



REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

PERFORMANCE AUDIT ON EFFICACY OF IMPLEMENTATION OF 74TH CONSTITUTIONAL AMENDMENT ACT



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

Government of Rajasthan

Report No. 5 of the year 2021

**Report of the
Comptroller and Auditor General of India**

**Performance Audit
on
Efficacy of implementation of
74th Constitutional Amendment Act**

Government of Rajasthan

Report No. 5 of the year 2021

Table of Contents

<i>Paragraph Number</i>	<i>Contents</i>	<i>Page Number</i>
	<i>Preface</i>	<i>(iii)</i>
	<i>Executive Summery</i>	<i>(v)</i>
<i>Chapter I</i>	<i>Introduction</i>	
<i>1.1</i>	<i>74th Constitutional Amendment</i>	<i>1</i>
<i>1.2</i>	<i>Trend of Urbanization in Rajasthan</i>	<i>2</i>
<i>1.3</i>	<i>Profile of Urban Local Bodies</i>	<i>2</i>
<i>1.4</i>	<i>Organisation Structure of Urban Governance in Rajasthan</i>	<i>2</i>
<i>Chapter II</i>	<i>Audit Framework</i>	
<i>2.1</i>	<i>Audit objectives</i>	<i>5</i>
<i>2.2</i>	<i>Audit criteria</i>	<i>5</i>
<i>2.3</i>	<i>Audit scope and Methodology</i>	<i>5</i>
<i>2.4</i>	<i>Acknowledgement</i>	<i>6</i>
<i>2.5</i>	<i>Organization of Audit Findings</i>	<i>7</i>
<i>Chapter III</i>	<i>Compliance with Provisions of 74th CAA</i>	
<i>3.1</i>	<i>Comparison of State Level Legislations with 74th CAA</i>	<i>9</i>
<i>Chapter IV</i>	<i>Empowerment of Urban Local Bodies and their functioning</i>	
<i>4.1</i>	<i>Devolution of Functions under Rajasthan Municipalities Act, 2009</i>	<i>11</i>
<i>4.2</i>	<i>Institutional mechanism for empowerment of urban local bodies</i>	<i>15</i>
<i>4.3</i>	<i>Powers of the State Government over ULBs</i>	<i>26</i>
<i>4.4</i>	<i>Parastatals, their Functions and Impact on ULBs</i>	<i>27</i>
<i>Chapter V</i>	<i>Financial Resources of Urban Local Bodies</i>	
<i>5.1</i>	<i>Sources of Revenue</i>	<i>33</i>
<i>5.2</i>	<i>Grants</i>	<i>34</i>
<i>5.3</i>	<i>Own Revenue of Urban Local Bodies</i>	<i>35</i>
<i>5.4</i>	<i>Tapping of various sources of revenue by ULBs</i>	<i>42</i>
<i>5.5</i>	<i>Budget Planning and Expenditure</i>	<i>43</i>
<i>5.6</i>	<i>Under Utilisation of Grants</i>	<i>46</i>
<i>5.7</i>	<i>Financial Powers of Urban Local Bodies</i>	<i>47</i>

<i>Paragraph Number</i>	<i>Contents</i>	<i>Page Number</i>
<i>Chapter VI</i>	<i>Human Resources of Urban Local Bodies</i>	
6.1	<i>Limited Powers Over Manpower</i>	49
6.2	<i>Capacity Building</i>	52
6.3	<i>Performance Management</i>	53
<i>Chapter VII</i>	<i>Conclusion</i>	55

List of Appendices

<i>Appendix Number</i>	<i>Details</i>	<i>Page Number</i>
<i>Appendix-I</i>	<i>List of parastatals and their functions</i>	59
<i>Appendix-II</i>	<i>A. Details of less recovery of UD tax from commercial complexes due to application of incorrect DLC rate/area.</i>	60
	<i>B. Details of less recovery of UD tax from starred hotels at the rate of Industrial DLC rate instead of Commercial DLC rate</i>	61
	<i>C. Details of marriage gardens in which area were less taken for calculation of UD Tax</i>	62
	<i>D. Recoveries/correction in demand ledger made at the instance of audit</i>	63
<i>Appendix-III</i>	<i>Details of user charges not recovered by the 13 ULBs</i>	64
<i>Appendix-IV</i>	<i>Short recovery of fire cess from high rise buildings</i>	65
<i>Appendix-V</i>	<i>Statement showing the details of revenue sources identified by 4th and 5th SFC, status of levy and statutory provisions</i>	68
<i>Appendix-VI</i>	<i>Statement showing variation in budget in each category of ULBs</i>	69
	<i>Glossary</i>	71

Preface

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of Rajasthan under CAG's DPC Act, 1971.

Audit of Urban Local Bodies in Rajasthan is conducted under provisions of the Comptroller and Auditor General (Duties, Power and Conditions of service) Act, 1971 and section 99-A of the Rajasthan Municipalities Act, 2009, as amended on 31 March 2011, which empowers the Comptroller and Auditor General of India to conduct audit of the accounts of Urban Local Bodies and submit such Audit Report to the State Government for its placement in the State Legislature.

The Report covering the period 2015-16 to 2019-20 contains the results of performance audit of 'Efficacy of Implementation of 74th Constitutional Amendment Act'.

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

Executive Summary

Intent of the 74th Constitutional Amendment Act (74th CAA)

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

Why this Performance Audit?

To ascertain whether the State Government empowered ULBs through the creation of a robust institutional framework as well as transfer of functions, funds and functionaries.

Period of audit: 2015-16 to 2019-20

Sample: Three functions, one major revenue source (Property tax) and 14 ULBs across all tiers.

What Audit found?

Compliance to provisions of 74th CAA

Statutory amendments, though enacted, were not implemented in letter and spirit.

Principal findings and recommendations of the performance audit

The chapter wise audit findings that led to audit conclusions and recommendations are as follows:

Chapter IV: Empowerment of ULBs and their functioning

Devolution of functions under Rajasthan Municipalities Act, 2009

- The State classified the functions as core and others, though all functions were to be devolved mandatorily. Two functions i.e. Urban forestry, protection of the environment & promotion of ecological aspects and safeguarding the interest of weaker sections of society were not notified as core functions.

(Paragraph 4.1)

- Out of the 18 functions to be transferred all except Slum Improvement & Upgradation and Urban Poverty alleviation were transferred.

(Paragraph 4.1.1)

- Actual status of implementation of functions was found as follows:
 - Full jurisdiction of ULBs - 2 functions
 - No role of ULBs - 1 function
 - ULBs as mere implementing agencies - 4 functions
 - Minimal role or overlap with State Departments/ parastatals - 11 functions

(Paragraph 4.1.1)

Institutional mechanism for empowerment of urban local bodies

- Ward Committees were not constituted in any of the Municipal Corporations leading to absence of community participation in local governance.

(Paragraph 4.2.6(ii))

- District Planning Committees (DPC) though formed in all districts, did not function as required, as comprehensive District Development Plans were not prepared as envisaged.

(Paragraph 4.2.7)

- Metropolitan Planning Committee (MPC) was not formed for integrated development of the metro cities.

(Paragraph 4.2.8)

- Delays in constitution of State Finance Commissions (SFC), non-acceptance of many recommendations and delay in implementation of the recommendations led to delays in fiscal transfers by State, impacting ULBs revenues.

(Paragraph 4.2.9.1)

- The State Government deducted an amount of ₹ 726.74 crore during 2017-20 from the SFC grants to be given to ULBs and transferred such amount to other agencies/ parastatals.

(Paragraph 4.2.9.2)

Recommendations:

- *The State Government should initiate action to devolve all functions with full jurisdiction to ULBs in accordance with the 74th CAA and endeavour to minimise overlapping jurisdictions for devolution in true spirit.*
- *The State Government should ensure timely constitution of the Statutory Committees and Ward Committees. The Government should also ensure that regular meetings of Statutory Committees are held for effective monitoring of functions of ULBs.*

- *The State Government should ensure constitution and effective functioning of Metropolitan Planning Committees for integrated development of the area.*

Chapter V: Financial Resources of Urban Local Bodies

Sources of Revenue

- ULBs could generate only 17 *per cent* revenue of its own and remained significantly dependent on the grants for delivery of services.

(Paragraph 5.1)

Grants

- During the period 2015-16 to 2019-20 the State Government disbursed a sum of ₹ 17,059.77 crore to ULBs against SFC grants. There was a shortfall of ₹ 52.58 crore in fiscal transfers during the period 2015-16 to 2019-20 due to non-acceptance of recommendations of the SFC.

(Paragraph 5.1 and 5.2.1)

- Entire allocation of performance grants of ₹ 525.32 crore for the year 2018-19 and 2019-20 was yet to be received from GoI.

(Paragraph 5.2.2)

Own Revenue of Urban Local Bodies

- None of the test checked ULBs had a reliable data base of tax demanded, collected and outstanding at the end of financial year

(Paragraph 5.3.1)

- No survey was conducted by revenue branch of ULBs to enlist sites of advertisement attracting tax, which deprived ULBs of this potential revenue source.

(Paragraph 5.3.2)

- Test check of records of two Municipal Corporations, i.e., Jaipur and Ajmer revealed that PHED Jaipur recovered sewerage charges but did not transfer full amount to M Corp Jaipur while PHED Ajmer did not remit any amount to M Corp Ajmer during the period 2015-16 to 2019-2020.

(Paragraph 5.3.4)

Budget Planning and Expenditure

- Budget exercise was flawed and resulted in preparation of unrealistic and unscientific budgets.

(Paragraph 5.5.1)

Recommendations:

- *ULBs should have more autonomy in raising revenues and for augmentation of its own resources. Efforts should be made for enhancing tax collection*

capacity of ULBs through provision and training of staff, provision of electronic tax payment and improved assessment processes. PHED and other parastatals should pass on all the revenue collected on behalf of ULBs for strengthening their financial position.

- *The State Government should work on enhancing the capacity of ULBs by direct devolution even through separate budgeting for ULBs. Efforts should also be made to form finance committees in ULBs and to revise the delegation of powers for greater autonomy.*

Chapter VI: Human resources of ULBs

Limited Powers over Manpower

- ULBs neither had the powers to assess the staff requirement nor to recruit the required staff. These powers are vested with the State Government.

(Paragraph 6.1)

- Population alone was considered as a criterion for determining the sanctioned strength; geographical area, quantum of functions and number of properties existing were not considered.

(Paragraph 6.1)

- The sanctioned strength varied from 2.15 to 11.36 employees per 1,000 population (2011) and working strength from 0.26 to 6.30 employees per 1,000 population (Projected 2020) in the test-checked ULBs.

(Paragraph 6.1.1)

- Almost 61 *per cent* post of Executive Officers, Revenue Officers, Revenue/Sanitary Inspectors were lying vacant which was affecting the important functions such as revenue/tax collection and sanitation.

(Paragraph 6.1.1)

Recommendations:

- *ULBs should have adequate powers over manpower resources regarding assessment, requirement and recruitment of skilled staff to effectively discharge devolved functions and efficiently collect revenue. Sanctioned strength of manpower in ULBs should commensurate with the functions (Tax collection load/Accounting/regulatory role etc) in consultation with the State Government. Administrative costs should be passed on to the ULBs where they are implementing agencies.*
- *Officers of Municipal Services should be posted in municipality as Executive Officers and capacity building/training needs of municipal staff should be ensured by regular training programme/fixed training period for enhancing the efficiency.*

Chapter I

Introduction

Chapter I

Introduction

1.1 74th Constitutional Amendment

The Constitution (Seventy Fourth Amendment) Act, 1992 (74th CAA) which came into effect on 1 June 1993, introduced Part IX A (the Municipalities). The Act provided a constitutional status to Urban Local Bodies (ULBs). Article 243W of the CAA authorized the State Legislatures to enact laws to endow local bodies with powers and authority as may be necessary to enable them to function as institutions of self-government and make provisions for devolution of powers and responsibilities.

The Twelfth Schedule of the Constitution enumerates 18 specific functions to be devolved to ULBs as given below:

- (i) Urban planning including town planning.
- (ii) Regulation of land-use and construction of buildings.
- (iii) Planning for economic and social development.
- (iv) Roads and bridges.
- (v) Water supply for domestic, industrial and commercial purposes.
- (vi) Public health, sanitation conservancy and solid waste management.
- (vii) Fire services.
- (viii) Urban forestry, protection of the environment and promotion of ecological aspects.
- (ix) Safeguarding the interests of weaker sections of the society, including the handicapped and mentally retarded.
- (x) Slum improvement and upgradation.
- (xi) Urban poverty alleviation.
- (xii) Provision of urban amenities and facilities such as parks, gardens, playgrounds.
- (xiii) Promotion of cultural, educational and aesthetic aspects.
- (xiv) Burials and burial grounds; cremations, cremation grounds and electric crematoriums.
- (xv) Cattle pounds; prevention of cruelty to animals.
- (xvi) Vital statistics including registration of births and deaths.
- (xvii) Public amenities including street lighting, parking lots, bus stops and public conveniences.
- (xviii) Regulation of slaughter houses and tanneries.

1.2 Trend of Urbanization in Rajasthan

Rajasthan is the largest state in the country with a total area of 3.42 lakh Square Kilo Meter (Sqkm). As per census 2011, 1.70 crore (24.87 per cent) out of the total population of 6.85 crore reside in urban areas. The growth rate of urban population in the decade 2001-11 was 29 per cent. Further, as per projected population of Rajasthan by 2021, 2.36 crore population will reside in urban area which will constitute almost 29.24 per cent of the total projected population of 8.07 crore. This shows a significant growth in urbanization in Rajasthan.

Urban Rajasthan faces multiple challenges relating to public health issues, poverty, waste management, reduction of natural resources and other urban basic amenities. In these circumstances, ULBs have an important role to play, as most of these issues could be handled effectively at the local level.

1.3 Profile of Urban Local Bodies

In Rajasthan, ULBs are classified into five categories based on population¹, location and per capita income by the State Government. There are 196 ULBs as shown in **Table** below:

Table 1.1: Category-wise ULBs in Rajasthan

Type of ULB	Number of ULBs
Municipal Corporations (M Corp) ²	10
Municipal Councils (M Council)	34
Municipal Boards (M Board) Category II	13
Municipal Boards (M Board) Category III	58
Municipal Boards (M Board) Category IV	81
Total	196

Source: Annual Administration Report 2019-20 of DLB

All the ULBs are governed by Rajasthan Municipalities Act, 2009 (RMA). For every ULB, area has been divided into wards, which are determined and notified by the State Government for the purpose of election of Councilors. All ULBs have an elected body comprising Corporates/Councilors.

1.4 Organisation Structure of Urban Governance in Rajasthan

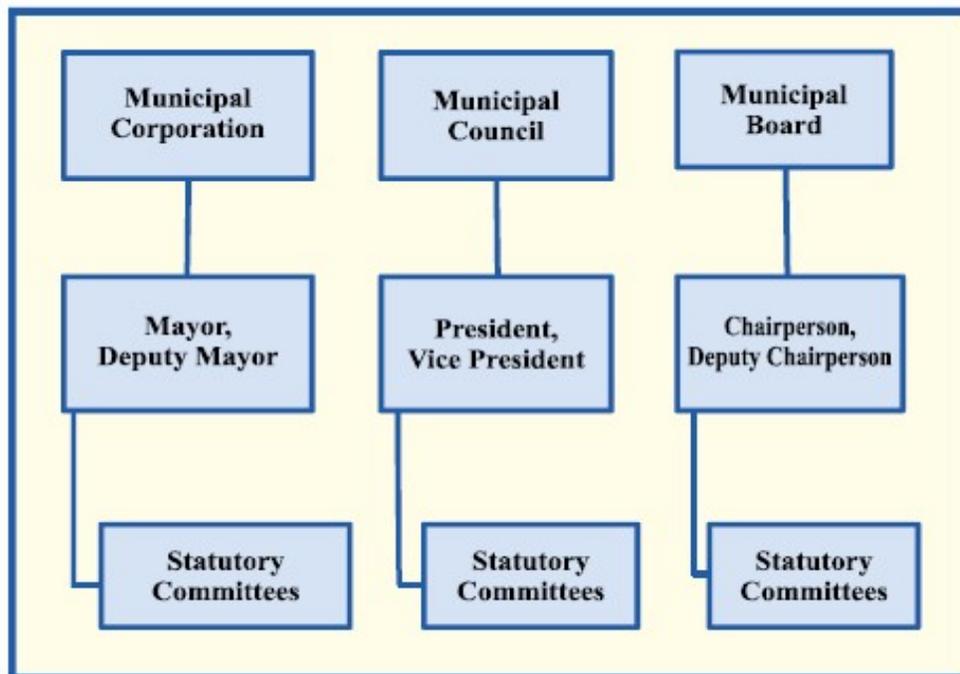
The Local Self Government Department (LSGD), headed by the Principal Secretary/Secretary to the Government, is the nodal department for the governance of all ULBs. The Directorate of Local Bodies (DLB) functions as an interface between the State Government and ULBs. The DLB has seven Deputy Directors (Regional) at Divisional Headquarters i.e., Ajmer, Bharatpur,

¹ Municipal Corporation for population more than 5 lakh; Municipal Council for population between one to five lakh; Municipal Board (Category II) for population between 50,000 to 99,999; M.Board (Category III) for population between 25,000 and 49,999 and M.Board (Category IV) having population less than 25,000.

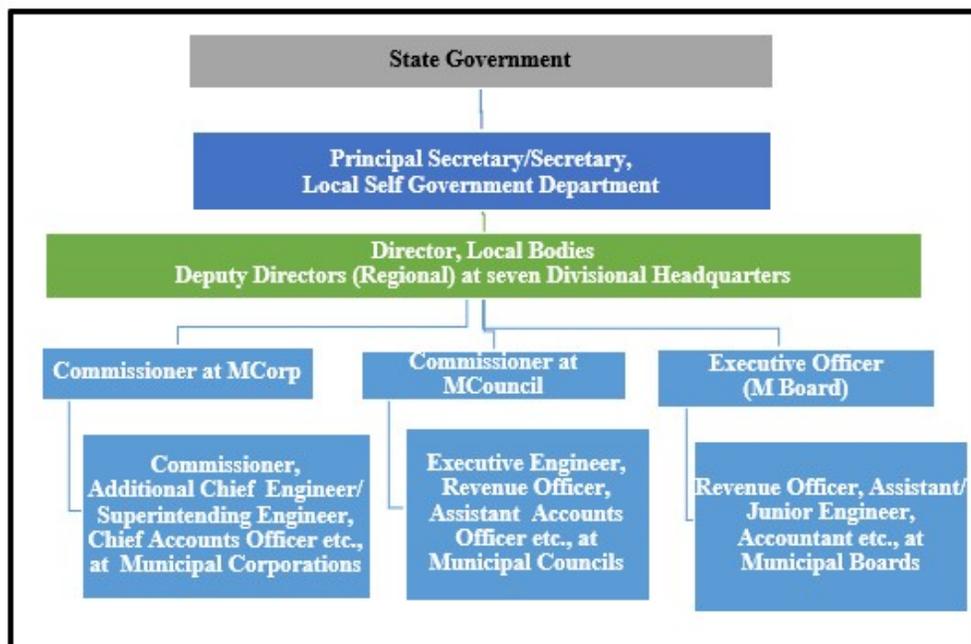
² Municipal Corporations, Jaipur, Jodhpur and Kota were bifurcated into two Corporations w.e.f. 18.10.2019.

Bikaner, Jaipur, Jodhpur, Kota and Udaipur, which reports to the DLB on day-to-day basis. The organization structure with respect to functioning of ULBs in the State is indicated as under:

Elected members Level



Executive Level



In addition to ULBs, the Urban Development and Housing Department (UDH) has parastatal agencies that also deliver or facilitate urban infrastructure and services such as Rajasthan Urban Drinking Water, Sewerage and Infrastructure Corporation (RUDSICO), Rajasthan State Industrial Development and Investment Corporation (RIICO), Urban Development Authorities (UDAs), Urban Improvement Trusts (UITs), Town Planning Department (TPD), Rajasthan Housing Board (RHB).

The details of parastatals and their functions are given in *Appendix I*.

Chapter II

Audit Framework

Chapter II

Audit Framework

2.1 Audit Objectives

The objectives for Performance Audit were to assess whether:

- (i) provisions of 74th CAA have been adequately covered in the State legislations.
- (ii) the ULBs have been empowered by the State Government to discharge their functions/responsibilities effectively through creation of appropriately designed institutions/institutional mechanism and their functions.
- (iii) the functions stated to have been devolved have actually been devolved effectively; and
- (iv) the ULBs have been empowered to access adequate resources for discharge of functions devolved to them.

2.2 Audit Criteria

The audit criteria were derived from the following:

- (i) 74th Constitutional Amendment Act, 1992.
- (ii) Rajasthan Municipalities Act, 2009
- (iii) Laws and By-laws framed by Urban Local Bodies.
- (iv) General Financial and Accounts Rules.
- (v) Various notifications, orders, and circulars issued by LSGD and Government of Rajasthan
- (vi) Central and State Finance Commissions Reports.

2.3 Audit Scope and Methodology

The Performance Audit covering the period April 2015 to March 2020 was carried out in two stages. Stage-I from June to December 2020, comprised audit of implementation of CAA by the State Government and parastatals and Stage-II comprised test-check of 14 ULBs across all tiers and selected five¹

¹ Three functions (one major function “Public Health, sanitation conservancy and solid waste management” has been bifurcated in two functions due to extensiveness + Fire Services + Provision of urban amenities and facilities) and one major revenue source ‘Property Tax’.

functions. Due to Corona pandemic, the selection of ULBs had to be restricted to Jaipur and nearby area. ULBs were selected through simple random sampling using IDEA software. The details of ULBs selected for test check, are as under:

Table 2.1: Details of selected units

S. No.	Types of ULBs	Population wise category	Total number of units	Selected units	Name of units
1.	Municipal Corporation	I	2	2	Jaipur & Ajmer
2.	Municipal Council	I	11	2	Sikar & Kishangarh
3.	Municipal Board	II	5	1	Nawalgarh
		III	22	3	Chaksu, Chomu and Niwai
		IV	38	6	Jobner, Thanagaji, Shahpura, Phulera, Bagru and Lalsot
Total			78	14	

During audit, activities relating to following five focus areas were selected for detailed test-check:

- (i) Fire Services;
- (ii) Public Health and Sanitation;
- (iii) Solid Waste Management;
- (iv) Property Tax; and
- (v) Provisions of Urban amenities and facilities such as parks, gardens, playgrounds

An Entry Conference was held on 23 December 2020 with the Secretary, LSGD, in which the audit methodology, scope, objectives and criteria were explained. An Exit Conference was held on 22 July 2021 with the Secretary, LSGD, in which the points raised in the Draft Paragraph were discussed. The replies received from State Government (July 2021) have also been incorporated in the Report.

2.4 Acknowledgement

Audit acknowledges the cooperation and assistance extended by the State Government, Directorate of Local Bodies, RIICO, UDAs/UITs, RHB, RUDSICO, and all selected urban local bodies in conducting the performance audit.

2.5 *Organization of Audit Findings*

The audit observations relating to status of devolution of functions, funds and functionaries are presented in the following chapters.

Chapter III: Compliance with provisions of 74th CAA

Chapter IV: Empowerment of ULBs and their functioning

Chapter V: Financial resources of ULBs

Chapter VI: Human resources of ULBs

Chapter VII: Conclusions

Chapter III
Compliance with Provisions of
74th CAA

Chapter III

Compliance with Provisions of 74th CAA

3.1 Comparison of State Level Legislations with 74th CAA

The 74th CAA introduced certain provisions relating to municipalities vide Articles 243Q to 243ZG. The State Government enacted Rajasthan Municipalities Act 2009 (RMA) and repealed the then existing Rajasthan Municipalities Act 1959. The provisions corresponding to the CAA provisions are indicated in **Table 3.1**.

Table 3.1: Comparison of State level legislations with the provisions of 74th CAA

Provision of Constitution of India	Requirement as per provision of Constitution of India	Provision of RMA
Article 243Q	Constitution of Municipalities: It provides for constitution of three types of municipalities namely a Municipal Board for transitional area, a Municipal Council for a smaller urban town and a Municipal Corporation for larger urban area.	Section 5 of RMA
Article 243R	Composition of Municipalities: All the seats in a Municipality shall be filled by direct elections and by persons with special knowledge in municipal administration. The Legislature of a State may by law, provide for representation to the Municipality Member of Legislative Assembly, Parliament of the constituencies lie within the municipal area and members of the Council of State and State Legislative Council who are registered as electors within the city.	Section 6 of RMA
Article 243S	Constitution and composition of Wards Committee: This provides for constitution of Wards Committees in all municipalities with a population of 3 lakh or more	Section 54 of RMA
Article 243T	Reservation of seats: The seats to be reserved for Scheduled Caste (SC)/Scheduled Tribe (ST), Women and Backward classes for direct election.	Section 6 (3-5,8) 21 and 43 of RMA
Article 243U	Duration of Municipalities: The municipality has a fixed tenure of 5 years from the date of its first meeting and re-election to be held within the six months of end of tenure.	Section 7 of RMA
Article 243V	Disqualifications for membership: A person shall be disqualified for a member of a Municipality: <ul style="list-style-type: none"> • If he/she is so disqualified by or under any law for the time being in force for the purposes of elections of the Legislature of the State concerned. • If he/she is so disqualified by or under any law made by the Legislature of the State. 	Section 24 and 35 of RMA
Article 243W	Powers, authority and responsibilities of municipalities: All municipalities would be empowered with such powers as may be necessary to enable them to	Section 89, 103, 104

Provision of Constitution of India	Requirement as per provision of Constitution of India	Provision of RMA
	function as effective institutions of self- government. The State Government shall entrust them with such powers and authority to enable them to carry out the responsibilities in relation to the 12 th Schedule.	257 of RMA
Article 243X	<p>Power to impose taxes by, and funds of the Municipalities:</p> <ul style="list-style-type: none"> • Municipalities would be empowered to levy and collect the taxes, fees, duties etc. • Grant-in-aid would be given to the Municipalities from the State • Constitution of funds for crediting and withdrawal of moneys by the Municipality 	Section 101 to 106 of RMA
Article 243Y read with Article 243I	<p>Finance Commission: State Government shall constitute Finance Commission for</p> <ul style="list-style-type: none"> • Reviewing the financial position of the Municipalities and taking such steps that help in boosting the financial condition of the Municipal bodies • Distributing between the State and the Municipalities the net proceeds of the taxes, fess, tolls and duties that are charged by the State Government. • Allotting the funds to the municipal bodies in the state from the consolidated fund of the State. 	Section 76 and 77 of RMA
Article 243Z	<p>Audit of accounts of Municipalities: This provides for maintenance of accounts by the Municipalities and the auditing of such accounts.</p>	Section 90 and 94 of RMA
Article 243ZA read with Article 243K	<p>Elections to the Municipalities: The Superintendence, direction and control of all procedure of election of the Municipalities shall be vested in the State Election Commission (SEC)</p>	Section 11 of RMA
Article 243 ZD	<p>Committee for District Planning:</p> <ul style="list-style-type: none"> • Constitution of District Planning Committee at district level. • Composition of District Planning Committee. • Preparation of draft development plan and submission to the government 	Section 158 of RMA
Article 243ZE	<p>Committee for Metropolitan Planning: Provision for constitution of Metropolitan Planning Committee (MPC) in every Metropolitan area with a population of 10 lakhs or more to prepare a draft development plan for the metropolitan area as a whole.</p>	Section 157 of RMA

Source: Rajasthan Municipalities Act, 2009 & 74th CAA

The State Government had complied with the provisions of the 74th CAA and made legal provisions in Rajasthan Municipalities Act 2009. However, the implementation did not result in effective decentralization at the ground level. These legal provisions were not supported by conclusive actions as per essence of the 74th CAA. The shortcomings pertaining to the devolution of functions and creation of appropriate institutional mechanisms for effective decentralization are discussed in the subsequent chapter.

Chapter IV

Empowerment of Urban Local Bodies and their functioning

Chapter IV

Empowerment of Urban Local Bodies and their functioning

4.1 Devolution of Functions under Rajasthan Municipalities Act, 2009

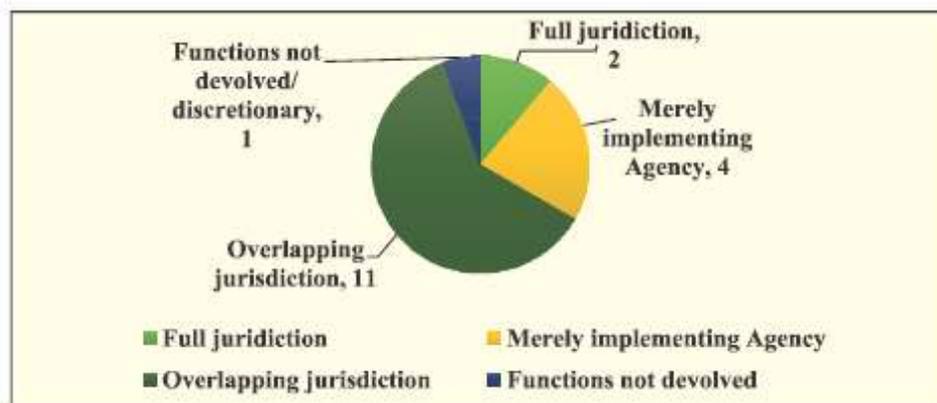
The 74th CAA intends to enable and empower ULBs to perform functions and implement schemes in relation to 18 subjects specified in the 12th Schedule and mandated each State to enact a legislation to devolve these functions to ULBs. The State Government made provisions in RMA and through a Gazette notification (2013), 16 out of 18 functions were to be transferred to ULBs. Two functions i.e. Slum Improvement & Upgradation and Urban Poverty alleviation were not transferred to ULBs in the RMA. However, these two functions were carried out by ULBs under various schemes as an implementing agency. Two functions i.e. Urban forestry, protection of the environment & promotion of ecological aspects and safeguarding the interest of weaker sections of society were not notified as core functions. However, the RMA provided that these functions may be performed by the ULBs subject to their managerial, technical and financial capacity.

4.1.1 Actual status of Devolution of Functions

Audit observed several overlaps in discharge of the functions between ULBs and parastatals or the State Government departments. Out of the 18 functions, ULBs had full jurisdiction only in respect of two functions; it was merely an implementing agency in four functions; it had minimal role/overlapping jurisdiction along with other State Government Departments and parastatals in eleven functions and one function has not been devolved to ULB by the State Government yet.

The function-wise role of ULBs is depicted in **Chart 1**.

Chart 1: Role of Urban Local Bodies in devolved functions



Status showing the extent of autonomy over discharge of functions by the ULBs (Table 4.1):

Table 4.1: Status of autonomy over discharge of function by ULBs

Sl. No	Functions (Obligatory(O)/ Discretionary(D))	Activities	Actual status of implementation
Functions where ULB has full jurisdiction			
1	Fire Services(O)	Establishing and maintaining fire brigades Providing fire NOC/ approval certificate in respect of high-rise buildings	This function had been fully devolved and the ULBs are responsible for establishing and maintaining fire brigades and issuance of fire NOC to multistoried buildings across the State.
2	Regulation of slaughter houses and tanneries(O)	Ensuring quality of animals and meat	ULBs were wholly responsible for discharging this function. However, they actually perform this function only in metro cities while in other places they only issue trade license to meat shops.
		Disposal of waste	
		O&M of slaughter houses	
ULBs as mere implementing agencies			
3	Slum improvement and upgradation	Identifying beneficiaries	This function was not devolved by the Government in RMA but ULBs are performing the function under the specific schemes such as Slum Development Scheme, CM Urban BPL Awas Yojana etc.
		Affordable Housing	
		Upgradation	
4	Urban poverty alleviation	Identifying beneficiaries	The function was not devolved through RMA but ULBs are only entrusted with the work of identification of beneficiaries and act merely as implementing agency in Centrally/State Sponsored schemes such as National Urban Livelihood Mission (NULM)
		Livelihood and employment	
		Street vendors	
5	Planning for economic and social development (O)	Program implementation for economic activities	ULBs are merely implementing agencies under various centrally sponsored scheme such as NULM, etc. Social welfare Department is another entity which has been entrusted with implementation of various schemes e.g. distribution of scholarships to weaker sections of the Students, family pension, etc. DLB in its reply also admitted that this function has still not been devolved.
		Policies for social development	
6	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded (D)	Identifying beneficiaries	This function was categorized by the RMA as other function with certain conditions. State departments such as Social welfare, Tribal welfare, Empowerment of Differently abled and senior citizens and parastatal such as Rajiv Gandhi Rural Housing Corporation were responsible for performing these functions. ULBs were only an implementing arm for central and state government schemes.
		Providing tools/benefits such as tricycles	
		Housing programs	
		Scholarships	

Sl. No	Functions (Obligatory(O)/ Discretionary(D))	Activities	Actual status of implementation
Functions with minimal role or having overlapping jurisdictions with state departments and /or parastatals			
7.	Cattle pounds; prevention of cruelty to animals(O)	Catching and keeping strays	ULBs were merely catching and keeping stray animals. Sterilization and anti-rabies vaccination are being done by the Animal Husbandry Department.
		Sterilization and anti-rabies	
		Ensuring animal safety	
8	Vital statistics including birth and death registration (O)	Coordinating with hospitals/ crematoriums etc. for obtaining information	Both ULBs and the Department of Health and Family Welfare maintained database of births and deaths. ULBs register and issue certificates of birth and death.
		Maintaining and updating database	
9	Water supply for domestic industrial and commercial purposes(O)	Distribution of water	In Rajasthan, only 8 ¹ of 196 ULBs have been entrusted with the work of distributing water, providing connection, O&M and collection of revenue. In the rest of the State, Public Health and Engineering Department is handling the function.
		Providing connections	
		Operation and Maintenance (O&M)	
		Collection of charges	
10	Urban planning including town planning (O)	Master Planning/ Development plans/Zonal plans	Master plans are prepared by UDAs/TPD. ULBs has no role in preparation of these master plans.
		Enforcing master planning regulations	After preparation of Master Plan ULBs/UDAs/UITs enforced it in their jurisdiction.
		Enforcing building bye-laws and licenses	Prior to September 2017, ULBs except Jaipur were preparing their own building bye laws. However, from September 2017 onwards, the State Government issued Unified building bye laws for the whole State. ULBs are issuing permission in their jurisdiction while other parastatals such as UDAs/UITs/ RIICO are doing this in their jurisdiction
		Group Housing	Group housing was being done by the respective UDAs/UITs and where such parastatals do not exist, some ULBs were engaged in Group Housing under Chief Minister Jan Awas Yojana.
11	Burials and burial grounds; cremations, cremation grounds (O)	Construction and O&M of crematoriums, burial grounds and electric crematoriums	ULBs were merely undertaking construction of shed, boundaries etc. in their jurisdiction and UITs/UDAs were also executing construction works in their areas.
		Development of Industrial areas	The work of development of Industrial areas is solely entrusted to RIICO.

¹ Bundi, Chomu, Ganganagar, Jaisalmer, Karauli, Nagaur, Nathdwara and Nokha.

Sl. No	Functions (Obligatory(O)/ Discretionary(D))	Activities	Actual status of implementation
12	Roads and bridges (O)	Construction and maintenance of roads	ULBs were mainly engaged in construction of roads and drains in their jurisdiction while UDAs/UITs/HBs/RIICO were executing roads works in their areas/colonies. PWD/RSRDC were two other parastatals which perform construction works relating to National Highways/State Highways/ Bridges/ROBs under various schemes.
		Construction and maintenance of bridges, drains, flyovers and footpaths	
13	Regulation of land-use and construction of buildings (O)	Regulating land use	ULBs along with other parastatal agencies were implementing the function in their respective jurisdictions. In smaller towns, where no other parastatals exist, ULBs were performing these functions.
		Approving building plans/high rises	
		Demolishing illegal buildings	
14	Public health, sanitation conservancy and solid waste management (O)	Maintaining hospitals, dispensaries	Department of Health and Family Welfare played a significant role in maintaining hospitals & dispensaries and immunization/ vaccination programs. ULBs were also responsible for cleaning and disinfection of localities affected by infectious disease. ULBs were solely responsible for solid waste management and control and supervision of public markets.
		Immunization/ vaccination	
		Registration of births and deaths	
		Cleaning and disinfection of localities affected by infectious disease	
		Solid waste management	
		Control and supervision of public markets	
15	Provision of urban amenities and facilities such as parks, gardens, playgrounds (O)	Creation of parks and gardens	ULBs were creating/ maintaining /developing parks and gardens and also operating and maintaining these gardens/parks/ play grounds in their jurisdiction while other parastatal agencies were maintaining parks and gardens in their respective colonies which were still not handed over to ULBs.
16	Promotion of cultural, educational and aesthetic aspects (O)	Schools and education	Schools and education were handled by Education Department. ULBs were organizing fairs and festivals. Some of ULBs have been allotted funds for maintenance and safeguarding of Heritage buildings under Heritage Conservation Scheme. The UDAs/UITs undertook activities allied with public space beautification, organizing fairs and festivals. However, DLB in its reply stated that this function has still not been devolved.
		Fairs and festivals	
		Cultural buildings/ institutions	
		Heritage	
		Public space beautification	
17	Public amenities including street lighting, parking lots, bus stops and public conveniences (O)	Installation and maintenance of street lights	ULBs were in-charge of creation and maintenance of parking lots and public toilets and maintenance of street lighting in their wards. Other parastatals such as RIICO, HB, UDAs, UITs were maintaining these amenities in their jurisdiction. Bus Route were decided by City Transport
		Creation and maintenance of parking lots	

Sl. No	Functions (Obligatory(O)/ Discretionary(D))	Activities	Actual status of implementation
		Creation and maintenance of public toilets	Service Companies/Regional Transport Offices.
		Deciding and operating bus routes	
Function not devolved as Core functions			
18	Urban forestry, protection of the environment and promotion of ecological aspects(D)	Afforestation Greenification Awareness drives Protection of the environment and promotion of ecological aspects Maintenance of natural resources like water bodies etc.	The RMA had categorized this function as other function subject to certain conditions such as availability of managerial, technical and financial capacities. The DLB has also accepted that the function is not devolved as yet. The Forest Department was executing these functions.

Source: RMA, Information provided by the DLB

The State Government stated (July 2021) that 16 out of 18 functions have been devolved. Rest of the functions were being carried out partially by the ULBs because of lack of technical expertise and financial resources with the ULBs. The State Government departments implement and execute schemes as per suggestions and in coordination with ULBs. The fact, however, remains that the functions have not been devolved in accordance with the 74th CAA.

Recommendation 1: The State Government should initiate action to devolve all functions with full jurisdiction to ULBs in accordance with the 74th CAA and endeavour to minimise overlapping jurisdictions for devolution in true spirit.

4.2 Institutional mechanism for empowerment of urban local bodies

As already discussed above, the State Government transferred 16 functions to ULBs. The discharge of these functions can be effective only when appropriate institutions are established and adequately empowered. The 74th CAA provided for establishment of such institutional mechanisms as can be seen from **Table 3.1** (refer para 3.1).

This section discusses the effectiveness of such institutional mechanism.

4.2.1 State Election Commission

As per Section 11 of RMA, the State Election Commission (SEC) was entrusted with supervision, direction and control of the preparation of electoral rolls, and the conduct of all elections to ULBs. However, under Section 3 of RMA, the power of delimitation of wards, reservation of seats for the councilors and rotation policy for the posts of Mayor/President, Deputy-Mayor/Vice-Presidents and wards were vested with the State Government.

This was not in consonance with the recommendation (October 2007) of the 2nd Administrative Reforms Commission, accepted by the Government of India, which required entrustment of the task of delimitation and reservation of constituencies to the SEC.

The State Government accepted (July 2021) that division/delimitation of wards, and reservation of seats were being done as per provisions of RMA.

Recommendation 2: The State Government should consider the recommendations of Administrative Reforms Commission and entrust the work of ward delimitations and reservations of the constituencies to SEC.

4.2.2 Composition of Municipalities

Article 243R stipulates the composition of Municipalities. Accordingly, RMA (Section 6) stipulates the composition of municipalities. The Corporations and Municipalities consist of elected Corporates/councilors, nominated Corporates/councilors, Member of Legislative Assembly and Member of Parliament representing the constituencies which comprise wholly or partly the Municipal area. The nominated members do not have voting power.

The Mayor/President/Chairman is elected from amongst the Corporates/Councilors and is assisted by seven Standing Committees viz. Executive Committee, Finance Committee, Health and Sanitation Committee, Building Works and Construction Committee, Slum Improvement Committee, Rules and Byelaws Committee and Compounding and Compromise of Offences Committee. These Committees may exercise, perform and discharge such powers as may be prescribed.

4.2.3 Reservation of seats

Article 243T stipulated reservation of seats for SC/ST, Women and Backward classes in direct election. The RMA also provide for allotment of reserved seats to different constituencies as per the rotation policy adopted by the Government. As regards reservation for women, not more than 50 percent of the seats reserved for each category of persons belonging to SC/ST and backward classes and those of the non-reserved seats shall be reserved for women.

LSG Department order (25 February 2015) prescribed seats reserved for SC, ST, OBC and Women as 17.65, 2.27, 19.92 and 31.66 *per cent* respectively. Subsequently, the order dated 29 July 2019 prescribed seats reserved for SC, ST, OBC and Women as 16.64, 3.17, 20.04, and 33 *per cent* respectively. As per prescribed norms, the State Government rotates the seats of Corporates/Councilors as per reservation policy for each election.

The State Government accepted (July 2021) the facts.

4.2.4 Status of Elections and Formation of Councils

As per section 11 of RMA, the State Election Commission had to supervise, control and prepare the electoral rolls and conduct elections for municipalities. Further, as per Section 7, election should be held within six months from the date of dissolution. Article 243 U(3)(a) of Constitution of India and provisions of the RMA stipulate a fixed tenure of five years for the Corporators/ Councilors of ULBs from the date of first meeting. The status of elections and formation of councils in the ULBs of the State as on March 2021 is depicted in **Table 4.2.**

Table 4.2: Status of Elections

Total No. of ULBs	196
No. of Municipal Corporations	10 ²
Newly formed ULBs	06 ³
Elections held during 2014-15 and councils formed	46
Elections held during 2015-16 and councils formed	141
Elections held during 2019-20 and councils formed	49
Elections held during 2020-21 and councils formed	147 ⁴

Source: Information gathered from DLB, State Election Commission

As per Section 320 of RMA, when a new municipality is created, general election should be held within six months of its establishment, as in absence of elected body, no authority shall impose tax and approve bye laws.

It was observed that out of 196 ULBs, six ULBs (Nasirabad, Pratapgarhi, Mahuwa, Thanagaji, Khatushyamji and Rupwas) were formed between 12 August 2014 and 14 September 2018 and their elections were due between 12 February 2015 and 13 March 2019 but the elections of these ULBs were actually held in November 2019 resulting in delay of eight months to 56 months. In the absence of elected governing body, no essential functions could be performed during the intervening period.

The State Government stated (July 2021) that the elections were normally conducted in time and delayed election did not affect the developmental work adversely as the functions of ULBs were carried out effectively by the Administrator. The delay was due to inclusion of panchayat area and its jurisdiction into municipal area and circumstances arising due to COVID 19. The reply is not acceptable because the elections were held in November 2019, before onset of the COVID. The fact remains that public participation in the effective implementation of the developmental works could not be ensured during the period when no elected representatives were in place.

² Jaipur, Jodhpur and Kota Municipal Corporations were bifurcated in two Corporations with effect from 18 October 2019 and elections could only be held only during 2020-21 due to COVID pandemic related delays.

³ MBoard Mahuwa (May 2018), Thanagaji (September 2018), Rupwas (August 2014), Pratap Garhi (May 2018), Nasirabad (November 2016), and Khatushyamji (May 2018).

⁴ As per information posted at website of SEC, the election of Vidhyavihar MBoard was not held. However, the MBoard, Vidhyavihar informed that the election was held on 20 February 2021.

4.2.5 Mayor/President/Chairman

The Mayor/President/Chairman (Chairperson) is the first citizen of the city. As per Section 43 of the RMA, there shall be a Mayor for every Municipal Corporation, a President for every Municipal Council and a Chairman for every Municipal Board who shall be elected in a prescribed manner. As per Section 78 of Rajasthan Municipalities (Election) Rules 1994, the office of the Chairperson shall be filled by a person chosen by the elected members of the Municipality. The Chairperson is empowered to convene meetings of the Board, preside over every meeting of the Board. Chairperson also regulates the conduct of business of such meetings, watch over the financial and executive administration of the municipality.

The term of office of Chairperson and Vice Chairperson is five years from the date appointed for first meeting. This is in line with the provision of the Constitution.

4.2.6 Statutory Committees

(i) As per Section 55 of RMA, there should be an Executive Committee under the Chairmanship of the Mayor/President and include the Vice Chairman, Leader of the Opposition and seven other members including two women members. In addition, the ULBs have six other Committees. These committees are to be constituted within 90 days from the constitution of the Municipalities failing which the State Government had to form these committees.

Scrutiny of records of test checked 14 ULBs revealed that 11 ULBs⁵ did not form these statutory committees (March 2021). In respect of the remaining ULBs, following was noticed:

- The M Council Sikar, Board was constituted in February 2015 and as per provision, the Board was to constitute the committees by May 2015. However, the Board passed (September 2015) a resolution for formation of statutory committees after a delay of almost four months. Directorate of Local Bodies (DLB) approved (July 2016) the formation of these committees after lapse of almost 10 months. Thus, these committees could be constituted with a delay of 14 months, due to delayed submission of proposals to DLB and inordinate time taken by DLB in approval.
- In Municipal Board, Chomu, Board was constituted in August 2015 and as per provision, the Board was to constitute the committees by November 2015, but these committees were approved (January 2017) by the DLB, resulting in delay of over 13 months in constitution of committees.

⁵ M Corp Ajmer, M Council Kishangarh M Board Chaksu, Niwai, Jobner, Thanagaji, Shahpura, Phulera, Lalsot, Bagru, Nawalgarh.

- The board of MCorp, Jaipur was constituted on November 2014 and as per provision, the Board was to constitute the committees by February 2015, but formation of these committees were approved by DLB in June 2015. Thus, committees were constituted with a delay of four months.

Thus, in these ULBs, the statutory committees were formed with a delay ranging between four months and 14 months, which deprived the elected corporators from effectively participating in the development, sanitation, building construction and other allied function of these ULBs.

In order to assess participation of these committees in working of ULBs where formed, minutes of the meeting were called. Only MCorp, Jaipur made available minutes of two committees i.e., Executive and Building & Construction Committee. In absence of minutes of meeting, it could not be verified in audit as to whether these committees were holding regular meeting and assisted in effective implementation and monitoring of various schemes and functions of the concerned ULBs.

The State Government accepted (July 2021) the facts and stated that the ULBs are instructed to form these committees within stipulated time.

(ii) The Constitution provides for Wards committees in all Municipalities with a population of three lakh or more. Further, section 54 of the RMA also provided constitution of Wards Committees comprising of ward members of terrestrial areas of the committee and not exceeding five other members, who have special knowledge or experience of the municipal administration, to be nominated by the State Government. The term of these committees was to be co-terminus with the Municipal Corporation. The Ward committees were to act as a bridge between the municipal government and citizens and function as institutions of neighborhood governance and increase proximity between elected representatives and citizens and provide a space for citizen participation in local level planning. They were to perform duties such as preparation and submission of ward development schemes for allotment of funds, ensure proper utilization of allotted funds, and maintenance of public utilities and safeguarding the assets of the Corporation.

Scrutiny of test checked ULBs revealed that M Corp Jaipur and Ajmer had not constituted the Ward Committees, which defeated the very purpose of facilitating active public participation in local governance in prioritization of development works, monitoring of execution of works, effective utilization and maintenance of assets created etc.

Recommendation 3: The State Government should ensure timely constitution of the Statutory Committees and Ward Committees. The Government should also ensure that regular meetings of Statutory Committees are held for effective monitoring of functions of ULBs.

4.2.7 District Planning Committee

As per Article 243ZD of the Constitution, a District Planning Committee (DPC) at the district level was to be constituted. The DPC was to prepare a comprehensive District Development Plan (DDP) with regard to matters of common interest between the panchayats and the municipalities; including spatial planning; sharing of water and other physical and natural resources; integrated development of infrastructure and environment conservation and the extent and type of available resources financial or otherwise. The DPCs should prepare the draft development plan for onward submission to the State Government. The Committee would meet once in a quarter for review of allotted works and thus a minimum four times a year.

All the districts in Rajasthan constituted the DPC, but these committees did not meet regularly as:

- Meetings of the DPC in seven⁶ districts covering the test checked 14 ULBs, were not held regularly. There was a shortfall ranging from one to four numbers of meetings every year.
- It was also noticed in five out of seven test checked districts that even when DPCs did meet, they did not take up matters of common interests between Panchayats and Municipalities like spatial planning, integrated development of infrastructure based on available resource etc.
- DPCs did not prepare the draft development plans in accordance with the codal provisions in respect of ULBs in five out of seven test checked districts and merely included the data from the allotment under various Centrally/State sponsored schemes. In the remaining two districts minutes were not made available to audit.

The State Government stated (July 2021) that DPCs were formed at district level and were functional. The reply is not acceptable as DPCs were neither meeting regularly nor functioning as per prescribed norms.

Thus, irregular meetings and non-preparation of draft development plan in accordance with the codal provisions defeated the very purpose of the integrated development of the area through these DPCs.

4.2.8 Metropolitan Planning Committee

Article 243ZE mandates that a Metropolitan Planning Committee (MPC) shall be constituted in every Metropolitan area⁷. The chairperson of the Committee was to be nominated by the State Government. Section 157 of RMA also required the formation of a Metropolitan Committee for preparing a draft

⁶ Ajmer, Alwar, Dausa, Jaipur, Jhunjhunu, Sikar and Tonk.

⁷ Metropolitan city having a population of 10 lakh and above.

development plan, which was to be known as Metropolitan Region Development Plan. The Committee was to consist of such number of members as may be fixed by the State Government from time to time by notification in Official gazette. The State Government was also to specify the numbers of elected and nominated members. At least two thirds of members shall be elected by, and from amongst the elected members of municipality and chairperson of panchayats.

As per statute, Metropolitan Committee shall consider the plan prepared by the ULBs and Panchayats, matter of common interest between the ULBs and the Panchayats, overall objectives and priorities set by Government of India and Government of Rajasthan and sharing of water, physical & natural resources in preparing Draft Metro Regional Development Plan. The Chairperson of the committee had to send the plan to the Government.

Audit observed that as per definition of the metropolitan area, MPC was to be constituted in Jaipur, Jodhpur and Kota but was not constituted (March 2021). MPCs are envisioned to ensure integrated planning for the entire metropolitan area, and are responsible for the preparation of draft development plans and synthesising priorities set by local authorities, State and Central Governments. The development works were examined on the recommendations of the Executive Committee of the ULB concerned. Thus, in absence of MPCs the people of the metropolitan cities were deprived of the benefits of integrated development of the area.

The State Government accepted (July 2021) that the committees were yet to be constituted as per constitutional provisions.

Recommendations 4: The State Government should ensure constitution and effective functioning of MPCs for integrated development of the area.

4.2.9 State Finance Commission

Article 243-I of the Constitution of India makes it mandatory for the State Government to constitute a Finance Commission within one year of the commencement of the 74th CAA and thereafter on expiry of every five years. The mandate of the State Finance Commission (SFC) is to review the financial position of the local bodies and to make recommendations to the Governor for devolution of funds. State Government through amendments in RMA provided for constitution of SFC.

4.2.9.1 Delay in Constitution of the SFC and Implementation of Recommendations

Audit noticed delays in constitution of SFCs ranging between 365 and 723 days and recommendations of the 5th SFC were implemented with a delay upto 237 days as detailed in **Table 4.3**.

Table 4.3: Details of constitution of SFC

SFC	To be constituted as per constitution	Date of actual constitution	Delay in days	Submission date of recommendations	Date of acceptance by Government	Delay on the part of Government (days)	Period covered
First	31.5.1994	23.04.1994	0	30.12.1995	16.03.1996	77	1995-2000
Second	30.5.1999	07.05.1999	0	30.08.2001	26.03.2002	208	2000-2005
Third	30.5.2004	15.09.2005	472	27.02.2008	17.03.2008	19	2005-2010
Fourth	30.5.2009	13.04.2011	723	26.09.2013	20.02.2014	147	2010-2015
Fifth	30.5.2014	30.05.2015	365	28.11.2018	23.07.2019	237	2015-2020
Sixth	30.5.2019	Formation of VI th SFC is under consideration of State Government					

Source: Information provided by the Finance Department (SFC and Economic Affairs)

The delays resulted in transfer of funds to the ULBs with delay putting further stress on their fund availability.

The State Government stated (July 2021) that the formation of SFC is being done by the State Government. The Commission presents interim reports, if constitution of SFC is delayed due to unavoidable reasons. The reply is not convincing as the delays resulted in transfer of grants to ULBs with delays. Audit noticed that even the interim reports were delayed⁸. The Commission submitted only one interim report during 2015-20 and State Government submitted (July 2019) Action Taken Report (ATR) after eight months from its final report.

4.2.9.2 Transfer of SFC Grants to agencies other than ULBs

According to Section 76 of RMA, the State Finance Commission shall review the financial position of the municipalities and make recommendations for distribution of the net proceeds of the tax, duties, toll and fees leviable by the State.

The Vth SFC in its recommendations fixed 75 per cent amount of grant for basic and development functions, 20 per cent for National/State priority schemes and 5 per cent incentive grants for performance. The State Government issued (December 2016) circular endorsing the said formula but earmarked overall 20 per cent for only State sponsored schemes such as Mukhyamantri Jal Swavlamban Abhiyan and Annapurna Rasoi. The matching share for Central sponsored schemes such as Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and Smart City was met out from the SFC grant for development functions. This resulted in transfer of 37 per cent of the total grant to various agencies/schemes during the period 2017 to 2020, which was against the spirit of recommendations of the SFC.

It was observed in audit that the State Government deducted an amount of ₹ 726.74 crore during 2017-20 on this account from the Grants to be given to ULBs and this amount was transferred to various other agencies/parastatals against various projects⁹ as per the details given in **Table 4.4**.

⁸ Provisional report, interim report and final report were submitted in September 2015, September 2016 and November 2018 respectively by the Vth SFC.

⁹ RUDF/RUDSICO contribution/loan; IHSDP/UIDSMMT/Sewerage project/ CMAR etc.

Table 4.4: Details showing deduction from grants of ULBs and transferred to parastatals

(₹ in crore)			
Year	Sanctioned amount	Amount transferred to ULBs	Deduction
2017-18	795.50	554.83	240.67
2018-19	737.37	430.49	306.88
2019-20	430.70	251.51	179.19
Total			726.74

Source: Information provided by DLB

Thus, due to deduction of ₹ 726.74 crore from grants of ULBs, these ULBs were deprived of the amount to that extent.

The State Government stated (July 2021) that these agencies utilised the amount for developmental works and basic infrastructure projects, for repayment of loans and implementation of Indira Rasoi (erstwhile Annapurna Rasoi). The reply is not convincing as the State Government diverted the money earmarked for ULBs.

4.2.9.3 Response of the State Government to SFC Recommendations

As per Section 77 of RMA, after taking into consideration the recommendations of the SFC, the State Government shall determine (a) devolution of net proceeds of the taxes, duties, tolls and fees to the Municipalities, (b) the assignment of taxes, duties, tolls and fees to the Municipalities, (c) the sanction of the Grants-in-aids to the Municipalities from the Consolidated Fund of the State; (d) the other measures required to improve the financial position of the Municipalities. Audit observed that the State Government accepted some of the recommendations with modifications, and action was yet to be initiated on some recommendations. The SFC-wise important recommendations and their modification with reference to transfer of funds are given in **Table 4.5**.

Table 4.5 details of Action Taken by the GoR on recommendations of SFC

SFC	Recommendations	Modifications	Risk /Impact
First	The amount due against matching share of ULBs under different schemes should be made available by the State Government.	The State Government would make available the matching share to only those ULBs which are unable to generate matching share from their own revenue.	ULBs had to bear an additional financial burden which impacted other developmental works.
Second	It was recommended that after expiry of award period of incentive fund, the unspent balance was to be disbursed to the ULBs.	The unspent balance would be deposited in the Consolidated Fund of the State Government.	ULBs were deprived of the incentive fund.
Third	Grant for general purpose may be disbursed on the basis of census 2001 instead of 1991.	The State Government did not accept this.	This would have increased resources of ULBs.
Fourth	(i) SFC recommended levy of 2 per cent cess on country made liquor to be	The State Government did not accept the recommendation.	This would have increased resources of ULBs.

SFC	Recommendations	Modifications	Risk /Impact
	distributed between ULBs and PRIs (ii) The amount of difference between the interim recommendations and final recommendations for the period 2013-15 should be disbursed to ULBs (iii) the SFC recommended grant of ₹ 586.76 crore under Untied Grant to ULBs which were to be utilized for developmental works not covered under any State/Central Scheme (iv) The Commission recommended grant of 10 <i>per cent</i> share from State Renewal Fund for repairs of urban road.	The State Government did not accept the recommendation; The State Government did not accept the recommendation. The State Government did not accept the recommendation.	This would have increased resources of ULBs. Untied grants give flexibility to meet local requirements. This would have increased resources with ULBs.
Fifth	The Commission recommended transfer of 8.5 <i>per cent</i> of net proceeds of the Own tax of the State to the ULBs	The State Government accepted the interim recommendation for transfer of 7.182 <i>per cent</i> .	This would have increased resources with ULBs.

Source: Compiled from Action Take Note prepared by the GoR

In addition to recommendations regarding transfer of funds, the SFCs had also recommended several measures to strengthen and empower the ULBs. Some of recommendations on which action was yet to be taken by the State Government are given below:

- (i) Impose liability to pay license fee for using rights to the ULBs in respect of land under and along the pavements, streets and roads;
- (ii) Widen the tax base of Urban Development (UD) tax by including those that are not covered at present;
- (iii) Review the properties that are currently exempted from UD Tax and reduce the number of exemptions to bare minimum.
- (iv) Development Authorities and UITs should enhance the share of ULBs in the sale proceeds of land from 15 per cent to 20 per cent.
- (v) Amnesty should not be granted to defaulters as these schemes discourage the bona fide tax payers
- (vi) A tax under Section 103 of RMA on vehicle plying in municipal area should be levied.

The State Government did not accept the aforesaid recommendations, which could have enhanced the revenue of the ULBs. Thus, not accepting these

recommendations resulted in setback to the process of decentralization and empowerment of ULBs to discharge their duties as envisaged under 74th CAA.

The State Government stated (July 2021) that SFCs recommendations were accepted to the extent possible keeping in view the financial position of the state and the objective of integrated development of the State. Government had also issued instructions for strengthening of fiscal position of the ULBs. However, the fact remains that action on some key recommendations such as widening of tax base, reduction in UD tax exemptions, review of properties etc. was yet to be taken by the State Government.

Recommendations 5: The State Government should constitute the SFC within stipulated time frame and implement the recommendations made by the SFC expeditiously. This would enable the ULBs to get grants in time. Further, the State Government should consider the recommendations made by the SFC for strengthening the ULBs favourably to ensure implementation of 74th CAA in true spirit.

4.2.10 Property Tax Board

The 13th Finance Commission stipulated constitution of a Property Tax Board (Board) to assist all ULBs in the State to put in place an independent and transparent procedure for assessing property tax. Rajasthan was eligible for a performance grant of ₹ 413 crore in respect of ULBs for four years commencing from 2011-12 on constitution of such Board. Government of Rajasthan constituted (February 2011) the Board comprising of Secretary, LSGD as Chairperson, and the Chief Executive Officers/Municipal Corporations, Jaipur and Jodhpur as Members. The Board was entrusted, inter-alia following functions:

- (i)** Preparation of data base of property tax on all lands and buildings situated in the ULBs.
- (ii)** Assessment books should be completely revised once in five years.
- (iii)** Audit of the property tax assessments done by the ULBs and give advisories to the State Government.
- (iv)** Assessment of property tax in respect of newly constructed/improved buildings within thirty days from the date of completion of the buildings.
- (v)** Assessment/revision of property tax relating to at least 25 *per cent* of the aggregate number of estimated properties across all ULBs by 31st March 2015.
- (vi)** Training of Officers and staff of the ULBs in the assessment and revision of property tax, directly or through institutions.

Audit observed that the State Government constituted the Board in February 2011. However, only one meeting of the Board was conducted in April 2011 and thereafter no meeting was held till completion of its tenure in April 2017. Thereafter, the State Government did not reconstitute the Board. Thus, due to non-functioning of board during its tenure up to April 2017 and non-constituting new Board thereafter, ULBs, particularly small ULBs, were deprived of technical guidance for assessment and revision of property tax (UD Tax). State Government could also not effectively monitor the assessment, demand and collection of Tax. Consequently, huge amount in respect of property tax remained outstanding as elaborated in paragraph 5.3.1.

Audit is of the view that the State Government issued orders for constitution of the Board merely to fulfill the condition for getting the performance grant of ₹ 413 crore as envisaged by the XIII Finance Commission. In essence the goal of establishing independent, transparent and strong system for assessment of property tax by ULBs remains unaccomplished.

The State Government stated (July 2021) that Administrative Department have issued instructions, technical information and guidance through circulars in respect of UD Tax. The reply is not convincing as the State Government constituted the Board merely for getting performance grants of Central Finance Commission (CFC) and in absence of the Board, assessment, collection and revision of Property Tax was affected adversely, thereby depriving additional revenues to ULBs.

Recommendations 6: The State Government should reconstitute Property Tax Board and make it functional to enable the ULBs to collect property tax efficiently.

4.3 Powers of the State Government over ULBs

Audit observed that the State Government had over-riding powers over ULBs. A few illustrative provisions are indicated in **Table 4.6**.

Table 4.6 Details showing power of GoR over ULBs

S. No.	Subject	Provision
1	Power to frame Rules	The State Government may make rules and regulations and to have them placed before the House of State Legislature (Section 338 and 339 of RMA).
2	Power to cancel and suspend a resolution or decision taken by ULBs	As per Section 111 of RMA, if the State Government finds any tax levied by the ULBs contrary, obnoxious to the interest of general public, it may suspend levy and collection of tax until the defect/objection is removed. It can also abolish or reduce the tax.
3	Power to dissolve ULBs	In case the State Government is satisfied that any municipality is not competent to perform the duties, exceeds/abuses the power, it may by notification in the Gazette, dissolve the ULB. An order of dissolution made by the Government together with the reasons thereof should be laid down before the State Legislature. (Section 322 of RMA)
4	Power to amend provisions of bye-laws by Government	The State Government may, at any time, by notification in official gazette, repeal wholly or in part and modify any rule or bye laws made by any municipality. Section 340 of RMA empowers the ULBs to make bye-laws. Further, prior to August 2017, the ULBs were

S. No.	Subject	Provision
		<p>framing building bye laws according to local conditions, but the State Government framed Unified Building Bye Laws 2017 for the whole state which affected the revenue of Corporations and Councils adversely as the provisions of the Unified Bye Laws were not based on a particular geographical area and were applicable for metro cities and small towns in same way.</p> <p>Besides, the UDH Department also amended the provision of Mobile Towers Bye Laws made by the ULBs vide notification dated 06 February, 2017 which also reflects overriding powers.</p> <p>The UDH Department also amended (June 2017) the provision of building byelaws regarding betterment levy which was to be recovered in lump sum before granting construction permission. The Addl. Chief Secretary issued instruction for recovery of betterment levy in four equal instalments.</p>
5	Sanction to deposit and invest surplus funds	Section 86 of RMA permits ULBs to deposit and invest surplus funds but only after prior sanction from the Government.

Source: Information compiled from RMA and orders/circular issued by UDH/GoR

The State Government stated (July 2021) that the administrative decisions were being taken by the State Government and the State Government issued sanctions promptly and there were no delays on part of the Government.

4.4 Parastatals, their Functions and Impact on ULBs

The objective of the 74th CAA was to entrust delivery of major civic functions to ULBs. However, functions such as urban/town planning, regulation of land use, water supply and sanitation, and slum development continued to be delivered by parastatals also as already indicated in **Table 4.1**.

These parastatals were controlled by the State Government and they have their own governing bodies which do not include elected representatives of ULBs. However, the Government continued to form parastatals even after 74th CAA. Instead of amending the Acts to comply with the constitutional amendment, the State Government formed (April 2013) five Urban Improvement Trusts (UITs) namely Sikar, Pali, Sawai Madhopur, Barmer and Chittorgarh and entrusted them with the functions which ought to have been devolved to ULBs. This action shows that the Government was not keen to comply with the provision of the 74th CAA in true spirit. SFC in its recommendations, had also emphasized on bringing all the parastatals under the umbrella of elected local bodies. The Government instead of accepting the recommendations of the SFC formed new UITs.

The role of parastatals and their impact on the devolved functions in the test-checked ULBs is discussed in the subsequent paragraphs.

4.4.1 Urban Development Authorities/Urban Improvement Trusts- Urban Planning and Regulation of Land Use

(A) The functions of urban planning and regulation of land use including conversion of agriculture land into non-agricultural use were discharged by the

Urban Development Authorities (UDAs), UITs and Town Planning Department (TPD). The State Government established three UDAs¹⁰ for planned development of major and important urban areas in the State under the respective Acts and 14 UITs under Section 8-10 of the Rajasthan Urban Improvement Trust Act, 1962 for preparation of Master Plan for cities not covered under UDAs. TPD was also responsible for zoning of land use for residential, commercial, industrial, agricultural, recreational, educational and other purposes together with zoning regulations.

It was provided in section 159 of RMA that ULB shall carry out a detailed survey of the city and prepare a Master Development Plan for 20-year period. Further, as per Section 160 the Municipality should prepare a draft plan and publish it by making a copy thereof available for inspection and publishing a notice inviting objection and suggestions from any person with respect to the draft plan.

Further, as per section 3 of the Rajasthan Urban Improvement Trust (General) Rules 1962, the Authority appointed under this section was to finalise the master plan in consultation with the Advisory Council and submit it to the State Government. The plans so prepared shall be sent to the respective ULBs both at the draft stage and final stage for vetting and comments.

The UDAs/UITs/RIICO are regulating the land use and approving the lay out plan in their respective areas, while the ULBs are regulating the land use in the area in its jurisdiction. In accordance with the State level mandatory reforms under Jawahar Lal Nehru Urban Renewal Mission (JnNURM), which stipulated implementation of decentralization measures as envisaged in the 74th CAA, the following were to be complied with:

- (a) the State should ensure meaningful association and engagement of ULBs in planning the functions of parastatal agencies as well as the delivery of services to citizens and
- (b) assigning or associating elected members of ULBs with 'city planning function'.

At the same time, UDAs/UITs/TPD were allowed to continue to prepare master plans and other functions which were exclusively devolved to the ULBs. For example, Jaipur Development Authority prepared master plan for Jaipur. However, it is being implemented by M Corp Jaipur in its jurisdiction, which was against the provision of RMA and the spirit of 74th Amendment. Further, finalisation of the master plan by the Authority in consultation with the Advisory Council and onward submission to the State Government was not consistent with the spirit of devolution.

Thus, the ULBs either had no role/or had limited role in discharging urban planning and regulation of land use functions. The 4th SFC had in fact recommended (September 2013) that the existing UDAs should be brought

¹⁰ Jaipur Development Authority, Ajmer Development Authority and the Jodhpur Development Authority.

under the respective elected municipal bodies, but the recommendation was not implemented.

(B) In respect of public amenities including street lighting, the ULBs and Parastatals have overlapping role. It was found in audit that in Bikaner city the UIT Bikaner installed street lights in the areas under jurisdiction of MCorp, Bikaner where the MCorp had already installed LED lights under power saving scheme. When the UIT approached the MCorp, Bikaner for taking over the lights installed by them for maintenance, the MCorp refused to accept the same as the area was in their jurisdiction and they had already installed LED lights. The matter is now disputed and the public had to bear the consequences of non-maintenance of lights installed by the UIT.

The State Government stated (July 2021) that UIT had representative from ULB. However, the fact remains that despite having representative of ULB in UIT, the matter could not be resolved.

4.4.1.2 Retention of Fire cess by Parastatals

Fire service is one of the functions which is fully devolved to ULBs. ULBs are responsible for establishing and maintaining fire brigades and issuance of fire NOCs to high rise buildings. The service requires a huge fund for establishment, maintenance and upkeep of the fleet of vehicles, manpower and other ancillary expenditure.

It was observed that the parastatal agencies while sanctioning lay out plan for high rise buildings, collected fire cess but did not pass the same to the concerned ULB despite the fact that the concerned ULB was maintaining the firefighting services in the area. The State Government issued (October, 2013) orders to retain the fire cess by the respective parastatal agencies. Thus, the inconsistent order of the State Government deprived the ULBs from getting the Fire Cess collected by the other parastatal agencies. In addition, the Addl. Chief Secretary, UDH Department, Government of Rajasthan exempted (June 2017) levy of fire cess under CM Jan Awas Yojana.

The State Government stated (July 2021) that amount of fire cess were recovered by the concerned department/agencies and used for firefighting system. It was stated during exit conference that now an escrow account has also been opened and all departments would be bound to deposit the amount in the said account. However, the details of funds deposited by various agencies were not furnished.

4.4.2 Rajasthan State Industrial Development and Investment Corporation: Land Use and Development of Industrial Area

As per provision of the 74th CAA, development of industrial area was to be transferred to ULBs but the State Government did not devolve the function to the respective ULBs. Rajasthan State Industrial Development and Investment Corporation (RIICO) was entrusted with setting up of industrial areas and developing other infrastructure such as roads, street lights and drainage etc. RIICO had notified its own zonal regulations, prepared byelaws for

construction of industrial buildings in its areas. RIICO had established 347 industrial areas in the State. RIICO also sanctioned building site plans, land use changes in its area.

4.4.3 Public Health and Engineering Department (PHED): Urban Water Supply

As per 12th Schedule, Water supply for domestic, industrial and commercial purposes was one of the functions to be devolved to ULBs. This should have included distribution of water, providing connections, operation and maintenance (O&M) and collection of water charges.

However, Public Health and Engineering Department (PHED) is entrusted with the work to provide potable water to all citizen of Rajasthan. The PHED is also responsible for collecting water charges, distribution of water, providing water connection and operation & maintenance of water supply schemes. Though water supply for domestic, commercial and industrial purpose was an obligatory function of ULBs, this function has been devolved to only eight ULBs¹¹ with effect from February 2013 with following conditions:

- All dedicated plants and machineries would be transferred to these eight ULBs and the ownership would be of State Government and these ULBs would act as licensee for these properties;
- All staff engaged for these water supply schemes would be transferred to these ULBs on deputation basis;
- Financial assistance would be provided for at least five years from devolution of the function;
- Technical knowhow would be made available through Rajasthan Water Supply and Sewerage Management Board/PHED;

Audit observed that the water supply function was not devolved by the State Government and PHED was executing the function. Issues related to water charges have also been discussed in detail in paragraph 5.3.3.

4.4.4 Rajasthan State Road Development and Construction Corporation Limited (RSRDC)

Rajasthan State Road Development and Construction Corporation Limited (RSRDC) was incorporated for promotion of specialized construction agencies for construction of roads, bridges and other important projects to save cost and time. The main function of RSRDC was to construct highways, bridges. It also acts as nodal agency in large infrastructure projects such as buildings, bridges, ROBs, roads and infrastructure project financed by institutions.

¹¹ Bundi, Chomu, Ganganagar, Jaisalmer, Karauli, Nagaur, Nathdwara and Nokha.

The 12th Schedule of Constitution enumerates 18 specific functions to be devolved to ULBs and according to which, construction of roads and bridges were to be carried out by ULBs. However, LSGD sanctioned the work (2015-19) of construction of 10 ROB and two roads with an estimated cost of ₹ 446.22 crore to RSRDC.

4.4.5 Rajasthan Housing Board (RHB)

Rajasthan Housing Board (RHB) was constituted in 1970 for solution of housing problem due to increasing industrialization and urbanization. RHB develops colonies and provides housing for all sections of the community. After developing their housing projects/colonies, the same are to be handed over to ULB concerned and after the transfer of the colonies, all public amenities such as street lights, parks, garden and roads are to be maintained by the respective ULBs.

During 2015-20, RHB constructed 14,980 houses in 67 cities, out of which 10,005 houses have been allotted and 4,975 houses are yet to be allotted. Audit noticed that Mansarovar scheme in Jaipur has not been handed over to MCorp, Jaipur. However, MCorp, Jaipur is providing all municipal services.

4.4.6 Rajasthan Urban Drinking Water Sewerage and Infrastructure Corporation (RUDSICO)

RUDSICO was incorporated in December 2004 with the objective of giving financial assistance, subsidy and aid to ULBs/Government agencies/NGOs; to provide consultancy services to ULBs; and to distribute on behalf of Government grants-in-aid and financial assistance to ULBs/ parastatals; etc.

Audit observed that while releasing SFC grants to ULBs, the State Government deducted a sum of ₹ 33.35 crore during 2017-20 for payment of interest towards HUDCO loan taken by RUDSICO for road repairing/development works. Further, 2.5 *per cent* agency charges payable to RUDSICO was also deducted from the SFC grant payable to ULBs as discussed in **paragraph number 4.2.9.2**. It was further noticed that 20 ULBs did not submit their proposal to RUDSICO and RUDSICO allowed them to execute the work on their own. Thus, the ULBs have minimal role or overlapping jurisdiction with State departments or parastatals.

4.4.7 Rajasthan State Pollution Control Board (RSPCB)

Rajasthan State Pollution Control Board (RSPCB) was established under Section 4 of Water (Prevention and Control of Pollution) Act, 1974. It enforces, inter alia, prevention and control of water/air pollution, Municipal Solid Waste Management Rules, Plastic Waste (Management & Handling) Rules 2011 and Bio Medical Waste (Management and Handling) Rules.

The State Government stated (July 2021) that the parastatals were constituted for technical expertise in infrastructure projects for financing and execution. All these projects, schemes were implemented in ULBs. Further, provisions for representation of ULBs in these parastatals were also ensured. The reply is factually incorrect as in most of these parastatals (except UITs/UDAs), there is no provision for representation of ULBs.

Recommendations 7: State Government should ensure involvement of ULBs in planning, regulation, development of industrial area and water supply and all the parastatals should be brought under one umbrella as intended in 74th CAA.

Chapter V
Financial Resources of Urban
Local Bodies

Chapter V

Financial Resources of Urban Local Bodies

The devolved functions can be carried out effectively by ULBs only when they are supported with sufficient financial resources. The main sources of finance of ULBs comprise of grants from Central/State Government and own revenue generated from various taxes, fees, user charges etc. ULBs are dependent on grants heavily as the ULBs are unable to increase their own sources of revenue as elaborated in the ensuing paragraphs.

5.1 Sources of Revenue

In Rajasthan, the sources of funds of ULBs were (i) Central and State Government grants and (ii) ULBs own revenue.

The details of revenues of ULBs during the period 2015-16 to 2019-20 is indicated in **Table 5.1**.

Table 5.1: Details showing source of revenue

Year	Grants	Own Revenue	Total Revenue	Percentage of own revenue w.r.t. total financial resources
2015-16	2468.31	557.24	3025.55	18.42
2016-17	4225.49	624.93	4850.42	12.88
2017-18	3751.13	809.49	4560.62	17.75
2018-19	4376.70	591.30	4968.00	11.90
2019-20	2238.14	798.37	3036.51	26.29
Total	17059.77	3381.33	20441.10	16.54 (17)

Source: Information made available by DLB

It can be seen from the table above that during the period 2015-16 to 2019-20, ULBs could generate only 16.54 (17) *per cent* revenue of its own and remained significantly dependent on the grants for delivery of services. As such, for effective discharge of the devolved functions, augmentation of revenue through own sources is a first and foremost requirement. All the State/Central Finance Commissions also emphasized on ULBs generating own resources.

The State Government stated (July 2021) that the ULBs are continuously making efforts in raising their own income. Several concessions were also extended for lump sum deposit of taxes by the people. In Jaipur MCorp, the recovery of tax is also outsourced. The database was also being digitized and action for increase in own revenue is also being taken.

The reply is not convincing as the share of own revenue in total revenue is still very low and huge amount of UD tax is in arrears. Further, there were instances wherein taxes/charges were collected by parastatals and not transmitted to the ULBs resulting in lower quantum of revenue of ULBs.

5.2 Grants

The major share of financial resources of ULBs comprised of grants recommended by SFCs/CFCs. Timely constitution of SFC and acceptance of its recommendations have a bearing on the assured transfer of funds to ULBs. There were delays in constitution of SFCs and acceptance of recommendations by the State Government as discussed in paragraphs 4.2.9 and 5.2.2.

5.2.1 Short release of Grant under SFC Recommendations

As per recommendations number 3(iii) of the Fourth SFC, the State Government was to levy 2 per cent excise cess on country made liquor and the amount realised from cess was to be distributed between the ULBs and PRIs in the ratio of 24.9 per cent and 75.1 per cent respectively. The State Government did not accept the recommendation which deprived the ULBs of a considerable grant. The details of loss of grants due to non-accepting the recommendation are as under:

Table 5.2: Non-receipt of grants due to non-acceptance of recommendations of SFC

Particulars	(₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Net receipt from country made liquor	1627.00	1926.40	2110.23	2388.97	2511.09
2 per cent cess to be levied by the State Government as per recommendations of the SFC	32.54	38.53	42.20	47.78	50.22
Loss of grants (24.9 per cent of cess)	8.10	9.59	10.50	11.89	12.50

Source: Information compiled from SFC Reports and Finance Accounts

Thus, due to non-acceptance of SFC's recommendation, the ULBs were deprived of ₹ 52.58 crore, which could help the ULBs to serve the community in a better way.

The State Government stated (July 2021) that grants were made available considering the financial position and availability of resources.

5.2.2 Short release of Grant under CFC Recommendations

The 13th and 14th Finance Commission recommended basic grants and performance grants to ULBs as a percentage of divisible pool account. The position of recommendations and release there against are detailed in **Table 5.3**.

Table 5.3: Non-receipt of Performance Grant from CFC

(₹ in crore)

Year	CFC (Basic)			CFC (Performance)		
	Allocation	Release	Short Release	Allocation	Release	Short Release
2015-16	433.12	433.12	-	-	-	-
2016-17	599.73	599.73	-	177.00	177.00	-
2017-18	692.93	692.93	-	200.30	200.30	-
2018-19	801.60	801.60	-	227.47	-	227.47
2019-20	1083.13	1083.13	-	297.85	-	297.85
Total	3610.51	3610.51		902.62	377.30	525.32

Source: Information provided by DLB

It is evident from the above table that a sum of ₹ 525.32 crore in respect of performance grant was short released under 14th Finance Commission during 2018-19 and 2019-20. CFC recommended a total allotment of ₹ 3,610.51 crore under basic grants and ₹ 902.62 crore under performance grant for the period 2015-20. The State Government received the complete allotment under basic grant but under performance grant, a sum of ₹ 525.32 crore for the period 2018-19 to 2019-20 was not released. The matter was taken up by the Director Local Bodies with Government of India and it was stated by the Government of India that the amount could not be released due to financial constraints.

The State Government accepted (July 2021) that the amount was not received by the GoR as the GoI did not release the amount to any State.

5.3 Own Revenue of Urban Local Bodies

As per Section 101 to 105 of RMA, internal revenue of a municipality shall consist of its receipts from the following sources: -

- i.* Taxes;
- ii.* User charges for civic services;
- iii.* Fees and fines for performance of regulatory and other statutory functions;
- iv.* Tax on professions, trades, and employments
- v.* Tax on advertisement on public places, etc.

Position in respect of own revenue of ULBs is discussed in succeeding paragraphs:

5.3.1 Property Tax (Urban Development Tax)

Government of Rajasthan issued Notification (August 2007 and August 2016) under section 104 of the RMA, vide which all the local bodies were to impose an urban development tax on land (except agriculture land) under their jurisdiction. The tax was to be recovered as per classification of the property such as commercial, residential and industrial.

The owner of the land has to self-assess the tax and deposit the same along with relevant documents in the local body. The local body concerned would make survey for those assesseees who did not submit self-assessed return. The officer concerned of the local body would also scrutinize at least 5 *per cent* cases of self-assessment and if the tax is assessed more than the self-assessed amount, the difference including penalties under section 115 of the Act would be recoverable.

During the scrutiny of records of test checked ULBs it was revealed that:

- a.** None of the test checked ULBs had a reliable data base of tax demanded, collected and outstanding at the end of financial year;
- b.** In MCorp, Ajmer, an amount of ₹ 85.89 lakh was shown as outstanding against ten assesseees. Scrutiny of record in audit revealed that verification in respect of two properties could not be made, one property was residential but classified as commercial and in one case the account was closed but shown as outstanding.
- c.** The State Government issued notification (March 2017) for revising the rate of UD tax for starred hotels vide which commercial District Level Committee (DLC) rate was to be applied on the following categories of hotels:
 - (i)** which are registered as 4/5 starred as per website of the Tourism Department, Government of India;
 - (ii)** which are not included in (i) above but having more than 50 rooms and area of 1,500 square meters;
 - (iii)** hotels/resorts which are not included in (i) and (ii) above but charging room rent of ₹ 5000/- or more per day.
- d.** During the test check of records of 14 hotels (MCorp, Jaipur), it was noticed that in case of hotels which are falling under above categories, M Corp, Jaipur continued to recover the UD Tax at industrial DLC Rate instead of Commercial DLC rate which resulted in under recovery of a sum of ₹ 1.59 crore from six hotels.
- e.** Further, as per notification issued (2007) by the State Government, UD tax from marriage garden was to be recovered on the entire area of the marriage garden. During the test check of 179 cases it was noticed that the MCorp, Jaipur under recovered UD tax of ₹ 3.47 crore from 10 marriage places by taking less area than notified while applying for registration of marriage place.
- f.** It was also observed that the MCorp Jaipur under recovered ₹ 1.79 crore from nine commercial complex by taking less area of these complexes which resulted in loss of revenue to that extent.

Thus, the MCorp, Jaipur under recovered a sum of ₹ 6.85 crore. It was also observed that MCorp, Jaipur raised lesser demand of ₹ 85.70 lakh for the year 2019-20 from four assesses. After being pointed out by audit, MCorp, Jaipur admitted the error and revised the ledger of these assesses upto the year 2020-21 and raised the demand of ₹ 1.19 crore which includes ₹ 85.70 lakh for the year 2019-20 [Appendix-II (A to D)]. This is indicative of a weak internal control.

LSGD, Government of Rajasthan vide circular dated 21 December 2015 directed all the Commissioner/Chief/ Executive Officer to examine and personally monitor 50 cases in which the highest amount of tax was due and directed that survey should be completed by February 2016. Despite these instructions, none of the 14 test checked ULBs conducted/updated the survey, in absence of which huge amount of the UD Tax was in arrears. Two test checked M Corp, Jaipur and Ajmer had online data base and it showed that an amount of ₹ 791.48 crore was outstanding as of 31 March 2020 (Table 5.4). Percentage of recovery of outstanding amount ranged between 8.88 per cent to 9.88 per cent only. This is indicative of system inefficiencies in the recovery of Tax.

Table 5.4: Details showing outstanding demand of UD Tax

(₹ in crore)					
Name of ULB	Opening Balance	Demand	Total Demand	Recovery	Outstanding Amount
Municipal Corporation Jaipur	687.31	123.51	810.82	72.04	738.78
Municipal Corporation Ajmer	50.06	8.42	58.48	5.78	52.70
Total					791.48

Source: Information provided by MCorps Jaipur & Ajmer

The State Government intimated (July 2021) that the various services of ULBs have been digitized and some are under process, which had made these services more transparent and provision for deposit of fees have also now been made online.

The reply is not acceptable as the test check of ledgers of UD Tax of MCorp, Jaipur reflected ineffective monitoring of calculation of tax at proper rates, specification of Tax Notifications etc. which resulted in less recovery of tax revenue.

5.3.2 Advertisement Tax

Sections 102 and 105 of RMA empowered the ULBs to levy tax on advertisement. ULBs could also levy tax on land or building used for erecting hoardings or any other structures for advertisement and issue licenses for advertisement sites.

Scrutiny of records of test checked ULBs revealed that no survey was conducted by revenue branch of ULBs to enlist sites of advertisement attracting tax, which deprived ULBs of this potential revenue source. Further, M Corp Jaipur notified Advertisement Bye Laws on 4th June 2008, according to which no commercial

establishment can display advertisement without obtaining permission from MCorp Jaipur. However, several commercial institutions installed advertisement boards without obtaining licenses. MCorp Jaipur issued notices to 36 commercial concerns for depositing ₹ 68.75 lakh, but could not recover the same which resulted in loss of revenue. The matter was brought to notice (May 2020) of the Commissioner, MCorp Jaipur by Audit, but no reply was furnished (September 2021). The State Government also did not assign specific reasons for non-recovery.

Further, MCouncil Kishangarh had 65 sites and anticipated (July 2017) a revenue of ₹ 26.28 lakh at minimum reserve price. However, it could not auction these sites since 2013-14 although it invited bids from time to time¹ but with long intervals and did not adopt any strategy for early handing over of these sites. This led to potential loss of revenue.

5.3.3 Water Charges

As mentioned in para 4.1, the Government of Rajasthan devolved the function of water supply to eight ULBs² during 2013-14. Out of eight ULBs, M Council, Ganganagar was self-reliant and operated the function from its own revenue resources while the remaining seven ULBs were getting grants from GoR under Plan and Non-Plan head for discharging this function for only five years ending with 2017-18. Grants for the years 2018-20 were released late on 31.3.2021. This put further stress on the resources of ULBs.

The analysis of water charges demanded and collected by the remaining seven ULBs is given in **Table 5.5**, which shows that the total collection of water charges ranged only between 8 to 36 *per cent* of the O&M cost and at the end of 2019-20, total water charges amounting of ₹ 21.61 crore was outstanding.

Table 5.5: Details showing outstanding revenue and receipt of grants

Year	₹ in crore)				
	2015-16	2016-17	2017-18	2018-19	2019-20
Opening Balance of outstanding revenue	1.68	3.05	6.50	9.87	13.58
Demand raised during the year	6.29	11.64	12.51	11.87	17.12
Total Demand	7.97	14.69	19.01	21.74	30.70
Total Collection during the year	4.92	8.19	9.14	8.16	9.09
Closing Balance at the end of the year	3.05	6.50	9.87	13.58	21.61
Grant received under Plan and Non-Plan head from the State Government	26.06	26.33	26.13	21.03	22.15
O&M expenditure	60.28	32.55	33.78	22.28	25.32
Collection Against O&M Cost Percentage	8	25	27	37	36

Source: Information provided by DLB

¹ November 2016, July 2017, February 2019, March 2020 and September 2020.

² Bundi, Chomu, Ganganagar, Jaisalmer, Karauli, Nagaur, Nathdwara and Nokha.

As per Notification issued (November 2015) by the GoR, the water tariff and all other charges on all categories of consumers were to be revised every year with reference to tariff of preceding year. It was, however, observed that the Government had revised tariff during 2018-19 but soon after issuance of notification, the implementation of the said notification was stayed by GoR and as such even these eight ULBs could not revise/increase water charges in accordance with the operational costs.

Further, the State Government also withheld the grant from 2018-19 and 2019-20 till March 2021 which caused further stress on the resources of the ULBs. Reasons for withholding of grants was sought (April 2021) in audit, but the same has not been furnished (September 2021).

The State Government accepted (July 2021) the facts.

5.3.4 Non-receipt of Sewerage Tax Recovered by PHED

As per Notification issued (March 2017) by the Government of Rajasthan, PHED should recover sewerage charges (20 per cent of water charges) and sewerage treatment plant charges (13 per cent of water charges) and amount recovered should be transferred to the ULBs concerned so that better sewerage facilities can be provided to the habitants.

Test check of records of two Municipal Corporations, i.e. Jaipur and Ajmer revealed that PHED Jaipur recovered sewerage charges but did not transfer full amount to M Corp Jaipur while PHED Ajmer did not remit any amount to MCorp Ajmer during the period 2015-16 to 2019-2020 as detailed in **Table 5.6**.

Table 5.6: Details of outstanding amount of sewerage tax from PHED

(₹ in crore)			
Name of ULB	Amount recovered by the PHED	Amount transferred	Amount still to be transferred
M Corp Jaipur	31.19	1.12	30.07
M Corp Ajmer	2.42	-	2.42
Total			32.49

Source: Information provided by MCorp, Jaipur & Ajmer

Thus, PHED did not transfer ₹ 32.49 crore recovered from the users despite the fact that these ULBs are incurring huge expenditure on sewerage system of these cities. This resulted in further stress on the inadequate resources of ULBs. Allowing another State Department to collect the tax due to ULBs, thus, hindered their financial empowerment as envisaged in 74th CAA.

The State Government stated (July 2021) that efforts for recovery of outstanding amount from PHED were being made at the appropriate level.

5.3.5 Solid Waste Management Cess

Government of Rajasthan, DLB, issued (March 2015) gazette notification for levy and collection of user charges for door-to-door garbage collection. Scrutiny of records in 14 test checked ULBs revealed that in 13 ULBs though the ULBs started door to door collection of garbage, they did not collect the user charges.

On being pointed out by audit it was intimated by MCorp, Ajmer, M Council Kishangarh, M Board Bagaru that these charges could not be recovered due to protest by the elected representatives of the people. MCouncil Sikar and M Board Chomu did not specify the reason for non-collection of user charges. In MCouncil, Kishangarh the Board also passed resolutions against the gazette notification. The issue was not taken up with State Government. MBoard, Lalsot replied (April 2021) that only an amount of ₹ 0.20 crore was recovered and complete recovery could not be made due to shortage of staff and resources and now the committee has been constituted and amount would be recovered. The reply is not convincing as the amount recovered relates to carrying charges and not the user charges which were to be collected from households.

Since the delivery of municipal services involve cost, it was necessary to estimate the cost of each municipal service and effect recovery in appropriate manner. It is also pertinent to mention here that these 13 test checked ULBs incurred a sum of ₹ 429.54 crore on solid waste management. However, they did not recover an estimated amount of ₹ 329.82 crore (*Appendix-III*) against the user charges under the Government Notification.

The State Government intimated (July 2021) that the bye laws were notified in 2019 for recovery of user charges. ULBs were in the process of passing the resolution. However, the same could not be imposed on citizens due to pandemic. The reply is not tenable as the Notification of levying user charges was issued in 2015 and despite elapse of long time, ULBs were not recovering the charges which resulted in extra burden on the ULBs in delivery of the service.

5.3.6 Rent from Shops

The ULBs were empowered to collect rent from the buildings let out to private agencies and the rent was to be revised periodically. Scrutiny of records of two test checked ULBs (Ajmer and Kishangarh) showed that rent from shops amounting to ₹ 0.24 crore was in arrears as at the end of March 2020. In other test checked ULBs, no records regarding demand, collection and balance registers were made available, in absence of which audit could not ascertain the amount demanded, collected and outstanding.

It was also observed that Government of Rajasthan, DLB issued (October 2018) orders for letting out all the shops on 99 years lease basis. The amount of lease was based on the tenancy period i.e. shops let out prior to 1950; between 26.01.1950 to 10.08.1983, 11.08.1983 to 17.06.1999 for which lease amount was to be recovered at the rate of 25 per cent; 50 per cent and 75 per cent of reserve price of the area. The MCorp Ajmer and MCouncil Kishangarh did not take any action for recovery of rent/regularization of shops.

The State Government stated (July 2021) that development of software in this regard is in process.

5.3.7 Trade License

As per provisions of Trade License Bye Laws (2008), no person can commence business activity without obtaining a trade license from the ULBs. The State Government also issued (January 2017) orders for fixing of license fees for hotels and other commercial concerns. As per condition numbers 5 and 6, Health Officer or Dy. Commissioner have to issue/renew the license. On non-compliance with these bye laws or not depositing the prescribed license fee, the Health Officer would take action for closure of commercial activities.

Scrutiny of records revealed that ULBs did not have demand, collection and balance register of licensees nor produced any report of survey conducted by these ULBs to audit, in absence of which audit could not verify the actual demand, collection and balance amount to be recovered from these licensees. However, it was observed that MCorp Jaipur had online process of applying/issuing licenses to commercial establishments and issued/renewed 1,025 licenses to those concerns which applied online. Audit is of the view that this figure is quite low, considering the increasing trend of business activity in the city.

The State Government stated (July 2021) that various services of ULBs have been digitized or under process of digitization which would make these services more transparent. The reply is not convincing as ULBs did not survey the properties falling under license regime and without survey, the digitization would not serve any purpose.

5.3.8 Fire Services

The ULBs have been entrusted the fire service function with main objective to prevent fire, extinguish fire and protect life and properties on occurrence of fire incidents across all the area including that beyond the municipal area. Further, ULBs had also been conferred powers under RMA and its bye-laws to levy fire tax in form of fire cess and No Objection Certificate (NOC) charges.

Maintenance and Operation of Fire service require huge capital expenditure in form of fire vehicles, fuel, manpower, etc. and during the years 2015-20, the test checked ULBs incurred ₹ 45.82 crore on Fire Services. For rejuvenation of fire services, Government of Rajasthan levied fire cess for high rise buildings vide order dated 4 October 2013. It was observed in audit that parastatals are issuing building construction permission and the Urban Development and Housing Department issued orders for obtaining fire NOC from the concerned ULB but the fire cess was being recovered by the permission granting parastatals agencies i.e. UDAs/UITs/RIICO/RHB, etc. Thus, the fire cess recovered by these parastatal agencies were not being passed on to the concerned ULBs, though they provide fire services.

It was further observed that after fixing rate of fire cess in 2013 at ₹ 100 per square meter, the Government reduced the rate to ₹ 50 per square meter through Unified Building Bye Laws, 2017 despite the fact that the cost to deliver the fire services depicted an increasing trend, which also hampered the revenue of these ULBs.

During the test check of records of MCorp, Jaipur it was noticed that the Board in its meeting dated 27 December 2017 increased the rate of fire NOC charges from ₹ 2/- sq feet to ₹ 50/- sq meter, but the Fire Branch of the MCorp, Jaipur did not recover the fire NOC charges at enhanced rate and defied the resolution of the Board, which deprived the MCorp, Jaipur of revenue amounting to ₹ 2.55 crore in 79 test checked cases (*Appendix IV*). It was worthwhile to mention here that the Commissioner, MCorp, Jaipur circulated the above decision of the Board after eight months.

Further, DLB recruited (December 2016) 610 firemen and posted them in various ULBs but the DLB issued orders for deployment of these firemen, who are technical staff, for other administrative works and hired firemen on contract basis. MBoard, Chomu, Chaksu and MCouncil, Kishangarh deputed four firemen in DLB and Regional Offices for clerical works and hired firemen through private agencies. Thus, on the one hand these ULBs are facing acute shortage of manpower while on the other, firemen were being deputed for routine official work.

The State Government stated (July 2021) that the fire cess amount is being recovered by various agencies and are deposited in Escrow account opened at DLB office under which all departments would deposit the fire cess collected, which is being used for strengthening of firefighting system. The reply is not acceptable as no details of utilisation of fire cess amount (deposited in escrow account) was provided. Further, the reply is silent on the issue of fire NOC charges not being recovered at prescribed rates.

Recommendations 8: ULBs should have more autonomy in raising revenues and for augmentation of its own resources. Efforts should be made for enhancing tax collection capacity of ULBs through provision and training of staff, provision of electronic tax payment and improved assessment processes. PHED and other parastatals should pass on all the revenue collected on behalf of ULBs for strengthening their financial position.

5.4 Tapping of various sources of revenue by ULBs

The 4th and 5th SFCs had identified three sources of tax revenue and 14 sources of non-tax revenue such as building plan/license approval fees, trade license fee etc., that could be levied by ULBs to augment their own resources. Audit observed that out of 17 identified sources of tax, the ULBs were tapping only eleven sources and for these too the recovery was partial or in some cases was very negligible. The details of remaining six sources that were not tapped are indicated in **Table 5.7**.

Table 5.7: Details of sources of taxes not tapped by ULBs

Sr. No.	Source	Statutory Provision	Levied
1	Tax on profession, trade, callings and employment	Yes	No
2	Toll on roads and bridges	Yes	No
3	Tax for pollution control	Yes	No
4	Lighting tax	Yes	No
5	Tax on congregation	Yes	No
6	Surcharge on Stamp duty	Yes	No

Source: Information compiled from RMA and database of ULBs

It can be seen from the table above that tax on aforesaid activities could be a good source of revenue which the ULBs failed to materialize. The details of revenue sources, status of levy and statutory provisions are indicated in *Appendix-V*.

The State Government accepted (July 2021) that ULBs are levying taxes only on eleven sources and bye laws were being prepared for getting other services under tax regime.

5.5 Budget Planning and Expenditure

As per Section 87 of RMA, Chief Municipal Officer shall prepare the budget estimates before 15th of January of each year. The Chairperson shall present the budget estimates to Municipality not later than 31st January of each year and it shall be passed by the Municipality prior to 15th February of each year. Budget proposals duly approved by the Municipality, sent to Government. Findings on the budget estimates are as follows:

5.5.1 Unrealistic Preparation of Budget Estimates

Budget estimates play vital role in the process of Budgetary Control. Scrutiny of records of test checked ULBs revealed that the budget estimates were prepared by the ULBs without considering the actual income and expenditure in the preceding year and the expected trend. The State Government also failed to review these budget proposals after submission in a proper way. The major deficiencies noticed are detailed below:

(i) Budget estimates of receipts and expenditure were not based on the actual receipts/expenditure in the previous years but prepared by increasing a certain percentage in the estimates of previous year irrespective of the actual figures.

(ii) The budget estimates were forwarded to the State Government and the GoR approved these budget estimates without ascertaining actual receipt and expenditure of previous year. Further, prior to December 2010, budget estimates were to be submitted to Finance Committee of the Municipality concerned before approval of Municipal Board. The State Government amended (December 2010) Section 87(1) of RMA according to which the above provision was deleted. As a result, the budget proposals were not being checked by the Finance Committee. Thus, due to removal of provision 87(1) and non-checking at DLB level, the budget estimates were not realistic.

Due to non-preparation of budget estimates on sound footings, the actual receipt varied from 13.30 per cent to 155 per cent³, whereas the actual expenditure varied from 9 per cent to 137 per cent⁴ of the budget estimates as per details given in *Appendix-VI*.

³ M Council Sikar, MBoard Nawalgarh, Bagru, Jobner, Lalsot recorded variation exceeding 100 per cent.

⁴ M Board Bagru, Jobner, Shahpura, and Lalsot recorded variation exceeding 100 per cent.

The State Government stated (July 2021) that ULBs were being directed to prepare budget estimates on actual receipt basis.

5.5.2 Expenditure of Urban Local Bodies

The main categories of expenditure of ULBs can broadly be classified under five major categories i.e. General Expenditure, Public health and sanitation, Maintenance of civic amenities, Expenditure on development works, and Miscellaneous non-recurring expenditure. The details of expenditure incurred by ULBs in the State during the period 2015-16 to 2019-20 are given in **Table 5.8**.

Table 5.8: Details of Expenditure incurred by ULBs under various heads

Year	(₹ in crore)					
	General Expenditure	Public health and sanitation	Maintenance of civic amenities	Expenditure on development works	Miscellaneous non-recurring expenditure	Total expenditure
2015-16	1020.77	103.79	485.27	1280.47	183.29	3073.59
2016-17	1496.88	255.15	419.09	1521.30	383.96	4076.38
2017-18	1588.41	355.23	424.66	2193.18	330.32	4891.80
2018-19	2052.40	456.74	497.91	3217.04	363.39	6587.48
2019-20	1112.76	197.88	179.87	1733.04	225.68	3449.23
	7271.22 (32.93)	1368.79 (6.2)	2006.80 (9.08)	9945.03 (45.04)	1486.64 (6.73)	22078.48

Source: Information provided by DLB

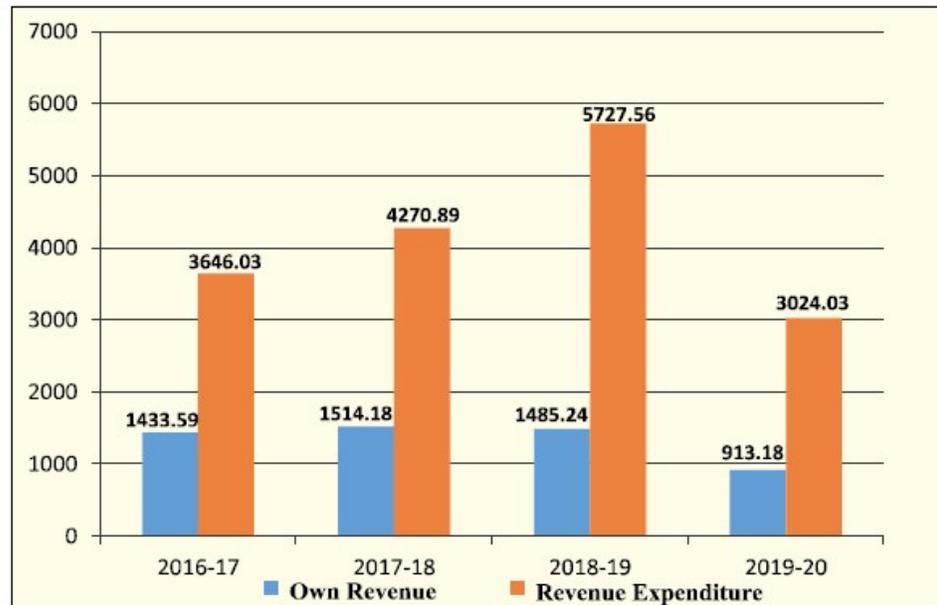
It was observed that general expenditure and miscellaneous non-recurring expenditure constitute 39.66 (32.93 plus 6.73) *per cent* of the total expenditure while only 45.04 *per cent* of the expenditure was incurred on various development works including those under various grants received from government. This indicates that the basic work of development was not being given due importance.

The State Government accepted (July 2021) the fact that the expenditure was mainly incurred on essential services and after spending funds on essential services, salaries and contractual obligations, remaining funds were used for developmental work. The fact remains that development works were not given due importance by ULBs due to higher administrative expenditures.

5.5.3 Resource-Expenditure Gap

The ULBs were able to generate own resources only to the extent of 32.07 *per cent* of the revenue expenditure during the period 2016-17 to 2019-20. A comparison of the own revenue to revenue expenditure showed large gaps as depicted in **Chart 2**, which needs to be addressed by ULBs.

Chart 2: Resource-expenditure gap in ULBs (₹in crore)



The above chart indicates that ULBs were still largely dependent on Central/State grants and were unable to generate their own revenue to be financially independent.

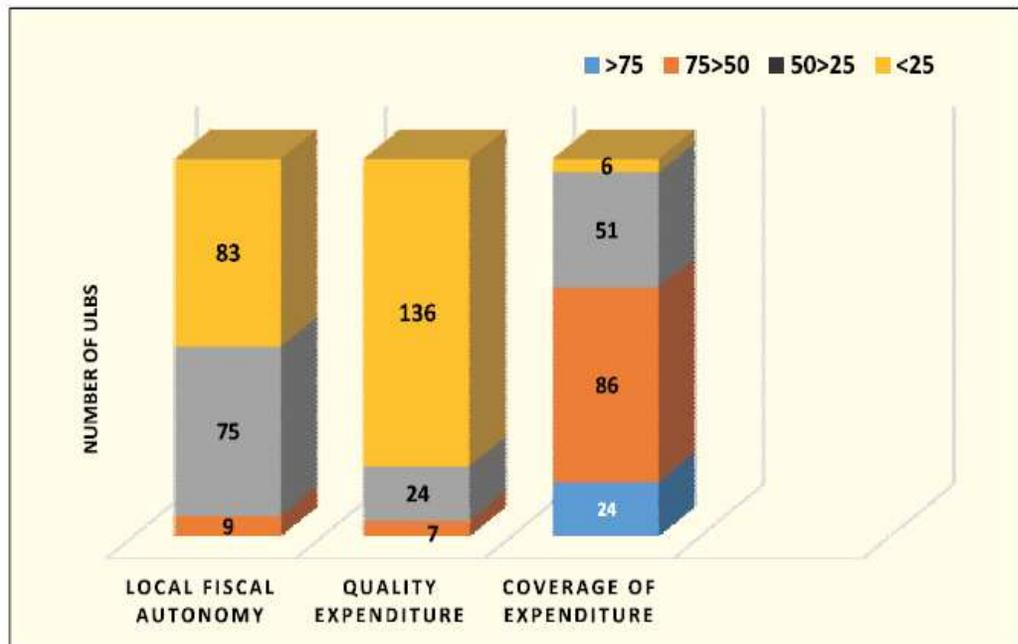
5.5.4 Analysis of Resources-Expenditure Gap

CFC and SFC continuously emphasized on increasing own resources of ULBs. In the recommendation number 2.9 of fifth SFC, it was emphasized that ULBs should endeavor to become self-reliant, increase own revenue and recover the operation and maintenance cost of basic services in their respective jurisdiction. ULBs should also engineer an efficient system of financial management to transform them into self-reliant and accountable governance center.

In respect of finances of ULBs, DLB provided the database to audit for the period 2018-19 in respect of 167 ULBs, which was analyzed for study of fiscal autonomy and quality of expenditure in the ULBs. The three ratios, as detailed below, were considered in the analysis.

- (i) **Local fiscal autonomy:** This is the share of own revenue to the total revenue of the ULB.
- (ii) **Quality of expenditure:** This is the share of O&M expenditure in total revenue expenditure. If this ratio is high, the quality of expenditure is considered better.
- (iii) **Coverage of revenue expenditure from own revenue sources (self-reliance):** This is the proportion of revenue expenditures that are covered through the own revenue sources.

Chart 3: Ratio wise performance of ULBs



Source: Data provided by the DLB

It can be seen from the above chart that:

- None of the ULBs had share of own revenue in the total revenue exceeding 75 per cent while 83 ULBs were having this share below 25 per cent. Thus, most of the ULBs are too far from becoming self-reliant.
- None of the ULBs had share of O&M expenditure in the total revenue expenditure exceeding 75 per cent while 136 ULBs were having this share below 25 per cent. Thus, the quality of expenditure was not satisfactory.
- In only 24 ULBs, the coverage of revenue expenditure from own revenue sources was in excess of 75 per cent. In 86 ULBs, this was between 50 to 75 per cent and in 51 ULBs, the coverage was between 25 to 50 per cent and in 06 ULBs, the coverage was below 25 per cent.

The State Government intimated (July 2021) that efforts are being made to enhance own resources of revenue for ULBs.

5.6 Under Utilisation of Grants

Government of India and Government of Rajasthan allocated funds under various schemes for betterment and upliftment of the common people. The State Finance Commission in its recommendations also emphasized on timely utilization of these funds. During the scrutiny of records relating to utilization of various grants received by the test checked ULBs, it was observed that huge amount of grants received during the period 2015-16 to 2019-20 remained unutilized as per details given in **Table 5.9**.

Table 5.9: Detail of utilization of grants

(₹ in crore)

Name of local bodies	Name of scheme	Allotment	Expenditure	Unspent balance
M Board Bagru	5th SFC	13.56	7.58	5.98
M Board Chomu	5th SFC	25.77	7.65	18.12
M Corp Ajmer	SBM	21.76	14.07	7.69
M Council Sikar	5th SFC	36.13	24.06	12.07
	14 CFC	34.65	28.83	5.82
M Corp Jaipur	SBM	105.63	104.14	1.49
M Board Chaksu	NULM	0.80	0.03	0.77
M Board Shahpura	Vth SFC	12.87	8.56	4.31
	14th CFC	11.68	7.52	4.16
M Board Lalsot	SFC	12.95	12.37	0.58
	SBM	3.03	2.37	0.66
M Board Thanagaji	CFC	1.87	0.26	1.61
	SFC	1.37	0.36	1.01
	SBM	0.20	0.08	0.12
	Total			64.39

Source: Information provided by the concerned ULBs

It is evident from the above table that despite repeated concerns expressed by the SFCs, the test checked ULBs could not utilise the allotted grants of ₹ 64.39 crore which remained unspent at the end of 2019-20. It also shows the lack of monitoring at the level of State Government.

The State Government stated (July 2021) that instructions were issued for expenditure and utilisation certificates. The unspent balance represents liabilities to be discharged against various works. The reply is not acceptable as the amounts were lying unspent for a long time and delayed the desired benefits.

5.7 Financial Powers of Urban Local Bodies

Fiscal autonomy can be complete only when supported by decentralization of financial and administrative powers. For efficient discharge of devolved functions, following was also necessary:

- an efficient and reliable administration;
- improved local governance with delegation of sufficient powers;
- enhanced accountability and responsiveness;
- improved capacity of the local people to participate in the decision-making process, especially with regard to service delivery; and
- increased motivation etc.

5.7.1 Powers Relating to Works

The State Government revised (February 2015) the administrative, technical and tender approval powers relating to ULBs for undertaking basic infrastructure works. The administrative approval powers as per the above orders is given in **Table 5.10**.

Table 5.10: Details of delegation of powers to ULBs.

Category of ULB	Board	(₹ in crore)				
		Finance Committee	Commissioner/ Chief Officer	Zone Commissioner	Mayor/ chairman	Government
M Corp	Up to budget provision	5.00	1.00	0.10	2.00	Full power
M Council	-do-	1.00	0.02	-	0.50	-
M Board	-do-	0.50	0.01	-	0.25	-

Source: Government of Rajasthan order

Thus, the State Government had conferred only limited financial powers to the local governance and full power vested with Government itself. Further, most of ULBs did not form the Finance Committee and resultantly it deprived the elected representatives of the local population from participating in decision making process.

The State Government stated (July 2021) that financial powers have been delegated to ULBs under RMA but due to lack of expertise and financial resources, the State Government issued sanctions and there was no delay in granting sanctions. The fact remains that ULBs could not be made financially empowered.

Recommendations 9: The State Government should work on enhancing the capacity of ULBs by direct devolution even through separate budgeting for ULBs. Efforts should also be made to form finance committees in ULBs and to revise the delegation of powers for greater autonomy.

Chapter VI
Human Resources of Urban
Local Bodies

Chapter VI

Human Resources of Urban Local Bodies

Adequate and skilled manpower is a pre-requisite for efficient and effective discharge of various functions by the ULBs. This is also necessary for empowerment of ULBs. GoR promulgated (November 2011) Rajasthan Guaranteed Delivery of Public Services Act, 2011 (RGDPS Act) with the objectives of providing responsible, accountable, transparent and corruption free services to the people. GoR framed RGDPS Rules, 2011 under the Act and 11 services¹ were required to be provided by ULBs but in absence of adequate and well-trained staff, it is very difficult to provide these 11 services in stipulated time to the common people. The position of manpower, recruitment and training programmes imparted by the DLB are detailed in succeeding paragraphs.

6.1 Limited Powers Over Manpower

The broad framework of functions carried out by ULBs depending upon the availability of manpower, number of schemes being implemented and category of the ULBs, are depicted in **Table 6.1**.

Table 6.1: Broad framework of functions

S. No.	Wing/sections	Functions
1.	Administration	General administration, including meetings of council and committees
2.	Revenue	Assessment and collection of various taxes, rent, advertisements and other property related activities
3.	Accounts	Preparation and maintenance of accounts, preparation of budget etc.
4.	Public health	Sanitation, street sweeping, solid waste management and other public health related activities
5.	Engineering	Construction /O&M of roads, drains, buildings, parks, play grounds, water supply and street lighting etc.
6.	Building	Issuance of building construction permission, land use change, conversion of agriculture land, sale of strip of land, etc.
7.	Development	Implementation of Centrally/State sponsored schemes
8.	Birth and Death Certificate	Compilation of data of birth and death and issue of certificates

Source: Administrative Report of DLB and website of ULBs

¹ (i) Approval of layout plan of building, (ii) Issue of marriage certificate, (iii) Issue of name transfer certificate, (iv) Works related to public health, (v) Booking of community centre, (vi) Refund of security deposit money (vii) NOC for firefighting, (viii) Birth/Death certificate, (ix) Issue of license other than food license, (x) To receive copy of documents/building maps, and (xi) Issue of lease exemption certificate.

The assessment of manpower should be based on the functions undertaken by ULBs with a view that majority of the functions which are service oriented have to be discharged within a reasonable time period. This assessment could be done best by ULBs themselves considering various criteria such as the extent of geographical area to be covered, the extent and type of population, the number of properties existing etc. Audit observed that ULBs neither had the powers to assess the staff requirement nor to recruit the required staff. These powers are vested with the State Government. The State Government assessed the requirement of staff based on population alone, as discussed in paragraph 6.1.1, and without seeking the actual requirement from ULBs.

As per Section 336 of RMA, any officer or servant of a corporation/municipal council who is a member of subordinate services, ministerial service or Class IV service may be transferred from the service of one municipality to another municipality or any other parastatals agencies such as Jaipur Development Authority, UIT, Housing Board, etc. Further, as per Section 330(4), it shall be not lawful for the municipality to take any officer or employee on deputation from any department of the State Government without obtaining prior approval of the State Government. DLB stated (January 2021) that there is no employee on deputation while during the test check of records of MCorp, Jaipur it was observed that 97 officers/officials from different department of State Government were posted on deputation basis which indicated that no prior monitoring was done.

6.1.1 Insufficient Staff in Urban Local Bodies

As per rule 6(ka) of Rajasthan Municipality Service (Administrative and Technical) Rules, the State Government would fill up the posts through direct recruitment for which a state level commission was to be constituted. Similarly, as per Rule 8(ka) of Rajasthan Municipality (Subordinate and Clerical services) Rules 1963, a commission would also be set up for filling up of vacancies. During the period from 4/2015 to 3/2020, the Commission recruited 1747 officers/ officials despite which a number of posts were lying vacant.

For effective discharge of devolved functions, sufficient and well-equipped staff is a primary condition. At State level, at the end of March 2020, position of posts of officers sanctioned and working is given in **Table 6.2**.

Table 6.2: Details showing position of vacant post

Post	Sanctioned strength	Working strength	Vacant (percentage)
Officers ²	596	233	363 (60.91)
Technical officer	1112	743	369 (33.18)

Source: Administrative report of DLB for 2019-20

² Officers include posts of Executive Officers, Revenue Officers, Sanitary/Revenue Inspectors, etc.

It is evident from the above table that almost 61 *per cent* post of Executive Officers, Revenue Officers, Revenue/Sanitary Inspectors were lying vacant which was affecting important functions such as revenue/tax collection and sanitation etc. drastically. Posts of Technical officers, such as Executive Engineer/Asstt. Engineers etc. were also lying vacant which hampered the desired progress of various Centrally/State Sponsored Schemes. In respect of ministerial staff as against total sanction strength of 45,831, 14,276 posts were lying vacant which implies that 31 *per cent* posts were lying vacant which affected the efficient functioning of the ULBs.

Scrutiny of staff position of test checked ULBs showed that working strength was 15.38 *per cent* to 73.98 *per cent* against the sanctioned strength. These vacancies had affected sanitation, revenue collection and other functions badly and services as devolved could not be delivered in an efficient and effective manner.

Further, it was also noticed that there were no uniform criteria for sanctioned strength of these test checked ULBs. The staff position in ULBs is given in **Table 6.3**.

Table 6.3: Sanctioned and Working Strength in ULBs

S. No.	Name of the unit	Population as per 2011 census	Projected population for the year 2020	Sanctioned strength	Working strength (Per cent)	Sanctioned Strength Per 1000 population (census 2011)	Working Strength) Per 1000 population (census 2020 projected)
1	M Corp Jaipur	34,71,847	39,09,000	9,761	6048 (62.69)	2.81	1.55
2	M Board Phulera	23,284	25,049	87	62 (71.26)	3.74	2.48
3	M Board Jobner	11,354	12,215	129	77 (59.69)	11.36	6.30
4	M Board Chaksu	33,432	35,969	182	104 (57.14)	5.44	2.89
5	M Board Niwai	37,751	40,613	234	155 (66.23)	6.20	3.82
6	M Board Shahpura	33,895	36,465	73	54 (73.98)	2.15	1.48
7	M Board Thanagazi	21,742	23,391	39	06 (15.38)	Constituted in 2018	0.26
8	M Board Lalsot	34,363	36,968	119	83 (69.74)	3.46	2.25
9	M Board Nawalgarh	63,948	72,389	179	108 (60.33)	2.80.	1.49
10	M Council Kishangarh	1,54,886	2,06,401	534	332 (62.17)	3.44	1.60
11	M Board Chomu	64,413	81,817	193	139 (72.02)	2.99	1.69
12	M Council Sikar	2,37,532	3,03,447	739	508 (68.74)	3.11	1.67
13	M Board Bagru	31,229	44,142	77	42 (54.54)	2.46	0.95
14	M Corp Ajmer	5,42,321	5,99,590	2662	1787 (67.12)	4.90	2.98

Source: Information provided by the concerned ULBs

The 4th SFC had identified that day to day development works were affected by vacancies and recommended filling up all vacant posts. No action was taken to fill the vacancies though the status of manpower was furnished to the DLB by ULBs at regular intervals.

Recommendations 10: ULBs should have adequate powers over manpower resources regarding assessment, requirement and recruitment of skilled staff to effectively discharge devolved functions and efficiently collect revenue. Sanctioned strength of manpower in ULBs should be commensurate with the functions (Tax collection load/Accounting/regulatory role etc.) in consultation with the State Government. Administrative costs should be passed on to the ULBs where they are implementing agencies.

6.1.2 Functioning of the Municipal Commissioner/Chief Officer

As per Section 49 of RMA, the Commissioner or Chief Municipal Officer was responsible for the custody and maintenance of all the records of municipality. Further, Section 332 provides that the State Government shall appoint one Chief Executive Officer for MCorp, Commissioner for MCorp and MCouncils and Executive Officers for MBoards. It was observed that 111 post of Executive Officers (Gr II to IV) were lying vacant and personnel of lower levels were holding the charge which affected the municipal administration adversely. MCorp officers/officials are responsible for execution of development plans in ULBs, ensuring preparation of schemes as per master plan/zonal development plan, agriculture land conversion, approval of building maps and suitable action to enhance/collect the revenue. Hence, absence of competent staff is bound to affect their working adversely.

6.2 Capacity Building

For strengthening the capacities of the personnel and preparing them with advanced skill to perform in a better way, training play an important role. LSGD issued office order dated 5.11.2015 for establishment of a training institute namely Institute of Urban Development and Governance which is now known as Rajasthan Shahri Vikas Kendra (RSVK) in Centre for Management Studies, Harish Chand Mathur Public Administration Institute. RUIDP under Rajasthan Urban Infrastructure Development Project (IIrd Phase) allotted a sum of ₹ 3.55 crore to the Centre for Management Studies for undertaking training programme for ULBs' personnel. The annual training calendar is prepared by RSVK and approved by the Centre for Management Studies, Harish Chand Mathur Public Administration Institute. Nomination of trainees was being done by the DLB. During the period from 2015-16 to 2019-20 following training programmes were conducted:

Table 6.4: Details showing position of year wise training programme

Year	No. of total training programme	Nominated participants	Attended participants	Attended per cent
2015-16	NIL	NIL	NIL	NIL
2016-17	21	1109	831	75
2017-18	23	3323	3065	92
2018-19	21	1987	1206	61
2019-20	20	1499	763	51
Total	85 ³	7918	5865	74

Source: Information provided by the DLB

It was observed that only 74 *per cent* of the nominated participants attended these training programmes, and consequently optimum benefits could not be derived. Further, out of total 33,731 employees of ULBs, only 5,865 employees (17 *per cent*) were imparted training despite incurring an expenditure of ₹ 3.55 crore during the period from 2015-16 to 2019-20. This also hindered timely delivery of qualitative services to the urban habitants. Further, no performance evaluation of these trainees was found made to ascertain as to how these training programmes helped the participants in performing their function in a better way. Hence, the efforts for capacity building of staff were not up to the requisite levels.

6.3 Performance Management

Performance management is an essential tool of management and plays an important role in developing the competence of employees involved in service delivery. It involves classification of duties, defining performance standards, deployment of right personnel at right place and the capacity of staff to achieve their targets. The DLB intimated that no such departmental/continuous professional development examinations are organized.

The State Government stated (July 2021) that recruitment of various posts was under process which would enable the ULBs to work more efficiently. The department was also organizing workshops for staff from time to time and efforts were being made to enhance trainings.

Recommendations 11: Officers of Municipal Services should be posted in municipality as Executive Officers and capacity building/training needs of municipal staff should be ensured by regular training programme/ fixed training period for enhancing the efficiency.

³ Include orientation programme for elected representatives of various ULBs; newly recruited AEnS; RIs; ARIs, Town Planning Asstt; Jr Accountants, RUIDP projects, etc.

Chapter VII

Conclusions

Chapter VII

Conclusions

The 74th Amendment introduced Part IX A (the Municipalities) containing Articles 243P to 243ZG in the Constitution. This amendment (June 1993) authorized State Legislatures to enact laws to bestow ULBs with powers and authority as may be necessary to enable them to function as institutions of self-government and to make provisions for devolution of powers and responsibilities in relation to 18 functions listed out in the 12th Schedule.

Audit Objective 1

Whether provisions of 74th CAA have been adequately covered in State legislations?

Each State had to enact a legislation to implement the provisions of the Act. The ULBs in the State were governed by the RMA, 2009. The State Government carried out necessary amendments to the Act to comply with the provisions of 74th CAA. These amendments were however not supported by firm action to minimize overlapping in respect of many functions, defeating the very purpose of the constitutional amendment for devolution of functions and creation of appropriate institutional mechanism.

Audit Objective 2

Whether ULBs have been empowered by the State Government to discharge their functions/responsibilities effectively through creation of appropriately designed institutions/institutional mechanism and their functions?

Transfer of functions - The State Government devolved 16 functions out of 18 functions. Further, out of these 16 devolved functions two functions were categorized as other functions instead of core functions. ULBs has full jurisdiction in two functions, was merely an implementing agency in four functions, had minimal/overlapping role with other agencies in eleven functions and one function has still not been devolved. Thus, the actual devolution of functions is far less than that envisioned in the 74th CAA.

Committees - Ward Committees were not constituted in any of the ULBs which deprived community participation in local governance. District Planning Committees (DPCs) were constituted in all 33 districts, but DPC meetings were not found held regularly in test checked seven districts. This resulted in non-preparation of the consolidated District Development Plan involving matters of common interest between the panchayats and the municipalities. Metropolitan Planning Committee was also not constituted and as such a comprehensive development plan could not be prepared in Metro cities.

State Finance Commission - There were delays in constitution of SFCs ranging from 472 days to 723 days (3rd to 5th SFC). The 6th SFC was also not constituted upto 31 March 2021 although it was due to be constituted by 30 May 2019. Further, the State Government accepted and implemented partially the recommendations of the SFCs with delays ranging between 19 days to 237 days. This affected the financial position of the ULBs adversely.

Status of Elections and Formation of Councils- Elections in six ULBs were delayed by eight months to fifty six months.

Statutory and Ward Committees- Out of 14 test checked ULBs, 11 ULBs did not form statutory committees and in remaining three the committees were constituted with delay.

Audit Objective 3

The functions stated to have been devolved have actually been devolved effectively

Impact of parastatals on ULBs - Eleven functions such as urban/town planning, regulation of land use, water supply, urban forestry and slum development, etc. were being performed by other parastatals also in the State. These parastatals had their own governing bodies which did not include elected representative of ULBs. This overlapping arrangement infringed on the ability of ULBs to discharge their mandated functions and undermined the objective of accountability to the people.

Audit Objective 4

The ULBs have been empowered to access adequate resources for discharge of functions devolved to them

The 74th CAA provided for fiscal transfers from the Central and State Government besides empowering them to raise their own revenue.

Various grants/ transfers from Central/State Government constituted about 83 *per cent* of the total revenue of ULBs during the period 2015-16 to 2019-20. ULBs were also deprived of transfer of grant amounting to ₹ 52.58 crore due to non-acceptance of recommendations of the SFC. The State Government deducted a sum of ₹ 726.74 crore from the Grants to be released to ULBs and transferred it to various parastatals, which affected the financial position of ULBs badly.

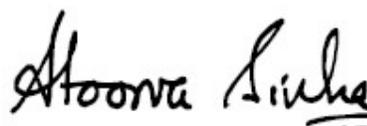
ULBs are responsible for collection of various taxes such as UD Tax, advertisement tax etc. However, the authority to approve the procedure, methods, assessment, exemption and concession vested with the State Government thereby constraining the ULBs. Further, the State Government also failed to monitor the efficiency in maintaining reliable, updated and complete data base of taxable properties and rectify deficiencies in maintenance of

demand, collection and balance registers. Survey of taxable properties had also not been conducted in several ULBs since the imposition of UD Tax.

Budget estimation process of the ULBs was not based on sound footings resulting in huge variations between estimates and actuals. The actual receipts varied from 13.30 *per cent* to 155 *per cent* while the actual expenditure varied from 9 *per cent* to 137 *per cent*.

The ULBs lacked adequate manpower as there were huge vacancies across all cadres affecting efficient delivery of services. The State Government had not taken action to fill up the vacancies though it was aware of the status of manpower.

In brief, various deficiencies in implementation of 74th CAA and RMA, coupled with role of ULBs overlapping with parastatals and State Government departments undermined the effective functioning of the ULBs. The ULBs were neither financially self-reliant nor had required manpower for delivery of efficient services. Thus, the objectives of the 74th CAA as envisaged have not been fulfilled even after 30 years of enactment since 1992 in absence of adequate devolution of political, financial and other powers to the ULBs.



(ATOORVA SINHA)
Accountant General
(Audit-II), Rajasthan

JAIPUR,
The 7th December 2021

Countersigned



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

NEW DELHI,
The 10th December 2021

Appendices

Appendix I

(Refer Paragraph 1.4)

List of parastatals and their functions

Sl No.	Name of parastatal	Functions
1.	Development Authority (DA)	Construction/Renewal/Strengthening of roads; Construction of bridges/elevated roads/ROBs Housing Schemes Rehabilitation of slums Allotment of land Beautification of city, plantation and development of tourist and entertainment places; Maintenance of parks Approval of site plan/building construction Preparation of Master Development Plan
2.	Urban Improvement Trust (UIT)	Construction/Renewal/Strengthening of roads; Construction of bridges/elevated roads/ROBs Housing Schemes Rehabilitation of slums Allotment of land Beautification of city, plantation and development of tourist and entertainment places; Maintenance of parks Approval of site plan/building construction Preparation of Master Development Plan
3.	Rajasthan Industrial Development and Investment Corporation Limited (RIICO)	Development and Management of Industrial Area Approval of building construction/site plan in its area Maintenance and developmental works such as construction of roads/street lights and other infrastructural works
4.	Public Health and Engineering Department (PHED)	Distribution of water Providing connections Operation & Maintenance (O&M) Collection of water charges
5.	Rajasthan Housing Board	Group Housing Housing Schemes Maintenance of parks Approval of site plan/building construction Maintenance and construction of roads and other infrastructure facilities
6.	Rajasthan State Road Development and Construction Corporation Limited	Road Construction ROB construction
7.	Jaipur City Bus Service Limited	Operation and deciding of City bus routes

Appendix-II

(Refer Paragraph 5.3.1)

A. Details of less recovery of UD tax from commercial complexes due to application of incorrect DLC rate/area.

(₹ in lakh)

Name	Period	Constructed area i sq yards	Area taken for calculation of UD Tax	Area less taken for UD tax	Amount recovered	Amount actually to be recovered	Less recovered amount
Shri Sandeep (Motisons Jewellers Tonk Road)	2013-21	5184	3033	2151	17.26	32.53	15.27
Gold Souk Malls, Jawahar Circle	2009-21	28673.34	11500	17173.34	31.10	91.92	60.82
Hotel the Lalit	2016-21	57544 (Const.) 9172 (Land)	Incorrect application of DLC rate	-	66.97	99.06	32.09
Hotel Red Fox JLN Marg	2016-21	19749.19 (Const.) 3464 (Land)	14115.67 (Const.) 3464 (Land)	5633.52	36.52	52.33	15.81
Gambhir Towers (M/s Shakun Hotel and Resorts)	2013-21	12927.79 (Const.) 871.98 (Land)	9254.33- (Const.) 1449 (land)	3673.46 - (Const.) 577.01 (land)	36.96	58.77	21.81
Hotel Man Singh Palace	2016-21	7559.22 - (Const.) 1405 (Land)	Incorrect application of DLC rate	-	11.14	23.27	12.13
Kamal Kunj Farm House	2007-21	36300	Assessee was exempted		-	10.68	10.68
Kanha Restaurant	2012-21	2042.71	1502	540.71	8.08	10.67	2.59
G T Square	2010-21	1807.5 7075(Const.)	Incorrect application of DLC rate		8.59	16.01	7.42
Total					216.62	395.24	178.62

B. Details of less recovery of UD tax from starred hotels at the rate of Industrial DLC rate instead of Commercial DLC rate.

(₹ in lakh)

Name	Period	Area in sq yards	Recoverable amount	Demand raised by the MCorp	Amount deposited	Recoverable amount
Hotel Jaipur Ashok	2016-21	8355.78 (Land) 17462.00 (Land)	69.01	2.90	0.68	68.33
Hotel Leisure in Grand Chankya	2016-21	4868.056	30.73	0.33	0.33	30.40
Hotel Maharani Palace	2016-21	9483.33	33.26	1.50	0.61	32.65
Hotel Super Fine (Souvenir Premier)	2016-21	5955-56 (Const) 975 (Land)	12.67	10.25	1.77	10.90
Hotel Nirbana Palace	2016-21	2597.77 (Const) 1040.01 (Land)	12.61	1.99	1.34	11.27
Southern Grand hotels private limited	2016-21	2366	5.81	0.38	0.38	5.43
Total			164.09	17.35	5.11	158.98

C. Details of marriage gardens in which area were less taken for calculation of UD Tax

(₹ in lakh)

Name	Period	Area in sq yards	Amount recoverable	Amount deposited	Less recovery
Raj Mahal Palace	2012-21	25,394	164.20	7.61	156.59
Ram Bagh Palace Hotel	2012-21	2,48,898	1,176.39	1,072.76	103.63
M/s Mahavir Paradise	2014-21	5,223	10.15	1.48	8.67
Isharda Marriage Garden	2014-21	14,113	51.46	22.58	28.88
Sukham Marriage Garden	2014-21	6,877	25.07	13.14	11.94
Shivam Marriage Garden	2014-21	5,312.57	19.37	8.50	10.87
Havens Garden :	2016-21	23,595	25.08	11.85	13.23
K K Paradise	2016-21	6,240	6.63	2.27	4.36
Golden Garden	2014-21	4,991	4.23	1.05	3.17
Dadu Dayal Marriage Garden	2017-21	3,600	5.24	-	5.24
Total			1,487.82	1,141.24	346.58

D. Recoveries/correction in demand ledger made at the instance of audit

(₹ in lakh)

Subject	Amount objected in audit	Amount of revised ledger	Remarks
Short recovery of UD Tax from Gold Sukh Mall, Jagatpura Road	51.68	64.25	The MCorp was recovering the UD tax from the Malls for only 11500 sq yards for BG+2 floors while the Malls had BG+4 floors and total constructed area of 28673.34 sq yards. After raising the audit objection, the MCorp accepted the fact and revised the ledger with a difference of whopping amount of ₹ 64.25 lakh
Short recovery of UD Tax from Hotel the Lalit, Jagatpura Road	11.23	30.33	The MCorp all of sudden reduced the DLC rate during 2017-19 and extended undue benefit of ₹ 32.08 lakh to the hotel. On issuance of audit memo the MCorp accepted the fact and revised the ledger.
Sandip Chabra (Moti Sons Jewellers)	14.31	16.17	The MCorp was recovering the UD Tax for only 27300 sq feet while the building was constructed in 50000 sq feet of area. The MCorp has since been accepted the audit objection and revised the ledger of assessee from ₹ (-) 300 to 16.17 lakh
Super Fine Hotel Ridhi Siddhi Chouraha	8.48	8.06	MCorp was recovering UD tax at industrial rate while it should be commercial DLC rate. Now MCorp accepted the fact and revised the Ledger
Total	85.70	118.81 (₹ 1.19 crore)	

Appendix-III

(Refer Paragraph 5.3.5)

Details of user charges not recovered by the 13 ULBs

(₹ in crore)

Sl. No.	Name of ULBs	Category of the consumer/ households	Number of units	Rate fixed per month (in ₹)	Months 4/2015 to 3/2020	User charges recoverable
1.	M Corp Jaipur	Residential	1,35,019	20-150 ¹	60	86.04
		Commercial	1,23,109	250-2000	60	192.46
		Institutional	8,180	500-3000	60	37.88
2	M Corp Ajmer	Residential	10,315	20	60	1.24
		Commercial	2,923	250	60	4.38
		Institutional	318	250	60	0.48
3	M Council Sikar	Residential	2,098	15	60	0.19
		Commercial	639	200	60	0.77
		Institutional	298	200	60	0.36
4	M Council Kishangarh	Residential	28,054	15	60	2.52
5	M Board Chomu	Residential	43,422	10	12	0.52
		Commercial	921	150	60	0.83
		Institutional	155	150	12	0.03
6	M Board Bagru (4/16 to 3/20)	Residential	20,453	10	12	0.25
7	M Board Thanagazi	Residential	4,000	10	12	0.05
8	M Board Shahpura	Residential	6,120	10	60	0.37
9	M Board Niwai	Residential	6,200	10	60	0.37
		Commercial	26	150	60	0.02
10	M Board Jobner	Residential	1,864	10	60	0.11
11	M Board Chaksu	Residential	5,399	10	60	0.32
12	M Board Lalsot	Residential	5,756	10	60	0.35
13	M Board Phulera	Residential	4,640	10	60	0.28
Total						329.82

¹ Ranged between ₹ 20 and 150 according to area of plot.

Appendix-IV

(Refer Paragraph 5.3.8)

Short recovery of fire cess from high rise buildings

(₹ in lakh)

Sl No	Name of Applicants	Total area in Sqm	Recoverable amount ₹ 50 per Sqm	Amount recovered by the MCorp	Amount less recovered
1	Jai Kumar Maheshwari	2,784.19	1.39	0.60	0.79
2	RKM International	3,004.94	1.50	0.65	0.85
3	Dr. Somesh Gupta	1,381.71	0.69	0.30	0.39
4	Sandeep Kulhari	1,818.11	0.91	0.39	0.52
5	Madhusudan Bihani	12,643.20	6.32	2.72	3.60
6	Sita Ram Sharma	3,225.68	1.61	0.69	0.92
7	Elizabeth Zakariya	7,624.77	3.81	1.64	2.17
8	Baldev Rathi	5,216.28	2.61	1.12	1.49
9	Ashish Raniwala	10,537.13	5.27	2.27	3.00
10	Vivek Jaisawal	5,816.10	2.91	1.25	1.66
11	Prashant Sharma	1,780	0.89	0.38	0.51
12	Mohit Rana	10,679.62	5.34	2.30	3.04
13	Gopal RamYadav	1,531.71	0.77	0.33	0.44
14	Kanhaiya Lal Meena	1,120	0.56	0.24	0.32
15	Purushotam Lata	7,994.14	4.00	1.72	2.28
16	Vijendra Mamodia	2,744	1.37	0.59	0.78
17	Vikash Yadav	3,505.48	1.75	0.76	0.99
18	Nand Kishor Mawaliya	2,223.09	1.11	0.48	0.63
19	Kanchanjanga Housing Board	19,885.36	9.94	8.32	1.62
20	Sanjay Singh Meel, Hotel Nirbana Palace	2,183	1.09	0.47	0.62
21	Lalit Parikh Hotel & Bar	1,263.11	0.63	0.27	0.36
22	Ummed Bhawan Palace Bihari Marg	1,421.40	0.71	0.32	0.39
23	King Avenue Ranjit Singh Bhamu	4,049.17	2.02	0.87	1.15
24	Mahendra Kastiya, OK Plus Chandra Mahal	7,348.32	3.67	1.64	2.03
25	Shivam Plaza Gopalpura Bye Pass	1,731.38	0.87	0.30	0.56
26	Nand Kishore Gupta Signature Tower	20,553.88	10.28	4.18	6.10
27	Yogesh Dhanuka Sun Shine Prime	19,885.34	9.94	4.29	5.65
28	Vrinda Gardens Sanganer	1,46,492	73.25	32.38	40.87
29	Ravi Mathur Anand Prime Sanganer	17,209.05	8.60	4.08	4.52
30	Ashok Kumar Khandaka Khandaka Hospital	2,898.57	1.45	0.62	0.83
31	Normet India VKI Road	7,462.66	3.73	1.61	2.12
32	Dr Rishi Sethi Novel Prime Sanganer	4,824.69	2.41	1.35	1.06
33	Park Osian Hotel	1,891.20	0.95	0.41	0.54
34	Mahima Ballevista	26,118.88	13.06	5.90	7.16

Sl No	Name of Applicants	Total area in Sqm	Recoverable amount ₹ 50 per Sqm	Amount recovered by the MCorp	Amount less recovered
35	Mahima Elinza	77,472.47	38.74	14.54	24.19
36	Vardhman International School Mansarovar	6,010.99	3.00	1.29	1.71
37	Central Academy Amba Bari	2,083.10	1.04	0.45	0.59
38	Ashok Kanoujia Hotel Raj Plaza	3,519.81	1.76	0.76	1.00
39	Hotel Hill View Malviya Nagar	1,416.85	0.71	0.31	0.40
40	MD Heights Suraj Sharma	4,334.07	2.17	0.93	1.23
41	Vista Housing Vrinda Green	1,56,096.91	78.05	29.04	49.01
42	Vivek Chaturvedi Virat Eligant	6,060.71	3.03	1.30	1.73
43	Defence Public School Amrapali Circle	4,002.26	2.00	1.29	0.71
44	Manipal Hospital Sikar Road	36,205.92	18.10	5.789	12.31
45	SMS School Narayan Singh Circle	9,450.65	4.73	2.03	2.69
46	Avenue super mart Malviya Nagar	10,121	5.06	2.18	2.88
47	Hotel Raj Plaza	3,519.81	1.76	0.76	1.00
48	Narayan Das Gurnani the Verve	6,736.57	3.37	1.41	1.96
49	Vishnu Kumar Sharma UpasanaVed	10,036.67	5.02	1.71	3.31
50	Vishnu Kumar Sharma Upasana Kasablanka	3,593.75	1.80	1.09	0.71
51	Hotel Ras Mahal	1,739.52	0.87	0.37	0.50
52	Birju Singh Drimex Plaza	5,798	2.90	1.35	1.55
53	Kunj Bihari Iscon Hights	34,193.03	17.10	8.10	9.00
54	Shika Hotel C Scheme	1,539.94	0.77	0.33	0.44
55	Royal Polovictory Hotel	4,099.86	2.05	0.88	1.17
56	Bhavin Kanha Restaurant	1,081.48	0.54	0.23	0.31
57	Grand Chankya Hotel	4,090.8	2.05	0.88	1.17
58	Kanha Restaurant C scheme	1,716.57	0.86	0.37	0.49
59	Hotel Lee Amour	1,618.41	0.81	0.35	0.46
60	Mayanksoni	1,897.38	0.95	0.41	0.54
61	Chandar Mohan Singh	8,098.65	4.05	1.74	2.31
62	Arvind Asopa	1,888	0.94	0.41	0.54
63	Aman Exports	6,210.38	3.11	1.34	1.77
64	Pawan creations	4,730	2.37	1.02	1.35
65	Emerald Garden Club	5,081	2.54	1.09	1.45
66	Bhagwati Hotels and Resorts	16,126.24	8.06	3.47	4.59
67	Gajanand Chinpa	2,180.18	1.09	0.47	0.62
68	Padamchand Jain	4,677	2.34	1.01	1.33
69	Vinod Badgoti	3,900.15	1.95	0.84	1.11

Sl No	Name of Applicants	Total area in Sqm	Recoverable amount ₹ 50 per Sqm	Amount recovered by the MCorp	Amount less recovered
70	Munni Devi	9,325.06	4.66	2.19	2.47
71	Shankar Eye Hospital	6,582.30	3.29	1.42	1.87
72	Allen Carrier Institute	3,228.18	1.61	0.69	0.92
73	Narayan Techno E school	7,080.54	3.54	1.52	2.02
74	Jaipur School	4,759.75	2.38	1.02	1.36
75	Berger Paints	4,605	2.30	0.99	1.31
76	Sardar Patel Public School	4,344	2.17	0.93	1.24
77	Anup Aroda	15,803.23	7.90	3.40	4.50
78	Gajanand Chinpa Shiv Colony	3,182.32	1.59	0.69	0.91
79	Rishabh Goyal	7,426.53	3.71	1.60	2.11
				Total	254.80

Appendix-V

(Refer Paragraph 5.4)

Statement showing the details of revenue sources identified by 4th and 5th SFC, status of levy and statutory provisions

Sl. No.	Revenue Sources	Status of Levy	Provisions as per Act & Rules	
			RMA 2009	GoR Order & Circular
Tax Revenue				
1	Property Tax	Levied	-	LSGD Notification no. F(8)C(327)LSG/95/5573 dated: 29.08.2007
2	Tax on Pilgrims and Tourists	Levied (Collected only by Ajmer, Pushkar & Sarwar Municipalities)	103 (v)	
3	Tax on non-motorized Vehicles	Levied (Collected only by 4 M. Boards & 1 M. Council)	103(i)	
Non-Tax Revenue				
4	Sanitation Tax/ User charges	Levied	101(b)	LSGD Notification no. 6625 dated 11.03.15
5	Building Plan/License approval fee	Levied	105 (a,b)	Building Bye Laws
6	Trade License	Levied	102(b)	
7	Tax on lands and buildings	Levied	102 (a)	
8	Tax on profession, trade, callings and employment	Not Levied	102 (b)	
9	Toll on roads and bridges	Not Levied	102 (c)	
10	Tax for pollution control	Not Levied	102 (d)	
11	Lighting tax	Not Levied	103 (iii)	
12	Tax on congregation	Not Levied	103 (iv)	
13	Advertisement Tax	Levied	102(e)	
14	Fire Tax	Levied	103(vii)	
15	Tax on boat moored	Levied	103 (ii)	
16	Tax on deficit in parking spaces in non-residential building	Levied	103 viii)	
17	Surcharge on Stamp duty	Not Levied	103(ix)	

Appendix-VI

(Refer Paragraph 5.5.1)

Statement showing variation in budget in each category of ULBs

(₹ in crore)

Name of the ULB	Year	Budget	Receipts Actuals	Percentage of actual budget	Budget	Expenditure Actuals	Percentage of actuals to budget
M Corp Ajmer	2015-16	209.94	124.40	59.25	207.83	94.49	45.46.
	2016-17	285.11	188.33	66.05	275.33	137.03	49.77
	2017-18	322.38	173.82	53.91	325.41	156.91	48.22
	2018-19	417.84	204.88	49.03	421.13	197.10	46.80
	2019-20	202.52	179.55	88.65	246.23	177.45	72.06
M Council, Kishangarh	2015-16	106.44	41.53	39.01	102.95	67.98	66.03
	2016-17	193.14	48.30	25.00	191.81	47.17	24.59
	2017-18	273.64	77.16	28.19	265.57	50.03	18.83
	2018-19	231.33	113.11	48.89	218.12	110.19	50.52
	2019-20	184.55	87.97	47.67	180.92	89.86	49.67
M Council, Sikar	2015-16	40.58	52.16	128.55	50.22	49.13	97.82
	2016-17	87.78	91.20	103.90	70.60	55.88	79.14
	2017-18	98.50	102.21	103.77	108.04	98.52	91.18
	2018-19	112.17	108.44	96.67	110.31	106.24	96.30
	2019-20	120.02	102.73	85.59	140.55	115.14	81.92
Nawalgarh MBoard	2015-16	26.30	15.18	57.7	27.57	11.16	40.47
	2016-17	38.55	49.36	128.04	38.56	17.20	44.58
	2017-18	69.69	20.19	28.97	68.01	38.56	56.70
	2018-19	76.15	26.84	35.25	76.33	33.41	43.78
	2019-20	75.84	10.09	13.30	76.53	10.36	13.54
Chomu M Board	2015-16	20.79	19.86	95.51	23.31	19.55	83.87
	2016-17	23.77	23.52	98.96	21.93	12.46	56.83
	2017-18	32.40	22.38	69.08	26.81	9.78	36.48
	2018-19	21.73	21.65	99.60	27.10	15.39	56.78
	2019-20	23.93	20.32	84.91	21.63	14.96	69.16
Bagru M Board	2015-16	8.00	4.58	57.27	7.58	7.97	105.05
	2016-17	10.23	12.81	125.22	10.05	5.10	50.73
	2017-18	12.89	9.34	72.44	12.84	6.05	47.12
	2018-19	18.18	14.40	79.16	23.42	13.61	58.14
	2019-20	24.78	12.32	49.73	25.25	10.39	41.14
Phulera M Board	2015-16	10.01	8.44	84	10.06	7.31	73
	2016-17	11.02	9.53	87	11.88	9.93	84
	2017-18	14.50	9.26	64	14.35	9.57	67
	2018-19	19.43	14.10	73	17.87	10.57	59
	2019-20	21.39	10.84	51	21.97	13.29	61
Jobner MBoard	2015-16	6.73	7.16	106	6.43	6.42	100
	2016-17	1.82	2.81	155	2.65	3.62	137
	2017-18	11.04	2.64	24	11.26	1.54	14
	2018-19	12.93	7.73	60	12.99	8.56	66
	2019-20	13.52	5.43	40	14.22	5.97	42
Chaksu M Board	2015-16	24.44	17.28	71	24.69	18.72	76
	2016-17	27.61	16.63	60	26.14	11.05	42
	2017-18	28.20	13.04	46	32.66	14.92	46
	2018-19	34.88	21.29	61	33.69	14.50	43
	2019-20	37.40	18.60	50	37.59	20.46	54

Name of the ULB	Year	Budget	Receipts Actuals	Percentage of actual budget	Budget	Expenditure Actuals	Percentage of actuals to budget
Newai MBoard	2015-16	44.01	23.03	52	40.60	24.26	60
	2016-17	47.15	12.38	26	46.54	15.37	33
	2017-18	50.00	10.63	21	53.16	12.32	23
	2018-19	56.31	18.48	33	57.45	18.30	32
	2019-20	55.51	17.71	32	53.67	17.54	33
Shahpura MBoard	2015-16	9.41	7.92	84	8.43	8.58	102
	2016-17	12.04	9.14	76	11.11	4.42	40
	2017-18	14.50	11.00	76	15.14	11.06	73
	2018-19	19.51	13.73	70	20.01	13.12	66
	2019-20	23.89	11.14	47	18.58	14.92	80
Lalsot M Board	2015-16	9.41	9.81	104	9.61	9.12	95
	2016-17	8.41	12.91	154	8.90	7.80	88
	2017-18	9.38	11.95	127	10.26	10.11	98
	2018-19	14.63	13.98	96	14.22	18.99	134
	2019-20	19.42	15.29	79	21.42	18.02	84
Jaipur M Corp	2015-16	1,052.12	697.97	66	1,052.12	629.05	60
	2016-17	1,367.65	730.08	53	1,367.65	606.43	44
	2017-18	1,427.44	655.11	46	1,451.52	671.47	46
	2018-19	1,852.86	855.16	46	1,852.86	958.36	52
	2019-20	1,790.07	763.59	43	1,870.07	943.25	50
Thanagaji MBoard	2019-20 ²	21.36	7.09	33	23.88	2.06.50	9

² Thanagaji MB was constituted on 14.09.2018 as such data for previous years were not available.

Glossary

AMRUT	Atal Mission for Rejuvenation and Urban Transformation
CFC	Central Finance Commission
DDP	District Development Plan
DLB	Directorate of Local Bodies
DPC	District Planning Committee
JnNURM	Jawahar Lal Nehru National Urban Renewal Mission
LSGD	Local Self Government Department
MPC	Metropolitan Planning Committee
NOC	No Objection Certificate
NULM	National Urban Livelihood Mission
O&M	Operation and Maintenance
PHED	Public Health Engineering Department
RGDPS Act	Rajasthan Guaranteed Delivery of Public Services Act, 2011
RHB	Rajasthan Housing Board
RIICO	Rajasthan State Industrial Development and Investment Corporation
RMA	Rajasthan Municipal Act, 2009
RSPCB	Rajasthan State Pollution Control Board
RSRDC	Rajasthan State Road Development and Construction Corporation Limited
RSVK	Rajasthan Shahri Vikas Kendra
RUDSICO	Rajasthan Urban Drinking Water, Sewerage and Infrastructure Corporation
SC	Scheduled Caste
SEC	State Election Commission
SFC	State Finance Commissions
ST	Scheduled Tribe
TPD	Town Planning Department
UD	Urban Development
UDA	Urban Development Authorities
UDH	Urban Development and Housing Department
UITs	Urban Improvement Trusts
ULBs	Urban Local Bodies

**© COMPTROLLER AND
AUDITOR GENERAL OF INDIA
www.cag.gov.in**



<http://cag.gov.in/ag2/rajasthan/en>