

## CHAPTER-IV

### AUDIT FINDINGS ON URBAN LOCAL BODIES

This chapter contains Compliance Audit of Revenue Collection System in Municipal Boards and Implementation of Rajasthan Guaranteed Delivery of Public Services Act 2011 in Local Self Government Department and nine paragraphs relating to Urban Local Bodies.

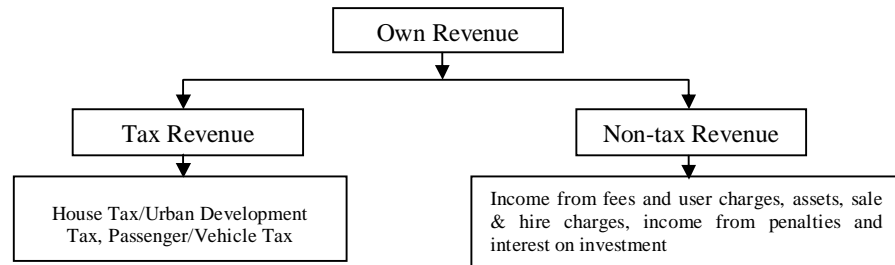
#### COMPLIANCE AUDIT

#### Local Self Government Department

#### 4.1 Revenue Collection System in Municipal Boards

##### 4.1.1 Introduction

Urban Local Bodies (ULBs) in Rajasthan include 147 Municipal Boards (MBs), 34 Municipal Councils (MCs) and seven Municipal Corporations (M Corps) as on 31 March 2016. In keeping with the Rajasthan Municipalities Act, 2009 (RMA), the Government of Rajasthan (GoR) classifies MBs in terms of population<sup>1</sup>. Chapter VII of RMA, 2009 empowers the Municipality to levy taxes to generate their own revenues and prescribes the manner for their realisation. Further, Chapter XVI empowers the Municipality to make Rules and Bye-Laws in this regard. The flow chart of generation of revenue by the Municipality is given below:



Municipalities are generating revenues by levying tax, user charges, fines and fees etc.,. Financial resources of ULBs during 2013-14 to 2015-16 are depicted in **Table 4.1** below:

*Table 4.1*

(₹ in crores)

Year	Own revenue (Percentage)	Grants and loans (Percentage)	Total resources
2013-14	1,510.00 (38.91)	2,370.56 (61.09)	3,880.56
2014-15	1,130.37 (32.26)	2,373.42 (67.74)	3,503.79
2015-16	933.81 (30.97)	2,081.69 (69.03)	3015.50

1. Municipal Boards having population 50,000 to 99,999 are categorised as Category-II, MBs having population 25,000 to 49,999 (Category-III) and MBs having population up to 24,999 (Category-IV).

Considering the decrease in contribution of Own Revenue in the ULBs, the role of revenue collection becomes of paramount importance for future sustenance and self sufficiency.

Audit was conducted with a view to examine whether an adequate system to levy, demand and collection of non-tax revenue and tax revenue existed in MBs. Accordingly, test check (April 2016 to July 2016) of records of 17 MBs<sup>2</sup> for the period 2011-12 to 2015-16 was carried out.

#### **4.1.2 Audit Findings**

The Audit findings relating to (i) Levy, demand and collection of non-tax revenue, (ii) Levy, demand and collection of tax revenue, (iii) Financial management system and (iv) Internal control and monitoring system are discussed below:

#### **Levy, Demand and Collection of Non-tax Revenue**

##### **4.1.2.1 Target and Achievement**

The targets for revenue collection are fixed by the MBs themselves and are consolidated by the Directorate of Local Bodies (DLB). The position of target and achievement of non-tax revenue of MBs during the period 2011-12 to 2015-16 is given in **Table 4.2** below:

**Table 4.2**

(₹ in crore)

Year	Number of MBs*	State Level**			Test Checked Units***		
		Target	Achievement	Shortfall (Percentage)	Target	Achievement	Shortfall (Percentage)
2011-12	149/166	NA	222.97	NA	179.70	84.65	95.05 (52.89)
2012-13	149/149	NA	397.59	NA	195.75	156.58	39.17 (20.01)
2013-14	135/143	578.81	415.47	163.34 (28.22)	263.10	156.67	106.43 (40.45)
2014-15	134/147	619.82	297.77	322.05 (51.96)	247.38	105.99	141.39 (57.15)
2015-16	95/147	533.33	277.95	255.38 (47.88)	282.32	122.98	159.34 (56.44)

\* Information made available/total number of MBs.  
 \*\* Consolidated figures provided for non-tax revenue by DLB Department.  
 \*\*\* The figure represent revenue income as depicted in annual accounts of test checked MBs.

Information regarding targets and achievement under non-tax revenue for all MBs for the years 2011-16 was only partly available with DLB, in the absence of which target and achievements have been restricted to only those MBs for which information was provided.

It could be seen from the table above, that there was huge shortfall in collection of non-tax revenue at State level during 2013-14 to 2015-16 which ranged between 28.22 per cent and 51.96 per cent (averaging 42.69 per cent). Even in the test checked MBs the shortfall in achievement of targets ranged from 40.45 per cent to 57.15 per cent (averaging 51.35 per cent) during the same period (2013-16).

- Category-II:** Deoli, Fatehpur, Ladnu, Mertacity, Mount Abu, Sardarshahar and Sumerpur, **Category-III:** Bayana, Bhinmal, Chaksu, Nathdwara, Ramganjmandi and Suratgarh, **Category-IV:** Chhabra, Malpura, Sagwara and Sanchore.

Audit observed that there was no justification for fixation of target available in all test checked MBs.

#### 4.1.2.2 Fees and User Charges

Fees and user charges includes income from registration fee/annual charges from mobile tower/pole antenna, marriage places, license fee (from hotel, restaurant, bakery and sweet shops), layout fee, building plan fee, development charges, betterment levy, conversion charges, road cutting charges etc.,.

The findings noticed in collection of various fees and user charges in test checked MBs are discussed below:

##### (i) Registration Fee/Annual Charges from Mobile Tower/Pole Antenna

Local Self Government Department (LSGD) directed (January 2012) MBs to recover one-time registration fee of ₹15,000 per mobile tower and annual charges of ₹ 5,000 per tower per year. This was revised (August 2012) vide Section 13 of Model (mobile towers/pole antenna) Bye-Laws by which the registration fee (one-time fee) was increased to ₹ 20,000 and annual charges to ₹ 10,000 per mobile tower per year. The revised rates as prescribed by LSGD were applicable to the MBs till the Boards of the respective MBs approved their Bye-Laws and prescribed their own rates for registration and annual charges for the mobile towers/pole antennas. LSGD also directed MBs to conduct a survey for identification of mobile towers.

Test check of records of selected MBs revealed that:

- On the basis of survey conducted by 16 MBs during the period 2011-16, it was assessed that registration fee of ₹ 0.35 crore was not recovered from 175 mobile towers (out of 196 mobile towers). Further, due to non-registration of mobile towers, a loss of revenue of annual charges of ₹ 0.78 crore was also incurred (*Appendix-VII*).
- There was short recovery of registration fee and annual charges of ₹ 0.08 crore in remaining 21 mobile towers in five MBs<sup>3</sup>. Details are given in *Appendix-VII*.

This resulted in loss of revenue of ₹ 0.78 crore and non-recovery/short recovery of ₹ 0.43 crore of registration fee and annual charges from mobile companies<sup>4</sup> which erected 196 mobile towers.

Municipal Board, Sagwara stated (June 2016) that recovery was not made due to shortage of staff. The remaining 16 MBs<sup>5</sup> did not furnish reasons for non-

3. Municipal Boards: Deoli, Fatehpur, Malpura, Mertacity and Sagwara.

4. BSNL, Reliance, Airtel, Vodafone, Idea, Tata Hutch, MTS, Tata Indicom, Hutch, Aircel, Rainbow, Bajaj Allianz, Indus, Compa, GTL Idea, Reliance JIO, Viom Network, Reliance Infra Tel, Kappa Telecom and The Guman.

5. Chaksu and Mount Abu (April 2016) Sumerpur, Mertacity, Ladnun, Sardarsahar, Fatahpur and Deoli (May 2016) Nathdwara, Bhinmal, Sanchore, Suratgath, Ramganjmandi, Chhabra, (June 2016), Bayana and Malpura (July 2016).

recovery/short recovery of registration and annual charges. They, however, stated that action would be taken for recovery of registration and annual fee as per rules. The fact remained that the MBs did not take adequate action to recover the revenue from these mobile companies so far in spite of identification of the defaulters.

The matter needs to be investigated by the DLB to fix responsibility on the defaulting officials who failed to demand and collect revenue in spite of having full knowledge of the presence of these towers in their jurisdiction.

**(ii) Registration Fee and Permission Fee for Marriage Places**

The GoR enacted Model Bye-Laws for Registration of Marriage Place in 2010 and the MBs were required to adopt/amend their Bye-Laws for implementation in their jurisdiction. Section 3 of these Model Bye-Laws provides that no person would operate marriage place in the area of local bodies without obtaining license from MBs. The registration fee and permission fee would be chargeable as per the prescribed rates notified by each MB. In the absence of adoption/amendment of Bye-Laws for charging of registration fee and permission fee for marriage place by each MB, the rates prescribed in model Bye-Laws are being charged by the MBs.

Test check of records of selected MBs revealed that all 17 test checked MBs did not adopt/amend their Bye-Laws. Further, as per information provided by seven MBs<sup>6</sup>, total 75 marriage places were operating in their jurisdiction without depositing registration fee of ₹ 0.10 lakh per marriage place. This resulted in non-recovery of registration fee of ₹ 7.50 lakh from these marriage places. Further, ₹ 53 lakh towards permission fee calculated at the rate of ₹ 15 per sqyd was also not recovered from 30 marriage places in six MBs except MB, Sardarshahar. Information regarding area of 45 marriage places in its jurisdiction was also not provided by MB, Sardarshahar and therefore, permission fee for these marriage places could not be calculated. Thus, there was non-recovery of registration and permission fee, aggregating ₹ 60.50 lakh from marriage places in seven MBs.

Seven MBs<sup>7</sup> stated that action would be taken for recovery of registration fee/permission fee. However, the fact remained that due to negligence of the MBs, a large number of marriage places were running unauthorisedly without depositing government dues/ revenue.

**(iii) License Fee from Hotel, Restaurant, Bakery, Sweet Shops etc.**

Section 340 of RMA, 2009 gives power to the Municipality to make Bye-Laws prescribing the conditions in respect of which licenses may be granted, refused, suspended or withdrawn for the use of any place not belonging to the

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6. Municipal Boards: Chaksu, Mertacity, Nathdwara, Ramganjmandi, Sardarshahar, Sumerpur and Suratgarh. Information/records of marriage places were not made available by MBs, Mount Abu whereas the remaining eight MBs intimated Nil information. No case was found in MB, Fatehpur.

7. Municipal Boards: Chaksu, Mertacity, Nathdwara, Ramganjmandi, Sardarshahar, Sumerpur and Suratgarh.

municipality as a market or shop for sale of meat or of fish or as dairy, hotel, restaurant, eating house, sweet and bakery *etc.*

**(a) Non-Framing of Bye-Laws**

Scrutiny of test checked MBs revealed that 12 MBs did not frame Bye-Laws for regulation of hotels/restaurants and meat shops activities whereas 98 hotels/restaurants *etc.* and 88 meat shops were running in their jurisdiction without registration. Details are given in **Table 4.3** below:

**Table 4.3**

Name of MB	Number of	
	Hotel <i>etc.</i> *	Meat Shop**
Bayana	4	Nil
Bhinmal	10	Nil
Chhabra	18	Nil
Deoli	17	18
Fatehpur	3	10
Ladnu	4	Nil
Malpura	13	24
Mertacity	4	6
Mount Abu***	Nil	5
Sardarshahar	6	Nil
Suratgarh	10	13
Sumerpur	9	12
<b>Total</b>	<b>98</b>	<b>88</b>
<p>* MBs, Nathdwara, Ramganjmandi, Sagwara and Sanchore had adopted Hotel, Restaurant <i>etc</i> Bye-laws. MB, Chaksu had given 'Nil' information.</p> <p>** MB, Sagwara had adopted Meat Shop Bye-Laws. MBs, Chaksu, Ramganjmandi and Sanchore had given 'Nil' information. No information was given by MB, Nathdwara.</p> <p>*** MB, Mount Abu had framed Hotel Bye-Laws.</p>		

In the absence of Model Bye-Laws as well as specific Bye-Laws framed by the respective MBs, the due amount of registration fee could not be calculated.

MBs replied that action would be taken for preparation of Bye-Laws. However, the fact remained that MBs failed to make Bye-Laws as provided in RMA, 2009 which resulted in the unauthorised running of various businesses /activities within municipal area, depriving the MBs from additional sources of revenue.

**(b) Non/Short Recovery of License Fee**

Regulation and Control Bye-Laws of five MBs<sup>8</sup> stipulated that no person would use any place for operating hotels, restaurants, bakeries, sweet shops and other selling shops *etc.*, without obtaining license from MBs. After getting the requisite license, the license holders would be required to pay renewal fees every year at the rate prescribed by the MBs as per their Bye-Laws.

Scrutiny of records of five MBs revealed that license/renewal fee of ₹ eight lakh was not recovered from 233 different traders, details of which are given in **Table 4.4** below:

8. Municipal Boards, Mount Abu: 1979, Nathdwara: 2009, Ramganjmandi: 2007, Sagwara: 1987 and Sanchore: 2007.

**Table 4.4**

(₹ in lakh)

Name of MB	Number of hotel, restaurant etc.	Amount to be recovered		Amount recovered		Non-recovery/short recovery of License/renewal fee	
		License fee	Renewal fee	License fee	Renewal fee	License fee	Renewal fee
Mount Abu	19	Nil	0.40	Nil	Nil	Nil	0.40
Nathdwara	86	4.30	4.50	0.40	1.75	3.90	2.75
Ramganjmandi	109	0.29	Nil	Nil	Nil	0.29	Nil
Sanchore	13	Nil	0.95	Nil	Nil	Nil	0.95
Sagwara	6	Nil	0.06	Nil	Nil	Nil	0.06
<b>Total</b>	<b>233</b>	<b>4.59</b>	<b>5.91</b>	<b>0.40</b>	<b>1.75</b>	<b>4.19</b>	<b>4.16</b>

Four MBs except MB, Mount Abu stated that action would be taken for recovery. MB, Mount Abu stated that Medical Department issued license to hotel, restaurant, bakery operators etc., therefore they did not come to MB for license. The reply was not in consonance with the facts as the license were to be issued by the MBs concerned.

#### **4.1.2.3 Private Nursing Home (Dispensary) Surcharge Rules**

Rule 3 of Private Nursing Home (Dispensary) Surcharge Rules, 2007, approved and implemented by MB, Sanchore stipulates (May 2009) that any nursing home (dispensary) providing private medical facilities in municipal area should have to pay annual fees<sup>9</sup> of ₹ 1,200 to ₹ 5,000. A penalty of upto ₹ 500 was to be charged on non-payment of annual fee or for disobeying the rules. It was observed that MB, Sanchore issued 23 licenses to private nursing homes/hospitals during the period 2011-15. Of which, 17 license holders did not pay annual license fees of ₹ 0.84 lakh and, no action for recovery of outstanding amount and penalty was initiated by the MB.

Municipal Board, Sanchore accepted the facts and stated (June 2016) that recovery would be made from the nursing home license holders.

#### **4.1.2.4 Rajasthan Building Bye-Laws**

The LSGD issued (June 2011) Model Rajasthan Building Regulation Bye-Laws, 2010, applicable in urban area of the State. DLB further clarified (September 2015) that all cases applied after the enactment of Model Bye-Laws, would be disposed off according to such Bye-Laws.

##### **(i) Betterment levy**

As per Para 7.10 of the Model Rajasthan Building Bye-Laws, permissible Floor Area Ratio<sup>10</sup> (FAR) should be 1.20 for residential building and 1.33 for commercial properties, which could be increased upto 2.25 after payment of betterment levy<sup>11</sup>.

9. Based on the bed facility available in the nursing home.

10. Floor Area Ratio is a ratio of building's total covered area to size of the land.

11. Betterment levy of ₹ 100 per square feet (sqft) or 25 per cent of reserve price for residential properties, whichever is higher would be recoverable for FAR more than 1.20. Betterment levy of ₹ 200 per sqft or 25 per cent of reserve price for commercial properties, whichever is higher would be recoverable for FAR more than 1.33.

Test check of records of three MBs<sup>12</sup> revealed that in three cases MBs issued permission order for construction of commercial building above permissible FAR without ensuring recovery of betterment levy of ₹ 0.40 crore (*Appendix-VIII*). Similarly, in another two cases of residential buildings, MB, Nathdwara<sup>13</sup> incorrectly calculated betterment levy which resulted in short recovery of ₹ 0.36 crore. Thus, non-recovery/short recovery of betterment levy aggregating ₹ 0.76 crore in five cases deprived these MBs from their own revenue resources to that extent.

On being pointed out, concerned MBs accepted (June 2016) the facts and stated that recovery would be made.

**(ii) Building Permission Charges**

Rates for building construction are prescribed in Model Rajasthan Building Bye-Laws. Examination fee for permission of construction at the rate of ₹ five per sqm in case of residential/institutional purpose and ₹ 15 per sqm in case of commercial purpose shall be levied. Map approval fee for buildings constructed for various purposes has been prescribed at different rates<sup>14</sup> according to area of the land.

Test check of records of three MBs<sup>15</sup> revealed that in five cases MBs had given permission for construction of commercial building having area between 500 sqm and 1,500 sqm without getting map approval fee amounting to ₹ 1.46 lakh and examination fee of ₹ 0.39 lakh. Thus, an amount of ₹ 1.85 lakh was not recovered by the MBs (*Appendix-IX*).

On being pointed out, MBs accepted the facts and stated (May 2016) that action would be taken for recovery.

However, the fact remained that inspite of being in full knowledge about construction of buildings with excessive FAR and without collection of building permission charges, no action was taken to recover the dues so far.

**4.1.2.5 Fire Cess**

The LSGD issued (October 2013) order for recovery of fire cess on built up area of building at the rate of ₹ 100 per sqm of FAR area for building having height of 15 metres to 40 metres.

Scrutiny of records of MBs, Nathdwara and Sumerpur revealed that these MBs gave permission (2013-14) for construction of two buildings having height of 15 metres to 40 metres with built up area of 5,896.38 sqm. The fire cess

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12. Municipal Boards: Deoli, Fatehpur and Sagwara.

13. Municipal Boards, Nathdwara has adopted Nathdwara Building Regulation Bye-Laws, 2011. Permissible FAR was 1.33 for residential/commercial properties.

14. Map Approval Fee for commercial land: land area 250 sqm to 500 sqm (₹ 5,000) and more than 500 sqm to 1500 sqm (₹ 5,000 plus ₹ 50 per sqm).

15. Municipal Boards: Fatehpur, Mertacity and Sagwara.

charges of ₹ 5.90 lakh<sup>16</sup> was recoverable for this. However, MB recovered only ₹ 0.30 lakh against it which resulted in short recovery of ₹ 5.60 lakh<sup>17</sup>.

Municipal Board, Sumerpur and Nathdwara accepted the facts and stated (May/June 2016) that steps would be taken for recovery.

#### ***4.1.2.6 Change of Land Use***

##### ***(i) Premium and Other Charges on Change of Land Use***

Rule 7 of the Rajasthan Urban Areas (Permission for use of Agricultural Land to Non-agricultural Purpose and Allotment) Rules, 2012 provided that permission order for change of land use would be issued within 45 days from the date of receipt of application for change of land use. On acceptance of application by the authorised officer the land would be vested in the name of local authority by way of mutation. Rule 9 and 11 *ibid* states that land would be allotted and lease deed would be issued to the applicant by the local authority on depositing premium and lease rent (urban assessment) within 90 days of demand by local authority. Further, 90 more days could be given for depositing premium and lease rent with 15 *per cent* interest per annum. After the lapse of six months (90 days *plus* 90 days) from the date of receipt of demand notice permission order should be deemed as cancelled.

Section 90-A of Rajasthan Land Revenue Act (RLRA), 1956 also stipulated that when any land was permitted to be used for any purpose other than that of agriculture, the person to whom such permission was granted would be liable to pay premium and lease rent.

It was observed during 2013-15, that Chaksu and Fatehpur MBs issued permission orders in 13 cases for change of land use from agricultural to non-agricultural purpose under Section 90-A of RLRA, 1956. Further, it was instructed that the land would be used for non-agricultural purposes only after depositing premium and lease rent.

It was noticed that in all the 13 cases the applicants had neither deposited the requisite amount of premium charges and urban assessment of ₹ 4.69 crore (*Appendix-X*) till date (January 2017) though the liability was assigned on them under Section 90-A *ibid* nor the local authority issued any demand notice in this respect. It was also noticed that one applicant at Chaksu used the land for non-agricultural purposes.

Municipal Board, Chaksu, stated (April 2016) that recovery would be made. MB, Fatehpur however, stated (May 2016) that premium charges and urban assessment were being recovered at the time of issue of *patta*. Reply was not tenable as MB Fatehpur even did not issue the demand notice within stipulated period under Section 90-A of RLRA, 1956 and applicable Rules 2012.

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16. Municipal Boards, Sumerpur: ₹ 1.79 lakh and Nathdwara: ₹ 4.11 lakh.

17. Municipal Boards, Sumerpur: ₹ 1.49 lakh and Nathdwara: ₹ 4.11 lakh.



Thus, due to slackness of MBs, ₹ 4.69 crore remained out of the exchequer besides the risk of unauthorised utilisation of the Government land for non-agricultural purposes.

**(ii) Short Recovery of Premium along with Application**

Rule 4 of the Rajasthan Urban Areas (Permission for use of Agriculture Land for Non-agriculture Purpose and Allotment) Rules, 2012 stipulates that in respect of change of use of agricultural land situated in urban area an amount calculated at the rate of 10 *per cent* of prescribed premium should be recovered with the application from the applicant who wanted the permission under Section 90-A of the RLRA, 1956.

Scrutiny of records of two MBs (Mertacity and Sumerpur) revealed that the applicants deposited ₹ 0.21 lakh against ₹ 9.80 lakh recoverable as premium. Thus, ₹ 9.59 lakh was short recovered from these applicants.

Municipal Boards, Mertacity and Sumerpur stated (May 2016) that recovery would be made.

**(iii) Short Recovery of Additional Premium Charges**

Urban Development Department *vide* Notification (21 September 2012) fixed rates of premium in cases of allotment of agricultural land for non-agricultural purpose. Proviso (ii) to this notification provided that either in cases where the plot was situated along 60 feet and above road or in case of corner plot or having any of these two conditions, premium should be calculated after increasing fixed premium rate by 10 *per cent*.

In case of three selected MBs<sup>18</sup>, it was noticed that in 18 cases, plots were either situated along 60 feet and above road or was a corner plot and that MBs issued lease deeds to applicants without ensuring full receipt of necessary premium charges. This resulted in short recovery of ₹ six lakh (recovery of ₹ 44.64 lakh against ₹ 50.64 lakh).

In reply, MBs, Mertacity, Nathdwara and Sardarshahar stated (April-July 2016) that recovery would be made.

**4.1.2.7 Urban Assessment (Lease Rent)**

As per Section 7 (1) of Rajasthan Municipal (Land Disposal) Act, 1974, urban assessment (lease rent) was to be determined at 2.50 *per cent* of reserve price in case of residential plot and five *per cent* in case of commercial and other purposes.

Test check of records revealed that lease rent amounting to ₹ 0.43 crore<sup>19</sup> was

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18. Municipal Boards: Mertacity, Nathdwara and Sardarshahar.

19. Municipal Boards: Deoli (190 cases): ₹ 0.20 crore, Mount Abu (19 cases): ₹ 0.17 crore and Suratgarh (69 cases): ₹ 0.06 crore.

outstanding in three MBs. Eight MBs<sup>20</sup> had given Nil information and remaining six MBs<sup>21</sup> did not provide information of lease rent in their municipal areas.

In reply, the concerned MBs stated (April/June 2016) that action would be taken for recovery of urban assessment by issuing notice to the defaulters.

#### **4.1.2.8 Charges for Basic Services to Urban Poor Shelter Fund**

For creation of Basic Services to Urban Poor (BSUP) Shelter Fund for the benefit of Economically Weaker Section (EWS) and Lower Income Group (LIG) Schemes under the Affordable Housing Policy, Urban Development and Housing Department (UDH) & LSGD issued (May 2010) instructions that BSUP charges at the rate of ₹ 25 per sqm for getting permission of any land use change should be levied and collected by MB.

Scrutiny of land conversion records of five MBs, revealed that an amount of ₹ 21.31 lakh<sup>22</sup> of BSUP charges was not recovered by MBs. Four MBs, (Bhinmal, Fatehpur, Mount Abu and Sanchore) did not provide relevant records of BSUP Shelter Fund in their municipal areas. No such case was found in remaining eight MBs.

The respective MBs stated (May/June 2016) that recovery would be made.

#### **4.1.2.9 Revenue from Municipal Assets**

Revenue from assets of MBs includes rent from shops, buildings, rest house, etc.,. Scrutiny of records of test checked MBs, revealed that eight MBs did not recover rent from shop, building etc., aggregating to ₹ five crore from 348 tenants as given in **Table 4.5** below:

**Table 4.5**

(₹ in lakh)

Name of MB	Total Number of Shops/building	Number of shops from which rent was recoverable	Rent outstanding as on 1 April 2011	Demand raised during 2011-16	Total recoverable rent	Rent recovered	Rent recoverable
Chhabra	107	46	66.64	182.06	248.70	37.69	211.01
Mount Abu	146	136	183.83	26.75 <sup>23</sup>	210.58	1.29	209.29
Mertacity	40	38	5.95	44.38	50.33	4.66	45.67
Nathdwara	62	22	-*	5.91	5.91	3.82	2.09
Ramganjmandi	59	59	12.57	8.78	21.35	6.26	15.09
Sagwara	101	1	0	2.38	2.38	Nil	2.38
Sanchore	17	17	13.54	4.39	17.93	4.92	13.01
Suratgarh	29	29	1.03	0.19	1.22	Nil	1.22
<b>Grand total</b>	<b>561</b>	<b>348</b>	<b>283.56</b>	<b>274.84</b>	<b>558.40</b>	<b>58.64</b>	<b>499.76</b>

\* Opening balance of outstanding amount was not provided by the MB.

On being pointed out, MBs stated that recovery would be made. The fact remained that timely action for recovery was not taken by the concerned MBs.

20. Municipal Boards: Chaksu, Fatehpur, Ladnun, Nathdwara, Sagwara, Sanchore and Sardarshahar and Sumerpur.

21. Municipal Boards: Bayana, Bhinmal, Chhabra, Malpura, Mertacity and Ramganjmandi.

22. Municipal Boards, Ladnun (₹ 0.23 lakh + ₹ 0.25 lakh): ₹ 0.48 lakh, Ramganjmandi: ₹ 2.23 lakh, Sardarshahar: ₹ 11.70 lakh, Sumerpur: ₹ four lakh and Suratgarh: ₹ 2.90 lakh.

23. Information for the year 2015-16 not provided owing to incomplete register.

### Levy, Demand and Collection of Tax Revenue

The tax revenue mainly consists of Taxes on buildings (i.e. Urban Development tax, House tax), Passenger/Vehicle tax *etc.*

#### 4.1.2.10 Target and Achievement

Position of target and achievements of tax revenue of the State as well as selected MBs for the period 2011-12 to 2015-16 is given in **Table 4.6** below:

**Table 4.6**

(₹ in crore)

Year	State Level*				Test Checked Units**		
	Number of MBs***	Target	Achievement	Shortfall (Percentage)	Target	Achievement	Shortfall (Percentage)
2011-12	149/166	NA	35.45	NA	5.97	3.19	2.78 (46.57)
2012-13	149/149	NA	88.16	NA	6.53	3.50	3.03 (46.40)
2013-14	130/143	79.08	70.75	8.33 (10.53)	6.54	3.18	3.36 (51.38)
2014-15	131/147	129.55	35.36	94.19 (72.71)	7.15	3.82	3.33 (46.57)
2015-16	96/147	122.25	45.44	76.81 (62.83)	7.52	4.38	3.14 (41.76)

\* Consolidated figures provided for tax revenue by DLB Department.  
 \*\* The figure represents income from house tax/UD tax, passenger tax, sanitary tax and professional tax.  
 \*\*\* Information made available/total number of MBs.

Information regarding target and achievement under tax revenue for all MBs for the years 2011-16 was not fully available with the DLB, in the absence of which target and achievement have been restricted to only those MBs for which information was provided. It was also observed that justification for fixation of target was not available.

It could be seen from the table above, that there was shortfall in collection of tax revenue against targeted revenue at State level during 2013-16 ranged between 10.53 per cent and 72.71 per cent (averaging 48.69 per cent) whereas in test checked MBs it ranged from 41.76 per cent to 51.38 per cent during the same period.

The other findings related to various tax components noticed are discussed in succeeding paragraphs:

#### 4.1.2.11 House Tax

According to Rajasthan Municipalities (House Tax) Rules, 2003, the house tax was recoverable on the basis of area of building/land having area of more than 50 square yard (sqyd). House tax was abolished from 24 February 2007 but an amount of ₹ 4.68 crore was outstanding in 11 test checked MBs<sup>24</sup> as on April 2011. Details of year-wise recovery and pendency of house tax as on 31 March 2016 are given in **Table 4.7** below:

24. Municipal Boards: Bhinmal, Chhabra, Chaksu, Deoli, Fathepur, Ladnun, Malpura, Mertacity, Sardarshahar, Sumerpur and Suratgarh.

**Table 4.7**

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Total Outstanding Demand	4.68	4.54	4.42	4.39	4.32
Collection (Percentage)	0.14 (2.99)	0.12 (2.64)	0.03 (0.68)	0.07 (1.59)	0.16 (3.70)
<b>Balance</b>	<b>4.54</b>	<b>4.42</b>	<b>4.39</b>	<b>4.32</b>	<b>4.16</b>
<i>Source: Information provided by test checked MBs.</i>					

It could be seen that against the outstanding house tax of ₹ 4.68 crore these MBs could recovered only ₹ 0.52 crore, (only 11.11 *per cent*) during 2011-16 and ₹ 4.16 crore (88.89 *per cent*) was pending to be recovered. Remaining six MBs<sup>25</sup> did not have details of arrears and recovery of house tax.

Test checked MBs excluding MB, Sardarshahar stated (April-July 2016) that action would be taken for recovery of house tax. MB, Sardarshahar stated (May 2016) that reason for short recovery was attributed to shortage of staff.

The fact, however, remained that the test checked units did not make adequate efforts to recover the outstanding house tax.

#### **4.1.2.12 Urban Development Tax**

As per Rule 4 of Rajasthan Municipality (Urban Development Tax) Rules 2007<sup>26</sup>, a ward-wise/circle-wise/area-wise assessment list of Urban Development (UD) tax should be prepared and a public notice was to be issued by MBs. Further, self assessment return of UD tax was required to be submitted by the assessee and five *per cent* of cases of self assessment returns, submitted by assessee, were to be scrutinised by the Executive Officer or the authorised officer of the MB to ascertain the correctness of the self assessment return.

It was observed that in 14 MBs, inspite of having population of more than 6.89 lakh, only 98 assessee were added during last five years i.e. 2011-16. The demand, collection and balance position of UD Tax in 14 MBs<sup>27</sup> out of 17 selected MBs for the period 2011-12 to 2015-16 is given in **Table 4.8** below:

25. Municipal Boards: Bayana, Mount Abu, Nathdwara, Ramganjmandi, Sagwara and Sanchore.

26. Rajasthan Municipalities (Urban Development Tax) Rules, 2007 came into effect vide notification dated 29 August 2007.

27. Municipal Boards: Bayana, Bhinmal, Chaksu, Deoli, Fatehpur, Ladnun, Mertacity, Mount Abu, Ramganjmandi, Sagwara, Sanchore, Sardarshahar, Sumerpur and Suratgarh.

Table 4.8

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	Total
Number of assessee*	8,968	8,983	9,003	9,018	9,066	
Outstanding UD tax	2.58	3.49	4.33	5.37	6.01	
Demand raised during the year	1.52	1.39	1.53	1.63	1.86	7.93
<b>Total Demand</b>	<b>4.10</b>	<b>4.88</b>	<b>5.86</b>	<b>7.00</b>	<b>7.87</b>	
Collection (Percentage)	0.61 (14.88)	0.55 (11.27)	0.49 (8.36)	0.99 (14.14)	1.40 (17.79)	4.04 (38.44)
<b>Balance</b>	<b>3.49</b>	<b>4.33</b>	<b>5.37</b>	<b>6.01</b>	<b>6.47</b>	
* Represent the Position of only 11 MBs. Three MBs (Mount Abu, Sanchore, and Sardarshahar) intimated number of assesses as 'Nil' and three MBs (Chhabra, Malpura and Nathdwara) had given 'Nil' information.						
Source: Information provided by test checked MBs.						

It could be seen from the above table that these 14 MBs recovered only ₹ 4.04 crore (38.44 per cent of demand) of UD Tax against the recoverable amount of ₹ 10.51 crore, which resulted in short recovery of ₹ 6.47 crore as on 31 March 2016.

It was also observed that details of properties on which UD Tax was outstanding (31 March 2016) along with demand, collection and balance registers were not being properly maintained in the MBs except by MB, Chaksu and Mertacity. The survey for identification of assessee to levy UD tax was also not conducted by any test checked MB during 2011-16.

Eleven MBs<sup>28</sup> stated (April- July 2016) that action would be taken as per rule for recovery of UD Tax. MBs, Mount Abu, Sagwara and Sardarshahar accepted the facts and stated that reasons for short recovery were attributed to shortage of staff.

#### 4.1.2.13 Passenger/Vehicle Tax

The passenger/vehicle tax was applicable on entry of passenger/vehicle in MBs area of few MBs. Among the test checked units it was prevalent in MBs, Mount Abu and Nathdwara only.

Scrutiny of records of MB, Nathdwara revealed that contracts for recovery of passenger/vehicle tax was awarded to two contractors during the period 2013-14 to 2014-15 with the condition of depositing 25 per cent amount of bid value on the day of sanction of bid and remaining 75 per cent amount to be deposited quarterly in equal installments.

An amount of ₹ 8.58 lakh was short recovered from the contractors for the period 2013-15 as detailed in **Table 4.9** below:

28. Municipal Boards: Bayana, Bhinmal, Chaksu, Deoli, Fatehpur, Ladnun, Mertacity, Ramganjmandi Sanchore, Sumerpur and Suratgarh.

**Table 4.9**

(₹ in lakh)

Year	Name of contractor	Amount to be deposited	Amount deposited	Short recovery
2013-14	M/s Sanjay Gurjar	66.67	63.20	3.47
2014-15	M/s Jitendar Pal Singh	86.59	81.48	5.11
<b>Total</b>		<b>153.26</b>	<b>144.68</b>	<b>8.58</b>

*Source: Information provided by test checked MBs.*

MB, Nathdwara accepted the facts and stated (June 2016) that recovery would be made.

## **Financial Management**

### **4.1.2.14 Accounting System**

The GoR directed (December 2004) that accounts of MBs were required to be prepared on accrual basis and accordingly RMA, 2009 issued instructions under Section 91 by prescribing accrual based accounting system for the MBs. Further, Rajasthan Municipality Accounting Manual (RMAM) issued (April 2010) charts of accounts for classification of income and expenditure of ULBs.

While DLB (November 2016) stated that accounts were being maintained on accrual basis in 45 MBs, the Chief Accounts Officer, LSGD stated (June 2016) that all ULBs in the State were maintaining accounts on accrual basis. However, Director, Local Fund Audit Department (LFAD) informed (June 2016) that the accounts on accrual based system were being prepared by only two MBs<sup>29</sup>. It was observed that in all the 17 test checked MBs, system of accrual based annual accounts was not being followed as of March 2016.

Further, classification of items was not being done uniformly across MBs resulting in an incorrect depiction of figures under various major heads. For example, items to be classified under heads: 'Fees and user charges (140)'; and 'Sale and hire charges (150)' were incorrectly classified and accounted under the head 'Revenue from Bye-Laws, Act/Rules'. At the DLB level also, while consolidating the accounts of all Municipal Bodies, classification of items were not being done according as per prescribed major heads resulting in non-certification of the accounts of most of the MBs by Director, LFAD.

Hence, there was requirement for MBs to move to accrual accounting and adopt and implement the prescribed accounting formats to provide a true and fair picture of financial position of ULBs.

### **4.1.2.15 Financial Management**

The total expenditure and collection of revenue (including tax and non-tax revenue) of the State and selected MBs is depicted in **Table 4.10** below:

29. Municipal Boards: Kota Division Lakheri (Bundi) and Sangod (Kota).

Table 4.10

(₹incrore)

Year	State level					Test checked			
	Number of MBs *	Total Expenditure**	Own revenue Collection	Shortfall	Gap Percentage	Total Expenditure	Own revenue Collection	Shortfall	Gap Percentage
2011-12	149/166	1,399.64	258.42	1,141.22	81.54	124.78	87.84	36.94	29.60
2012-13	149/149	1,681.92	485.75	1,196.17	71.12	183.65	160.08	23.57	12.83
2013-14	134/143	1,287.35	486.22	801.13	62.23	303.67	159.85	143.82	47.36
2014-15	134/147	1,090.09	333.13	756.96	69.44	259.32	109.81	149.51	57.65
2015-16	95/147	975.69	323.39	652.30	66.86	250.80	127.36	123.44	49.22
<b>Total</b>		<b>6,434.69</b>	<b>1,886.91</b>	<b>4547.78</b>	<b>70.68</b>	<b>1,122.22</b>	<b>644.94</b>	<b>477.28</b>	<b>42.53</b>

\* Information made available/total number of MBs.  
\*\* Total expenditure figures relate to only those MBs where information was made available.

It could be seen from the above that during 2011-16, a total gap of 70.68 per cent remained between the expenditure and own revenue collection in respect of all the MBs. However, a total gap of 42.53 per cent remained in the test checked MBs during the same period. Thus, MBs were largely dependent on other/external sources like Grants and Loans from Central/State Governments to meet their annual expenditure.

#### 4.1.2.16 Government's Share of Revenue not Deposited

(i) Urban Development Department, GoR directed (August 2001) that 60 per cent of the amount recovered from regularisation fee of agriculture land should be retained by the MB and remaining 40 per cent should be deposited with the State Government.

It was observed that in case of regularisation fee for change of land use from agricultural to *abadi* land, nine MBs<sup>30</sup> out of 17 test checked MBs, deposited only ₹ 3.80 crore out of ₹ 15.33 crore (40 per cent of ₹ 38.33 crore) in Government accounts resulting in short deposit of ₹ 11.53 crore.

On being pointed out, MB, Sardarshahar stated (May 2016) that Government share was not deposited due to poor financial position of the MB. MBs, Deoli, Nathdwara, Sumerpur, Suratgarh and Malpura stated (May-July 2016) that on availability of the fund with the MB, the Government share would be deposited as early as possible. MB, Sanchore accepted that amount of agricultural regularisation was wrongly accounted for in the accounts of the MB which would be corrected and accounted for in actual head. Whereas, MBs, Bhinmal and Chaksu did not give any reply.

(ii) The LSGD issued instructions (July 2002) to all local bodies that five per cent amount of the 60 per cent receivable share in respect of regularisation fee of agricultural land should be deposited for renewal fund in PD Account of DLB.

It was noticed that five per cent share worth ₹ 1.80 crore out of 60 per cent share received from regularisation fee of agricultural land has not been transferred to DLB by 16 test checked MBs.

30. Municipal Boards: Bhinmal, Chaksu, Deoli, Malpura, Nathdwara, Sanchore, Sardarshahar, Sumerpur and Suratgarh.

On being pointed out, five MBs stated (May-July 2016) that due to their poor financial position this amount was not transferred to concerned account of DLB, whereas remaining 10 MBs stated that this amount would be transferred shortly to the concerned account. MB, Chaksu did not furnish the reason for not depositing the Government's share.

**(iii)** As per Rule 20 (2) of the Rajasthan Urban Areas (Permission for use of agricultural land to non-agricultural purposes and allotment) Rules, 2012, 40 *per cent* of the collected amount of urban assessment or ground rent may be retained by MBs as service charge for the collection and remaining 60 *per cent* amount should be deposited with the Government as Government receipts.

It was observed that five MBs<sup>31</sup> out of 17 test checked MBs did not deposit 60 *per cent* such share worth ₹ 2.33 crore of urban assessment in Government accounts.

In reply, MBs, Fatehpur, Sagwara and Malpura stated (May-July 2016) that share of urban assessment would be deposited with the Government. MBs, Chhabra and Bayana stated (June-July 2016) that this share was not deposited with the Government due to their poor financial position.

**(iv)** As per order (30 April 2002) of Commissioner, Regional Development, Indira Gandhi Canal Project Bikaner, Mandi area of the Mandi Development Committee situated in Suratgarh was transferred to MB, Suratgarh. According to transfer note, revenue received by MB from disposal of transferred land should be divided in 50:50 ratio between GoR and MB, Suratgarh and should be deposited in 'Indira Gandhi Canal Project' Government head.

It was observed that in MB, Suratgarh that revenue of ₹ 10.71 crore out of total collected amount of ₹ 22.18 crore on account of disposal of land of the Mandi area during 2011-16 was not credited in the Government account. MB, Suratgarh stated (June 2016) that due to their poor financial position this share was not deposited with the Government.

Thus, in all the above four cases an aggregate amount of ₹ 26.37 crore to be deposited in the Government account, was irregularly retained by MBs.

#### ***4.1.2.17 Irregular Retention of Share of Passenger Tax***

Government of Rajasthan constituted (10 January 2002) Mount Abu Environment Committee for development works in forest area and wildlife in Mount Abu. For this a provision of 30 *per cent* of total revenue collected from passenger tax to be deposited in the above committee's account, was made.

It was noticed that the MB, Mount Abu collected passenger tax of ₹ 12.84 crore during 2010-11 to 2015-16 but did not transfer the share of passenger tax amounting to ₹ 3.85 crore (being 30 *per cent* of ₹ 12.84 crore) in Committee's account and irregularly withheld it.

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31. Municipal Boards: Bayana, Chhabra, Fatehpur, Malpura and Sagwara. 12 MBs did not provide information.



On being pointed out (April 2016), MB, Mount Abu stated that due to poor financial condition, share could not be deposited in committee's account. However, the fact remained that the committee was denied of its share of funds due to the irregular retention by the MB.

#### 4.1.2.18 Non-constitution of BSUP Fund

Section 89-A of RMA, 2009 enumerated that every municipality should constitute a fund called Basic Service to the Urban Poor (BSUP) Fund for providing basic services<sup>32</sup> to urban poor and a minimum 25 *per cent* of yearly budget of a municipality was to be earmarked for the fund.

It was observed that 16 out of 17 test checked MBs did not create the BSUP fund. Only MB, Sumerpur constituted BSUP fund on 31 January 2013, however, even there only ₹ 0.87 crore was deposited against ₹ 84.49 crore required to be deposited for the period 2011-16.

On being pointed out (April/July 2016), 10 MBs stated that BSUP fund would now be created. MBs, Fatehpur, Sagwara and Malpura stated that separate BSUP fund was not created but development works were executed in the area. Further, MB, Chaksu, Ladnun and Chhabra did not give reasons for non-constitution of BSUP fund. MB, Sumerpur while accepting the facts stated that BSUP fund would be utilised.

Thus, by not allocating budget towards the BSUP fund, these 17 MBs deprived the people from basic infrastructural services which were to be created by using the above fund.

### Internal Control and Monitoring

4.1.2.19 The total sanctioned posts, working strength and vacant posts for the 17 test checked MBs are in **Table 4.11** as under:

**Table 4.11**

Year	Sanctioned	Working	Vacant	Percentage of vacant post
2011-12	3,280	1,686	1,594	48.60
2012-13	3,286	1,633	1,653	50.30
2013-14	3,459	1,857	1,602	46.31
2014-15	3,590	2,278	1,312	36.55
2015-16	3,639	2,325	1,314	36.11

It could be seen that the shortfall in manpower ranged between 36.11 *per cent* and 50.30 *per cent* during the period 2011-16. Further, the position of sanctioned posts, working strength and vacant posts of key revenue officials allocated for levy, demand and collection of revenue in the MBs in the 17 test checked MBs during the period 2011-16 is given in **Table 4.12** as under:

32. Basis services includes water supply, drainage, sewerage construction of community toilets, solid waste management, connecting roads, street lights, public parks and play grounds, community and livelihood centers, community health centers, pre-primary and primary education centers etc.

**Table 4.12**

Name of post	2011-12			2012-13			2013-14			2014-15			2015-16		
	S*	W*	V*	S*	W*	V*	S*	W*	V*	S*	W*	V*	S*	W*	V*
Revenue Officer-I	1	-	1	2	-	2	2	-	2	2	-	2	2	-	2
Revenue Officer II	4	-	4	4	-	4	4	-	4	4	-	4	4	-	4
Revenue Inspector	15	5	10	15	5	10	15	4	11	16	2	14	16	2	14
Tax Assessor	3	-	3	3	-	3	1	0	1	3	1	2	3	0	3
Assistant Tax Assessor/ Assistant Revenue Inspector	15	6	9	14	4	10	14	3	11	9	2	7	15	2	13
<b>Total</b>	<b>38</b>	<b>11</b>	<b>27</b>	<b>38</b>	<b>9</b>	<b>29</b>	<b>36</b>	<b>7</b>	<b>29</b>	<b>34</b>	<b>5</b>	<b>29</b>	<b>40</b>	<b>4</b>	<b>36</b>

\* S: Sanctioned, W: Working and V: Vacant

From the above table it could be seen that against the sanctioned post of 186 staff only 36 persons (19 per cent) were actually posted. Thus, shortfall in deployment of manpower was one of the reasons for non-achievement of targets and weak internal control.

**4.1.2.20** Rule 11 of the Rajasthan Municipalities Accounting Rules, 1963 assigns responsibilities to the Executive Officer to ensure removal of errors and irregularities in financial activities for administration of municipal funds. Further, it was also the responsibility of Executive Officer to see that a proper mechanism for making systematic internal investigation within the office of the MBs was available for detecting the above errors and irregularities.

The weaknesses in internal control mechanism were as follows:

- Prescribed basic records such as demand, collection and balance registers of various tax and non-tax revenues were either not maintained at all or were incomplete.
- There was a lack of monitoring at GoR/DLB level which resulted in non-recovery of charges for Basic Service to Urban Poor (Shelter) funds as well as Government share of revenue collected by the MBs was not deposited.
- Finance and Budget committee/Bye-Laws committee was not constituted in all MBs.

Thus the internal control mechanism was not adequate.

**4.1.2.21** Section 51 of RMA, 2009 provides that ordinary general meeting of the municipality should be conducted once 60 days and minimum six meetings should be conducted in a calendar year.

Monitoring mechanism in test checked MBs was lax as against 360 meetings required to be held in 12 MBs<sup>33</sup> during 2011-16, only 215 meeting (59.72 per cent) were held during the period. Further, information was not made available by five MBs<sup>34</sup>.

The information relating to internal control and monitoring mechanism i.e. procedure of control over MBs, constitution and working of Bye-Laws

33. Municipal Boards: Bayana, Bhinmal, Deoli, Fatehpur, Mertacity, Mount Abu, Nathdwara, Sagwara, Sanchore, Sardarshahar, Sumerpur and Suratgarh.

34. Municipal Boards: Chaksu, Chhabra, Ladnun, Malpura and Ramganjmandi.

Committee, mechanism to review revenue collection by MBs and process of physical inspection of MBs was sought for (October 2016) from the DLB. The reply/information was not provided by DLB.

#### **4.1.3 Conclusion**

There were weaknesses in levy, demand and collection of tax and non-tax revenue due to various reasons such as shortages in manpower, weak internal controls and monitoring. Further, the targets for revenue collection were not fixed rationally. The collection of own revenue of the Municipal Boards continued to be around 30 *per cent* of their expenditure thereby continuing their dependence on Grants and Loans from State/Central Government. Under these circumstances, these Municipal Bodies were far from achieving self sufficiency in order to function as the independent units of third tier of Government.

### **Administrative Reforms and Co-ordination Department and Local Self Government Department**

#### **4.2 Implementation of Rajasthan Guaranteed Delivery of Public Services Act 2011 in Local Self Government Department**

##### **4.2.1 Introduction**

The Government of Rajasthan (GoR) promulgated (November 2011) Rajasthan Guaranteed Delivery of Public Services Act 2011 (RGDPS Act 2011) with the objective of providing responsible, accountable, transparent and corruption free administration. The Act enjoins upon the Designated Officer<sup>35</sup> to provide the service within the prescribed time. If a service is delayed or denied, the Appellate Authority may impose penalty upon the Designated Officer while deciding the appeal. Rules were also framed (November 2011) under the Act to lay down the procedure to be followed for obtaining services by the applicant. The Administrative Reforms and Coordination Department (ARCD), headed by Additional Chief Secretary, is the Coordinating Department responsible for implementing provisions of the Act/Rules in the State. Currently, 153 services covering 18 departments, including 11 services of Local Self Government Department (LSGD) as detailed in Table 4.13, are covered under the Act.

##### **4.2.2 Audit Findings**

For assessing the implementation of 11 services under the Act by the LSGD, four districts (Alwar, Barmer, Jaipur and Udaipur) out of total 33 districts were selected for conducting Thematic Audit on the basis of Rural, Urban, Tribal and Border Districts having maximum population as per census, 2011. Two districts have Municipal Corporations (M Corps) viz. Jaipur and Udaipur and

35. Officer notified as such for providing a service under Section 3 of the Act.

all Municipal Councils<sup>36</sup> of remaining two districts viz. Alwar and Barmer and four MBs<sup>37</sup> out of total 20 MBs were selected on random sampling basis.

Audit for the period 2011-12 to 2015-16 was conducted during March-June 2016 and the Audit findings are grouped as (i) Timely delivery of notified services, (ii) System of centralised monitoring of delivery of notified services and (iii) Training to concerned officers and publicity/advertisement for public awareness as below:

**Timely Delivery of Notified Services**

**4.2.2.1** Section 4(1) of the Act stipulated that the designated officer should provide the services within the prescribed time to the person eligible to obtain the service. Though the consolidated position regarding actual delivery of all 11 services in the State as a whole was called (March 2016) from Directorate Local Bodies (DLBs); who was responsible for coordination, control and monitoring of activities of Urban Local Bodies (ULBs); the same were not made available to Audit as of June 2016. Further, the information was also called for from ARCD, who were overall administrator for implementing the provisions of the Act/Rules, but no information was received so far (August 2016).

The scrutiny of the services delivered by the test checked ULBs during the period from November 2011 to March 2016 is given in **Table 4.13** below:

**Table 4.13**

Sl. No.	Name of services	Prescribed time	Cases for which information was provided by test checked ULBs		Test checked cases		
			Total number of cases	Number of cases reportedly delayed (Percentage)	Total	Number of cases in which delay found	Range of delay (in days)
1.	Name transfer	15 working days	1,743	9 (0.52)	566	283 (50.00)	5 to 970
2.	Refund of earnest money (EM)/security deposit (SD)	EM: One month SD: Three months	6,241	10 (0.16)	1145	285 (24.89)	5 to 1,628
3.	Sanction of layout plans of buildings	Various services <sup>38</sup>	6,072	121 (1.99)	873*	222 (25.43)	8 to 1,012
4.	Issue of lease exemption certificates	Seven working days	101	1 (0.99)	56	9 (16.07)	25 to 105
5.	No objection certificates for fire fighting and others	(Inspection 15 working days) (Issuing NOC seven days after depositing the fee)	11,018	25 (0.23)	274	53 (19.34)	5 to 367
					410	51 (12.44)	5 to 203
6.	Work related to public health services	Various services having different prescribed time <sup>39</sup>	31,605	4 (0.01)	346	33 (9.54)	5 to 366

36. Municipal Council: Alwar, Balotra, Barmer and Bhiwari.

37. Municipal Boards: Bagru, Chaksu (Jaipur), Rajgarh (Alwar), Salumbar (Udaipur).

38. (i) Layout plans of buildings: 60 working days (ii) Sub division of plots: 15 working days and (iii) Land use change: 15 working days.

39. (i) Cleaning of street drains: Seven working days, (ii) Disposal of dead animals: One working day, (iii) Cleaning flood water drains: 15 working days and (iv) Catching of stray animals: Two working days.

Sl. No.	Name of services	Prescribed time	Cases for which information was provided by test checked ULBs		Test checked cases		
			Total number of cases	Number of cases reportedly delayed (Percentage)	Total	Number of cases in which delay found	Range of delay (in days)
7.	Issue of licenses other than food licenses	Issuing: 30 working days Renewal: 15 working days	1,457	32 (2.20)	104	14 (13.46)	6 to 1,210
					374	28 (7.49)	9 to 239
8.	Providing copies of documents/building maps	15 working days	2,333	89 (3.81)	501	32 (6.39)	5 to 368
9.	Issue of marriage registration certificates	Seven working days	73,298	657 (0.90)	1693*	56 (3.31)	5 to 314
10.	Issue of birth/death registration certificates	Seven working days	5,95,920	2,570 (0.43)	1511*	17 (1.13)	5 to 191
11.	Reservation of community centers	Seven working days	946	32 (3.38)	458	Nil	Nil
	<b>Total</b>		<b>7,30,734</b>	<b>3,550 (0.49)</b>	<b>8,311</b>	<b>1,083 (13.03)</b>	
* Dates in 111 cases, 46 cases and 94 cases in respect of services noted at Serial Number 3, 9 and 10 respectively were not endorsed on the individual application/sanction as such delay in these cases could not be ascertained.							
Source: Information provided by test checked ULBs.							

From the above table it can be inferred that:

- Against the overall delays of only 0.49 per cent in delivery of services as pointed out by the ULBs, there were delays in 13.03 per cent in test checked cases. However, it was observed that if two common services i.e. issue of birth/death registration and marriage registration certificates were excluded, the percentage of delays was 19.78 per cent.

- Delay in all the services ranged from five to 30 days in 359 cases (33.15 per cent), 31 to 100 days in 326 cases (30.10 per cent), 101 days to 200 days in 139 cases (12.83 per cent) and more than 200 days in 259 cases (23.91 per cent). Thus, in more than around 36.75 per cent of the cases, the delays were more than 100 days, which were substantial, details of which are given in the **Appendix-XI**.

- Delays in services like -Sanction of layout plans of buildings and issue of -No objection certificates for fire fighting (inspection stage) were abnormally high at 25.43 per cent and 19.34 per cent respectively. Hence, the cases of delay in these services were double the average of delay cases of all other services of test checked units.

Considering the fact that the delays noticed by Audit were 27 times more than the number of delay cases intimated by the department, there was a need for an effective system to monitor such delays.

The findings about delays in delivery of notified services are enumerated in following paragraphs:

#### **4.2.2.2 Name Transfer**

As per provisions of the Act, sanctions for transfer of legal title of land and buildings were to be issued within 15 working days of receipt of application

along with legal documents of ownership of land and buildings and clearance of all type of dues. It was observed that delays in 0.52 *per cent* cases of Name transfer service was intimated to Audit whereas delays in more than 50 *per cent* cases (96 times more) were found in test checked units. A few cases are discussed below:

**(i)** Scrutiny of records of MB, Chaksu revealed that one applicant applied for name transfer (title of land) on 3 January 2014 but sanction for the same was issued on 6 July 2015 with a delay of 526 days. The delay was mainly due to:

- Taking almost 180 days in getting the case published in newspaper for seeking No Objection
- Taking abnormal time of 60 days in deciding that the matter be put in General Board Meeting for consideration.
- Taking more than 120 days in complying with the General Board Meeting's decision of getting the matter cleared from the committee.

**(ii)** Similarly, another applicant applied for name transfer in MB, Chaksu on 15 April 2013 but approval for the same was accorded on 26 May 2014 i.e. with a delay of 383 days. The delay was mainly due to:

- Ninety days abnormal time was taken in submitting (20 September 2013) the case before the competent authority after receipt of site inspection report (10 June 2013) of the plot.
- After deposition of required fee the case was put up (2 October 2013) before the competent authority for approval but the case file was returned (6 January 2014) after a period of 90 days with remarks that the case may be put up with original record.
- More than 60 days were taken (10 March 2014) to redirect the subordinates that the matter be submitted with original records.

Thus, a delay of more than 240 days, against the total prescribed period of 15 working days, was without any valid reasons. This showed lapses on the part of the competent authority for not taking adequate action against the subordinate officer for delayed submission of file as well as lack of accountability in not delivering the service in prescribed time period.

**(iii)** During Scrutiny of records of M Corp, Jaipur it was noticed that an applicant applied for name transfer on 15 June 2012 and same was issued on 2 August 2013 with a delay of 301 days. The applicant had enclosed all required documents with application and no additional records/documents were subsequently asked by the M Corp, Jaipur. As such there was prima facie no reason for delaying the matter. This indicated poor responsive attitude of the authority concerned of the M Corp, Jaipur.

Thus, the essence of the Service Delivery Act/Rules of providing sensitive, responsible, accountable, transparent and corruption free governance was not achieved.

#### **4.2.2.3 Sanction of Layout Plans of Buildings**

As per provisions of the Act, sanctions for layout plans of buildings were required to be issued within 60 days of receipt of the application and necessary documents.

During test check of records of selected ULBs, it was observed that sanctions for layout plans of buildings were issued with delays ranging between eight to 1,012 days in 222 out of 873 test checked cases. The delay was attributable to delay in processing applications as well as issue of sanction orders after approval. A few cases are discussed below:

(i) In MC, Barmer formal sanction orders for layout plans of buildings were not issued in 159 test checked cases. The sanctions were merely endorsed on layout plans submitted by the applicant. The dates of issuing of sanction of layout plans of buildings were not endorsed in 111 cases, in absence of which, it could not be ensured whether the service was provided within the prescribed time. The Commissioner, MC, Barmer accepted the facts and stated (June 2016) that delays ranging between 16 and 734 days in 10 out of 48 cases were mainly due to late submission of case files by technical officers/land record branch.

(ii) Scrutiny of records of MB, Chaksu revealed that an applicant applied for issue of sanction of layout plan of building on 6 January 2014, but sanction for the same was issued on 15 May 2015 i.e. with a delay of 403 days. Similarly, another applicant applied for issue for sanction for layout plan on 9 January 2012, but sanction in the matter was issued on 20 February 2013 i.e. with a delay of 315 days. The delay was mainly due to late submission of site inspection report by the technical staff which was submitted as late as after more than 210 days of passing the order seeking the same.

However, the fact remained that the Designated Officer should have analysed the reasons for delays and taken necessary remedial action.

#### **4.2.2.4 Issuing Land Use Change Certificate**

The Act stipulated issuing land use change certificate within 15 working days of receipt of the application.

In M Corp, Jaipur 47 applications for land use change were received during 2011-16 of which 37 applications were not disposed off as of March 2016 i.e. even after a lapse of the prescribed period.

The DLB while accepting the facts stated (October 2016) that explanations were called for regarding delayed delivery of services and disciplinary actions were under process against responsible persons. Further, for online delivery of notified services a *smartraj* project was in process.

#### **4.2.2.5 First Appeal**

Section 6 of the RGDPS Act stipulates that a person whose application was rejected or who was not provided the service within the stipulated time may

appeal to the first appeal officer within a period of 30 days. ARCD prescribed (October 2011) a time limit of 21 days for disposal of first appeal.

Test check of records of M Corp, Jaipur revealed that 19 appeals (27 per cent) out of 70 first appeals (during November 2011 to March 2016) were not disposed off within the stipulated time. The delay ranged between three to 67 days.

There was no case of first appeal found in any test checked units except in M Corp, Jaipur and MC, Alwar. In M Corp, Jaipur 70 appeal cases and in MC, Alwar one case was found more than four years after the implementation of the Act. This showed that people were not aware of rights provided to them under the Act.

#### **4.2.2.6 Second appeal**

As per Section 6 (3) of the Act, the second appeal against the decision of the first appeal could be preferred to the second appellate authority within 60 days of decision of first appeal. However, the State Government (ARCD) did not notify the time period for disposal of second appeal.

During scrutiny of records of M Corp, Jaipur it was noticed that two appeals (January 2012 and March 2012) related to Public Health Services (Cleaning of drainage) were preferred before second appellate authority but the appeals were not decided (May 2016) even after lapse of four years.

In the absence of prescribed time limit for disposal of second appeal, the citizens might be deprived of approaching the next appellate level i.e. the Revising Officer.

### **System of Centralised Monitoring of Delivery of Notified Services**

#### **4.2.2.7 Impact Study**

Centre for Good Governance, HCM Rajasthan State Institute of Public Administration (RIPA), Jaipur conducted impact study<sup>40</sup> on implementation of the RGDPS Act in the State and published (November 2013) the report. The institute reported that the awareness levels of citizens and service providers with respect to the provisions of the Act were quite low and found financial and manpower constraints as major hurdles in the effective delivery of public service. The institute emphasised on online submission of application and delivery of services for improvement in service providing system. During scrutiny it was found that ARCD had not made any efforts for deployment of manpower and creating awareness among citizens.

The DLB while accepting the facts stated (October 2016) that instructions for dissemination of the Act had been issued to the ULBs but the same could not be implemented due to lack of required manpower.

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40. The impact study was sponsored by Department of Administrative Reforms and Public Grievances Ministry of Personnel, Public Grievances and Pensions, Government of India, New Delhi.



Had the ARCD taken effective action for improvement of the implementation of the Act in accordance to the recommendation of the Impact Study, delivery system would have been improved.

#### **4.2.2.8 Maintenance of Essential Records/Registers**

As per Rule 17 of RGDPS Rules, 2011 the designated officers, first appeal officers and second appellate officers were required to maintain the records of receipt and disposal of applications for the notified services in Form-3.

Test check of records of selected 10 units revealed that:

- Six test checked ULBs<sup>41</sup> did not maintain the records to watch the receipt and disposal of applications for the notified services.
- M Corp, Jaipur and MC, Balotra did not maintain the records, to watch the receipt and disposal of applications for the notified services except service of registration of Birth/Death and Marriage.

Thus in absence of prescribed records, the genuineness of the data in respect of services rendered to the applicants could not be ensured.

#### **4.2.2.9 Centralised Monitoring**

As per Rule 18 of RGDPS Rules 2011, the State Government was required to introduce a system of centralised monitoring for timely delivery of notified services and various provisions of the Act through use of information and communication technologies.

The State Government Department of Information Technology and Communication (DoIT) developed (June 2012) a Management Information System (MIS) portal for obtaining online progress for monitoring of the notified services, however, the portal was non-operational since June 2014 as the MIS portal was merged with *e-mitra* and *Raj Sampark*. However, it was noticed that *e-mitra* was dealing with only one service (payment of various dues/fee) of LSGD and *Raj Sampark* was functioning for lodging of all general public grievances in respect of all Government departments instead of dealing in particular with delivery of notified services under RGDPS Act. Further, data of providing services notified under the Act was not available on both the portals.

Thus, the portals could not serve the purpose of online submission of application and delivery of services for improvement in service providing system as recommended by the impact study conducted by HCM, RIPA.

#### **4.2.2.10 Submission of Fortnightly Progress Reports**

The ARCD directed (February 2012) the Designated Officer to submit a fortnightly progress report of receipt of applications, disposal within stipulated

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41. Municipal Corporation: Udaipur, MCs: Alwar and Bhiwari (Alwar), MBs: Bagru, (Jaipur) Rajgarh (Alwar) and Salumbar (Udaipur).

time and beyond stipulated time and pendency of applications on 5<sup>th</sup> and 20<sup>th</sup> day of each month to District Collector. The District Collector was responsible for monitoring through analysis of fortnightly reports submitted to him by designated officers for onward submission to ARCD.

Scrutiny revealed that during 2011-16 the Designated Officers of MC, Bhiwari (Alwar), MBs, Bagru (Jaipur), Rajgarh (Alwar) and Salumbar (Udaipur) did not submit fortnightly progress report to the District Collector, whereas MC, Alwar used to submit the fortnightly report randomly without following the prescribed time line.

#### **Training to Officers Concerned and Publicity/Advertisement for Public Awareness**

##### ***4.2.2.11 Training Programme***

Rules 20 of RGDPS Rules, 2011 stipulated that the State Government would provide training to the designated officers and appeal officers. Further, the State Government would develop programmes and organise campaigns to develop awareness and understanding among the public especially the underprivileged communities, for obtaining notified services as per the Act. It was observed in Audit that:

(i) Training programmes for designated officers and appeal officers were not organised during 2012-16 by all test checked ULBs.

(ii) No expenditure for creating awareness among citizens through advertisement, by organising campaigns and public meetings etc., was incurred during 2012-16 by test checked ULBs of Jaipur district. Information regarding this in respect of Alwar and Udaipur districts were called for but not furnished to Audit.

##### ***4.2.2.12 Display of Information***

As per Rule 7 of the Act, the designated officer was required to display the relevant information related to notified services on the notice board at a conspicuous place of the office for the convenience of common public. Seven test checked ULBs<sup>42</sup> did not display the relevant information related to notified services on the notice board.

##### ***4.2.2.13 Issue of Acknowledgement of Applications***

Section 5 of the Act as well as Rule 4 of RGDPS Rules, 2011 provided that the acknowledgement of the application would be issued to the applicant. Test checked three ULBs issue acknowledgement of applications for few

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42. Municipal Corporation: Udaipur, MCs: Alwar and Barmer and MBs: Bagru, Chaksu (Jaipur), Rajgarh (Alwar) and Salumbar (Udaipur).

services<sup>43</sup>, whereas, remaining seven ULBs<sup>44</sup> did not issue acknowledgement, for any of the designated services.

#### 4.2.3 Conclusion

Audit of Implementation of Rajasthan Guaranteed Delivery of Public Services revealed that there were delays in 13.03 *per cent* cases and the delays ranged from five to 1,628 days in the eleven notified services being administered by the ULBs. If the common services of issue of Birth/Death and Marriage Certificates were excluded, the average delays would go up further. As per information provided by the ULBs, there were delays in only 0.49 *per cent* cases against 13.03 *per cent* (for all eleven services) detected by Audit based detailed examination. Inability to capture the exact position of delays points to weaknesses in monitoring by DLB and ARCD and impacts on the effective implementation of the Act. Further, there were only 71 cases registered for first appeal and two for second appeal which clearly bring out that adequate effort was not made to create awareness among citizens and to train the Designated Officers/Appeal Officers responsible for administering the Act.

#### 4.2.4 Recommendations

1. The State Government should initiate effective action to control the delay through proper monitoring and implement an online system for receipt of application and delivery of services, thereby ensuring increased transparency.
2. The State Government should notify the time limit for deciding second appeal cases.
3. The State Government should organise training programmes for Designated/Appellate Officers and create awareness among citizens for more effective implementation of the Act.

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43. Municipal Corporation, Jaipur (Issue of registration certificate of death/birth and marriage), MC, Balotra (Issue of registration certificate of death/birth and marriage and Payment of EM) and MB, Bagru (Issue of registration certificate of death/birth).

44. Municipal Corporation: Udaipur, MCs: Alwar, Bhiwari (Alwar) and Barmer and MBs: Chaksu, Rajgarh (Alwar) and Salumbar.

**Local Self Government Department**

**4.3 Non-recovery of Urban Development tax**

**Municipalities could not fulfill their statutory obligations resulting in unrecovered Urban Development Tax of ₹ 202.47 crore.**

Local Self Government Department (LSGD) issued (August 2007) notification for levy of Urban Development (UD) tax in municipal areas at the rate and from the date specified in the notification issued by the State Government from time to time under Section 104 of the Rajasthan Municipalities Act, 1959. LSGD further notified (August/November 2007) rates and formula for calculation of levy of UD tax. Para 6 of the said notification provided that UD tax was payable in advance in the first half of the year to which tax was related and in case of failure in depositing the tax, penalty at the rate of one *per cent* per month on due amount and in case of non-depositing the tax after the expiry of the financial year, additional penalty at the rate of 10 *per cent* for whole year or part thereof for the amount due, should be levied.

During test check of records (January 2016) of three Municipal Corporations (M Corp)<sup>45</sup> and 10 Municipal Councils (MC)<sup>46</sup>, it was noticed that total UD tax amounting to ₹ 240.23 crore was recoverable for the period 2007-08 to 2015-16 (up to January 2016) whereas only ₹ 37.76 crore (15.72 *per cent*) was recovered and ₹ 202.47 crore remained outstanding (*Appendix-XII*). It indicated that position of recovery was very poor and municipal bodies did not make sincere efforts to recover the outstanding UD tax.

On this being pointed out to all 13 municipal bodies, the authorities of seven municipal bodies<sup>47</sup> while accepting the facts stated (June 2014-January 2016) that efforts for recovery of UD tax were being made and notices/demand letters had been issued to the individuals concerned. Non-recovery of UD tax was attributed to lack of staff/ posts lying vacant/lack of survey. The reply was not convincing as extra efforts for prompt assessment, realisation and collection of Government revenue should have been made by the municipal bodies.

Thus, the municipal bodies could not fulfill its statutory obligations ultimately resulting in unrecovered UD tax of ₹ 202.47 crore.

The matter was referred (March 2016) to the State Government; reply was awaited (January 2017).

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45. Municipal Corporations: Bikaner, Jodhpur and Kota.

46. Municipal Councils: Alwar, Banswara, Bhilwara, Churu, Dholpur, Gangapurcity, Karauli, Pali, Pratapgarh and Tonk.

47. Municipal Corporations: Three (Bikaner, Jodhpur and Kota), Municipal Councils: four (Bhilwara, Churu, Karauli and Tonk).

#### 4.4 Non-recovery of Revenue

**Due to slackness of Municipal Council, Baran in taking timely action for conversion of agricultural land into non-agricultural land there was loss of revenue of ₹ 41.12 lakh on account of conversion charges, urban assessment and shelter fund.**

Section 90-A of the Rajasthan Land Revenue Act, 1956 envisaged that no person should use agricultural land for any non-agricultural purpose except with the written permission of the State Government. The modalities of granting permission of conservation were provided in the Rajasthan Urban Areas (Permission for use of Agricultural Land for Non-agricultural Purposes and Allotment) Rules, 2012 under the Act.

Rule 9 of the Rajasthan Urban Areas (Permission for use of Agricultural Land for Non-agricultural Purposes and Allotment) Rules, 2012 provided that Urban Development Department, Government of Rajasthan (GoR) was to decide rates of premium for conversion of land from agricultural to non-agricultural purposes. The GoR notified (September 2012) conversion charges and premium were to be recovered from educational institutions at the rate of ₹ 60 per square yard (sqyd) for first 5,000 sqyd land and ₹ 30 per sqyd for remaining land exceeding 5,000 sqyd. These rates were applicable upto March 2014 and subsequently there was an increase of five *per cent* every year. Rule 20 of aforesaid provision further provided for recovery of urban assessment or ground rent at the rate of 2.50 *per cent* of four times of the conversion charges from owners. Apart from these charges, charges for Basic Services for Urban Poor (BSUP) were also to be levied (May 2009) at the rate of ₹ 25 per square meter (sqm) for creating BSUP (Shelter) Fund.

Scrutiny (March 2016) of records of Municipal Council (MC), Baran for the period 2014-15 revealed that three educational institutions which were occupying 5.48 hectare (65,541 sqyd) agricultural land situated in municipal area without permission of the MC, Baran and did not pay conversion and other charges leviable for conversion of such land from agricultural to non-agricultural purpose. As per above notifications ₹ 41.12 lakh was to be recovered from land owners as conversion charges, lease money and BSUP (Shelter) Fund charges as detail given in **Table 4.14** below:

**Table 4.14**

Name of educational institutions	Khesra Number	Area of land			Charges to be recovered		
		In hectare	In sqyd	In sqm	Conversion charges *	Urban assessment or ground rent **	BSUP (Shelter) Fund ***
1	2	3	4	5	6	7	8
Gayatri Bal Vidhya Mandir and Nehru Vidhya Bal Mandir (Fatehpur village) (Since 2007)	1,382	1.28	15,309	12,800	6.70	0.67	3.20
Radha Krishna Vidhya Mandir (Batawada village) (Since 2009)	641	4.20	50,232	42,000	18.23	1.82	10.50
<b>Total</b>		<b>5.48</b>	<b>65,541</b>	<b>54,800</b>	<b>24.93</b>	<b>2.49</b>	<b>13.70</b>
<b>Total</b>					<b>₹41.12 lakh</b>		

\* Upto 5,000 sqyd land at the rate of ₹ 66 (₹ 60 + ₹ 10 *per cent* increase for two years) per sqyd and remaining land at the rate of ₹ 33 (₹ 30 + ₹ 10 *per cent* increase for two years) per sqyd  
\*\* 2.50 *per cent* on four times of the conversion charges i.e. 2.5 *per cent* of (Column 6 x 4 times)  
\*\*\* At the rate of ₹ 25 per sqm i.e. (Column 5 x ₹ 25)

Thus, Slackness of MC, Baran, in not taking timely action for conversation of agricultural land into agricultural purposes resulted in non-realisation of revenue of ₹ 41.12 lakh.

On being pointed out, MC, Baran stated (June 2016) that aforesaid three educational institutions were irregularly running in municipal area and these institutes had not submitted the files for conversion of land so far. It was also stated that notices had been issued (March 2016) to the owners on for submission of file for conversion of land. The reply was not convincing as MC, Baran should have taken action either to convert the land use under Section 90 A of the Rajasthan Act 1956 or started the process of eviction from such land failing in accordance with Section 91 of the Act. The conversion notice was issued only after being pointed out by Audit indicated lacunae in the monitoring system. The matter was referred (March 2016) to the State Government; reply was awaited (January 2017).

#### **4.5 Short Credit of Interest Amount in General Provident Fund**

**Municipal Corporation, Jaipur credited interest at rates lower than the rates prescribed by the State Government resulting in short credit of interest of ₹ 1.32 crore in General Provident Fund account of employees.**

Rule 14 (1) (a) of the Rajasthan State Employees General Provident Fund Rules, 1997 provided that the interest on General Provident Fund (GPF) should be credited into the account of account holder in the month of April of the following year for deposits at the beginning of and during the financial year. Rule 14 (2) *ibid* provided that the interest should be applicable at the rate as decided by the State Government from time to time. Rule 14(3) *ibid* further provided that the interest on GPF balance was to be calculated at the rate announced by the State Government from the date of issue of order. The State Government announced rates of interest as 8.60 *per cent* (from 1 December 2011), 8.80 *per cent* (from 1 April 2012) and 8.70 *per cent* (from 1 April 2013) and credited the amount of interest accrued at the aforesaid rates on the accumulated credit balance of GPF account.

Test check (April 2016) of records of the Municipal Corporation (M Corp), Jaipur for the year 2014-15 revealed that M Corp, Jaipur had been maintaining accounts of all its employees and subscription of all employees along with contribution of share of the Government was being deposited in Personal Deposit (PD) account of the State Government. The State Government was also crediting regularly the interest in PD account at the end of each financial year. Further, scrutiny however, revealed that M Corp, Jaipur credited interest in the GPF account of each employee at the rate of eight *per cent* per annum against applicable rates of 8.60 *per cent* to 8.80 *per cent* with effect from 1 January 2011 to March 2016 as detailed in **Table 4.15** below:

Table 4.15

(₹ in lakh)

Period	Interest credited				Difference in rate of interest	Amount of interest short credited in GPF account
	in PD account by the State Government		in GPF account by M Corp			
	Rate	Amount	Rate	Amount		
01.12.2011 to 31.03.2012	8.60	95.49	8.00	88.83	0.60	6.66
01.04.2012 to 31.03.2013	8.80	346.94	8.00	315.40	0.80	31.54
01.04.2013 to 31.03.2014	8.70	350.14	8.00	321.97	0.70	28.17
01.04.2014 to 31.03.2015	8.70	384.13	8.00	353.23	0.70	30.90
01.04.2015 to 31.03.2016	8.70	427.90	8.00	393.47	0.70	34.43
<b>Total</b>		<b>1,604.60</b>		<b>1,472.90</b>		<b>131.70</b>
<b>Say ₹ in crore</b>		<b>16.05</b>		<b>14.73</b>		<b>1.32</b>

Thus, the M Corp, Jaipur has credited interest of ₹ 14.73 crore in GPF account of employees at lower rate against which interest ₹ 16.05 crore was to be credited. This resulted in short credit of interest of ₹ 1.32 crore.

The M Corp, Jaipur stated (May 2016) that short credit of interest in GPF account of each employee was being examined and action was being taken to determine the actual interest payable to employees of the M Corp, Jaipur.

Thus, non-compliance with the orders issued by the State Government resulted in short credit of interest of ₹ 1.32 crore in GPF account of the employees of the M Corp, Jaipur.

The matter was referred (July 2016) to the State Government; reply was awaited (January 2017).

#### 4.6 Irregular Retention of Funds

##### **Municipal Corporation, Jaipur irregularly retained the income earned by transfer of land through sale/auction worth ₹ 2.89 crore.**

The Rajasthan Land Revenue Act, 1956, empowered the Municipalities to collect revenue by disposal of all government land falling under urban areas through sale, allotment or regularisation of land. The Revenue Department, Government of Rajasthan (GoR) further ordered (8 December 2010) all Municipalities to deposit 2.50 per cent of the income earned by way of disposal of such land in the account of State Government.

Test check (December 2015 - May 2016) of records of Municipal Corporation, (M Corp), Jaipur revealed that M Corp, Jaipur earned ₹ 115.55 crore<sup>48</sup> by sale/auction of land during the years 2010-15. As per aforesaid order of GoR, ₹ 2.89 crore<sup>49</sup> was to be deposited in Consolidated Fund of the State. However, the M Corp Jaipur, in contravention of the orders of GoR, did not deposit/transfer the amount to the Government account and retained with

48. Years 2010-11: ₹ 57.39 crore, 2011-12: ₹ 6.87 crore, 2012-13: ₹ 33.41 crore, 2013-14: ₹ 8.02 crore and 2014-15: ₹ 9.86 crore (**Total: ₹ 115.55 crore**).

49. 2.50 per cent of ₹ 115.55 crore.

them. M Corp, Jaipur stated (May 2016) that efforts were being made for transferring the amount in the Consolidated Fund of the State.

The matter was referred (June 2016) to the State Government; reply was awaited (January 2017).

#### **4.7 Unfruitful Expenditure on Procurement of Chassis**

##### **Procurement of Chassis for ₹ 1.16 crore without conversion to fire brigade vehicles resulted in unfruitful expenditure.**

The Disaster Management and Relief Department (DMRD), Government of Rajasthan released (in February and March 2013) ₹ 6.35 crore to Jaipur Municipal Corporation (M Corp), Jaipur for procurement of 20 chassis and building of body for fire brigade vehicle, with the condition that the amount would be utilised in the same financial year.

Test check (December 2015- May 2016) of records of M Corp, Jaipur revealed that the M Corp, Jaipur issued (August 2013) work order for supply of 10 chassis worth ₹ 1.16 crore to a firm and the same were supplied (15 May 2014) by them. It was observed that the M Corp, Jaipur procured only 10 chassis instead of 20 chassis despite availability of adequate funds. Thus ₹ 5.19 crore were lying unutilised as of May 2016. M Corp, Jaipur submitted (20 March 2015) a proposal to DMRD for utilisation of above fund during the year 2015-16 for building body of fire brigade vehicles over the chassis. The DMRD did not approve (26 October 2015) because funds were not utilised during the sanctioned year and directed to return the same with interest. Further, during Joint Physical Inspection conducted on 8 March 2016 by Audit with Assistant Fire Officer, it was observed that all the 10 chassis were lying idle without being converted into fire brigade vehicles since May 2014. The warranty period of 12 months for the chassis had also expired.

Accepting the facts, the Chief Fire Officer, M. Corp, Jaipur stated (April 2016) that body of fire brigade vehicle could not be built on those chassis due to non-receipt of approval of DMRD. Had the M Corp, Jaipur utilised the funds during the stipulated time period or sent timely proposal for getting revalidation from DMRD through revised sanction, the chassis could have been put to use. Thus due to non-utilisation of funds during stipulated period expenditure on procurement of chassis worth ₹ 1.16 crore became unfruitful besides funds of ₹ 5.19 crore were lying idle.

The matter was referred (June 2016) to the State Government; reply was awaited (January 2017).



#### 4.8 Short Recovery of Revenue

##### **Short recovery of revenue of ₹ 1.20 crore by Municipal Council, Kishangarh due to incorrect issue of demand.**

The Government of Rajasthan, Urban Development Housing & Local Self Government Department (LSGD) issued (August 2012) order<sup>50</sup> regarding laying Optic Fiber Cables (OFCs) and erection of Ground Based Mast (GBM) for starting 4G mobile services in the State of Rajasthan. As per Para 5 of aforesaid order, damaged roads and pits caused due erection of GBM and laying of underground cabling would be repaired by concerned urban local body and the entire cost at double rate for the above work for restoration of damaged roads should be charged by the local bodies from the service provider. Such charges may be taken in advance in the form of either 100 per cent cash or 50 per cent cash plus 50 per cent Bank Guarantee valid for one year.

Test check (October 2015) of records of the Municipal Council (MC), Kishangarh (Ajmer) for the year 2014-15 revealed that a firm<sup>51</sup> applied (May 2013) for permission to lay OFC on different routes of Kishangarh City (total length 35,500 metres). The Executive Engineer, MC, Kishangarh prepared (September 2013) estimates of ₹ 1.20 crore<sup>52</sup> for restoration of damaged roads and the same was approved (October 2013) by the District Collector, Ajmer. Thereafter, a demand for ₹ 1.20 crore was issued (November 2013) on firm which should be for ₹ 2.40 crore as per the provisions of Government Order (August 2012). However, as per the demand, the firm deposited (8 November 2013) an amount of ₹ 1.20 crore in advance without any additional BG for the balance amount of ₹ 1.20 crore. MC, Kishangarh granted (November 2013) permission for road cutting and completed the work (October 2014). Thus due to incorrect raising of demand, MC, Kishangarh could recover only estimated cost of ₹ 1.20 crore, instead of ₹ 2.40 crore from firm.

On this being pointed out (March 2016), the LSGD stated (August 2016) that in compliance of orders (August 2012), estimated cost of ₹ 1.20 crore for restoration of damaged roads had been deposited in advance and Bank Guarantee had now been obtained on 14 March 2016 (valid upto March 2017) from the firm.

The reply was not tenable, as the department in accordance with its order (August 2012) should have raised the entire cost as per double rate and demanded ₹ 2.40 crore instead of ₹ 1.20 crore. As the period of construction had already been over (October 2014), the submission of Bank Guarantee instead of cash was not in order. This led to short recovery of revenue of ₹ 1.20 crore.

50. Order no. F.10 (147)/UDD/3/2008 Part-II Dated 31 August 2012.

51. Reliance Jio Infocomm Limited, Jaipur.

52. On basic schedule of rates (BSR 2012 and 13).

**4.9 Non-recovery of Urban Assessment (Ground Rent)**

**Due to slackness of Municipal Corporation, Jaipur, an amount of ₹ 96.44 crore was pending recovery from 69,547 lease holders on account of ground rent.**

Rule 7 (1) of Rajasthan Municipalities (Disposal of Urban Land) Rules, 1974 provides that urban assessment (Ground Rent) should be recovered at the rate of 2.5 per cent in case of land allotted for residential purpose and five per cent in case of land allotted for commercial/other purposes, of the prevalent reserve price of the area.

Section 102 and 103 of the Rajasthan Municipalities Act, 2009 stipulated that every municipality may impose and levy taxes on land and buildings situated in municipal limits. Further, Section 127 *ibid* provided that Chief Municipal Officer or any officer authorised by him would be responsible for levy and recovery of the taxes imposed.

Test check (May 2016) of the records of Municipal Corporation (M Corp), Jaipur for the year 2014-15 revealed that as of March 2016, an amount of ₹ 96.44 crore was outstanding to be recovered from 69,547 lease holders<sup>53</sup> on account of ground rent and interest thereon. Recovery of ground rent was between 5.24 from 19.44 per cent during last five years<sup>54</sup>.

On being pointed out (March 2016), M Corp, Jaipur stated that a special campaign was being organised for recovery of ground rent as per State Government direction.

Thus, due to slackness of M Corp, Jaipur, an amount of ₹ 96.44 crore was outstanding from 69,547 lease holders on account of ground rent.

The matter was referred (June 2016) to the State Government; reply was awaited (January 2017).

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53. Zone, Moti Dungari (No. of lease holders: 9,736, ground rent: ₹ 11.15 crore, interest: ₹ 15.14 crore), Hawa Mahal-West (No. of lease holders: 977, ground rent: ₹ 0.27 crore, interest: ₹ 0.58 crore), Hawa Mahal-East (No. of lease holders: 2,050, ground rent: ₹ 1.05 crore, interest: ₹ 1.82 crore), Vidhyadhar Nagar (No. of lease holders: 31,971, ground rent: ₹ 5.70 crore, interest: ₹ 8.48 crore), Civil Lines (No. of lease holders: 14,493, ground rent: ₹ 19.27 crore, interest: ₹ 27.31 crore), Sanganer (No. of lease holders: 4,447, ground rent: ₹ 0.54 crore, interest: ₹ 0.81 crore), Mansarovar (No. of lease holders: 4,339, ground rent: ₹ 1.54 crore, interest: ₹ 1.73 crore) and Amer (No. of lease holders: 1,534, ground rent: ₹ 0.41 crore, interest: ₹ 0.64 crore). **Total (Lease holders: 69,547, Ground Rent: ₹ 39.93 crore and Interest: ₹ 56.51 crore).**

54. 2010-11: 15.79 per cent, 2011-12: 12.14 per cent, 2012-13: 19.44 per cent, 2013-14: 17.84 per cent and 2014-15: 5.24 per cent.

**4.10 Irregular Retention of Urban Assessment (Ground Rent)**

**Irregular retention of entire ground rent by Municipal Corporation, Ajmer and Municipal Council, Balotra resulted in revenue of ₹ 5.72 crore not being credited into the Consolidated Fund of the State.**

Rule 7 (1) of Rajasthan Municipalities (Disposal of Urban Land) Rules, 1974 provided that urban assessment (Ground Rent) should be recovered at the rate of 2.50 *per cent* in case of land allotted for residential purpose and five *per cent* in case of land allotted for commercial/other purposes, of the prevalent reserve price of the area. Rule 7 (4) *ibid* further provided that ground rent deposited with the Municipal Board by 31 March each year was to be credited to the Consolidated Fund of the Government, provided that 10 *per cent* of the collected amount might be retained by the Board by way of service charges for collection of ground rent provided that recovery made was at least 50 *per cent* of total amount due in a year.

Rules 5 and 6 of General Financial and Account Rules (GF&AR), Part-I provided that all moneys received by or on behalf of Government either as dues of Government or for deposit, remittance or otherwise should be credited into the Consolidated Fund of the State and/or Public Account of the State without delay.

Test check (April 2014 and August 2015) of the records of Municipal Corporation (M Corp), Ajmer and Municipal Council (MC), Balotra revealed that both the municipal bodies collected ground rent of ₹ 8.14 crore (M Corp, Ajmer: ₹ 2.80 crore<sup>55</sup> and MC, Balotra: ₹ 5.34 crore<sup>56</sup>) during the period 2007-15. Of this, an amount of ₹ 7.33 crore was to be credited to the Consolidated Fund of the State after retaining ₹ 0.81 crore<sup>57</sup> (10 *per cent* of ₹ 8.14 crore) as service charges. However, both the municipal bodies retained the entire amount with them.

Municipal Corporation, Ajmer stated (August 2015) that Rule 7(4) *ibid* provided for crediting only 60 *per cent* of collected ground rent in the Consolidated Fund of the State. Reply was not tenable as Rule 7(4) of Rajasthan Municipalities (Disposal of Urban Land) Rules, 1974 provided for crediting 90 *per cent* of collected ground rent. State Government intimated (June 2016) that MC, Balotra had now deposited ₹ 1.61 crore (May 2016) into the Consolidated Fund and efforts were being made to recover the remaining amount. Thus, irregular retention of ground rent by the municipal bodies infringing rules, deprived Government from revenue of ₹ 5.72 crore.

55. Municipal Corporation, Ajmer ó 2007-08: ₹ 0.18 crore, 2008-09: ₹ 0.42 crore, 2009-10: ₹ 0.26 crore, 2010-11: ₹ 0.18 crore, 2011-12: ₹ 0.58 crore, 2012-13: ₹ 0.26 crore, 2013-14: ₹ 0.15 crore and 2014-15: ₹ 0.77 crore (Total ₹ 2.80 crore).

56. Municipal Council, Balotra ó 2010-11: ₹ 0.75 crore, 2011-12: ₹ 0.32 crore, 2012-13: ₹ 0.50 crore, 2013-14: ₹ 1.73 crore and 2014-15: ₹ 2.04 crore (Total ₹ 5.34 crore).

57. Municipal Corporation, Ajmer: ₹ 0.28 crore (10 *per cent* of ₹ 2.80 crore) and MC, Balotra: ₹ 0.53 crore (10 *per cent* of ₹ 5.34 crore) = Total ₹ 0.81 crore.

**4.11 Unfruitful Expenditure on Development of Sanitary Landfill**

**Lack of proper planning of Municipal Corporation, Jaipur led to unfruitful expenditure of ₹ 10.93 crore on development of a sanitary landfill without erection of the “Waste to Energy plant”.**

As per Schedule-II of Municipal Solid Waste (Management and Handling) Rules 2000, collection, segregation, storage, transportation, processing and disposal of any municipal solid waste generated in a city or a town, should be managed and handled in accordance with the compliance criteria and the procedure laid down therein.

Directorate of Local Bodies (DLB), Government of Rajasthan, Jaipur sanctioned (September 2008) an amount ₹ 20.74 crore<sup>58</sup> for solid waste disposal in Jaipur city with Operation and Maintenance (O&M) expenses for five years. Jaipur Development Authority (JDA), Jaipur allotted 483 bigha and 16 biswa land at village Langariyawas to Municipal Corporation (M Corp), Jaipur for the project. The landfill site was to be developed in 100 bigha area and the balance area was earmarked for the “Waste to Energy plant”.



Test check (March 2016) of records of M Corp, Jaipur revealed that Notice Inviting Tender was called (January 2008) for work of design and development of sanitary landfill facility on turnkey basis and for operation and maintenance for five years. However, at that stage, no tenders were issued for construction of “Waste to Energy plant”. The work was allotted (October 2008) to the contractor for ₹ 20.74 crore (including operation and maintenance expenses of ₹ 9.81 crore) and the stipulated dates of commencement and completion were 6 October 2008 and 5 April 2010 respectively. The work of sanitary landfill site which included liner system, internal roads, boundary wall, office and laboratory structures, storm water drainage system etc., was completed (March 2012) with a delay of two years and after incurring an expenditure of ₹ 10.93 crore. However, it was observed that the sanitary landfill site was not utilised (April 2016) since its completion (March 2012) as the “Waste to Energy plant” which was supposed to supply processed and inert waste to the landfill, was not established on the identified adjoining land. Thus even after a period of four years (April 2016), the landfill remained unutilised.

58. ₹ 10.93 crore for development of sanitary landfill and ₹ 9.81 crore for Operation and Maintenance for five years.

A joint physical inspection conducted by audit with the Assistant Engineer, M Corp, Jaipur (9 March 2016) confirmed that the landfill, buildings, approach other internal road, weight bridges and barrier soil layers were all in a damaged condition. No estimation of damages was worked out by M Corp so far. Accepting the facts, M Corp, Jaipur stated (April 2016) that activity of dumping of inert waste at site was not started as no such waste was generated and no expenditure was incurred on operation and maintenance against the sanctioned amount of ₹ 9.81 crore.

Thus, lack of proper planning led to unfruitful expenditure of ₹ 10.93 crore on development of a sanitary landfill without erection of the Waste to Energy plant which was designed to supply processed and inert waste to the landfill. The landfill complex has already been damaged during the last four years of disuse.

The matter was referred (June 2016) to the State Government, reply was awaited (January 2017).



**JAIPUR,**  
**The 15 May 2017**

**(R G VISWANATHAN)**  
**Principal Accountant General**  
**(General and Social Sector Audit), Rajasthan**

**Countersigned**



**NEW DELHI,**  
**The 17 May 2017**

**(SHASHI KANT SHARMA)**  
**Comptroller and Auditor General of India**