

CHAPTER-IV
Audit Findings on
Urban Local Bodies

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AUDIT FINDINGS ON URBAN LOCAL BODIES

This chapter contains Compliance Audit of 'Functioning of Municipal Corporation, Udaipur' and four paragraphs relating to Urban Local Bodies.

COMPLIANCE AUDIT

Local Self Government Department

4.1 Functioning of Municipal Corporation, Udaipur

4.1.1 Introduction

Udaipur Municipal Council was converted into Municipal Corporation (M Corp) in April 2013. The M Corp, Udaipur has 70 municipal wards. Udaipur is spread across 64 square km area having a population of 4.51 lakh (census 2011).

At the State level, the Local Self Government Department (LSGD) is the administrative department dealing with affairs of the Urban Local Bodies (ULBs) with the Directorate Local Bodies (DLB) as its nodal office. The DLB performs monitoring and coordinating functions for all ULBs. The Mayor is the elected head and Commissioner is the executive head of M Corp, Udaipur.

Functioning of Municipal Corporation Udaipur during the period of 2013-14 to 2017-18 was test checked from April 2018 to October 2018 and updated for the period 2018-20 from 21 December, 2020 to 15 January 2021. The areas covered during audit were planning, delivery of services, contract management, resource mobilisation, financial management and internal control. Against the total receipts of ₹ 1,112.52 crore, the M Corp incurred an expenditure of ₹ 1,146.91 crore during 2013-20

Audit Findings

4.1.2 Planning

4.1.2.1 Development of Udaipur City

Section 159 of Rajasthan Municipal Act (RMA), 2009 provides that the Municipality, with a view to secure planned and integrated development of the city and balanced use of the land, shall carry out a detailed survey of the city. It shall prepare a Master Development Plan (MDP) for 20 years and other statutory plans such as Execution Plan for five years and Annual Municipal Action Plan for one-year period. In this regard, it was observed that:

(i) Twenty years MDP of Udaipur city for the period from 2011 to 2031 was prepared and notified (September 2013). As per MDP, M Corp, Udaipur

was required to establish a cell¹ and to prepare a plan for redevelopment of existing slum areas and sector plans at regular intervals for the systematic implementation of MDP. However, zonal and sector plans were still under process in Urban Improvement Trust (UIT), Udaipur and M Corp only constituted a heritage cell for removal and prohibition of encroachment near and around the lakes area and conservation of heritage places (17 December 2020).

(ii) Municipal Corporation did not prepare the five-year execution plan and annual municipal plan during 2013-20. In the absence of such plans, development of the city could not be ensured in a systematic manner. The works were executed on the basis of recommendations of existing committees, ward *parshads* or decided by the M Corp officials.

The State Government stated (February 2019) that MDPs of all municipalities in Rajasthan were prepared by Town Planning Department. MDP prepared by Town Planning Department for Udaipur was adopted by the M Corp, Udaipur and action is being taken as per adopted MDP. The reply is not tenable as neither the sector plan was prepared by UIT Udaipur nor the five years and annual execution plans prepared by the M Corp (January 2021).

4.1.2.2 Execution of functions

As per Section 45 of RMA, 2009, it shall be the duty of every municipality to make reasonable provision and proper arrangements to perform functions relating to public health, solid waste management, drainage, sewerage, street lighting, fire control etc., and regulate the construction of buildings in the municipal area.

4.1.2.3 Solid Waste Management

Management of Solid Waste (Management and Handling) Rules, 2000 and Solid Waste Management Rules, 2016 make every municipal authority responsible for collection, storage, segregation, transportation, processing and disposal of solid waste for urban areas. In this regard, following were observed in audit:

(i) Non-preparation of Detailed Project Report (DPR): According to Swachh Bharat Mission (SBM) Guidelines 2014, DPR was to be prepared at the earliest for Solid Waste Management (SWM). No such DPR for SWM was prepared by the M Corp till December 2020. This indicates that works under the SWM activities were being carried out without proper assessment and planning.

1 (i) For removal and prohibition of encroachment near and around the lakes area and
(ii) To prepare a plan for the conservation of heritage places.

The State Government stated (February 2019) that the M Corp has got a gap assessment report prepared by a consultant for SWM and a thesis done by a Ph.D scholar of Sukhadia University was also helpful. The reply is not tenable as neither of these can be substitute for a focussed DPR made for the purpose. The thesis of Ph.D scholars was not made available to audit, but it can only be an input to the action plan/DPR. Further gap assessment report (2018) stipulates only gaps between activities which are supposed to be conducted as per SWM rules and actually conducted by the M Corp without futuristic assessment of machinery, manpower or disposal of solid waste including collection, segregation and transportation.

(ii) Assessment of Municipal Solid Waste (MSW): As per para 3.3.1 of SWM Manual, 2000, an analysis of the composition, characteristics and quantities of solid waste is essential as it provides the basic data for planning, designing and operating activities for management of waste.

The M Corp, Udaipur did not have accurate data of MSW generated during 2013-20 in their municipal area. The M Corp intimated that 5,400 metric ton per month solid waste was generated during the period 2017-18 to 2019-20 but 6,687.7 metric ton and 6006 metric ton per month for the year 2017-18 and 2019-20 respectively is shown in service level benchmarks return, submitted to DLB.

The State Government stated (February 2019) that MSW characterization to identify the composition of the waste has already been done. The reply is not tenable as there were inconsistencies between MCorp's own data. Thus, in the absence of realistic data, planning, designing and operating activities for SWM could not be ensured. Further, no information in this regard was provided to audit.

(iii) Collection, segregation and transportation of MSW: As per MSW Rules, 2000 the municipality shall ensure that all waste that is generated in the municipal area, is collected (door to door), segregated and transported (in covered vehicles) in a hygienic manner.

The M Corp intimated that solid waste is being collected from door to door and dry and wet wastes are being segregated at source in separate containers in all 70 wards.

However, joint physical verification (6 January 2021) in Titaradi and Balicha revealed that 20 ton per day (TPD) waste was being processed in Titaradi and remaining 160 TPD waste was being collected and dumped together without segregation at the dumping site Balicha.

(iv) Processing and disposal of waste: As per MSW Rules, 2000 municipal authorities shall adopt suitable technology to make use of waste to minimize burden on landfills. Further, land filling should be restricted to non-biodegradable, inert waste only. The M Corp identified a land at Titaradi and Balicha for development of landfill. During joint physical inspection (January 2021) it was noticed that land fill site was developed at Titaradi and 60 TPD process plant for wet and dry waste was running. However, only 20 TPD was

processed. In Balicha, 20 TPD of food waste process plant (Bio methane Plant), 100 TPD dry & waste plant was under construction. Thus, out of 180 TPD generated in Udaipur city only 20 TPD waste was processed and remaining 160 TPD waste was being dumped at Balicha on open land. Waste is being burnt and stray animals were eating the waste. The segregation was being executed at collection centre but MSW was dumped together at land fill sites. Further, no records regarding dumping and disposal of waste at dumpsite was maintained by the M Corp.

The State Government while accepting the facts stated (February 2019) that a work order for development of sanitary landfill site at Balicha has been issued and that the work shall commence after environment clearance.

4.1.2.4 Sewer System

As per Service Level Benchmark (SLB) information 2020, there were 1,05,000 households (HHs) residing in 70 wards of Udaipur city. Scrutiny of information provided by the M Corp revealed that sewer facility was available in 33 wards only covering 44,200 (42.09 *per cent*) HHs and the work of laying sewer line was in progress in 8 wards covering 12,903 HHs (12.29 *per cent*). The M Corp has no plans for providing sewer line in remaining 29 wards covering 47,897 HHs (45.62 *per cent*).

Further, as per DPR of AMURT scheme, out of 56.60 million liters per day (MLD) sewage being generated, only 30.98 MLD (54.73 *per cent*) sewage of 41 wards was being treated through sewage treatment plant (STP). M Corp has no plan for remaining 25.62 MLD sewage generated by remaining 29 wards. The sewage was being discharged untreated either in water bodies or in earthen pits.

Tests conducted² on the quality of water in Pichola lake by Rajasthan State Pollution Control Board (RSPCB) for the period 2013-18 revealed that the presence of E-coli bacteria³ ranged from 4 to 21 MPN⁴/100ml (2013-18) to 11 to 93 MPN/100ml (2019-20) in the water and the source of this bacteria was human excreta. It was also indicated in the City Sanitation Plan (2013). Thus, due to the inadequacy of sewer facilities, untreated sewage continues to cause water pollution in Udaipur city.

The State Government while accepting the facts stated (February 2019) that three Sewerage Treatment Plants were under construction and after completion of these STPs the total treatment capacity would be 60 MLD. Audit noticed that the reply was silent on plans for providing sewer line in remaining 29 wards. Thus, 45.62 *per cent* population of Udaipur city was still out of reach of the sewerage facilities.

2 RSPCB conducts monthly testing of water of Pichola lake.

3 E-coli refers to a wide range of bacteria that can cause various diseases, including pneumonia, urinary tract infections and diarrhea.

4 Most probable number.

4.1.2.5 Drainage System

As per section 200 of RMA 2009, covered sewers and drains shall be provided by the municipality with proper traps or other coverings. As per City Sanitation Plan 2013 (CSP), total length of drainage was 1,031 km in 2013. Further as per CSP, 31 km existing major drains were mostly irregular and unlined and the drains were full of weeds, vegetation, silt, and rubbish. CSP also indicated that the drains were insufficient to carry the runoff during storm resulting in flooding of adjacent roads and colonies.

The State Government replied (February 2019) that out of total 1031 km length of drainage, only 860 km drainage is under the M Corp and remaining 171 km drainage is in outskirts of city and lying with UIT. Further, M Corp accepted (January 2021) that 173.575 Km drain was still uncovered which strengthen the audit contention about the issues narrated above.

4.1.2.6 Cleaning of Public Toilets

The M Corp, Udaipur outsourced two contractors for cleaning of the 184 public toilets in Udaipur during the period December 2015 to April 2018 and thereafter it is being done by departmental staff at their own level. The work was outsourced with the condition that if toilets were not found cleaned, a penalty of ₹ 200 per toilet per day will be imposed.

The Health Officer, M Corp, Udaipur had instructed (December 2015 and January 2016) all Health Inspectors/Officers-in-charge to conduct regular inspection of cleaning of public toilets in their respective sectors and inspection report should be maintained, so that the payment could be made accordingly. However, payments were made without enclosing inspection reports and nominal penalty of ₹ 200 was charged for a few toilets only for the period December 2015 to April 2018. In this respect M Corp Udaipur's Mayor, (October 2016) and Commissioner (September 2017) had also raised the issue of unsatisfactory cleanliness and M Corp Udaipur itself executed the toilets cleaning work from 2018. Even after that, due to lack of regular inspections public toilets were not cleaned up properly. Further, Joint physical inspection of 65 toilets (July 2018 and January 2021) revealed that all the toilets were highly dirty and unusable. Thus, the toilets were not usable whether they were maintained by the contractor or by the M Corp Udaipur.



Unhygienic toilets

4.1.2.7 Fogging Activity

To prevent bacteria based diseases, fogging activity was to be executed by M Corp, Udaipur. For fogging, a solution i.e. Pyrethrin chemical and diesel were to be mixed in the prescribed ratio of 1:19.

The M Corp, Udaipur carried out fogging in Udaipur city twice in a year (May and September), in accordance with the technical guidance of Chief Medical and Health Officer, Udaipur. Scrutiny of records revealed that the solution of Pyrethrin chemical and diesel was used in fogging in the ratio ranging from 1:24 to 1:68 during the period 2013-20 (records for the year 2016 was not made available to Audit). It indicates that diluted solution of Pyrethrin was used and it appeared ineffective as number of persons infected from malaria and dengue increased from 1642 to 1989 and 276 to 453 respectively from 2013-14 to 2017-2018.

The State Government stated (February 2019) that solution of Pyrethrin chemical and diesel was mixed as per climate and direction of the experts of Chief Medical & Health Officer (CMHO). The reply is not tenable as CMHO Udaipur stated (January 2021) that solution of Pyrethrin chemical and diesel should be prepared every time in the ratio of 1:19.

4.1.2.8 Fire Prevention and Fire Safety

(i) Non-issuance of fire NOC: Section 255 of RMA, 2009 stipulates that the owner or the occupier of any premise in the municipal area should make such arrangements as may be necessary for fire prevention and fire safety in the municipal area and may also require the owner or the occupier to obtain a No Objection Certificate (NOC). NOC is essential for 15 meters or higher residential and all the commercial buildings situated within the municipal area. Provisional/final fire NOC should be issued within 35 days of receipt of application and was to be renewed every year.

It was observed that M Corp neither conducted any survey for identification of actual number of buildings prone to fire hazard nor had any database of buildings for which NOC/ renewal of NOC is required. The M Corp issued building permission certificates by mentioning a condition of making proper arrangement for fire prevention as per National Building Code. It did not issue any building completion certificate during 2013-20 which requires fire NOC. This indicated that the M Corp did not ensure whether fire fighting arrangements were available in these building premises.

Further, during 2013-20, fire NOC was issued only in 370 cases and nine cases were not finalised till December 2020. In 12 out of 370 cases, fire NOC was issued with a delay of 2 to 65 months against the prescribed period of 35 days. Due to non-renewal of fire NOC charges⁵ in six residential/

5 For residential and industrial buildings: ₹ 1 and ₹ 2 per square feet on total built up area for first time and 50 per cent amount on renewal per year; for commercial buildings: ₹ 1.50 per square feet for height upto 15 meters and thereafter ₹ 2 per square feet for the first time and 50 per cent amount on renewal per year.

commercial/industrial buildings, a loss of revenue amounting to ₹ 34.80 lakh occurred (*Appendix-XXI*).

(ii) Inaction in purchase of snorkel ladder in time: DLB accorded (November 2011) sanction for the purchase of a snorkel ladder vehicle for Udaipur city at an estimated cost of ₹ 5 crore. The cost of the ladder was to be borne 70 per cent by Urban Improvement Trust, Udaipur and 30 per cent by M Corp, Udaipur. It was observed in audit that the ladder could not be purchased due to administrative reasons and absence of proper planning. In case of any fire mishap, the M Corp did not have the requisite ladder for extinguishing fire.

The State Government (February 2019) stated that for purchase of snorkel ladder, vehicle tenders would be invited by DLB and further action would be taken at State Government level. As of now (January 2021) snorkel ladder had not been purchased.

4.1.2.9 Unauthorised construction/encroachment on Public Land

As per RMA 2009, M Corp may take appropriate/penal action against the persons who encroach the land falling in the area of the Municipal Corporation. Further, an employee of the Municipality, shall be made responsible for reporting the cases of unauthorized construction/ encroachment on public land immediately and take necessary action to stop unauthorized construction.

It was observed that the designated officers⁶ of the M Corp did not carry out regular inspection/survey to find out cases of encroachment/unauthorized construction in Udaipur city in spite of 3,928 complaints received during 2013-20 regarding encroachment.

Test check of 384 out of the 3,928 complaints revealed that in 317 cases the M Corp had taken action to address the cases of encroachment, while in 67 cases during 2013-20 there was no follow up after issuance of notices to the offenders. M Corp provided only 65 case files during 2018-20. The M Corp Udaipur replied (January 2021) that due to shortage of staff proper action could not be taken in this regard and in most of the cases, designated officers were solving the complaints at local level. It was added that no records were maintained for solved complaints. Thus, no proper system for identification of unauthorized constructions and encroachment of public land existed.

4.1.2.10 Implementation of RGDPs Act

The 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 administration. GoR

⁶ Junior Engineer, Health Inspector, Revenue Inspector and Assistant Revenue Inspectors.

framed RGDPS Rules, 2011 under the Act, under which 11 services⁷ were required to be provided by M Corp, Udaipur. In this regard, following were observed:

(i) Non-compliance of the provisions of RGDPS Act

Section 5 of the RGDPS Act stipulates that acknowledgement of the application would be issued to the applicant. It was observed that no proper system existed to receive the applications and the applicant had to approach the concerned section for the desired services. Further, acknowledgements were also not issued to the applicants. GoR did not furnish any reply in this regard (December 2021).

(ii) Delay in providing of Services

As per Section 4 (1) of RGDPS Act the designated office shall provide the services within the prescribed time to the person eligible to obtain the service. If a service is delayed or denied, the Appellate Authority may impose penalty upon the designated officer while deciding the appeal.

There was no centralised recording system of services provided by M Corp. M Corp provided only 1,358 case files (983 case files of seven services for 2013-18 + 375 case file for five services for 2018-20) and 1,14,660 birth/death certificates. No case files of remaining three⁸ important services for 2013-18 and six⁹ services for 2018-20 were provided. Scrutiny of these files/certificates revealed that services in 333 (24.52 per cent) cases and 6,591 (6,284+307) birth/death certificates, were provided with delay, as detailed in Table 4.1 below:

Table 4.1: Delay in providing Services

S. No.	Name of service	Schedule days	No. of cases scrutinized	No. of cases with Delay (per cent)	Range of delay (in days)	Remarks
1.	Layout plan of building	60	268	77 (28.73)	8 to 600	Record for the year 2019-20 not provided
2.	Issue of marriage certificate	7	486	50 (10.29)	4 to 155	Not issued in two cases
3.	Issue of name transfer certificate	15	97	95 (97.94)	17 to 1984	Record for the year 2018-20 not provided
4.	Works related to public health	7	38	36 (94.74)	11 to 166	Record for the year 2018-20 not provided

7 (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, NOC for firefighting, (vii) Birth/Death certificate, (viii) Issue of license other than food license, (ix) To receive copy of documents/building maps, and (x) Issue of lease exemption certificate.

8 Issue of license other than food license, to receive copy of documents/building maps and Issue of lease exemption certificate.

9 Issue of license other than food license, to receive copy of documents/building maps, Issue of lease exemption certificate, Issue of name transfer certificate, Works related to public health, Refund of security deposit money.

S. No.	Name of service	Schedule days	No. of cases scrutinized	No. of cases with Delay (per cent)	Range of delay (in days)	Remarks
5.	Booking of community center	7	328	52 (15.85)	2 to 213	-
6.	Refund of security deposit money	90	71	04 (5.63)	5 to 51	Record for the year 2018-20 not provided
7.	No objection certificate of fire-fighting and others	35	70	19 (27.14)	2 to 1,690	-
8.	Birth/Death Certificate	30	1,14,660	6,591 (5.75)	30 to 1,825	All certificates were lying undelivered with M Corp.

It can be seen from the above table that there was significant delay of two to 1984 days in providing services. Thus, no proper system existed in the M Corp for timely provision of public services.

The State Government stated (February 2019) that delay occurred due to non-convening of meetings of concerned committees in time. Further, the applicants were also not producing the required documents and fees within time. The reply is not tenable as it should be ensured before receiving application for providing of particular service that all required documents have been attached and fees has been deposited.

4.1.2.11 Contract Management

To carry out its mandated duties, M Corp Udaipur executes various kinds of works through contracts. Effectiveness and efficiency of contract management was test checked in a sample of 105 works¹⁰ out of 1,820 works carried out during 2013-18. With regard to the audit of 105 works, following were observed:

(i) Non-adherence to general conditions of the contracts

Out of 105 test checked works, cases of non-adherences to the general conditions of contract were as details given in Table 4.2 below:

Table 4.2: Non-adherence of general conditions

Sl. No.	Observation	Governing rule	No. of works	Impact
1.	Non-preparation of detailed estimates, drawing and designs	As per Rule 289 of Public Works Financial & Accounting Rules (PWF&AR) - technical sanctions along with detailed estimate, survey, drawings and design are required to be prepared.	103	7.16 per cent to 230.10 per cent variation in execution of 72 works (68.71 per cent).
2.	Non-issue of Letter of Acceptance to successful bidders	As per Rule 40 of Rajasthan Transparency in Public Procurement (RTPP) Rules - the letter of acceptance is to be issued within maximum of 3 days after approval of bid to the contractor.	41	Time limit for signing the contract/agreement could not be fixed.
3.	Non-revalidation of bank guarantee and short submission of BG	As per Appendix XI of PWF&AR - bank guarantee should be valid/revalidated defect liability period (DLP) of the work.	3	Undue benefit was given to the contractors.

¹⁰ 18 out of 88 works more than ₹ 50 lakh and above; 48 out of 961 works between ₹10 lakh to ₹ 50 lakh and 39 out of 771 works of less than ₹ 10 lakh, were selected.

Sl. No.	Observation	Governing rule	No. of works	Impact
4.	Non-deposit of additional bank guarantee of difference amount	As per PWD circulars issued by Public Works Department- additional bank guarantee of difference amount is to be received from contractor if the contractor offers price below more than 10 percent of the G schedule.	12 cases	Undue benefit was given to the contractors.
5.	Refund of Security deposit before the completion of defect liability period	As per Appendix XI of PWF&AR - security deposits will be refunded to the contractors only after the expiry of defect liability period of the work.	1	Undue benefit was given to the contractor.
6	Issue of work order after expiry of validity period of tender	As per Rule 48 of RTPP Rules- the validity period of any tender will be normally 90 days from the date of opening of tender.	5 (delay of 9 to 275 days)	Violation of RTPP Rules

It can be seen from the table above that M Corp did not follow the guiding features of the contract management.

The State Government in respect of serial number 1 to 3 and 5 while accepting the facts stated (February 2019) that the M Corp would keep relevant provisions in mind in future contracts. In respect of points number 6, it stated that the rates were on the lower side and if retendered there was possibilities of higher rates so in the interest of the M Corp, the work orders were issued and there is no financial loss to the M Corp. The reply is not tenable as the provisions of RTPP were not followed and the M Corp is not executing the works in a time bound manner. In respect of point number 4 no reply was given.

(ii) Excess payment/non recovery of ₹ 13.45 lakh

(a) Under the work *construction of bridge over Ayad River* two items (a) providing & laying of cement concrete (P&L of CC) and (b) providing & laying of specified grade of reinforced cement concrete (P&L in RCC) of G-Schedule were paid on the higher rate than prescribed in the G-Schedule without specifying the reason, as detailed in **Table 4.3** below:

Table 4.3: Payment on higher rate than prescribed in G-Schedule

S.No.	Item	As per G-Schedule			Actually paid			Excess Amount paid		
		Qty (cum)	Rate	Amount (in ₹)	Qty (cum)	Rate	Amount (in ₹)	Qty (cum)	Rate	Amount (in ₹)
1.	P&L in CC	27	2,596	70,092	221	3,621	8,00,241	221	1,025	2,26,525
2.	P&L in RCC	178	4,429	7,88,362	920	5,334	49,07,280	742	905	6,71,510
	Total									8,98,035

(b) Under the work *patch repair work at various places in city division 2* item P&L stone aggregate was paid on the higher rate than prescribed in the G-Schedule without specifying the reason, as detailed in the **Table 4.4** below:

Table 4.4: Payment on higher rate than prescribed in G-Schedule

Item	As per G-Schedule			Actually paid			Excess Amount paid		
	Qty (cum)	Rate (in ₹)	Amount	Qty (cum)	Rate (in ₹)	Amount	Qty (cum)	Rate (in ₹)	Amount
P&L stone aggregate	1,137	546	6,20,802	882.57	941	8,30,498	882.57	395	3,48,615

(iii) Non-completion of works within the stipulated period: As per the contract agreement and PWF&AR, application will be given by the contractor for time extension in written to the Engineer-in-charge within 30 days of occurrence of hindrance. Competent authority was to give approval of time extension within 30 days of receipt of application without waiting for the completion of work. Further, according to Section 2 of the contract agreement, penalty at the rate of 10 *per cent* of the balance work should be imposed, if the contractor fails to complete the work within the stipulated time.

It was observed that out of 105 test checked works, 59 works were completed without any delays and 13 works were in progress. The remaining 33 works were completed with a delay ranging from 13 days to 12 months as of October 2018. Further, M Corp *suo-moto* had given ex post facto time extension on note-sheets up to actual date of completion of the work with levy of penalty in 4 works and without levy of penalty in 29 works.

Out of 29 cases, in 16 cases, the M Corp accepted the reasons furnished by the contractor and did not impose penalty. However, 13 cases, of delay ranging from 13 to 215 days were finalized without ascertaining the reasons by the M Corp without penalty. Scrutiny of records revealed that a penalty amount of ₹ 8.15 lakh was to be recovered from these 13 cases. Moreover, no records relating to hindrance were maintained by the M Corp.

The State Government stated (February 2019) that according to site conditions, Junior Engineer found that hindrances were due to public or other circumstances and thereafter the M Corp decided the time extension with or without levy of any penalty.

The reply is not tenable as the time extension was given in these 13 cases without preparing hindrance statements and reasons thereof.

(iv) Other important findings relating to contracts/works

(a) Irregular time extension: According to Rule 73 of RTPP Rules 2013, repeat orders for extra items or additional quantities may be issued upto 50 *per cent* of the total cost of procured material or proportionate period of contract agreement to the contractor, if the procuring department had such provision in the tender document. Further, Rule 73 provides that delivery or completion period may also be proportionately increased.

Scrutiny of records revealed that M Corp, Udaipur issued repeat orders in three cases as per details given in Table 4.5 below:

Table 4.5: Irregular time extension

S.No.	Name of work	Sanctioned Period	Can be extended Up to (50 %)	Actually extended upto	Extended Period (in months)
	1	2	3	4	5 (4-3)
1.	Development and Implementation of Integrated Computerized System	01.03.2005 to 31.10.2011	31.3.2014	30.09.2018	54
2.	Cleaning contracts for the year 2014-15	30.05.2014 to 31.03.2015	31.8.2015	30.09.2016	13
3.	Installation of LED street lights in MC area	04.02.2015 to 26.05.2015	21.7.2015	06.06.2018	35

It can be seen from the table above that in violation of RTPP Rules, time of these works were extended beyond prescribed 50 per cent of original time allowed in the contracts.

The State Government accepted the facts (February 2019).

(b) Unfruitful expenditure on pedestals: M Corp, Udaipur awarded (December 2015) work of construction of pedestals for nine sculptures in Vibhuti Park at a cost of ₹ 37.85 lakh to a contractor. Though construction of these 9 pedestals was completed by incurring an expenditure ₹ 29.76 lakh in June 2016, the sculptures could not be installed as of October 2018 because Water Resources Department and expert appointed (14 September 2016) on the direction of Hon'ble High Court suggested that installation of pedestals at Fateh Sagar lake was not safe. Further, another committee constituted by the M Corp gave (May 2017) suggestions¹¹ and the M Corp sought (August 2017) further advice from EPTISA¹² on the concerns expressed by the Committee. No comments were received from EPTISA, even after a lapse of 40 months. Thus, without ensuring technical aspects of the work, the M Corp incurred an expenditure ₹ 29.76 lakh which proved to be unfruitful so far. Further, M Corp Udaipur constructed four additional pedestals (2019) at a cost of ₹ 16.71 lakh, on the basis of decision taken in joint visit of political/administration representatives/staff. However, these were demolished later on due to non-receipt of NOC and decision taken by the committee constituted as per decision of Hon'ble High Court. Thus, an expenditure of ₹ 46.47 lakh incurred on construction of pedestals was unfruitful.

(c) Non-recovery of liquidated damages of ₹ 8.33 lakh

(i) Directorate, National River Conservation, GoI sanctioned (February 2009) work of *installation of eight numbers of ozonizer cum floating fountains in Pichola lake* at an estimated cost of ₹ 1.57 crore under National Lake Conservation Project. The M Corp issued (December 2016) work order

11 (i) the retaining wall was required to be strengthened; (ii) restoration of seepage drainage system and V notch (iii) execution of stone pitching work; (iv) commissioning of Piezo meter after consultation with the WRD and (v) action for surface treatment, etc.

12 It is a firm of Spain which is executing agency of Smart Raj Project.

to a contractor with the stipulated date of completion as 28 September 2017 which was further extended up to 31 January 2020. As of December 2020, the contractor installed only three fountains at the cost of ₹ 47.28 lakh. Due to non-completion of work within the stipulated time, liquidated damages of ₹ 14.41 lakh¹³ was to be recovered from the concerned contractor.

A notice was issued to contractor (January 2019) under clause 2 and 3 of agreement and the Commissioner was also instructed (December 2019) for black listing the contractor and to re-tender the balance work but no action was taken. Against the liquidated damages amounting to ₹ 14.41 lakh, an amount of ₹ 10.88 lakh was recovered and penalty of ₹ 3.53 lakh remains outstanding.

(ii) M Corp, Udaipur awarded (December 2015) the work *maintenance of old sewerage line of Udaipur city* to a contractor for three years for operation and maintenance (O&M). A work order of ₹1.43 crore (including ₹ 89 lakh for execution work and ₹ 54 lakh for O&M) was issued to the contractor with the stipulated period of completion of one year for repair work and three years for O&M from January 2016. The contractor executed repair works of ₹ 1.32 crore and left the O&M work after four months (i.e. May 2016). Afterwards O&M work was being carried out by the Electrical Branch of the M Corp. Thus, liquidated damages of ₹ 4.80 lakh (10 per cent of ₹ 48 lakh¹⁴) was to be recovered from the contractor as O&M work was not executed satisfactorily.

The State Government accepted (February 2019) the facts.

4.1.3 Assessment, demand and collection of revenue

4.1.3.1 Tax Revenue from Urban Development Tax

(i) Non Recovery of Urban Development Tax

As per Rule 4(1) of Rajasthan Municipality (Urban Development Tax) Rules 2007, a ward/circle/area wise assessment list of Urban Development (UD) tax should be prepared and a public notice is to be issued by M Corp. Further, self-assessment return of UD tax is required to be submitted by the assessee.

UD tax is being assessed and demanded from the owner on the basis of survey of 2007. The outstanding UD tax of ₹ 5.61 crore as on March 2008 had increased to ₹ 50.58 crore (902 per cent) at the end of March 2020.

Out of ₹ 50.58 crore, ₹ 10.83 crore (21.41 per cent) UD tax was outstanding against only 10 major assessee¹⁵. Further, M Corp, Udaipur did not conduct

13 10 per cent of remaining work of ₹ 1.44 crore.

14 An amount of ₹ 6 lakh was paid to contractor for O&M work.

15 The Grand Laxmi Vilas Palace: ₹ 279.86 lakh, Krishan Chand Pandey: ₹ 139.26 lakh, Adhikshak Kendairy Karagrah: ₹ 42.65 lakh, Jagdish Nagda: ₹ 42.16 lakh, Om Bansal: ₹ 42.02 lakh, Dinesh Kothari: ₹ 39.58 lakh, St. Paul School: ₹ 33.70 lakh, Shanti Devi: ₹ 29.27 lakh, Nav Nirman Sangh office: ₹ 32.93 lakh, Mahant Murli Manohar Shastri: ₹ 27.45 lakh.

any survey of property after 2007 for identification of payee of UD tax even after formation of the M Corp in 2013.

(ii) Short Assessment of Urban Development Tax

Audit scrutinized 150 cases of UD tax and in six cases the following irregularities were noticed:

Incorrect calculation of area of marriage places: As per notification issued (August 2016) by LSGD, the owner of the land has to self-assess the tax and deposit the amount and relevant records would be deposited in the local body and if self-assessed tax was found short, the entire tax amount including penalties under Section 115 of the RMA Act would be recoverable.

In six cases the M Corp levied UD tax on lesser area of the marriage places than mentioned in site map produced at the time of registration of the concerned marriage place. This resulted in loss of revenue of ₹ 38.50 lakh.

4.1.3.2 Non-tax Revenue

(i) Outstanding lease money: As per Rule 7(1) of Rajasthan Municipality (Disposal of Urban land) Rules, 1974, urban assessment (lease money) was to be determined at 2.50 *per cent* of reserve price for residential plot and five *per cent* for commercial and other purposes.

It was observed that for the period 2006-19, outstanding lease money was ₹ 3.74 crore. Audit further observed that out of ₹ 3.74 crore, ₹ 1.14 crore, ₹ 0.68 crore and ₹ 1.92 crore were outstanding since 2006-10, 2010-15 and 2015-19 respectively. Audit also observed that outstanding lease money increased from ₹ 0.46 crore (2006-07) to ₹ 3.74 crore (2018-19) (713.04 *per cent* increase) due to lack of efforts for recovery. Details/data of realization and outstanding lease money for the period 2019-20 were not available with MCorp. The State Government stated (February 2019) that notices were being issued for recovery of pending lease money.

(ii) Non-recovery of lease money for change of land use: As per circular issued (June 2015) by Urban Development and Housing Department, GoR, every applicant after receiving demand note, should deposit all dues regarding land use conversion charges and the applicant has to deposit the lease amount from the date of conversion of land use at the rate of five *per cent* of regularization/conversion amount in case of conversion of land use from residential to commercial purposes.

It was observed that M Corp Udaipur changed land use from residential to commercial purpose in 11 cases during 2012-15. However, no revised lease deeds were issued to the applicants which resulted in loss of revenue of ₹ 1.47 crore (***Appendix-XXII***). GoR stated (February 2019) that notices have been issued for deposit of lease money. However, no recovery was made till date (January 2021).

(iii) Non recovery of sewerages charges from PHED: Sewerage charges are being collected by Public Health Engineering Department (PHED) on behalf of municipality through water bill. PHED Udaipur collected sewerage charges of ₹ 1.66 crore in Udaipur city during 2007-20. Out of these, PHED transferred only ₹ 0.19 crore to the M Corp (March 2008). Thereafter neither PHED transferred such funds nor any concrete action was taken by the M Corp. Thus, ₹ 1.47 crore, on account of sewerage charges were lying with PHED.

The State Government stated (February 2019) that the M Corp has continuously written letters to PHED to transfer the sewerage charges collected by them. Executive Engineer, PHED, City Division, Udaipur stated (January 2021) that the amount is to be transferred at State Government level.

(iv) Non-recovery of registration and permission fee for mobile towers: As per Mobile Tower Bye laws 2012, one-time registration fee of ₹ 30,000 and annual permission fee of ₹ 10,000 was fixed. Further, Urban Development and Housing Department, GoR, clarified (February 2017) that mobile towers that were not regulated prior to 6 February 2017 were to be regulated as per provisions of Mobile Tower Bye laws 2012.

It was observed that 151 mobile towers of telecom companies were found installed in Udaipur city (February 2012) but the M Corp neither regularized these mobile towers nor recovered one-time registration fee of ₹ 0.45 crore at the rate ₹ 30,000 per mobile tower and annual permission fee of ₹ 1.81 crore at the rate ₹ 10,000 per year per mobile tower for the period from 2011-12 to 2019-20.

Further, it was observed that the M Corp issued notices (August 2018, December 2018 and April 2019) to Telecom Corporation Pvt. Ltd, BSNL, Vodafone, Digilink Ltd and Tata Tel Service Ltd for registration of their Mobile towers. However, they did not register their towers. M Corp did not do any survey to find out number of towers of these companies for registration.

The M Corp suffered loss of revenue of ₹ 1.81 crore due to non-registration and renewal of mobile towers.

The State Government while accepting the facts stated (February 2019) that Hon'ble High Court of Rajasthan directed (December 2010) that existing towers would be allowed to continue at the present locations and erection of any further or new towers would have to abide by the conditions laid down in impugned byelaws. The reply is not tenable because as per clarification issued by Urban Development and Housing Department in February 2017 these 151 mobile towers were to be regulated by 'Mobile Tower Bye laws 2012' as these towers were installed prior to 2012.

(v) Non-recovery of license fee from hotels, bakery, sweet shops etc.: As per Municipal Corporation Udaipur (Hotel, Restaurant, Bakery, shop for sale of sweet etc. Control and Regulations) Bye-laws 2015 (adopted in July 2015), no one can run any hotel, restaurants, bakery, etc., without obtaining annual license from the M Corp. The annual license was to be obtained on deposit of

license fee as prescribed in the bye-laws and it would be renewed every year. Further, higher license fee was chargeable in case of four/five star hotels.

It was observed that there were 51 hotels (41 five stars and 10 four stars category hotels) running in Udaipur city. Out of 51 hotels, M Corp, Udaipur renewed license of 12 hotels of five/four stars category as ordinary category hotels resulting in loss of revenue ₹ 61.86 lakh and remaining 39 hotels were running without license, resulting in non-recovery of license fee for the year 2015 to 2020 amounting to ₹ 2.22 crore¹⁶ and thereby total loss of revenue of ₹ 2.84 crore (*Appendix-XXIII*).

The M Corp did not conduct any survey for identification of number of hotels running in Udaipur city failing which audit could not work out actual amount of non-recovery of licence fee. GoR while accepting the facts stated (February 2019) that a survey is proposed to be conducted in which such hotels will be identified which have not applied for the license and action will be taken to recover the amount according to survey reports.

Further, M Corp did not provide any database in respect of other hotels, restaurants, bakery, sweet shops, etc. However, the M Corp provided 30 files of license issued to hotels/restaurants to audit. In these cases, licenses were not renewed after issuance of license due to which the M Corp was deprived of revenue of ₹ 13.77 lakh.

(vi) Loss of revenue due to non-establishment of bus shelter and traffic booth (kiosk): M Corp sanctioned (May 2011) construction of bus-shelters at 31 places to “firm A” on “Build, Operate and Transfer” (BOT) basis at the rate of ₹ 12.50 lakh per annum. The rate was to be increased at 10 per cent per annum. M Corp provided only eight sites to the contractor and the remaining sites for setting up bus shelters were not provided to the contractor even after repeated requests. Further construction and display of advertisement work for 33 “traffic booths” was sanctioned (May 2011) to firm ‘B’ at the rate of ₹ 10.22 lakh per annum, which was to be increased by 10 per cent per annum.

It was observed in audit that neither bus-shelter sites (except eight) nor traffic booth sites were provided to the contractors and this resulted into loss of revenue amounting to ₹ 2.38 crore (*Appendix-XXIV*).

The State Government stated (February 2019) that the main condition of the tender was “a bidder shall be deemed to have the full knowledge of the site, whether he inspects it or not”. Hence, it was the responsibility of the firms to establish the traffic booths and bus shelters. The reply is not tenable because as per agreement, providing of final pin point locations after verifying the title of the land, practical utility and objections, if any was the responsibility of M Corp Udaipur. This indicates that the M Corp has not given the clear site to the contractor in spite of repeated request, as a result traffic booths and bus shelters could not be established.

16 31 five star hotel x ₹ 1,00,000 per year x 6 years = ₹ 1,86,00,000 and 8 four star hotel x ₹ 75,000 per year x 6 years = ₹ 36,00,000 (Total = ₹ 2,22,00,000).

(vii) Revenue loss from road furniture advertisement license fees: M Corp, Udaipur awarded (January 2008) the work for establishment, maintenance and advertisement on road furniture to a firm on BOT basis for 15 years. The firm was to establish the road furniture within a period of six months (i.e. July 2008) from the date of award of work. As per tender documents 14 gantries, 11 signages, five baklite towers, three public utility, one high mast and one traffic booth were to be established.

It was, however, observed in audit that there were delays of around five years in establishing these road furniture (established upto March 2013) due to non-availability of clear sites. Further two baklite towers were not established at all. The M Corp received ₹ 3.64 crore, against total revenue to be realised of ₹ 4.66 crore for the period 2007-20. Thus, revenue loss of ₹ 1.02 crore was suffered due to not providing sites to the contractor

The State Government accepted (February 2019) the facts.

(viii) Short recovery of betterment levy: Municipal Corporation Udaipur Building Regulation 2013, for construction of flat admeasuring areas between 1000 square meter and 5000 square meter, standard Floor Area Ratio (FAR) was 1.20 and maximum permissible FAR was 2.00 after payment of betterment levy of ₹ 100 per square feet or 25 per cent of residential price whichever is higher on the excess of FAR area. Further, FAR upto 2.25 could be permitted on payment of ₹ 300 per square feet or 25 per cent of residential revenue price, whichever is higher. In case of commercial building the rate was 30 per cent of commercial reserve price or ₹ 200 and ₹ 300 per square feet for 30 meter and above 30 meter respectively, whichever is more.

It was observed that five residential buildings and three commercial buildings were constructed beyond the permitted FAR of 1.20 and 1.33 respectively. Due to incorrect calculation of area or rate M Corp recovered less betterment levy amounting to ₹ 3.38 crore (*Appendix-XXV*).

The State Government stated (February 2019) that (i) in respect of serial number 1, permission was given for construction of residential building but applicant constructed commercial building and a petition in this regard is pending before the High Court of Rajasthan, (ii) in respect of serial number 2, the applicant had got stay from court of law and action would be taken as per decision of court, (iii) in respect of serial numbers 3 to 8, UDH revised (July 2013) standard FAR of 1.33 in place of 1.20 and maximum permissible FAR of 2.25 in place of 2 in model Rajasthan Building Bye laws, 2013. Hence, no amount was recoverable.

The reply is not tenable as in respect of serial number 1 and 2, the M Corp should have taken appropriate action against the contractor at the time of construction of building. However, the M Corp only issued notice to the builder for revised site plan but no action thereafter was taken and in respect of serial number 3 to 8, M Corp Udaipur adopted Rajasthan Building Byelaws 2013 on 15 June 2015 in which standard FAR is prescribed as 1.20 and maximum permissible FAR prescribed is 2.

(ix) Non-recovery of land use change charges: As per circular issued (June 2015) by the UDH, GoR, for conversion of land use from residential to commercial purposes, conversion charges at the rate of 40 per cent of residential reserve price should be recovered. It was observed that in one case builder¹⁷ applied for land conversion in January 2014 and after that, the builder constructed a G+4 commercial complex on 6,088.50 square feet area without paying conversion charges of ₹ 19 lakh¹⁸. Thus, M Corp failed to recover land use change charges upto December 2020.

(x) Non recovery of rent from shops and kiosks: Audit observed that there were 72 shops and 99 kiosks in the the possession of the M Corp during 2013-20 and the rent of ₹ 5.81 lakh (₹ 3.65 lakh from six shops and ₹ 2.16 lakh from eight kiosks) was outstanding for 9 to 205 months as of March 2020.

4.1.4 Other Irregularities

4.1.4.1 Non-achievement of Individual Household Latrines (IHHL) Targets

The State Government declared M Corp, Udaipur open defecation free in April 2018, however, there are 393 households left without latrines. For this, technical sanctions were issued for ₹ 60.00 lakh (April 2018) and NIT issued in May 2018, September 2018 and December 2018 and work order was issued in February 2019 for ₹ 71.96 lakh. Work was not executed by the contractor till December 2020 and 393 households are still without latrines.

The State Government stated (February 2019) that as per SBM guidelines there must be community/public toilets within 500 meters of the households who do not have latrine facility. These 393 households did not have any space in their plots for constructing latrine and the M Corp constructed 56 community toilets/public toilets for those households who do not have space in his house.

The reply is not tenable as scrutiny of records of M Corp, Udaipur in May 2019 revealed that for construction of latrine for 393 households' M Corp conducted tender and work order was issued in February 2019. Further M Corp accepted (January 21) that in six wards (ward number 5, 12, 31 to 33 and 47) no community and public toilets were available where 50 households were identified without IHHLs. This indicated that these 393 Latrines were required and Udaipur city was declared open defecation free without ensuring availability of latrine facilities to all households.

4.1.4.2 Defective planning for construction of community bio-digester tanks

As per SBM guidelines, if a sewerage system is not available within 30 meters from any household toilet/community toilet, in addition to the construction of

17 Kamal Complex.

18 Area 6,088.50 square feet x ₹780 x 40/100 = ₹18,99,612

the toilet superstructure, on-site treatment system should also be constructed for the collection and disposal of sewage at or near the point of generation.

It was observed that M Corp, Udaipur issued (March 2016) work order to a contractor for construction of 13 community bio-digesters toilets at the cost of ₹ 1.18 crore with stipulated date of completion as 6 April 2017. The contractor constructed only two tanks and requested to provide the layout of another 11 locations. On being enquired the M Corp stated (January 2021) that only two bio-digesters were constructed as per requirement and there was no need for the remaining. Audit is of the view that the reply indicates planning failure as initially M Corp had analysed the requirement of 13 community bio-digesters and work order was issued accordingly. However, after issue of work order, 11 works were cancelled considering the non-requirement of bio-digesters and up to cancellation of these 11 works, M Corp incurred an expenditure of ₹ 13.84 lakh. Thus, the sewage is being disposed in the earthen pits.

4.1.5 Financial Management

The financial resources of the M Corp, Udaipur mainly included grant-in-aid received from Central/State Governments under Central Finance Commission (CFC)/State Finance Commission (SFC) and various schemes and collection from tax and non-tax revenue.

4.1.5.1 Preparation of Budget

As per RMA 2009, The Chief Municipal Officer shall prepare, a budget estimate on the basis of actual income and expenditure of the municipality for the ensuing financial year. It shall be passed by the municipality prior to 15th February and forwarded to DLB/State Government by 28th February of each year. It was observed that:

(i) Budget estimates for the years 2013-14, 2015-16 to 2019-20 were submitted to DLB for forwarding to the State Government with a delay of four to 87 days.

The position of realization of own revenue against the budget estimates of the M Corp during 2013-20 is given in Table 4.6 below:

Table 4.6: Position of realization of own revenue against Budget Estimates

S.No.	Year	Own revenue				Percentage of revenue increased/decreased w.r.t. previous year
		Target	Achievement	Excess (+)/ Shortfall (-)	Percentage of Excess/short fall	
1.	2013-14	22.99	28.46	(+)5.47	(+)23.79	-
2.	2014-15	28.42	27.33	(-)1.09	(-) 3.84	(-) 3.37
3.	2015-16	29.81	25.39	(-)4.42	(-) 14.83	(-) 7.10
4.	2016-17	43.32	33.85	(-)9.47	(-) 21.86	(+) 33.32
5.	2017-18	40.77	35.02	(-)5.75	(-) 14.10	(+) 3.46
6.	2018-19	41.83	34.41	(-)7.42	(-) 17.74	(-) 1.74
7.	2019-20	42.82	27.50 (upto12/19)	(-)15.32		

It can be seen from the above table that M Corp could not achieve targets of own revenue in all the years except 2013-14 and there was shortfall in achievement of own revenue ranging from 3.84 per cent to 21.86 per cent during the period 2014-19. Further, the targets for realisation of own revenue were not fixed realistically after proper assessment in respect of each revenue items as there was revenue realization of two to 20 times more than the targets from building permits, road cutting, license for mobile tower, marriage garden license fees, lease heads etc. and no/less revenue was realized from regularization of land, advertisement fees, building permits, sale of assets/land, sewerage tax, income from parking fees, Nav (boat), receipt from UIT/housing board, etc.

Further, 13th/14th CFC and 4th/5th SFC recommended increase of revenue every year by at least 10 per cent. However, the M Corp did not achieve 10 per cent increase in own revenue in any of the years except 2016-17.

(ii) The position of budget estimates of the M Corp for expenditure during 2013-20 (upto December 2019) is given in Table 4.7 below:

Table 4.7: Expenditure of M Corp during 2013-20

(₹ in crore)

S.No.	Year	Total Expenditure				Capital Expenditure			
		Target expenditure	Actual expenditure	Short-fall	Percentage of short fall	Target expenditure	Actual expenditure	Short-fall	Percentage of short- fall
1.	2013-14	170.69	116.94	53.75	31.48	87.42	53.39	34.03	38.93
2.	2014-15	197.05	149.01	48.04	24.38	102.96	70.55	32.41	31.48
3.	2015-16	222.61	117.68	104.93	47.14	126.03	42.16	83.87	66.55
4.	2016-17	297.16	155.41	141.75	47.70	181.60	73.74	107.86	59.39
5.	2017-18	282.73	135.29	147.44	52.15	152.65	44.51	108.14	70.84
6.	2018-19	291.05	249.10	41.95	14.41	155.55	120.58	34.97	22.48
7.	2019-20	308.11	166.79*			165.73	74.71*		
*(Upto December 2019)									

It can be seen from the above table that during the period 2013-19, M Corp could not achieve targeted expenditure as the shortfall in expenditure ranged between 14.41 per cent and 52.15 per cent of the target. The M Corp fixed the targets of expenditure of a particular year by increasing a certain percentage of expenditure incurred in the corresponding previous year. Audit noticed main reasons for short fall in expenditure during the years 2013-19 was over estimation of the expenditure.

The State Government while accepting the facts stated (February 2019) that Board meeting of the M Corp was held late due to which budget estimates were sent with delay to the DLB. In future budget would be sent in time.

4.1.5.2 Non-preparation of Annual Account on Accrual Basis

As per Rajasthan Municipal Account Manual, 2010 and the recommendations of 13th/14th CFC, municipalities are required to prepare accounts on accrual

basis. Secretary, LSGD also instructed (December 2009) all ULBs to maintain the accounts on accrual basis and double entry system from 1 April 2010.

It was however, observed that M Corp Udaipur did not maintain its annual accounts on accrual basis for the year from 2013-14 to 2017-18. The Annual Account for the year 2018-20 were under preparation as of January 2021.

4.1.5.3 Annual Accounts were not prepared within Scheduled Time

Section 92 (1), 93 and 94 of the RMA, 2009 provides that financial statement comprising an income & expenditure account, receipts & payments account and balance sheet for the preceding financial year should be prepared upto 30 June of the current year. Financial statements shall be placed before the Finance Committee for examination and shall be examined and audited (including certification of accounts) by Auditors of Local Fund Audit.

It was observed that annual financial statement of M Corp, Udaipur for the years 2013-14 to 2017-18 were prepared with a delay ranging between three months to 27 months and annual accounts for the year 2018-20 were not prepared as on December 2020.

Further, financial statements were not placed before Finance Committee and also not audited and certified by Rajasthan Local Fund Audit Department (except Receipts and payment account up to 2018-19) as required. Due to non-certification of financial statement, it could not be ensured, whether financial statements depict a true and fair position of the affairs of M Corp.

The State Government accepted the facts (February 2019).

4.1.5.4 Submission of Excess Utilisation Certificates

M Corp, Udaipur received an amount of ₹ 23.61 crore for Backward Region Grant Fund (BRGF) from Zila Parishad (ZP), Udaipur during 2007-15. The M Corp sent UCs for ₹ 24.76 crore to the ZP but as per records the M Corp incurred actual expenditure of ₹ 17.54 crore only on BRGF. Thus, UCs had inflated expenditure to the tune of ₹ 7.22 crore and UCs wrongly issued for ₹ 1.15 crore more than grant receipt.

4.1.6 Internal Control and Monitoring

4.1.6.1 Non-maintenance of Records

For effective internal control of the activities, M Corp was required to maintain certain registers and submit these to higher authorities. It was observed that following registers were either not being maintained or maintained incompletely without submission to higher authority.

(i) **Asset register:** As per Rule 46(KH) of Rajasthan Municipal Accounts Rule 1963 though it was required to enter created assets in fixed assets register, all the assets created as on March 2020 were not entered in the fixed asset register as total fixed assets of only ₹ 235.22 crore were entered in the register,

whereas as per annual accounts of the year 2017-18 the value of fixed assets was ₹ 627.43 crore. Physical verification of the assets was not done yet.

(ii) Inventory of immovable property: In spite of having a provision in Section 74(1) of RMA 2009, the M Corp did not prepare any inventory or map of immovable properties.

(iii) Birth & death and Marriage certificate issue registers were not being signed by the issuing authority though it was required to sign as per Rule 12 of Rajasthan Registration of Birth & Death Rules 2000 and section 13 of Rajasthan Compulsory Registration of Marriages Act, 2009.

(iv) In spite of having a provision in Rule 84 of Rajasthan Municipal Accounts Rule 1963, no separate scheme or grant registers were being maintained apart from bank account and ledger.

(v) Budget control register was not being maintained though it was required to be maintained as per Rule 19(19) of Annexure-K of Rajasthan Municipal (Budget) Rule 1966.

(vi) Stock register was required to be maintained as per Rule 46(KA) Rajasthan Municipal Accounts Rule 1963. The same was not being submitted to higher authorities and physical verification of stock was not done.

(vii) No mechanism existed to assess and review the progress of works under various schemes.

The State Government stated (February 2019) that assets register of the forthcoming years would be maintained on regular basis. However, Audit observed that upto 15 January 2021, assets register was not being maintained as per rules and all assets were not entered in the register. Further, registers for Inventory of immovable property, Birth & death and marriage certificate, Budget control, stock were either not maintained or maintained but not properly as described in the para.

4.1.6.2 Non-recovery of Outstanding Temporary Advances

The temporary advances amounting to ₹ 14.68 crore (against employees: ₹ 0.60 lakh and other department/firms: ₹ 14.67 crore) were pending for recovery/adjustment for 1 to 13 years as of August 2019.

The State Government while accepting the facts stated (February 2019) that the amount has been given to the different departments/firms for developments works and they were directed to submit the utilization certificate of the amount after which adjustment of amount would be done. The Government added that concerned employees have also been directed to adjust the advance. Audit observed that the temporary advances were not adjusted from the different department/firms and the amount increased to ₹ 14.68 crore as on August 2019.

4.1.6.3 Lack of Disposal of complaints

The GoR created Rajasthan Sampark portal for redressal of complaints of public. Apart from this portal, M Corp Udaipur also created its own portal for redressal of complaints.

The number of complaints received from Sampark portal from January 2014 to 8 January 2021 and from Help line from January 2014 to 31 March 2020 are given in Table 4.8 below:

Table 4.8: Status of complaints received from Sampark Portal

Year	Sampark portal	Pending			Year	Own portal/ Help line	Pending
		0-30 days	1-6 month	6 month - 1 year			
January 2014 to 8 January 2021	7362	287			Up to 2018	11,330	4,037
					18-19	3,110	1,333
		204	79	4	19-20	1,999	1,033
Total		287				16,439	6,403

It was observed that 287 out of 7,362 complaints received on Sampark Portal during January 2014 to 8 January 2021 were pending disposal for periods ranging from one month to one year as on January 2021. Similarly, 6,403 out of 16,439 complaints received as on 31 March 2020 on the M Corp Portal/help line were also pending as of December 2020. This indicates that complaints of the public were not being settled in a timely manner.

4.1.6.4 Shortfall in conducting meeting by Committees

As per RMA, 2009, General meetings of various committees constituted in the municipality were to be held at an interval of every two months.

It was observed that LSGD constituted (April and August 2015) 21 committees in M Corp, Udaipur. There was a shortfall in conducting three to 18 meetings against the prescribed 18 meetings to be held by 14 committees. Similarly, in respect of the remaining 7 committees, there was shortfall of four to 11 meetings against the prescribed 16 meetings to be held upto 2018. There was a shortfall in conducting seven to 12 meetings against the prescribed 12 meetings to be held by 21 committees during the period 2018-20 and only the Cultural and Sports Committee held all its prescribed meetings.

4.1.6.5 Irregularities in New Pension Scheme

The GoR introduced (January 2004) a New Pension Scheme (NPS) for State Government employees appointed on or after 1 January 2004. Further, pension contribution towards the pension fund was to be deposited in the interest bearing Personal Deposit (PD) Account. The accumulation at the credit of subscribers to the NPS shall carry interest at the rate of 8 per cent per annum with effect from April 2004 and onwards till it remains in the interest bearing PD account.

It was observed that in M Corp, Udaipur contribution of 786 employees for the period 2005-06 to 2019-20 under the NPS were kept in current account of a nationalized bank instead of PD account. This resulted in a loss of interest amounting to ₹ 1.05 crore to the beneficiaries. It was also observed that ₹ 10.18 crore was not deposited with NSDL due to which beneficiaries have also incurred a loss of ₹ 0.38 crore units¹⁹ amounting to ₹ 11.22 crore as on March 2020 on account of not depositing the contribution in their respective NPS Account between 2005-20.

The State Government (February 2019) while accepting the facts stated that NPS contribution could not be credited in beneficiaries' accounts due to non-allotment of Permanent Retirement Account Number (PRAN) in NSDL. Further, the NPS amount lying in the bank account will be transferred in the interest bearing account for which bank account has been opened.

4.1.6.6 Administrative Report

As per RMA, 2009 the Chief Municipal Officer shall prepare administrative report upto 30th June for the previous year which will be placed before the Board and would be forwarded to the State Government.

It was observed that M Corp, Udaipur did not prepare any administrative report during the period 2013-14 to 2019-20. This indicates that the M Corp failed to give its administrative information to stakeholders.

4.1.6.7 Manpower

It was observed that during the period 2013-20, there was huge shortage of staff ranging between 26.04 *per cent* and 50 *per cent*, which included key post in revenue/accounts/engineering sections, causing adverse impact on the working of the M Corp.

4.1.7 Conclusion

The planning mechanism of M Corp, Udaipur was weak as neither detailed survey was conducted nor statutory plans were prepared for systematic development of Udaipur city.

There were inadequacies in the services that were required to be provided by M Corp Udaipur. Segregation and disposal of municipal solid waste was not being managed effectively. Further, 45.27 *per cent* of the sewage was disposed untreated. M Corp did not have any database of buildings for which fire NOC was required and systems for fire prevention, fire safety and checking of fire hazard were weak.

The M Corp Udaipur also did not provide timely services to citizens that were guaranteed under the RGDPS Act. Disposal of complaints was also inordinately slow.

¹⁹ 37,70,232 Units = ₹ 11,22,22,451/29.7654 (NAV of SBI scheme on March 2020).

The contract management was not appropriate as instances like non-adherence to general conditions of the contracts, excess payments, irregular time extension, delay in completion of works, non-recovery of liquidated damages etc. were noticed.

Own revenue of M Corp was low and it did not increase by 10 *per cent* every year as recommended by 13th/14th CFC and 4th/5th SFC. Instances of accumulation of outstanding UD tax and lease money, non-recovery of lease money for change of land use, sewage charges, registration and permission fee from mobile towers, license fee from hotels, bakery, sweet shops etc., and short recovery of betterment levy were noticed. Further, the Financial Management was inefficient as M Corp did not prepare its annual accounts in a timely manner and on accrual basis.

The internal control system was not robust, as cases of non-maintenance of records, lack of disposal of complaints, irregularities in New Pension Scheme, shortage of manpower etc., were noticed.

M Corp Udaipur had not executed its core functions i.e. public health, sanitation, solid waste management, firefighting, collection of own revenue etc. in a reasonable and proper manner.

4.1.8 Recommendations

- 1. M Corp, Udaipur should prepare five-year execution plans and annual municipal plans on regular basis. It should make better efforts to manage municipal solid waste, drainage, fire safety systems and remove encroachments so that the living conditions in the city are improved.*
- 2. M Corp, Udaipur should create a centralized system to receive, acknowledge and monitor the delivery of services in a timely manner as provided for in the Rajasthan Guaranteed Delivery of Public Services Act, 2011. Feasibility of establishing an online/electronic system can also be explored.*
- 3. M Corp, Udaipur should strengthen its system to ensure better contract management by timely execution of contracts, preparing realistic detailed estimates and maintenance of hindrance register for all works.*
- 4. M Corp should ensure an effective mechanism to assess, demand and collect tax and non-tax revenue so that they are able to be less dependent on Government Grants in the future.*
- 5. M Corp should improve the maintenance of records, streamline the process of disposal of complaints of public and ensure timely meetings of various committees.*

4.2 Unfruitful expenditure on construction of dwelling units

Unfruitful expenditure of ₹ 37.01 crore on construction of dwelling units in Rajiv Awas Yojana for rehabilitation of Sanjay Nagar Bhatta Basti under sub-mission of Jawaharlal Nehru National Urban Renewal Mission.

The Ministry of Housing and Urban Poverty Alleviation (HUPA), Government of India (GoI) introduced Basic Services to Urban Poor (BSUP), as a sub mission under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) in 2005-06. The mission aimed at integrating development of basic services to urban poor, including improved housing at affordable prices in the cities covered under the mission. GoI was to provide 50 per cent of the cost of the projects and the remaining was to be provided by Government of Rajasthan (GoR), Municipal Corporation and beneficiary as 30,10, and 10 per cent of the cost respectively.

The HUPA, GoI approved (January 2013), the Detailed Project Report for Sanjay Nagar Bhatta Basti (Phase-I), Jaipur under Rajiv Awas Yojna for ₹ 96.61 crore.

Accordingly, Local Self Government Department (LSGD), GoR issued administrative sanction (March 2013) of ₹ 96.61 crore for construction of 2,332 dwelling units (2,212 duplex and 120 rental units).

- LSGD issued (April 2013) technical sanction of ₹ 58.92 crore²⁰ for construction of 2,332 dwelling units in three packages.
- LSGD revised the administrative and financial sanction as ₹ 67.99 crore²¹.
- The work orders²² for construction of dwelling units in three packages were issued (Package-I: June 2013 and Package-II and III: October 2013) to a firm with stipulated date of commencement and completion between 25 June 2013 and 17 April 2015 respectively.

Test check of records and information collected (September 2020) from Municipal Corporation, Jaipur, revealed that the contractor was given layout plan of only 1380 dwelling units (1,260 Duplex units and 120 Rental units) out

20 Package-I (684 Duplex units and 120 Rental units): ₹ 19.88 crore, Package-II (792 Duplex units) : ₹ 19.70 crore and Package-III (736 Duplex units) : ₹ 19.34 crore.

21 Package-I (May 2013): ₹ 22.94 crore, Package-II (October 2013): ₹ 22.74 crore and Package-III (October 2013): ₹ 22.31 crore

22 Package-I (Commencement 25.06.2013 and completion 24.12.2014): ₹ 22.94 crore, Package-II (Commencement 18.10.2013 and completion 17.04.2015): ₹ 22.74 crore Package-III (Commencement 18.10.2013 and completion 17.04.2015): ₹ 22.31 crore. (Total ₹ 67.99 crore).

of 2,332 dwelling units that were to be constructed due to sand dunes and encroachment on land. The contractor executed the work amounting to ₹ 37.01 crore²³ upto September 2015 under three packages and stopped the work (November 2015) due to non-payment of running bills amounting to ₹ 9.44 crore²⁴ (September 2015), payment of which was made during March, 2020 to August, 2020. However, the work has not been resumed so far (December 2021). During this period, M Corp failed to take decision on continuation of this work and delayed the payment of bills to contractor as BUSP scheme was discontinued in 2015. Thus, the project was to be funded by ULB itself from its own resources. The Department could not take a decision on whether to resume the work with the earlier contractor or to invite a fresh tender since November 2015.

Thus, despite an expenditure of ₹ 37.01 crore on 1,380 dwelling units', these structures are lying unused since 2015, due to absence of the infrastructure facilities like roads, sewerage, electricity-drinking water lines etc, as depicted in images below:



Thus, the expenditure of ₹ 37.01 crore incurred under the scheme remained unfruitful and possibilities of damages cannot be ruled out. Further, the purpose of providing facilities to the urban poor citizens with shelter and basic amenities under BSUP scheme was also defeated.

23 Package-I (upto 12th Running Bill – 7 March 2020): ₹ 19.41 crore, Package-II (upto 7th Running Bill – 18 August 2020): ₹ 8.59 crore and Package-III (upto 9th Running Bill – 7 August 2020): ₹ 9.01 crore.

24 Package-I: ₹ 1.76 crore, Package-II: ₹ 3.80 crore and Package-III: ₹ 3.88 crore (Total ₹ 9.44 crore).

The matter was referred to State Government in May 2021; reply is awaited (August 2021).

4.3 Short recovery of betterment levy

Short recovery of betterment levy of ₹ 7.46 crore from the applicants on granting permission for construction of buildings.

Rajasthan Building Bye-laws, 2013 prescribed that Standard Floor Area Ratio²⁵ (FAR) for construction of residential buildings should be 1.33. If FAR exceed 1.33, a betterment levy was to be charged before granting permission for the excess FAR. Government of Rajasthan (GoR) amended (September 2013) rates of betterment levy. According to GoR order (February 2018), the applicant can deposit betterment levy in four equal installments through post-dated cheques.

(i) Test check (October-November 2019) of records of Municipal Corporation (M Corp), Kota revealed that in three cases, applicants applied for permission to construct building for residential purposes. The M Corp did not follow amended provisions (September 2013) while calculating amount of betterment levy and recovered ₹ 2.19 crore instead of ₹ 7.91 crore, leaving ₹ 5.72 crore as short recovered.

Further, one of these applicants²⁶ deposited ₹ 0.75 crore (November 2018) as a first installment and applied for payment of balance amount of betterment levy in installments and the same was accepted through three advance cheques. These cheques were dishonored. The applicant furnished fresh cheques which also dishonored but M Corp did not take any action under Negotiable Instrument Act.

The matter was referred (December 2020) to State Government, their reply was awaited (July 2021).

(ii) Similarly, scrutiny of record of M Corp, Jodhpur revealed that four applicants applied for permission to construct building for residential and commercial purposes which had FAR in excess of the standard rate. The M Corp, Jodhpur had not recovered the betterment levy as prescribed in the amended bye-laws resulting in short recovery of betterment levy amounting to ₹ 1.90 crore.

The State Government accepted (June 2021) the facts and stated that the short recovery of ₹ 0.16 crore as pointed out by audit has now been recovered in one case in March 2021 and in remaining three cases, action is being taken for recovery of the balance amount. The fact remains that due to weakness in the internal control system, compliance with the rules regarding levy of

25 Floor Area Ratio is the ratio of a building's total floor area to the size of the land upon which it is built.

26 Mukesh Hiranandani (Neo Dream Homez Private Limited), Civil Lines, Station Road, Kota.

betterment levy was not made. Even after being pointed out by audit in September 2020, an amount of ₹ 1.74 crore is yet to be recovered in three cases.

Thus, in six cases betterment levy amounting to ₹ 7.46 crore was short recovered.

4.4 Non /short recovery of Labour Cess

Municipal Corporation, Ajmer, Bikaner and Kota failed to recover the Labour Cess amounting ₹ 1.31 crore.

With a view to provide safety, health and welfare measures to building and other construction workers, Government of India (GoI) enacted Building and Other Construction workers' Welfare Cess Act, 1996 (Act). Section 3 to 5 of the Act prescribe for (i) levy and collection of cess (ii) furnishing of returns and (iii) assessment of cess. The cess was to be levied at rate not exceeding two *per cent* but not less than one *per cent* of the cost of construction incurred by an employer. Every employer has to furnish a return of the cess and the officer or authority shall, by order assess the cess payable by the employer even in the case of non-furnishing of return. Rule 4 of Building and Other Construction Workers' Welfare Cess Rules 1998 prescribed the time and manner of collection of the cess. Rule 4(4) provided that in cases where the approval of a construction work by a local authority is required, every application for such approval shall be accompanied by a crossed demand draft in favour of the Building and Other Construction Workers' Welfare Board for an amount of cess payable. However, if the duration of the project is likely to exceed one year, the demand draft may be for the amount of the cess payable on cost of the construction estimated to be incurred during one year from the date of commencement of work and further payments of cess due shall be made within 30 days on the cost of construction to be incurred during the relevant period.

A circular was issued (June 2010) by the Labour and Employment Department, Government of Rajasthan (GoR) for collection of cess at the rate of one *per cent* of construction cost. A circular was also issued (July 2010) subsequently by this department for collection of cess in accordance with the above rules. The Urban Development, Housing and Local Self Government Department had also issued instructions (September 2013 and July 2017) in this regard.

Scrutiny (November 2019 and October 2020) of the records of Municipal Corporations, Ajmer, Bikaner and Kota, revealed that eight builders were given permission to construct building projects during May 2015 to June 2018, costing ₹ 171.25 crore but the cess was not recovered/under recovered, resulting in non-recovery of cess amounting to ₹ 1.31 crore.

The State Government, in case of MCorp, Bikaner stated (March 2021) that final notice has been issued to the builder for depositing the amount of Cess. The reply of the State Government in case of Ajmer and Kota is awaited.

Thus, M Corps failed to adhere to the provisions of the Act and safe guard the interest of labours, which resulted in non/short recovery of labour cess amounting to ₹ 1.31 crore.

4.5 Loss of revenue

Resultant loss of revenue of ₹ 41.04 lakh due to delay in tendering process and low department collections during the delay period.

Section 104 of the Rajasthan Municipalities Act (Act), 2009 provides power to the municipality to levy user charges for parking of different types of vehicles in different areas and for different periods. Further, section 105(C) (VI) of the Act empowers the municipality to levy fees for licensing of such activities and issue of license or permission under the provisions of the Act.

Rule 40 of Rajasthan Transparency in Public Procurement Rules (RTPP Rules), 2013 prescribes an outer time frame of 84 days for a one stage bidding bid cycle procurement process.

Test check (April 2018) of records of Municipal Corporation (M Corp), Jaipur revealed that M Corp awarded 'paid parking' contract for one year from 16 May 2015 to 15 May 2016 for an amount of ₹ 66 lakh to a contractor and issued license for operation of contract (May 2015). As the RTPP Rules provided for a period of 84 days for finalizing a one stage bidding process, the bidding process for 2016-17 should have been initiated in the month of February 2016 as the revised contract was to be effective from 16 May 2016. However, it was observed in Audit that the procedure for re-auction was initiated only in April 2016. This resulted in the entire process getting delayed and the contract not getting finalized for the period 16 May 2016 to March 2017.

In the meantime, extension of two months (till 15 July 2016) was granted to the previous contractor at 10 per cent increased rates. Thereafter M Corp had to run the parking site departmentally from 16 July 2016 to 31 March 2017. During this period of eight and half month, M Corp realized revenue of only ₹ 7.13 lakh. The M Corp could have collected an amount of ₹ 51.43 lakh²⁷, had the contract with the earlier contractor had been extended. M Corp also did not investigate as to the reasons for the low revenue collections during the period when the parking site was run departmentally. Finally, M Corp finalized the tender for the year 2017-18 and issued work order (18 April 2017) to parking contractor for an amount of ₹ 68.01 lakh.

27 Expected revenue for one month = ₹ 72,60,000 (10 per cent increase from previous year rate i.e. ₹ 66,00,000)/12 = ₹ 6,05,000.
Expected revenue from 16.07.2016 to 31.03.2017 (8.5 months) = ₹ 6,05,000 x 8.5 = ₹ 51,42,500 (say ₹ 51.43 lakh).

Thus, failure of M Corp to complete the tendering process in time and very low collection during the period when the parking site was run departmentally, resulted in loss of revenue of ₹ 41.04 lakh (₹ 48.17 lakh²⁸ - ₹ 7.13 lakh).

The matter was referred to the State Government in January 2021; their reply is still awaited (August 2021).

JAIPUR,
The 04 April, 2022

Anadi Misra
(ANADI MISRA)
Accountant General
(Audit-I), Rajasthan

Countersigned

NEW DELHI,
The 05 April, 2022


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

28 ₹ 68.01 lakh/12 X 8.5 Months.

