execution of works as of March 2014. Thus, non-utilisation of funds for development works resulted in depriving the intended beneficiaries of the benefits of development works. The Executive Officers of the concerned ULBs stated (August 2014-February 2015) that the works could not be started due to land disputes, non-completion of codal formalities and shortage of technical staff. The reply is not convincing as such issues could have been resolved before getting the works sanctioned and funds released from the funding agencies.

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<sup>11</sup> Municipal Corporation Shimla: ₹12.07 lakh, ₹ MCs Dalhausi: ₹1.25 lakh, Ghumarwin: ₹0.5 lakh, Dharamshala: ₹ 2.35 lakh, ₹ Parwanoo: 0.88 lakh, NPs: Una: ₹0.64, Jubbal: ₹ 0.45.

<sup>12</sup> Municipal Corporation Shimla: ₹ 86.52 lakh, MC Ghumarwin: ₹ 85.78 lakh, MC Parwanoo: ₹ 4.00 lakh, NP Arki: ₹ 10.10 lakh, NP Chopal: ₹ 2.10 lakh and NP Chuwari: ₹ 30.29 lakh.

#### 4.2.2. Blocking of funds due to non-construction of parking

The Ministry of Tourism, GOI sanctioned (2012-13) ₹ 86.87 lakh for construction of parking at Dalhousie, Chamba district under Integrated Development of Tourism Destination by way of creating parking facilities at major places in Himachal Pradesh. Accordingly, first instalment of ₹ 43.44 lakh was released (March 2013) by the District Tourism Development Officer, Chamba to MC Dalhousie.

Audit noticed that the execution of work had not been started by the MC Dalhousie as of November 2014 due to non-availability of site. Thus, lackadaisical approach in execution of work by MC Dalhousie had resulted into blocking of ₹ 43.44 lakh and denial of intended facilities to the public. The Executive Officer stated (November, 2014) that suitable land is being identified for the construction of parking and detailed project report (DPR) would be prepared accordingly. The reply is not acceptable as MC Dalhousie failed to start the work after more than one and half years.

#### 4.3 Non-fixing the liability of the operator

**Municipal Corporation Shimla had not fixed the liability of the Operator of the Solid Waste Management Project through insurance under Project Public Liability Insurance Act, 1991 for ₹ 5.00 crore.**

A concession agreement was entered into (July 2010) between Municipal Corporation Shimla and a firm for management of solid waste in municipal area. As per the Clause No. 5.9 (m) of the agreement, the concessionaire should maintain Public Liability Insurance for a minimum of ₹ 5.00 crore as per Public Liability Insurance Act, 1991 for the entire period of concession agreement (20 years) and post closure period.

Audit noticed that the concessionaire had not maintained the Public Liability Insurance as of February 2015 as per terms and conditions of the agreement, which had resulted in undue favour to the concessionaire.

#### 4.4 Issuance of fake utilisation certificate

**Utilisation Certificate for ₹ 3.27 crore was wrongly issued by the MC Parwanoo to the Director, Urban Development Shimla without its actual utilisation.**

A project for improvement of Water Supply Scheme at Parwanoo was sanctioned (November 2013) under Urban Infrastructure Development Scheme for Small and Medium Towns (UIDSSMT) for ₹ 7.27 crore. First instalment of ₹ 3.27 crore was released (April 2014) with the condition that a separate account for these funds may be maintained and its utilisation may be made after completion of all codal formalities.

Scrutiny of records showed that MC Parwanoo released (April 2014) the funds to the executing agency, Himachal Pradesh Urban Development Agency (HIMUDA) and submitted (January 2015) utilisation certificate (UC) for ₹ 3.27 crore to the Director, Urban Development, Shimla inspite of the fact that no expenditure had been incurred. The Executive

Officer stated (January 2015) that tenders have been floated and UC had been submitted in order to get second instalment of the grant. The reply is not acceptable as MC had failed to utilise the grant and submitted the UC irregularly.

Audit findings were referred to the Government in March 2016. Reply had not been received (April 2016).



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**Shimla**

**Dated:**