



सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
Local Bodies**

for the period 2017-18 to 2020-21



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

GOVERNMENT OF ASSAM
Report No. 2 of 2023

Presented in the Legislature on:

**Report of the
Comptroller and Auditor General of India
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TABLE OF CONTENTS

Topic	Reference to	
	Paragraph	Page (s)
Preface		iii
Overview		v
PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT		
CHAPTER – I		
AN OVERVIEW OF PANCHAYATI RAJ INSTITUTIONS (PRIs)		
Introduction	1.1	1
Organisational setup in State Government and PRIs	1.2	2
Functioning of PRIs	1.3	3
Formation of various Committees	1.4	4
Audit arrangement	1.5	4
Accountability Mechanism of PRIs	1.6	7
Internal Control Mechanism in PRIs	1.7	7
Financial Reporting Issues	1.8	9
Maintenance of Records	1.9	10
CHAPTER – II		
COMPLIANCE AUDIT OF PRIs		
Unfruitful expenditure in Binnakandi Anchalik Panchayat	2.1	13
Fictitious expenditure in Jugijan Anchalik Panchayat	2.2	15
Fictitious payment in Katlichera AP	2.3	16
Doubtful execution of pro-siltation works in Morigaon District	2.4	18
DEPARTMENT OF HOUSING AND URBAN AFFAIRS		
CHAPTER – III		
OVERVIEW OF URBAN LOCAL BODIES (ULBs)		
Introduction	3.1	21
Organisational setup in State Government and ULBs	3.2	22
Functioning of ULBs	3.3	22
Formation of various Committees	3.4	23
Audit arrangement	3.5	24
Ombudsman	3.6	26
Social Audit	3.7	26
Lokayukta	3.8	26
Service Level Benchmark	3.9	27
Internal Audit and Internal Control System in ULBs	3.10	27
Sources of Funds	3.11	28
CHAPTER IV		
PERFORMANCE AUDIT OF “EFFICACY OF IMPLEMENTATION OF 74TH CONSTITUTIONAL AMENDMENT ACT”		
Introduction	4.1	33
Audit framework	4.2	35
Compliance to provisions of 74 th CAA	4.3	37
Empowerment of Urban Local Bodies and their functioning	4.4	37
Financial resources of Urban Local Bodies	4.5	46
Human Resources of Urban Local Bodies	4.6	55
CHAPTER – V		
COMPLIANCE AUDIT OF ULBs		
Fraudulent expenditure	5.1	61
Unfruitful expenditure	5.2	63

APPENDICES		
No.	Topic	Page (s)
1.1	List of 29 subjects added to the XI th Schedule of the Constitution of India	67
1.2	Roles and Responsibilities of Standing Committees of PRIs	68
1.3	Internal Control System at the level of PRIs	69
2.1	Statement showing less execution of works under Jugijan AP	70
3.1	List of 18 subjects listed in XII th Schedule of the Constitution of India	71
4.1	Sampling methodology and list of selected ULBs	72
4.2	Comparison of actual state level legislation with the provision of 74 th CAA	74
4.3	Statement showing actual status of implementation of functions	76
4.4	Working strength of ULBs per thousand population	79
4.5	Data inconsistency in the financial statement, data submitted to the 6 th ASFC and information furnished to audit	80
	Glossary of abbreviations	83

PREFACE

This Report for the year ended 31 March 2021 has been prepared for submission to the Governor of Assam under Article 151 (2) of the Constitution of India for being laid before the State Legislature. This is the 14th Report prepared on Local Bodies in Assam.

2. This Report provides an overview of functioning of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) in the State and draws the attention of executive departments to major audit findings of audits conducted during 2017-21, for taking appropriate remedial action.

3. The Report contains five chapters. Chapter I and Chapter III contain overviews of PRIs and ULBs along with comments on financial reporting respectively. Chapter II and Chapter V contain findings emerging from compliance audits of PRIs and ULBs respectively. Chapter IV contains results of a Performance Audit (PA) under ULBs.

4. The cases mentioned in this Report are consolidation of major audit findings arising out of audit of accounts of 107 PRIs (11 Zilla Parishads, 36 Anchalik Panchayat and 60 Gaon Panchayats) and 33 ULBs (Guwahati Municipal Corporation, 15 Municipal Boards and 17 Town Committees) which came to notice during the years 2017-21 as well as those which had come to notice in earlier years but could not be reported in previous Reports. Matters relating to the period subsequent to 2017-21 have also been included, wherever necessary.

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

OVERVIEW

OVERVIEW

This Report contains five chapters. The first and third chapters contain an overview of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) respectively. The second chapter contains results of Compliance Audit of PRIs. The fourth chapter contains a Performance Audit on the 74th Constitutional Amendment Act (CAA) relating to ULBs. The fifth chapter contains results of Compliance Audit of ULBs.

A synopsis of the findings contained in the Performance Audit on 74th CAA and Compliance Audit on PRIs and ULBs is presented in this overview.

CHAPTER – I

An overview of Panchayati Raj Institutions

District Planning Committees (DPC) had been formed in all districts of General Areas but they were yet to perform their mandated functions as envisaged in Article 243 ZD of the Constitution.

(Paragraph 1.4.2)

The Director of Audit, Local Fund (DALF), Assam, established under the Assam Local Funds (Accounts & Audit) Act, 1930 is the Primary Auditor of all tiers of PRIs in the State. However, there were arrears in the audit of PRIs by the DALF, during the period 2016-17 to 2020-21, ranging between 47.80 and 57.37 per cent.

(Paragraph 1.5.1)

Rules 32, 33 & 34 of AP (F) Rules, 2002 stipulate that every Gaon Panchayat (GP), Anchalik Panchayat (AP) and Zilla Parishad (ZP) shall prepare their budgets before the beginning of the financial year in the prescribed formats. The ZPs are required to consolidate the budgets of the respective PRIs for submission to the State Government for final approval. However, it is noticed that GoA released funds irrespective of receipt of budget proposals without consideration of needs of the ZPs.

(Paragraph 1.7.2)

As the Asset Registers were not maintained, the assets of the PRIs could not be monitored, thereby leaving possibility for mis-utilisation/ mis-management of assets.

(Paragraph 1.9.1)

CHAPTER II

Compliance Audit of PRIs

Expenditure of ₹29.31 lakh on the construction of Bharat Nirman Rajiv Gandhi Sewa Kendra remained unfruitful as the project remained incomplete even after spending all the funds.

(Paragraph 2.1)

Failure of the Executive Officer, Jugijan Anchalik Panchayat (AP) to properly monitor the execution and measurement of the works led to a fictitious expenditure of ₹39.31 lakh.

(Paragraph 2.2)

Payment of ₹27.04 lakh against the actual execution of works valuing ₹5.40 lakh only resulted in the fictitious payment of ₹21.64 lakh by the Block Development Officer, Katlichera AP.

(Paragraph 2.3)

Procurement of materials without corresponding engagement of labour in execution of pro-siltation works valuing ₹2.00 crore in Morigaon district as well as improper reporting of the work program points towards doubtful execution of works.

(Paragraph 2.4)

CHAPTER – III

Overview of Urban Local Bodies (ULBs)

As per Article 243ZE of the Constitution of India, it is mandatory for the States to set up Metropolitan Planning Committees (MPCs) in the metropolitan areas of the country. However, MPCs are yet to be constituted in the State.

(Paragraphs 3.4.3)

There was overall lack of attention on part of Housing and Urban Development Department, as it did not notify the Service Level Benchmarking (SLBs) for the Guwahati Municipal Corporation (GMC) catering to the biggest urban settlement in the State.

(Paragraph 3.9)

Eighty three Utilisation Certificates (UCs) for grants paid during 2003-04 to 2018-19 to the Guwahati Development Department amounting to ₹ 619.06 crore were outstanding. In the absence of the UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which those were given.

(Paragraph 3.11.3)

Nineteen out of 115 ULBs audited during 2017-18 to 2020-21 did not maintain basic records such as Stock Register and Register of Receipts.

(Paragraph 3.11.4)

CHAPTER IV

Performance Audit on

“Efficacy of implementation of 74th Constitutional Amendment Act”

The Performance Audit on the Efficacy of implementation of 74th Constitutional Amendment Act revealed that:

For effective decentralisation, implementation of constitutional provisions was also equally important. Audit observed that the legal provisions were not backed by decisive actions resulting in partial implementation of 74th CAA.

(Paragraph 4.3)

As per Section 53-A of the Assam Municipal (AM) Act, 1956, seven out of 18 functions stands transferred to ULBs whereas 10 functions were termed as inherent subjects and ULBs were supposed to implement those functions out of their own resources. Activity mapping for the transferred subjects had not been carried out by the Government.

There were several overlaps in discharge of the functions between ULBs, parastatals and Government departments. ULBs have very minimum role in implementation of devolved functions.

(Paragraph 4.4.1)

The 14th Finance Commission (FC) recommended a total allocation of ₹776.42 crore under basic grants for the period 2015-20 and ₹194.10 crore under performance grants for the period 2016-20. However, there was short release of GBG amounting to ₹95.07 crore under 14th FC grants during 2015-20.

(Paragraph 4.5.1.1.2)

Audit observed that as on March 2020, license fee amounting to ₹18.31 crore was outstanding against total demand of ₹41.15 crore in GMC alone. This indicated that business establishments continued to function without valid licenses.

(Paragraph 4.5.1.2.4)

Analysis of test-checked ULBs showed that the sanctioned strength was not commensurate with the population in the test-checked ULBs where the number of employees per 1,000 population varied in each test-checked ULB. Analysis of the working strength in the 19 test-checked ULBs, in terms of the number of employees per 1,000 population as per 2011 Census, also showed that it ranged between 0.49 and 3.43.

(Paragraph 4.6.1.2)

Though the State Government has initiated action for capacity building of the ULB staff by spending ₹ 18.41 crore towards construction of three urban training centres in three districts¹ during the period 2012-13 and one Urban Management Institution in Guwahati, it could not serve any purpose due to unavailability of required infrastructure like furniture, training materials and faculty.

(Paragraph 4.6.3.1)

Chapter V

Compliance Audit of ULBs

Commissioner, Guwahati Municipal Corporation made payment of ₹1.19 crore for desilting work of the river Bharalu of which an amount of ₹45.75 lakh is suspected to be fraudulent.

(Paragraph 5.1)

¹ Sonitpur, Golaghat and Cachar.

Unfruitful expenditure amounting to ₹53.74 lakh due to the injudicious decision of the Mangaldoi Municipal Board to execute work without ensuring the availability of a clear site.

(Paragraph 5.2)

CHAPTER-I
An overview of Panchayati Raj
Institutions

CHAPTER – I

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

An Overview of Panchayati Raj Institutions

Functioning of Panchayati Raj Institutions

1.1 Introduction

The 73rd Constitutional (Amendment) Act, 1992 (Article 243) conferred Constitutional status to Panchayati Raj Institutions (PRIs) and recognised them as the third tier of Government to ensure a more participative Government structure in the country. The amendment provided for devolution of powers and responsibilities with respect to preparation of plans and programmes for economic development and social justice. It also provided for transfer of 29 subjects (*Appendix-1.1*) listed in XIth Schedule of the Constitution of India to PRIs. Accordingly, the State was required to entrust PRIs with respective functions and functionaries, so as to enable them to function as Institutions of Local Self Government (LSGIs). The Constitutional Amendment provided for establishment of a uniform system within States, conduct of regular elections, regular flow of funds, *etc.* The legislative framework for conduct of business of the PRIs in Assam are based on:

- Assam Panchayat Act, 1994 (AP Act, 1994)
- Assam Panchayat (Financial) Rules, 2002 (AP (F) Rules, 2002)
- The Assam Panchayat (Administrative) Rules, 2002 (AP (A) Rules, 2002) and
- Government instructions issued from time to time.

The state of Assam is the gateway of North-East India with an area of 78,438 sq km. The population density of Assam is 398 per sq km, which is higher than the national average of 382 per sq km. Sex Ratio of females in the State is 958 per 1,000 males, which is also higher than the national average of 943, as per Census 2011. Rural population in the State is 2.68 crore (86 *per cent*).

There were 2,415 PRIs in the ‘General’ areas² of Assam, as on 31 March 2021. The Panchayati Raj system does not exist in the Sixth Schedule Areas, where local governance is vested with the respective Autonomous District Councils (ADCs).

Statistics related to the rural population of the State and the numbers of PRIs as per census of 2011, are given in **Table 1.1**.

² Constitution of India has provided for constitution of separate Autonomous Councils for tribal areas of Assam under Sixth Schedule. Areas not falling under the provision of the Sixth Schedule are known as General areas.

Table 1.1: Important Statistics of the State

SL. No.	Indicators	Unit	Value
1	Total Population	Crore	3.12
2	Rural Population	Crore	2.68
3	Sex Ratio (Females per 1000 Males)	Numbers	958
4	Population Density	Per sq.km	398
5	Rural Literacy	Per cent	69.34
6	Number of districts	Number	34

Source: Census 2011, Statistical Handbook, Assam 2021

The position of PRIs in Assam, in terms of number, average area and average population, is given in **Table 1.2**.

Table 1.2 Statement showing details of position of PRIs in Assam

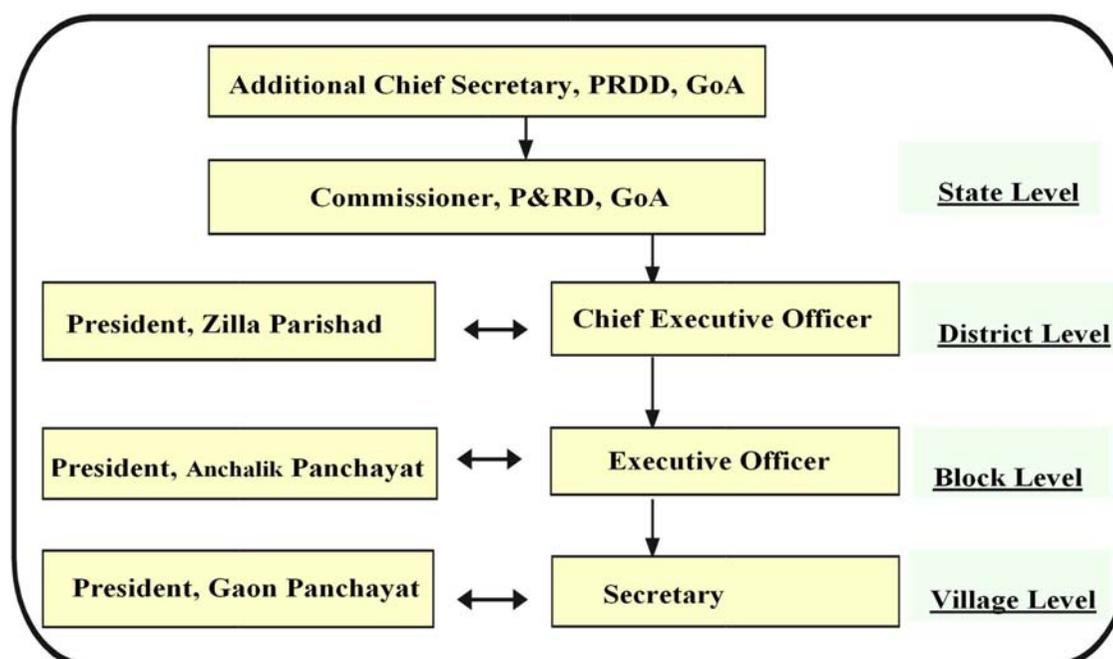
Level of LB	Number of PRIs	Average Area per PRIs (Sq. Km)	Average population
		As per 2011 census	
Zilla Parishad (ZP)	26	2,032.93	11,88,256
Anchalik Panchayat (AP)	191	219.78	1,28,460
Gaon Panchayat (GP)	2,198	18.46	10,793
Total	2,415		

Source: 6th Assam State Finance Commission Report.

1.2 Organisational Set-up in State Government and PRIs

The Additional Chief Secretary (ACS), Panchayat and Rural Development Department (PRDD) is the administrative head of the Department. The ACS is assisted by the Commissioner, Panchayat and Rural Development (P&RD) in the allocation of funds, overall control and supervision of functions and implementation of different schemes at the State level. The organisational set-up of PRIs is shown in **Chart 1.1**:

Chart 1.1



1.3 Functioning of PRIs

1.3.1 Administrative machinery in PRIs

The administrative set-up of Panchayats in the State comprises of a three-tier system, GPs at the village level, APs at the intermediate level (*co-terminus* with Blocks) and ZPs at the district level. The Constitution enjoins the State Government to make appropriate legislation regarding devolution of powers and functions to the panchayats, in such a way as to enable them to function as Institutions of Local Self Government (LSGIs).

Subject to the provisions of the AP Act, 1994, panchayats may make bye-laws to carry out their functions. The 73rd Constitutional Amendment empowers them with powers and authority in revenue mobilisation and gives them access to such resources as the State Legislature may, by law, confer on them. Accordingly, the AP (F) Rules were framed in 2002 and amended in 2004, empowering all the three tiers to levy and collect taxes. Through the AP (F) Rules, 2002, GPs got the power to levy certain taxes *viz.*, tax on houses and structures and tax on trades, *etc.* However, in April 2022, the Government rescinded the existing requirement of issuance of Trade License and suspended the levy of any tax or fee by the PRIs in setting up of business activities, except Foreign or Country Liquor shops, Educational institutions, Health establishment, Brick Kilns, Mobile Towers, Petrol Pumps, Timber saw mills, Go-downs, and other pollutant industries. Thus, complete autonomy to the PRIs in revenue mobilisation was not ensured.

1.3.2 Staffing pattern of PRIs

The AP (A) Rules, 2002 prescribes the staffing pattern for PRIs. In this regard, the third Assam State Finance Commission (ASFC) observed (March 2008) that there was an acute shortage of staff at all levels of PRIs, which not only stands in the way of efficient performance of functions, but also retards collection of revenue from taxes and duties allocated to PRIs. The third ASFC, therefore, recommended that the staffing pattern needed suitable modification, in conformity with the expanding activities of PRIs.

The Commissioner, P&RD stated (August 2017) that proposal for creation of posts as per recommendation of the third ASFC, was submitted (May 2015) to the Government for approval, which was awaited (March 2022).

1.3.3 Status of devolution of functions, funds and functionaries

The 73rd Constitutional (Amendment) Act, 1992, empowers the PRIs to perform functions related to 29 subjects listed in XIth Schedule of the Constitution of India. The Central FCs and the State FCs had emphasised the need for complete transfer of funds, functions and functionaries (3 Fs) to the PRIs for meaningful devolution. However, in Assam, the 3Fs were still not completely transferred to the PRIs. Though activity

mapping of 23 out of the 29 subjects³ was done (June 2007) by GoA, orders for devolution of only seven⁴ out of 23 subjects were issued to the PRIs. Though seven subjects were notified to be transferred, no function has been transferred to PRIs as yet (October 2022) and line Departments and other Agencies working parallel to PRIs, are performing those functions.

1.4 Formation of various Committees

1.4.1 Standing Committees

Sections 22, 52 and 81 of the AP Act, 1994 stipulate that PRIs shall constitute Standing Committees to perform functions assigned under the Act. Details of the constitution of the Standing Committees and their roles and responsibilities are given in **Appendix-I.2**.

1.4.2 District Planning Committee (DPC)

Article 243 ZD of the Constitution of India provides that the State Government should constitute a District Planning Committee (DPC), consisting of (i) members of the House of the People, who represent the whole or part of the district, (ii) members of the Assam Legislative Assembly; and (iii) number of persons, not less than four-fifth of the total number of members, from amongst the members of the ZP in districts, to consolidate the plans prepared by the panchayats in the district and to undertake integrated development of the district. Accordingly, Section 3 of the AP Act, 1994 and AP (F) Rules, 2002 framed thereunder, provide that the State Government shall constitute a DPC, with a tenure of one year, in every district. The Deputy Commissioner is a permanent invitee to the DPC of the district, while the President of the ZP is the Chairman and the CEO of ZP is the *ex-officio* Secretary of the DPC.

It was observed that although DPCs had been formed in all districts of General Areas, they failed to perform their primary objective *i.e.*, preparation of the District Plan as envisaged in the AP Act, 1994 as they did not call for submission of annual plans from the PRIs and other stakeholders, for preparing the Annual District Plans as a whole.

1.5 Audit arrangement

1.5.1 Primary Auditor

The Director of Audit, Local Fund (DALF), Assam, established under the Assam Local Funds (Accounts & Audit) Act, 1930 is the Primary Auditor of all tiers of PRIs in the State. The Directorate is responsible for (i) carrying out the Audit of Local Funds with the help of 20 circle offices, each of which was headed by an Assistant Director to perform audit functions at the district level; and (ii) facilitating submission of Audit Reports of the administrative departments.

³ Activity mapping for six subjects, *viz.*, (i) Maintenance of community assets; (ii) Markets and fairs; (iii) Libraries; (iv) Technical training and vocational education; (v) Non-conventional energy sources; and (vi) Rural housing was not done.

⁴ (i) Agriculture, including agricultural extension; (ii) Land improvement, implementation of land reforms, land consolidation and soil conservation; (iii) Animal husbandry, dairying and poultry; (iv) Adult and non-formal education; (v) Education, including primary and secondary schools; (vi) Khadi, village and cottage industries; and (vii) Rural electrification, including electricity distribution

The audit has to be conducted in conformity with the Assam Audit Manual, as also the relevant Government Rules and Amendments thereto, issued by the Government from time to time.

1.5.1.1 Audit coverage by the DALF

There were arrears in the audit of PRIs by the DALF, during the period 2016-17 to 2020-21, ranging between 47.80 and 57.37 *per cent*. Year-wise position of units to be audited, and those actually audited, are detailed in **Table 1.3**

Table 1.3: Coverage of PRI units planned for audit by DALF in respect of PRIs

Year	No. of units planned for Audit	No. of units audited	Shortfall (<i>Per cent</i>)
2016-17	1560	801	759 (48.65)
2017-18	1324	691	633 (47.80)
2018-19	1386	613	773 (55.77)
2019-20	1105	471	634 (57.37)
2020-21	1031	501	530 (51.40)

Source: Information furnished by DALF, Assam

The DALF stated (July 2021) that staff engagement in updation of National Registrar of Citizens (NRC) duty, election duty, non-submission of accounts records by Accounting authority, shortage of staff and vacant posts, *etc.* were the reasons for shortfall in audit coverage. Shortfall in coverage of audit by DALF has affected the accountability mechanism of PRIs in Assam.

1.5.1.2 Submission of Annual Audit Report by DALF

As per paragraph 101 (i) of the Assam Audit Manual, the DALF is required to send an Annual Audit Report to the Finance Department, by 30 September each year, incorporating major outstanding audit objections relating to Local Bodies, which are pending for settlement, for further action by the Finance Department. The DALF has so far submitted Audit Reports covering the period from 2010-11 to 2018-19. The status of submission of Audit Reports by DALF to the Government is shown in **Table 1.4**

Table 1.4 Audit Reports submitted by DALF to the Government

Sl. No.	Audit Report for the year	Submitted to Government	Laid before Legislature
1	2010-11 and 2011-12	21 March 2013	10 February 2014
2	2012-13 and 2013-14	07 December 2014	19 December 2014
3	2014-15	13 November 2015	04 February 2016
4	2015-16 and 2016-17	30 October 2021	12 September 2022
5	2017-18 and 2018-19	30 May 2022	12 September 2022
6	2019-20 and 2020-21	Report under preparation	

Source: Information furnished by DALF, Assam

However, follow-up action and Action Taken Reports by Finance Department on the Annual Consolidated Audit Reports of the DALF remained wanting, resulting in weakening of the accountability mechanism for the PRIs.

1.5.2 Audit by Comptroller and Auditor General of India

Comptroller and Auditor General of India (CAG) conducts audit of substantially financed Local Bodies under Section 14 (1) of CAG's (DPC) Act, 1971 and audit of specific Grants to Local Bodies under Section 15 of the Act *ibid*. The audit of Local Bodies is also conducted by CAG under Section 20 (1) of the Act, as per the Technical

Guidance and Support (TGS) arrangements as entrusted by the State Government in May 2002, followed by the acceptance of the Standard terms and conditions of TGS (May 2011), pursuant to the 13th FC recommendations.

1.5.3 Response to Audit Observations

Inspection Reports (IRs) were issued by the Accountant General (Audit), Assam to the PRI authorities concerned with a copy to the State Government. PRI authorities are required to comply with the observations contained in the IRs, rectify the defects and omissions brought out in the IRs and report their compliance promptly within three months from the date of receipt of the IRs. Important audit findings were also reported to the Government through the Audit Reports on Local Bodies. The details of outstanding paragraphs of the last five years in respect of PRIs (as of March 2021), are shown in **Table 1.5**.

Table 1.5: Details of outstanding IRs and paragraphs in respect of PRIs

Year of Issue	No. of Inspection Reports	No. of outstanding Paras	Money Value of audit objection (₹in crore)	First reply furnished
2016-17	108	971	830.91	14
2017-18	43	626	727.02	3
2018-19	16	284	630.78	0
2019-20	8	92	155.90	0
2020-21	3	89	329.01	0
Total	178	2,062	2,673.62	17

Source: Progress Register

Thus, 2062 paragraphs, with a monetary value of ₹2,673.62 crore, were pending for settlement (March 2021) for want of replies/ compliance from the PRIs concerned. Even the first reply had not been received for 2,045 paragraphs (99.17 per cent) out of 2,062 paragraphs. The increase in number of outstanding paragraphs each year was indicative of the fact that timely response after taking corrective action is not being communicated to the Accountant General (Audit). The Administrative Heads of the departments concerned also did not ensure that the concerned officers of the PRIs took prompt and timely action in furnishing replies to IRs, which has resulted in weakening of the accountability mechanism of PRIs in Assam.

1.5.4 Discussion of Audit Reports by Legislature

The Committee on Local Fund Accounts (CoLFA), constituted by the State Legislature, discusses the Audit Reports on Local Bodies. The position of discussion of Audit Reports by the Committee is shown in **Table 1.6**:

Table 1.6: Position of Audit Reports discussed by the CoLFA

Year of Audit	Laid before the Legislature	Whether discussed by Legislature	Action Taken Report, if any
2009-10	19 December 2011	Discussed	Nil
2010-11	04 April 2013	Not yet discussed	Nil
2011-12	19 July 2013	Not yet discussed	Nil
2012-13	04 August 2014	Not yet discussed	Nil
2013-14	10 August 2015	Discussed	Nil
2014-15	18 July 2016	Not yet discussed	Nil
2015-16	10 March 2017	Not yet discussed	Nil
2016-17	24 September 2018	Not yet discussed	Nil

As can be seen from the table above, discussion of six Audit Reports are pending. Moreover, action taken reports on all the discussed reports are awaited (March 2021).

1.6 Accountability Mechanism of PRIs

The Assam Panchayat Act, 1994 does not provide for appointment of Ombudsman who was to act as an independent quasi-judicial authority for Local Self Government Institutions for conducting investigations and enquiries in respect of any complaints of corruption & maladministration and recommend suitable action. Moreover, the Act also does not contain provisions for Social Audit to bring the activities of PRIs under close surveillance of the citizens to enable them to access the records and documents of PRIs as this would promote transparency and accountability in the day-to-day functioning of PRIs. Further, the guidelines of a number of Centrally Sponsored Schemes viz., Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Pradhan Mantri Awas Yojana (PMAY), National Social Assistance Programme (NSAP), Mid Day Meal, etc. specifically provide for social audit of these schemes.

The State Government may consider amending the AP Act, 1994 to include a statutory provision for appointment of Ombudsman and for conduct of Social Audit to strengthen the accountability mechanism in PRIs.

1.6.1 Lokayukta

The Assam Lokayukta and Upa-Lokayukta Act, 1985 (Assam Act XX of 1985) was introduced to improve the standards of Public Administration, through investigation of complaints received against ministers, legislators and public functionaries, including those of Local Bodies. The institution of the Lokayukta was headed by the Upa-Lokayukta since March 2001, as the post of Lokayukta had been lying vacant.

The Upa-Lokayukta received 37 complaints during the years 2017-21, out of which, four related to PRIs/ ULBs. Given the number of complaints received during four years, the State Government needs to intensify efforts to educate the public about the existence and jurisdiction of the institution of the Lokayukta in the State.

1.7 Internal Control Mechanism in PRIs

The internal control mechanism is an integral component of an organisation, which helps it to discharge its activities effectively to achieve organisational objectives. Internal control measures assist in minimising the risk of errors and irregularities and ensures compliance with applicable rules and regulations so that the implementation of programmes is carried out in an orderly, economical, efficient and effective manner.

The internal control system at each level of the PRIs has been specified by GoA under the AP Act, 1994 and the AP (F) Rules, 2002, in addition to the State Government's own rules and policies relating to finance, budget and personnel matters. Significant provisions relating to the internal control mechanism in PRIs, as contained therein, are elaborated in *Appendix-1.3*.

The following deficiencies, indicating inadequacy of the internal control mechanism in the PRIs, were observed in Audit:

- The Department lacked control over PRIs own revenue resources, as data regarding revenue mobilisation of the PRIs was not available. The Department could not provide details of revenue collected by PRIs for the year 2017-18 to 2020-21.
- The Department failed to furnish information on the present status of preparation of accounts of the PRIs.
- Funds were released by the Government even though ZPs had not submitted budget proposals thereby defeating the purpose of annual budgeting and planning as detailed in **paragraph 1.11.2.1**.

Although these shortcomings were regularly pointed out to the PRIs, as well as to the State Government, through Inspection Reports and Audit Reports, there was a marked lack of remedial action in this regard.

1.7.1 Internal Audit

Internal Audit is an important instrument for examining and evaluating the level of compliance with rules and procedures, as envisaged in the relevant Acts, in the Financial/ Accounting Rules, to provide independent assurance to management on the adequacy of the risk management and internal control framework in the Local Bodies.

Rule 18 of the AP (A) Rules, 2002 provides for utilisation of Internal Auditors of the P&RD for proper and correct maintenance of accounts of PRIs. Though an Internal Audit Wing was in place in the Commissionerate of P&RD, Assam, however, no audit was conducted by it. In fact, the Internal Auditors of CPRD audit cell pursue all audit observations of the AG, Audit/ DALF, Assam, all Public Accounts Committee and Assam Legislative assembly related matters, *etc.*

1.7.2 Submission of Budget

As per the AP Act, 1994, budget proposals containing detailed estimates of Income and Expenditure expected during the ensuing year are to be prepared by the respective Standing Committees of PRIs after considering the estimates and proposals submitted by the executive authorities of the PRIs every year. Rules 32, 33 & 34 of AP (F) Rules, 2002 stipulate that every GP, AP and ZP shall prepare their budgets before the beginning of the financial year in the prescribed formats. The ZPs are required to consolidate the budgets of the respective PRIs for submission to the State Government for final approval. The position of submission of budget by the ZPs is shown in **Table 1.7**.

Table 1.7: Status of Budget submitted by Zilla Parishads

Year	Total number of ZP	No. of ZPs that submitted budget proposal	No. of ZPs that did not submit budget proposal	Remarks
2018-19	26	13	13	Budgets were not approved by the Government due to non-submission of Local Audit reports from the
2019-20	26	10	16	

Year	Total number of ZP	No. of ZPs that submitted budget proposal	No. of ZPs that did not submit budget proposal	Remarks
2020-21	26	04	22	concerned ZPs and due to submission of incomplete particulars along with budget estimates

Source: Information furnished by P&RD

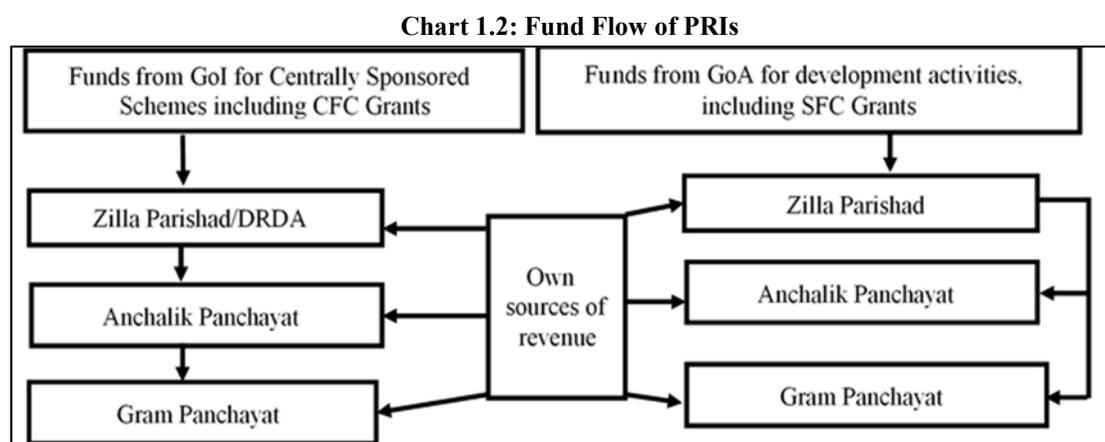
It can be seen from the table above that GoA released funds irrespective of receipt of budget proposals without consideration of the needs of the ZPs.

Release of funds by the Government against the above backdrop indicates that rigour and discipline in the financial and budgeting process in the PRI ecosystem was yet to be firmly established.

1.8 Financial Reporting Issues

1.8.1 Sources of Funds

The main sources of income for Local Bodies in the State are the funds released by GoI/ GoA under various Centrally Sponsored Schemes (CSS), FC Grants, State Finance Commission (SFC) Grants and State Government Grants under various schemes. In addition, PRIs also mobilise revenue from their own sources, such as taxes, rents, license fees, etc. **Chart 1.2** shows the flow of funds in PRIs:



The receipts of Local Bodies, from all sources, during 2016-17 to 2020-21, are shown in **Table 1.8**.

Table 1.8: Time series data on resources of PRIs

Source	(₹ in crore)				
	2016-17	2017-18	2018-19	2019-20	2020-21
Own Revenue#	43.61	43.45	41.66	31.52	40.43
SFC Grants*	73.13	29.8	146.92	14.14	0
CFC Grants*	915.98	1,055.80	1,082.32	1,462.45	668.56
Central Sponsored Scheme (CSS)#	255.98	1,581.16	204.31	174.18	163.63
Interest for delayed payment of CFC Grants*	10.49	0	17.57	0	20.45
Total	1,299.19	2,710.21	1,492.78	1,682.29	893.07

Source: Information furnished by the *Finance (Economic Affairs) Department, GoA & # eGramSwaraj data.

NB: SFC Grants was nil in 2020-21 due to delay in submission of Sixth ASFC Report.

It can be seen from the table above that Own Revenue of the Local Bodies ranged between ₹30 crore and ₹45 crore with most of the resources coming from FC Grants or transfers from State Government for implementing CSS or State Schemes.

1.8.2 Delay in Submission of Utilisation Certificates

Rule 517 (Appendix 16) of the Assam Financial Rules, 1939 provides that every grant made for a specified object is subject to certain implied conditions such as (i) the grant shall be spent for the intended purpose, and within a reasonable time if no time limit has been fixed by the sanctioning authority, and (ii) any portion of the amount which is ultimately not required for expenditure for the purpose, shall be duly surrendered.

State Government authorities who have received conditional grants are required to furnish formal Utilisation Certificates (UCs) about the proper utilisation of the grants, to the Accountant General (A&E) within 12 months of the closure of the financial year in which the grants have been released, unless specified otherwise.

Audit scrutiny showed that as of March 2021, there were 149 UCs amounting to ₹3,885.89 crore outstanding for grants paid from 2001-02 to 2020-21 to the P&RD Department. In absence of the UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which those were given.

1.8.3 Pendency in submission of DCC bills

Under Rule 21 of the Assam Contingency Manual, 1989, Drawing and Disbursing Officers (DDOs) are authorised to draw sums of money for limited purposes by preparing Abstract Contingent (AC) bills without vouchers. Subsequently, Detailed Countersigned Contingent (DCC) bills (vouchers in support of final expenditure) are required to be furnished to the Accountant General (A&E) not later than 25th of the month following the month in which such amounts are drawn.

As of 31 March 2021, the P&RD had not submitted 132 DCC bills for ₹125.69 crore for AC Bills drawn during 2001-02 to 2017-18. Non-adjustment of AC bills for long periods is fraught with the risk of misappropriation and therefore, requires close monitoring by the respective DDOs for ensuring submission of DC bills.

1.9 Maintenance of Records

1.9.1 Non-maintenance of Asset Register

Rule 19 of the AP (F) Rules, 2002 stipulates that all properties vested in the ZPs, APs and GPs are to be entered in the Register of Properties and Assets, in Form 6 and the entries are to be attested by the officer concerned. Further, Formats V & VI in the PRIASoft (Panchayati Raj Institutions Accounting Software) relate to Register of Immovable and Movable property during a particular year. Though there is a provision in the PRIASoft for generating reports related to creation of assets, the same was never generated.

As the Asset Registers were not maintained, the assets of the PRIs could not be monitored, thereby leaving possibility for mis-utilisation/ mis-management of assets. Further, as some of the assets like market sheds, multipurpose halls, burial ground *etc.*,

were revenue generating, the PRIs would not be able to keep track of revenue generated by such assets, which could also lead to misappropriation of revenue generated by such assets.

The Government should take immediate steps to mobilise the PRIs to strictly maintain the asset registers and fix responsibility on the concerned officer for non-maintenance of vital records.

1.9.2 Non-reconciliation of Cash Books

Sub rules 4(a), (b) and (c) of Rule 8 of the AP (F) Rules, 2002, require that all money received and payments made, should be entered in the Cash Book which should be closed on a daily basis. Further, monthly closing of the Cash Book, physical verification of cash and reconciliation of Cash Book balances with bank balances, under proper authentication, are also to be carried out.

Rule 8, sub rule 4 (e) of the Assam Panchayat (Financial) Rules, 2002 stipulates that at the close of each month, the bank balance, as reflected in the Cash Book, should be reconciled with the balances as per the bank accounts.

In course of audit, it was, however, observed that cash book balances were not reconciled with bank balances in fourteen PRIs⁵. As no reconciliation was done by the PRIs, discrepancies between Cash Book and Bank Pass book remained undetected.

Thus, failure to reconcile the Cash Book, in terms of the provisions of the financial rules/ manuals, indicates irregularities in cash management. In addition, it could also facilitate fraud and embezzlement of Government money.

The Government should take immediate steps to mobilise the PRIs for regular reconciliation of balances and fix responsibility for non-maintenance of vital records.

1.9.3 Non-maintenance of Stock Register and Register of Receipt Book

Rule 30 (3) and Sub-Rule (1) of Rule 16 of the AP (Financial) Rules, 2002 stipulate that PRIs are required to maintain Stock Register and Register of Receipt Book respectively. However, during scrutiny of records of 32 PRIs, it was noticed that seven PRIs⁶ did not maintain Stock Register and Register of Receipt Book.

This could also lead to mis-utilisation of material intended for implementation of the schemes. Further, non-maintenance of the Register of Receipt Book may lead to embezzlement/ misappropriation of fund.

1.9.4 Non-maintenance of Accounts

PRIs, with their increasing role, funds and enhanced accountability, are required to spend and record public money with utmost care. Such diligence could be achieved only if the financial recording and reporting systems are well established and functional. Accordingly, Model Accounting System was introduced (October 2009) by

⁵Golaghat East AP, Sootea AP, Barhampur AP, Lahorighat AP, Tetelia AP, Barpeta AP, Golakganj AP, Bongaigaon ZP, Nagaon ZP, Hailakandi ZP, Lakhipur ZP, Sivsagar ZP, Barpeta ZP and Dhubri ZP.

⁶Mahamay AP, Jaleswar AP, Sonari AP, Nalbari ZP, Barpeta ZP, Goalpara ZP and Dhubri ZP

Comptroller and Auditor General of India on the recommendation of Eleventh FC. Though Government of Assam (GoA) had accepted (August 2010) the MAS, the Commissioner, P&RD, failed to furnish data on the present status of preparation and finalisation of accounts of PRIs.

In course of Audit, it was, however, observed that accounts were not prepared by the PRIs. As a result, the actual picture of revenue and expenditure of PRIs could not be ascertained.

Instances of Annual Accounts not being maintained by PRIs have been brought to the notice of State Government on several occasions through Inspection Reports and Annual Technical Inspection reports/Audit Reports.

1.9.5 Non-maintenance of database

Based on the recommendations of the 11th FC, CAG had prescribed database formats for capturing the finances of PRIs. The database formats were prescribed with a view to having a consolidated position of sector-wise resources and application of funds by PRIs, details of works executed by PRIs and their physical progress, etc.

Ministry of Panchayati Raj (MoPR), GoI had desired (January 2009) that CAG and NIC should work together to bring out the new version of PRIASoft that captures the three-tier revised classification and generates all the reports in the formats prescribed by the sub-committee on Budget and Accounting Standards for PRIs. PRIASoft is now called *eGramSwaraj* which is mandatorily to be used by all the PRIs.

The PRIs were generating only five out of eight reports⁷ (Annual Receipt and Payment, Consolidated Abstract Register, Monthly Reconciliation Statement, Inventory Register and Register of Demand, Collection and Balance). However, Register of Receivables and Payables, Register of Movable Property and Register of Immovable property forming an integral part of the annual accounts were not generated by PRI. Maintenance of these registers would help in subsequent switch-over to the modified accrual system of accounting. Due to non-maintenance of the reports, PRIs were unable to monitor their assets as well as liabilities. Thus, a clear picture of revenue and expenditure of PRIs did not emerge.

The 14th FC, in its report, also expressed dissatisfaction, mentioning that a reliable database on the finances of the PRIs, was yet to be developed.

⁷Format-I: Monthly/Annual Receipts & Payments accounts. Format-II: Consolidated abstract, Format-III: Monthly Reconciliation Statement, Format-IV: Receivable and Payable, Format-V: Immovable property, Format-VI: Movable property, Format-VII: Inventory Register, Format-VIII: Demand, Collection and balance

CHAPTER-II

Compliance Audit of Panchayati Raj Institutions

CHAPTER – II

PANCHAYAT AND RURAL DEVELOPMENT DEPARTMENT

Compliance Audit of PRIs

2.1 Unfruitful expenditure in Binnakandi Anchalik Panchayat

Expenditure of ₹29.31 lakh on construction of Bharat Nirman Rajiv Gandhi Sewa Kendra remained unfruitful as the project remained incomplete even after spending all the funds.

Ministry of Rural Development, Government of India (GoI) included (November 2009) construction of Bharat Nirman Rajiv Gandhi Sewa Kendra (Sewa Kendras) in the scope of permissible works under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). The Sewa Kendras were meant to provide space to facilitate the functioning of the MGNREGS office at the GP/Block level and also to act as Knowledge Resource Centre to provide information on MGNREGS and other Rural Development Programmes to citizens.

Accordingly, the District Programme Coordinator (DPC) MGNREGS, Nagaon accorded (June 2013 and August 2013) Administrative Approval (AA) for an amount of ₹ 70.00 lakh for construction of seven Sewa Kendras⁸ in Binnakandi Anchalik Panchayat (AP) during 2013-14. The works were to be completed within six months from the date of commencement.

Scrutiny (March 2018) of records of the BDO, Binnakandi AP showed that the all seven Sewa Kendras constructed departmentally were declared to have been completed (between March 2014 and April 2016) at a total cost of ₹68.92 lakh. The data uploaded on the official website of MGNREGA (<https://www.nrega.nic.in>) also confirmed the completion of all these works between March 2014 and April 2016. However, joint physical verification of the project sites (April 2018 and July 2018) conducted by Audit and the representatives of the GPs concerned showed that Sewa Kendras in four GPs were complete while the Sewa Kendras in three GPs⁹ were incomplete even after



⁸ Burungatoli GP, Kapashbari GP and Akchek Pather GP, Borhawor GP, Changmaji GP, Samoili GP and Sutargaon GP

⁹ Burungatoli GP, Kapashbari GP and Akchek Pather GP

incurring 96-99 per cent of the estimated expenditure as illustrated in the photograph of the Sewa Kendras captured (March 2018 and July 2018) during the physical inspection as shown below:



In response to the audit requisitions, the BDO, Binnakandi AP produced the bills, and vouchers relating to the works as uploaded on the website of MGNREGS to Audit. The AP, however, could not produce related supplementary records (*viz.*, Measurement Book, Suppliers' Bills, *etc.*) in support of the expenditure of ₹29.31 lakh claimed to have been incurred on construction of these three Sewa Kendras. This is a misrepresentation of facts, and the system was unable to prevent the same.

Audit observed that due to failure on the part of the Junior Engineer (JE) and Block Development Officer (BDO), to monitor the projects and adhere to the timeline for completion of the work, Sewa Kendras in three GPs of Binnakandi AP remained incomplete even after exhausting the entire funding. This resulted in unfruitful expenditure of ₹29.31 lakh incurred on three Sewa Kendras besides depriving the citizens of the area of the intended benefits of the project. Moreover, uploading false data regarding completion of the three works on the official website of MGNREGS was irregular on the part of the BDO, Binnakandi AP as the BDO was responsible to verify and update the status of works on the website.

After being pointed out (April 2018) by Audit, the DC, Hojai conducted an inquiry into the matter and made the following recommendation in the Enquiry Report (September 2018):

1. The concerned officer/ officials should be directed to complete the scheme by fixing a timeline as suggested by the Audit; or
2. The differential cost of unexecuted works should be recovered from the erring officer/ official to complete the schemes; or
3. Legal departmental action should be initiated against the officers/officials for misappropriation of Government funds.

During a meeting (November 2018) with Audit, the Secretary of, the P&RD Department accepted the facts and assured to initiate appropriate action against the erring officials. The matter was again discussed with the Department in September

2022. It was stated in reply (September 2022) that one Sewa Kendra at Burungatoli GP has been completed. However, Departmental action against the erring officer/officials was yet to be taken (September 2022).

The Government of Assam may take steps for completing the Sewa Kendras and ensure the veracity of information about works being uploaded on the MGNREGS website.

2.2 Fictitious expenditure in Jugijan Anchalik Panchayat

Failure of the EO, Jugijan AP to properly monitor the execution and measurement of works led to a fictitious expenditure of ₹39.31 lakh.

Deputy Commissioner, Nagaon accorded Administrative Approval (February 2016) of ₹9.95 crore and ₹7.55 crore for 79 and 54 works respectively to be executed by the Gaon Panchayats (GP) of Jugijan Anchalik Panchayat (AP) under MGNREGS for 2015-16. As per the Administrative Approval cum sanction order, the Executive Officer (EO) and Junior Engineer (JE) of the AP were responsible to monitor proper execution of the works. The sanction order further stipulated that any fraudulent withdrawal of money from the Electronic Fund Management System (e-FMS) account would invite criminal proceedings against the erring officials.

Further, as per the prescribed procedure, Gram Rozgar Sahayak (GRS) was responsible for the preparation of the Muster Roll and the JE was responsible for the preparation of the measurement book and materials bills. The bills are first passed by the accountant and finally by the Block Development Officer/Executive Officer.

During the course of the audit, the sites of four works, which were reported to have been completed (August 2017 to February 2018) on the MGNREGA website, were physically verified (December 2017 and January 2018) by Audit with the representatives of the APs concerned. During the joint physical verification, it was observed that three (Work-I¹⁰, Work-II¹¹, Work-III¹²) out of four works were less executed to the extent of 75.96 per cent, 51.92 per cent, and 62.50 per cent having a monetary implication of ₹39.31 lakh as detailed in *Appendix 2.1*.

In reply, the Commissioner, P&RD stated (July/August 2018) that based on public demand and existing site conditions, the height of the work had been raised/increased which caused a corresponding decrease in the length of the related work without any fraudulent withdrawal of money.

The reply was not acceptable in view of the following anomalies noticed in the revised works estimates submitted by the Commissioner, P&RD along with their reply (August 2018).

¹⁰ Construction of flood protection Bund from Haider Ali House to Gulia under MGNREGS 2015-16

¹¹ Construction of flood protection Bund from Ahmed Ali house to Abdulla House under MGNREGS 2015-16

¹² Construction of Cement Concrete Paver road from PMGSY road to Shrimanta Malik House via Ramjibhai LP School under MGNREGS 2015-16

- The revised cost estimate (Work-I & III of *Appendix 2.1*) submitted (in July 2018) by the Commissioner P&RD along with their reply had reference to the same Technical Sanction Order as mentioned against the original cost estimates submitted (December 2015-June 2018) during the conduct of the audit;
- Signatures and countersignatures of all the officials and dates (31 December 2015) on the approval of original and revised estimates of two works (I&III) appear to have been tampered with;
- The actual expenditure incurred on some of the work components (e.g., providing CC block) as uploaded on the MGNREGS website was as per the pre-revised cost estimates and not as per the revised estimates submitted by GoA;
- The revised cost estimates had a wrong reference of DRDA, Barpeta while the works under observation (Jugijan AP) fell under the jurisdiction of DRDA, Nagaon.

The above anomalies point towards tampering with the cost estimates to counter the audit observation.

During a meeting with Audit (November 2018), the Secretary, P&RDD, GoA agreed that there was less execution of works and assured to initiate action against the erring officials. The matter was again discussed with the Department in September 2022. However, no action was taken against the erring officials as assured in November 2018 by the Secretary, P&RDD, GoA.

Government of Assam may ensure timely action against the erring officials for misreporting of facts on the national portal of MGNREGS and tampering with the approved estimates.

2.3 Fictitious payment in Katlichera AP

Payment of ₹27.04 lakh against the actual execution of works valuing only ₹5.40 lakh resulted in fictitious payment of ₹21.64 lakh by BDO, Katlichera AP.

Test check of records of the Executive Officer (EO), Katlichera Anchalik Panchayat (AP) showed that Katlichera AP received (February 2011 to March 2013) ₹ 64.50 lakh from the Chief Executive Officer (CEO), Hailakandi Zilla Parishad (ZP) for execution of 17 works under Backward Region Grant Fund (BRGF) for the period from 2009-10 to 2011-12. The plan and estimate of the schemes were prepared by the Junior Engineer (JE) of Katlichera AP and technically approved by the Executive Engineer, DRDA, Hailakandi. The works were executed departmentally and shown as completed between February 2011 and April 2013 by incurring an expenditure of ₹64.50 lakh. The bills were certified as well as measurement books were prepared by the JE.

However, during joint physical verification (October 2017) of four out of 17 completed works (January 2012 to March 2016) conducted by Audit with the representative of Katlichera AP, it was seen that the works were either executed in less quantity or not executed at all by the EO/ BDO, Katlichera AP. The details of works executed in less quantity/ not executed are shown in **Table 2.1**:

Table 2.1: Details of works executed in lesser quantity or not executed

Sl. No.	Name of scheme	Sanctioned amount	Reported expenditure	Value of work		Remarks
				Found at the site ¹³	Not executed/less executed	
1	Construction of Block Resource Centre in Katlichera AP including Cost of Building, Equipment Infrastructure & Service	13,00,000	13,00,000	5,40,270	7,59,730	Only 3 out of 17 items of work were found executed during physical verification.
2	Earth filling & Improvement of the Water Supply Scheme Site near Satsang of Rangabak GP	10,00,000	9,99,999	Nil	9,99,999	No trace of any work done was found at the site during joint physical verification.
3	Commercial Cultivation of Horticulture crops (Banana and Lichi) ¹⁴ and mixed garden at Appin Rongpur	2,00,000	2,01,928	Nil	2,01,928	
4	Commercial Cultivation of Horticulture crops (Banana and Lichi) and mixed garden at Sonachera Rupchera	2,00,000	2,01,928	Nil	2,01,928	
Total		27,00,000	27,03,855	5,40,270	21,63,585	

The following photographs taken during joint physical verification also depict the status of one of the incomplete works.



Incomplete 1st floor of the Block Resource Centre under Katlichera AP

During scrutiny of records of the AP, Audit noticed instances where the date of receipt of materials recorded in the MBs was found to be prior to the actual receipt of materials as per the bill. Further, the issue date of the bills and bill serial numbers were also not in chronological order.

During a meeting with Audit (November 2018), the Secretary, P&RD Department, GoA accepted the facts and assured to enquire into the matter and initiate appropriate

¹³ Calculated by the Junior Engineer of the AP who was part of the joint physical verification team

¹⁴ Expected life span of Banana and Litchi plantation are 25 years (NCERT-BIO: Chapter-1 (Reproduction of Organisms) and 21 years respectively (<https://www.agrifarming.in/litchi-fruit-farming>)

action against the erring officials. The matter was again discussed with the Department in September 2022. However, this time also the Department did not furnish any evidence of completion of work. Also, no action was taken against the erring officials as assured in November 2018 by the Secretary, P&RDD, GoA.

The Department may take action against the erring officers in a time-bound manner.

2.4 Doubtful execution of pro-siltation works in Morigaon District

Procurement of materials without corresponding engagement of labour in execution of pro-siltation works valuing ₹ 2.00 crore in Morigaon district as well as improper reporting of the work program points towards doubtful execution of works.

Deputy Commissioner (DC), Morigaon who was also the District Programme Coordinator (DPC), accorded (February 2014) Administrative Approval of ₹2.00 crore for implementation of four pro-siltation works¹⁵ under MGNREGS in convergence with the schemes of Water Resource Department for the year 2013-14 under Moirabari Development Block. The objective of the projects was to combat erosion in the locality as a vast area of fertile cultivable land had been eroded by the river Brahmaputra. As per the Administrative Approval, the work was to be executed under the technical supervision of the Executive Engineer (EE), Water Resource (WR) Department, Morigaon Division through the concerned Programme Officer. The Program officer was also responsible to maintain Measurement Book (MB) and Muster Roll (MR) in the Gaon Panchayat and conduct physical verification of works. The estimates for the works were prepared by the EE, WR Division, Morigaon, and technical sanction was accorded (February 2014) by the Superintending Engineer, WR Circle, Nagaon. The execution of works commenced in February 2014 with the stipulated date of completion being three months (May 2014) from the date of commencement of work.

Test-check (August-September 2017) of records of the Project Director (PD), District Rural Development Agency (DRDA), Morigaon showed that ₹ 1.99 crore (99.5 per cent) was utilised by the PD, DRDA, Morigaon for the execution of these four works. However, during the joint physical verification conducted (June 2018) by Audit with the representatives of Moirabari Block, none of the pro-siltation work was found at the approved sites.

In an interim reply to an audit query, the PD, DRDA, Morigaon stated (June 2018) that the works were executed within the stipulated time (June 2014) but was washed away by flood during 2014-15. The reply was, however, not convincing due to the following facts:

- The PD, DRDA, Morigaon stated that the works were completed in June 2014 but Assets Register uploaded on the MGNREGS website of the Ministry of Rural

¹⁵Pro-siltation measure to protect Solmari area; Ulubari area; Bhojaikhati and Goroimari area; and Leruamukh Biringabari and Muamari area from the erosion of river Brahmaputra

Development showed that the works were completed between December 2015 to July 2017.

- Muster Roll uploaded on the website through MIS showed that the labourers were engaged in three out of four works from April 2014 to June 2014 whereas the materials for the works were procured even after June 2014 till October 2014. As no expenditure was incurred on labour after June 2014, the utilisation of the material shown to have been procured after June 2014 seems doubtful. Moreover, there were instances of approval of suppliers' bills by the Programme Officer, Moirabari Block without having any reference to Measurement Book and without the details of work concerned and date on the body of the bills.
- As per the Flood Report of the DC Office, Morigaon, the district was affected by flood¹⁶ from 16 August 2014 to 30 September 2014. However, as per the MB, the works in respect of Solmari and Ulubari GP area were found to have been measured on 29 September 2014 *i.e.*, during the flood, which was not possible and points towards a fictitious recording of the works in the MB.
- Further, entries related to use of hydraulic driving equipment for the works, which was one of the major items included in the estimates, was neither found in the MBs nor in the bills/ vouchers relating to labour and material cost as uploaded on the website.
- Also, Asset Register uploaded on the website showed that in respect of the work 'Pro-siltation measures to protect Ulubari area from erosion of river Brahmaputra for 2013-14', the same photograph was uploaded before start of the work, during the execution of the work and after completion of the work.

Thus, all the above facts and inconsistencies in various reports as mentioned above point towards doubtful execution of four pro-siltation works valued at ₹2.00 crore.

During a meeting with the Audit, the Secretary, P&RDD, GoA stated (November 2018) that:

- Works were completed from April to June 2014 but some payments were made very late due to delayed receipt of fund. The JE concerned wrongly recorded the measurement in the MB after the completion of work, *i.e.*, June 2014 to October 2014.
- The photographs were wrongly uploaded in MIS by the Computer Assistant.
- Use of labour-displacing machinery in MGNREGS works is strictly prohibited. As such, hydraulic equipment was not used in the work.

The reply regarding delayed payment of expenditure was not acceptable as the bills against supply of material should have been issued on the date of actual supply even though the payments were made subsequently. Further, other irregularities noticed in the bills/vouchers (no reference to MB, no mention of work name/date, *etc.*) as well as

¹⁶ 1st wave - 16.08.2014 to 01.09.2014; 2nd wave - 23.09.2014 to 30.09.2014

frequent/ repeated inconsistencies in the MB entries substantiate the audit observation. Further, the plea of prohibition on the use of hydraulic equipment in MGNREGA works, was also not acceptable as the work estimates involving use of the hydraulic equipment in the execution of work were approved by the competent authority. As regards the plea of uploading incorrect information/photographs on the GoI/NREGA website, the issue has serious implications and needs appropriate action.

The matter was again discussed with the Department in September 2022; but Action Taken Report, if any, against the erring officials was not furnished (October 2022).

Suitable action may be taken against officials for uploading false data to the Government of India website. The Government of Assam should also instruct all the PRIs/ DRDAs for strict compliance with the estimates approved by the competent authority.

CHAPTER-III

**An overview of
Urban Local Bodies**

CHAPTER- III

DEPARTMENT OF HOUSING AND URBAN AFFAIRS

An Overview of the Urban Local Bodies

Functioning of the Urban Local Bodies in the State

3.1 Introduction

Article 243 of the Constitution of India and the Constitution (Seventy fourth Amendment Act), 1992, envisioned creation of Local Self Government (LSG) for the urban population, wherein municipal institutions were conferred with constitutional status for carrying out governance functions. The amendment empowered Urban Local Bodies (ULBs) to function efficiently and effectively as autonomous entities, to deliver services for economic development and social justice, with regard to 18 subjects (*Appendix-3.1*) listed in XIIth Schedule of the Constitution of India.

The ULBs consist of Municipal Corporations (MCs) and Municipal Boards (MBs) and they function independently. The legislative framework for conduct of business of the ULBs are based on:

- Guwahati Municipal Corporation Act, 1971 (GMC Act)
- Assam Municipal Act, 1956 (amended up to 2012) (AM Act)
- Assam Municipal Accounts Rules, 1961 (AMA Rules); and
- Government instructions, issued from time to time.

There were 101 ULBs in the State: one Municipal Corporation (MC) and 100 Municipal Boards (MBs) as on 31 March 2021. ULBs falling under the General Areas are governed according to the provisions of the AM Act, 1956, while areas listed under Sixth Schedule of the Constitution of India are governed by the rules framed by the respective Autonomous District Councils.

Statistics relating to the urban population of the State, as per Census 2011, are given in **Table 3.1:**

Table 3.1: Important Statistics of the State (Urban areas)

Sl. No.	Indicator	Unit	Value
1	Total Population of the State	Lakh	312
2	Population in urban areas	Lakh	44
3	Urban population	<i>Per cent</i>	14
4.	Overall Population density	Persons / Sq.km.	398
5.	Urban Sex Ratio	Per thousand	946
6.	Urban Literacy Rate	<i>Per cent</i>	88.47

Source: Census 2011 and Statistical Handbook, Assam 2021

3.2 Organisational setup in State Government and ULBs

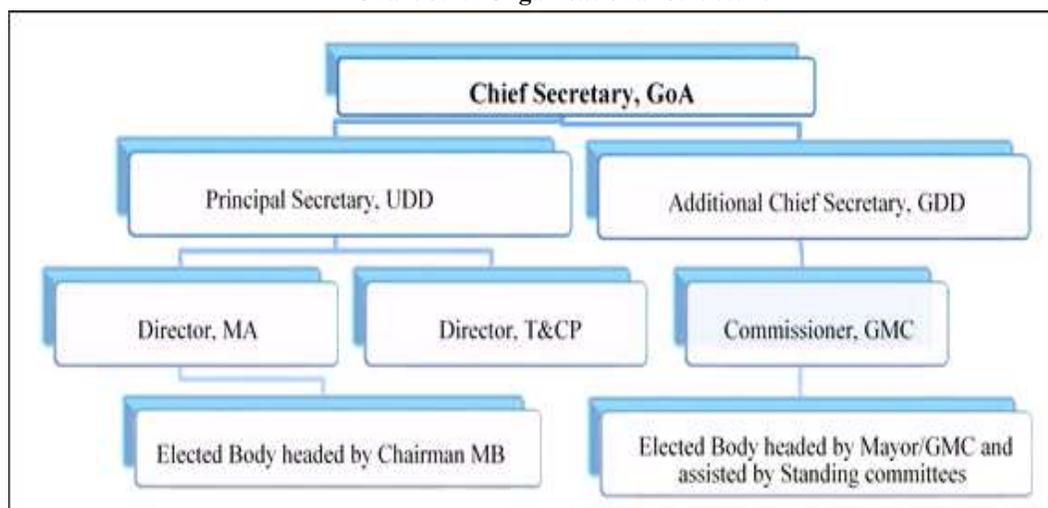
The urban governance in Assam was vested upon the following two Departments till July 2021¹⁷:

Urban Development Department: The Principal Secretary is the administrative head of the Urban Development Department (UDD), who looks after matters relating to the administration of the ULBs, allocation of funds as well as implementation of schemes at the State level. The Secretary is assisted by the Director, Municipal Administration (DMA) who functions as an interface between the State Government and ULBs. The Director, Town and Country Planning (T&CP) is responsible for Master Plan/ Development Plans/ Zonal Plans and enforcing master planning regulations in the urban areas other than Guwahati Metropolitan area.

Guwahati Development Department: The Additional Chief Secretary, Guwahati Development Department (GDD), is the administrative head of the Department. The Commissioner is the executive head of the GMC. The GMC is governed by an elected body headed by the Mayor and assisted by standing committees.

Organisational set-up of ULBs is shown in **Chart 3.1:**

Chart 3.1:- Organisational Structure



3.3 Functioning of ULBs

As per Section 53 of AM Act, 1956, it is mandatory for the State Government to appoint Executive Officers (EOs) in every MB and Town Committees (TC). Government of Assam directed (March 2015) that Indian Administrative Service (IAS)/ Assam Civil Service (ACS) officers be entrusted with additional charge of Executive Officers in the ULBs. Further, sub-section 2 under Section 53 of the said Act mentions that all financial matters, particularly those relating to the implementation of schemes by the Municipalities funded by Government of India (GoI) or the State Government, shall

¹⁷ In July 2021, the UDD and the GDD were merged into one department viz., Department of Housing Urban Affairs

invariably be routed through the concerned EOs. Further, GoA vide notification No. UDD (M) 263/2017/13 dated 11 October 2018 converted and renamed all Town Committees as Municipal Boards.

3.3.1 Staffing pattern of ULBs

The ULBs lack any approved staffing pattern resulting in variation of the staff strength of ULBs from unit to unit, depending on its size and paying capacity. However, UDD and GDD had submitted study reports on the staffing pattern of the ULBs and GMC to Fourth Assam State Finance Commission (ASFC), in December 2011 and in February 2012, respectively. Accordingly, the staffing pattern of ULBs had been drafted by the departments but approval from the Finance Department was awaited (December 2021). Appropriate manning of ULBs is important for efficient and effective management of funds received as well as their accounting in a proper manner considering the enhanced workload entrusted to ULBs under different programmes, schemes and projects.

3.3.2 Status of devolution of Funds, Functions and Functionaries (3Fs)

The 74th Constitutional (Amendment) Act, 1992, empowers the ULBs to perform functions. The Central Finance Commissions (CFC) and the State Finance Commissions (SFC) have emphasised the need for complete transfer of the 3Fs (funds, functions and functionaries) related to 18 subjects listed in XIIth Schedule of the Constitution of India, to the ULBs for meaningful devolution. However, in Assam, out of the 18 functions, ULBs were solely responsible for three functions¹⁸; had no role in two functions¹⁹ and in the remaining 13 functions²⁰, the ULBs were mere implementing agencies with minimum role or were having overlapping jurisdiction with State departments and parastatal bodies. As such, the 3Fs have still not been completely devolved to the ULBs.

3.4 Formation of various Committees

3.4.1 Committee for transfer of 3 Fs

As per Section 53 (A) (2) of the AM Act, 1956, there shall be a committee comprising of Minister in Charge, UDD as the Chairman, senior-most Secretary, UDD as Vice-Chairman, DMA as Member Secretary and members from other departments to monitor the matter of early and smooth transfer of the 3Fs to Municipalities. The Committee was to meet from time to time to monitor the progress of transfer of 3Fs to

¹⁸ (i) Burials and burial grounds, crematoriums, cremation grounds, electric cremation grounds, electric crematoriums; (ii) Cattle pounds, prevention of cruelty to animals; (iii) Regulation of slaughterhouses and tanneries, as detailed in Appendix 4.4 (C)

¹⁹ (i) Urban Planning including Town Planning and (ii) Fire Services as detailed in Appendix 4.4 (A)

²⁰ (i) Regulation of land use and construction of building (ii) Slum improvement and up gradation (iii) Roads and Bridges (iv) Urban Forestry, protection of the environment and promotion of ecological aspects (v) Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded, (vi) Vital Statistics including registration of Births and Deaths (vii) Planning for economic and social development (viii) Urban poverty alleviation (ix) Water Supply for domestic, industrial, and commercial purposes, (x) Public Health, Sanitation, Conservancy, Solid Waste Management, (xi) Provision of Urban amenities and facilities such as parks, gardens, playgrounds, (xii) Promotion of cultural, educational, and aesthetic aspects (xiii) Public amenities including street lighting, parking lots, bus stops and public conveniences. as detailed in Appendix 4.4 (B)

the municipalities and to suggest the respective Departments for effective implementation of this Section.

The DMA stated (March 2021) that there was a committee for monitoring smooth transfer of 3Fs. However, no details were provided about constitution and functioning of the Committee (March 2022).

3.4.2 Standing Committees

The AM Act, 1956 does not provide for the constitution of any standing committee in ULBs. Though Section 20 of GMC Act, 1971 provides for constitution of Standing Committees²¹ to deal respectively with Taxation and Finance, and Planning and Development (or Standing Finance Committee); Public Works; Public Health, conservancy and water supply; Assessment, Markets and Trades; and Appeals, no such Committee was formed by GMC.

3.4.3 Metropolitan Planning Committees

Article 243ZE of the Constitution of India states that “there shall be constituted in every Metropolitan area with a population of 10 lakh or more, a Metropolitan Planning Committee to prepare a draft development plan for the Metropolitan Region as a whole” making it mandatory for the States to set up Metropolitan Planning Committees (MPCs) in the metropolitan areas of the country. However, MPCs are yet to be constituted in the State (August 2021).

3.5 Audit arrangement

3.5.1 Primary Auditor of ULBs

Director of Audit, Local Fund (DALF), Assam, established under the Assam Local Funds (Accounts & Audit) Act, 1930, is the Primary Auditor of all tiers of ULBs in the State. The Directorate is responsible for (i) carrying out audits of Local Funds with the help of 20 Circle Offices, each of which is headed by an Assistant Director at the District level; and (ii) facilitating submission of Audit Reports of the Administrative Departments. The audit is conducted in conformity with the Assam Audit Manual and other prescribed Government Rules and Amendments thereto declared by Government from time to time.

3.5.1.1 Audit coverage by DALF

The arrears in the audit of ULBs by the DALF during the period 2016-21, ranged between 35 and 55 *per cent*. The year-wise position of units planned to be audited and those actually audited, are detailed in **Table 3.2**.

Table 3.2: Coverage of ULBs planned for audit by DALF

Year	No. of Units Planned for Audit	No. of Units Audited	Shortfall	Percentage of shortfall
2016-17	76	49	27	35
2017-18	82	41	41	50
2018-19	74	44	30	41

²¹ Each Standing Committee shall consist of five members elected by the Corporation from its own members other than the Mayor.

Year	No. of Units Planned for Audit	No. of Units Audited	Shortfall	Percentage of shortfall
2019-20	69	31	38	55
2020-21	69	37	32	46

Source: Information furnished by DALF, Assam

There was continuous shortfall in coverage of audit by DALF during 2016-17 to 2020-21. The DALF stated (August 2021) that shortage of manpower, staff engagement in updation of National Registrar of Citizens (NRC), election duty, non-submission of accounts and records by accounting authorities and Covid-19 were the main reasons for shortfall in audit coverage. Further, the follow-up action and Action Taken Report by Finance Department on the Annual Consolidated Audit Reports of DALF was also wanting, weakening the accountability mechanism of ULBs as discussed in **Paragraph 1.5.1.2.**

3.5.2 Audit by Comptroller and Auditor General of India

The audit of ULBs is conducted by the CAG under Section 20(1) of the CAG's Duties, Powers and Conditions of Service (DPC) Act, 1971 as per the Technical Guidance and Support (TGS) arrangements as entrusted by the State Government in May 2002 followed by acceptance of standard terms and conditions of TGS (May 2011) pursuant to the 13th FC recommendations. CAG being the secondary auditor for the Local Bodies in Assam, only selective audit of ULBs are done. As such, during April 2017 to March 2021, accounts of 115 ULBs were audited.

The status of discussion of the Audit Report by the Committee on Local Fund Accounts (CoLFA) is shown in **Table 1.6.**

3.5.3 Response to Audit Observations

Inspection Reports (IRs) were issued by Principal Accountant General (Audit), Assam, to audited ULBs, with a copy to the State Government. ULBs were required to comply with the observations contained in the IRs, rectify the defects and omissions and report their compliance promptly after the issue of IRs. Important audit findings were processed for inclusion in the CAG's Audit Report/ ATIR on Local Bodies

The details of outstanding paragraphs, in respect of ULBs (as of March 2021), are shown in **Table 3.3.**

Table 3.3: Details of outstanding IRs and paragraphs in respect of ULBs

Year of Issue	No. of Inspection Reports	No. of Outstanding Paras	First reply furnished
2016-17	15	206	0
2017-18	15	141	0
2018-19	23	256	0
2019-20	15	132	0
2020-21	04	23	0
Total	72	758	0

Source: Progress Register of the Principal Accountant General (Audit), Assam

As of March 2021, settlement of 758 paragraphs were pending for want of replies from ULBs concerned indicating that compliance to the audit observation was not taken seriously. The Administrative Heads of the Departments concerned also did not take steps to ensure that the concerned officers of the ULBs took prompt and timely action

in furnishing replies to IRs, thereby weakening the accountability mechanism of ULBs in Assam.

Accountability Mechanism of ULBs

3.6 Ombudsman

As per guidelines issued by the Ministry of Finance on implementation of the recommendations of the 13th FC, the State Government was required to appoint an Ombudsman, to act as an independent quasi-judicial authority for LSGI at the State level, conduct investigations and enquiries in respect of any complaints of corruption and maladministration against the functionaries of Local Bodies (both elected members and officials) and recommend suitable action in accordance with the provisions of the Act. There was no provision in the AM Act, 1956 and GMC Act, 1971 regarding setting up of an Ombudsman for ULBs. As a result, there was no scope for the Ombudsman to conduct investigation into aforesaid areas.

3.7 Social Audit

The primary objective of Social Audit (SA) is to bring the activities of ULBs under close surveillance, to enable records and documents of ULBs accessible to public as this would promote transparency and accountability in the day-to-day functioning of ULBs.

The State Finance Department issued guidelines (May 2009) for SA which, *inter alia*, included the following:

- Use of Ward Committees as important vehicles for spread of awareness about social audit;
- Appointment of nodal officer at the level of Ward Committee who would register complaints and fix the date for social auditing;
- Wide publication of the date of social audit through local newspapers, hand bills, leaflets and notice boards, *etc.*; and
- Presentation by the representatives of ULBs of the relevant data on revenue and expenditure of their organisations including bills, vouchers, muster rolls, measurement books, copies of sanction orders and other books of accounts and papers necessary for the purpose of social auditing.

However, the State Government had not amended (up to December 2021) the relevant Municipal Act to include a statutory provision for social audit.

3.8 Lokayukta

The Assam Lokayukta and Upa-Lokayukta Act, 1985 (Assam Act XX of 1985) was introduced to improve the standard of Public Administration, through investigation of complaints received against ministers, legislators and public functionaries, including those of Local Bodies.

The institution of the Lokayukta was headed by the Upa-Lokayukta since March 2001, as the post of Lokayukta had been lying vacant. Audit observation on the issue has been discussed in Paragraph 1.9.

3.9 Service Level Benchmark

In 2009, the Ministry of Urban Development (MoUD), GoI initiated the process of Service Level Benchmarking (SLB) for basic urban services to ensure performance-based accountability and optimal utilisation of infrastructure investments. The 13th FC also included SLB as one of the nine conditions to be met by State Governments to avail performance grants.

As per the 13th FC recommendations, State Governments were to notify or cause all the ULBs to notify the service standards for four basic sectors: *water supply, sewerage, storm water drainage and solid waste management* proposed to be achieved by them at the end of the succeeding fiscal year. GoA accordingly notified (March 2011) service standards for four Service Sectors to be achieved by the ULBs. However, SLB for these basic services remained unachieved partially due to inadequacy/ absence of provisions for core basic services in the Urban Local Bodies (ULBs), as discussed in the Performance Audit Report on “Delivery of Core Basic Services by Urban Local Bodies” featured in Report of the Comptroller and Auditor General of India on Social, General and Economic (Non PSUs) Sectors for the year ended 31 March 2018. The basic civic services of water supply and sanitation were not addressed adequately by the Government. Most alarming was the fact of absence of Sewage Treatment Plants (STPs) in the State leading to constant pollution of water bodies, which had serious implications on human health and aquatic life. There was overall lack of attention on part of Housing and Urban Development Department, which did not notify the Service Level Benchmarking (SLBs) for the GMC catering to the biggest urban settlement in the State. There was absence of necessary systems for capturing data on basic services, preparation of performance report in line with the suggestion made in the Handbook on SLB, and implementation of corrective action plan for improving delivery of basic services. This indicated that ULBs as well as GoA failed to discharge their responsibility in relation to identification of gaps in service delivery and taking corrective measures to mitigate the gaps and improve the service delivery mechanism.

3.10 Internal Audit and Internal Control System in ULBs

3.10.1 Internal Audit

Internal Audit is an important instrument for examining and evaluating the level of compliance with rules and procedures, as envisaged in the relevant Acts and Financial/ Accounting Rules, so as to provide independent assurance to management on the adequacy of the risk management and internal control framework in the ULBs.

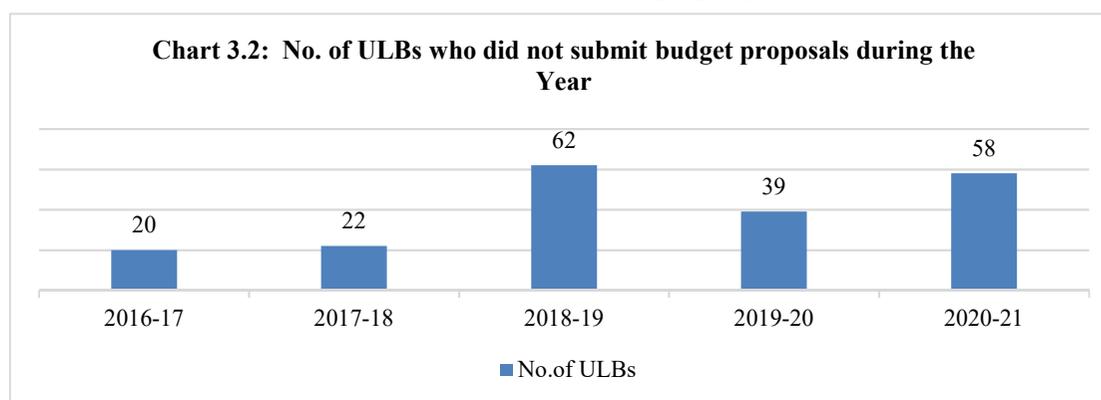
The system of Internal Audit has not been introduced in the Municipalities in Assam, as there is no provision for Internal Audit in the relevant Municipal Acts and Rules

3.10.2 Internal control mechanism in ULBs

The internal control mechanism is an integral function of an organisation, which helps it to discharge its activities effectively to achieve its objectives. It is intended to provide reasonable assurance of proper enforcement of Acts, Rules and Bye-laws minimising the risk of errors and irregularities.

The following deficiencies were observed in the functioning of the ULBs, indicating lack of an effective internal control mechanism therein:

- Periodical reports/returns in respect of implementation of various schemes and other activities in the district, were not submitted to higher authorities. Thus, an effective monitoring system, ensuring compliance in terms of the physical and financial implementation of schemes/programmes did not exist.
- Many of the 100 ULBs did not submit their budget proposal as shown in **Chart 3.2**.



- There was no readily available data on “Own revenue resources” of the ULBs and expenditure incurred thereagainst. In spite of repeated requests, the DMA could not provide information on overall collection of own revenue by the ULBs. The DMA stated (March 2022) that there was no centralised system of maintenance of database.

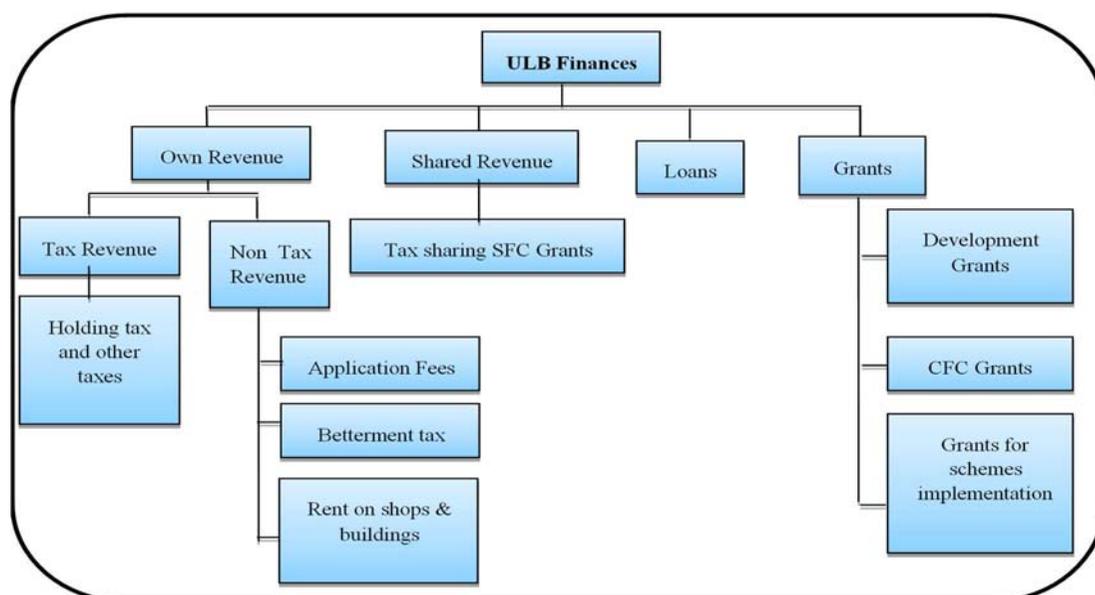
Though these shortcomings were pointed out to ULBs and the State Government in previous Audit Reports, no corrective action in this regard was available on records. The Government may initiate necessary action so that the ULBs prepare and submit their budgets regularly.

Financial Reporting Issues of ULBs

3.11 Sources of Funds

The principal sources of revenue of ULBs are (i) collection from tax and non-tax sources allocated to them under the relevant Act; (ii) resource transfers from the State in the form of devolution of shared taxes and duties; (iii) Grants-in-Aid from GoA and (iv) Grants-in-Aid from GoI under various Centrally Sponsored Schemes (CSS) and under award of successive FCs. Besides, ULBs also obtain loans from financial institutions for implementation of various schemes relating to Urban Development, Water Supply and Roads, *etc.* The funds flow of ULBs is depicted in **Chart 3.3**:

Chart 3.3: Fund flow of ULBs



Under the provision of the Acts in force, all collections such as taxes on holdings, water tax, latrine tax, *etc.*, are sources of tax revenue while building plan sanction fees, rents from shops and buildings, tolls and other fees and charges constituted the main sources of non-tax revenue.

The State Government releases Grants-in-Aid and loans to the ULBs to compensate their establishment expenses. ULBs also receive grants and assistance from the State and Central Governments for implementation of various schemes and projects.

3.11.1 Resource trends of ULBs and their composition

The trend of resources of ULBs during 2016-17 to 2020-21 are shown in the following Table 3.4.

Table 3.4: Time-series data on resources of Urban Local Bodies

Source	2016-17	2017-18	2018-19	2019-20	2020-21
Own Revenues*	93.59	82.35	92.89	81.88	96.08
SFC transfers	92.59	140.88	68.94	56.72	0
CFC Grants	98.39	112.12	155.35	0	172.52
CSS (Central Sponsored Scheme)	90.87	262.88	210.29	350.88	500.99
Interest for delayed payment of CFC Grants	1.51	0	0	0	0.13
Total	376.95	598.23	527.47	489.48	769.72

Source: Information furnished by Finance (Economic Affairs) Department, GoA, DMA and Director, T&CP GoA. * Only GMC

Consolidated figure of actual receipts in respect of own revenue of all the ULBs in Assam was not available with the UDD which indicated lack of monitoring by the Government on the resources of ULBs.

3.11.2 Poor utilisation of allotted funds

Audit noticed that the budget utilisation was less than 50 per cent during the years 2015-16 to 2019-20 in respect of Grant No: 31, 34 & 73. Detailed position is shown in Table 3.5:

Table 3.5: Grants/Appropriations where budget utilisation was < 50 per cent
(Figures in per cent)

Sl. No.	Grant	2015-16	2016-17	2017-18	2018-19	2019-20
1	31 Urban Development (Town and Country Planning)	8.5	54.4	45.6	18.0	42.8
2	34 Urban Development (Municipal Administration)	8.7	29.1	20.6	36.9	31.7
3	73 Urban Development (Guwahati Development Department)	23.2	67.5	28.8	21.2	35.6

Source: State Finance Audit Report 2019-20

This is indicative of systemic issues that warrants a critical review by the Government to enable initiation of expeditious corrective measures. Budget provision sought and obtained by the Departments far in excess of actual requirement and inability to utilise the same, deprives allocation of resources to priority sectors and also leads to poor legislative control over public finances.

Further, improving urban infrastructure is a challenge faced by the State, and the low utilisation of the three Grants directly related to urban infrastructure viz., 34 Urban Development (Municipal Administration), 31 Urban Development (Town and Country Planning), and 73 Urban Development (Guwahati Development Department) is a cause for concern. State Government needs to examine the reasons for poor utilisation of allocated funds in these Grants and take appropriate corrective action expeditiously.

3.11.3 Delay in Submission of Utilisation Certificates

Rule 517 (Appendix 16) of Assam Financial Rules provides that every grant made for a specified object is subject to the implied conditions such as (i) the grant shall be spent for the intended purpose, and within a reasonable time if no time limit has been fixed by the sanctioning authority, and (ii) any portion of the amount which is ultimately not required for expenditure for the purpose, shall be duly surrendered to the Government.

State Government authorities who have received conditional grants are required to furnish Utilisation Certificates (UCs) about the proper utilisation of the grants, to the Accountant General (A&E) within 12 months of the closure of the financial year in which grants have been released, unless specified otherwise.

Audit scrutiny revealed that 83 Utilisation Certificates for grants paid during 2003-04 to 2018-19 to the Guwahati Development Department amounting to ₹ 619.06 crore were outstanding. In the absence of the UCs, it could not be ascertained whether the recipients had utilised the grants for the purposes for which those were given.

3.11.4 Maintenance of records

Maintenance of records and registers is one of the important tools of internal control Mechanism. However, it was revealed that 19 out of 115 ULBs audited during 2017-18 to 2020-21 did not maintain basic records such as Stock Register and Register of Receipt as shown in **Table 3.6**.

Table 3.6: List of ULBs not maintaining Basic records

Records not maintained	Name of ULBs	Implication
Stock Register and Register of Receipt Book	Director, T&CP, Director, Municipal Administration, Guwahati Municipal Corporation, Lakhipur MB, Demow MB, Naharkatia MB, Mariani MB, Tiatbor MB, Patacharkuchi MB, Chapar MB, Tihu MB, North Guwahati MB, Bijni MB, Dibrugarh MB, Jorhat MB, Lakhipur MB, Dhing MB, Tangla MB, Gossaigaon MB	Actual receipt and utilisation of material could not be monitored by the ULBs.

3.11.5 Balances not reconciled

Chapters 24 & 25 of the Assam Municipal Accounting Manual emphasise the need for reconciliation of Cash Book with Bank accounts.

During the audit, instances of un-reconciled balances, with differences ranging from ₹0.67 lakh to ₹4.50 lakh were found in four ULBs²².

As no reconciliation was done by the ULBs, differences in figures of Cash Book and Bank Pass book remained undetected until pointed out by Audit. Further, status of reconciliation was not furnished by these ULBs till March 2021.

Thus, failure to maintain the Cash Books, in terms of the provisions of the financial rules/ manuals, indicates irregularities in cash management. In addition, it could also facilitate fraud and embezzlement of Government money.

The Government should take steps to ensure that all the ULBs reconcile their Cash Book with their Bank accounts on monthly basis.

3.11.6 Property Tax Board

As recommended under Paragraph 10.161 (vii) of the 13th FC, GoA constituted a Property Tax Board (PTB), in March 2011, comprising of (i) Pr. Secretary, UDD as the Chairman, (ii) Commissioner & Secretary, GDD as Vice-Chairman, (iii) Director, Municipal Administration as Member Secretary (iv) Commissioner, GMC and (v) Director, Town & Country Planning as Members. The objective of the Committee was to assist all the Municipalities of the general areas of the State to put in place an independent and transparent procedure for assessing Property Tax. The Board was to monitor the matter of enumeration and assessment of all types of properties by the Urban Local Bodies as per the provision of the Assam Municipal Act, 1956.

Accordingly, the Director of Municipal Administration (DMA) was required to depute the Chief Valuation Officer (CVO) and other Valuation officers (VO) in the field to monitor the rates of collection and time taken for collection in a particular year.

As per information provided by the DMA, no CVOs/VOs were deputed in ULBs during 2011-12 to 2020-21 to monitor the rates of collection. Moreover, no records in respect of suggestions/recommendations made, if any, by the Property Tax Board during these years were provided to audit. As such, the objective of formation of the Property Tax Board remained unachieved.

²²Tihu MB: ₹1,19,157; Howly MB: ₹4,50,000; Patacharkuchi MB: ₹67,000; Kamrup MB: ₹54,000

3.11.7 Maintenance of Accounts

The Government of Assam had accepted (March 2011) the National Municipal Accounting Manual (NMAM), which recommends introduction of the accrual-based double entry system and improved financial management in all ULBs. As per the NMAM, the ULBs are required to maintain their accounts on accrual basis and to prepare financial statements such as Balance Sheets, Income and Expenditure Statements, Statements of Cash flows and Receipt and Payment Accounts, at the end of each quarter.

Although the DMA stated that the Accrual Based Double Entry Accounting System has been implemented by few of the ULBs, the details were not provided to audit. Further, no information on the present status of preparation of accounts *i.e.*, up to which years the accounts were finalised, was available with the DMA.

During the period covered in audit (up to March 2021) none of the test-checked ULBs had prepared the annual accounts. GMC, however, prepared its annual accounts up to 2013-14. As the Annual Accounts were not maintained, head-wise receipts and expenditure and the financial performance of ULBs could not be ascertained.

3.11.8 Maintenance of database for Tax & Revenue Management System in ULBs

For ULBs, GoA released an amount of ₹1.65 crore (₹5.00 lakh each for 33 MBs) during 2012-13 out of 13th FC Grants for preparation of database software for tax and revenue management system.

However, no centralised database was developed by the ULBs (March 2021).

As maintenance of a database is a major tool for monitoring and analysing the functioning of Local Bodies, implementation of the programme on database of finances needs to be reviewed and effective steps are required to be taken to develop the database at the earliest.

Although these shortcomings were regularly pointed out to the Local Bodies, as well as to the State Government, through Inspection Reports and Audit Reports/Annual Technical Inspection Reports, no effective measures for improvement were noticed.

CHAPTER-IV

**Performance Audit of
“Efficacy of implementation
of 74th Constitutional
Amendment Act”**

CHAPTER – IV

DEPARTMENT OF HOUSING AND URBAN AFFAIRS

PERFORMANCE AUDIT

PA on “Efficacy of implementation of 74th Constitutional Amendment Act”

4.1 Introduction

4.1.1 The 74th Constitutional Amendment Act

The 74th Constitutional Amendment Act (CAA) has accorded constitutional status to the municipal bodies by initiating a process of democratic decentralisation with the objective of making urban governance more responsive. In order to meet the growing aspirations and expectations of people and to meet the daunting challenges of urbanisation, governance in the urban local bodies needs to become more efficient, effective, responsive, citizen friendly, transparent and accountable. Absence of these features contributes to “governance deficit” to varying degrees in the urban local bodies. The report of the working group on urban governance also mentioned that the key problems in urban governance includes weak legal and institutional framework within which the ULBs operate and their poor capacity including lack of a professional and sensitised cadre, to perform their development and regulatory functions.

The Constitution of India provided a clear mandate for democratic decentralisation through the 74th Amendment which sought to create an institutional framework for ushering in democracy at the grass root level through self-governing local bodies in urban areas of the country. The 74th CAA came into effect on 01 June 1993 and empowered Urban Local Bodies (ULBs) to perform 18 functions listed in the XIIth Schedule. The Act was aimed at empowering local self-governments with legislative and executive powers, with well demarcated powers and responsibilities. Article 243W of the Constitution authorised the State Legislatures to enact laws to endow local bodies with powers and authority as may be necessary to enable them to function as institutions of self-government and make provisions for devolution of powers and responsibilities.

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

1. Urban Planning including Town Planning.
2. Regulation of land use and construction of building
3. Slum improvement and up gradation
4. Roads and Bridges
5. Urban Forestry, protection of the environment and promotion of ecological aspects
6. Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded,
7. Vital Statistics including registration of Births and Deaths.
8. Planning for economic and social development
9. Urban poverty alleviation

10. Water Supply for domestic, industrial and commercial purposes,
11. Public Health, Sanitation, Conservancy, Solid Waste Management,
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, crematoriums, cremation grounds, electric cremation grounds, electric crematoriums,
15. Cattle pounds, prevention of cruelty to animals,
16. Public amenities including street lighting, parking lots, bus stops and public conveniences,
17. Regulation of slaughterhouses and tanneries,
18. Fire Services

4.1.2 Trend of urbanisation in Assam

Assam is one of the least urbanised states of the country with rural population constituting 86 *per cent* of the total population which is much higher than that for All-India (69 *per cent*). It is traditionally rural in character with agriculture and allied activities being the primary occupation of its population constituting 19 *per cent* of the State Gross Domestic Product. While the share of urban population to total population of Assam in 1951 was only 4.29 *per cent*, it increased to only 14.10 *per cent* by 2011.

The urbanisation in terms of share of urban population in the districts of Assam showed wide variations. While Kamrup (Metro) district has 82 *per cent* of the urban dwellers, Baksa district had only 1.28 *per cent* urban population²³. The important aspect of urban growth is the dominance of the capital city. The State capital city Guwahati with its population of 11.2 lakh constitutes 24 *per cent* of total urban population of the State and has experienced the faster urban growth primarily due to migration from infrastructure deficient areas.

4.1.3 Profile of Urban Local Bodies in Assam

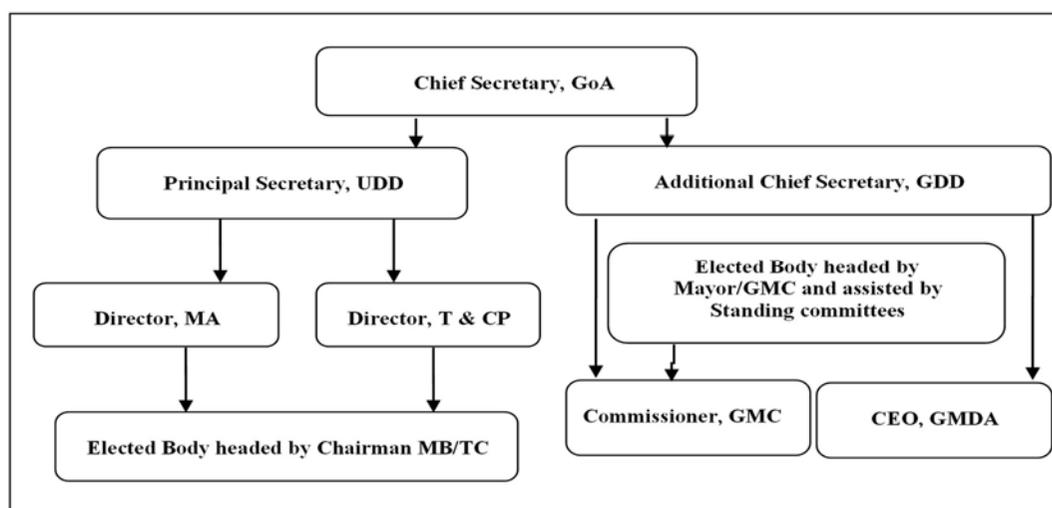
In Assam, ULBs were categorised primarily on the basis of population. There were 100 Municipal Boards (MBs) covering the urban area besides one Municipal Corporation (Guwahati Municipal Corporation) for the Capital City of Guwahati. The Municipal Corporation is governed by the Guwahati Municipal Corporations Act, 1971 and other ULBs are governed by the Assam Municipal Act, 1956. Each Corporation/Municipal area has been divided into wards, which are determined and notified by the State Government for the purpose of election of Councillors. The criteria for classification of ULBs as MB or Town Committee (TC) was that each MB should comprise of not less than 10 but not more than 30 elected members and each TC should comprise of not less than 4 but not more than 10 elected members. In Assam, MBs and TCs were constituted for medium towns and transitional areas, respectively. However, in October 2018, all the town areas were converted into MBs. At present, there are 100 MBs categorised under five groups on the basis of population. No category of municipal body is kept to cover areas in transition from rural to urban area. The GMC constituted in 1974 was the only Municipal Corporation of the State.

²³ As per Census of India 2011

4.1.4 Organisation structure of urban governance in Assam

The urban governance in Assam was vested upon the following two departments till July 2021:

- Urban Development Department:** The Principal Secretary is the administrative head of the Urban Development Department (UDD), who looks after matters relating to the administration of ULBs (MBs), allocation of funds as well as implementation of schemes at the State level. The Pr. Secretary is assisted by Director, Municipal Administration (DMA) who functions as an interface between the State Government and ULBs. The Director, Town and Country Planning (T&CP) is responsible for Master Plan/ Development Plans/ Zonal Plans and enforcing master planning regulations in the urban areas other than Guwahati Metropolitan area.
- Guwahati Development Department:** The Additional Chief Secretary, Guwahati Development Department (GDD), is the administrative head of the Department. The GMC is governed by Elected Body headed by Mayor and assisted by standing committees. The Commissioner is executive head of the GMC. Organisational set-up of ULBs is depicted in the following organogram:



In July 2021, both the UDD and GDD were merged into a new department named as Department of Housing and Urban Affairs.

In addition to the ULBs, there are key parastatal agencies that deliver or facilitate urban infrastructure and services such as Assam Urban Water Supply and Sewerage Board (AUWS&SB), Assam Urban Infrastructure Investment Programme (AUIIP), Assam State Housing Board (ASHB), PMAY (U) Mission and Guwahati Metropolitan Development Authority (GMDA) under UDD and GDD. The details of parastatals and their functions are discussed in **Paragraph 4.4**.

4.2 Audit framework

4.2.1 Audit objectives

The overall objective of this Performance Audit (PA) was to ascertain whether the State Government has empowered the ULBs through creation of a robust institutional

framework as well as transfer of functions. For this purpose, the Performance Audit (PA) assessed the following:

- Whether provisions of 74th CAA have been adequately covered in State legislations?
- Whether ULBs were empowered by the State Government to discharge their functions effectively through the creation of appropriately designed institutions/ institutional mechanisms and the functioning thereof?
- Whether ULBs have access and powers to raise financial resources commensurate with their functions?
- Whether ULBs have powers to mobilise and incentivise human resources commensurate with their functions?

4.2.2 Audit criteria

The criteria for the PA were derived from the following:

- Provisions of 74th Constitutional Amendment Act, 1992;
- The Assam Municipal Act, 1956;
- The Guwahati Municipal Corporation Act, 1971;
- The Guwahati Metropolitan Development Authority Act, 1985;
- Reports of Central and State Finance Commissions;
- The Model Municipal Law, 2003;
- Report of the Second Administrative Reforms Commission, and
- Government Notifications, Orders, instructions issued by State Government.

4.2.3 Audit scope and methodology

The PA covering the period April 2015 to March 2020 was carried out for assessment of implementation of the 74th CAA by the State Government and ULBs. For this 19 ULBs from 5 districts falling under General Areas²⁴ were selected applying judgemental sampling method. ULBs under sixth scheduled areas were not selected as it does not come under the purview of the 74th CAA. The sampling methodology and list of selected ULBs are shown in *Appendix 4.1*. Out of 18 functions listed in the 12th Schedule, the activities viz., Water Supply, Public Health and Sanitation, Solid Waste Management, Property Tax and Water Tax/ Charges were selected for test check. The audit methodology involved document analysis and responses to the audit queries. Departmental replies, wherever received, have been factored into the Report.

4.2.4 Acknowledgement

The cooperation and assistance extended by the State Government, DMA, T&CP, parastatal bodies and the test-checked ULBs in conducting the performance audit is acknowledged.

²⁴ Constitution of India (CoI) has provided for constitution of separate Autonomous Councils for tribal areas of Assam under Sixth Schedule of the CoI. Areas not falling under the provision of the Sixth Schedule are known as General areas.

Audit findings

4.3 Compliance to provisions of 74th CAA

The 74th CAA introduced certain provisions relating to municipalities vide Articles 243Q to 243ZG. The State Government vide various amendments enacted between 1994 and 2019 to the Assam Municipal Act, 1956 (AM Act) and the Guwahati Municipal Corporation Act, 1969 (GMC Act), introduced provisions corresponding to the CAA provisions. A comparison of actual State-level legislations with the provisions of the 74th CAA is shown in *Appendix 4.2*:

Audit observed that though most of the provisions of the 74th CAA were covered within the State Acts except for Article 243 ZD (Committee for District Planning) and Article 243 ZE (Committee for Metropolitan Planning), the legal provisions were not backed by decisive actions resulting in partial implementation of 74th CAA which are discussed in subsequent chapters. The Secretary, DHUA, stated (December 2021) that steps will be taken for implementation of the provisions of the 74th CAA.

Recommendation: *In order to implement the mandate of the Constitution, State Government may take steps to fully implement the 74th CAA.*

4.4 Empowerment of Urban Local Bodies and their functioning

4.4.1 Actual status of devolution of functions

The 74th CAA incorporated provisions for devolution of certain powers and functions to Urban Local Bodies (ULBs). It also sought to empower ULBs to perform functions and implement schemes in relation to 18 subjects specified in the XIIth Schedule of the Constitution of India (CoI). The State was expected to enact suitable legislation to implement the amendment. As per Section 53-A of the AM Act, 1956, as amended in 2011, 7 out of 18 functions stands transferred to ULBs whereas 10 functions were termed as inherent subjects and ULBs were supposed to implement those functions out of their own resources. There was no provision related to transfer of “Fire Services” to ULBs. The Third Assam State Finance Commission had recommended that GOA should draw up detailed Activity Mapping for ULBs for transfer of function and functionaries in accordance with the provisions of the Constitution. However, activity mapping for the transferred subjects had not been carried out by the Government. There were several overlaps in discharge of the functions between ULBs, parastatals and Government departments. In the test-checked ULBs, it was found that the ULBs have very minimal role in implementation of devolved functions.

The actual implementation of the devolved functions by the various authorities and the overlap in discharge of the functions is detailed in *Appendix 4.3*.

Audit observed several overlaps in discharge of functions between ULBs, Parastatals and Government Departments. As can be seen from *Appendix 4.3*, out of 18 functions, ULBs have full jurisdiction over three functions only but due to lack of infrastructure, they could perform only one function (construction and maintenance of burial grounds and crematorium), that too partially.

The Secretary DHUA while agreeing to the fact that activity mapping on 18 subjects was to be carried out for systemic development of ULBs, stated (December 2021) that the Department will prepare and issue activity mapping in consultation with the departments concerned.

Some of the functions listed in the Twelfth Schedule of the Constitution and the ability of ULBs to carry out these functions efficiently are discussed below:

- (i) **Water supply for domestic, industrial, and commercial purposes:** This function was most appropriately to be done by the ULBs. However, the state of urban water supply was quite dismal, and most of the ULBs were either incapable of providing water supply or were not entrusted this role by the Government. The urban services delivered by parastatals (State Government's statutory agencies) were not answerable to ULBs but only to State Government. ULBs have little control on these parastatals that operate on a larger scale which complicates incentive structures, leading to poor outcomes. The issue of water supply services by ULBs has also been pointed out under Paragraph 1.2.8.1 in C&AG's Report on Social, General and Economic Sectors for the year ended 31 March 2018, which *inter alia* pointed out that the coverage of piped water connections was below the benchmark, water loss was above the benchmark, cost recovery in water supply services and number of metered connections was low and there was poor efficiency in collection of water tax/ charges.
- (ii) **Public health, sanitation, conservancy:** Public health, contrary to its significance for social and economic development of the country, was not supported by a consistent institutional structure. It was highly programme driven with the Central Government responsible for funding and planning, and State Government for implementation. With dwindling finances of ULBs and the extent of intervention required by the Government, ULBs were not well equipped to handle this function.
- (iii) **Solid waste management:** ULBs are solely responsible for solid waste management in the municipal areas. It comprises of various steps *viz.*, collection, segregation, transportation, disposal and recycling of waste and is also a function that is best performed by ULBs. Solid waste was also managed by ULBs through local units of Swachh Bharat Mission. However, delivery of this function was not up to the set benchmark which was highlighted under Paragraph 1.2.8.2 of CAG's Report on Social, General and Economic (Non-PSUs) Sectors for the year ended 31 March 2018, Government of Assam which stated that Solid Waste Management (SWM) System in ULBs was inadequate and poorly managed. The mechanism for doorstep collection, segregation, processing, recycling, scientific disposal of solid waste and recovery of SWM charges by ULBs was largely absent. Open dumping was the most common option for the disposal of solid waste. Dumping sites were situated at the bank of river/ water bodies resulting in pollution of surface water, narrowing the river, *etc.*

- (iv) Other functions like Urban poverty alleviation, Urban forestry, Safeguarding the interests of weaker sections of society, Provision of urban amenities and facilities, and Promotion of cultural, educational and aesthetic aspects having such a broad mandate requires high level of coordination and support from the Government to enable the ULBs to discharge this responsibility efficiently as envisioned in the Constitution.

The devolution of functions to the local bodies can meet its intended end only with a commensurate devolution of powers with sufficient autonomy, and revenue by the State Government. Further, without the administrative, institutional, and financial reforms, and capacity building, the ULBs may not be able to execute their functions successfully.

During the exit conference, Secretary, DHUA, accepted the observation on overlaps in discharge of functions by the ULBs, parastatal and Government Departments. He stated that the systemic development of the various aspects of Municipal bodies in State had not taken place.

Recommendation: *The State Government needs to take decisive action in order to translate the vision of achieving decentralisation into reality. Steps need to be taken to ensure that the ULBs enjoy an adequate degree of autonomy in respect of the functions assigned to them.*

4.4.2 Institutional mechanisms for empowerment of ULBs

The institutional mechanisms provided by the 74th CAA have been discussed in paragraph 4.3. This section discusses the effectiveness of such institutional mechanism.

4.4.2.1 Constitution of Municipalities

Article 243Q 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.

In compliance to Article 243 Q, Sections 3(45), 4 and 335 of AM Act and Sections 4 and 5 of GMC Act, 1971 have made provisions for constitution of three types of municipalities *viz.*, Municipal Corporation, Municipal Board and Town committee. Section 335 of AM Act provides for constitution of Town Committee for each of the areas defined as transitional area in Article 243 of the CoI.

Initially, the MBs and TCs were constituted for medium towns and transitional areas, respectively. As per Government Notification (October 2018), MB should have population size ranging between ten thousand and one lakh. However, in October 2018, the Government converted all the 66 TCs into MBs and categorised the MBs under five groups on the basis of population. Thus, no category of municipal body was defined for areas in transition from rural to urban area.

The GMC constituted in 1974 was the only Municipal Corporation of the State.

4.4.2.2 Composition of Municipalities

Section 10, 11 and 12 of AM Act provides for composition of municipalities in compliance to the requirements as per the CoI (Article 243R). Further, Section 5 (1) (a) (ii) of the GMC Act, the State Government may appoint persons having special knowledge or experience in municipal administration as the member with no voting power.

Municipal Body in the State comprises of ward members elected through direct elections and MLA(s) and the MP of the respective constituency are the ex-officio members of the Municipality.

However, there was nothing on record to show that persons having special knowledge in municipal administration were nominated by the Government, though provided in the Act. Further, to comply with the provisions of the Municipal Act, the Government directed all the MBs having less than 10 wards to make at least 10 wards in every MB. As a result, 86 new wards were created in 26 MBs.

4.4.2.3 Reservation of seats

Article 243T of the Constitution provides for reservation of seats for SC/ST, Women and Backward classes for direct election to ULBs. As per Section 11 (d) of Assam Municipal Act, the number of seats reserved for SC/ST should bear the same proportion to the total number of seats to be filled by direct election in that municipality as the SC/ST population in the municipality area bears to the total population of that municipality as per the latest census figures and such seats may be allotted to different constituencies in a municipality.

Though the seats were reserved as per provision, it was found that the proportion of SC/ST members was less than the prescribed norms in one out of 19 test-checked ULBs viz., Silchar MB²⁵.

In reply, Secretary, DHUA stated that necessary steps will be taken to comply with the provisions of Assam Municipal Act.

4.4.2.4 Elections to the Municipalities

In compliance to Article 243U of the CoI, Section 26 of AM Act provides that every Municipality shall continue for five years from the date of first meeting of the newly constituted Board after a general election. An election to constitute a Municipality shall be completed before the expiry of its duration or before the expiration of six months from the date of its dissolution.

Further, in compliance to Article 243 ZA read with Article 243 K of the Constitution, Section 12-A of Assam Municipal Act provided that superintendence, direction and control of preparation of electoral rolls, and conduct of all elections to the Municipalities and Town Committees shall be vested in the State Election Commission (SEC) constituted by GoA. However, the power of delimitation of wards, reservation

²⁵ No seat reserved against three seats to be reserved.

of seats for the council and rotation policy of seats for the posts of Mayor/ President, Deputy-Mayor/ Vice-Presidents and ward members were vested with the State Government. This was not in accordance with the recommendations of the Second Administrative Reforms Commission (ARC) to entrust the task of delimitation and reservation of constituencies to SEC, which was accepted by Government of India. The State delayed delimitation process, which was required for new wards formed after upgradation of TCs into MBs. This, in turn, delayed municipal elections. Though the current term of the MBs expired in April 2020, the elections were held only in March 2022 due to delayed completion of delimitation process. The delay in municipal elections in MBs happened in 2009 and 2015 too. Besides, election to GMC was held only in April 2022 though it was due in June 2018. It was intimated by the ULBs that due to delay in delimitation of wards by the Government, the election could not be held in time. Further, election was also delayed due to Covid-19.

Recommendation: *In view of the fact that the delimitation has been delayed time and again by the State Government, the task of delimitation may be entrusted to the SEC in order to ensure timely elections.*

4.4.2.5 Power to impose taxes by the Municipalities

Article 243X of the Constitution empowered the municipalities to levy and collect the taxes, fees, duties, etc. Grants-in-Aid would be given to the Municipalities from the State and constitution of Municipal fund for crediting and withdrawal of moneys by the Municipality.

In compliance to Article 243X, Sections 68 and 69 of Assam Municipal Act empowered the MBs to levy and collect taxes, fees, duties, etc. Municipalities were mainly levying holding tax, license fee, market rent, hoarding tax and parking fee. However, change in existing method of property tax (Property tax collection to be changed from Annual Rental Value method to Unit Area Method) was recommended by the first and third Assam State Finance Commissions and also accepted by the Government but the same was not revised as discussed in Paragraph 4.5.1.2.

4.4.2.6 Audit of accounts of Municipalities

Article 243Z of the Constitution provided for maintenance of accounts by the Municipalities, and the auditing of such accounts. Under the AM Act, 1969, the audit of accounts of ULBs was to be conducted by a body or authority prescribed by the Government. Government of Assam (GoA) entrusted the audit of ULBs to Director of Audit, Local Fund (DALF), Assam. Further, as per para 101(i) of Assam Audit Manual, DALF has to submit Annual Audit Report to the Finance Department by 30th September each year.

However, audit observed that the DALF, Assam has delayed submission of consolidated Annual Audit Report for the period 2016-17 to 2018-19 to the Finance Department for follow up action (as mentioned in Table 1.4). This would adversely impact the accountability of ULBs. There was an urgent need for DALF to bring in operational efficiency leading to timely issue of Audit reports.

4.4.2.7 Committee for District Planning

Article 243ZD of the Constitution provides for constitution and composition of District Planning Committee at district level and preparation and submission of draft development plan to the Government.

It was observed that DPCs were not functioning in any of the test-checked districts. The guidelines for urban areas plans and integration of these plans with the departmental plans for the district as a whole was yet to take place.

During exit conference, Secretary, DHUA stated that the DPC were constituted but they were dealing with the Plan submitted by the PRIs (under MGNREGS) and that ULBs were yet to be involved in the DPC's Plan. The Secretary further added (December 2021) that the matter will be taken up with the Finance Department.

4.4.2.8 State Finance Commission

Article 243Y of the Constitution provide for constitution of Assam State Finance Commission (ASFC) for:

- reviewing the financial position of Municipalities and recommending measures to improve the financial condition of Municipal bodies;
- distribution of the net proceeds of the taxes, fees, tolls, and duties that are charged by the State Government, between the State and the Municipalities; and
- allotting the funds to the municipal bodies in the State from Consolidated fund of the State.

Accordingly, six ASFCs were constituted since June 1995 as per Section 3(47) of AM Act and Section 2(1) of the Assam Finance Commission (Miscellaneous Provision) Act, 1995. The position of Constitution of ASFCs and submission of its report is shown in **Table 4.1**.

Table 4.1: Details of the six ASFCs constituted

No. of SFC (Period)	To be constituted/ Actually constituted	Date of submission of report		Date of Action Taken Report	Delay in ATR
		Stipulated/ Actual	Delay		
First (1996-2001)	April 1994 (as per CoI)/ June 1995	NA/ 29.02.1996	NA	18.03.1996	18 days
Second (2001-2006)	June 2000/ April 2001	31.10.2001/ 18.08.2003	21 months, 18 days	07.02.2006	29 months, 20 days
Third (2006-2011)	June 2005/ February 2006 (Reconstituted July 2006)	31.12.2006/ 27.03.2008	14 months, 27 days	25.09.2009	17 months, 29 days
Fourth (2011-2015)	June 2010/ April 2010	31.12.2010/ 18.02.2012	13 month, 18 days	07.02.2014	23 months, 20 days
Fifth (2015-2020)	June 2015/ March 2013 Reconstituted October 2015	30.04.2014 Re-fixed on 30.04.2016/ 30.11.2016	7 months	20.06.2017	6 months, 21 days

No. of SFC (Period)	To be constituted/ Actually constituted	Date of submission of report		Date of Action Taken Report	Delay in ATR
		Stipulated/ Actual	Delay		
Sixth (2020-2025)	June 2020/ November 2018	February 2020/ April 2020	2 months	Yet to be accepted by GoA	

4.4.2.8.1 Delay in constitution of the State Finance Commission and implementation of recommendations

As per Terms of reference (ToR), the tenure of 5th ASFC covered the five-year period commencing from 1st April 2015 to 31st March 2020. However, by the time its report was tabled (November 2016), the first year was already over. As an interim report was submitted in July 2016 indicating the budgetary allocation for 2016-17, the report was applicable for a period of four years only commencing from 01 April 2016.

As per the Constitutional provisions and the Acts, implementation of the recommendations of the 6th ASFC was due from April 2020. Though the 6th ASFC was constituted in November 2018, its report was submitted to the Government only in April 2020. However, Government has not yet (September 2021) accepted the recommendations of the 6th ASFC.

4.4.2.8.2 Response of the State Government to SFC recommendations

Besides recommendations relating to devolution, the SFCs have recommended several institutional measures that would strengthen ULBs in the long term. An illustrative list of recommendations where action was yet to be initiated by the Government is indicated in **Table 4.2**:

Table 4.2: SFC-wise important recommendations and their compliance by the State

SFC	Recommendations	Action by the Government
First	Change in the existing method of property tax, Levy of a tax on vacant land, Transfer of registration of birth and death to local bodies, and Setting up of a Tariff Commission	These recommendations, though accepted, remained unimplemented.
Second	Recommended measures for augmentation of resources, Termination of dual authority in the matter granting building permission, Separate pay structure for local bodies, Separate norms for maintenance of assets by local bodies, and Creation of data bank	These recommendations were accepted but remained unimplemented.
Third	(1) Property tax collection to be changed from Annual Rental Value method to Unit Area Method, (2) Floor rate of taxes instead of ceiling limit, (3) Abolition of dual authority in granting building permission, (4) Abolition of the system of provincialisation of local body employees, etc.	All these recommendations were accepted except for abolition of the system of provincialisation of panchayat employees. However, the recommendations were not implemented fully.

SFC	Recommendations	Action by the Government
Fourth	(1) Apart from other recommendations, the Fourth ASFC had recommended for an appropriate staffing pattern for panchayat and municipal employees with corresponding scales of pay. (2) It also recommended against the existing practice of provincialisation of staff of PRIs so that total control over manpower remain vested with the elected representatives of PRIs.	The recommendation regarding staffing pattern of PRIs and ULBs with corresponding scales of pay has been proposed by the respective departments of GoA but the approval was not accorded by Finance Department. Contrary to the above recommendation, the State Government decided that provincialisation would continue in respect of panchayat employees and proposed to provincialise the employees of ULBs as well.
Fifth	(1) The nodal departments of ULBs should provide guidelines for preparation of urban area plans and its integration with the development plans of the district as a whole. (2) Deployment of skilled manpower to ULBs is imperative to ensure professionalism. (3) All ULBs should take recourse to Advertisement and Hoarding tax.	The guidelines for urban areas plans and integration of these plans with the Departmental Plans for the District as a whole is yet to take place. Three Municipal Cadres viz., Assam Municipal Administrative Service, Engineering Service and Accounts Service are created. However, creation of post is yet to happen in DHUA, and no recruitment has been done against these cadres. Not yet imposed by the ULBs but provision is there in the Assam Municipal Act, 1956.

Implementation of the above recommendations would have contributed significantly to the realisation of objectives of the 74th CAA. Non-implementation was a setback to the process of achieving genuine decentralisation. Further, no timeline was drawn to implement these recommendation, without which they have no impact and defeat the very purpose of the SFC report. Regarding recommendation of Fifth SFC, the Secretary, DHUA, in reply (December 2021) agreed to instruct the municipalities to take steps for assigning levy of advertising and Hoarding Tax to ULBs.

Recommendation: *Delays in implementation of recommendations of the SFCs should be avoided. Further the recommendations of SFC relating to devolution as well as institutional matters should be implemented to the extent possible and at the earliest, taking into account the final purpose of creating genuine institutions of local governance.*

4.4.2.9 Property Tax Board

The 13th FC recommended constitution of a Property Tax Board on the lines of West Bengal Valuation Board, which was constituted in the year 1980. The Board was to assist all municipalities and municipal corporations in the State to put in place an independent and transparent procedure for assessing property tax.

Audit observed that Urban Development Department, GoA had issued (March 2011) notification for constitution of a State Level Property Tax Board to assist all the municipalities (Municipal Corporation, Municipal Boards and Town Committees) of the general areas of the State to put in place an independent and transparent procedure for assessing property tax. The Department also notified (March 2011) work plan of the State Property Tax Board to monitor enumeration and assessment of all types of properties including monitoring of rate of collection and the time taken for collection

by deputing Chief Valuation Officer, and other Valuation Officers in the field by the Director of Municipal Administration, Assam. However, the members of the Board have not been appointed till date (March 2022). Enumeration and assessment of properties of the municipalities were also not carried out in the State. As a result, ULBs lacked technical assistance for assessment and revision of property tax. Above facts indicate that Property Tax Board was formed only to fulfil the conditions for obtaining performance grant as per the 13th CFC award.

During the exit conference, the Additional Commissioner, GMC stated that the Government had initiated steps for application of Unit Area Method for assessing the value of property by all ULBs. The Secretary, DHUA while accepting the audit observation stated (December 2021) that necessary steps will be taken for making the Property Tax Board functional.

Recommendation: *The Property Tax Board needs to be made functional in order to provide technical expertise to ULBs.*

4.4.3 Involvement of Parastatals and other Organisations

The objectives of the 74th CAA were to entrust delivery of major civic functions to ULBs. However, functions such as urban/ town planning, regulation of land use, water supply & sanitation and slum development continue to be delivered by parastatals. These parastatals were controlled by the Government and have their own governing bodies. They were directly accountable to the State Government rather than ULBs. Since most of the parastatals were established before the constitutional amendment through notifications and governed by the respective Acts, the Government could have amended these Acts to comply with the constitutional amendment, thereby making them accountable to ULBs. The list of parastatal bodies delivering the functions devolved to the ULBs are shown below:

Table 4.3: List of parastatals and works/ Schemes executed by them

Sl. No.	Name of Parastatal	Sector/ Activity	Funding Agency	Remarks
1	Guwahati Metropolitan Development Authority (GMDA)	Water Supply	JICA	The primary work of the GMDA for which it was constituted, was preparation of Master Plan and Zoning Regulation; preparation and execution of development schemes; to carry out or cause to be carried out such works as are contemplated in the Master Plan to regulate and control the development through statutory plans and other measures; and to co-ordinate development activities of other public agencies operating within Guwahati Metropolitan Area.
2	Assam Urban Infrastructure Investment Programme (AUIIP).	Water Supply	ADB	The Assam Urban Infrastructure Investment Program (AUIIP), the Programme, funded by Asian Development Bank (ADB), is a key urban infrastructure initiative of GoA, which aims to improve the urban environment and quality of life in the cities of Guwahati and Dibrugarh. However, the activities performed by the AUIIP also overlap with the roles and function recommended to be

Sl. No.	Name of Parastatal	Sector/ Activity	Funding Agency	Remarks
				transferred by the 74 th CAA to GMC and the Dibrugarh MB.
3	Assam Urban Water Supply Sewerage and Sanitation Board (AUWSSB)	Water Supply	State Govt.	The Board was dealing with the function of water supply, which was one of the 18 functions to be transferred to the ULBs as prescribed in the 12 th Schedule of the Constitution and have also been recommended by successive ASFCs.
		Water Supply	UIDSSMT under JnNURM	Hojai Town Water Supply Scheme and Lakhipur (Cachar) Town Water Supply Scheme
4	Assam State Housing Board (ASHB)	Urban Housing	State Govt.	A statutory body constituted under ASHB Act, 1972 is the main agency for implementation of all types of Housing Schemes under the administrative control of DHUA, GoA.
			State and Central Govt.	
5	PMAY (U) Mission	Urban Housing	PMAY (U)	The ULBs had a bare minimum role in the function related to urban housing.

The Secretary, DHUA stated (December 2021) that GMDA was the only implementing agency for water supply project under JnNURM and on completion, it would be handed over to Guwahati Jal Board for operation and maintenance. The Secretary added that GMDA has also been entrusted with the creation, running & maintenance of city park, parking lots, etc. Since these functions belong exclusively to GMC as per 74th CAA, it seems that the Government lacks interest in transferring these functions to GMC.

Recommendation: *The Government should take initiative to fully involve the democratically elected ULBs in the Planning and Regulations of urban areas. The ULBs should be empowered by different mechanisms to effectively deliver the core services and functions such as water supply, sanitation, sewage and planning and development.*

It should be ensured through various mechanisms to empower the ULBs for effectively coordinating and controlling the role and functions of various parastatals and agencies.

4.5 Financial resources of Urban Local Bodies

Sustainable financing is paramount in ensuring discharge of any function. The devolved functions can be carried out effectively by ULBs only when they are supported with sufficient financial resources. Such financial resources could take the form of predictable fiscal transfers or access to own revenue streams that are buoyant and commensurate with the expenditure obligations, accompanied by appropriate expenditure powers. Access to own sources of revenue would include both the power to levy and collect from specific revenue streams. Expenditure powers refer to reasonable delegation limits that allow the ULB to utilise their financial resources.

4.5.1 Sources of revenue

The details of revenue of ULBs in the State during the period 2015-16 to 2019-20 is indicated in **Table 4.4**.

Table 4.4: Details of revenue of ULBs during the period 2015-16 to 2019-20

(₹ in crore)

Year	CFC Grants	SFC Grants	Own Revenue*	Total Revenue	Extent of dependence on Government Grants (<i>per cent</i>)
2015-16	82.57	0	80.34	162.91	50.68
2016-17	98.39	92.59	93.59	284.56	67.11
2017-18	112.12	140.88	82.35	335.34	75.45
2018-19	155.35	68.94	92.89	317.18	70.71
2019-20	0	56.72	81.88	138.60	40.92
Total	448.43	359.13	431.05	1,238.59	65.20

Source: Information furnished by Finance Department, DMA and GMC

*Pertains only to GMC as consolidated data for all the ULBs was not available with UDD

4.5.1.1 Fiscal transfers to Urban Local Bodies

Funds were devolved to ULBs through transfer by the Central and State Government in the form of grants. As can be seen from the table above, the fiscal transfers from Government formed a major portion of the revenue (averaging 65 *per cent*) of ULBs in the State during the period 2015-16 to 2019-20 indicating dependence of ULBs mainly on the Grants provided by the Government.

There were, however, certain shortcomings under fiscal transfers as discussed in the following paragraphs.

4.5.1.1.1 State Finance Commission grants

One of the sources of finance of the ULBs is the grant recommended by ASFC. Timely constitution of ASFC and acceptance of its recommendations have a bearing on the assured transfer of funds to ULBs. The year-wise position of grants due to be released as per recommendation of ASFC, actual allocation of grants and actual release made to the ULBs is shown in **Table 4.5**.

Table 4.5: Year-wise position of grants due to be released, actual allocation of grants and actual release made to the ULBs

(₹ in crore)

Year	State's own tax revenue	Amount of Divisible Pool required to be allocated to ULBs (<i>per cent</i> of State's own revenue)	Actual allocation/ budget provision for ULBs including GMC	Short allocation (3)-(4)	Actual release to ULBs	Short release (4)-(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2016-17	12,079.56	525.24 (4.35)	117.89	407.35	92.59	25.30
2017-18	13,215.52	551.03 (4.17)	292.22	258.81	140.88	151.34
2018-19	15,924.85	574.96 (3.61)	431.80	143.16	68.94	362.86
2019-20	16,528.69	605.07 (3.66)	412.74	192.33	56.72	356.02
Total	57,748.62	2,256.30	1,254.65	1,001.65	359.13	895.52

Source: Finance Accounts, Figures furnished by Finance Department

(i) Deprivation of grants

As discussed in paragraph 4.2.13.1, there was considerable delay both in constitution of ASFCs and implementation of ASFC recommendations. As can be seen from the above Table, ULBs were deprived of ₹ 1,001.65 crore due to less allocation/ budget provision by the State Government consequent upon delayed constitution and submission of 5th ASFC Report (2016-17 to 2019-20) alone.

(ii) Short release of funds under ASFC

Audit observed that besides deprivation of grants amounting to ₹1,001.65 crore from the mandated devolution (₹2,256.30 crore) recommended by 5th ASFC during 2016-17 to 2019-20, the funds (₹359.13 crore) actually released to ULBs was also far short (₹895.52 crore) of actual allocation/ budget provision (₹1,254.65) for ULBs. The extent of shortage was 21 per cent in 2016-17 to 86 per cent in 2019-20.

Thus, non-allocation of mandated devolution and short release of allocated funds to ULBs indicates lack of urgency on part of the Government in assisting the ULBs.

During exit conference, the representative of the Finance Department assured to furnish reasons for delay in constitution of the ASFCs and short allocation of funds to the ULBs. However, information in this regard is yet to be received (May 2022).

4.5.1.1.2 Central Finance Commission grants

Article 280(3) (C) of the Constitution mandates the Central Finance Commission (CFC) to recommend measures to augment the Consolidated Fund of a State to supplement the resource of Municipalities based on the recommendations of the respective SFCs. The 14th FC recommended General Basic Grant and General Performance Grant²⁶ to ULBs as a percentage of divisible pool account. **Table 4.6** depicts the allocation and release of CFC grants during the period 2015-16 to 2019-20.

Table 4.6: Allocation and release of CFC grants during the period 2015-16 to 2019-20

(₹ in crore)

Period	Details of allocation			Details of release		
	General Basic Grant (GBG)	General Performance Grant (GPG)	Total	GBG	GPG	Total
2015-16	93.14	0	93.14	82.57	0	82.57
2016-17	128.97	38.06	167.03	98.39	0	98.39
2017-18	149.01	43.07	192.08	112.12	0	112.12
2018-19	172.38	48.92	221.3	155.35	0	155.35
2019-20	232.92	64.05	296.97	232.92	0	232.92
Total	776.42	194.10	970.52	681.35	0	681.35

Source: Information provided by Finance Department

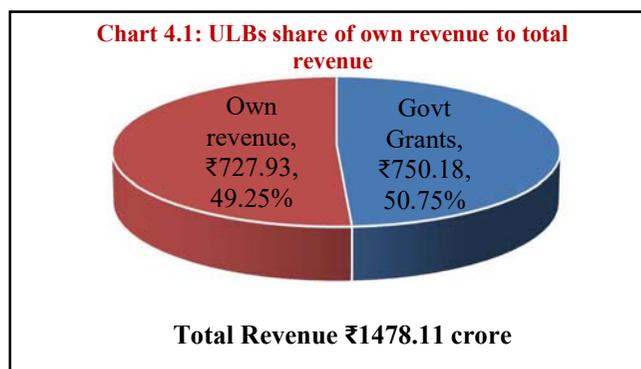
The 14th FC recommended a total allocation of ₹776.42 crore under General Basic Grant (GBG) for the period 2015-20. However, there was short release of GBG of ₹95.07 crore during the aforesaid period. Further, GPG was not released by GoI as the performance criteria prescribed by the FC has not been met by the ULBs.

4.5.1.2 Own revenue of urban local bodies:

The ULBs raise revenue from citizens in the form of certain taxes, fees, and fines, as prescribed under the AM Act, 1956 and the GMC Act, 1969. As revenue collection by ULBs remains inadequate to cover the expenditure required for their activities, they remain dependent on augmentation of their resources by means of government grants.

²⁶ subject to fulfilment of the criteria prescribed by the 14th FC viz., maintenance of proper books of accounts, showing annual increase in own revenue and achievement of service level benchmark with respect to the delivery of core basic services

The property tax on land and buildings is the mainstay of ULB’s own revenue. The own non-tax revenue of ULBs comprises water charges, rent from commercial establishments, trade licenses, fee for sanction of plans/mutations, *etc.* While the authority to collect certain taxes like property tax, advertisement tax is vested with ULBs, powers pertaining to the rates and revision thereof, procedure of collection, method of assessment, exemptions, concessions, *etc.*, were vested with the State Government. The ULBs, thus, lacked complete autonomy in generating own revenue. The share of own revenue (₹727.93 crore) to total revenue²⁷ (₹1,478.11 crore) of ULBs for the period 2015-16 to 2018-19 was around 49 *per cent* as depicted in **Chart 4.1**.



The constraints/ deficiencies in realisation of own revenue by the test-checked ULBs are discussed below:

4.5.1.2.1 Property tax

The GMC and MBs were empowered to levy property tax every year on all buildings or vacant lands, or both situated within their jurisdiction under Section 144 of the GMC Act and Section 68 of the AM Act. However, instead of introducing self-assessment scheme, the ULBs continued with the old basis of calculation of property tax *viz.*, Annual Rental Value of property.

Audit observed the following deficiencies in assessing and collecting property tax:

- Survey of properties was not conducted by any of the test-checked ULBs.
- Arrears in collection of property tax and improper maintenance of Demand, Collection and Balance statements were noticed in all the test-checked ULBs.
- The accumulated arrears of property tax in test-checked ULBs as at the end of March 2020 was ₹22.67 crore.

In reply, Secretary, DHUA stated (December 2021) that the GoA has amended Section 79 B of the Assam Municipal Act, 1956 in September 2021 to determine the land value as per prevailing circle rate. The Secretary further added that steps will be taken for early collection of accumulated arrears of property tax.

4.5.1.2.2 Water charges

As per Section 144 of the GMC Act and Section 68 of the AM Act, the Corporation/ Municipalities may fix water tax as certain percentage of annual value of the property as component of property tax for providing water supply in the municipality area as the board deem reasonable. ULBs in the State levied water charges only against water

²⁷ The chart depicts data for 2015 to 2019 only as own revenue figures of ULBs (except GMC) for 2019-20 was not available with the Department

supply schemes run by Public Health Engineering (PHE) Department for which the ULBs carried out only O&M activity. The parastatal agency, viz., Assam Urban Water Supply and Sewerage Board (AUWS&SB) levied and collected water charges for providing water supply in most of ULBs. The position of levy and collection of water charges by test-checked ULBs is shown below:

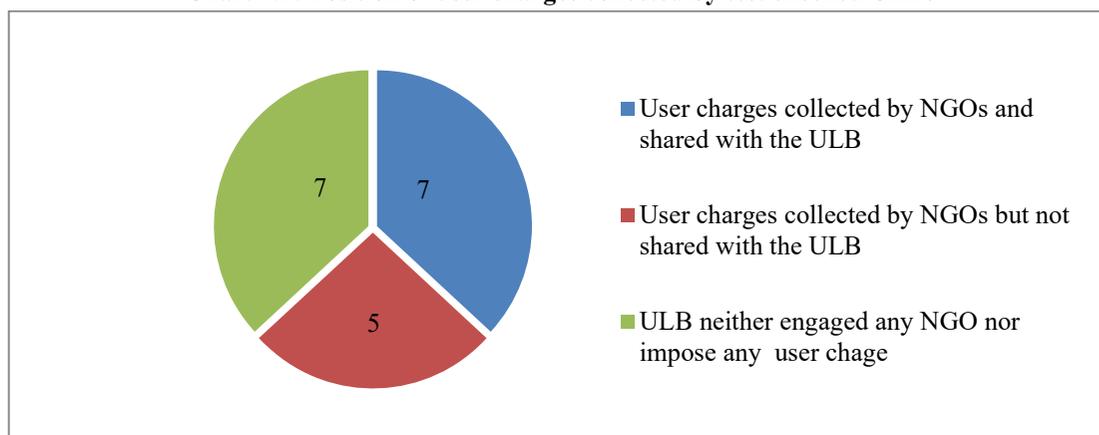
No. of ULBs which provided water supply partially and collected water charges for water supplied by it (GMC)	1
No. of ULBs which carried out only O&M for water supply provided by PHE Department and collected water charges (Barpeta, Silchar, Lakhipur, Patacharkuchi and Nagaon)	5
No. of ULBs in which water supply was provided by AUWS&SB and PHE Department and water charges collected by them. (Pathsala, Sarthebari, Barpeta Road, Sonai, Howli, Kampur, Raha, Dhing, Namrup and Naharkatia)	10
No. of ULBs where there was no provision of water supply (Kampur, Dibrugarh and Chabua)	3

It was evident from above that the ULBs bear the operation and maintenance cost of the water supply schemes executed by other parastatal bodies and collect a marginal amount as water charges from the households. Further, there was no uniformity in rates of water charges imposed by the test-checked ULBs which ranged from ₹50/- to ₹100/- per connection per month. Even the rates were also not revised since 2003.

4.5.1.2.3 Solid Waste management

There was no such provision under the AM Act and the GMC Act for levy and collection of Solid Waste Management Cess. However, the test-checked ULBs had enacted bye-laws for Solid Waste Management in the municipal area which had provision for collection of user charges from the household. Audit observed variations in the way the solid waste was managed by the test-checked ULBs. While some ULBs engaged NGOs for door-to-door collection of garbage from the household, other ULBs did it on their own without engaging any NGOs. Further, some ULBs shared the user charges with the NGOs while other ULBs did not collect any user charges from the households. The position of collection of user charges by the test-checked ULBs is given in **Chart 4.2**.

Chart 4.2: Position of user charges collected by test checked ULBs



It was seen from above that out of 19 test-checked ULBs, only seven ULBs²⁸ received share (ranging from 10 to 50 *per cent*) of user charges collected by NGOs engaged for collection of garbage from households and shops. While five ULBs²⁹ engaged NGOs for garbage collection they did not receive any share of user charges collected by the NGOs. Remaining seven ULBs³⁰ neither engaged any NGO for collection of garbage nor collected any user charges from the household against door-to-door garbage collection. It is evident from above that although the ULBs enacted bye-laws for collection of user charges, wholehearted effort was lacking in collection of user charges from the households. Paragraph 1.2.8.2 of Audit Report on Social, General and Economic (Non-PSUs) Sectors for the year ended 31 March 2018 may be referred which discusses in detail, the management of solid waste by ULBs.

Accepting the reply, Secretary, DHUA stated (December 2021) that necessary steps would be taken in this regard.

4.5.1.2.4 Trade license

Section 144 (I) (f) of GMC Act provides for levy of a tax on profession, trade and calling and Section 68 (I) (gg) of AM Act provides for levy of license fees in connection with trade and business. Audit observed that out of total demand of ₹41.15 crore in 19 test-checked ULBs as on March 2020, ₹18.31 crore pertained to GMC alone. This indicated that business establishments continued to function without valid licenses. No mechanism existed for monitoring the renewal of trade licenses.

In reply (December 2021), Secretary, DHUA stated that steps will be taken for proper monitoring and renewal of trade licence.

4.5.1.2.5 Tapping of various sources of revenue by ULBs

Section 68 of AM Act provides for levy of 15 types of tax and non-tax revenue such as building tax on holding, trade license, rent from shops/ markets/ commercial establishments, tax on water, tax on latrine, tax on drainage, *etc.* by ULBs to augment their own resources. Audit observed that the 18 test-checked MBs could tap only 6 out of 15 identified sources. Similarly, GMC could tap only 6 out of the 15 identified sources of revenue provided under Section 144 of GMC Act, 1969 and collected ₹370.36 crore during 2015-16 to 2019-20 from these sources. Further, tax on mobile towers could be a good source of revenue but it was not levied by any of the test-checked ULBs although the ULBs were authorised to levy any tax and fee other than prescribed in the AM Act and the GMC Act with the approval of the Government. The ULBs may consider initiating process to levy this tax.

During exit conference, Secretary, DHUA accepted the facts. The Additional Commissioner, GMC while accepting the fact of non-provision of levy and collection of Solid Waste Management cess stated that the GMC is levying scavenging tax along with other taxes.

²⁸ Barpeta Road, Pathsala, Pattacharkuchi, Barpeta, Chabua, Nagao MB and GMC.

²⁹ Sonai, Howly, Lakhipur, Dibrugarh and Silchar MB.

³⁰ Sorbhog, Sarthebari, Kampur, Dhing, Naharkatia, Raha and Namrup MB.

Recommendation: GMC and other municipalities may increase their revenue substantially from trade licence fees by periodic revision of rates in accordance with the provision of relevant rules. There is tremendous scope of expanding the tax net under trade licence fee through inclusion of emerging trades like shopping malls, business hubs, multiplexes, chain restaurants and eateries, etc. which are rapidly coming up. All such emerging trades should be included in the schedule of taxes under Trade Licence Fees through appropriate amendment of the relevant Act and Rules. Further, the Government should also discourage the involvement of parastatals who are taking away the potential sources of revenue meant for the ULBs.

4.5.2 Preparation of budget estimates

Section 43A of the AM Act, 1956 and Section 119 (A) of the GMC Act, 1969 provides for preparation and approval of Annual Budget Estimates by the ULBs.

Expenditure estimation depends on services to be provided by the local government and the costs associated with the provision of these services. Since the delivery of municipal services comes with a cost, it was necessary to scientifically estimate the cost of each municipal service to assess the requirement and source of funds for efficient delivery. However, the budget exercise by ULBs was not based on a scientific assessment of the cost that would be incurred in delivery of various municipal services. Though the ULBs stated that budget was prepared considering the actual receipts and payments of previous years, huge variations were observed in the actuals and the budgeted receipts and expenditure in all the test checked ULBs. Illustrative examples of preparation of unrealistic budget in five test-checked ULBs is shown in **Table 4.7**.

Table 4.7: Statement showing variation in budget in each category of ULBs

(₹ in lakh)

Name of ULB	Year	Receipts			Expenditure		
		Budget Estimates	Actuals	Variation (per cent)	Budget Estimates	Actuals	Variation (per cent)
GMC	2015-16	25331.50	11779.82	53.50	43060.09	13934.72	67.64
	2016-17	22792.54	17389.11	23.71	34660.29	11554.64	66.66
	2017-18	31531.90	21464.64	31.93	34826.1	19117.95	45.10
	2018-19	40427.89	20207.46	50.02	50550.51	21732.65	57.01
	2019-20	43561.47	19114.36	56.12	59236.37	25788.04	56.47
Silchar MB	2015-16	3570.00	1825.97	48.85	3770.00	1317.23	65.06
	2016-17	3625.00	1715.09	52.69	4148.72	1482.12	64.28
	2017-18	4415.12	2530.76	42.68	3502.41	1159.96	66.88
	2018-19	4515.96	4531.56	-0.35	4025.71	3881.48	3.58
	2019-20	3933.22	3002.77	23.66	4339.58	4116.34	5.14
Barpeta MB	2015-16	5213.45	259.20	95.03	5212.25	660.81	87.32
	2016-17	5004.10	281.52	94.37	5000.75	365.05	92.70
	2017-18	5127.30	309.66	93.96	5123.50	398.85	92.22
	2018-19	4529.3	395.53	91.27	4547.00	404.39	91.11
	2019-20	4659.05	672.07	85.57	4661.00	629.15	86.50
Barpeta Road MB	2015-16	1736.17	957.04	44.88	1329.98	770.17	42.09
	2016-17	6746.3	6746.3	0.00	6635.88	6635.88	0.00
	2017-18	3970.74	430.52	89.16	3969.83	427.36	89.23
	2018-19	3183.27	919.24	71.12	3179.84	918.24	71.12
	2019-20	3233.68	1362.08	57.88	3226.81	1360.84	57.83
Nagaon MB	2015-16	1042.82	300.00	71.23	1041.53	299.57	71.24
	2016-17	1222.15	427.02	65.06	1219.2	424.88	65.15

Name of ULB	Year	Receipts			Expenditure		
		Budget Estimates	Actuals	Variation (per cent)	Budget Estimates	Actuals	Variation (per cent)
	2017-18	1230.40	696.34	43.41	1229.78	517.36	57.93
	2018-19	1294.96	517.21	60.06	1290.12	451.09	65.04
	2019-20	1822.98	538.23	70.48	1811.57	635.00	64.95

Source: Budgets documents of ULBs

Maximum variation of 95 and 92 per cent was noticed in actual receipts and expenditure vis-à-vis their budget during the period 2015-16 to 2019-20 in Barpeta MB. There was continuous variation in actual and estimated receipts and expenditure in all the years indicating that the ULBs never considered the previous year’s estimates and actuals while preparing the budget.

The Secretary DHUA accepted the audit observation during exit conference and stated (December 2021) that necessary steps will be taken for preparation of Municipal Budget showing realistic projection of funds expected to be mobilised.

Recommendation: *Special efforts need to be made to motivate the ULBs to prepare their budgets in a scientific manner for a realistic projection of funds expected to be mobilised.*

4.5.3 Expenditure of Urban Local Bodies

The expenditure of ULBs can be categorised into five major categories such as programme expenses, operations and maintenance (O&M), general expenses, human resource expenses and interest and finance charges. The details of expenditure incurred by ULBs in the State for the period 2015-16 to 2019-20 is exhibited in **Table 4.8**.

Table 4.8: Details of expenditure incurred by ULBs in the State

(₹in lakh)

Year	Human Resource Expenses	General Expenses	O & M	Interest and Finance Charges	Programme Expenses, Grants	Total Expenditure
2015-16	404.29	1,244.33	521.81	0.05	2,006.37	4,176.85
2016-17	552.43	1,612.23	741.98	0.07	2,011.68	4,918.39
2017-18	777.84	1,492.17	802.03	0.37	1,656.88	4,729.29
2018-19	591.82	1,660.65	643.93	0.4	1,665.97	4,562.77
2019-20	508.79	1,706.24	823.5	0.63	4,640.13	7,679.29
Total	2,835.17	7,715.62	3,533.25	1.52	11,981.03	26,066.59

Source: Information furnished by ULBs

The General expenses, O&M and expenses on human resource constituted about 54 per cent of the total expenditure whereas the capital expenditure i.e., programme expenses and expenses out of grants incurred by ULBs was 46 per cent of the total expenditure.

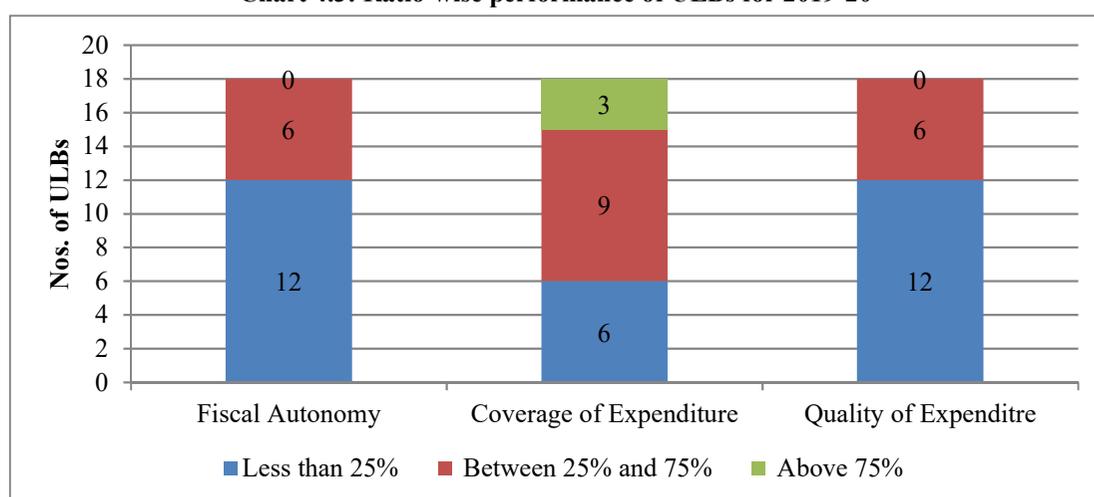
4.5.3.1 Analysis of financial data of Urban Local Bodies

The details of revenue and expenditure for the period 2015-16 to 2019-20 furnished by the test-checked ULBs was analysed to study the fiscal autonomy in the ULBs. Audit analysed the following issues in regard to fiscal autonomy of ULBs.

1. **Local fiscal autonomy:** This is the share of own revenue to the total revenue of the ULB.
2. **Local dependency on fiscal transfer:** This is the share of CFC and SFC grants to the total fiscal revenue of the ULBs. Local fiscal autonomy and local dependency on fiscal transfer are inversely proportional to each other. Higher the fiscal autonomy, lesser is the dependency on fiscal transfer.
3. **Coverage of revenue expenditure from own revenue sources (self-reliance):** This is the proportion of revenue expenditures that are covered through the own revenue sources.
4. **Quality of expenditure:** This is the share of O&M expenditure in total revenue expenditure. If this ratio is high, the quality of expenditure is considered better.

The ratio-wise performance of ULBs for the year 2019-20 is depicted in **Chart 4.3**.

Chart 4.3: Ratio-wise performance of ULBs for 2019-20

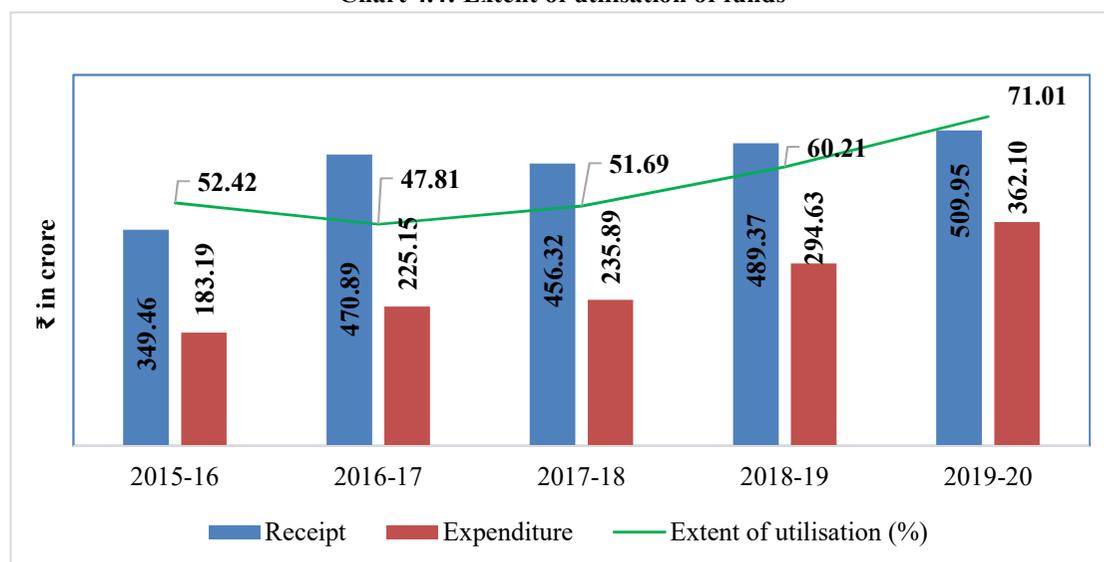


- Of the 19 test-checked ULBs, it was found that none of the ULBs were fully self-reliant. The highest level of fiscal autonomy was only 64 *per cent* in case of Dibrugarh MB whereas twelve ULBs were found dependent on fiscal transfers in excess of 75 *per cent* of their total revenue.
- Only three out of 19 test-checked ULBs could cover 100 *per cent* of their revenue expenditure from their own revenue sources whereas six ULBs could not cover even 25 *per cent* of their revenue expenditure from their own resources.
- The quality of expenditure was also not very satisfactory in the test-checked ULBs as the share of O&M in the total revenue expenditure was less than 25 *per cent* in 12 out of 19 ULBs. The share of O&M expenditure was above 50 *per cent* in only one MB (Lakhipur MB).

4.5.3.2 Extent of utilisation of funds

A comparison of the total expenditure with total revenue for the period 2015-16 to 2019-20 showed that ULBs were able to utilise about 48 to 71 *per cent* of the available funds each year as depicted in **Chart 4.4**.

Chart 4.4: Extent of utilisation of funds



The Secretary, DHUA, during exit conference, accepted all the audit observations discussed above and stated in his reply (December 2021) that necessary steps will be taken in this regard.

The State Government should show urgency in assisting ULBs by allocating the mandated devolution and releasing the allocated fund. The ULBs should also be empowered to fix the rates of Taxes and Fees and revision thereof, method of assessment, exemption and concessions, *etc.* so as to augment generation of own revenue. Further, the ULBs should prepare budget based on realistic estimation of cost of each municipal service to minimise variations between estimates and actuals.

4.6 Human Resources of Urban Local Bodies

4.6.1 Manpower management

Adequate and qualified manpower is not only essential for the empowerment of ULBs but also critical to handling functions that have been devolved to ULBs. The ULBs should have adequate human resources to carry out service delivery and have control over recruitment of human resources. Further, 13th FC has also recommended that states should be incentivised to delegate funds, functions and functionaries to the local bodies.

The broad framework of functions carried out by ULBs is depicted in **Table 4.9**.

Table 4.9: Broad framework of functions carried out by ULBs

Sl. No.	Branch	Functions
1	General Branch	All the correspondence received in the office and all matters relating to meeting of the Board and service of the employees of the Municipal Board/ Town Committee, including appointment, promotion and transfer.
2	Urban Poverty Alleviation Cell	All matters connected with Urban Poverty Alleviation.
3	Accounts Branch	All matters of accounts, audit and preparation of budget and accounts.
4	Revenue	Assessment and collection of various taxes, rent, advertisements and other property related activities
5	Works Branch	Formulation and preparation of project reports, arranging to get those technically vetted from the competent authority and execution of all such

Sl. No.	Branch	Functions
		schemes relating to roads, drainage, solid waste management, or any scheme.
6	Sanitation Branch	Sweeping of the roads, cleansing of the drains and dustbins, removable of garbage from the town.
7	Miscellaneous Services Branch	All matters relating to the supply of water in the town and the matters relating to street lighting. Moreover, any other service to be provided to the inhabitants and not covered by any other branch mentioned above shall be a function to be dealt with by this Branch.
8	Town Planning Cell	All matters relating to permission for construction of building/alteration, modification or re-erection of building, in the Town.

4.6.1.1 Requirement of staff

The assessment of manpower should be based on the functions undertaken by ULBs with a view that majority of the functions which are service oriented have to be discharged within a reasonable time period. This assessment could be done best by ULBs themselves considering various criteria such as the extent of geographical area to be covered, the extent and type of population, the number of properties existing, *etc.* However, Audit observed that the State Government assessed the requirement of staff without seeking the actual requirement from ULBs.

In reply, Secretary, DHUA stated (December 2021) that staffing pattern of ULBs is yet to be finalised and the GoA is considering constitution of Municipal Service Cadre.

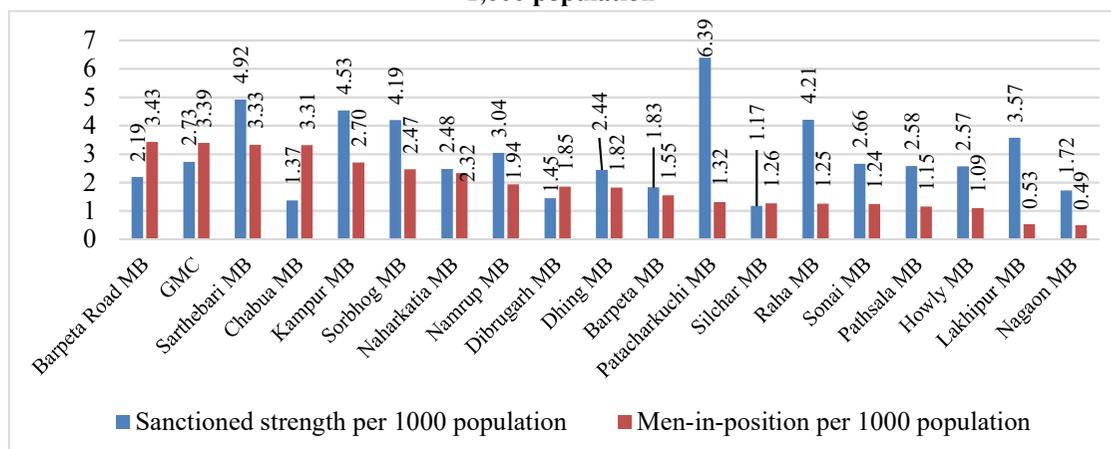
4.6.1.2 Improper assessment of requirement of staff

The basis for determining the sanctioned strength for each ULB furnished to audit by the DMA showed that population of ULBs alone was considered as criteria for determining the sanctioned strength. However, considering criteria such as the extent of geographical area to be covered, the extent and type of population, the number of properties existing, *etc.* would have helped in more accurate assessment for requirement of staff.

Analysis showed that the sanctioned strength was not commensurate with the population in the test-checked ULBs where the number of employees per 1,000 population varied in each test-checked ULBs.

Analysis of the working strength in the 19 test-checked ULBs, in terms of the number of employees per 1,000 population as per 2011 census, also showed that it ranged between 0.49 and 3.43. The position of sanctioned strength and persons-in-position, per 1,000 population, as of March 2020 in 19 test-checked ULBs is indicated in **Chart 4.5**.

Chart 4.5: Working strength and Staff strength of test checked ULBs in terms of employees per 1,000 population



It can be seen that the sanctioned strength of employees varied from 1.17 (Silchar MB) to 6.39 (Patacharkuchi MB) per 1,000 population (as per Census 2011). The details are given in **Appendix 4.4**. Against sanctioned strength, the persons-in-position per 1000 population in all the test-checked ULBs was less than 3.5 persons.

Evidently, the ULBs lacked adequate manpower to carry out efficient delivery of service. There was also wide variation of staff strength to the sanctioned strength per 1,000 population across ULBs which ranged from 0.28 (Barpeta MB) to 5.07 (Patacharkuchi MB). Further, in case of five MBs³¹, there was excess staff than the sanctioned strength per 1,000 population. This indicated that staff pattern of ULBs was not uniform.

Further, the State Government had not constituted the Municipal Service Commission and Officers from ACS cadre were given additional charge as Executive Officer of the ULBs which has affected prompt discharge of functions by the ULBs.

4.6.1.3 Insufficient staff in Urban Local Bodies

The discharge of functions would be ineffective if sufficient human resources are not available with the ULBs. Scrutiny of staff position of test-checked ULBs in the State revealed the following:

- The posts of Group A were crucial in ULBs. However, it was found that there were no regular Executive officers in seven test-checked MBs and the Additional Deputy Commissioners were deputed in the MBs as Executive officers with additional charge. This hampered the efficient discharge of the devolved functions besides resulting in absence of adequate supervision.
- The vacancies in technical posts such as Assistant/Junior Engineers and Sanitary Inspectors, etc. which ranged between 50 per cent and 100 per cent, affected the delivery of public health services and development works.
- Audit also observed that vacancies to the extent of 100 per cent in six out of 19 test-checked ULBs in the cadres of Assistant Tax Collector, Tax Collector and

³¹ Barpeta Road, GMC, Chabua, Dibrugrah and Silchar MB.

Tax Daroga affected the collection of revenue/arrears resulting in lesser realisation of own revenue as discussed in **Paragraph 4.5.1.2.**

- Vacancies of 100 *per cent* in five and twelve MBs in the cadres of Accountant and Cashier respectively out of 18 test-checked MBs affected proper accounting and maintenance of basic records. The posts of Chief Accounts and Audit Officer, Accounts Officer and Head Cashier in GMC were lying vacant which affected proper accounting and maintenance of accounts in the largest ULB of the State.

The 5th ASFC had also identified that day-to-day development works were affected by vacancies and recommended filling up all vacant posts. Though the status of manpower was available with the DMA, no action was taken to fill the vacancies as the Government has put a ban on appointment till finalisation of the staffing pattern.

Analysis of the working strength in the 19 test-checked ULBs, in terms of the number of employees per 1,000 populations as per 2011 census, showed that it ranged between 0.49 and 3.43 as indicated in **Chart 4.5.**

It can be seen that the work strength per 1000 population in all the test-checked ULBs was less than 3.5 persons. The situation was even worse in Nagaon and Lakhimpur MB where the work load per employee when compared with its population turned out to be 2030 and 1879 respectively as shown in **Appendix 4.5.** Evidently, the ULBs lacked adequate manpower to carry out efficient delivery of service.

Further, the State Government had not constituted the Municipal Service Commission and Officers from ACS cadre were given additional charge as Executive Officer of the ULBs which has effected in prompt discharge of functions by the ULBs.

During the exit conference, Secretary DHUA accepted the facts and stated (December 2021) that FC has recommended staffing pattern for GMC and the GMC should be given liberty to approach the Government for creation of post if it considers that staffing pattern is inadequate. The Secretary further stated that staffing pattern for ULBs has not yet been finalised and constitution of Municipal Service Cadre is under consideration.

4.6.2 Recruitment of staff

Administrative control over the functionaries was key to bottom-up governance to enable the municipal bodies to carry out functions such as urban planning, housing, construction of roads, bridges and water supply, *etc.* efficiently which was carried out by parastatal bodies.

The Second Administrative Reforms Committee reiterated that adequate staffing of local bodies was a matter that requires considerable attention of the State Finance Commissions in active association with the State Governments in order to endow these bodies with greater capacities. Though as per AM Act, the ULBs have power to assess requirement of staff and recruit the required staff to mobilise staff according to their required activities, the State Government has put a hold on appointment by the ULBs till the proposed Staffing Pattern for the ULBs is approved by the Government. Evidently the State Government was reluctant to devolve such powers to ULBs as the

draft Staffing Pattern has not yet been approved by the Government though the process was started in October 2011.

4.6.3 Capacity Building

Organisational capacity building is, to a large extent, dependent on formulation of the appropriate recruitment and personnel policies and finding the right mix of ‘in-house’ provision of services and out-sourcing of functions. Capacity building is important for strengthening the capabilities of personnel and for equipping them with advanced skills to deliver better services.

4.6.3.1. Lack of personnel with appropriate skill sets

Professionalisation of urban management requires immediate attention as the personnel engaged in management of urban affairs and municipal services are usually not trained. Specific areas like socio-economic planning, environmental management, urban planning, citizen participation, public relations, urban reforms, municipal accounting and financial management, e-Governance, municipal service delivery including water supply, solid waste management, sewerage and sanitation require professional skill. But the ULBs lacked skilled human resources as is evident from the fact that technical and skilled posts like Senior/ Junior Health Inspector, Water Works Superintendent, Revenue Officer/ Inspector, Technical Assistant (Environment), *etc.* were lying vacant in test-checked ULBs. It was observed in the test-checked ULBs that the functionaries of the ULBs have never received any training in their career. Government did not nominate any persons with special knowledge in municipal administration as member of the ULBs. As a result, the ULBs were deprived of valuable guidance in their functioning.

Though the State Government has initiated action for capacity building of the ULB staff by spending ₹ 18.41 crore towards construction of three urban training centres in three districts³² during the period 2012-13 and one Urban Management Institution in Guwahati, it could not serve any purpose due to unavailability of required infrastructure like furniture, training materials and faculty. Thus, non-utilisation of training facilities resulted in non-acquisition of enhanced skills by ULB personnel.

The Secretary, DHUA accepted the facts and stated (December 2021) that necessary steps would be taken in this regard.

4.6.4 Performance of ULBs

The capacity of personnel in ULBs in areas of town planning, sanitation, waste water management, financial management, project management and accounting was inadequate.

Some illustrative instances are shown below:

- (i) Municipal Performance Index, 2021 was launched by the Ministry of Housing and Urban Affairs to assess and analyse the performance of Indian municipalities based

³² Sonitpur, Golaghat and Cachar.

on their defined set of functions. Among the million plus population municipalities, GMC has performed the worst in the country. It has scored a mere 18.14 out of 100 in the index. Amongst the areas taken for evaluation of municipalities, GMC has scored 'zero' in the areas of Health, Planning & its implementation, Sanitation, Solid waste management, Fiscal decentralisation, and Transparency & Accountability. In other areas too, such as infrastructure, fiscal management, Budgeting, Governance, Effectiveness, *etc.* it has scored low. This indicated that GMC has not been efficient and effective enough to undertake the devolved functions under the framework of 74th CAA. Also, the State Government has not taken adequate steps and efforts to empower the Corporation. Instead, the Government has created a parallel organisation (GMDA) to prepare master plan and zoning regulations for Guwahati Metropolitan Area. Moreover, GMDA has undertaken almost every function that was to be done by the GMC.

- (ii) During field visit, it was found that the office building including all records/documents of Chabua MB was damaged in fire in December 2019. As there was no system of keeping any back up of accounts of the MB, all information regarding outstanding revenue in respect of Market rent, Lease money, Property tax, Trade license, *etc.* were lost and the MB was not in a position to assess the actual outstanding revenue. Analysis of Audit report prepared by the DALF, Assam on the Accounts of Chabua MB for the period 2017-18 revealed that ₹49.88 lakh was outstanding on account of Municipal tax, Market rent and Trade license but assessee-wise details was not available with the MB for recovery of the same.
- (iii) None of the test-checked MBs had a reliable database as a result of which crucial financial data was not consistent as can be seen from **Appendix 4.5** showing inconsistent data in their financial statement, data submitted to the 6th ASFC and information furnished to audit.

The Secretary, DHUA accepted the facts and stated (December 2021) that necessary steps would be taken in this regard.

Recommendation: *Adequate powers over manpower resources should be delegated to ULBs in matters such as assessment and recruitment of required staff to ensure availability and qualified manpower for discharging functions. Capacity Building of the ULB functionaries at various levels and also of the institutions working in the sector needs emphasis. Management Information Systems at the State and City levels may be created so as to facilitate efficient urban management.*

CHAPTER-V
Compliance Audit
of
Urban Local Bodies

CHAPTER- V

DEPARTMENT OF HOUSING AND URBAN AFFAIRS

COMPLIANCE AUDIT OF ULBs

5.1 Fraudulent expenditure

The Commissioner, Guwahati Municipal Corporation made payment of ₹1.19 crore for desilting work of the river Bharalu of which an amount of ₹45.75 lakh is suspected to be fraudulent.

Assam Financial Rules³³ (AFR) provide for preparation of estimates, technical sanction, administrative approval, and systematic recording of measurement (unless impracticable) of quantities of work done for every work other than petty works and repair works which do not exceed ₹1,000.

The Commissioner, Guwahati Municipal Corporation (GMC) paid ₹1.19 crore to the Executive Engineer (EE) Division IV, Division V, and Garage Branch of the GMC for the purpose of desilting and cleaning work of the Bharalu river as shown in **Table 5.1**:

Table 5.1: Expenditure details of desilting and cleaning work of the Bharalu river during March to December 2015

(Amount in ₹)

Sl. No.	Name of work	Period of execution	Details of payment			Purpose of payment	Paid to whom	Reported expenditure
			Date of payment	Amount	Total			
1	Cleaning and desilting of River Bharalu from Jonali point to GS road bridge	March 2015 to June 2015	NA	7,00,000	43,16,355	Labour, hire machineries and fuel	EE, Division V, GMC	43,16,355
			29.6.2016	20,00,000				
			13.11.2017	16,16,355				
2	Cleaning and desilting of River Bharalu from GS road bridge to Fatashil bridge	March 2015 to June 2015	NA	3,00,000	35,90,704	Labour and machine hire charge	EE, Division IV, GMC	35,90,704
			NA	4,00,000				
			29.6.2016	16,00,000				
			25.10.2017	12,90,704				
3	Cleaning and desilting of River Bharalu (Jonali point to Fatashil Brahmaputra)	September 2015 to December 2015	11.9.2017	40,00,050	40,00,050	Hire charge of machineries	EE, Garage Branch, GMC	39,60,486
Total					1,19,07,109			1,18,67,545

The works were executed departmentally without engaging any contractor. In this regard, audit (January - April 2019) observed following irregularities:

³³ Rule 234, 240, 241 and 248.

- 1) In case of Sl. No. 1 in the above table, out of total expenditure of ₹43.16 lakh, a sum of ₹20.61 lakh and ₹10.26 lakh were shown to have been spent on hiring of machinery and fuel respectively. It was seen from the log book of machinery maintained by the Division that 21 number of dumpers, one JCB (excavator) and four poclain machines were used for the work. But verification of registration numbers of the dumpers and JCB showed that eight vehicles (out of 21 dumpers) were actually three-wheeler, motorcycle, bus, goods carrier, private car, *etc.* The registration number of the JCB machine was that of Maruti Wagon-R. Further, one dumper (AS-04AC2985) was shown to have been used twice on the same day and paid for separately for the whole day on eight different occasions.

Thus, expenditure of ₹6.15 lakh on hire charge and fuel (₹3.17 lakh on hire charge³⁴ and ₹2.98 lakh on fuel³⁵) towards the above machinery was fraudulent in nature.

- 2) In case of Sl. No. 2 in the above table, expenditure of ₹35.90 lakh was found supported with muster rolls for wage payment of labourers, and vouchers for machinery hire charges. However, in case of Sl. No. 3 in the above table, bills and vouchers were not found available in support of the reported expenditure of ₹39.60 lakh. Audit observed that the EE, Garage Branch claimed ₹40 lakh from the Commissioner, GMC by submitting (February 2017) a bill in the name of M/s SB Enterprise showing hiring charge of poclain machinery. However, the Commissioner, GMC instead of transferring the amount to the firm, had released the amount to the EE Garage Branch which was credited to the bank account of Garage Branch. Out of ₹40 lakh so received, EE, Garage Branch paid (September 2017) ₹4.50 lakh only to M/s SB Enterprise through account payee cheque, and a sum of ₹18.50 lakh was drawn (September November 2017) by EE, Garage Branch through different self-cheques and the balance amount of ₹16.60 lakh was paid to other parties/ persons. However, the purpose of such drawal through self-cheques for making payment to other parties/ persons and relevant vouchers were not found available on record. The EE stated (March 2019) that estimates for desilting work was not prepared, bill/vouchers were not maintained, and the amount was drawn showing the bill of M/s SB Enterprise.

Rule 78 of AFR stipulates that as a general rule every payment, including repayment of money previously lodged with the Government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim. In the instant case, due to the absence of supporting vouchers, the reported expenditure of ₹39.60 lakh shown to have been incurred by EE, Garage Branch could not be substantiated.

³⁴ One JCB @₹3,665 per day for 12 days, eight dumpers @₹2,330 per day for 109 days with fake registration number and one dumper repeated on same date @₹2,330 per day for eight days.

³⁵ ₹52.16 per litre (diesel) for total 5,709 litres.

- 3) The desilting work was executed by three different divisions of GMC without preparing any estimate, obtaining administrative approval and technical sanction, and maintaining any measurement of work done in contravention of the AFR. In absence of these vital records, the necessity and authority to undertake the work, the quantum of works to be done, and quantity actually executed remained unassessed and undisclosed. Expenditures were sanctioned by the Commissioner, GMC on a piecemeal basis based on the submission of claims by divisions. Because of the non-availability of required supporting documents coupled with the fake documentation discussed above, the expenditure of ₹45.75 lakh (₹6.15 lakh plus ₹39.60 lakh) was suspected to be fraudulent.

The Department may fix responsibility on the concerned Executive Engineers in the light of AFR 466 which stipulates enforcement of responsibility for any loss sustained by Government through fraud.

The Commissioner stated (September 2022) that show cause notices has been served to the concerned Executive Engineers and an enquiry has also been conducted on the basis of which necessary departmental proceedings against the erring officials would be initiated. However, action taken report, if any, against the erring officials is awaited (October 2022).

5.2 Unfruitful expenditure

Unfruitful expenditure amounting to ₹53.74 lakh due to the injudicious decision of the Mangaldoi Municipal Board to execute work without ensuring the availability of a clear site.

Clause 304 of the Assam Public Works Department Code provides “No works should be commenced on land the possessions of which has not been duly delivered by responsible civil (revenue) authorities”.

During the course of test check of records (2013-14 to 2016-17), it was noticed that the Chief Engineer, PWD (Building), Assam prepared (December 2013) Plan and Estimates for the “Construction of Proposed RCC Municipal Market Building at Old Fish Shed of Mangaldoi Daily Market” at a total cost of ₹303.83 lakh. The estimates were prepared in two phases as detailed below:

Phase-I: Construction of R.C.C Municipal Market Building at Old Fish Shed at Mangaldoi Daily Market (Construction of 82 per cent of Basement floor casting) at an estimated cost of ₹198.34 lakh³⁶ under 4th ASFC grant for infrastructure development and service delivery.

Phase-II: Construction works of the remaining 18 per cent (100-82) works of the Basement floor of the casting of phase-I and R.C.C structure up to ground floor roof

³⁶ GoA sanctioned ₹99.17 lakh out of ₹198.34 lakh as 1st instalment (50% of 198.34) for upgradation of physical infrastructure & service Delivery under award of FASFC during 2011-12 vide letter No. FEA (SFC) 168/ 2011/ 148 dated 14.03.2012.

casting at an estimated cost of ₹105.49 lakh³⁷ to be done from the Entry Tax Grant 2011-12.

Mangaldoi MB received ₹ 52.74 lakh (sanctioned on 22 November 2011 from first instalment of Assam Entry Tax grant 2011-12) for Phase II of the construction and the first instalment of ₹99.17 lakh (13 May 2016) in the 4th ASFC grant for Phase-I.

The tender for Phase-I (Construction of 82 *per cent* of Basement floor casting) was invited on 16 January 2014 and the work was awarded to the contractor on 06 January 2015 at a tender value of ₹193.86 lakh with a stipulation to complete the work within 12 months (*i.e.*, by January 2016).

The work was started on 24 June 2015, but it was stopped by the contractor after only 28 *per cent* of physical progress with an expenditure of ₹53.74 lakh. The contractor informed (22 December 2015) the Executive Officer (EO), Mangaldai MB that the work was stopped due to non-clearance of the site of existing functional shops and requested clearance of the site from the aforesaid encumbrances. During joint physical verification (29 August 2019) of the site by the Audit team and the Municipal Board, it was noticed that only a portion of pile foundation work was done (75 R.C.C piles out of 164 piles for the entire building).

Photographs showing non-clearance of site and incomplete state of work



On being pointed out by Audit, the EO, Mangaldoi MB stated (24 September 2021) that a portion of the construction site had been occupied by local shops and the construction site was not fully cleared by local shop holders who had been paying rent to the Mangaldoi MB on monthly/ yearly basis. It was also stated that the site could not be cleared by the shopkeepers as they refused to shift their business to another place. Hence, the remaining work could not be done and remained abandoned.

The EO, Mangaldoi MB stated that ₹97.29 lakh (₹44.55 lakh *i.e.*, the remaining portion of the first instalment under 4th ASFC grant plus ₹52.74 lakh under Entry Tax grant) was lying idle in the bank account due to non-completion of Phase-I of the Construction of the Old Fish Market Shed at Mangaldoi Daily Market.

³⁷ GoA sanctioned ₹52.74 lakh out of ₹105.49 lakh as 1st instalment (50 *per cent* of 105.49) of Entry Tax grant for the year 2011-12 vide letter No. DMA (P)123/2010/131 dated 22.11.2011

During the Exit Meeting held on 04 September 2019, the Chairman, Mangaldoi MB accepted the observation and assured to free the land from encumbrances. However, the situation/status remains the same to date (September 2022).

Thus, the decision on the part of the MB authority to commence work without ensuring the availability of a clear site resulted in an unfruitful expenditure of ₹53.74 lakh and the blocking of Government fund of ₹97.29 lakh.

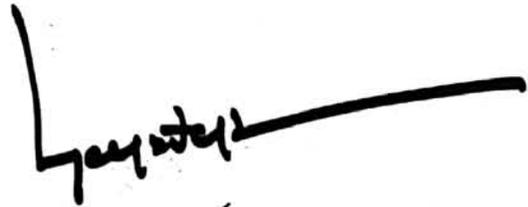


(JOHN K. SELLATE)

Principal Accountant General (Audit), Assam

Guwahati
The 13 June 2023

Countersigned



(GIRISH CHANDRA MURMU)

Comptroller and Auditor General of India

New Delhi
The 16 June 2023

APPENDICES

Appendix-1.1

(Ref Para: 1.1)

Following is the list of 29 subjects added to the 11th Schedule of the Constitution of India by the 73rd Amendment Act of 1992.

1. Agriculture, including agricultural extension.
2. Land improvement, implementation of land reforms, land consolidation and soil conservation.
3. Minor irrigation, water management and watershed development.
4. Animal husbandry, dairying and poultry.
5. Fisheries.
6. Social forestry and farm forestry.
7. Minor forest produces.
8. Small scale industries, including food processing industries.
9. Khadi, village and cottage industries.
10. Rural housing.
11. Drinking water.
12. Fuel and fodder.
13. Roads, culverts, bridges, ferries, waterways and other means of communication.
14. Rural electrification, including distribution of electricity.
15. Non-conventional energy sources.
16. Poverty alleviation programme.
17. Education, including primary and secondary schools.
18. Technical training and vocational education.
19. Adult and non-formal education.
20. Libraries.
21. Cultural activities
22. Markets and fairs.
23. Health and sanitation, including hospitals, primary health centres and dispensaries.
24. Family welfare.
25. Women and child development.
26. Social welfare, including welfare of the handicapped and mentally retarded.
27. Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
28. Public distribution system.
29. Maintenance of community assets.

Appendix – 1.2

(Ref: Paragraph 1.4.1)

Roles and Responsibilities of Standing Committees of PRIs

Sl. No.	Category of PRI	Political Executive	Name of Standing Committee	Responsibilities
1.	GP	President is the Chairman of each of the three committees	i) Development Committee	Functions relating to agricultural production, animal husbandry and rural industries and poverty alleviation programmes.
			ii) Social Justice Committee	(a) Promotion of educational, economic, social, cultural and other interests of Scheduled castes, Scheduled Tribes and Backward Classes; (b) protection of such castes and classes from social injustice and any form of exploitations; (c) welfare of women and children.
			iii) Social Welfare Committee	Functions in respect of education, public health, public works and other functions of the GP.
2.	AP	President is the Chairman of each committees	i) General Standing Committee	Establishment matters, communication, buildings, rural housing, relief against natural calamities, water supply and all miscellaneous residuary matters.
			ii) Finance, Audit and Planning Committee	Finance of the AP, training, budget scrutinising proposals for increase of revenue, examination of receipts and expenditure statement, consideration of all proposals affecting the finance of the AP and general supervision of the revenue and expenditure of the AP and Planning and consolidating the AP Plans, Cooperation, small saving schemes and any other function relating to the development of AP areas.
		Vice President is the Chairman	iii) Social Justice Committee	Same as in case of GP
3.	ZP	President is the Chairman of each committees	i) General Standing Committee	Same as in case of AP
			ii) Finance, Audit and Planning Committee	Same as in case of AP
		Chairman is elected amongst the elected members of each committee.	iii) Social Justice Committee	Same as in case of AP
			iv) Planning and Development Committee	Activities relating to education, adult literacy and cultural activities as the ZP may assign to it; Health Service, Hospital, Water Supply, Family, Welfare and other allied matters; agricultural production, animal husbandry co-operation, contour ["bunding"] and reclamation; village and cottage industries; Promotion of industrial development of the district.

Appendix-1.3

(Ref: Paragraph 1.7)

Internal Control System at the level of PRIs

Provision	Authority	Gist of the provision
Accounts	Section 28, 60 and 97 of AP Act read Rule 8 of AP (F) Rule, 2002.	The Panchayat shall maintain such Book of Accounts and other books in relation to its Accounts.
Budget	Section 27, 59 and 96 of AP Act.	Budget proposal shall be prepared by the respective standing committees taking into account the estimated receipts and disbursement of the following year submitted to the Government for approval.
Reporting of loss due to fraud, theft or negligence	Rule 37 (iv), AP (F) Rules 2002.	To be reported by an officer authorised to inspect the documents of PRIs.
External Audit	Section 29, 61 & 98 of AP Act and Rule 37 (ii) of AP (F) Rules, 2002.	The State Government may prescribe an authority to conduct audit of accounts of PRIs.
Inspections	Section 112 of AP Act and Rule 37 of AP (F) Rules, 2002.	Government or any officer empowered by the Government may inspect any works which are being carried out by GP or AP or ZP.
Execution of works	Rule 36 and 38 of AP (F) Rules, 2002.	Procedure for execution of public works. Fixing of rates in preparation of estimates, powers of various authorities to give Technical Sanction, Invitation of tenders.
Asset Register	Rule 19 of AP (F) Rules, 2002.	To be maintained in the format prescribed under the rule.
Office Procedure Manual	NA	Not prescribed under AP Act, 1994 and AP (F) Rules, 2002.
Internal Audit	Rule 18 of AP (F) Rules, 2002.	Departmental internal auditors to conduct internal audit of PRIs.
Ombudsmen	NA	Not introduced for PRIs in Assam.
Lokayukta	NA	Applicable to all tiers of PRIs.
Citizen Charter	NA	Not introduced for PRIs in Assam.
Right to Information	As per RTI Act, 2005.	Applicable to all tiers of PRIs.
Conduct Rules	State Government.	Rules/Orders Specific to PRIs not available.
Social Audit	As per AREG Scheme 2006.	For MGNREG scheme and IAY.

Appendix 2.1
(Ref: Para 2.2)

Statement showing status of three completed works in Hayong Basti GP, under Jugijan AP where the quantity of works valuing ₹39.31 lakh were less executed than that specified in the plan and estimate

Sl. No	Name of the work	Status of work as per records of AP/ GP and MGNREGS site	Estimated amount	Actual expenditure	Length of bundh/road as per plan & estimate	Rate per metre	Actual execution of work found during JPV	Value of work actually executed (Rate/meter * Actual Length)	Value of work less executed (percentage of shortfall)
1	Construction of flood protection bund from Haider Ali House to Gulia under MGNREGS 2015-16	Completed on 19.08.2017	20,00,000	21,96,007	2080 M	961.53	500 M	4,80,765	17,15,242 (75.96)
2	Construction of flood protection bund from Ahmed Ali house to Abdulla House under MGNREGS 2015-16	Completed on 19.08.2017	10,00,000	9,93,701	1040 M	961.53	500 M	4,80,765	5,12,936 (51.92)
3	Construction of Cement Concrete Paver road from PMGSY road to Shrimanta Malik House via Ramjibhai LP School under MGNREGS 2015-16	Completed on 22.02.2018	29,50,000	28,60,533	800 M	3687.50	300 M	11,06,250	17,54,283 (62.50)
	Total		59,50,000	59,98,688				20,67,780	39,30,908

Appendix-3.1

(Ref: Paragraph 3.1)

List of 18 subjects listed in XIIth Schedule of the Constitution of India

Sl. No.	Name of Function
1	Urban Planning including Town Planning
2	Fire Services
3	Regulation of land use and construction of building
4	Slum improvement and upgradation
5	Roads and Bridges
6	Urban Forestry, protection of the environment and promotion of ecological aspects
7	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded,
8	Vital Statistics including registration of Births and Deaths
9	Planning for economic and social development
10	Urban poverty alleviation
11	Water Supply for domestic, industrial, and commercial purposes,
12	Public Health, Sanitation, Conservancy, Solid Waste Management,
13	Provision of Urban amenities and facilities such as parks, gardens, playgrounds,
14	Promotion of cultural, educational, and aesthetic aspects.
15	Public amenities including street lighting, parking lots, bus stops and public conveniences,
16	Burials and burial grounds, crematoriums, cremation grounds, electric cremation grounds, electric crematoriums.
17	Cattle pounds, prevention of cruelty to animals.
18	Regulation of slaughterhouses and tanneries,

Appendix 4.1

(Reference paragraph: 4.2.3)

Sampling methodology and list of selected ULBs

Considering the prevailing Covid situation which has placed restrictions on free and easy travel, the samples for the PA was selected applying judgmental sampling as elaborated below guided by the following principles:

- i. The selected districts should be easily approachable, *i.e.*, either be neighbouring districts of HQrs (Guwahati), or accessible by direct flight/ train.
- ii. Among the districts meeting the above criteria, select those, which show a sufficiently high level of urbanisation so that the impact of 74th CAA on functioning of Urban Local Bodies can be assessed.
- iii. All urban local bodies within the selected districts are to be included in the Sample. This enables assessment of district level planning function entrusted to the Urban Local Bodies. (Article 243ZD, District Plan).
- iv. The number of districts and the ULBs contained within it so selected should provide adequate coverage of the Urban Local Bodies so as enable forming an Audit opinion.

Based on the above, the following sample has been arrived at:

- a) Kamrup Metropolitan district with urban population of 25 *per cent* of State's urban population was selected. It also has the only municipal corporation of the State *i.e.*, Guwahati Municipal Corporation.
- b) Cachar district having three municipal bodies (Silchar MB is one of the largest MB of the State), was selected. It is also one of the large urban agglomerates in the State, and one of the three Class-1 cities (as per Census 2011). The Principal Secretary of the department also requested (during the Entry conference) to include Silchar MB in audit sample.
- c) Similarly, another large urban agglomerate, Dibrugarh was selected in view of it being the second most important urban centre in Assam following the capital city. Both Cachar and Dibrugarh also provide a geographical spread to our sample, being in two different ends of Assam, and are well connected to Guwahati by flight/train/road.
- d) Two other districts *viz.*, Barpeta, and Nagaon were selected based on their location (neighbouring districts of Guwahati) with easy accessibility, as well as decent urban population.

Based on the above methodology, 19 ULBs (including GMC) from five districts were covered under this PA. Together, the sample accounts for 24 *per cent* of the total ULBs in Assam, and with 48 *per cent* of the urban population of the State.

The list of ULBs selected is indicated below.

List of selected ULBs

Sl. No	Name of the Selected ULB	Population	District
1	Guwahati Municipal Corporation	9,57,352	Kamrup (Metropolitan)
2	Sonai MB	17,677	Cachar
3	Lakhipur M.B	10,943	Cachar
4	Silchar M.B	1,72,709	Cachar
5	Barpeta M.B	42,663	Barpeta
6	Barpeta Road M.B	35,489	Barpeta
7	Howly MB	18,312	Barpeta
8	Patacharkuchi MB	5,230	Barpeta
9	Pathsala MB	18,233	Barpeta
10	Sarthebari MB	6,909	Barpeta
11	Sorbhog MB	8,105	Barpeta
12	Dibrugarh M.B	1,38,661	Dibrugarh
13	Chabua MB	8,788	Dibrugarh
14	Naharkatia MB	18,924	Dibrugarh
15	Namrup MB	15,483	Dibrugarh
16	Dhing MB	19,210	Nagaon
17	Nagaon M.B	1,16,355	Nagaon
18	Kampur MB	10,352	Nagaon
19	Roha MB	11,167	Nagaon

**Appendix 4.2
(Ref: Para 4.3)**

A comparison of actual State level legislations with the provisions of the 74th CAA

Provision of CoI	Requirements as per CoI	Provision of State Act
Article 243Q	Constitution of Municipalities: It provides for constitution of three types of municipalities namely a Nagar Panchayat for transitional area, a Municipal Council for a smaller urban area and a Municipal Corporation for a larger urban area.	Section 4 and 335 of the AM Act provides for constitution of a municipality in a town area together with or exclusive of railway station, village, building or land contiguous to any such town. Section 335 provides for constitution of Town Committee for each of the area defined as transitional area in Article 243 of the CoI. Section 45 5(1)(a)(i) of GMC Act, 1971 provides for constitution of Guwahati Municipal Corporation.
Article 243R	Composition of Municipalities: All the seats in a Municipality shall be filled by direct elections and by persons with special knowledge in municipal administration nominated by Government. The Legislature of a State may by law, provide for representation to the Municipality Members of Parliament and Legislative Assembly whose constituencies lie within the municipal area and Members of the council of State and State Legislative Council who are registered as electors within the city.	Section 10 of the AM Act and Section 5 of the GMC Act, provides for establishment of a body of Commissioners designated as Municipal Board having authority over the municipality for each Municipality. Further, as per Section 11 of AM Act and Section 5 (1)(a)(ii) of the GMC Act, the State Government may appoint persons having special knowledge or experience in municipal administration as the member with no voting power. The MLA and MP of the constituency in which the municipality lies, are the ex-officio members. As per Section 12 of the AM Act, the superintendence, direction and control for conduct of all election to the Municipalities shall be vested in the State Election Commission constituted by the Government of Assam.
Article 243S	Constitution and composition of Wards Committee: This provides for constitution of Wards Committees in all municipalities with a population of 3 lakh or more	As per Section 48 A of Assam Municipal Act (1994), Ward Committee shall be constituted consisting of one or more wards but not more than four within the territorial area of a municipality having population of three lakh or more.
Article 243T	Reservation of seats: The seats to be reserved for SC/ST, women, and Backward classes for direct election.	As per Section 11 (d) of Assam Municipal Act, the number of seats reserved for SC/ ST should bear the same proportion to the total number of seats to be filled by direct election in that Municipality as the SC/ST population in the municipal area bears to the total population of that as per the latest census figures. In case of women, one third of the seats should be reserved including one third of seats for women of SC/ ST category on rotation basis.
Article 243U	Duration of Municipalities: The municipality has a fixed tenure of 5 years from the date of its first meeting and re-election to be held within the six months of end of tenure	As per Section 26 and 55 of the AM Act and GMC Act respectively, every Municipality shall continue for five years from the date of first meeting of newly constituted Board after a general election. An election to constitute a Municipality shall be completed before the expiry of its duration or before the expiration of six months from the date of its dissolution.
Article 243V	Disqualifications for membership: A Person shall be disqualified for a member of a Municipality- If he is so disqualified by or under any law for the time being in force for the purposes of elections of the Legislature of the State concerned. If he is so disqualified by or under any law made by the Legislature of the State.	Section 15 (ix) of Assam Municipal Act provide for disqualification of a member of a Municipality- if he is so disqualified by or under any law for the time being in force for the purposes of elections of the Legislature of the State concerned and/ or if he is so disqualified by or under any law made by the Legislature of the State.

Provision of CoI	Requirements as per CoI	Provision of State Act
Article 243W	Powers, authority and responsibilities of the Municipalities: All municipalities would be empowered with such powers as may be necessary to enable them to function as effective institutions of self-government. The State Government shall entrust with such powers and authority to enable them to carry out the responsibilities in relation to the 12th Schedule.	As per Section 53 A of Assam Municipal Act, the State Government in appropriate Department(s) shall make arrangements for transfer of functions, fund and functionaries to the Municipalities as provided under the Twelfth Schedule of the Constitution. Actual status of activities to be transferred to ULBs as per the Act are discussed in Para 4.4.1.
Article 243X	Power to impose taxes by, and funds of the Municipalities: Municipalities would be empowered to levy and collect the taxes, fees, duties, etc. Grant-in-aid would be given to the Municipalities from the State Constitution of funds for crediting and withdrawal of moneys by the Municipality	Power to impose taxes and manage funds of the municipality was provided under Section 58, 68, and 69 of Assam Municipal Act and SFCs recommended devolution of funds to ULBs
Article 243 Y read with Article 243 I	Finance Commission: State Government shall constitute Finance Commission for Review the financial position of the Municipalities and taking such steps that help in boosting the financial condition of the Municipal bodies. Distributing between the state and the Municipalities of the net proceeds of the taxes, fees, tolls and duties that are charged by the State Government. Allotting the funds to the municipal bodies in the state from the consolidated fund of the State.	Section 2(1) of the Assam Finance Commission (Miscellaneous Provision) Act, 1995 provided for constitution of ASFC.
Article 243 Z	Audit of accounts of Municipalities: This provides for maintenance of accounts by the Municipalities and the auditing of such accounts.	Section 67-A of Assam Municipal Act and Section 138 of GMC Act provides for audit of accounts of municipalities.
Article 243 ZA read with Article 243 K	Elections to the Municipalities: The Superintendence, direction and control of all procedure of election of the Municipalities shall be vested in the State Election Commission.	Section 3 (48) & 12-A of Assam Municipal Act provided for elections to the municipalities.
Article 243 ZD	Committee for District Planning: Constitution of District Planning Committee at district level. Composition of District Planning Committee. Preparation of draft development plan and forwarded to the Government.	No Act has been enacted for ULBs. However, during exit conference, the Secretary to Government of Assam, Department of Housing and Urban Affairs (DHUA) accepted the fact and stated that though the DPCs were constituted, planning for urban areas was not covered therein.
Article 243 ZE	Committee for Metropolitan Planning: Provision for constitution of Metropolitan Planning Committee (MPC) in every Metropolitan area with a population of 10 lakh or more.	No provision has been made.

**Appendix 4.3:
(Ref: Para 4.4.1)**

Statement showing the actual status of implementation of functions

A. Functions with no role for ULBs

Sl. No.	Name of Function	Activities	Remarks
1	Urban Planning including Town Planning	Master Planning/ Development Plans/ Zonal Plans Enforcing master planning regulations	GMDA for Guwahati Metropolitan Area and Town and Country Planning Directorate (T&CP) for other urban areas and were responsible for Master Planning/ Development Plans/ Zonal Plans.
		Enforcing building bye-laws and licenses	None of the test-checked ULBs had framed building bye-laws. Even the Assam Notified Urban Areas (Other than Guwahati) Building Rules, 2014 were not found followed by the test-checked MBs.
		Group Housing and Development of Industrial areas	Assam State Housing Board was responsible for Group Housing
2	Fire Services	Establishing and maintaining fire brigades	Assam State Fire and Emergency Services under Home and Political Department was responsible for establishment and maintenance of fire brigades, and providing NOC for high rise buildings.
		Providing fire NOC / approval certificate in respect of high-rise buildings	

B. Functions where ULBs have minimum role and/or have overlapping jurisdictions with state departments and/or parastatals

Sl. No.	Name of Function	Activities	Remarks
1	Regulation of land use and construction of building	Regulating land use	Land conversion from agriculture to non-agriculture, granting of land to various purposes is done by Revenue Department.
		Approving building plans/ high rises	The functions were performed typically by the development authority of the city (GMDA in Guwahati and Town & Country Planning directorate in other urban areas of the State). GMC and other municipalities were only issuing building permission once NOC was issued by the development authority. This multiplicity of authorities make decision making and implementation of public infrastructure and services extremely difficult. In reply (December 2021), the Secretary to the GoA, DHUA, stated that as per the Guwahati Building Construction (Regulation) Act, 2010 "Planning and Zoning Regulation Permit" have been entrusted to GMDA for the GMA as per the provision of master Plan whereas "Building permit" for individual construction has been entrusted to the GMC and other local bodies falling within the GMA and hence, duplicacy of functions does not arise. However, the reply is not tenable as the GMC area also falls under the GMA and in those area the preparation of development schemes was entrusted to both GMC as well as GMDA. In case of MBs, no comment was offered by the Government.
		Demolishing illegal buildings	ULBs are empowered to demolish illegal buildings.
2	Slum improvement and up gradation	Identifying beneficiaries	The Mission Director, PMAY (U) implements the PMAY (U) scheme. ULBs are responsible for only selection and preparation of beneficiaries list.
		Affordable Housing	
3	Roads and Bridges	Construction and maintenance of roads	This function was typically shared by multiple bodies-city development authorities, municipalities, and the public works departments (PWDs). However, lack of coordination among multiple authorities involved makes it difficult to formulate and implement an integrated plan which is essential to ensure that city roads and urban building/ housing plans are properly
		Construction and maintenance of bridges, drains, flyovers, and footpaths	

Sl. No.	Name of Function	Activities	Remarks
			aligned. The Secretary, DHUA accepting the audit observation stated (December 2021) that involvement of other agencies was essential since many projects stretched beyond GMC area also.
4	Urban Forestry, protection of the environment and promotion of ecological aspects	Afforestation/ Greenification	None of the test-checked MBs were involved in the urban forestry, etc. GMC and the Forest Department are involved.
		Protection of the environment and promotion of ecological aspects and Maintenance of natural resources like water bodies, etc.	As this function was vested upon the Forest Department, none of the test-checked ULBs were involved in this function. However, GMC was involved in maintenance of few water bodies within the municipal area.
5	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded,	Identifying beneficiaries	The ULBs are involved merely in identifying beneficiaries for schemes implemented by the Social Welfare Department and Tribal Welfare Department
		Providing tools/ benefits such as tricycles	Social Welfare Department
		Housing programs	The ULBs are involved merely in identification and selection of beneficiaries for schemes implemented by State Housing Board.
		Scholarships	ULBs are not involved. Social Welfare Department and Tribal Welfare Department implement scholarship schemes.
6	Vital Statistics including registration of Births and Deaths	Coordinating with hospitals/ crematoriums, etc. for obtaining information	The Health and Family Welfare Department is maintaining database of births and deaths. The Department registers and issues the certificates of birth and death. GMC is involved in issue of birth and death certificate in a few municipality areas under its jurisdiction.
		Maintaining and updating database	
7	Planning for economic and social development	Program implementation for economic activities	Social Welfare Department was engaged in Safeguarding welfare of SC/ ST and other weaker sections of the population, implementation of various programmes and schemes for the upliftment of SC/ST for their socio-economic and educational advancement, implementation of SCP and TSP schemes, various scholarships and maintenance of hostels. ULBs are involved only in identification and selection of beneficiaries.
		Policies for social development	
8	Urban poverty alleviation	Identifying beneficiaries	NULM implements skill development and livelihood Schemes. ULBs are involved only in identification and selection of beneficiaries.
		Livelihood and employment	
		Street vendors	Implemented by ULBs.
9	Water Supply for domestic, industrial, and commercial purposes,	Distribution of water	Major Water supply projects are being executed by GMDA and AUIIP. Though GMC is providing water supply in few GMC area, the Government has directed to hand over all water supply schemes to GMDW&SB (Jal Board) in Guwahati. PHE and AUWS&SB in other towns are providing water supply.
		Providing connections	
		Operation & Maintenance (O&M)	
		Collection of charges	
10	Public Health, Sanitation, Conservancy, Solid Waste Management,	Maintaining hospitals, dispensaries and Immunisation/ Vaccination	This is looked after by Department of Health and Family Welfare.
		Registration of births and deaths	GMC is involved in issue of birth and death certificate only in few municipality areas under its jurisdiction. Other ULBs are partially involved as Health and family welfare department keeps/maintains the database of birth and death.
		Cleaning and disinfection of localities affected by infectious disease	ULBs were involved in cleaning and disinfection of localities affected by infectious disease
		Solid-waste management	ULBs are solely responsible for solid waste management in the municipal areas. Solid waste is also managed by ULBs through

Sl. No.	Name of Function	Activities	Remarks
			local units of Swatch Bharat Mission. For Guwahati Municipal Area, GMC is managing the solid waste through NGOs.
11	Provision of Urban amenities and facilities such as parks, gardens, playgrounds,	Creation of parks and gardens	ULBs: O&M of parks, gardens, playgrounds, installation of play equipment in parks.
		Operation and Maintenance	GMDA & ULBs - provision for public parks and playgrounds and an additional area for civic amenities at the time of approval of residential layouts. AMRUT Mission – Improvement of parks in four cities under AMRUT implemented under the supervision of Town & Country Planning Department.
12	Promotion of cultural, educational, and aesthetic aspects.	Schools and education	Implemented by Education Department except few Municipal schools run by GMC.
		Fairs and festivals	ULBs and Cultural Affairs Department
		Cultural buildings/institutions	
		Heritage	ULBs, Cultural Department and Archeological Department
		Public space beautification	GMC, GMDA and other ULBs.
13	Public amenities including street lighting, parking lots, bus stops and public conveniences,	Installation and maintenance of streetlights	Assam State Electricity Board is involved in Supply and Distribution of Power. Guwahati Smart City Ltd is involved in installation of streetlights in the city area under project Jyoti Scheme. ULBs are involved in maintenance of Street Lights within the municipal area.
		Creation and maintenance of parking lots	Besides ULBs, the GMDA was also involved in the creation and maintenance of parking lots within the GMC area.
		Creation and maintenance of public toilets	Besides ULBs, the Guwahati Smart City Ltd and GMDA are also involved in creation and maintenance of public toilets.

C. Functions where ULBs have full jurisdiction

Sl. No.	Name of Function	Activities	Remarks
1	Burials and burial grounds, crematoriums, cremation grounds, electric cremation grounds, electric crematoriums.	Construction and O&M of crematoriums and burial grounds and electric crematoriums.	ULBs have full jurisdiction over this function. However, none of the test-checked MBs have burial grounds or crematorium grounds of their own. In Guwahati Municipal areas, GMC provides maintenance support to the societies maintaining the crematoriums.
2	Cattle pounds, prevention of cruelty to animals.	Catching and keeping strays	Though ULBs have full jurisdiction over this function none of the test-checked ULBs except GMC, were discharging the function due to non-availability of cattle pounds.
		Sterilisation and anti-rabies	
		Ensuring animal safety	
3	Regulation of slaughterhouses and tanneries,	Ensuring quality of animals and meat	Though ULBs have full jurisdiction over this function none of the test-checked ULBs except GMC, were discharging the function due to non-availability of slaughter houses.
		Disposal of waste	
		O & M of slaughter houses	

Appendix 4.4
(Ref Para 4.6.1.2)

Working strength of ULBs per thousand population

Sl. No.	Name of ULB	Population	MIP	MIP per thousand	Population load per staff
1.	Barpeta Road MB	35571	122	3.43	292
2.	GMC	962334	3262	3.39	295
3.	Sarthebari MB	6913	23	3.33	301
4.	Chabua MB	8766	29	3.31	302
5.	Kampur MB	10371	28	2.70	370
6.	Sorbhog MB	8112	20	2.47	406
7.	Naharkatia MB	18937	44	2.32	430
8.	Namrup MB	15483	30	1.94	516
9.	Dibrugarh MB	139565	258	1.85	541
10.	Dhing MB	19235	35	1.82	550
11.	Barpeta MB	42663	66	1.55	646
12.	Patacharkuchi MB	5320	7	1.32	760
13.	Silchar MB	172830	218	1.26	793
14.	Raha MB	11167	14	1.25	798
15.	Sonai MB	17677	22	1.24	804
16.	Pathsala MB	18233	21	1.15	868
17.	Howly MB	18312	20	1.09	916
18.	Lakhipur MB	13155	7	0.53	1879
19.	Nagaon MB	117722	58	0.49	2030

Appendix 4.5
(Ref Para: 4.6.4)

Data inconsistency in the financial statement, data submitted to the 6th ASFC and information furnished to audit

(₹ in lakh)

MBs	Year	Actuals as per Budget	Data provided to 6th ASFC	Data furnished to Audit
NAHARKAT IA	Own Revenue			
	2015-16	113.16	33.98	34.28
	2016-17	93.77	39.48	39.48
	2017-18	60.54	27.67	27.67
	Revenue Expenditure			
	2015-16	87.21	22.61	32.16
	2016-17	143.92	109.47	34.52
BARPETA	Own Revenue			
	2015-16	79.31	80.80	85.43
	2016-17	90.71	91.12	101.03
	2017-18	83.9	97.30	118.11
	Revenue Expenditure			
	2015-16	660.8	138.18	660.8
	2016-17	456.86	177.98	456.87
KAMPUR	Own Revenue			
	2015-16	92.9	17.42	17.45
	2016-17	69.88	17.46	17.46
	2017-18	45.59	18.55	18.56
	Revenue Expenditure			
	2015-16	73.2	21.44	17.4
	2016-17	137.26	59.61	17.36
PATHSALA	Own Revenue			
	2015-16	47.24	50.23	18.55
	2016-17	33.49	42.27	35.35
	2017-18	96.08	98.76	44.68
	Revenue Expenditure			
	2015-16	58.37	38.09	87.54
	2016-17	172.83	153.31	114.52
Silchar MB	Own Revenue			
	2015-16	605.37	642.21	865.17
	2016-17	1288.57	680.43	934.91
	2017-18	772.81	764.54	1041.39
	Revenue Expenditure			
	2015-16	1521.37	1061.17	786.99
	2016-17	1657.33	1157.02	798.13
2017-18	1069.28	982.29	894.44	

MBs	Year	Actuals as per Budget	Data provided to 6th ASFC	Data furnished to Audit
Nagaon MB	Own Revenue			
	2015-16	267.06	253.77	253.77
	2016-17	301.35	256.99	256.99
	2017-18	297.70	280.17	280.17
	Revenue Expenditure			
	2015-16	299.57	292.35	292.35
	2016-17	451.08	437.17	437.17
LAKHIPUR MB	Own Revenue			
	2015-16	37.46	33.28	44.21
	2016-17	43.06	34.34	46.44
	2017-18	44.31	33.20	45.32
	Revenue Expenditure			
	2015-16	154.03	45.46	154.03
	2016-17	150.32	53.63	99.97
2017-18	137.6	54.33	137.6	

GLOSSARY

Glossary of abbreviations

ADB	Asian Development Bank
AM Act	The Assam Municipal Act, 1956
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
ARC	Administrative Reform Commission
ARV	Annual rental Value
ASFC	Assam State Finance Commission
ASHB	Assam State Housing Board
AUIIP	Assam Urban Infrastructure Programme
AUWS&SB	Assam Urban Water Supply and Sewerage Board
CAA	Constitutional Amendment Act
CAG	Comptroller and Auditor General
CEO	Chief Executive Officer
CFC	Central Finance Commission
CoI	Constitution of India
DALF	Director of Audit, Local Fund
DPC	Duties, Power and Conditions of Service
DPC	District Planning Committee
GBG	General Basic Grants
GDD	Guwahati Development Department
GMC	Guwahati Municipal Corporation
GMDA	Guwahati Metropolitan Development Authority
GMDW&SB	Guwahati Metropolitan Drinking Water and Sewerage Board
GoA	Government of Assam
GPG	General Performance Grants
GSCL	Guwahati Smart City Limited
GWRA	Guwahati Water Regulatory Authority
IHSDP	Integrated Housing and Slum Development Programme
JICA	Japan International Cooperation Agency
JnNURM	Jawaharlal Nehru National Urban Renewal Mission
MA	Municipal Administration
MB	Municipal Board
MPC	Metropolitan Planning Committee
NLCPR	Non-Lapsable Central Pool of Resource
NOC	No Objection Certificate
NUIS	National Urban Information Systems
O&M	Operation and Maintenance
PA	Performance Audit
PHE	Public Health Engineering
PMAY(U)	Pradhan Mantri Awas Yojana (Urban)
PRI	Panchayati Raj Institution
PSU	Public Sector Unit
SC/ST	Scheduled Caste/Scheduled Tribe
SEC	State Election Commission
SPV	Special Purpose Vehicle
T&CP	Town And Country Planning
TC	Town Committee
ToR	Terms of Reference
UDD	Urban Development Department
UIDSSMT	Urban Infrastructure Development Scheme For Small & Medium Towns
ULB	Urban Local Bodies

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