

CHAPTER II: SOCIAL SECTOR

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2.1 Introduction

This Chapter of the Audit Report deals with the findings of audit of Government units under Social Sector.

The total budget allocation and expenditure of the departments under Social Sector during the year 2019-20 are given in **Table 2.1.1**.

Table: 2.1.1: Details of allocation and expenditure under Social Sector

(₹ in crore)

Name of the Department	Budget allocation	Expenditure
Education (Higher)	247.12	204.69
Education (School)	1712.51	1542.16
Education (Social)	953.97	812.20
Elementary Education	924.32	852.22
Education (Youth Affairs and Sports)	75.03	68.91
Food, Civil Supplies and Consumer Affairs	145.14	70.26
Family Welfare and Preventive Medicine	490.32	445.69
Health	572.13	467.88
Labour Organisation	13.21	12.60
Panchayati Raj	361.50	329.90
Public Works (Drinking Water and Sanitation)	556.77	367.38
Relief and Rehabilitation	36.04	28.23
Rural Development	2726.20	796.57
Tribal Welfare (Research)	8.71	2.92
Kokborok and other Languages	0.89	0.79
Tribal Welfare	501.35	435.19
Tribal Rehabilitation in Plantation and Particularly Vulnerable Tribal	36.99	23.93
Urban Development	882.72	411.57
Welfare of Scheduled Castes	103.65	37.35
Welfare of Minorities	78.03	19.60
OBC Welfare	41.96	18.62
Skill Development	36.78	9.84
Total number of departments = 22	10505.34	6958.50

Source: Appropriation Accounts 2019-20

We audited 21 auditee units under this Sector covering expenditure of ₹ 4,729.04 crore (including of the previous year). This Chapter contains one Performance Audit titled “**Efficacy of Implementation of 74th Constitutional Amendment Act**” under the Urban Development Department.

URBAN DEVELOPMENT DEPARTMENT

2.2 Performance Audit of Efficacy of Implementation of 74th Constitutional Amendment Act

2.2.1 Introduction

The Constitution (Seventy Fourth Amendment) Act, 1992 (74th CAA) provides a constitutional status to Urban Local Bodies (ULBs). Article 243W of the Constitution authorises the State Legislatures to enact laws to endow local bodies with powers and authority to enable them to function as institutions of self-government and make provisions for devolution of powers and responsibilities. The Amendment empowers ULBs to function independently and to deliver services for economic development and social justice regarding 18 subjects listed in the twelfth Schedule of the Constitution of India (**Appendix 2.2.1**). The Government of Tripura enacted the Tripura Municipal Act, 1994 empowering ULBs to function as institutions of self-government to accelerate economic development in urban areas.

2.2.2 Profile of Urban Local Bodies in Tripura

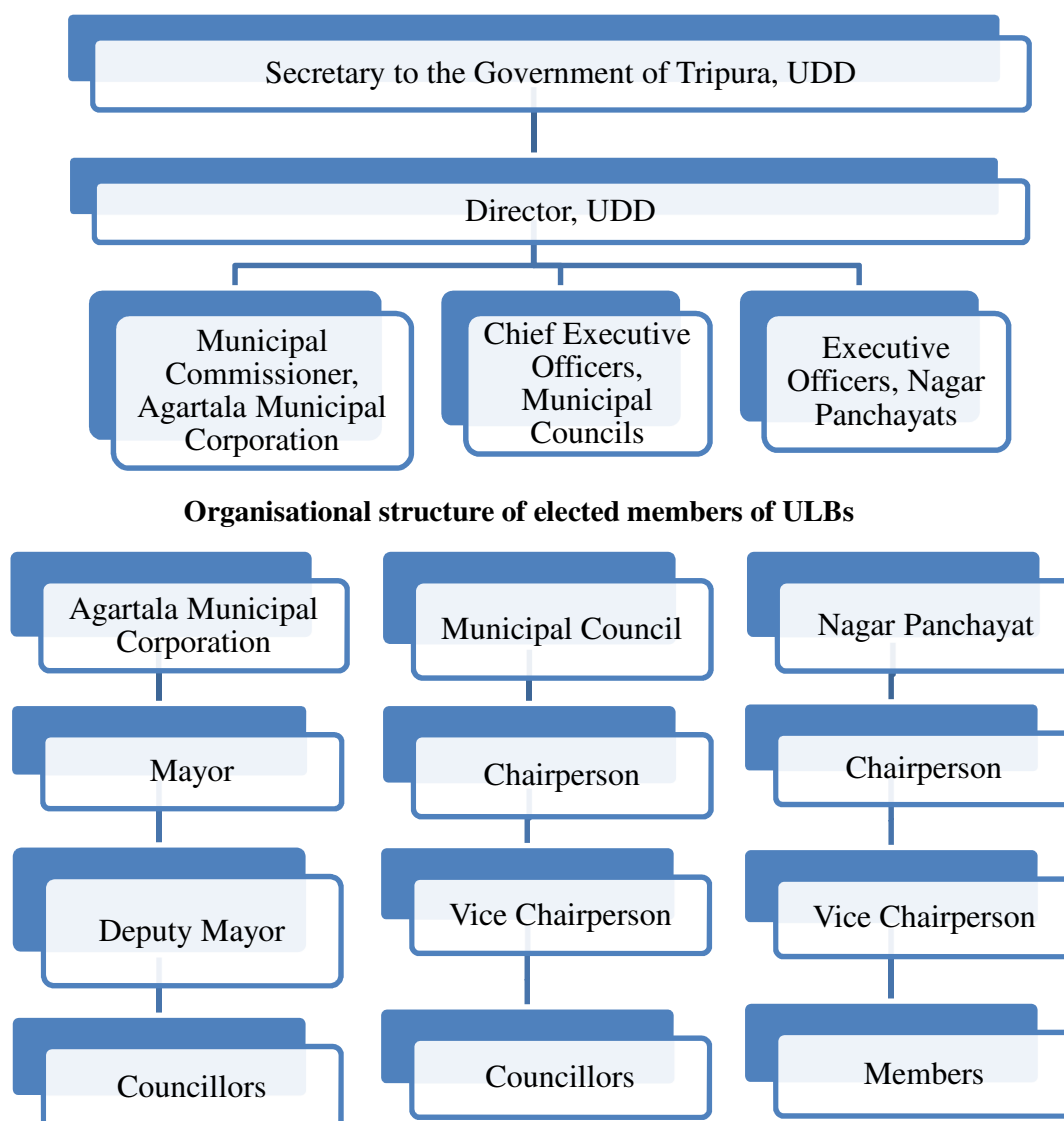
Under Article 243 (M) of Constitution of India, the Scheduled areas referred to in clause (1), and the tribal areas referred to in clause (2), of Article 244 are exempted from Municipal areas.

In Tripura, there is one Municipal Corporation, 13 Municipal Councils and six Nagar Panchayats as of November 2021. The ULBs are governed by the Tripura Municipal Act, 1994. Each Municipal area has been divided into wards for the purpose of election of Councillors. The names of ULBs, area, population, *etc.* are shown in **Appendix 2.2.2**.

2.2.3 Organisational set-up of Urban Local Bodies

The Urban Development Department (UDD), headed by Secretary to the Government of Tripura is the nodal department for the governance of all ULBs in the State. The organisational structure with respect to functioning of ULBs in the State is shown in **Chart 2.2.1**.

Chart 2.2.1: Organisational structure of Urban Development Department



2.2.4 Scope of Audit

The Performance Audit (PA) covered the period from April 2015 to March 2020. The UDD, Government of Tripura being the nodal department was selected for scrutiny of records. Out of 20 ULBs in the State, 11 ULBs⁶ were selected through Simple Random Sampling Without Replacement (SRSWOR).

2.2.5 Audit objectives

The Performance Audit was conducted with the following Audit Objectives;-

- assess whether the ULBs have been empowered by the State Government to discharge their functions/ responsibilities effectively through creation of

⁶ i. Out of 13 Municipal Councils, seven Councils were selected (about 50 per cent).
 ii. Out of six Nagar Panchayats, three Nagar Panchayats were selected (50 per cent).
 iii. Agartala Municipal Corporation (AMC), being the lone Corporation in the State was selected.

- appropriately designed institutions/ institutional mechanisms and their function;
- evaluate the effectiveness of the functions stated to have been devolved;
 - assess whether the ULBs were empowered to access adequate resources including sufficient resources for discharge of functions stated to be devolved to them.

2.2.6 Audit criteria

The following sources of audit criteria were adopted for the PA:

- Constitutional (74th) Amendment Act, 1992;
- Tripura Municipal Act, 1994;
- Tripura Municipal (Procedure and Conduct of Business) Rules, 1996;
- Tripura Municipal Accounting Manual, June 2011;
- Municipal (Water Supply, Levy and Collection of Water Charges) Rules, 2019;
- Tripura Property Tax Rules, 2016;
- Tripura Building Rules, 2017;
- Tripura Municipal (Delimitation of Constituencies) Rules, 1994;
- Central/ State Finance Commission Reports;
- Report of the Second Administrative Reforms Commission; and
- State Government's orders, notifications, circulars and instructions issued from time to time.

2.2.7 Audit methodology

The Performance Audit commenced with an Entry Conference held on 4 December 2020 with the Secretary, UDD and other officers of the UDD in which the audit methodology, scope, objectives and criteria were explained. This was followed by collection of relevant information through replies to audit queries/ memos, questionnaires and scrutiny of records. Draft audit findings were issued to the Government in August 2021 for response. Significant findings were discussed (13 August 2021) with the Secretary, UDD in an Exit Conference. The views and responses of the Government were duly incorporated appropriately.

2.2.8 Audit Findings

Audit Objective 1: To assess whether the ULBs have been empowered by the State Government to discharge their functions/ responsibilities effectively through creation of appropriately designed institutions/ institutional mechanisms and their function

2.2.8.1 Comparison with State level legislations with 74th CAA

The 74th CAA introduced certain provisions relating to municipalities *vide* Articles 243Q to 243ZG of the Constitution of India. The State Government *vide* Tripura Municipal Act, 1994 (TM Act) introduced provisions corresponding to the CAA provisions as indicated in **Table 2.2.1**.

Table 2.2.1: 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 TM Act
Article 243Q	Constitution of Municipalities: It provides for constitution of three types of municipalities namely a Nagar Panchayat for transitional area, a Municipal Council for a smaller urban area and a Municipal Corporation for a larger urban area.	Section 10 of TM Act
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 nominated by Government. The Legislature of a State may by law, provide for representation to the Municipality, Members of Parliament and Legislative Assembly whose constituencies lie within the municipal area and Members of the Council of States and State Legislative Council who are registered as electors within the city.	Sections 11 and 12 of TM Act
Article 243S	Constitution and composition of Wards Committees: This provides for constitution of Wards Committees in all municipalities with a population of three lakh or more	Section 13 of TM Act
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 18 of TM Act
Article 243U	Duration of Municipalities: The municipality has a fixed tenure of five years from the date of its first meeting and re-election to be held within the six months of end of tenure.	Section 19 of TM Act
Article 243V	Disqualifications for membership: A Person shall be disqualified for a member of a Municipality- If he 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 is so disqualified by or under any law made by the Legislature of the State.	Sections 20 and 21 of TM Act
Article 243W	Powers, authority and responsibilities of the Municipalities: All municipalities would be empowered with such powers as may be necessary to enable them to function as effective institutions of self-government. The State Government shall entrust with such powers and authority to enable them to carry out the responsibilities in relation to the twelfth Schedule.	Section 96 to Section 139 of TM Act

Provision of Constitution of India	Requirement as per provision of Constitution of India	Provision of TM Act
Article 243X	Power to impose taxes by, and funds of the Municipalities: 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 192 of TM Act Sections 85, 86, 87, 88 and 89 of TM Act.
Article 243Y read with Article 243I	Finance Commission: State Government shall constitute Finance Commission for <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 of the net proceeds of the taxes, fees, 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 269 of TM Act
Article 243Z	Audit of accounts of Municipalities: This provides provision for maintenance of accounts by the Municipalities and the auditing of such accounts.	Section 264 of TM Act
Article 243ZA read with Article 243K	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).	Sections 49 to 71 of TM Act
Article 243ZD	Committee for District Planning: <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 forwarded to the Government. 	Section 270 of TM Act
Article 243ZE	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.	There is no Metropolitan city in Tripura.

Table 2.2.1 shows that the statutes are complied with the provisions of the 74th CAA. However, audit observed that the legal provisions were not backed by decisive action in which the spirit of the 74th CAA has not fructified. This was especially true in case of provisions pertaining to the devolution of functions and creation and functioning of appropriate institutional mechanisms for effective decentralisation, which are discussed in the subsequent paragraphs.

2.2.8.2 Actual status of devolution of functions

The 74th CAA sought to empower ULBs to perform functions and implement schemes in relation to 18 subjects specified in the twelfth Schedule of the Constitution of India.

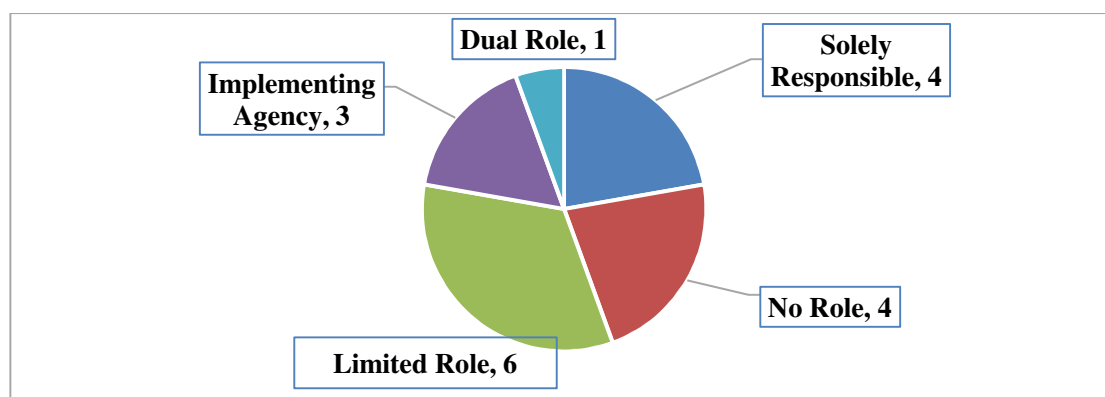
The Government of Tripura through enactment of TM Act, 1994 transferred all the 18 functions to ULBs. However, in practice, functions like fire services and water supply are still under the control of the State Government departments.

In the Exit Conference, the Department stated (August 2021) that due to lack of capacity of the municipalities, the function of fire service was being done by the Tripura Fire and Emergency Services. The function of water supply was being done by the State Public Works Department (Drinking Water and Sanitation), Government of Tripura.

Second Administrative Reforms Commission recommended (2009) that a process of activity mapping similar to the PRIs should be carried out for all ULBs. Activity mapping of functions by applying the principle of subsidiary is pre-requisite for comprehensive devolution. There should be corresponding funds and functionaries to make the process of decentralisation effective.

Audit noticed that there was no activity mapping in respect of different functions of ULBs. As a result, the devolved functions had overlapping areas between ULBs and the line departments/ agencies of the State Government. Although, the basic services viz. water supply, drainage, sanitation, solid waste management, construction and maintenance of roads are in the domain of ULBs as per the Constitutional mandate, the same were discharged by the line departments like Public Works Department, Urban Development Department, Forest Department, Education Department, Rural Development Department, *etc.* and the agency like Tripura Urban Development Authority. These line departments/ agencies were not accountable to the ULBs rather they were accountable to the State Government. Out of 18 functions, ULBs had full authority on four functions only; had no role in four functions; had limited role in six functions; they were mere implementing agencies in three functions; and in respect of one function, they had dual role with the State Public Works Department (PWD). Even Agartala Municipal Corporation was not given full powers as per the 74th CAA. The function-wise role of ULBs is depicted in **Chart 2.2.2** and **Table 2.2.2**.

Chart 2.2.2: Function-wise role of ULBs



The basic functions as prescribed under the Act of Municipalities exert tremendous pressure on the finances of the ULBs. An assessment of the status of such functions/ services by the various authorities and the overlap in discharge of the functions are

detailed in Table 2.2.2.

Table 2.2.2: Statement showing the actual status of implementation of functions

Sl. No.	Functions	Activities	Actual status of implementation
Functions where ULB has full jurisdiction			
1	Burials and burial grounds; cremations, cremation grounds	Construction, operation and maintenance (O & M) of crematoriums and burial grounds and electric crematoriums	ULBs were wholly responsible for discharging this function.
2	Vital statistics including birth and death registrations	Coordinating with hospitals/ crematoriums <i>etc.</i> for obtaining information Maintaining and updating database	ULBs maintained database of births and deaths. ULBs registered and issued certificates of birth and death.
3	Provision of urban amenities and facilities such as parks, gardens, playgrounds	Creation of parks and gardens Operation and Maintenance (O & M)	This function was done by ULBs. Creation and O&M of parks, gardens, playgrounds, installation of play and gymnasium equipment in parks were done by the ULBs.
4	Urban poverty alleviation	Identifying beneficiaries Livelihood and employment Street vendors	Selection of beneficiaries was done by the ULBs. Livelihood and employment were provided through Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM) and Tripura Urban Employment Programme (TUEP). ULBs were wholly responsible for discharging this activity.
Functions with no role for ULBs			
5	Cattle pounds; prevention of cruelty to animals	Catching and keeping strays Sterilisation and anti-rabies Ensuring animal safety	The ULBs had no cattle pounds and the activities under this function were not implemented by the ULBs.
6	Regulation of slaughter houses and tanneries	Ensuring quality of animals and meat Disposal of waste O&M of slaughter houses	The ULBs had no slaughter house. The goats, chickens, <i>etc.</i> were slaughtered in open places.
7	Slum improvement and upgradation	Identifying beneficiaries Affordable housing Upgradation	The slum improvement and upgradation was done by the Urban Development Department. The role of ULBs was limited to identification of beneficiaries only.
ULBs as mere implementing agencies or limited role			
8	Urban planning including town planning	Master planning/ Development Plans/ Zonal Plans Enforcing master planning	Tripura Urban Development Authority ⁷ (TUDA) was entrusted to prepare master plans. Master plan was not been prepared by TUDA for any ULB. Enforcement was done by TUDA.

⁷ a parastatal agency

Sl. No.	Functions	Activities	Actual status of implementation
		regulations	
		Enforcing building bye-laws and licenses	Enforcement was done by the UDD. ULBs role was limited to issue and renewal of building licenses.
		Group housing, Development of industrial areas	ULBs role was to identify the beneficiaries for group housing only.
9	Planning for economic and social development	Programme implementation for economic activities	Only selection of beneficiaries was done by the ULBs and the beneficiary list was furnished to the State Government departments/ offices.
		Policies for social development	
10	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded	Identifying beneficiaries	Only Selection of beneficiaries was done by the ULBs and the beneficiary list was furnished to the State Government departments like SC welfare, OBC welfare, etc. Further, the State Government departments provided services to the weaker sections of society on the basis of the beneficiary list.
		Providing tools/ benefits such as tricycles	
		Scholarships	
		Housing programmes	One centrally sponsored housing scheme named 'Pradhan Mantri Awas Yojana (PMAY)' and one State sponsored scheme named 'Tripura State Government Housing Scheme (TSGHS)' were implemented by the ULBs.
Functions with dual role			
11	Roads and bridges	Construction and maintenance of roads	Municipal roads were being constructed and maintained by the ULBs. Major roads in ULBs were being constructed by the State PWD (Roads & Buildings) {PWD (R&B)}.
		Construction and maintenance of bridges, drains, flyovers and footpaths	
Functions with minimal role and/ or having overlapping jurisdictions with the State Government departments and/ or parastatals			
12	Regulation of land-use and construction of buildings	Regulating land use	This was being done by TUDA.
		Approving building plans/ high rises	This was done by the ULBs.
		Demolishing illegal buildings	
13	Water supply for domestic, industrial and commercial purposes	Distribution of water	This was done by State PWD (Drinking Water & Sanitation) {PWD (DWS)}.
		Providing connections	
		Operation & Maintenance (O&M)	
		Collection of charges	Water charges were collected by the ULBs.
14	Public health, sanitation conservancy and solid waste management	Maintaining hospitals, dispensaries	There was no hospital under the control of ULBs. State Health and Family Welfare Department (H & FWD) maintained hospitals and dispensaries and also undertake immunisation/ vaccination.
		Immunisation/ Vaccination	
		Registration of births and deaths	Registration of births and deaths was done by the ULBs.

Sl. No.	Functions	Activities	Actual status of implementation
		Cleaning and disinfection of localities affected by infectious disease	The ULBs were responsible for cleaning and disinfection of localities affected by infectious disease, solid waste management and control and supervision of public markets.
		Solid waste management	
		Control and supervision of public markets	
15	Urban forestry, protection of the environment and promotion of ecological aspects	Afforestation	ULB had no role in urban forestry. Road side plantation of trees, bamboos and beautification of roads were done by the Forest Department.
		Greenification	
		Awareness drives	
		Protection of the environment and promotion of ecological aspects	ULBs discharged this function.
16	Promotion of cultural, educational and aesthetic aspects	Schools and education	The Government of Tripura devolved (June 2007) powers, functions and functionalities of the primary education and literacy/ child welfare and pension to the ULBs. In practice, primary education was handled by the State Education (Elementary) Department. Literacy, child welfare and social pension were handled by the State Education (Social Welfare & Social Education) Department. There was no school under the jurisdiction of the ULBs in Tripura (except only one school which was functioning under the jurisdiction of Agartala Municipal Corporation). ULBs along with the State Government departments such as Information and Cultural Affairs Department undertook activities allied with public space beautification, organising fairs and festivals.
		Fairs and festivals	
		Cultural buildings/institutions	
		Heritage	
		Public space beautification	
17	Public amenities including street lighting, parking lots, bus stops and public conveniences	Installation and maintenance of street lights	This was done by the ULBs through Energy Efficiency Services Limited (EESL) ⁸ .
		Creation and maintenance of parking lots	This was done by ULBs.
		Creation and maintenance of public toilets	These were implemented by the ULBs.
		Construction of Bus Stop	This was done by the State Transport Department.
Function devolved but not implemented			
18	Fire Services	Establishing and maintaining fire brigades	This function was vested with the State Fire and Emergency Services Department.
		Providing fire No Objection Certificate/ approval certificate in respect of high rise buildings	

⁸ A Joint Venture Company of PSUs under the Ministry of Power, Government of India

Recommendation: *The State Government needs to take adequate steps to ensure that the ULBs enjoy full autonomy in respect of the functions assigned to them.*

2.2.8.3 Institutional mechanisms for empowerment of urban local bodies

As already discussed, the State Government stated to have transferred all 18 functions to the ULBs through enactment of TM Act, 1994. However, the discharge of these functions could be effective only when appropriate institutions were established and adequately empowered. The 74th CAA provides for establishment of such institutional mechanisms as can be seen from **Table 2.2.1**. The effectiveness of such institutional mechanisms are discussed in the succeeding paragraphs.

2.2.8.3 (i) Composition of Municipalities

Article 243R stipulates the composition of Municipalities. Section 11(1) of the TM Act, 1994 stipulates that all the seats in a Municipality shall be filled by persons chosen by direct election from the territorial constituencies in the Municipal area.

(2) Each Municipality may consist of-

(a) the members elected under sub-section (1);

(b) the persons having special knowledge or experience in Municipal Administration as may be nominated by the Governor:

Thus, Municipalities consist of elected Councillors and nominated Councillors. The nominated members do not have voting power. The Mayor/ Chairperson is elected from amongst the Councillors and is assisted by the Standing Committees. The councils of the ULBs were dissolved on completion of five years tenure in December 2020. The election of the Municipalities was held on 26 November 2021 *i.e.* after 12 months from the date of dissolution of elected bodies of the Municipalities. Therefore, in absence of elected body, the involvement of public representatives in decision making and implementation process was missing during this period.

2.2.8.3 (ii) Chairperson/ Mayor

Under Section 24(3), 32(3) and 40(4) of TM Act, the Chairpersons and Mayor are empowered to preside over every meeting of Council and Mayor-in-Council. The Chairperson/ Mayor should be the Chief Executive of a city or urban government and the city government should have the power to appoint all officials including the Commissioner and accountable to ULBs. However, the ULBs were not empowered to appoint all officials including the Commissioner, Chief Executive Officers, *etc.* Creation and abolition of posts were vested with the State Government.

The Government stated (August 2021) that empowering Municipalities to appoint all officials including Commissioner would create some administrative problems as well as financial burden to the State exchequer.

The reply is not acceptable as ULBs were still deprived of power to appoint all officials as per provisions of TM Act and also deprived of financial autonomy.

2.2.8.3 (iii) Ward Committees

As per Section 13 of TM Act, 1994, Ward Committees shall be constituted with one or more wards within the territorial area of a Municipality having population of three lakhs or more. Further, Second Administrative Reforms Commission as accepted by GoI, opined that Ward Committee members must have regular meetings with the citizens they represent, through Area Sabhas, to review programmes, their planning and implementation. There must also be regular meetings of the Committee with elected members from Area Sabhas.

Audit observed that Wards Committees were constituted only in six ULBs out of 11 sampled ULBs. The Committees were to discuss the developmental plans of the wards and to monitor implementation of different economic and social welfare programmes. This was not being followed in true spirit since they were not functional and except 67 meetings held in AMC no meetings were held in other five ULBs during 2015-20.

The Government accepted (August 2021) the audit observations.

Recommendation: The Ward Committees should convene regular meetings to facilitate community participation in decentralised governance.

2.2.8.3 (iv) District Planning Committee

Article 243 ZD of the Constitution mandates the establishment of a District Planning Committee (DPC) to consolidate the plans prepared by the Panchayats and Municipalities in the district and to prepare a draft development plan for the district as a whole.

Section 270 of TM Act, 1994 also provides for constitution of a DPC. The DPC was to prepare a comprehensive District Development Plan (DDP). The DDP was to be forwarded to the State Government through the Decentralised Planning and Development Committee (DPDC) for integration into the State plan.

Audit observed that the Government of Tripura constituted DPC in all the four districts⁹ in September 2008. In February 2012, State Government decided that the existing DPCs should also have jurisdiction over the newly created (January 2012) four districts. Audit noticed that the State Government did not re-constitute the DPCs for each district and did not make it an effective institution for development planning in local bodies.

The Government accepted the fact (August 2021).

Recommendation: The State Government should constitute DPC in each district to ensure preparation of consolidated District Plan for effective decentralised governance.

2.2.8.3(v) Property Tax Board

As per para 10.161 (vii) of the Thirteenth Finance Commission (TFC) Report, State Governments must put in place a State Level Property Tax Board for availing

⁹ West Tripura, South Tripura, Dhalai and North Tripura

performance grants under TFC (*i.e.* during 2010-15). The Board, *inter-alia*, shall review the property tax system in ULBs and provide them technical guidance for assessment and revision of property tax. Government of Tripura constituted Property Tax Board in May 2011. Audit noticed that the Board remained non-functional. In terms of Rule 6 Tripura Municipal (Assessment and Collection of Property Tax) Rules, 2016, State Property Tax Board was formed in August 2018. However, the Board remained non-functional since its formation in August 2018 as no recommendation of the Board was found on record. It was, thus, evident that the Property Tax Board was constituted only to fulfil the conditions for obtaining performance grants under Central Finance Commission's award and the purpose for which the Property Tax Board was constituted, had been defeated.

The Government replied (August 2021) that on the basis of the recommendations of the Property Tax Board Board, base rate of circle value had been increased from ₹ 50 to ₹ 60 vide notification dated 28 August 2019 issued by the UDD.

The reply is not acceptable as the above notification was not in accordance with recommendation of Property Tax Board because it was an executive order of the UDD.

Audit Objective 2: To evaluate the effectiveness of the functions stated to have been devolved

2.2.8.4 Parastatals, their role and functions

The objective of the 74th CAA was to entrust delivery of major civic functions to ULBs. But, functions such as urban/ town planning, regulation of land use, water supply & sanitation and slum development continue to be delivered by parastatals as already indicated in **Table 2.2.2**. These parastatals were controlled by the State Government and had their own governing bodies which did not include elected representatives of the ULBs. They were directly accountable to the State Government rather than ULBs. The system of assignment of functions to parastatals undermines the accountability to the people.

The role of parastatals and their functions are discussed in the subsequent paragraphs.

2.2.8.4 (i) Limited Role of Agartala Municipal Corporation in implementation of Atal Mission for Rejuvenation and Urban Transformation

The primary objectives under Atal Mission for Rejuvenation and Urban Transformation (AMRUT) are to provide basic services *viz.* water supply, sewerage, urban transport to households and build amenities in cities which will improve the quality of life for all, especially the poor and the disadvantaged.

Ministry of Urban Development, Government of India selected the capital city *i.e.* Agartala in the State for implementation of AMRUT.

As per para 8.1 of AMRUT guidelines, the projects should be implemented by the ULBs. In case the ULBs do not have adequate capacity to handle the projects, the

State Government may recommend in State Level Action Plan (SAAP), upon resolution passed by the ULBs, for execution of the projects by specialised parastatal agencies of the State or Central Governments. Such arrangements should necessarily be executed by way of a tripartite Memorandum of understanding (MoU) amongst the State Government, the specialised parastatal agencies and the concerned Municipality. It was noticed in audit that no tripartite MoU amongst the State Government, the parastatal agencies and the AMC had been made.

It was also seen in audit that major works (98 *per cent*) under AMRUT were being implemented by the UDD and State PWD (Drinking Water and Sanitation) and only a few minor works were being executed by AMC. The details status of implementation of the projects are shown in **Appendix 2.2.3**.

Thus, the major works were being executed by UDD and State PWD (DWS) without tripartite MoU in violation of AMRUT guidelines.

2.2.8.5 Human Resources of ULBs

2.2.8.5 (i) Recruitment of staff

As per Section 75(3) of TM Act 1994, the officers and employees of a Municipality shall be appointed by the Mayor or, as the case may be, by the Chairperson in such manner, on such terms and conditions including their conduct, discipline and control, as may be prescribed. However, it was noticed in audit that no appointment had been made by the ULBs in the regular post during 2015-16 to 2019-20. Further, the Second Administrative Reforms Commission recommended that the city government should have the power to appoint all officials including the Commissioner. It was noticed in audit that the State Government had accorded the approval to the creation of post of Ward Secretary and System Analyst in AMC during 2015 and 2016 though no appointment was made there against. Thus, the power of creation of post was retained by the State Government. Thus, the ULBs lacked autonomy in creation of post despite having provision in TM Act. This was also not in accordance with the recommendation of the Second Administrative Reforms Commission as accepted by the Government of India.

The Government while accepting (August 2021) the audit observations, stated that the above system might be continued to regulate financial discipline.

2.2.8.5 (ii) Insufficient staff in urban local bodies

The discharge of functions by the ULBs would be effective with an adequate staff position. Scrutiny of staff position of 11 sampled ULBs revealed vacancies ranging from 55 *per cent* (Group C) to 57 *per cent* (Group D) among the various categories as shown in **Table 2.2.3**.

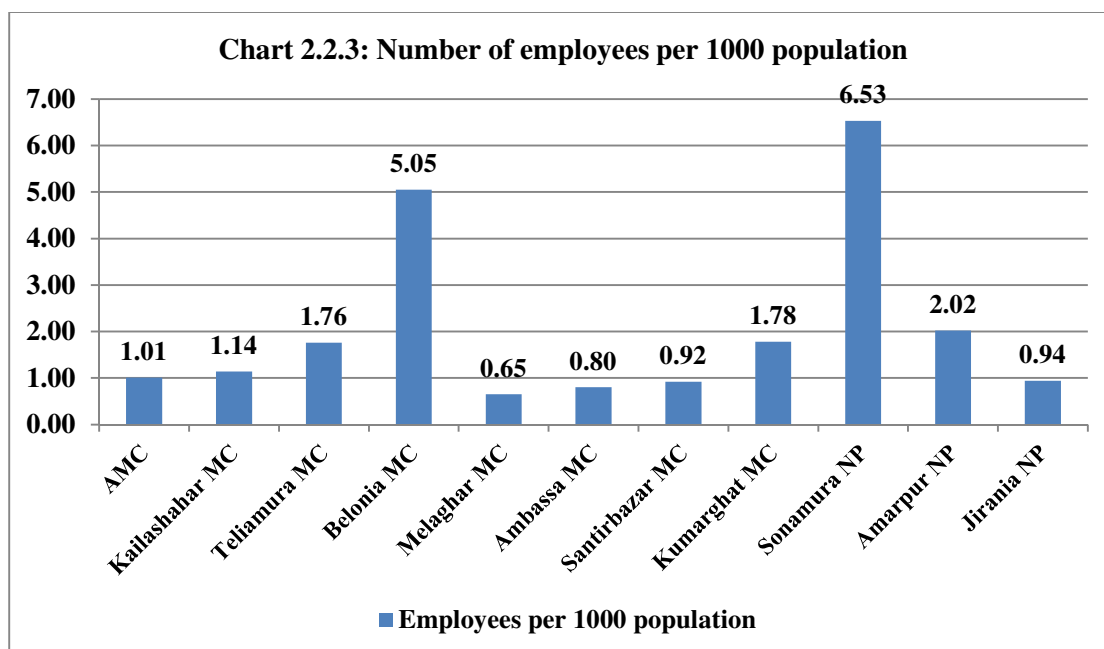
Table 2.2.3: Statement showing the staff position in 11 ULBs

Name of ULB	Category (A/B/C/D)	Sanctioned strength	Working strength			Vacancy	Percentage of vacancy
			Appointment	Deputation	Total		
Agartala Municipal Corporation	A	9	3	6	9	0	0
	B	39	20	4	24	15	38
	C	364	163	1	164	200	55
	D	366	316	0	316	50	14
Municipal Councils	A	14	2	10	12	2	14
	B	9	9	0	9	0	0
	C	108	65	1	66	42	39
	D	110	66	1	67	43	39
Nagar Panchayats	A	6	0	6	6	0	0
	B	2	1	1	2	0	0
	C	35	30	0	30	5	14
	D	83	34	2	36	47	57
	Total	1145	709	32	741	404	35

Source: Information furnished by ULBs

It can be seen from **Table 2.2.3** that there was overall shortage of 404 staff (35 per cent) against the sanctioned strength of 1,145 staff in all the ULBs in the State. In AMC there were 38 per cent and 55 per cent vacancies under group B and C respectively. In MCs there was 39 per cent vacancies noticed under group C and D. Under NPs there was 57 per cent vacancies under Group D.

Analysis of available manpower in the 11 sampled ULBs revealed that the number of employees of ULBs per 1,000 population ranged between 0.65 and 6.53 as indicated in **Chart 2.2.3**.



It can be seen from **Chart 2.2.3** that the ULBs of Melaghar, Ambassa, Santirbazar and Jirania had less than one employee per 1,000 population under their jurisdiction. Further, the ULBs namely AMC, Kailashahar MC, Teliamura MC, Kumarghat MC

and Amarpur NP had between one and two employees for every 1,000 population. Evidently, the ULBs lacked adequate manpower to carry out efficient delivery of service. The Government stated (August 2021) that action was being taken for providing necessary manpower for implementation of Centrally Sponsored Schemes (CSS) through outsourcing.

Recommendation: Adequate manpower should be provided to ULBs for discharging functions effectively.

Audit Objective 3: To assess whether the ULBs were empowered to access adequate resources including sufficient resources for discharge of functions stated to be devolved to them.

2.2.8.6 Financial resources of Urban Local bodies

Sustainable financing is paramount to ensure discharge of any function. The devolved functions can be carried out effectively by the ULBs only when they are supported with sufficient financial resources. Predictable fiscal transfers to ULBs need to be ensured through a robust State Finance Commission mechanism and compliance with State and Central Finance Commissions' recommendations. Access to own sources of revenue includes both the power to levy and collect from specific revenue streams.

2.2.8.6 (i) Estimation of requirements of funds/ expenditure

Section 260 of TM Act, 1994 provides that the budget estimates of a Municipality for a year should be prepared in the prescribed form and presented before a meeting of the Municipality, specially convened for the purpose, not later than the tenth day of March every year and shall be adopted after discussion within two weeks of presentation and a copy of the budget estimates adopted by the Municipality should be sent to the State Government.

Scrutiny of records revealed that out of 11 sampled ULBs, only AMC had prepared Performance Budget and Outcome Budget during 2015-16 to 2019-20. The other ULBs incurred expenditure of ₹ 310.32 crore during 2015-16 to 2019-20 without any budget estimates.

The Government while accepting (August 2021) the audit observations, stated that on formation of new Municipal authorities, the matter would be brought to the notice of respective Municipalities.

2.2.8.6 (ii) Source of revenue

The details of revenue of ULBs in the State during the period from 2015-16 to 2019-20 is indicated in **Table 2.2.4**.

Table 2.2.4: Details of revenues of ULBs during the period 2015-16 to 2019-20*(₹ in crore)*

Year	Grants	Own Revenue	Assigned Revenue as recommended by the SFC	Total Revenue	Percentage of own revenue to total revenue
2015-16	259.64	38.78	Nil	298.42	13
2016-17	655.70	37.64	Nil	693.34	6
2017-18	352.88	28.93	Nil	381.81	8
2018-19	517.76	36.64	Nil	554.40	7
2019-20	404.89	42.04	Nil	446.93	10
Total	2190.87	184.03	Nil	2374.90	8

Source: Information furnished by UDD

It can be seen from **Table 2.2.4** that the percentage of own revenue to total revenue during 2015-16 to 2019-20 ranged between six *per cent* (2016-17) to 13 *per cent* (2015-16). The major source of revenue of ULBs in the State was grants from the State Government. The First State Finance Commission recommended for sharing of taxes/ assigned revenue between the State and ULBs, but these were not implemented. Thus, the ULBs did not receive any assigned revenue.

The Government accepted (August 2021) the fact and stated that necessary initiative would be taken up with the newly elected body of each Municipality after general elections to the Municipalities.

Recommendation: The ULBs need to increase their own revenue for self-reliance to the extent possible and State Government should share some portion of assigned revenue with the ULBs.

2.2.8.6 (iii) Devolution of funds to different ULBs

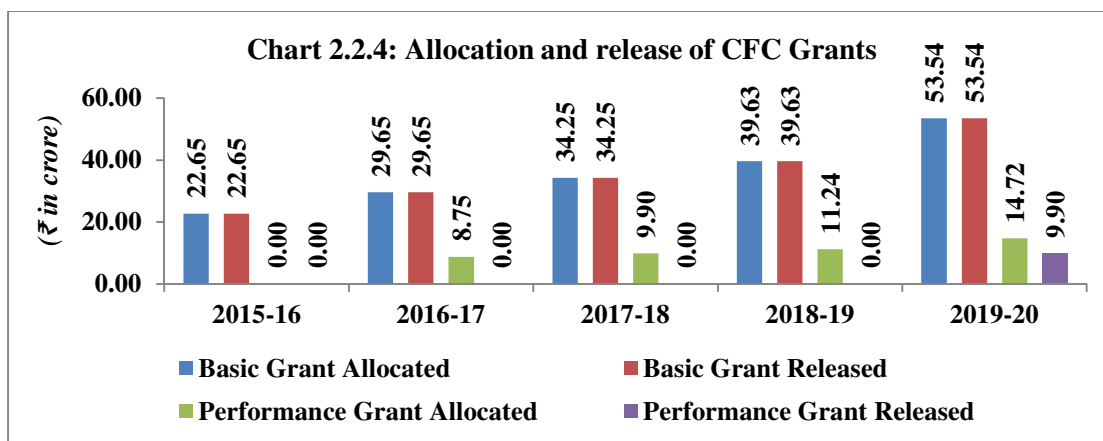
State Government devolved funds to ULBs during 2015-16 to 2019-20 based on the recommendation of Fourteenth Central Finance Commission in terms of population and area at the ratio of 90:10 as presented in **Appendix 2.2.4**.

It can be seen from **Appendix 2.2.4** that overall devolution of Central and State scheme funds to the ULBs in 2017-18 and 2019-20 decreased consecutively as compared to 2016-17 and 2018-19.

2.2.8.6 (iv) Central Finance Commission grants

Article 280(3) (C) of the Constitution mandates the Central Finance Commission (CFC) to recommend measures to augment the Consolidated Fund of a State to supplement the resource of Municipalities based on the recommendations of the respective State Finance Commissions. The Fourteenth Finance Commission (FFC) recommended basic grant and performance grant to ULBs as a percentage of divisible pool account.

Chart 2.2.4 depicts the allocation and release of CFC grants during the period from 2015-16 to 2019-20.



Source: Urban Development Department

It can be seen from **Chart 2.2.4** that the FFC recommended a total allocation of ₹ 179.72 crore under basic grants for the period 2015-20 and ₹ 44.61 crore under performance grants for the period 2016-20 for ULBs in the State. The State received the complete allocation of basic grants of ₹ 179.72 crore for the period 2015-20. It was observed that the State Government received the performance grants of ₹ 9.90 crore only out of ₹ 44.61 crore. Thus, there was short receipt of performance grants of ₹ 34.71 crore *inter-alia* due to non-fulfilment of the following conditions as envisaged in the paragraph 13 of FFC guidelines;

- (i) The ULBs will have to submit audited accounts that relate to year not earlier than two years preceding the year in which the ULBs seek to claim the performance grant.
- (ii) The ULBs will have to show an increase in their own revenues over the preceding year as reflected in the audited accounts.

Audit observed that due to non-preparation of annual accounts for the year 2013-14, the ULBs did not receive performance grants in 2015-16. Similarly, the ULBs did not receive performance grants in 2016-17, 2017-18 and 2018-19 due to non-preparation of annual accounts.

The Government accepted (August 2021) the audit observations.

2.2.8.6 (v) 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 Act 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, to make recommendations to the Governor for devolution of funds and to suggest measures needed to improve the financial position of the local bodies. Section 269 of TM Act, 1994 provides for constitution of the SFC.

2.2.8.7 Status of constitution of the State Finance Commission

The State Government had constituted four State Finance Commissions. But, there were delays in constitution of SFCs as detailed in **Table 2.2.5**.

Table 2.2.5: Statement showing the delay in constitution of SFCs, etc.

SFC	To be constituted as per Constitutional Amendment Act	Actually constituted	Delay in constitution (in days)	Date of submission of reports by the SFCs	Date of acceptance of reports by the State Government	Delay in acceptance (in days)	Period covered
1 st SFC	By 31 May 1994	19 November 1998	1633	17 September 1999	27 November 2000	437	1998-99 to 2002-03
2 nd SFC	1999-2000	Not constituted	–	–	–	–	2005-06 to 2009-10
3 rd SFC	2004-05	27 January 2011	788	Not submitted	–	–	2012-13 to 2016-17
4 th SFC	2009-10	20 March 2013	–	11 January 2018	Not accepted	–	2017-18 to 2020-21
5 th SFC	2014-15	4 June 2020	796	8 February 2021	Under consideration of the Government	–	2021-22 to 2025-26

Source: UDD, Government of Tripura

The Government accepted the fact of delay in constitution of SFCs. However, it remained silent on non-constitution of second SFC, non-submission of the third SFC report and non-acceptance of fourth SFC report.

Recommendation: *Delay in constitution of SFCs should be avoided and the accepted recommendations of SFCs should be fully implemented.*

2.2.8.8 Own revenue of urban local bodies

ULBs do not have a large independent tax domain. The property tax on land and buildings is the mainstay of ULB's own revenue. The own non-tax revenue of ULBs comprises water charges, rent from commercial establishments, trade licences, fee for sanction of plans/ mutations, etc. The collection of own revenue of ULBs for the period 2015-16 to 2019-20 is shown in **Appendix 2.2.5**.

Section 192 of TM Act, 1994 stipulates that while the authority to levy, collect and appropriate certain taxes like property tax, advertisement tax, etc. vested with the ULBs; the extent, assessment and collection of such taxes shall be governed by the Acts and Rules made thereunder by the State Government.

It was noticed in audit that the powers pertaining to fixing the rates and revision thereof (Advertisement Tax), procedure of collection (Property Tax), method of assessment, exemptions, concessions (Property Tax, Advertisement Tax), etc. were vested with the State Government. The ULBs, thus, lacked complete autonomy in generating own revenue. Year-wise collection of tax revenue and non-tax revenue by the ULBs is shown in **Table 2.2.6**.

Table 2.2.6: Year-wise collection of tax revenue and non-tax revenue by the ULBs*(₹ in crore)*

Sl. No.	Tax/ Non-tax Revenue	2015-16	2016-17	2017-18	2018-19	2019-20
1	Tax Revenue	9.95	11.70	10.89	14.55	15.23
2	Non-tax Revenue	28.83	25.94	18.04	22.09	26.81
3	Total	38.78	37.64	28.93	36.64	42.04

Source: Urban Development Department

The major source of revenue was Property Tax. During 2015-16 to 2019-20, the tax revenue increased marginally (except 2017-18). The sources of non-tax revenue are trade license, rent, *etc.* From **Table 2.2.6**, it can be seen that the non-tax revenue has decreased during 2016-17 to 2019-20 as compared to 2015-16. It was noticed in audit that the ULBs did not take any action against the defaulters for not depositing the property tax, trade license fees and outstanding rent from market stalls.

The Government accepted (August 2021) the fact.

2.2.8.8 (i) Property tax

The ULBs were empowered to levy property tax every year on land and buildings within their jurisdiction under section 193 of the TM Act. The notification issued in March 2016 by the Urban Development Department, Government of Tripura provides the rate of property tax on the basis of Annual Property Value effective from April 2016. The following shortcomings were noticed with regard to realisation of property tax:

- Annual Property Value system¹⁰ was introduced by the Urban Development Department in April 2016. It was observed that the system was not adopted by Sonamura Nagar Panchayat (April 2021). Amarpur Nagar Panchayat and Satirbazar Municipal Council introduced the system after three years of issuance of the notification *i.e.* in April 2019 and in August 2019 respectively;
- Survey of properties was not conducted by any of the sampled ULBs;
- All Central Finance Commissions have recognised the need to augment property tax revenue to improve municipal finances. The eleventh, twelfth and thirteenth Finance Commissions encouraged the use of Geographic Information System (GIS) in digitalise environment to improve property tax administration. Audit observed that GIS based system for mapping of properties was not introduced in any ULB (March 2021);
- Property Tax on telecommunication towers was not collected by any sampled ULB;
- Arrears in collection of property tax and non-maintenance of Demand, Collection and Balance (DCB) statements were noticed in the sampled ULBs. The accumulated arrears of property tax in 11 ULBs as of March 2020 was ₹ 127.23 lakh as shown in **Table 2.2.7**.

¹⁰ As per Letter No. F.14(2)-UDD/DUD/2013/10916-37 dated 16/03/2016, a Guidelines on implementation of Tripura Municipal (Assessment and Collection of Property Tax) Rules, 2016 was circulated by the Directorate of Urban Development for implementation in all Municipalities existed in Tripura. Subsequently a notification was issued by the Urban Development Department, Government of Tripura for the computation of the tax from 1 April 2016.

Table 2.2.7: Statement showing accumulated arrears of property tax in 11 ULBs

Sl. No.	Name of ULB	Accumulated arrears of property tax in the ULBs at the end of March 2020 (₹ in lakh)
1	Agartala Municipal Corporation	58.16
2	Kailashahar MC	2.94
3	Teliamura MC	1.01
4	Belonia MC	2.06
5	Melaghar MC	2.03
6	Ambassa MC	0.77
7	Santirbazar MC	9.54
8	Kumarghat MC	41.24
9	Sonamura NP	3.18
10	Amarpur NP	1.76
11	Jirania NP	4.54
Total		127.23

Source: 11 sampled ULBs

The Government accepted (August 2021) the audit observations and stated that this was noted for guidance.

2.2.8.8 (ii) Rent from market stalls

Section 183 of Tripura Municipal Act 1994 empowers the Municipalities to charge premium, stallage, rent or fee as may, from time to time, be fixed in this behalf for the occupation or use of any stall, shop, stand, shed or open space in Municipal markets or Municipal slaughter houses.

Scrutiny of records revealed that rent amounting to ₹ 6.91 crore was in arrears at the end of March 2020 in 11 sampled ULBs, which is shown in **Table 2.2.8**.

Table 2.2.8: Statement showing outstanding stall rents in 11 ULBs

Sl. No.	Name of the ULB	Total number of markets	Total number of Market stall Holder	No. of stalls renewed	Total collection of stalls rent as of 31 March 2020 (₹ in lakh)	Outstanding amount of stall rent as of 31 March 2020 (₹ in lakh)
1	AMC, Central Zone	14	3824	0	134.52	540.38
2	AMC, East Zone	1	141	0	5.16	1.76
3	AMC, North Zone	2	105	0	1.89	17.34
4	AMC, South Zone	4	223	0	2.12	1.37
5	Jirania Nagar Panchayat	3	112	0	1.62	1.11
6	Ambassa Municipal Council	11	171	117	6.67	1.08
7	Kailashahar Municipal Council	17	266	0	6.02	80.75
8	Kumarghat Municipal Council	3	231	0	13.81	10.84
9	Teliamura Municipal Council	2	162	0	3.47	10.63
10	Melaghar Municipal Council	5	46	0	0.39	0.75
11	Belonia Municipal Council	17	583	2	20.29	1.96
12	Amarpur Nagar Panchayat	16	326	2	17.15	17.76
13	Santirbazar Nagar Panchayat	5	65	0	3.21	4.47
14	Sonamura Nagar Panchayat	10	398	2	6.75	0.58
Total		110	6653	123	223.07	690.78

Source: 11 sampled ULBs

No stringent actions were taken by the ULBs to realise the outstanding rent. It was noticed in audit that the ULBs did not maintain Demand Registers. Though the

Collection Registers were maintained, but details regarding total number of stalls, number of stalls allotted, serial number of stalls, date of agreement, expiry date of agreement, etc. were not maintained in the Collection Registers.

Audit observed that no standard protocol was set by the ULBs for entering into agreements with the tenants stipulating the terms and conditions including conditions for revision of rent. Agreements were not renewed in 6,530 out of 6,653 cases in six ULBs out of 11 sampled ULBs and the shop keepers were running their businesses without renewal fees. The Government accepted (August 2021) the audit observations and stated that this was noted for guidance.

2.2.8.8 (iii) Trade license

As per Section 201 of TM Act, 1994 the amount of fees on licence and permits issued by a Municipality under this Act, shall be determined by the Municipality from time to time with the approval of the State Government. Such fees are to be paid at the time of obtaining or renewing licence or permits. Any profession, trade and employment or any other gainful activity in the Municipality area which require a licence or a permit under any other law shall also require a Municipal licence or permit to be obtained and renewal in such manner as may be provided in the regulation.

Scrutiny of the records showed that arrears in collection of trade licence fees of ₹ 6.01 crore and total number of trade licences due for renewal was 21,175 as of March 2020 in 11 sampled ULBs, which is shown in **Table 2.2.9**.

Table 2.2.9: Statement showing outstanding stall rents in 10 ULBs

Sl. No.	Name of the ULB	Total number of trade license (TL) issued (upto 31.03.2020)	Total number of TL due for renewal as of 31.03.2020	Total amount of TL fees due as of 31.03.2020 (₹ in lakh)	Total amount of TL fees collected during 2019-20 (₹ in lakh)	Outstanding amount of TL fees as of 31.03.2020 (₹ in lakh)
1	Agartala Municipal Corporation	24207	15616	760.26	211.10	549.16
2	Jirania NP	1004	376	3.06	3.04	0.02
3	Santirbazar MC	763	389	6.06	1.95	4.11
4	Kumarghat MC	1964	1413	38.76	4.90	33.86
5	Kailashahar MC	1428	338	3.75	2.91	0.84
6	Ambassa MC	1353	803	6.52	4.07	2.45
7	Amarpur NP	395	127	2.65	1.89	0.76
8	Melaghar MC	657	259	7.04	4.73	2.31
9	Belonia MC	2009	637	7.56	3.38	4.18
10	Teliamura MC	2947	761	10.13	7.84	2.29
11	Sonamura NP	698	456	4.92	3.87	1.05
Total		37425	21175	850.71	249.68	601.03

Source: 10 sampled ULBs

No mechanism existed for monitoring the renewal of trade licences and failure to renew trade licences resulted in an approximate loss of revenue of ₹ 6.01 crore to the 11 sampled ULBs.

The Government accepted (August 2021) the audit observations.

Recommendation: The ULBs should be vested with complete autonomy in generating own revenue through amendment of TM Act, 1994.

2.2.8.8 (iv) Imposition of penalties/ fines under Solid Waste Management Rules

Solid Waste Management (SWM) is one of the key functions of the ULBs. In exercise of the power conferred on UDD by Rule 6(24) and Rule 7(8.1) of the Tripura Municipal Solid Waste (Management and Handling) Cleanliness and Sanitation Rules, 2019, UDD notified (July 2019) the rates of penalties/ fines to be imposed by ULBs for violation of the said Rules as shown in **Appendix 2.2.6**.

Audit observed that AMC had implemented Rule 5(8) of the Tripura Municipal Solid Waste (Management and Handling) Cleanliness and Sanitation Rules, 2019 on demolition waste only. The other sampled ULBs did not implement any of the said Rules. Thus, the purpose for framing the Rules for maintenance of cleanliness and sanitation, had been defeated. On the other hand, the ULBs could have generated potential revenue had the Rules been implemented.

The Government accepted (August 2021) the audit observations.

2.2.8.8 (v) Tapping of various sources of revenue by ULBs

The ULBs levied and collected non-tax revenue such as building plan fees, fees on licence and permits, trade licence, rent from shops/ markets/ commercial establishments, etc. But the following sources of non-tax revenue were not tapped in spite of having provisions in Tripura Municipal (TM) Act, 1994 as shown in **Table 2.2.10**.

Table 2.2.10: Statement showing revenue sources not tapped by the ULBs

Sl. No.	Source of revenue	Provision in TM Act
1	Tolls from bridges	Section 200
2	Entry fee on passenger vehicles	Section 206
3	Levy on congregation	Section 207
4	Levy of surcharge on property tax for commercial, industrial or such other non-residential purposes	Section 208

The Government accepted (August 2021) the fact.

2.2.8.9 Expenditure pattern of urban local bodies

The expenditure of ULBs can be categorised into five major categories such as expenses on human resources, administrative expenses, operation and maintenance expenses, interest and finance expenses and expenses on implementation of programmes. The details of expenditure incurred by 20 ULBs in the State during the period from 2015-16 to 2019-20 are exhibited in **Table 2.2.11**.

Table 2.2.11: Details of expenditure incurred by 20 ULBs in the State

(₹ in crore)

Year	2015-16	2016-17	2017-18	2018-19	2019-20	Total expenditure	Expenditure in per cent
Expenses on human resources	17.28	22.83	18.57	19.58	18.74	97.00	9.79
Administrative expenses	15.98	21.34	14.02	9.54	10.38	71.26	7.19
Operation and maintenance expenses	14.16	15.71	11.96	9.45	6.47	57.75	5.83
Interest & Finance expenses	0.29	0.67	0.06	0.23	0.20	1.45	0.15
Expenses on implementation of programmes/ schemes	188.02	166.28	155.16	151.45	102.10	763.01	77.03
Total	235.73	226.83	199.77	190.25	137.89	990.47	

Source: Information furnished by ULBs

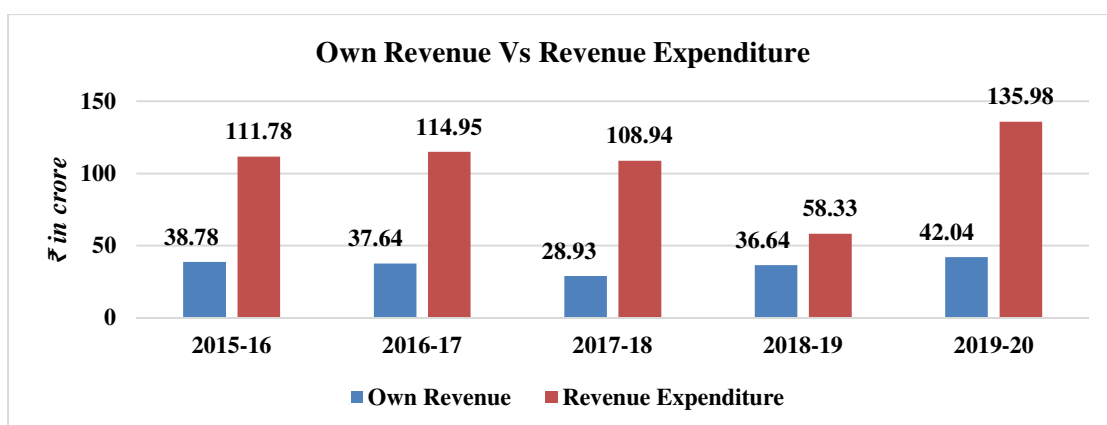
The overall operation and maintenance expenses and interest & finance charges constituted about 5.83 per cent and 0.15 per cent respectively of the total expenditure. A major portion of expenses was incurred on human resources and administrative expenses i.e. 17 per cent.

The Government accepted (August 2021) the fact and stated that the matter would be brought to the notice of the newly elected body of each Municipality after the general elections to Municipalities.

2.2.8.10 Resource-expenditure gap

The ULBs were able to generate own resources only to the extent of 35 per cent of the revenue expenditure during the period from 2015-16 to 2019-20. A comparison of the own revenue to revenue expenditure showed large gaps as depicted in Chart 2.2.5, which needs to be addressed by ULBs.

Chart 2.2.5: Resource-expenditure gap in ULBs



Source: Urban Development Department and Urban Local Bodies

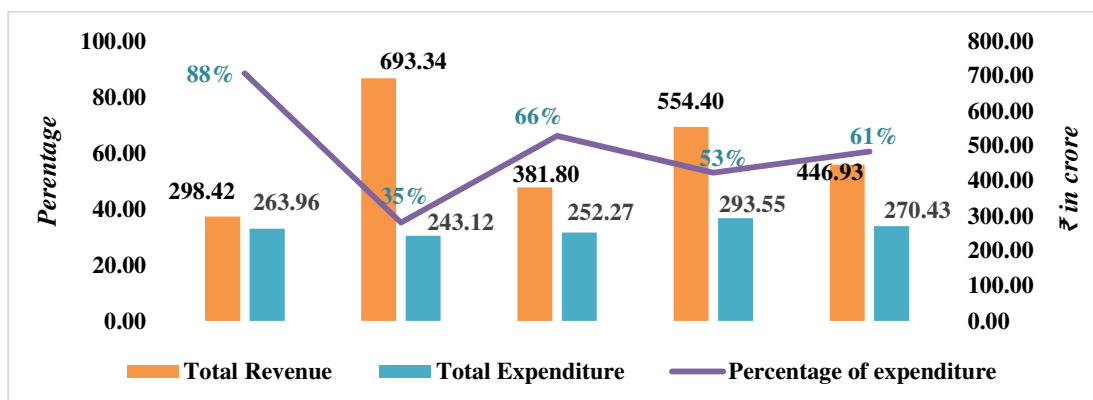
The major portion of Grants-in-aid and funds transferred for implementation of schemes were utilised under revenue expenditure.

The Government accepted (August 2021) the fact.

2.2.8.11 Extent of utilisation of funds

A comparison of the total expenditure with total revenue for the period from 2015-16 to 2019-20 showed that ULBs had been able to utilise on an average about 61 per cent of the available funds each year as depicted in **Chart 2.2.6**.

Chart 2.2.6: Extent of utilisation of funds



Source: Urban Development Department and Urban Local Bodies

From **Chart 2.2.6**, it can be seen that the ULBs were able to utilise 35 per cent to 88 per cent of the available funds only during 2015-16 to 2019-20 due to non-preparation of annual action plan, non-execution of various development works owing to site dispute, shortfall in generation of man-days in implementation of works under TUEP, etc.

The Government accepted (August 2021) the above facts.

2.2.8.12 Accounting reforms

Based on the recommendations of Eleventh Finance Commission, the Ministry of Urban Development, Government of India (GoI) in consultation with Comptroller and Auditor General of India developed the National Municipal Accounts Manual (NMAM) which was based on double entry accrual based system of accounting. The Urban Development Department (UDD), Government of Tripura had drafted (June 2010) the 'Tripura Municipal Accounting Manual' based on the NMAM. The Manual was finalised in 2011.

The UDD instructed all ULBs to switch over to the accrual based double entry accounting system from April 2011. The accrual based double entry accounting system was being implemented in AMC. However, the other Municipal Councils and Nagar Panchayats had not introduced the same due to lack of expertise.

Thus, due to non-maintenance/ irregular maintenance of accounts, the true and fair annual position of the ULBs could not be ascertained.

2.2.13 Conclusion

The Government of Tripura through enactment of Tripura Municipal Act, 1994 transferred all the 18 functions to ULBs. In practice, functions like fire service, creation and maintenance of water supply were discharged by the State Government departments. Non-functioning of Ward Committees and District Planning Committees affected the effective implementation of devolved functions by ULBs.

Although the State Property Tax Board was constituted, it remained non-functional. The ULBs, thus, lacked technical guidance for assessment and revision of Property Tax. They also lacked adequate manpower to carry out efficient delivery of services. Vacancies ranging from 14 *per cent* to 57 *per cent* among the various categories affected the functioning of the ULBs. Non-constitution of second SFC, non-submission of the third SFC report and non-acceptance of fourth SFC report by the State Government was a constraint in strengthening ULBs which also defeated the very purpose of the institution.

The ULBs lacked adequate resources of their own which affected service delivery to the citizens. Powers pertaining to the rates and revision of taxes thereof, procedure of collection and method of assessment were vested with the State Government, which eroded the autonomy of ULBs in generating their own revenue.

2.2.14 Recommendations

The following recommendations are proposed;

- 1. State Government should devolve all 18 functions listed in the twelfth Schedule of the Constitution of India to all Urban Local Bodies in the State;*
- 2. Ward Committee should convene regular meetings to facilitate community participation;*
- 3. State Government should check the violation of provisions on implementation of Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and strictly follow the GoI guidelines on implementation of the scheme;*
- 4. State Property Tax Board needs to be made functional to provide technical guidance to the ULBs for assessment and periodical revision of property tax;*
- 5. ULBs need to increase their own revenue for self-reliance to the extent possible and take action to recover arrears of revenue;*
- 6. Delay in constitution of SFCs should be avoided and the accepted recommendations of SFCs should be fully implemented;*
- 7. All ULBs in the State should switch over to accrual based accounting system as per the Tripura Municipal Accounting Manual.*