



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
the Efficacy of Implementation of Seventy-fourth
Constitutional Amendment Act in Maharashtra**



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



**Government of Maharashtra
Report No. 3 of the year 2022**

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Comptroller and Auditor General of India
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the Efficacy of Implementation of
Seventy-fourth Constitutional Amendment
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Preface

This Report for the year ended March 2021 has been prepared for submission to the Governor of Maharashtra under Article 151 of the Constitution of India.

Audit of Urban Local Bodies is conducted under the provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 which empowers the Comptroller and Auditor General of India to conduct audit of the accounts of Urban Local Bodies and submit such Audit Report to the State Government for its placement in the State Legislature.

The Report covering the period 2015-16 to 2020-21 contains the results of performance audit on "the Efficacy of Implementation of Seventy-fourth Constitutional Amendment Act in Maharashtra".

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

EXECUTIVE SUMMARY

Executive Summary

The Constitution (Seventy-fourth) Amendment Act, 1992 (CAA) which came into effect from 1 June 1993, introduced Part IXA (the Municipalities) and Schedule XII in the Constitution of India. The CAA authorised the State Legislature to enact laws to endow the Urban Local Bodies (ULBs) with powers and authority and devolve upon them powers and responsibilities for 18 functions listed in the Twelfth Schedule. The most important feature of the Seventy-fourth CAA was to give constitutional status to Municipalities as a third tier of the Government. In Maharashtra, three Acts governed the Municipal Corporation of Greater Mumbai (MCGM), other Municipal Corporations in the State and Municipal Councils and Nagar Panchayats. All the three Acts were amended to comply with the requirements of the Seventy-fourth CAA.

This performance audit was conducted to assess whether Seventy-fourth CAA had been adequately covered in State legislations and the ULBs had strong institutional arrangements, sufficient funds and functionaries to perform the functions devolved upon them. Audit was conducted for the period 2015-16 to 2020-21 and records in 44 out of 396 ULBs in the State comprising of Municipal Corporations, Municipal Councils and Nagar Panchayats were test-checked. Audit covered water supply, sanitation and fire services functions in these ULBs.

Principal findings and recommendations of the Performance Audit

The chapter-wise audit findings are as follows:

Chapter IV: Empowerment of Urban Local Bodies and their functioning

Of the 18 functions, six functions related to urban planning, regulation of land-use and construction of buildings, slum improvement and upgradation, water supply, public health and roads and bridges were also performed by the parastatal agencies, thereby diluting the envisaged devolvement and empowerment to the ULBs.

(Paragraph 4.2)

The Mayor of the Municipal Corporations did not have any executive powers while both the Mayor of Municipal Corporations and President of the Municipal Councils/Nagar Panchayats were not elected directly by the people.

(Paragraph 4.3.2)

The Metropolitan Planning Committee of Aurangabad did not hold any meeting since its formation in February 2015 while the Metropolitan Planning Committee of Nashik held only one meeting since its formation in June 2016. The development plan of the metropolitan area was yet to be prepared.

(Paragraph 4.5)

There was shortfall in constitution of Ward Committees and holding of meetings.

(Paragraphs 4.6)

Delays in constitution of the State Finance Commission (SFC), delays in consideration of its recommendations and failure to devolve funds as per the accepted recommendations of SFC led to delays/short release of funds to ULBs.

(Paragraphs 4.8.1 and 4.8.2)

Recommendations:

- *The Government needs to take time-bound action to achieve complete devolution of powers and responsibilities to the ULBs as per the Constitution and provide adequate autonomy in discharging these functions within their area.*
- *The State Government should consider the recommendations of the Administrative Reforms Commission for entrusting executive powers to the Mayor and direct election of Mayor/President by the people.*
- *The State Government should ensure effective functioning of Metropolitan Planning Committee for integrated development of the metropolitan area.*
- *The Government should take steps to constitute Ward Committees and Area Sabha and ensure its effective functioning.*
- *The State Government should constitute the SFC within the stipulated time frame and ensure that the report of SFC is submitted to Government expeditiously. The State Government should also ensure that the recommendations are considered within a defined time frame and accepted recommendations are implemented promptly.*
- *The State Government may set up a mechanism for collecting data of professional tax collection in urban areas and ensure 50 per cent of it is devolved to ULBs in a timely manner.*

Chapter V: Financial resources of Urban Local Bodies

The average property tax collection efficiency during 2015-16 to 2019-20 in the test-checked ULBs was 53 per cent, while the collection efficiency in Municipal Corporation of Greater Mumbai during the said period was only 28 per cent. Charges in lieu of property tax on Central and State Government properties were not levied in 30 per cent of the test-checked ULBs. Geographic Information System (GIS) mapping of the properties was not completed in 34 out of 44 test-checked ULBs to implement GIS-based taxation system. Only three out of 44 test-checked ULBs was levying property tax based on capital value.

(Paragraph 5.2.1)

There was shortfall of ₹ 1,220.22 crore in disbursement of Additional Stamp Duty to ULBs during the period 2015-16 to 2020-21.

(Paragraph 5.3.1)

There was short disbursement of *Nagarpalika Sahayak Anudan*, Pilgrim Tax and Road Grant to the tune of ₹ 2,679.15 crore during the period 2015-16 to 2020-21.

(Paragraphs 5.4.1, 5.4.3 and 5.4.4)

Recommendations:

- *The internal control mechanism in the ULBs may be strengthened to ensure that charges in lieu of property tax on Central and State Government properties are levied by all ULBs. The State Government may also ensure that ULBs levy property tax on capital value and complete GIS mapping of properties in a time-bound manner.*
- *The Government may consider a mechanism for direct credit of additional stamp duty to the ULBs as recommended by the Fifth SFC and in the interim, arrange to transfer the entire collected proceeds to the ULBs.*
- *Government should ensure that assigned revenue and grants to ULBs are disbursed in full without any delay.*

Chapter VI: Human Resources in Urban Local Bodies

There was wide variation in the sanctioned strength of staff *vis-à-vis* the population which ranged from 0.35 per thousand population to 15.46 per thousand population in the test-checked ULBs. The shortfall in manpower in the test-checked ULBs was 31 *per cent*.

(Paragraph 6.1)

Audit noticed that Maharashtra Public Service Commission was not given the responsibility to function as the Consultative Authority for selection of grade A, B and C of common services in Municipal Councils. Development of cadre services for Municipal Corporation area, as recommended by Fifth State Finance Commission, was pending.

(Paragraph 6.2)

Recommendations:

- *Government may review the sanctioned strength in ULBs considering the recommendation of fifth SFC and ensure that the vacancies are filled in a time-bound manner.*
- *Government may take action to assign responsibility to Maharashtra Public Service Commission to function as the Consultative Authority for appointment of staff for common services and take expeditious action for the development of cadre services for Municipal Corporations.*

Chapter VII: Effectiveness of delivery of water supply, sanitation and fire services

The Service Level Benchmarks for 100 *per cent* coverage of water supply connections and supply of 135 litres of water per capita per day was not achieved in 83 *per cent* and 69 *per cent* of the test-checked ULBs respectively. In 67 *per cent* of the test-checked ULBs, water supply was not metered while in 42 *per cent*, water was not potable. In 89 *per cent* of the test-checked ULBs, the water charges being levied was not sufficient to meet the cost of supply and in 88 *per cent*, the collection efficiency was less than 90 *per cent*.

(Paragraphs 7.1.1 to 7.1.5)

Only one out of the 42 test-checked ULBs had achieved the target of 100 *per cent* coverage of sewage network of wastewater.

(Paragraph 7.2.2)

There was 61 *per cent* shortage of fire stations in the test-checked ULBs.

(Paragraph 7.3.3)

Recommendations:

- *The Government may review the poor performance of the ULBs in achieving the service level benchmarks related to water supply and sewage services and take steps for its improvement in a time-bound manner.*
- *Government may ensure 100 per cent metering of water connections in all the ULBs to improve the collection efficiency and avoid loss of revenue, thereby increasing the financial resources of the ULBs.*
- *The Government may address the shortage of fire stations in the ULBs on top priority.*

CHAPTER - I

INTRODUCTION

Chapter I

Introduction

1.1 Seventy-fourth Constitutional Amendment

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

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

1. Urban Planning including town planning;
2. Regulation of land use and construction of buildings;
3. Planning for economic and social development;
4. Roads and Bridges;
5. Water Supply for domestic, industrial and commercial purposes;
6. Public Health, sanitation, conservancy and solid waste management;
7. Fire services;
8. Urban forestry, protection of the environment and promotion of ecological aspects;
9. Safeguarding the interests of weaker section of society including the handicapped and mentally retarded;
10. Slum improvement and up-gradation;
11. Urban poverty alleviation;
12. Provision of urban amenities and facilities such as parks, gardens, playgrounds;
13. Promotion of cultural, educational and aesthetic aspects;
14. Burials and burial grounds; cremations, cremation grounds and electric crematoriums;
15. Cattle pounds; prevention of cruelty to animals;
16. Vital statistics including registration of births and deaths;
17. Public amenities including street lighting, parking lots, bus stops and public conveniences; and
18. Regulation of slaughterhouses and tanneries.

1.2 Trend of urbanisation in Maharashtra

As per the Census of 1991, the percentage of urban population in Maharashtra was 39 *per cent*, which increased to 45 *per cent* as per the Census of 2011. In absolute terms, the urban population in the State as per Census of 2011 was 5.08 crore.

With increasing urbanisation, ULBs have to perform a pro-active role in managing water supply, sanitation, solid waste, fire service, preventing disasters and mitigating environmental stress.

1.3 Profile of Urban Local Bodies

The ULBs in Maharashtra are governed by three legislations. The Municipal Corporation of Greater Mumbai (MCGM) is governed by Mumbai Municipal Corporation Act, 1888, while Municipal Corporations other than MCGM are governed by the Maharashtra Municipal Corporation Act, 1949 (MMC Act). The Municipal Councils and Nagar Panchayats are governed by the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965 (MMCNPIT Act).

There were 396 ULBs in Maharashtra comprising of 27 Municipal Corporations, 241 Municipal Councils and 128 Nagar Panchayats. The basis of classification of ULBs in the State is shown in **Table 1.1**.

Table 1.1: Classification of ULBs in the State

Sr. No.	Classification of ULBs	Basis of classification
1	Municipal Corporation	Population more than three lakh. Further sub-divided into five categories based on population and per capita income.
2	Municipal Council	Population between 25,000 and three lakh and the percentage of employment in non-agriculture activities is not less than 35 <i>per cent</i> . Municipal Councils are further divided into class A, B and C based on population.
3	Nagar-Panchayat	Population between 10,000 and 25,000. Additional criteria for classification were percentage of employment in non-agriculture activities and distance from municipal corporation area and 'A' class Municipal Council.

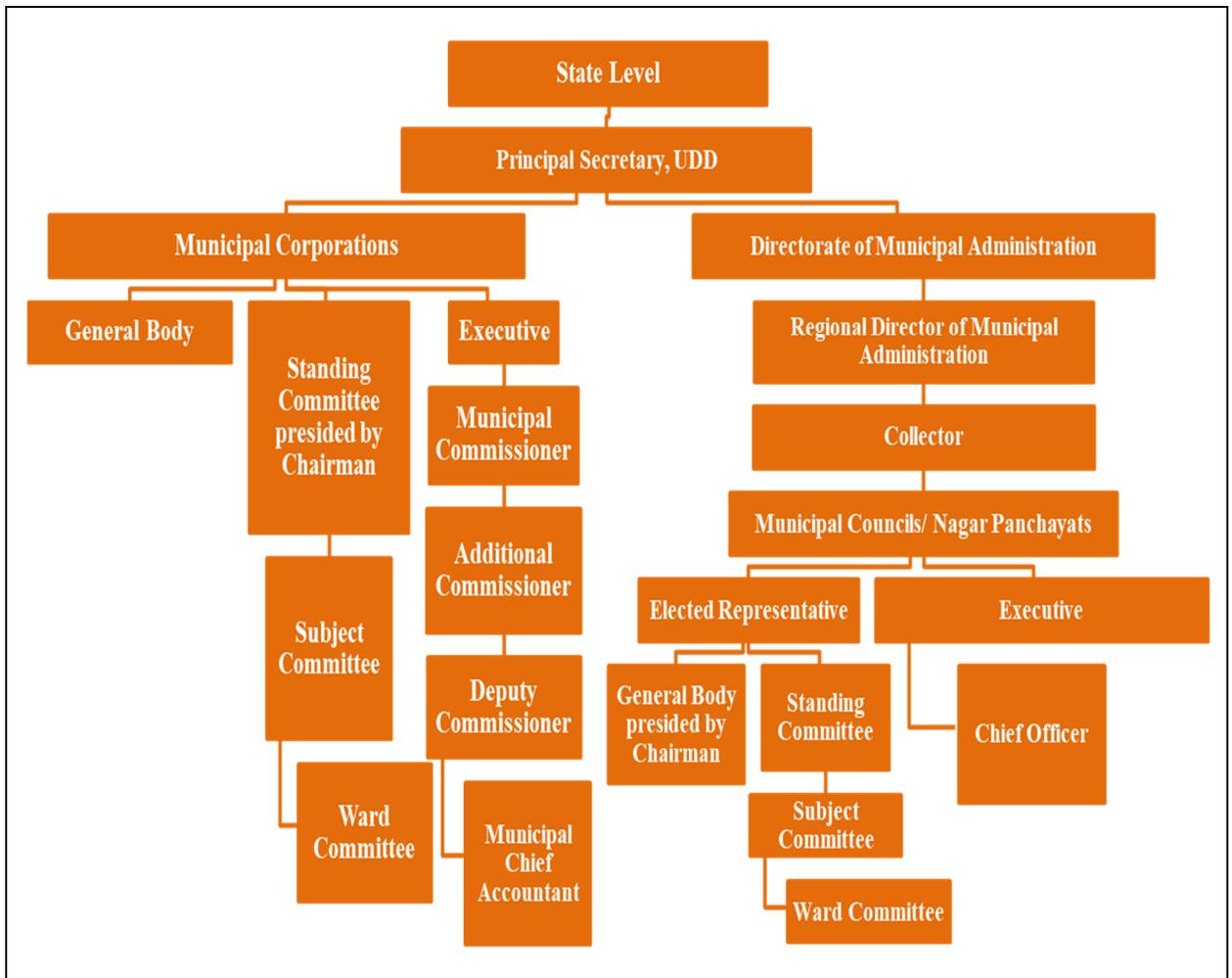
Source: Corresponding Acts

1.4 Organisational structure of Urban Local Bodies governance in Maharashtra

The Urban Development Department (UDD), Government of Maharashtra (GoM) headed by Principal Secretary is the nodal Department for the governance of all ULBs in the State. The Municipal Corporations headed by the Municipal Commissioners report functionally to the respective elected bodies and administratively to UDD. Similarly, Municipal Councils and Nagar Panchayats headed by Chief Officers report functionally to the respective elected bodies and administratively to the Commissioner and Director,

Directorate of Municipal Administration¹ (DMA) under the administrative control of UDD. A schematic diagram depicting the organisational structure of ULBs is indicated in **Chart 1.1**.

Chart 1.1: Organisation structure of ULBs



¹ Directorate of Municipal Administration (DMA) was established in 1965, under the administrative control of UDD to advise Government in making policy relating to local self-governance, monitoring general working of municipalities and assisting them in drawing budget and plans. DMA also functions as co-ordinator between Municipal Councils and Government. The DMA is assisted by Regional Directors at the division level and Collectors at district level

CHAPTER II

AUDIT FRAMEWORK

Chapter II

Audit Framework

2.1 Audit objectives

This Performance Audit was conducted to assess:

- whether provisions of Seventy-fourth CAA have been adequately covered in State legislations;
- whether ULBs have been empowered by the State Government to discharge their functions effectively through the creation of appropriately designed institutions/institutional mechanisms;
- whether ULBs have access and powers to raise financial resources commensurate with their functions and ULBs are getting funds from Central and State Governments as envisaged;
- whether ULBs have powers to mobilise and incentivise human resources commensurate with their functions; and
- whether ULBs have been delivering services to citizens effectively.

2.2 Audit criteria

Audit criteria were adopted from the following:

- The Constitution (Seventy-fourth) Amendment Act, 1992;
- The Mumbai Municipal Corporation Act, 1888;
- The Maharashtra Municipal Corporation Act, 1949;
- The Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965;
- Central/State Finance Commission Reports; and
- Handbook of Service Level Benchmarks issued by the Ministry of Housing and Urban Affairs, Government of India.

2.3 Audit scope and methodology

The Performance Audit was conducted from December 2020 to March 2021, August 2021 and April 2022 to May 2022 covering the period 2015-16 to 2020-21, through test-check of records at Urban Development Department and Finance Department of Government of Maharashtra as well as records of the Directorate of Municipal Administration, Mumbai. Besides, records of 43 ULBs selected on simple random basis from each tier of the ULBs and three focus areas covering the water supply, sanitation and fire services functions of the ULBs, were test-checked. The list of selected ULBs is shown in **Table 2.1**.

Table 2.1: List of selected Urban Local Bodies

Sr. No.	Types of ULBs	Population-wise category	Total No. of units	Selected units	Name of the units
1	Municipal Corporations	Above 3 lakhs	27	07	Amravati, Latur, Nagpur, Nashik, Pimpri-Chinchwad, Thane, Vasai-Virar.
2	Municipal Councils	Above 25 thousand and below 3 lakh	241	24	Alibaug, Barshi, Chopada, Dhamangaon, Hinganghat, Ichalkaranji, Jalna, Katol, Khamgaon, Khopoli, Khultabad, Kulgaon-Badlapur, Mahabaleshwar, Malkapur, Nandurbar, Nandura, Nilanga, Osmanabad, Ramtek, Sillod, Sinnar, Talegaon-Dabhade, Trimbak, Yavatmal.
3	Nagar Panchayats	Above 10 thousand and below 25 thousand	128	12	Bhatkuli, Lakhani, Medha, Mohadi, Motala, Murbad, Renapur, Sakri, Sindkhed, Shirur-Anantpal, Shirala, Tala.
Total			396	43	

In addition to the 43 ULBs selected on random basis, the Municipal Corporation of Greater Mumbai (MCGM), which is the largest ULB in the State catering to a highly dense population, was also test-checked.

The audit objectives, audit scope and criteria were intimated (July 2021) to the Principal Secretary, UDD, GoM. The audit findings were discussed with the Principal Secretary, UDD, GoM in an exit conference held on 1 February 2022 and the responses of the department have been taken into consideration while drafting the Report.

2.4 Acknowledgement

Audit is thankful for the co-operation and assistance extended by Urban Development Department, Finance Department, Directorate of Municipal Administration and all the test-checked ULBs in providing records, information and clarifications from time to time for the smooth conduct of audit despite the constraints induced by COVID -2019 pandemic.

2.5 Structure of the Report

Audit findings are presented in the following chapters:

Chapter 3: Compliance to the provisions of the Constitution (Seventy-fourth) Amendment Act

Chapter 4: Empowerment of Urban Local Bodies and their functioning

Chapter 5: Financial resources of Urban Local Bodies

Chapter 6: Human resources in Urban Local Bodies

Chapter 7: Effectiveness of delivery of water supply, sanitation and fire services

CHAPTER III

***Compliance to the provisions of
the Constitution (Seventy-fourth)
Amendment Act***

Chapter III

Compliance to the provisions of the Constitution (Seventy-fourth) Amendment Act

3.1 Comparison of State level legislation with Seventy-fourth CAA

The Constitution (Seventy-fourth) Amendment Act, 1992 (CAA) inserted Part IXA in the Constitution of India, specifically for municipalities. It contained Articles 243P to 243ZG. Accordingly, Government of Maharashtra had brought suitable amendments in all the three Acts viz; (i) The Mumbai Municipal Corporation Act, 1888 (MbMC Act); (ii) Maharashtra Municipal Corporation Act, 1949 (MMC Act) and (iii) Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships Act, 1965 (MMCNPIT Act) to comply with the provisions of the newly introduced Part IXA.

A comparison of the provision in CAA and the corresponding provisions in the three municipal legislations in Maharashtra is shown in **Table 3.1**.

Table 3.1: Comparison of State Legislations with the provisions of the Constitution (Seventy-fourth) Amendment Act, 1992

Sr. No.	Provisions of the Constitution of India	Requirements as per the provisions of the Constitution of India	Provisions in MbMC Act/MMC Act/MMCNPIT Act and other Acts complying with the provisions of the Constitution of India
1	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 5 of MbMC Act, Section 3 of MMC Act and Sections 3,4,5 and 341A of MMCNPIT Act
2	Article 243R	Composition of Municipalities: It provides for filling of all seats in a municipality by direct elections apart from nomination of persons with special knowledge or experience in municipal administration by the State Government. It also provides for representation to the Members of Lok Sabha and State Legislative Assembly whose constituencies lie within the municipal area and to Members of the Rajya Sabha and State Legislative Council who are registered as electors within the municipal area.	Section 5(1) of MbMC Act, Section 5 of MMC Act and Sections 9 and 341B of MMCNPIT Act
3	Article 243S	Constitution and composition of Wards Committee: It provides for constitution of Ward Committees in all municipalities with a population of three lakh or more.	Section 50TT of MbMC Act, Section 29A of MMC Act and Section 66A of MMCNPIT Act
4	Article 243T	Reservation of Seats: It provides for reservation of seats to Schedule Caste/Schedule Tribes and Women for direct election. It also provides for reservation of seats to backward classes by the State Legislature.	Section 5A of MbMC Act, Section 5A of MMC Act and Section 9(1A), 9(2) and 341B(4) of MMCNPIT Act

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Sr. No.	Provisions of the Constitution of India	Requirements as per the provisions of the Constitution of India	Provisions in MbMC Act/MMC Act/MMCNPIT Act and other Acts complying with the provisions of the Constitution of India
5	Article 243U	Duration of Municipalities: It provides for a fixed tenure of five years to the municipality from the date of its first meeting.	Section 6 of MbMC Act, Section 6 of MMC Act and Section 40 of MMCNPIT Act
6	Article 243V	Disqualifications for Membership: It provides that a person stands disqualified for being a member of a municipality (i) If he is so disqualified by or under any law for the time being in force for the purposes of elections to the Legislature of the State concerned (ii) If he is so disqualified by or under any law made by the Legislature of the State.	Section 16 of MbMC Act, Section 10 of MMC Act and Section 16 and 44 of MMCNPIT Act
7	Article 243W	Powers, Authority and Responsibilities of the Municipalities: It provides for endowing all municipalities, with such powers and authority by the State Government, as may be necessary to enable them to function as institutions of self-government. It also provides for endowing all municipalities with such powers and authority by State Government to enable them to carry out the responsibilities in relation to functions listed in Twelfth Schedule of the Constitution.	Chapter IX to XVI of MbMC Act, Section 63 of MMC Act and Chapter XI to XXI of MMCNPIT Act
8	Article 243X	Power to impose taxes by, and funds of the Municipalities: It provides for authorising the municipalities to levy and collect taxes, fees, duties <i>etc.</i> , by the State Legislature. It also provides for making grant-in-aid from the Consolidated Fund of the State and constitution of funds for crediting all money received by or on behalf of municipalities and withdrawal of money from such fund.	Section 139, Chapter VIII of MbMC Act, Section 82, 82A and 127 of MMC Act and Chapter IX and X of MMCNPIT Act
9	Article 243Y read with Article 243I	Finance Commission: It provides for review of the financial position of the municipalities by the State Finance Commission and make recommendations (i) to improve the financial position of the municipalities, (ii) principles governing the distribution of taxes, duties, tolls and fees between States and ULBs and (iii) grant-in-aid to be provided from the Consolidated Fund of the State <i>etc.</i>	Maharashtra Finance Commission (Miscellaneous) Act, 1994
10	Article 243Z	Audit of accounts of Municipalities: It provides for maintenance of accounts by the municipalities and audit of such accounts.	Section 135 and 138 of MbMC Act, Section 93 and 105 of MMC Act and Section 104 of MMCNPIT Act
11	Article 243ZA read with Article 243K	Elections to the Municipalities: It provides for superintendence, direction and control of electoral rolls and the conduct of all elections of the municipalities by the State Election Commission.	Section 18 A of MbMC Act, Section 14 of MMC Act and Section 10 A of MMCNPIT Act

Sr. No.	Provisions of the Constitution of India	Requirements as per the provisions of the Constitution of India	Provisions in MbMC Act/MMC Act/MMCNPIT Act and other Acts complying with the provisions of the Constitution of India
12	Article 243 ZD	Committee for District Planning: It provides for constitution of District Planning Committee at district level, its composition <i>etc.</i>	Maharashtra District Planning Committee (Constitution and Functions) Act, 1998
13	Article 243ZE	Committee for Metropolitan Planning: It provides for constitution of Metropolitan Planning Committee in every metropolitan area with a population of 10 lakh or more.	Maharashtra Metropolitan Planning Committee (Constitution and Function) (Continuance of Provisions) Act, 1999

Source: The Constitution (Seventy-fourth) Amendment Act, 1992 and State Acts

Audit observed that the State legislation complied with the provisions of the CAA. However, compliance to the constitutional provisions by law alone does not guarantee effective devolution unless ULBs have strong institutional arrangements, sufficient funds and functionaries to perform the functions devolved upon them and deliver services to the citizens effectively. These issues are discussed in the subsequent chapters.

CHAPTER IV

Empowerment of Urban Local Bodies and their functioning

Chapter IV

Empowerment of Urban Local Bodies and their functioning

The Constitution (Seventy-fourth) Amendment Act, 1992 (CAA) enjoined upon the State Government to enact laws to endow the municipalities with powers and authority to enable them to function as institutions of self-government. The CAA also required the State Government to devolve powers and responsibilities to the municipalities, to perform functions and implement schemes as entrusted for the 18 functions listed in the Twelfth Schedule.

4.1 Devolution of functions in the State

The State Government by law has devolved all the 18 functions listed in the Twelfth Schedule of the Constitution to ULBs which have been categorised into obligatory and discretionary functions. Out of the 18 functions, 14 functions were obligatory and four were discretionary in Municipal Corporations while in Municipal Councils and Nagar Panchayats, 13 functions were obligatory and five functions were discretionary. The devolution of functions in the three State Acts are indicated in **Table 4.1**.

Table 4.1: Devolution of functions under the three Acts in the State

Sr. No.	Functions in Twelfth Schedule	Functions delegated under the provisions of		
		MbMC Act, 1888	MMC Act, 1949	MMCNPIT, 1965
1	Urban planning including town planning	As per section 2(19) of the Maharashtra Regional Town Planning Act, 1966 (MRTP), Planning Authority means a local authority, which as per Section 2(15) means MCGM or any Corporation constituted under MMC Act, 1949 and a Council and a Nagar Panchayat constituted under MMCNPIT Act, 1965. Such a local authority is permitted by the State Government for any area under its jurisdiction to exercise the powers of a Planning Authority under this Act. Obligatory		
2	Regulation of land use and construction of buildings	Chapter XII- Building Regulation and Chapter XIIA- City Improvement Obligatory	Chapter XV- Building Regulation and Chapter XVI- Improvement Scheme Obligatory	Chapter XII- Control of Building Obligatory
3	Planning for economic and social development	Section 61(aa) of Chapter III (Duties and Powers of Municipal Authorities) Obligatory	Section 63(1a) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) Obligatory	Section 49(2)(aa) of Chapter III (Duties and functions of the Council and Municipal Executive) Obligatory

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Sr. No.	Functions in Twelfth Schedule	Functions delegated under the provisions of		
		MbMC Act, 1888	MMC Act, 1949	MMCNPIT, 1965
4	Roads and Bridges	Section 61(m) to 61(p) of Chapter III (Duties and Powers of Municipal Authorities) and Chapter XI (Regulation of streets) Obligatory	Section 63(18) and 63(19) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) Obligatory	Section 49(2)(i) of Chapter III (Duties and functions of the Council and Municipal Executive) Obligatory
5	Water supply for domestic, industrial and commercial purposes	Section 61(b) of Chapter III (Duties and Powers of Municipal Authorities) and Chapter X (Water Supply) Obligatory	Section 63(20) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) and Chapter XIII (Water Supply) Obligatory	Section 49(2)(j) of Chapter III (Duties and functions of the Council and Municipal Executive) and Chapter XIV (Water Supply) Obligatory
6	Public health, sanitation, conservancy and solid waste management	Section 61(c), 61(d), 61(e), 61(ff), 61(g) and 61(gg) of Chapter III (Duties and Powers of Municipal Authorities) and Section 365-389 and Sec 421 – 433 of Chapter XV (Sanitary Provision) Obligatory	Section 63(2), 63(3), 63(4), 63(6), 63(14) and 63(21) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) and Chapter XII (Drain & Drainage) Chapter XVIII (Sanitary Provisions) Obligatory	Section 49(2)(m), 49(2)(o), 49(2)(s) of Chapter III (Duties and functions of the Council and Municipal Executive), Chapter XIII (Drainage) and Chapter XVII (Prevention and control of dangerous diseases) Obligatory
7	Fire services	Section 61(k) of Chapter III (Duties and Powers of Municipal Authorities) and Chapter XIV (Municipal Fire-Brigade) Obligatory	Section 63(5) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) and Chapter XVII (Municipal Fire-Brigade) Obligatory	Section 49(2)(d) of Chapter III (Duties and functions of the Council and Municipal Executive) Obligatory
8	Urban forestry, protection of the environment and promotion of ecological aspects	Section 61(ab) of Chapter III (Duties and Powers of Municipal Authorities) Obligatory	Section 63(1b) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) Obligatory	Section 49(2)(ab) of Chapter III (Duties and functions of the Council and Municipal Executive) Obligatory

Chapter IV – Empowerment of Urban Local Bodies and their functioning

Sr. No.	Functions in Twelfth Schedule	Functions delegated under the provisions of		
		MbMC Act, 1888	MMC Act, 1949	MMCNPIT, 1965
9	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded	Section 63(jje) of Chapter III (Duties and Powers of Municipal Authorities) Discretionary	Section 65 and 66(1) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) Discretionary	Section 49(2) (s-1a), 49(2)(sa), 49(2)(sb) of Chapter III (Duties and functions of the Council and Municipal Executive) Obligatory
10	Slum improvement and up-gradation	Section 63(a) of Chapter III (Duties and Powers of Municipal Authorities) Discretionary	Section 66(1A) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) Discretionary	Section 49(3)(aa) of Chapter III (Duties and functions of the Council and Municipal Executive) Discretionary
11	Urban poverty alleviation	Section 63(aa) of Chapter III (Duties and Powers of Municipal Authorities) Discretionary	Section 66(1B) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) Discretionary	Section 49(3)(ab) of Chapter III (Duties and functions of the Council and Municipal Executive) Discretionary
12	Provision of urban amenities and facilities such as parks, gardens, playgrounds	Section 63(d) of Chapter III (Duties and Powers of Municipal Authorities) Discretionary	Section 66(10) and 66(11) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) Discretionary	Section 49(3)(c) of Chapter III (Duties and functions of the Council and Municipal Executive) Discretionary
13	Promotion of cultural, educational and aesthetic aspects	Section 61 (q), 63(b), 63(c) of Chapter III (Duties and Powers of Municipal Authorities) Primary education is Obligatory and other education is discretionary . The general improvement of Brihan Mumbai is an obligatory function under Section 61(t) of Chapter III (Duties and Powers of Municipal Authorities)	Section 63(15), 66(21), 66(22) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) Primary education is Obligatory and other education is discretionary . Certain functions related to cultural and aesthetic development is discretionary .	Section 49(2)(p), 49(3)(c), 49(3)(d), 49(3)(t), 49(3)(w) of Chapter III (Duties and functions of the Council and Municipal Executive) Primary education is Obligatory and secondary education is discretionary

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Sr. No.	Functions in Twelfth Schedule	Functions delegated under the provisions of		
		MbMC Act, 1888	MMC Act, 1949	MMCNPIT, 1965
14	Burials and burial grounds; cremations, cremation grounds; and electric crematoriums	Section 61(e) of Chapter III (Duties and Powers of Municipal Authorities), Section 435-441 of Chapter XV (Sanitary Provisions) Obligatory	Section 63(11) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) and Section 320-326 of Chapter XVIII (Sanitary Provisions) Obligatory	Section 49(2)(h) of Chapter III (Duties and functions of the Council and Municipal Executive) and Section 252-255 of Chapter XVIII (Disposal of dead bodies and carcasses of animals) Obligatory
15	Cattle pounds; prevention of cruelty to animals	Chapter XV-A (Pounds and Prevention of Cattle Trespass) Obligatory	Section 66(1C) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) Discretionary	Section 49(3)(ac) of Chapter III (Duties and functions of the Council and Municipal Executive) and Chapter XXI (Cattle-Pounds and other provisions relating to animals) Discretionary
16	Vital statistics including registration of births and deaths	Section 61(f) of Chapter III (Duties and Powers of Municipal Authorities) and Chapter XVI (Vital Statistics) Obligatory	Section 63(17), 66(27), 66(28) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) and Chapter XXI (Vital Statistics) Obligatory	Section 49(2)(l) of Chapter III (Duties and functions of the Council and Municipal Executive) and Chapter XIX (Vital Statistics) Obligatory
17	Public amenities including street lighting, parking lots, bus stops and public conveniences	Section 61(m), 61(n), 61(t) of Chapter III (Duties and Powers of Municipal Authorities) and Section 330-335 of Chapter XI (Regulation of Streets) Obligatory	Section 63(7), 63(8) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) and Chapter XIV (Streets) Obligatory	Section 49(2)(a), 49(2)(b), 49(2)(c) and 49(2)(f) of Chapter III (Duties and functions of the Council and Municipal Executive) and Chapter XI (Streets and open spaces) Obligatory
18	Regulation of slaughterhouses and tanneries	Section 61 (h) of Chapter III (Duties and Powers of Municipal Authorities) and Section 398-409 of Chapter XV	Section 63(12), 66(1D) of Chapter VI (Duties and Powers of the Municipal Authorities and Officers) and	Section 49(2)(e), 49(2)(i), 49(3)(ad) of Chapter III (Duties and functions of the Council and Municipal

Sr. No.	Functions in Twelfth Schedule	Functions delegated under the provisions of		
		MbMC Act, 1888	MMC Act, 1949	MMCNPT, 1965
		(Sanitary Provisions) Obligatory	Chapter XIX (Markets and Slaughterhouses) Obligatory	Executive) and Chapter XX (Markets, slaughter-houses, trades and occupations) Obligatory
19	Obligatory	14	13	13
20	Discretionary	4	5	5

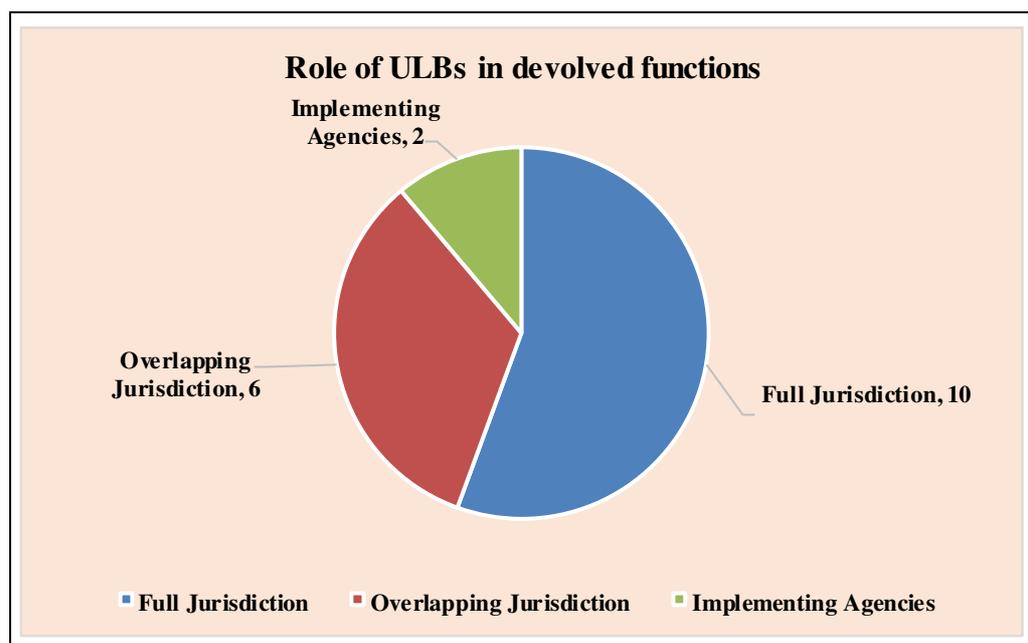
Source: Twelfth schedule of Constitution of India and three Acts

Thus, all the 18 functions of the Twelfth Schedule have been devolved as either obligatory or discretionary functions in the State.

4.2 Actual status of devolution of functions

Audit observed that though all the 18 functions were discharged by ULBs, it had full jurisdiction in respect of 10 functions; it was an implementing agency in two functions; it had overlapping jurisdiction with other State Government Departments and parastatal in six functions. The function-wise role of ULBs is depicted in **Chart 4.1**.

Chart 4.1: Role of ULBs in devolved functions



Status showing the extent of autonomy over the discharge of functions by the ULBs is given in **Table 4.2**.

Table 4.2: Statement showing the actual status of implementation of functions

Sr. No.	Functions	Activities	Actual status of implementation
Functions where ULBs have full jurisdiction			
1	Burial and burial grounds; cremation and cremation grounds	Construction and O&M of crematoriums, burial grounds	ULBs were wholly responsible for the construction and maintenance of burial, burial grounds, cremation and cremation grounds.
2	Cattle pounds; prevention of cruelty to animals	Catching and keeping strays	ULBs were wholly responsible for this function.
		Sterilisation and anti-rabies	
		Ensuring animal safety	
3	Regulation of slaughterhouses and tanneries	Ensuring quality animals and meat	ULBs were wholly responsible for this function.
		Disposal of waste	
		O&M of slaughterhouse	
4	Vital statistics including registration of births and deaths	Coordinating with hospitals/ crematoriums <i>etc.</i> , for obtaining information	ULBs were wholly responsible for the registration of birth and death and maintained the data base
		Maintaining and updating database	
5	Fire Service	Establishing and maintaining fire brigades	This function was wholly performed by ULBs.
		Providing fire NOC /approval certificate in respect of high-rise buildings	
6	Promotion of cultural, educational and aesthetic aspects	Schools and education	Schools and buildings for primary education were provided by the ULBs. ULBs organise cultural activities and maintain structures having heritage value. ULBs also develop and beautify parks, traffic islands.
		Fairs and festivals	
		Cultural buildings/institutions	
		Heritage	
7	Public amenities including street lighting, parking lots, bus stops and public conveniences	Installation and maintenance of streetlights	ULBs provide streetlights, public toilets and parking lots. Bus routes are also provided by the ULBs where transport services are provided by ULBs for intra-city movement. Parastatal agencies were also involved in these activities, instances of which are as follows (i) MMRDA constructs parking lots within its jurisdiction in the area of MCGM, (ii) Maharashtra Slum Improvement Board, a unit of Maharashtra Housing and Area Development Authority (MHADA) constructs toilets in the area of MCGM (iii) City bus routes are operated by Maharashtra State Road Transport Corporation in Nashik city under Nashik ULB.
		Creation and maintenance of parking lots	
		Creation and maintenance of public toilets	
		Deciding and operating bus routes	
8	Provision of urban amenities and facilities such as parks, gardens, playgrounds	Creation of parks and garden	Parks, gardens and playgrounds were provided by the ULBs. Parks, gardens and playgrounds were also provided by Special Planning Authority such as Mumbai Metropolitan Authority in its jurisdiction within the area of MCGM.
9	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded	Identifying beneficiaries and providing assistance to them	The ULBs run scheme for women and divyang (handicapped) people by earmarking 5 per cent of their income. ULBs were also implementing housing scheme under PM Awas Yojna.
		Housing	
		Financial Assistance	

Chapter IV – Empowerment of Urban Local Bodies and their functioning

Sr. No.	Functions	Activities	Actual status of implementation
10	Urban forestry, protection of the environment and promotion of ecological aspects	Afforestation and Greenification	Urban Forestry was the function of the ULBs in the municipal area. ULBs administer the Maharashtra (Urban Areas) Protection and Preservation of Trees Act, 1975. ULBs also collect Tree cess for the purpose of this function.
		Awareness drive	
		Protection of the environment and promotion of ecological aspect and conservation of water bodies	
Functions which are also provided by other Government Departments and parastatals in the municipal areas			
11	Urban planning including town planning	Development Plans	ULBs are the planning authority under the MRTP Act and prepare the draft development plan for its municipal area. Development Control Regulation (DCR) are enforced by ULBs. Apart from ULBs, there are Special Planning Authorities like MMRDA, Nagpur Improvement Trust (NIT), MHADA and CIDCO, which prepare development plans for their respective areas. Maharashtra Industrial Development Corporation was a Special Planning Authority for the development of Industrial Areas in the State.
		Enforcing Development Control Regulations	
		Development of Industrial areas	
12	Regulation of land-use and construction of buildings	Regulating land use	Building permission, commencement and occupation certificate of the buildings, regulation of building use, enforcement of development control rule are the functions of ULBs. In the case of Special Planning Authority existing within the municipal area, the function of granting building permission and regulation of building use was discharged by the Special Planning Authority.
		Enforcing building bye-laws	
		Approving building plans/high rises	
		Demolishing illegal buildings	
13	Slum improvement and Upgradation	Slum Improvement	Basic services in slums like water supply, roads, public toilets <i>etc.</i> , were provided by the ULBs. This function was also performed by parastatal agencies like MHADA through its regional board <i>viz.</i> , Mumbai Slum Improvement Board. For slum rehabilitation, there was a separate special planning authority <i>viz.</i> , Slum Rehabilitation Authority (SRA) for Greater Mumbai, Thane, Pune and Pimpri-Chinchwad which carried out <i>in-situ</i> rehabilitation of slum dwellers. Various other agencies were also appointed for implementing slum improvement schemes through DPDC fund, MPLAD and MLALAD funds.
		Slum Rehabilitation	
14	Water supply for domestic, industrial and commercial purposes	Distribution of water	Water supply was an obligatory function under all the three Acts. However, parastatal agencies such as MJP, CIDCO and MIDC were also involved in supply of water.
		Providing connections	
		Operation & Maintenance (O&M)	
		Collection of charges	

Report No. 3 (The Efficacy of Implementation of Seventy-fourth Constitutional Amendment Act in Maharashtra)

Sr. No.	Functions	Activities	Actual status of implementation
15	Public health, sanitation conservancy and solid waste management	Maintaining dispensaries	Establishing and maintaining public dispensaries and providing public medical relief was an obligatory function under all the three Acts but this function was not performed in 16 ¹ out of 44 test-checked ULBs. These services were provided either by Public Health Departments or Primary Health Centers run by Zilla Parishad. ULBs provided anti-rabies vaccines, tetanus and also provided important support to national programs like Pulse Polio, Universal Immunization Program. Sanitation and solid waste management in the urban area were performed by ULBs.
		Immunization/Vaccination	
		Registration of births and deaths	
		Cleaning and disinfection of localities affected by infectious disease	
16	Road and bridges	Construction and maintenance of roads	ULBs constructed and maintained roads, bridges, culverts, causeway, sub-way, foot-way <i>etc.</i> , in their jurisdiction. ULBs also implemented projects under various Government Schemes like Swarnjayanti Nagarothan Yojna. For construction/ maintenance of roads in the municipal areas under Special Road Grant released by the State Government. The State Government was empowered to appoint any agency other than the concerned ULB for executing the work.
		Construction and maintenance of bridges, drains, flyovers and footpaths	
Functions performed as implementing agency			
17	Planning for economic and social development	Program implementation for economic activities	The ULBs prepare and forward the plan for social and economic development which are integrated into District Plan. ULBs implement the District Plan as approved by the Government in their municipal area.
		Policies for social development	
18	Urban poverty alleviation	Identifying beneficiaries	ULBs implement Government schemes like National Urban Livelihood Mission-Dindayal Antyodaya Yojna. ULBs also earmark their own funds for welfare of women and divyaang (handicapped) persons.
		Livelihood and employment	

As seen from **Table 4.2**, six functions related to urban planning, regulation of land-use and construction of buildings, slum improvement and upgradation, water supply, public health and roads and bridges were also performed by the parastatal agencies, thereby diluting the envisaged devolvement and empowerment to the ULBs. Further, the creation of multiple parastatal agencies as planning authorities does not result in true devolution of functions envisaged, besides resulting in lopsided development within the jurisdiction of ULBs.

¹ (i) Dhamangaon, (ii) Hinganghat, (iii) Lakhani, (iv) Malkapur, (v) Medha, (vi) Mohadi, (vii) Motala, (viii) Talegaon-Dabhade, (ix) Nandurbar, (x) Nilanga, (xi) Renapur, (xii) Sakri, (xiii) Sillod, (xiv) Shirala, (xv) Shirur-Anantpal and (xvi) Tala

During the exit conference, the Principal Secretary stated (February 2022) that MJP, SRA, MHADA, MMRDA, NIT are State-level parastatal agencies not created for specific urban areas and there are historical as well as region-specific reasons for their creation. The Principal Secretary further stated that MJP catered to both urban and rural areas and which was continued as a matter of convenience. As regards, SRA and MHADA, the Principal Secretary mentioned that functions discharged by these agencies require specialised agencies for expediting the work. Further, the Principal Secretary added that these agencies are not working for the entire urban area but have limited jurisdiction within the municipal area.

Recommendation 1: The Government needs to take time-bound action to achieve complete devolution of powers and responsibilities to the ULBs as per the Constitution and provide adequate autonomy in discharging these functions within their area.

4.3 Institutional mechanism for empowerment of Urban Local Bodies

Local bodies would be able to discharge the devolved functions effectively only when appropriate institutions are established and adequately empowered. This section discusses the effectiveness of such institutional mechanism.

4.3.1 State Election Commission

Article 243ZA of the Constitution of India provided that the superintendence, direction and control of electoral rolls for, and the conduct of, all elections to the municipalities should be vested in the State Election Commission. In Maharashtra, the State Election Commission established in April 1994 was vested with all powers envisaged in Article 243ZA of the Constitution of India.

4.3.1.1 Status of election in Urban Local Bodies

Article 243R of the Constitution of India provided that all the seats in the municipality should be filled by persons chosen by direct election from the territorial constituency in the municipal area, known as “Ward”. All the three Acts in the State provided for election after every five years.

Audit noticed that out of the 44 test-checked ULBs, in 34 ULBs, elections were held on time while in remaining 10 ULBs², elections could not be held in the year 2020-21 due to COVID pandemic.

4.3.1.2 Status of reservation

Article 243T of the Constitution of India stipulated that reservation of seats by rotation should be provided for Schedule Castes (SC), Schedule Tribes (ST) and Women in different constituencies in a municipality for direct election. The reservation of seats for SC/ST was required to be in the same proportion as their population bears to the entire population of the municipal area. Further, not less than one-third of the total number of seats including seats

² (i) Bhatkuli, (ii) Kulgaon-Badlapur, (iii) Lakhani, (iv) Mohadi, (v) Motala, (vi) Murbad, (vii) Sakri, (viii) Shirur-Anantpal, (ix) Tala and (x) Vasai-Virar

reserved for SC/ST, was required to be reserved for women. It also provided for reservation of seats to backward classes by the State Legislature.

All the three Acts in Maharashtra provided for reservation of seats for SC/ST in the same proportion as their population bears to the entire population of municipal area on rotation basis. It also provided for reservation of 27 per cent of seats for Backward Classes (BCs) and 50 per cent of all seats including seats of SC, ST and OBCs for women on rotation basis.

Audit observed that seats were reserved for SC, ST, OBC and Women in all the 44 test-checked ULBs, as per the provisions contained in the Acts.

4.3.2 Role and Responsibility of Mayor/President

Article 243R(2)(b) of the Constitution of India stipulated that the State Legislature may by law provide the manner of election of the Chairperson of the Municipality. The Constitution has not defined the role, function and manner of election of the Chairperson of the Municipality and has left it to the laws framed by the State Legislature.

In Maharashtra, the Chairperson of a Municipal Corporation is named as Mayor while the Chairperson of Municipal Council/Nagar Panchayat is named as President.

The Model Municipal Law, 2003 circulated by the Ministry of Urban Development, Government of India prescribed that the term of office of the Mayor/President should be conterminous with the duration of the municipality. The office of the Mayor/President in the municipality was also required to be reserved for SC, ST and Women to such extent, and in such manner, as may be prescribed. The Second Administrative Reform Commission had also recommended (October 2007) that the Mayor/President should be the chief executive of the municipal body and be elected directly by the people.

The status of mode of election, tenure and powers of the post of Mayor and President in the ULBs in the State is depicted in **Table 4.3**.

Table 4.3: Status of election, tenure and powers of Mayor and President in ULBs

Sr. No.	Particulars	Mayor	President
1	Term of office	Two and half years. Term not conterminous with the duration of the Municipal Corporation.	Two and half years. Term not conterminous with the duration of the Municipal Councils/Nagar Panchayats.
2	Election	Not elected directly by people but from among the Councillors. The post of Mayor was reserved and rotated among SC, ST, backward class, women and general.	Not elected directly by people but from among the Councillors. The post of President was reserved and rotated among SC, ST, backward class, women and general.
3	Important functions and executive powers of Mayor and President	Presides over the meetings. Convenes the first meeting of the Improvement Committee, Education Committee <i>etc.</i>	Presides over the meetings. Chairman of the Standing Committee.

Sr. No.	Particulars	Mayor	President
		No executive powers. Commissioner appointed by the State Government was the Chief Executive.	Watch over the financial and executive administration of the Council. Supervision and control over the acts and proceedings of the Chief Officer of the Council in matters of executive administration, accounts and records of the Council.
			Empowered to spend on any work in emergency situation necessary for the safety of the public.
			Chief Officer requires the sanction of the President for delegating any functions under the Act to other officers of the Council.

Source: Respective Acts

As seen from **Table 4.3**, that the President of a Council had more executive powers *vis-à-vis* the Mayor of a Corporation. In May 2016, an amendment was made in the MMCNPIT Act for direct election of the President of the Municipal Councils. However, the amendment was revoked in February 2020 and erstwhile system of indirect election by the Councillors among themselves was restored.

A comparison of the tenure and powers of the Mayor in different cities across the country revealed that at least in 15 cities³ in the country, tenure of five years of Mayor was conterminous with the tenure of the Corporation. Six⁴ out of the above 15 cities had direct elections for Mayor. The Mayor of Kolkata was the executive head and empowered to approve all projects. Mayors of Kochi and Jaipur were empowered to approve all the projects and had the authority to sign and approve bills.

In contrast, the Mayor and President of the ULBs in the State of Maharashtra were not elected directly by the people and their tenure was not conterminous with the tenure of ULBs. Further, the Mayor did not have wide executive powers.

During the exit conference, the Principal Secretary stated (February 2022) that two and half year's tenure was found to be more suitable in the State after experimenting with one-year and five-year tenure in the past. He further added that a Committee has been formed to look into the executive powers of the Mayor and its report is expected soon.

Recommendation 2: The State Government should consider the recommendations of the Administrative Reforms Commission for entrusting executive powers to the Mayor and direct election of Mayor/President by the people.

³ Bhopal, Chennai, Dehradun, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Lucknow, Ludhiana, Patna, Raipur, Ranchi, Thiruvananthapuram and Vishakhapatnam

⁴ Bhopal, Dehradun, Kanpur, Lucknow, Raipur and Ranchi

4.4 District Planning Committee

Article 243ZD of the Constitution of India, stipulated the constitution of the District Planning Committee (DPC) for consolidation of plans prepared by the Panchayats and the Municipalities in a district and to prepare a draft development plan for the district as a whole.

Accordingly, the State Government enacted the Maharashtra District Planning Committee (Constitution and Functions) Act, 1998 and the Maharashtra District Planning Committee (Conduct of Meeting) Rules, 1999.

District Planning Committee consists of *ex-officio* members, nominated members and elected members. Minister-in-charge of the concerned district, President of the Zilla Parishad and Collector of the concerned district are the *ex-officio* members. Nominated members are from amongst the members of the parastatals in the region, Member of Parliament (MP) and Member of Legislative Assembly (MLA) representing the concerned district and persons having the knowledge related to district planning. At least 80 *per cent* members are elected from the elected members of Panchayats and Municipalities in the district in the proportion of ratio between the population of rural and urban area of the district.

The main function of the DPC was to consolidate the annual, five-year and perspective development plans of Panchayats/ULBs in the district and prepare draft annual, five year and perspective development plans for the approval of the Government.

Audit noticed that DPCs were constituted in all the 36 districts of the State and annual district plans prepared by DPCs were duly approved by the State Government during the period 2015-16 to 2020-21. However, five-year plan and perspective development plans were not prepared in any of the districts.

4.5 Metropolitan Planning Committee

Article 243 ZE of the Constitution of India provides for constitution of a Metropolitan Planning Committee (MPC) to prepare the draft development plan for the metropolitan area⁵ having regard to plans prepared by Panchayats and Municipalities in the metropolitan area. Accordingly, the State Government passed the Metropolitan Planning Committees (Constitution and Functions) (Continuance of Provisions) Act, 1999.

Metropolitan Planning Committee consists of *ex-officio* members, nominated members and elected members. Principal Secretary, UDD and Divisional Commissioner of the revenue division concerned are the *ex-officio* members. Nominated members are from amongst the Municipal Commissioners, Chief Officers of Municipal Councils, Chief Executive Officers of the Special Planning Authorities operating in metropolitan area, MPs and MLAs representing the metropolitan area concerned and persons having experience and expertise in urban development, urban infrastructure, finance, transport, environment, industry and trade and urban community development. At least two-third of all the members are elected from the elected members of

⁵ An area having population of ten lakh or more covering one or more districts and consisting of two or more Municipalities or Panchayats or other contiguous area specified by the Governor by public notification

Panchayats and Municipalities in the metropolitan area in the proportion of, ratio between the population of rural and urban area of the metropolitan area.

Audit observed that five metropolitan areas were notified by UDD viz., Mumbai (July 1999), Nagpur (July 1999), Pune (July 1999), Aurangabad (September 2008) and Nashik (August 2008). Accordingly, the MPCs have been constituted for these areas.

The development plan for the metropolitan area of Mumbai and Nagpur were approved by the State Government in April 2021 and January 2018 respectively while the draft development plan of Pune Metropolitan area was published in the Gazette in July 2021 for inviting objections/suggestions from the public. The draft development plan for Nashik and Aurangabad was not prepared (October 2021). Audit observed that the Nashik MPC held a meeting only once in July 2016 since its formation in June 2016 while the Aurangabad MPC did not hold any meeting since its formation in February 2015.

During the exit conference, the Joint Secretary, (UDD-I) stated (February 2022) that the Metropolitan Planning Committees of Nashik has ceased to be in existence after the election while the draft development plan of Aurangabad was under finalisation. It was further added that though metropolitan plan was not prepared there existed regional plans.

Recommendation 3: The State Government should ensure effective functioning of Metropolitan Planning Committee for integrated development of the metropolitan area.

4.6 Ward Committee

Article 243S of the Constitution of India stipulated the establishment of Ward Committee consisting of one or more wards, within a territorial area of municipality, having a population of three lakh or more.

The Ward Committee comprises of elected members of the municipality, Ward Officer of the respective ward and three nominated members from recognised Non-Government Organisations (NGOs) and Community-based Organisations working in the field of social welfare within the area of the Ward Committee. The functions of the Ward Committee included local level planning, redressal of common grievances of citizens connected with local and essential municipal services like water supply, drainage, sanitation and storm water disposal and to make recommendations on the proposals regarding the estimates of expenditure pertaining to the Wards under different activities. In the State, since only Municipal Corporation had a population of more than three lakh, Ward Committees were constituted only in Municipal Corporations.

Section 50 TT of the MbMC Act, 1888 provided for the constitution of not more than 25 Ward Committees. Section 29A of the MMC Act, 1949 prescribed the number of Ward Committees to be constituted based on population. Both the Acts stipulated that the Ward Committee should meet at least once every month. The status of Ward Committees constituted in the eight test-checked Municipal Corporations and the meetings held during 2015-16 to 2019-20 are indicated in **Table 4.4**.

Table 4.4: Shortfall in the constitution of Ward Committees and holding of meetings

Name of Municipal Corporation	No. of Ward Committees to be constituted as per the Act	No. of Ward Committees constituted	Shortfall in percentage	No. of meeting to be held during 2015-20	No. of meetings held	Shortfall in percentage
Amravati	5	5	--	300	293	2
Latur	4	4	--	240	4	98
Greater Mumbai	Not more than 25	17	--	1020	1327	--
Nagpur	13	10	23	600	247	59
Nashik	10	6	40	360	292	19
Pimpri Chinchwad	11	8	27	480	434	10
Thane	11	9	18	540	362	33
Vasai-Virar	9	9	--	540	402	25

Source: Information furnished by respective ULBs

As seen from **Table 4.4**, there was 40 *per cent* shortfall in the constitution of Ward Committees in Nashik Municipal Corporation. The shortfall in holding meetings was also significant in Latur and Nagpur Municipal Corporation. Latur Municipal Corporation replied (September 2021) that the Chairman of the Ward Committees was busy with election and drought condition and thereafter due to court case challenging the procedure for appointment of Chairman, the meetings were not convened. Nagpur Municipal Corporation replied (September 2021) that instruction has been issued to convey meeting once every month.

During the exit conference, the Principal Secretary stated (February 2022) that necessary instructions would be issued in this regard.

4.7 Area Sabha

Ministry of Urban Development, Government of India in Draft Model Nagar Raj Bill recommended (October 2003) the creation of Area Sabha for each ward. This was to institutionalise citizens' participation in municipal functions like setting priorities for schemes and development programmes to be implemented, identifying the most eligible persons for beneficiary-oriented schemes, suggesting location for public convenience facilities *etc.*

The State Government had passed Maharashtra Municipal Corporations and Councils (Amendment) Act, 2009 for constitution of Area Sabha in all the ULBs. However, notification for enforcement date was not issued despite lapse of 12 years from the passing of the Act. As a result, Area Sabha was not constituted in any of the wards. Thus, an important mechanism to institutionalise citizens' participation in municipal functions did not materialise despite the enabling Act.

During the exit conference, the Principal Secretary stated (February 2022) that the notification was not issued because the practicability of Area Sabha in urban areas was being examined.

Recommendation 4: The Government should take steps to constitute Ward Committees and Area Sabha and ensure its effective functioning.

4.8 State Finance Commission

Article 243Y read with Article 243I of the Constitution of India stipulated that the State Finance Commission (SFC) should be constituted within one year of the commencement of CAA and thereafter at the expiration of every fifth year, to review the financial position of Municipalities.

The State Government had enacted Maharashtra Finance Commission (Miscellaneous Act), 1994 for the constitution of State Finance Commission in the State.

4.8.1 Delay in constitution of State Finance Commission and acceptance of State Finance Commission recommendations

The SFC was required to be constituted at expiration of every fifth year. The Thirteenth Central Finance Commission (CFC) recommended that the period covered by SFC should be synchronised with the period covered by CFC. The Thirteenth CFC also recommended that, since the mandate of the CFC was also to recommend measures needed to augment the Consolidated Fund of a State to supplement the resources of the Municipalities in the State on the basis of the recommendations of the State Finance Commission, the report of the SFC should be available well before that of CFC.

Audit observed that out of five SFCs constituted in the State, there was delay in constitution of four SFCs as shown in **Table 4.5**. The sixth SFC which was to be constituted in 2019 was yet to be constituted.

Table 4.5: Statement showing the delay in constitution of SFC

Number of SFC	To be constituted as per constitution	When to be constituted with reference to previous SFC	Date on which SFC constituted	Delay in constitution of SFC (in months)
First	By 31 May 1994	Not applicable	23-04-1994	No delay
Second	1999	April 1999	22-06-1999	2
Third	2004	June 2004	15-01-2005	7.5
Fourth	2009	January 2010	10-02-2011	12
Fifth	2014	February 2016	28-03-2018	25
Sixth	2019	March 2023	Not constituted	-

Source: Constitutional provisions, notification for the SFCs and Action Taken Report of the State Government

As seen from **Table 4.5**, because of delay in constituting the SFC, only five SFCs were constituted in the State as against six SFCs which should have been constituted as per the provisions in the Constitution.

Audit also observed delays in submission of SFC report and acceptance of recommendations by the State Government as shown in **Table 4.6**.

Table 4.6: Delay in acceptance of recommendation of SFC

Number of SFC	Date on which SFC constituted	Period covered	Date of submission of SFC Report	Date of acceptance of recommendations by UDD	Time taken by Government for acceptance of recommendations
First	23-04-1994	1996-97 to 2000-01	31-01-1997	05-03-1999	2 years 1 month
Second	22-06-1999	2001-02 to 2005-06	30-03-2002	29-03-2006	4 years 1 month
Third	15-01-2005	2006-07 to 2010-11	30-06-2006	20-12-2013	7 years 5 months
Fourth	10-02-2011	2011-12 to 2015-16	16-07-2015	23-03-2018	2 years 8 months
Fifth	28-03-2018	2019-20 to 2023-24	20-08-2019	15-12-2020	1 year 4 months

Source: SFC Reports and Action Taken Report of Government on SFC Reports

As seen from **Table 4.6**, the SFC did not cover the period 2016-17 to 2018-19. The fourth SFC submitted its report at the fag end of its recommendation period. Further, though the fifth SFC was for the period 2019-20 to 2023-24, while accepting the recommendations, the same was treated as covering the period 2020-21 to 2024-25.

There were delays in acceptance/rejection of the recommendations by the State Government which resulted in devolution of funds to the ULBs based on recommendations of the earlier SFCs.

During the exit conference, the Under Secretary, Finance Department stated (February 2022) that the delay in the constitution of SFC was due to delay in submission of the previous SFC report. The delay in submission of the SFC report was due to the time taken in Marathi translation of the report before placing in the State Legislature. The Under Secretary, however, added that the delay in acceptance of the recommendations has been brought down in the case of the fifth SFC recommendations.

4.8.2 Action taken by State Government on the recommendations of the State Finance Commission

The recommendations made by the SFC could be broadly categorised into two categories *viz.*, (i) recommendations having financial burden on the State exchequer and (ii) other recommendations, which mainly constitute initiating municipal administrative and legal reforms.

The five SFCs, constituted in the State had made 270 recommendations relating to ULBs to the State Government. The status of recommendations made by SFC and accepted by the State Government is shown in **Table 4.7**.

Table 4.7: Recommendations made by SFC and accepted by State Government

Number of SFC	Total number of recommendations made by SFCs	Recommendations having financial implications				Other Recommendations			
		Fully accepted	Partly accepted	Rejected	Total	Fully accepted	Partly accepted	Rejected	Total
First	61	6	3	2	11	50	-	-	50
Second	50	-	-	-	-	45	4	1	50
Third	35	2	1	1	4	20	7	4	31
Fourth	48	1	1	26	28	-	1	19	20
Fifth	76	8	4	9	21	38	9	8	55
Grand Total	270	17	9	38	64	153	21	32	206

Source: Action Taken Report of the Government on SFC Reports

As seen from **Table 4.7**, out of the 270 recommendations made by SFCs, 64 recommendations had financial implications. Few important financial recommendations made by SFC and accepted fully/partially by the State

Government but in which financial devolution was not done by the State Government is shown in **Table 4.8**.

Table 4.8: Recommendations made by SFC in which financial devolution was not done by State Government

Number of SFC	SFC recommendation	Audit findings
First	Devolve 25 <i>per cent</i> of the net income received by way of vehicle tax as road grant for construction and maintenance of roads in the municipal areas.	Government accepted to devolve 17.75 <i>per cent</i> from the net collection under Motor Vehicle Tax as road grant to all ULBs. However, the road grant continued to be devolved at 10 <i>per cent</i> of net income received by way of Motor Vehicle Tax.
Third	Devolve 17.75 <i>per cent</i> of the net income received by way of vehicle tax as road grant for construction and maintenance of roads in the municipal areas.	Government continued to devolve road grant at 10 <i>per cent</i> of net income received by way of Motor Vehicle Tax.
Fourth	Share 50 <i>per cent</i> of the professional tax collected from a municipal area with the ULB concerned.	Though the recommendation was accepted by the Government in March 2018, however, actual devolution was still not done since the data of professional tax collected in urban areas was not available separately with the State Government. Total receipt of the State Government towards professional tax during the period 2018-19 to 2020-21 was ₹ 7,481.99 crore.
<i>Source: SFC Reports and Action Taken Report of GoM</i>		

Thus, there were not only delays in the constitution of SFC, which was an important mechanism to review the financial position of the municipalities in the State but also delays in the submission of SFC reports. This was further aggravated by the delays in consideration of the recommendations by the State Government and non-implementation of accepted recommendations thereby depriving the ULBs of significant revenue on account of professional tax and road grant.

During the exit conference, the Under Secretary, Finance Department stated (February 2022) that instructions have been issued in January 2022 to the State Tax Department to devise a mechanism for devolution of Professional Tax to the ULBs.

Recommendation 5: The State Government should constitute the SFC within the stipulated time frame and ensure that the report of SFC is submitted to Government expeditiously. The State Government should also ensure that the recommendations are considered within a defined time frame and accepted recommendations are implemented promptly.

Recommendation 6: The State Government may set up a mechanism for collecting data of professional tax collection in urban areas and ensure 50 per cent of it is devolved to ULBs in a timely manner.

CHAPTER V

Financial resources of Urban Local Bodies

Chapter V

Financial resources of Urban Local Bodies

5.1 Financial resources of Urban Local Bodies

The most important factor for effective performance of the devolved functions is the availability of adequate finances with ULBs. The funds of ULBs can be divided into four broad categories *viz.*, (i) Own revenue which ULBs mobilise through their power to levy and collect taxes and fees *viz.*, property tax, fire-brigade tax, taxes on vehicles, taxes on boats, education cess, development fees and rent on municipal property, (ii) Central Finance Commission grants devolved to the ULBs on the recommendation of Finance Commission, (iii) Assigned Revenue which accrues to the ULBs as a certain percentage of a tax levied and collected by the State Government and (iv) grant-in-aid from the Government which may be tied to a specific purpose or may be untied.

5.2 Source of revenue of Urban Local Bodies

In Maharashtra, the sources of funds of ULBs were (i) Central and State Government grants and (ii) ULBs own source of revenue. The details of source of revenue of ULBs for the period 2015-16 to 2019-20 are indicated in **Table 5.1**.

Table 5.1: Source of revenue of ULBs in the State during 2015-16 to 2019-20

(₹ in crore)

Sr. No.	Year	Grants	Own Resources	Total Revenue	Percentage of own revenue with reference to total financial resources
1	2015-16	6286.77	53795.62	60082.39	90
2	2016-17	10812.88	47739.34	58552.22	82
3	2017-18	11365.64	52413.83	63779.47	82
4	2018-19	15791.95	51399.25	67191.20	76
5	2019-20	15996.72	56942.42	72939.14	78

Source: Information obtained from ULBs

As seen from **Table 5.1**, the percentage of own revenue to total revenue declined from 90 *per cent* during 2015-16 to 78 *per cent* during 2019-20. Though, own resources increased by 6 *per cent* during 2015-16 to 2019-20, the grants increased by 61 *per cent* during the same period.

The main source of own revenue of Municipal Corporations/Councils/Nagar Panchayats was property tax. As per the provisions of all the three Acts, property tax could be levied on the basis of the rateable value¹ of the property (land and building). The Second Administrative Reform Commission and the Thirteenth CFC had recommended in October 2007 and December 2009 respectively to switch to capital value method of assessing property tax by all

¹ Rateable value is the amount of rent which the property might reasonably be expected to earn after allowing 10 *per cent* deduction as allowance for repairs

local bodies. This was recommended to ensure buoyancy in property tax collection. State Government amended (2010) all the three Acts to levy property tax on rateable value or capital value².

Property tax revenue depends upon the enumeration of property, tax rate, assessment and valuation system, extent of exemption and collection efficiency.

5.2.1 Property tax collection

The property tax collection in the 44 test-checked ULBs during 2015-16 to 2019-20 is given in **Table 5.2**. The ULB wise details are given in **Appendix 5.1**.

Table 5.2: Property tax demand and collection in test-checked ULBs during 2015-16 to 2019-20

Sr. No.	Year	Property tax demand	Property tax collected	Percentage of collection
		(₹ in crore)		
1	2015-16	20116.14	6041.64	30.03
2	2016-17	17587.39	6112.43	34.75
3	2017-18	18892.79	6515.28	34.49
4	2018-19	20894.53	6624.30	31.70
5	2019-20	23116.19	5810.07	25.13
6	Total	100607.04	31103.72	

Source: Information obtained from ULBs

As seen from **Table 5.2**, the property tax demand has increased by 15³ per cent during the period 2015-16 to 2019-20. The collection however, declined from 30.03 per cent during 2015-16 to 25.13 per cent during 2019-20. Out of total property tax demand of ₹ 1,00,607.04 crore in the 44 test-checked ULBs during 2015-16 to 2019-20, ₹ 84,777.14 crore (84 per cent) demand pertained to MCGM.

The status of collection efficiency analysed in audit in the 44 test-checked ULBs during 2015-16 to 2019-20 is depicted in **Table 5.3**.

Table 5.3: Collection efficiency in test-checked ULBs during 2015-16 to 2019-20

Sr. No.	Collection efficiency percentage	Municipal Corporations	Municipal Councils	Nagar Panchayats	Total
	No. of ULBs				
1	Less than 20	-	-	2	2
2	20 to 50	5	8	6	19
3	50 to 70	1	9	4	14
4	70 to 80	2	1	-	3
5	Above 80	-	6	-	6
	Total	8	24	12	44

Source: Analysis of data furnished by ULBs

² Capital value is the value per unit area of the property, as declared by the Government for the purpose of levy of Stamp Duty

³ (Property tax demand of 2019-20: 23116.19 (-) Property tax demand of 2015-16: 20116.14) *100/20116.14 = 14.91 i.e., 15 per cent

Audit noticed the following:

- The collection efficiency in 38 (86 *per cent*) out of 44 test-checked ULBs was less than 80 *per cent* thereby undermining their capacity to provide services to the citizens effectively.
- Average collection efficiency during 2015-16 to 2019-20 in the 44 test-checked ULBs was 53 *per cent* (**Appendix 5.1**).
- The average collection efficiency in Municipal Corporations was 47 *per cent* (**Appendix 5.1**). The collection efficiency in MCGM during 2015-16 to 2019-20 was only 28 *per cent*.
- The average collection efficiency in Municipal Councils and Nagar Panchayats was 54 *per cent* (**Appendix 5.1**).
- Only three ULBs (Greater Mumbai, Kulgaon-Badlapur and Talegaon-Dabhade Municipal Council) out of the 44 test-checked ULBs, were levying property tax on capital value.
- As per the Government Resolution of UDD issued in June 2017, Geographic Information System (GIS) based taxation system was to be implemented across all the municipal areas to expand the tax base by bringing all the existing unassessed properties into the tax net. Audit observed that GIS mapping of the properties was not completed in 34 out of 44 test-checked ULBs. 10 ULBs⁴, which had completed GIS mapping, implemented GIS based taxation system.
- Charges in lieu of property tax on Central and State Government properties was not levied in 13⁵ (30 *per cent*) out of 44 test-checked ULBs. Nashik Municipal Corporation did not levy charges in lieu of property tax on State Government properties while Amravati Municipal Corporation did not levy charges in lieu of property tax on Central Government properties. Sinnar Municipal Council was not levying property tax on vacant land.

Thus, the average property tax collection in the test-checked ULBs was not only low but majority of the ULBs failed to improve the buoyancy in property tax by levying property tax on capital value. Significant number of ULBs also failed to levy charges in lieu of property tax on Government properties to boost their revenue.

During the exit conference, the Principal Secretary stated (February 2022) that instructions would be issued to improve collection efficiency and to tax on capital value, besides levy of charges in lieu of property tax on Government

⁴ (i) Latur Municipal Corporation, (ii) Nagpur Municipal Corporation, (iii) Nashik Municipal Corporation, (iv) Bhatkuli Municipal Council, (v) Nilanga Municipal Council, (vi) Osmanabad Municipal Council, (vii) Ramtek Municipal Council, (viii) Sinnar Municipal Council, (ix) Talegaon-Dabhade Municipal Council and (x) Yavatmal Municipal Council

⁵ (i) Thane Municipal Corporation, (ii) Vasai-Virar Municipal Corporation, (iii) Malkapur Municipal Council, (iv) Nandurbar Municipal Council, (v) Sillod Municipal Council, (vi) Mohadi Nagar Panchayat (vii) Motala Nagar Panchayat, (viii) Medha Nagar Panchayat, (ix) Murbad Nagar Panchayat, (x) Renapur Nagar Panchayat, (xi) Shirala Nagar Panchayat, (xii) Shirur-Anantpal Nagar Panchayat and (xiii) Tala Nagar Panchayat

properties. As regards non-implementation of GIS based taxation system, the Principal Secretary stated that an agency is in the process of completing the GIS work.

5.2.2 Property Tax Board

The Thirteenth CFC recommended the establishment of a Property Tax Board which would assist all the ULBs in the State to put in place an independent and transparent procedure for assessing property tax.

The State Government passed the Maharashtra Property Tax Board Act, 2011 for the constitution of the Board. The functions of the Board were to review the property tax system, suggest suitable basis for valuation and assessment of properties and recommend modalities for periodic revision of property tax assessment. However, the Board was not constituted in the State since the notification for constituting the Board was not issued.

As mentioned in **paragraph 5.2.1**, ULBs were following different methods of levying property tax, which could have been addressed by the constitution of the Property Tax Board.

During the exit conference, the Principal Secretary stated (February 2022) that Property Tax Board for the entire State was not a mandatory reform and therefore the notification was not issued.

Recommendation 7: The internal control mechanism in the ULBs may be strengthened to ensure that charges in lieu of property tax on Central and State Government properties are levied by all ULBs. The State Government may also ensure that ULBs levy property tax on capital value and complete GIS mapping of properties in a time-bound manner.

5.3 Assigned revenue of Urban Local Bodies

5.3.1 Additional Stamp Duty

As per section 149A of the MMC Act and 147A of the MMCNPIT Act, one *per cent* Additional Stamp Duty levied on sale, gift, mortgage of immovable property situated in the City/Municipal area was required to be apportioned to the respective ULBs after due appropriation as a charged expenditure on the Consolidated Fund of the State.

The one *per cent* additional stamp duty collected and appropriated to the ULBs in the State during 2015-16 to 2020-21 is given in **Table 5.4**.

Table 5.4: Additional Stamp Duty assigned to the ULBs

(₹ in crore)

Sr. No.	Year	Additional Stamp Duty collected in municipal areas	Additional Stamp Duty disbursed to ULBs	Excess /Shortage (-)
1	2015-16	896.67	896.64	(-)0.03
2	2016-17	869.82	887.42	17.60
3	2017-18	1165.72	832.15	(-)333.57
4	2018-19	1244.35	1185.83	(-) 58.52
5	2019-20	1318.27	869.07	(-)449.2
6	2020-21	500.29	Nil	(-)500.29
Total		5995.12	4671.11	(-)1324.01

Source: Information furnished by UDD and Inspector General of Registration and Controller of Stamps, Maharashtra State

It could be seen from **Table 5.4** that except in 2016-17, the additional stamp duty disbursed to the ULBs was less than the amount collected and during 2015-16 to 2020-21, ₹ 1,324.01 crore was not transferred to the ULBs.

In reply, UDD, GoM stated (December 2020) that an amount of ₹ 103.79 crore in respect of outstanding payments to Maharashtra Jeevan Pradhikaran from 21 Municipal Corporations was adjusted. However, the fact remains that an amount of ₹ 1,220.22 crore was not disbursed to ULBs even after considering the above adjustment.

The additional stamp duty collected by the Inspector General of Registration and Controller of Stamps, Maharashtra State, from the public at the time of registration of immovable properties was remitted into the consolidated fund of the State. The additional stamp duty was, thereafter, released to the ULBs through budget. The system followed led to short release of additional stamp duty to the ULBs. The fifth SFC had recommended direct credit of additional stamp duty to the ULBs without crediting it to State Treasury which was not accepted by the Government.

During the exit conference, the Under Secretary, Finance Department stated (February 2022) that instructions have been issued to Inspector General of Registration and Controller of Stamps, Government of Maharashtra to disburse the amount and added that Government is examining the issue of direct credit of proceeds to ULBs instead of routing through the budget.

Recommendation 8: The Government may consider a mechanism for direct credit of additional stamp duty to the ULBs as recommended by the Fifth SFC and in the interim, arrange to transfer the entire collected proceeds to the ULBs.

5.3.2 Grant on account of Royalty on minor mineral

UDD, GoM decided (July 2000) to devolve Royalty on Minor Mineral collected in 'C' class Municipal Council area, subject to a maximum of ₹ five lakh per year. Audit noticed that ₹ 70.69 lakh was disbursed by the UDD to all 151 'C' class Municipal Councils as grant every year during 2015-16 to 2018-19. Grant was not disbursed during 2019-20 and 2020-21.

Audit noticed that UDD did not have municipal area-wise details of collection of Royalty on minor minerals, in the absence of which audit could not verify whether the devolvement was correctly done to the ULBs.

5.3.3 Grant of Land Revenue and Non-Agriculture Assessment

UDD, GoM decided (March 2016) to assign 15 *per cent* of the land revenue and 75 *per cent* of the non-agricultural assessment to the respective municipal councils. An amount of ₹ 16.26 crore was disbursed during 2015-16 to 2019-20. No disbursement was done during 2020-21.

Audit noticed that UDD did not have municipal area-wise details of land revenue and non-agriculture assessment, in the absence of which, audit could not verify whether the devolvement was correctly done to the ULBs.

5.4 State Government Grants

5.4.1 Nagarpalika Sahayak Anudan

The most important State Government Grant to the Municipal Councils was 'Nagarpalika Sahayak Anudan' which was in the nature of revenue grant. This grant was commenced in August 2009 by combining the existing Dearness Allowance Grant and the Octroi Grant to compensate the loss of income of the Council due to abolition of Octroi. As per the Government Resolution of August 2009 issued by UDD, the amount of 'Nagarpalika Sahayak Anudan' was to be increased by 10 per cent every year. The disbursement of Nagarpalika Sahayak Anudan in the State during 2015-16 to 2020-21 is shown in **Table 5.5**.

Table 5.5: Short disbursement of Sahayak Anudan

(₹ in crore)

Year Particulars	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Total
Amount disbursed	1437.94	1549.37	1489.00	1684.94	1685.73	1985.73	9832.71
Amount to be disbursed considering 10 per cent increase every year from 2015-16	1437.94	1581.73	1739.90	1913.89	2105.28	2315.81	11094.55
Shortfall	-	32.36	250.90	228.95	419.55	330.08	1261.84

Source: Information furnished by UDD, GoM

As seen from **Table 5.5**, the grant had not been increased by 10 per cent every year resulting in short disbursement of ₹ 1,261.84 crore in the State during 2016-17 to 2020-21.

Audit noticed that in 13⁶ out of the 36 test-checked Municipal Councils/Nagar Panchayats, the increase was less than 10 per cent every year and the short disbursement worked out to ₹ 280.03 crore during 2016-17 to 2020-21.

5.4.2 Compensation to Municipal Corporations on abolition of Local body Tax with the introduction of Goods and Services Tax

On introduction of Goods and Services Tax (GST) in July 2017, levy of Octroi/Local Body Tax (LBT)/Entry Tax levied by Municipal Corporations was abolished. To compensate the Municipal Corporations on account of loss of revenue with the abolition of these taxes, the State Government passed the Maharashtra GST (Compensation to Local Authorities) Act, 2017. Accordingly, the loss of revenue from these taxes was being compensated by the State Government from 2017-18. The base year for calculating the compensation was 2016-17. Under Section 3 of the Act, nominal eight per cent compounded annual growth rate of revenue was considered in perpetuity.

⁶ Alibaug, Barshi, Dhamangaon, Ichalkaranji, Jalna, Khamgaon, Khopoli, Kulgaon-Badalapur, Nandurbar, Osmanabad, Sillod, Talegaon-Dabhade and Yavatmal

The base year revenue of the 25 Municipal Corporations⁷ as certified by the DLFA was ₹ 7,642.05 crore. The Base Year revenue of Octroi of MCGM was not certified by the DLFA and the amount of ₹ 7,192.67 crore declared by the Municipal Corporation of Greater Mumbai (MCGM) was accepted by the Government. The compensations released by the State Government is shown in Table 5.6.

Table 5.6: GST compensation on abolition of Octroi/LBT released by the State Government

(₹ in crore)

Amount certified by DLFA	2017-18	2018-19	2019-20	2020-21
14834.72 (including ₹ 7192.67 crore of MCGM)	12085.25	17469.22	19104.48	20616.60
<i>Source: Information furnished by UDD, GoM</i>				

Audit observed that the State Government was compensating the Municipal Corporations for the loss sustained due to abolition of Octroi/LBT, as per the Maharashtra GST (compensation to Local Authorities) Act, 2017.

Out of the eight test-checked Municipal Corporations, only Nagpur Municipal Corporation was granted excess compensation of ₹ 1,140.59 crore during 2018-19 to 2020-21. The excess compensation was due to the change in base year revenue of the Corporation which was increased from ₹ 540.85 crore to ₹ 886.43 crore. This was done as per an Ordinance (November 2018) to amend the original Maharashtra GST (Compensation to Local Authorities Act, 2017) whereby provision was made to change the base year revenue by the Government, if claimed by any Municipal Corporation. Audit further noticed that the revised base year revenue was not audited by the DLFA though Section 5(3) of the Maharashtra GST (compensation to Local Authorities) Act, 2017 stipulated that the base year revenue shall be audited by the DLFA.

During the exit conference, the Principal Secretary stated (February 2022) that the issue of audit of revised base year revenue of Nagpur Municipal Corporation would be looked into.

5.4.3 Grant in lieu of abolition of Yatra Kar (Pilgrimage Tax)

‘Yatra Kar’ (pilgrimage tax) levied by different ULBs at places of religious importance was abolished by the Government in January 1978 and in lieu of it, allowed ‘Yatra Kar Anudan’ to seven Municipal Councils of Alandi, Jejuri, Paithan, Pandharpur, Ramtek, Trimbak, and Tuljapur every year. The said grant was increased (October 2016) from ₹ 50 lakh to ₹ 1.25 crore in respect of Trimbak and to ₹ 62.50 lakh from ₹ 25 lakh in respect of Ramtek from 2016-17 onwards. Audit, however, noticed that grant in lieu of abolition of ‘Yatra Kar’ to the tune of ₹ 7.50 crore⁸ for the period 2017-18 to 2020-21 was not disbursed to the two test-checked Municipal Councils of Trimbak and Ramtek

⁷ The base year for Panvel Municipal Corporation which was established in October 2016 was 2016-17

⁸ Trimbak ₹ 1.25 crore x 4 years and Ramtek ₹ 62.5 lakh x 4 years for the period 2017-21

5.4.4 Road Grant

The Road Grant was released for construction and maintenance of roads in municipal area. 10 per cent of Motor Vehicle Tax collected during preceding year was to be devolved to the ULBs in the subsequent year as road grant for construction and maintenance of roads in urban areas. The grant comprises of Normal Road Grant and Special Road Grant. Normal Road Grant was a fixed amount which was released to all ULBs according to their type and class. Any amount remaining after disbursement of Normal Road Grant was released as Special Road Grant after assessing the need of ULBs demanding the grant. For the Normal Road Grant, the implementing agency was the concerned ULB while for the Special Road Grant, the agency for execution of construction and maintenance of road was decided by the Government.

The status of motor vehicle tax collected, amount eligible for disbursement as road tax, amount disbursed during 2015-16 to 2020-21 in the State is shown in Table 5.7.

Table 5.7: Short disbursement of Road Grant

(₹ in crore)

Year	Total Motor Vehicle Tax Collected in the previous year (1)	10 per cent of Total Collection (2)	Amount of Road Grant (Normal and Special Road Grant) disbursed (3)	Difference (4= 2-3)
2015-16	4555.91	455.59	450	5.59
2016-17	5100.23	510.02	405	105.02
2017-18	5636.77	563.67	450	113.67
2018-19	7108.98	710.89	405	305.89
2019-20	7065.47	706.54	358	348.54
2020-21	6560.94	656.10	125	531.1
Total				1409.81

Source: Information compiled from State Finance Accounts and obtained from UDD, GoM

Thus, there was short disbursement of Road Grant amounting to ₹ 1,409.81 crore to the ULBs during 2015-16 to 2020-21.

During the exit conference, the Principal Secretary stated (February 2022) that non-disbursement/short disbursement of the grant on account of royalty on minerals, grant of land revenue and Non-Agricultural Assessment, and short disbursement of *Nagarpalika Sahayak Anudan*, Road Tax, Yatra Kar was due to budgetary constraints.

Recommendation 9: Government should ensure that assigned revenue and grants to ULBs are disbursed in full without any delay.

5.5 Central Finance Commission Grant

Article 280(3)(C) of the Constitution of India mandated the Central Finance Commission (CFC) to recommend measures to augment the Consolidated Fund of a State to supplement the resources of Municipalities based on the recommendations of the respective SFCs. The Thirteenth CFC and the Fourteenth CFC recommended the release of basic and performance grant to ULBs as a percentage of divisible pool account⁹.

⁹ Portion of gross tax revenue which is distributed between the Centre and the States

As per the Fourteenth CFC, the Basic and Performance Grant to be devolved/allocated to Maharashtra, the amount devolved to Maharashtra and further disbursement to the ULBs is given in **Table 5.8**.

Table 5.8: Devolution of Central Finance Commission Grants

(₹ in crore)

Sr. No.	Year	Basic Grant to be devolved	Basic Grant devolved to the State	Basic Grant devolved to the ULBs	Performance grant allocated	Performance grant received by State Government/ ULBs
1	2015-16	1191.24	1191.24	1191.24	--	-
2	2016-17	1649.49	1649.49	1649.49	486.82	486.82
3	2017-18	1905.49	1905.83	1905.83	550.91	-
4	2018-19	2204.70	2204.70	2204.70	625.63	-
5	2019-20	2979.02	2979.02	2979.02	819.21	550.91 ¹⁰

Source: Information obtained from Fourteenth FC Report and GRs issued by UDD, GoM in respective year and information furnished by DMA

As seen from **Table 5.8**, the entire basic grant has been devolved to the ULBs. However, performance grant of ₹ 1,444.84 crore for the years 2018-19 and 2019-20 was not received by the State Government.

During the exit conference, the Principal Secretary stated (February 2022) that the performance grant was not disbursed by the Government of India to any of the States.

5.6 Accounts and Audit of Urban Local Bodies

Article 243Z of the Constitution of India stipulated that the Legislature of a State may, by law, make provisions with respect to the maintenance of accounts by Municipalities and audit of such accounts. Director, Local Fund Accounts Audit (DLFA) was the statutory auditor of the ULBs under section 109AA of the MbMC Act, 107A of the MMC Act and 104 of the MMCNPIT Act. Audit noticed arrears in audit by DLFA in the 44 test-checked ULBs as shown in **Appendix 5.2**. In 27 (61 *per cent*) out of 44 test-checked ULBs, the arrears in audit was for more than three years. The Maharashtra Municipal Accounts Code, 2013 stipulated maintenance of accounts on accrual basis¹¹. Audit also noticed that in the 44 test-checked ULBs, 14 ULBs (32 *per cent*) did not prepare accounts on accrual basis (**Appendix 5.3**).

During the exit conference, the Principal Secretary stated (February 2022) that instructions would be issued to ULBs to maintain accounts on accrual basis. As regards arrears in audit, Director, Local Fund Accounts Audit stated that arrears were on account of shortage of staff and efforts would be made to reduce the arrears.

¹⁰ Second instalment of performance grant of ₹ 550.91 crore was to be devolved in the year 2017-18 which was actually devolved by the Centre to State and then finally to ULBs in 2019-20

¹¹ Accrual method of accounting is the method where revenue or expenses are recorded when a transaction occurs rather than when payment is received or made

CHAPTER VI

Human Resources in Urban Local Bodies

Chapter VI

Human Resources in Urban Local Bodies

As per Article 243W of the Constitution of India, the Municipalities were empowered to function as institutions of self-government. The broad framework of functions carried out by ULBs is depicted in **Table 6.1**.

Table 6.1: Broad framework of functions carried out by ULBs

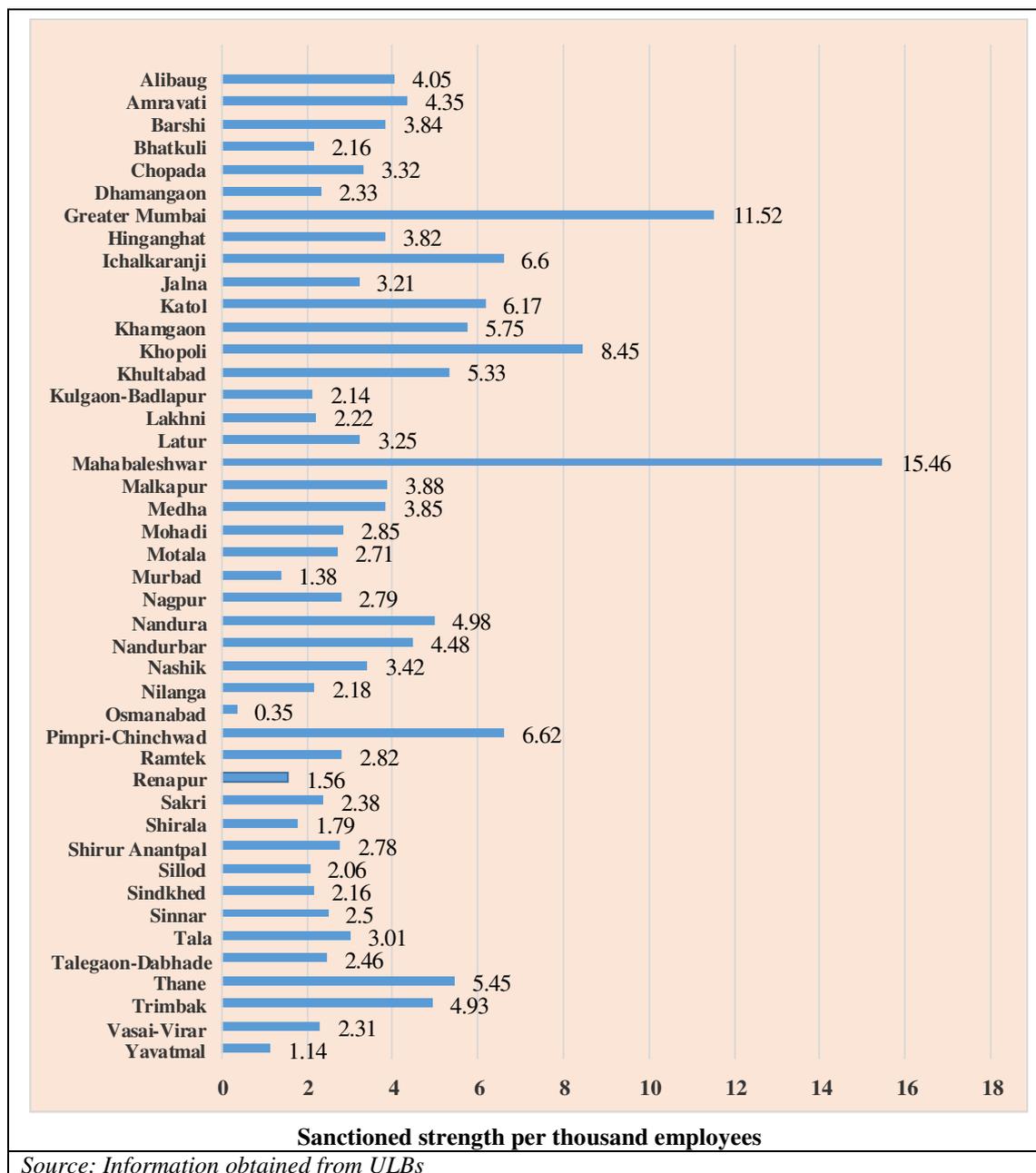
Sr. No.	Wings	Function
1	Secretariat	Secretarial function to the General Body and various committees
2	Administration	General administration, HR management
3	Revenue	Assessment and collection of various taxes, rent, advertisement and other property-related activities
4	Accounts	Preparation and maintenance of accounts, preparation of budget
5	Public Health	Sanitation, street sweeping, solid waste management and other public health-related activities
6	Engineering	Construction, operation and maintenance of roads, drains, buildings, parks, playgrounds, water supply and street lighting
7	Town Planning	Town planning activities such as issue of building licences
8	Welfare	Implementation of schemes relating to social and economic development
9	Disaster and Accident Mitigation/Prevention	Fire safety, rescue, fire safety plan in high rise buildings, rescue during waterlogging, removal of dangerous trees

Adequate and qualified manpower was essential for the empowerment of ULBs to discharge the above functions effectively. Audit observed wide variation in the sanctioned strength of staff *vis-à-vis* the population and inadequate staff as discussed in the succeeding paragraphs.

6.1 Requirement of staff

The requirement of manpower in a ULB would *inter alia* depend on the geographical area, population, topography and extent of computerisation. The basis for determining the sanctioned strength was not furnished to Audit. Audit observed that the staff strength and the population to be served by each ULB had no relation, resulting in wide variation in the sanctioned strength of staff *vis-à-vis* the population in the 44 test-checked ULBs. The sanctioned strength ranged from 0.35 per thousand population to 15.46 per thousand population in the test-checked ULBs (**Appendix 6.1**). Analysis in audit revealed that in 26 ULBs, the sanctioned strength of staff per thousand population was upto three, while in 16 ULBs it ranged between four and eight and in two ULBs *viz.*, Municipal Corporation of Greater Mumbai and Mahaleshwar Municipal Council the sanctioned strength was 11.52 and 15.46 respectively. The sanctioned strength of staff per thousand population in the 44 test-checked ULBs is given in **Chart 6.1**.

Chart 6.1: Sanctioned strength per thousand employees



The sanctioned strength and men-in-position in the test-checked eight Municipal Corporation and 36 Municipal Councils/Nagar Panchayats are shown in Table 6.2.

Table 6.2: Sanctioned Strength vis-a-vis men-in-position in the test-checked ULBs

Employee category	Corporation			Council & Nagar Panchayat		
	Sanctioned Strength	Men-in-position	Vacancy (percentage)	Sanctioned Strength	Men-in-position	Vacancy (percentage)
Group A	5247	3389	1858 (35)	7	8	-1
Group B	20001	15423	4578(23)	39	39	0 (0)
Group C	51885	32059	19826(38)	2851	1283	1568 (55)
Group D	106471	76592	29879 (28)	5399	4244	1155 (21)
Total	183604	127463	56141(31)	8296	5574	2722(33)

Source: Information obtained from selected ULBs

The overall shortfall in the 44 test-checked ULBs was 31 *per cent*. In Municipal councils, the shortage was mainly at the cutting-edge level of Group 'C' staff. Analysis in audit revealed that two Municipal Corporations (Nagpur and Vasai-Virar), one Municipal Council (Sillod) and five Nagar Panchayats (Medha, Renapur, Sakri, Shirala and Tala) were having more than 60 *per cent* vacancy.

The fifth SFC recommended (August 2019) that the Government or ULBs must engage professional agencies to conduct systematic and detailed studies regarding the staffing requirement in the ULBs, which was, however, not accepted by the Government.

During the exit conference, the Principal Secretary stated (February 2022) that staffing pattern and recruitment rules have been finalised and the vacancies would be reduced.

Recommendation 10: Government may review the sanctioned strength in ULBs considering the recommendation of fifth SFC and ensure that the vacancies are filled in a time-bound manner.

6.2 Recruitment of staff

The posts of Commissioner and Additional Commissioner of the Municipal Corporations are manned mostly by the officers of the Indian/State Administrative Service. The officers below the rank of Additional Commissioner are from the Corporation or appointed on deputation from State Government. No cadre service has been created for the Municipal Corporations.

In Municipal Councils and Nagar Panchayats, there is a separate cadre of Chief Officers who are directly recruited. Out of 369 posts of Chief Officer in Municipal Councils and Nagar Panchayats, only 289 posts were filled. Thus, 80 posts of Chief Officer were vacant.

Apart from the Chief Officer cadre, common services have been created for municipal councils *i.e.*, (i) Maharashtra Municipal Engineering Service (Civil, Electrical, Computer), (ii) Maharashtra Municipal Water Supply, Sewerage and Sanitation Engineering Service, (iii) Maharashtra Municipal Audit and Accounts Service, (iv) Maharashtra Municipal Taxation and Administrative Service, (v) Maharashtra Municipal Fire Service and (vi) Maharashtra Municipal Town Planning and Development Service. The common services are divided into three grades Grade A, B and C.

Selection to Grade A, B and C was done by promotion from the feeder promotional cadre or by holding combined open/limited competitive examination or by transfer of a person holding an equivalent post in any department of Government or local authority or State Government Undertakings. The Director of Municipal Administration was the Appointing Authority for these services. As per the Maharashtra Municipal Councils, Nagar Panchayats and Industrial Townships State Services (Absorption, Recruitment and Conditions of Service) Rules, 2006, (Rules) all appointments to the post were required to be done by the Appointing Authority after consulting the Consultative Authority. The Maharashtra Public Service

Commission (MPSC) was the Consultative Authority under the Rules. The Rules stipulated that until MPSC took on the responsibility as the Consultative Authority, the Selection Committee constituted under the Rules would function as the Consultative Authority. Audit noticed that MPSC was not given the responsibility to function as the Consultative Authority due to which the Selection Committee functioned as Consultative Authority for appointment of staff. Cadre-wise sanctioned strength and vacancy in respect of these common services¹ are shown in **Table 6.3**.

Table 6.3: Sanctioned strength and vacancy in common services in Municipal Councils/Nagar Panchayats in the State

Sr. No.	Name of Service	Sanctioned Strength	Men-in-position	Vacancy (percentage)
1	Municipal Engineering Service (Civil)	928	437	491 (53)
2	Municipal Engineering Service (Electrical)	205	134	71 (35)
3	Municipal Engineering Service (Computer)	241	175	66 (27)
4	Municipal WSSS Engineering Services	338	243	95 (28)
5	Municipal Audit and Accounts Service	842	524	318 (38)
6	Municipal Taxation and Administrative Service	1965	1267	698 (36)
7	Municipal Fire Service	467	148	319 (68)
Total		4986	2928	2058 (41)

Source: Information furnished by DMA

As seen from **Table 6.3**, the overall vacancy in the cadre service was 41 per cent. Audit noticed that during the period 2015-16 to 2020-21, recruitment for the common services posts (Serial number 1 to 6 of **Table 6.3**) was advertised by the Director of Municipal Administration only once and 1,541 common services posts were filled between December 2018 and November 2019. The adverse impact of the vacancy in the vital cadre service posts, on the preparation of annual accounts, recovery of taxes and attaining the service level benchmarks are discussed in **paragraphs 5.2.1, 5.6 and 7.1.1 to 7.2.5**.

6.2.1 Cadre services in Municipal Corporations

Unlike the Municipal Councils/Nagar Panchayats, the Municipal Corporations did not have specialised cadre services.

The Fifth State Finance Commission had recommended the development of staff cadre for Municipal Corporation in a slow calibrated manner beginning with the creation of Finance and Accounts cadre. The recommendation was partially accepted (December 2020) by the State Government. However, action on the matter was pending (October 2021).

Recommendation 11: Government may take action to assign responsibility to Maharashtra Public Service Commission to function as the Consultative Authority for appointment of staff for common services and take expeditious action for the development of cadre services for Municipal Corporations.

¹ Men-in-position in respect of Municipal Town Planning and Development Services was not furnished

CHAPTER VII

***Effectiveness of delivery of water
supply, sanitation and fire services***

Chapter VII

Effectiveness of delivery of water supply, sanitation and fire services

The devolvement of powers and responsibilities to perform the 18 functions listed in the Twelfth Schedule of the Constitution, was aimed at increasing the effectiveness of delivery of services to citizens at large. Three functions of water supply, sanitation and fire services were selected by the audit for ascertaining the effectiveness of delivery.

7.1 Effectiveness in delivery of water supply service

According to section 261 of the MbMC Act, section 63(20) of the MMC Act and section 49(1) of the MMCNPIT Act, it was incumbent upon the ULBs to make reasonable and adequate provisions for the management and acquisition of municipal water works necessary for sufficient supply of water for public and private purposes.

Service Level Benchmarks (SLBs) have been promulgated (July 2008) by the Ministry of Urban Development, Government of India (GoI) in four key sectors *viz.*, Water Supply, Sewage Management (Sewage and Sanitation), Solid Waste Management (SWM) and Storm Water Drainage (SWD). SLBs set indicators for these key sectors for performance monitoring and evaluation of ULBs. The SLBs prescribed by GoI were adopted by Government of Maharashtra (GoM) in February 2010 to be achieved by all ULBs. As per the instructions issued (October 2010) by UDD, GoM, ULBs were required to fix goals for SLB achievements during each financial year and furnish the details of achievements of these goals to the State Government. The State Government issued yearly notifications indicating the targets and achievements in the ULBs as per the goals fixed.

The achievements against a few of the Service Level Benchmark indicators fixed by GoI, in the 44 test-checked ULBs and the achievements against the internal targets for the year 2019-20 in respect of 38 ULBs (six ULBs *viz.*, Greater Mumbai, Nagpur, Nashik, Pimpri-Chinchwad, Thane and Vasai-Virar did not publish their own targets) are discussed in the succeeding paragraphs.

7.1.1 Water supply connection

As per the SLB indicator, 100 *per cent* coverage of water supply connection *i.e.*, direct piped connection for water supply within the household was envisaged. Coverage of water supply connection in the 42 test-checked ULBs¹, analysed by Audit is summarised in **Table 7.1**.

¹ (1) Bhatkuli and (2) Yavatmal ULBs did not furnish information

Table 7.1: Coverage of water connection in test-checked ULBs

Coverage of water supply connection (<i>per cent</i>)	Number of ULBs
100 <i>per cent</i>	7
More than 75 but less than 100	20
More than 50 but less than 75	15
More than 25 but less than 50	0
Less than 25	0
<i>Source: Information furnished by ULBs</i>	

- Out of 42 test-checked ULBs, only seven ULBs (17 *per cent*) achieved 100 *per cent* coverage of water supply connections (**Appendix 7.1**).
- Out of 38 ULBs, one ULB (Bhatkuli) did not furnish information. In the remaining 37 ULBs, 38 *per cent* ULBs (14 out of 37) achieved their own targets while 62 *per cent* ULBs (23 out of 37) did not achieve their own targets (**Appendix 7.2**).

Thus, a large number of test-checked ULBs have failed to achieve the coverage of water supply connection as per the SLB indicator.

7.1.2 Per capita supply of Water

Per capita water supplied, expressed in litre per capita per day (LPCD), indicates the adequacy of the ULBs to source and treat water to potable standards and supply it into the distribution system. As per SLB indicator, supply of 135 LPCD was required to be achieved. Per capita supply of water in the 42 test-checked ULBs², analysed by Audit is summarised in **Table 7.2**.

Table 7.2: Per capita supply of water in test-checked ULBs

Per capita supply of water	Number of ULBs
135 LPCD and above	13
67.50 LPCD to 135 LPCD	25
33.75 LPCD to 67.50 LPCD	4
Less than 33.75 LPCD	0
<i>Source: Information furnished by ULBs</i>	

- Except for 13 ULBs out of the 42 test-checked ULBs, the remaining 29 ULBs (69 *per cent*) had not achieved the per capita supply of water of 135 LPCD (**Appendix 7.1**).
- Out of 38 ULBs which published targets, one ULB (Bhatkuli) did not furnish the information. In the remaining 37 ULBs, 16 *per cent* ULBs (six out of 37) achieved their own internal targets while 84 *per cent* ULBs (31 out of 37) did not achieve their own internal targets. (**Appendix 7.2**).

Thus, the ULBs were largely not able to supply adequate water to its citizens.

7.1.3 Extent of metering of water connections

In a water supply system, the quantum of service provided to citizens is directly measurable and therefore, it was necessary that the water supplied to all categories of consumers was metered. Metering would also induce efficiency in use of water. As per the SLB indicator, 100 *per cent* metering

² (1) Bhatkuli and (2) Yavatmal ULBs did not furnish information

was to be achieved. The extent of metering of water connection in the 39 test-checked ULBs³, analysed by Audit is summarised in **Table 7.3**.

Table 7.3: Extent of metering of water connections in test-checked ULBs

Extent of metering	Number of ULBs
No metering	26
100 per cent	4
More than 50 per cent but less than 100 per cent	5
More than 25 per cent but less than 50 per cent	4
Less than 25 per cent	0

Source: Information furnished by ULBs

- As seen from **Table 7.3**, in 26 (67 per cent) out of 39 test-checked ULBs, there was no metering of water connection (**Appendix 7.1**). Audit noticed that in MCGM out of 4.37 lakh metered connection, 1.84 lakh meters (42 per cent) were faulty.
- Out of 38 ULBs which published targets, in 26 ULBs either the targets in the Government notification were zero or achievements were not available. In the remaining 12 ULBs, 25 per cent ULBs (3 out of 12) achieved their own internal targets while 75 per cent ULBs (9 out of 12) did not achieve their own internal targets. (**Appendix 7.2**).

In the absence of metering of water connection, loss of revenue due to billing done on assessment basis was inevitable. It also leads to inefficient usage of water as metering act as a deterrent against wastage of water by consumers.

7.1.4 Quality of water supplied

Poor water quality can pose serious public health hazards. The quality of water supplied should be 100 per cent potable. The quality of water is checked by the ULBs by sending the sample to a Government or Government approved laboratory.

The quality of water supplied in the 40 test-checked ULBs⁴, analysed by Audit is summarised in **Table 7.4**.

Table 7.4: Quality of water supply in test-checked ULBs

Potability of water (in per cent)	Number of ULBs
100 per cent	23
More than 75 per cent but less than 100 per cent	12
More than 50 per cent but less than 75 per cent	4
More than 25 per cent but less than 50 per cent	1
Less than 25 per cent	Nil

Source: Information furnished by ULBs

- As seen from **Table 7.4**, in 17 (42 per cent) out of 40 test-checked ULBs quality of water was not 100 per cent potable. The quality of water was poorest in Latur ULB at 27.70 per cent. (**Appendix 7.1**).
- Out of 38 ULBs which published targets, in four ULBs (Bhatkuli, Lakhani, Mohadi and Tala), the achievements were not available. In the remaining 34 ULBs, 76 per cent ULBs (26 out of 34) achieved their own internal

³ Five ULBs did not furnish the information.

⁴ (1) Bhatkuli, (2) Khamgaon, (3) Tala and (4) Yavatmal ULBs did not furnish the information

targets while 24 *per cent* ULBs (eight out of 34) did not achieve their own internal targets. (**Appendix 7.2**).

Thus, many ULBs could not achieve supply of potable water to its citizen, as per the SLB indicator.

7.1.5 Financial sustainability of Water Supply Service

Financial sustainability is critical for all basic urban services. In services such as water supply, benefits received by the consumers are more direct and can be quantified. Therefore, through a combination of user charges, fees and taxes, all operating costs should be recovered. The SLB indicator of “cost recovery in water supply services” is critical for measuring overall cost recovery and provides a basis for tariff fixation.

The extent of recovery of cost in the 38 test-checked ULBs⁵ was analysed by Audit which is summarised in **Table 7.5**.

Table 7.5: Recovery of cost of water supply in test-checked ULBs

Recovery of cost	Number of ULBs
100 <i>per cent</i> and above	4
More than 75 <i>per cent</i> but less than 100 <i>per cent</i>	9
More than 50 <i>per cent</i> but less than 75 <i>per cent</i>	14
More than 25 <i>per cent</i> but less than 50 <i>per cent</i>	6
Less than 25 <i>per cent</i>	5

Source: Information furnished by ULBs

- As seen from **Table 7.5**, in 34 (89 *per cent*) out of the 38 test-checked ULBs, the water charges being levied was not sufficient to meet the cost of supply (**Appendix 7.1**).
- Out of 38 test-checked ULBs which published targets, one ULB (Bhatkuli) did not furnish the information. In the remaining 37 ULBs, 30 *per cent* ULBs (11 out of 37) achieved their own internal targets while 70 *per cent* ULBs (26 out of 37) did not achieve their own internal targets (**Appendix 7.2**).

The main reason for the failure of the ULBs to recover the cost was non-revision of water charges periodically considering the cost of supply of water. Audit noticed that in five ULBs *viz.*, Katol, Latur, Nandurbar, Ramtek and Sakri, the water charges had not been revised for more than ten years. Further, non-metering of water connections as discussed in **paragraph 7.1.3** was also an important reason for the failure of ULBs to recover the cost of water supply service.

It was further noticed that the collection efficiency was also poor which further undermined the financial sustainability in water supply services. Analysis of the collection efficiency of water supply charges in the 40 test-checked ULBs⁶ is summarised in **Table 7.6**.

⁵ (1) Alibaug, (2) Bhatkuli, (3) Ichalkaranji, (4) Khamgaon, (5) Talegaon-Dabhade and (6) Yavatmal ULBs did not furnish the information.

⁶ (1) Alibaug, (2) Bhatkuli, (3) Khamgaon, and (4) Yavatmal ULBs did not furnish the information

Table 7.6: Collection efficiency of water supply charges in test-checked ULBs

Collection efficiency	Number of ULBs
More than 90 per cent	5
More than 75 per cent but less than 90 per cent	5
More than 50 per cent but less than 75 per cent	13
More than 25 per cent but less than 50 per cent	9
Less than 25 per cent	8
<i>Source: Information furnished by ULBs</i>	

- As seen from **Table 7.6**, in 35 ULBs (88 per cent) out of 40 test-checked ULBs, the collection efficiency was less than 90 per cent (**Appendix 7.1**).
- Out of 38 test-checked ULBs which published targets, one ULB (Bhatkuli) did not furnish the information. In the remaining 37 ULBs, 19 per cent ULBs (seven out of 37) achieved their own internal targets while 81 per cent ULBs (30 out of 37) did not achieve their own internal targets (**Appendix 7.2**).

Thus, the financial sustainability of the water supply service was impacted due to poor cost recovery and collection of water charges.

7.2 Effectiveness in delivery of sewerage and sanitation services

Poor sanitation is linked to transmission of many diseases such as diarrhoea, dysentery, hepatitis A, typhoid, dengue, malaria *etc.* Lack of proper sanitation not only affects human well-being but also causes environmental degradation. Providing sanitation service is the obligatory function of the ULBs in Maharashtra. The achievements against a few of the Service Level Benchmark indicators fixed by GoI, in the 44 test-checked ULBs and the achievements against the internal targets for the year 2019-20 in respect of 38 ULBs (six ULBs *viz.*, Greater Mumbai, Nagpur, Nashik, Pimpri-Chinchwad, Thane and Vasai-Virar did not publish their own targets) are discussed in the succeeding paragraphs.

7.2.1 Coverage of toilets

This indicator denotes the extent to which citizens have access to a toilet. As per SLB indicators, the coverage of toilet should be 100 per cent. The coverage of households by toilets in the 44 test-checked ULBs was analysed by Audit which is summarised in **Table 7.7**.

Table 7.7: Coverage of household by toilets in test-checked ULBs

Coverage of household by toilets	Number of ULBs
100 per cent	41
More than 75 per cent but less than 100 per cent	3
<i>Source: Information furnished by ULBs</i>	

- As seen from **Table 7.7**, three ULBs (Sillod, Trimbak and Yavatmal) did not achieve the target of 100 per cent access to toilet (**Appendix 7.3**).
- Out of 38 ULBs which published targets, 95 per cent test-checked ULBs (36 out of 38) achieved their own targets while two ULBs did not achieve their own internal targets (**Appendix 7.4**).

Though, the majority of the test-checked ULBs had achieved the target of coverage of household by toilets, three test-checked ULBs were still lagging in achieving 100 per cent coverage.

7.2.2 Coverage of sewerage network connection

This indicator denotes the extent to which the underground sewage (or sewerage collection) network has reached out to individual properties like residential, commercial and industrial. As per SLB indicator, 100 per cent coverage of sewerage network connection was required to be achieved.

Extent of coverage of sewerage network connection in the 42 test-checked ULBs⁷ was analysed by Audit which is summarised in **Table 7.8**.

Table 7.8: Coverage of sewerage network connection in test-checked ULBs

Coverage of sewerage network connection	Number of ULBs
100 per cent	1
More than 75 per cent but less than 100 per cent	7
More than 50 per cent but less than 75 per cent	4
More than 25 per cent but less than 50 per cent	1
Less than 25 per cent	29
<i>Source: Information furnished by ULBs</i>	

- As seen from **Table 7.8**, 41 (98 per cent) out of 42 test-checked ULBs had not achieved complete sewerage network connection (**Appendix 7.3**).
- Out of 38 test-checked ULBs which published targets, in 31 ULBs the targets in the Government notification were either zero or not available. In the remaining seven ULBs, 86 per cent ULBs (six out of seven) did not achieve their own internal targets while one ULB (Mahableshwar) achieved its own internal target (**Appendix 7.4**).

Thus, a large number of ULBs had failed to provide an effective underground sewerage network connection, as per the SLB indicator.

7.2.3 Collection efficiency of sewage network

This indicator is measured as the quantum of wastewater collected as a percentage of normative sewage generation in the ULB. As per SLB indicator, 100 per cent collection efficiency of sewage network was required to be achieved.

The collection efficiency of sewage network in the 34 test-checked ULBs⁸ was analysed by audit which is summarised in **Table 7.9**.

Table 7.9: Collection efficiency of sewage network in test-checked ULBs

Collection efficiency of sewage network	Number of ULBs
100 per cent	5
More than 75 per cent but less than 100 per cent	1
More than 50 per cent but less than 75 per cent	5
More than 25 per cent but less than 50 per cent	1
Less than 25 per cent	22
<i>Source: Information furnished by ULBs</i>	

⁷ (1) Chopada and (2) Dhamangaon ULBs did not furnish the information

⁸ (1) Barshi, (2) Bhatkuli, (3) Chopada (4) Dhamangaon, (5) Khultabad, (6) Motala, (7) Nilanga, (8) Sakri, (9) Shirala, and (10) Yavatmal ULBs did not furnish the information.

- As seen from **Table 7.9**, 29 ULBs (85 *per cent*) out of 34 test-checked ULBs, had not achieved the 100 *per cent* collection efficiency of sewage network (**Appendix 7.3**).
- Out of 38 ULBs which published targets, in 32 ULBs, either the targets in the Government notification were zero or achievements were not available. In the remaining six ULBs, 67 *per cent* ULBs (four out of six) achieved their own internal targets while two ULBs did not achieve their own internal targets (**Appendix 7.4**).

Thus, the collection efficiency in the majority of the test-checked ULBs was below the SLB benchmark.

7.2.4 Adequacy of sewage treatment capacity

Adequacy is expressed as secondary treatment capacity available as a percentage of normative wastewater generation, for the same time period. As per SLB indicator, 100 *per cent* adequacy of sewage treatment capacity was required to be achieved.

The extent of sewage treatment capacity in the 34 test-checked ULBs⁹ analysed by Audit is summarised in **Table 7.10**.

Table 7.10: Adequacy of sewage treatment capacity in test-checked ULBs

Adequacy of sewage treatment capacity	Number of ULBs
100 <i>per cent</i>	5
More than 75 <i>per cent</i> but less than 100 <i>per cent</i>	2
More than 50 <i>per cent</i> but less than 75 <i>per cent</i>	2
More than 25 <i>per cent</i> but less than 50 <i>per cent</i>	2
Less than 25 <i>per cent</i>	23
<i>Source: Information furnished by ULBs</i>	

- As seen from **Table 7.10**, 29 ULBs (85 *per cent*) out of 34 test-checked ULBs, did not have adequate sewage treatment capacity (**Appendix 7.3**).
- Out of 38 ULBs which published targets, in 31 ULBs, either the targets in the Government notification were zero or achievements were not available. In the remaining seven ULBs, 86 *per cent* ULBs (six out of seven) did not achieve their own internal targets while one ULB (Trimbak) achieved its own internal target (**Appendix 7.4**).

7.2.5 Quality of sewage treatment

Quality of sewage treatment is measured as a percentage of wastewater samples that pass the specified secondary treatment standards, *i.e.*, treated water samples from the outlet of Sewage Treatment Plants are equal to or better than the standards laid down for secondary treatment of sewage. As per SLB indicator, 100 *per cent* quality of sewage treatment was required to be achieved. The quality of sewage treatment in the 34 test-checked ULBs¹⁰ was analysed by Audit which is summarised in **Table 7.11**.

⁹ (1) Barshi, (2) Bhatkuli, (3) Chopada (4) Dhamangaon, (5) Khultabad, (6) Motala, (7) Nilanga, (8) Sakri, (9) Shirala, and (10) Yavatmal ULBs did not furnish the information

¹⁰ (1) Barshi, (2) Bhatkuli, (3) Chopada (4) Khamgaon, (5) Khultabad, (6) Motala, (7) Nilanga, (8) Sakri, (9) Shirala, and (10) Yavatmal ULBs did not furnish the information

Table 7.11: Quality of sewage treatment in test-checked ULBs

Quality of sewage treatment	Number of ULBs
100 per cent	6
More than 75 per cent but less than 100 per cent	4
More than 50 per cent but less than 75 per cent	-
More than 25 per cent but less than 50 per cent	1
Less than 25 per cent	23
<i>Source: Information furnished by ULBs</i>	

As seen from **Table 7.11**, 28 ULBs (82 per cent) out of 34 test-checked ULBs had not achieved 100 per cent quality of sewage treatment (**Appendix 7.3**). Audit noticed that out of 2,003 million litres of sewage generated per day (MLD) in MCGM, 28 per cent (552 MLD) was not treated, 54 per cent was discharged after primary treatment and 18 per cent was discharged after secondary treatment. Out of eight Sewerage Treatment Plants (STPs) in MCGM, three STPs¹¹ had facility only for primary treatment of sewage. Further, test reports of six STPs produced to audit revealed that the sewage discharged from four STPs¹² *inter alia*, did not meet the standards of Biological Oxygen Demand, Chemical Oxygen Demand and Total Suspended Solids under Water (Prevention and Control of Pollution), Act 1974 for discharge of effluent. In reply, the Chief Engineer (Sewerage Operations), MCGM stated (May 2022) that the existing sewage treatment plants commissioned in the year 1992-2003 are not able to meet the current standards and, therefore, the upgradation of sewage treatment plant has been taken up to comply with the standards. The fact, however, remained that the sewage discharged did not meet the pollution standards.

- Out of 38 ULBs which published targets, in 34 ULBs, either the targets in the Government notification were zero or achievements were not available. In the remaining four ULBs, three ULBs achieved their own targets while one ULB (Kulgaon-Badlapur) did not achieve its own target (**Appendix 7.4**).

Thus, the sewage treatment capacity in the test-checked ULBs were not only inadequate but also the quality of sewage treatment was poor.

During the exit conference, the Principal Secretary stated (February 2022) that efforts would be made to improve the achievement and added that instructions would be issued to notify the targets and achievements by all the ULBs.

Recommendation 12: The Government may review the poor performance of the ULBs in achieving the service level benchmarks related to water supply and sewage services and take steps for its improvement in a time-bound manner.

Recommendation 13: Government may ensure 100 per cent metering of water connections in all the ULBs to improve the collection efficiency and avoid loss of revenue, thereby increasing the financial resources of the ULBs.

¹¹ Worli, Bandra and Malad

¹² Ghatkopar, Bhandup, Varsova, Malad

7.3 Effectiveness in delivery of fire service

Fire service is one of the obligatory functions of the ULBs. Fire prevention and related safety measures are an integral part of town planning and building construction. To combat any odd situation arising out of fire related calamities, fire services are organised as the first respondent to save life and property. It is, therefore, necessary that ULBs fulfil their functions effectively and efficiently.

7.3.1 Non-constitution of fire protection fund

Section 25(1) of the Maharashtra Fire Prevention and Life Safety Measures Act, 2006, (MFPLSMA) stipulated creation of a fire protection fund. The Urban Development Department notified (March 2014) the rates for levy of Fire Service fees. Fees to be imposed and collected by the Fire Department of ULBs from the owners and occupiers of all buildings, was to be credited to this fund. The fund was to be applied for the purpose of maintaining fire stations in general, providing sophisticated equipment and appliances for preventing and extinguishing fire on any land and in any building within or without the municipal limits. Audit observed that out of the 44 test-checked ULBs, 25 ULBs had not created the fire protection fund though fees were being imposed and collected by the Fire Department.

7.3.2 Adequacy of manpower

Adequacy of trained manpower is essential for speedy response and rescue operations in disaster situations. In the 44 test-checked ULBs audit observed the following:

- In 43 ULBs¹³, as against the sanctioned requirement of 6,688 fire personnel, 3313 posts (50 per cent) were vacant.
- Out of the eight test-checked Municipal Corporations, it was seen that in seven Municipal Corporations viz., Greater Mumbai, Amaravati, Latur, Nagpur, Nashik, Thane and Vasai-Virar Municipal Corporations, the post of Chief Fire Officer was either vacant or held by lower rank officials. The post of Fire Officer was vacant in 34 (97 per cent) out of the 35 test-checked Municipal Councils/ Nagar Panchayats¹⁴.
- No officials were posted against 17 posts of Municipal Fire Service Grade A and 90 posts of Municipal Fire Service Grade B. Further, as against 360 sanctioned posts of Municipal Fire Service Grade C, 319 posts (89 per cent) were vacant.

7.3.3 Shortage of fire stations

Adequate fire stations are necessary for a prompt response. The Standing Fire Advisory Council, an apex body set up by the Ministry of Home Affairs, Government of India laid down (August 2006) the norms for fire services based on response time, risk and population. As per norms, urban areas should have one fire station per 10 sq km.

¹³ Osmanabad Municipal Council did not furnish the sanctioned post and men-in-position

¹⁴ Osmanabad Municipal Council did not furnish the sanctioned post and men-in-position

Audit observed that in 17 out of the 34 test-checked ULBs¹⁵, the fire stations were available as per the norms while in 17 ULBs there was a shortage of 73 fire stations (61 *per cent*) as against the requirement of 120 fire stations (**Appendix 7.5**).

During the exit conference, the Principal Secretary stated (February 2022) that the Recruitment Rules and Staffing pattern have been finalised and action would be taken to reduce the vacancies. The Principal Secretary added that instructions would be issued for the creation of the Fire Protection Fund and issue of shortage of fire stations would also be addressed.

Recommendation 14: The Government may address the shortage of fire stations in the ULBs on top priority.

7.4 Conclusion

The Constitution (Seventy-fourth) Amendment Act, 1992 (CAA) which came into effect from 1 June 1993 introduced Part IXA (the Municipalities) and Schedule XII in the Constitution of India. The CAA authorised the State Legislature to enact laws to endow the Urban Local Bodies (ULBs) with powers and authority and devolve upon them powers and responsibilities for 18 functions listed in the Twelfth Schedule. In Maharashtra, all the three Acts governing ULBs were amended to comply with the requirements of the Seventy-fourth CAA.

The State Government though devolved all the 18 functions, the functions related to water supply; establishing and maintaining public dispensaries and providing public medical relief; providing basic services in slums like water supply, roads and public toilets; grant of building permission; commencement of construction and occupation certificates for the buildings were also being performed by parastatal agencies. These diluted the envisaged devolvement and empowerment to the ULBs.

The Mayors and Presidents of the ULBs in the State were not elected directly by the people and their tenure was not conterminous with the tenure of ULBs. District Planning Committee in the districts and Metropolitan Planning Committee in metropolitan areas were constituted. The District Planning Committees did not prepare five-year and perspective development plans in any of the districts. Though, Ward Committees were constituted, there was shortfalls in the constitution of Ward Committees in test-checked ULBs. There were delays in the constitution of State Finance Commission (SFC), delays in submission of reports by the SFCs and consideration of recommendations of SFC by the State Government.

The average property tax collection efficiency during 2015-16 to 2019-20 in the test-checked ULBs was 53 *per cent*, while the collection efficiency in Municipal Corporation of Greater Mumbai during the said period was only 28 *per cent*. Property Tax Board was not constituted, which was designed to assist the ULBs to put in place an independent and transparent procedure for assessing property tax. The Municipal Acts had assigned one *per cent*

¹⁵ (1) Alibaug, (2) Khultabad, (3) Lakhani, (4) Motala, (5) Nandurbar, (6) Osmanabad, (7) Shirala (8) Shirur-Anantpal, (9) Sindkhed and (10) Trimbak ULBs did not furnish the information.

Additional Stamp Duty to the ULBs but there was short disbursement to the tune of ₹ 1,220.22 crore during 2015-16 to 2020-21. The ‘Nagarpalika Sahayak Anudan’ devolved to Council as State Government grant to compensate the loss of income due to abolition of Octroi/Dearness Allowance Grant was not increased by 10 *per cent* every year resulting in short disbursement of ₹ 1,261.84 crore during 2016-17 to 2020-21. There was short disbursement of pilgrim tax and road grant to the ULBs to the tune of ₹ 1,417.31 crore.

There was wide variation in the sanctioned strength of staff *vis-à-vis* the population in the 44 test-checked ULBs. In the State, 80 posts of Chief Officer who is the head of the Municipal Councils and Nagar Panchayats, were vacant. The service level benchmark in respect of water supply and sewage services could not be achieved by many ULBs. There was shortage of fire stations and fire service manpower in the ULBs. The shortfall in manpower (Fire personnel) in the 43 test-checked ULBs was 50 *per cent*.



(S.K. JAIPURIYAR)

Principal Accountant General (Audit)-I,
Maharashtra, Mumbai

Mumbai,
The 05 July 2022

Countersigned



(GIRISH CHANDRA MURMU)

Comptroller and Auditor General of India

New Delhi,
The 11 July 2022

APPENDICES

Appendix 5.1
(Reference: Paragraph 5.2.1)
Property tax collection efficiency in test-checked ULBs during 2015-16 to 2019-20

Sr. No.	Name of the ULB	Total demand (₹ in crore)	Total collection (₹ in crore)	Collection efficiency percentage
Municipal Corporations				
1	Greater Mumbai	84777.14	24027.3	28
2	Nagpur	3055.54	1016.86	33
3	Latur	306.47	106.18	35
4	Pimpri-Chinchwad	6119.96	2179.96	36
5	Nashik	1340.68	514.46	38
6	Vasai-Virar	635.96	391.92	62
7	Thane	3097.68	2193.30	71
8	Amravati	218.28	168.26	77
Average collection efficiency in Municipal Corporation				47
Municipal Councils (MC)				
9	Talegaon-Dabhade	281.13	68.93	25
10	Sinnar	42.14	11.97	28
11	Jalna	73.71	25.82	35
12	Alibaug	34.25	13.31	39
13	Mahabaleshwar	32.54	13.53	42
14	Hinganghat	29.29	13.71	47
15	Trimbak	15.71	7.57	48
16	Chopada	22.36	11.07	50
17	Khopoli	87.23	45.64	52
18	Dhamangaon	5.78	3.07	53
19	Yavatmal	72.79	44.37	61
20	Ichalkaranji	21.75	13.70	63
21	Nandura	4.47	2.84	63
22	Nandurbar	67.15	42.95	64
23	Barshi	41.99	27.39	65
24	Khamgaon	28.41	18.70	66
25	Osmanabad	16.02	10.82	68
26	Sillod	3.18	2.48	78
27	Katol	0.12	0.10	81
28	Malkapur	12.22	9.89	81
29	Ramtek	3.91	3.17	81
30	Kulgaon-Badlapur	106.07	91.16	86
31	Khultabad	0.95	0.85	90
32	Nilanga	1.88	1.73	92
Nagar Panchayats (NP)				
33	Motala	3.83	0.57	15
34	Renapur	2.27	0.39	17
35	Shirur Anantpal	1.58	0.40	25
36	Bhatkuli	1.34	0.45	34
37	Sakri	4.52	1.61	36
38	Murbad	17.68	6.99	40
39	Mohadi	2.24	0.90	40
40	Shirala	3.48	1.58	45
41	Sindkhed	9.70	5.46	56
42	Tala	1.11	0.72	65
43	Medha	0.66	0.43	65
44	Lakhani	1.88	1.22	65
Average collection efficiency in MC and NP				54
Average collection efficiency of 44 test-checked ULBs				53
<i>Source: Information obtained from ULBs</i>				

Appendix 5.2

(Reference: Paragraph 5.6)

Arrears in audit by Director of Local Fund Accounts Audit in test-checked ULBs

Sr. No.	Name of the ULB	Corporation/Council/ Nagar Panchayat	Year upto which Audited by Director of Local Fund since 2015-16
1	Greater Mumbai	Corporation	2015-16
2	Nagpur	Corporation	2015-16
3	Thane	Corporation	Not Done
4	Vasai-Virar	Corporation	2017-18
5	Pimpri-Chinchwad	Corporation	Not done
6	Nashik	Corporation	2015-16
7	Amravati	Corporation	Not Done
8	Latur	Corporation	2017-18
9	Kulgaon-Badlapur	Council	2018-19
10	Khopoli	Council	Not done
11	Alibaug	Council	2018-19
12	Ichalkaranji	Council	2018-19
13	Barshi	Council	2019-20
14	Talegaon-Dabhade	Council	Not done
15	Mahabaleshwar	Council	2017-18
16	Malkapur	Council	Not done
17	Nandurbar	Council	Not done
18	Sinnar	Council	Not done
19	Chopada	Council	2018-19
20	Trimbak	Council	Not done
21	Osmanabad	Council	2019-20
22	Jalna	Council	2019-20
23	Sillod	Council	Not Done
24	Khultabad	Council	Not done
25	Nilanga	Council	Not Done
26	Hinganghat	Council	2018-19
27	Katol	Council	2018-19
28	Ramtek	Council	2018-19
29	Yavatmal	Council	Not Done
30	Khamgaon	Council	2019-20
31	Nandura	Council	2019-20
32	Dhamangaon	Council	Not Done
33	Renapur	Nagar Panchayat	Not Done
34	Mohadi	Nagar Panchayat	2019-20
35	Lakhani	Nagar Panchayat	Not Done
36	Shirur Anantpal	Nagar Panchayat	Not done
37	Sindkhed	Nagar Panchayat	2018-19
38	Sakri	Nagar Panchayat	Not done
39	Shirala	Nagar Panchayat	2018-19
40	Medha	Nagar Panchayat	2018-19
41	Murbad	Nagar Panchayat	Not Done
42	Tala	Nagar Panchayat	2018-19
43	Bhatkuli	Nagar Panchayat	Not Done
44	Motala	Nagar Panchayat	Not Done

Source: Information obtained from ULBs

Appendix 5.3
(Reference: Paragraph 5.6)

Non-preparation of accounts on accrual basis

Sr. No.	Name of the ULB	Corporation/Council/ Nagar Panchayat	Year upto which accounts are prepared on accrual basis since 2015-16
1	Greater Mumbai	Corporation	2020-21
2	Nagpur	Corporation	2020-21
3	Thane	Corporation	2018-19
4	Vasai-Virar	Corporation	2019-20
5	Pimpri-Chinchwad	Corporation	2019-20
6	Nashik	Corporation	2019-20
7	Amravati	Corporation	2020-21
8	Latur	Corporation	Not Done
9	Kulgaon-Badlapur	Council	2019-20
10	Khopoli	Council	2019-20
11	Alibaug	Council	2019-20
12	Ichalkaranji	Council	2016-17
13	Barshi	Council	2019-20
14	Talegaon-Dabhade	Council	2019-20
15	Mahabaleshwar	Council	2019-20
16	Malkapur	Council	2017-18
17	Nandurbar	Council	2019-20
18	Sinnar	Council	Not Done
19	Chopada	Council	2016-17
20	Trimbak	Council	2019-20
21	Osmanabad	Council	Not Done
22	Jalna	Council	2019-20
23	Sillod	Council	Not Done
24	Khultabad	Council	Not Done
25	Nilanga	Council	Not Done
26	Hinganghat	Council	2016-17
27	Katol	Council	2016-17
28	Ramtek	Council	2018-19
29	Yavatmal	Council	2016-17
30	Khamgaon	Council	2019-20
31	Nandura	Council	2019-20
32	Dhamangaon	Council	2016-17
33	Sindkhed	Nagar Panchayat	2019-20
34	Sakri	Nagar Panchayat	Not Done
35	Shirala	Nagar Panchayat	Not Done
36	Medha	Nagar Panchayat	Not Done
37	Mohadi	Nagar Panchayat	Not Done
38	Lakhani	Nagar Panchayat	2019-20
39	Renapur	Nagar Panchayat	Not Done
40	Shirur Anantpal	Nagar Panchayat	Not Done
41	Murbad	Nagar Panchayat	Not Done
42	Tala	Nagar Panchayat	Not Done
43	Bhatkuli	Nagar Panchayat	2019-20
44	Motala	Nagar Panchayat	2019-20

Source: Information obtained from ULBs

Appendix 6.1
(Reference: Paragraph 6.1)

Sanctioned strength vis-à-vis population in the test-checked ULBs

Sr. No.	Name of the ULB	Population as per Census 2011	Sanctioned strength	Employees sanctioned per 1000 population
Municipal Corporations				
1	Greater Mumbai	12442373	143304	11.52
2	Nagpur	2447494	6827	2.79
3	Thane	1841488	10035	5.45
4	Vasai-Virar	1234690	2852	2.31
5	Pimpri-Chinchwad	1727692	11436	6.62
6	Nashik	1486053	5089	3.42
7	Amravati	647057	2815	4.35
8	Latur	382940	1246	3.25
Municipal Councils and Nagar Panchayats				
9	Kulgaon-Badlapur	174226	372	2.14
10	Khopoli	71141	601	8.45
11	Alibaug	20743	84	4.05
12	Murbad	21080	29	1.38
13	Tala	6981	21	3.01
14	Ichalkaranji	292060	1928	6.60
15	Barshi	118722	456	3.84
16	Talegaon-Dabhade	56435	139	2.46
17	Mahabaleshwar	13393	207	15.46
18	Malkapur	31671	123	3.88
19	Shirala	15665	28	1.79
20	Medha	4678	18	3.85
21	Nandurbar	111037	498	4.48
22	Sinnar	65299	163	2.5
23	Chopada	72783	242	3.32
24	Trimbak	13383	66	4.93
25	Sindkhed	24566	53	2.16
26	Sakri	21007	50	2.38
27	Osmanabad	111825	39	0.35
28	Jalna	285577	917	3.21
29	Sillod	58230	120	2.06
30	Khultabad	15749	84	5.33
31	Nilanga	36172	79	2.18
32	Renapur	19277	30	1.56
33	Shirur Anantpal	10417	29	2.78
34	Hinganghat	101805	389	3.82
35	Katol	43267	267	6.17
36	Ramtek	22310	63	2.82
37	Mohadi	10526	30	2.85
38	Lakhani	12636	28	2.22
39	Yavatmal	248939	284	1.14
40	Khamgaon	94191	542	5.75
41	Nandura	44419	221	4.98
42	Dhamangaon	21059	49	2.33
43	Bhatkuli	8816	19	2.16
44	Motala	10331	28	2.71

Source: Information obtained from ULBs

Appendix 7.1
(Reference Paragraph 7.1.1 to 7.1.5)
Achievement against Service Level Benchmarks fixed by Government of India in
test-checked ULBs

Sr. No.	Name of ULB	Coverage of water supply connections (%)	Per capita Availability of water (LPCD)	Extent of metering of water connection (%)	Quality of water supply (%)	Cost recovery in water supply services (%)	Efficiency in collection of water supply related charges (%)
	Service Level Benchmarks	100	135	100	100	100	90
Municipal Corporations							
1	Greater Mumbai	100	135.5	45.9	99.9	74.1	12.1
2	Nagpur	84	137.73	90	97	62.83	91.26
3	Thane	95	133	35	93.8	67	68.5
4	Vasai-Virar	80	110	0	100	53.78	62
5	Pimpri-Chinchwad	97	96.79	91.9	99.81	81.1	48.12
6	Nashik	97	210	98	100	77	41
7	Amravati**	90	135	100	100	100	60
8	Latur	62.3	82.5	0	27.70	119.1	21.2
Municipal Councils							
9	Kulgaon-Badlapur**	92.1	85.57	92	100	117.6	91.19
10	Khopoli	98.3	124	0	100	27.9	71.6
11	Alibaug	90	135	60	90	NA	NA
12	Ichalkaranji	100	90	0	100	NA	65.46
13	Barshi	67	110	0	60	80	65
14	Talegaon-Dabhade	97	135	30	100	NA	70
15	Mahabaleshwar	100	135	100	100	40.35	78.69
16	Malkapur	100	125-135	100	100	96	96
17	Nandurbar	96	135	0	100	38	40
18	Sinnar	72.3	78.1	34.4	99.6	80.5	29.2
19	Chopada	100	100	0	100	100	77.22
20	Trimbak	98.64	135	NA	100	0	90
21	Osmanabad	90	135	0	100	80	35
22	Jalna	80	80	0	100	11	20
23	Sillod	95	100	0	100	75	50
24	Khultabad	71	70	NA	100	78.8	85
25	Nilanga	50.3	71.3	NA	91	27.7	82.1
26	Hinganghat	70	70	0	95	50	80
27	Katol	74.5	142	0	100	53.6	51.6
28	Ramtek	80	70	100	95	60	60
29	Yavatmal**	NA	NA	NA	NA	NA	NA
30	Khamgaon	55	70	0	NA	NA	NA
31	Nandura	55	70	0	100	22	55
32	Dhamangaon	50	90	0	99	85	60
Nagar Panchayats							
33	Tala	100	120	0	NA	71	44
34	Shirala	98.7	86.1	0	100	70.9	43.8
35	Medha	72	209	0	100	0	102
36	Sinkhed	52	45	0	100	16.4	7.68
37	Sakri	72.3	50	0	100	67	30.73
38	Renapur	78.5	80.2	0	96.9	46	11.1
39	Shirur Anantpal	63	75.3	0	98	67.7	11.4
40	Mohadi	62	70	0	70	70	20
41	Lakhani	80	50	0	50	50	70
42	Bhatkuli**	NA	NA	NA	NA	NA	NA
43	Motala	88.5	47.6	0	68	46	0
44	Murbad	100	104	0	87	69.29	43

Source: Information obtained from ULBs

**In Kulgaon-Badlapur, Amravati, Yavatmal and Bhatkuli water supply services was being provided by MJP

NA means information not furnished by ULBs

Appendix 7.2

(Reference Paragraph 7.1.1 to 7.1.5)

Achievements against Service Level Benchmarks fixed by ULBs

Sr. No.	Name of ULB	Coverage of water supply connections (%)		Per capita Availability of water (LPCD)		Extent of metering of water connection (%)		Quality of water supply (%)		Cost recovery in WS services (%)		Efficiency in collection of WS related charges (%)	
		T	A	T	A	T	A	T	A	T	A	T	A
Municipal Councils													
1	Kulgaon-Badlapur	100	92	110	86	100	92	100	100	150	118	100	91
2	Khopoli	100	98	135	123	0	NA	100	100	50	28	100	72
3	Alibaug	100	100	187	184	35	27	85	99	50	46	75	67
4	Ichalkaranji	75	72	105	100	0	0	100	100	43	46	64	60
5	Barshi	80	76	110	107	0	NA	100	100	80	78	65	51
6	Talegaon-Dabhade	65	97	195	178	25	18	100	100	90	107	40	58
7	Mahabaleshwar	85	81	135	99	100	100	100	74	96	59	100	82
8	Malkapur	100	100	135	126	100	100	100	100	137	117	89	83
9	Nandurbar	78	78	82	79	0	NA	100	100	105	90	58	57
10	Sinnar	75	90	85	140	38	0	100	96	85	48	32	25
11	Chopada	60	54	90	73	NA	NA	100	100	72	72	55	32
12	Trimbak	100	100	138	121	2	2	100	100	37	39	70	43
13	Osmanabad	60	60	50	55	1	0	100	97	75	74	25	35
14	Jalna	54	48	40	40	0	NA	100	98	75	32	40	32
15	Sillod	61	65	56	60	0	NA	100	96	74	119	48	24
16	Khultabad	70	72	115	114	0	NA	100	97	40	34	80	80
17	Nilanga	60	55	85	74	0	NA	96	97	50	26	90	82
18	Hinganghat	61	57	94	91	0	NA	100	100	89	97	20	16
19	Katol	80	75	145	142	0	NA	100	100	65	54	92	52
20	Ramtek	65	60	60	56	100	94	99	98	32	32	94	90
21	Yavatmal	75	73	75	67	100	99	100	87	150	139	36	34
22	Khamgaon	45	51	65	54	50	0	100	100	50	32	55	62
23	Nandura	60	53	65	68	0	NA	100	100	50	51	65	11
24	Dhamangaon	65	52	98	90	0	NA	100	100	80	33	95	58
Nagar Panchayats													
25	Tala	100	100	130	120	0	NA	100	ND	100	71	90	44
26	Shirala	100	99	90	86	0	NA	100	100	78	71	50	44
27	Medha	70	72	172	209	0	NA	100	100	110	102	55	65
28	Sindkhed	56	52	45	41	0	NA	100	100	35	16	28	35
29	Sakri	65	62	35	31	NA	NA	100	100	40	31	40	18
30	Renapur	80	79	85	80	0	NA	90	97	45	46	20	11
31	Shirur Anantpal	77	63	77	75	0	NA	98	98	91	68	26	11
32	Mohadi	68	62	45	39	0	NA	20	ND	45	47	56	51
33	Lakshmi	100	100	75	68	0	NA	40	ND	50	36	100	66
34	Bhatkuli	85	ND	65	ND	98	ND	76	ND	75	ND	5	ND
35	Motala	100	89	55	44	0	NA	100	100	95	94	85	80
36	Murbad	100	100	110	104	25	NA	100	100	140	72	80	43
Municipal Corporations													
37	Nagpur	NP	76	NP	85	NP	80	NP	99	NP	67	NP	83
38	Thane	NP	95	NP	133	NP	31	NP	94	NP	81	NP	49
39	Vasai-Virar	NP	74	NP	80	NP	NA	NP	98	NP	77	NP	68
40	Pimpri-Chinchwad	NP	97	NP	97	NP	92	NP	100	NP	81	NP	48
41	Nashik	NP	47	NP	105	NP	90	NP	93	NP	76	NP	52
42	Amravati	80	70	135	114	95	94	100	100	205	196	55	49
43	Latur	75	62	90	82	0	0	100	100	80	119	13	21
44	Greater Mumbai	NP	100	NP	135	NP	46	NP	100	NP	74	NP	12
<p>Source: Information compiled from notification dated 20 November 2019 and 08 February 2021 of UDD Government of Maharashtra</p> <p>The difference in achievement reported by the ULBs and as reported in the notification is not reconciled</p> <p>Note: NA: Not available; ND: No data; NP: not published in the notification,</p> <p>T: Target; A: Achievement</p>													

Appendix 7.3.
(Reference Paragraph 7.2.1 to 7.2.5)
Achievement against Service Level Benchmarks fixed by Government of India in
test-checked ULBs

Sr. No.	Name of ULB	Coverage of toilets (%)	Coverage of sewage network services (%)	Collection efficiency of sewage network (%)	Adequacy of sewage treatment capacity (%)	Quality of Sewage treatment (%)
	Service Level Benchmarks	100	100	100	100	100
Municipal Corporations						
1	Greater Mumbai	100	80.9	72.73	43.8	85.7
2	Nagpur	100	70	70	65	94.12
3	Thane	100	66.3	41.2	100	100
4	Vasai-Virar	100	13	13	16.22	17
5	Pimpri-Chinchwad	100	83.53	88.14	88.14	100
6	Nashik	100	97.68	100	100	99
7	Amravati	100	3.12	11	11	07
8	Latur	100	0	0	0	0
Municipal Councils						
9	Kulgaon-Badlapur	100	60	50	80	100
10	Khopoli	100	0	0	0	0
11	Alibaug	100	90	70	0	0
12	Ichalkaranji	100	50	100	40	100
13	Barshi	100	0	NA	NA	NA
14	Talegaon-Dabhade	100	0	0	0	0
15	Mahabaleshwar	100	100	100	100	100
16	Malkapur	100	80	100	100	100
17	Nandurbar	100	90	100	100	3
18	Sinnar	100	0	0	0	0
19	Chopada	100	NA	NA	NA	NA
20	Trimbak	92	25	70	70	30
21	Osmanabad	100	0	0	0	0
22	Jalna	100	0	0	0	98.4
23	Sillod	95	0	0	0	0
24	Khultabad	100	0	NA	NA	NA
25	Nilanga	100	0	NA	NA	NA
26	Hinganghat	100	0	0	0	0
27	Katol	100	0	0	0	0
28	Ramtek	100	0	0	0	0
29	Yavatmal	90-95	90-95	NA	NA	NA
30	Khamgaon	100	0	0	0	NA
31	Nandura	100	0	0	10	0
32	Dhamangaon	100	NA	NA	NA	0
Nagar Panchayat						
33	Tala	100	0	0	0	0
34	Shirala	100	0	NA	NA	NA
35	Medha	100	0	0	0	0
36	Sindkhed	100	0	0	0	0
37	Sakri	100	6.4	NA	NA	NA
38	Renapur	100	0	0	0	0
39	Shirur-Anantpal	100	0	0	0	0
40	Mohadi	100	0	0	0	0
41	Lakhani	100	0	0	0	0
42	Bhatkuli	100	0	NA	NA	NA
43	Motala	100	0	NA	NA	NA
44	Murbad	100	0	0	0	0

Source: Information obtained from ULBs
NA means information not furnished by ULBs

Appendix 7.4
(Reference Paragraph 7.2.1 to 7.2.5)

Achievement against Service Level Benchmarks fixed by ULBs

Sr. No.	Name of ULB	Coverage of toilets		Coverage of sewerage network services		Collection efficiency of sewerage network		Adequacy of sewage treatment capacity		Quality of sewage treatment	
		T	A	T	A	T	A	T	A	T	A
Municipal Corporations											
1	Greater Mumbai	NP	100	NP	81	NP	20	NP	44	NP	86
2	Nagpur	NP	98	NP	89	NP	98	NP	117	NP	100
3	Thane	NP	99	NP	76	NP	41	NP	76	NP	100
4	Vasai-Virar	NP	100	NP	4	NP	13	NP	23	NP	100
5	Pimpri-Chinchwad	NP	100	NP	83	NP	100	NP	131	NP	100
6	Nashik	NP	100	NP	95	NP	59	NP	59	NP	ND
7	Amravati	100	100	5	3	20	41	110	101	100	100
8	Latur	100	100	25	7	25	0	50	0	50	NA
Municipal Councils											
9	Kulgaon-Badlapur	100	100	75	57	75	77	100	79	100	96
10	Khopoli	100	100	0	0	0	NA	0	NA	0	NA
11	Alibaug	100	100	0	0	0	NA	0	NA	0	NA
12	Ichalkaranji	100	100	43	41	60	59	63	59	100	100
13	Barshi	100	100	0	0	0	NA	0	NA	0	NA
14	Talegaon-Dabhade	100	100	0	0	0	NA	0	NA	0	NA
15	Mahabaleshwar	100	100	95	95	95	100	80	51	100	100
16	Malkapur	100	100	0	48	0	100	0	179	0	100
17	Nandurbar	100	100	0	85	0	99	0	176	0	100
18	Sinnar	100	100	0	0	0	NA	0	NA	0	NA
19	Chopada	100	100	0	0	NA	NA	NA	NA	NA	NA
20	Trimbak	100	100	79	74	56	57	55	57	0	100
21	Osmanabad	100	100	0	0	0	NA	0	NA	0	NA
22	Jalna	100	100	0	0	0	NA	0	NA	0	NA
23	Sillod	100	100	0	0	0	NA	0	NA	0	NA
24	Khultabad	100	100	0	0	0	NA	0	NA	0	NA
25	Nilanga	100	100	0	0	0	NA	0	NA	0	NA
26	Hinganghat	100	100	0	0	0	NA	0	NA	0	NA
27	Katol	100	100	20	0	20	NA	20	NA	20	NA
28	Ramtek	100	99	0	0	0	NA	0	NA	0	NA
29	Yavatmal	100	98	0	0	0	NA	0	NA	0	NA
30	Khamgaon	100	100	0	0	0	NA	0	NA	0	NA
31	Nandura	100	100	0	0	0	NA	0	NA	0	NA
32	Dhamangaon	100	100	0	0	0	NA	0	NA	0	NA
Nagar Panchayats											
33	Bhatkuli	100	100	0	0	0	NA	0	NA	0	NA
34	Motala	100	100	0	0	0	NA	0	NA	0	NA
35	Murbad	100	100	0	0	0	NA	0	NA	0	NA
36	Tala	100	100	0	0	0	NA	0	NA	0	NA
37	Shirala	100	100	NA	0	NA	NA	NA	NA	NA	NA
38	Medha	100	100	0	0	0	NA	0	NA	0	NA
39	Sindkhed	100	100	0	0	0	NA	0	NA	0	NA
40	Sakri	100	100	0	0	NA	NA	NA	NA	NA	NA
41	Renapur	100	100	0	0	0	NA	0	NA	0	NA
42	Shirur Anantpal	100	100	0	0	NA	NA	NA	NA	NA	NA
43	Mohadi	100	100	0	0	0	NA	0	NA	0	NA
44	Lakhani	100	100	0	0	0	NA	0	NA	0	NA

Source: Information compiled from notification dated 08 February 2021 of UDD, Government of Maharashtra. Difference in achievement reported by the ULBs to audit and as reported in the notification is not reconciled. Note: NA: Not available; ND: No data; NP: Not published in the notification, T: Target, A: Achievement

Appendix 7.5
(Reference: Paragraph 7.3.3)
Shortage of fire stations in test-checked ULBs

Sr. No.	Name of the ULB	Fire stations required	Fire station available	Shortage of fire stations
Municipal Corporation				
1	Thane	14	8	6
2	Virar-Vasai	12	7	5
3	Pimpri-Chinchwad	18	6	12
4	Nashik	21	6	15
5	Nagpur	22	9	13
6	Amaravati	12	4	8
7	Latur	4	2	2
Municipal Councils/ Nagar Panchayats				
1	Kugaon-Badlapur	3	1	2
2	Yavatmal	2	1	1
3	Murbad	1	0	1
4	Tala	1	0	1
5	Sakri	1	0	1
6	Medha	1	0	1
7	Sinnar	1	0	1
8	Ichalkaranji	3	2	1
9	Jalna	3	1	2
10	Renapur	1	0	1
Total		120	47	73
<i>Note: Osmanabad, Nandurbar, Trimbak, Khultabad, Alibaug, Shirur-Anantapal, Shirala, Lakhani, Motala, Sindkhed ULBs did not furnish information</i>				

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